



| | |
|---|------------------------|
| Registered Name: | |
| XXXXXXXXXXXXXXXXXXXXXXXXXXXX | |
| Net Wt. 0.00g | |
| Manufactured: mm/dd/yyyy | Potency Analysis: |
| Packaged: mm/dd/yyyy | THC 00.0%, THCA 00.0%, |
| Use By: mm/dd/yyyy | CBD 00.0%, CBDA 00.0% |
| QA Testing: mm/dd/yyyy | |
| Dispensary: | Lab: |
| For medical use only | |
| Not for resale or transfer to another person | |
| WARNING: | |
| This product may be unlawful outside the State of Hawaii and is unlawful to possess or use under federal law. This product has intoxicating effects and may be habit forming. Smoking is hazardous to your health. There may be health risks associated with consumption of this product. This product is not recommended for use by women who are pregnant or breast feeding. Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug. When eaten or swallowed, the effects of this drug may be delayed by two or more hours. | |

2.25.9.2 Organic Labeling Requirements

No Hale O Lahuli marijuana product may be labeled as “organic” unless it is compliant with National Organic Standards¹⁰. Because third-party certification is not yet available for marijuana products, no “certified organic” labeling may be used at present. The COO must approve any “organic” labeling used when third-party certification becomes available. Hale O Lahuli will pursue Clean Green Certification on all marijuana products and if such a certification is achieved, Hale O Lahuli will label products as Clean Green Certified.

2.25.9.3 Hale O Lahuli Standard Packaging

Hale O Lahuli will require that all finished marijuana products be individually wrapped or packaged at the Production Facility and that packaging of the medical marijuana products conform to marijuana industry best practices and are in compliance with HAR §11-850-92.. Labels as described above will be affixed to the packaging and all packaging will conform to the following:

¹⁰ National Organic Standards: http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&sid=3f34f4c22f9aa8e6d9864cc2683cea02&tpl=/ecfrbrowse/Title07/7cfr205_main_02.tpl



1. All packaging is child resistant in accordance with Title 16 C.F.R 1700 of the Poison Prevention Packaging Act;
2. Is opaque so that the product cannot be seen from outside the packaging;
3. Protects the product from contamination and does not impart any toxic or harmful substance to the marijuana or manufactured marijuana product; and
4. Contains no more than ten (10) milligrams tetrahydrocannabinol for one dose, service, or single wrapped item; provided that no manufactured marijuana product that is sold in a pack of multiple doses, servings, or single wrapped items, or any containers of oils, shall contain a total of more than one hundred (100) milligrams of tetrahydrocannabinol per pack or container.
5. Each package shall be labeled using only black lettering on a white background with no pictures or graphics.

2.25.9.3.1 Hale O Laulima Sample Packaging:

The Packaging Manager will ensure the packaging utilized for transfer of marijuana to the Retail Dispensary is in compliance with all applicable regulations and conforms substantially to the following packaging example:





2.25.9.4 Child Resistant, Opaque and Tamper-Evident Packaging

Hale O Laulima will ensure all final marijuana products will be packaged in child resistant, opaque and tamper evident packaging prior to distribution to the Retail Dispensary Facilities. "Child-resistant" means special packaging that is designed or constructed to be significantly difficult for children under five years of age to open and not difficult for normal adults to use properly according to American Society for Testing and Materials (ASTM) classification standard D3475-14¹¹. The Production facility will also ensure that all child resistant packaging is closable for any product intended for more than a single use or containing multiple servings, and labeled properly. The Production facility will package all marijuana products using one of the child resistant, opaque, and tamper evident packages. If marijuana product or marijuana product is packaged in another type of container, that package must be further packaged into one of the child resistant, opaque, and tamper evident packages before sale or transfer to a Retail Dispensary Facilities.

2.25.9.5 Use of Gases in Packaging

Presently Hale O Laulima has plans to utilize gases in packaging as the Hawai'i DOH and Hale O Laulima do not currently prohibit the method and this ensure long term viability of marijuana

¹¹ This incorporation by reference does not include any later amendments or editions. The DEPARTMENT maintains copies of the applicable federal regulation and ASTM classification standard that are available to the public. <http://www.astm.org/Standards/D3475.htm>



and marijuana manufactured products. The Production facility will adhere to all of the rules produced by the Hawai'i DOH pertaining to the use of gases in packaging, upon release of such rules.

2.25.10 THC and CBD Container Content and Restriction

The Packaging Manager and Inventory Manager will ensure that each individually packaged marijuana product, even if comprised of multiple servings, will show the total milligram content of THC and CBD and content percentages for each. Hale O Laulima marijuana products contain not more than ten (10) milligrams tetrahydrocannabinol for one dose, service, or single wrapped item; provided that no manufactured marijuana product that is sold in a pack of multiple doses, servings, or single wrapped items, or any containers of oils, shall contain a total of more than one hundred (100) milligrams of tetrahydrocannabinol per pack or container (§11-850-92.a.4).

2.25.11 Packaging and Labeling Materials Issuance and Compliance

The Packaging Manager in coordination with the Inventory Manager will approve all packaging and labeling processes and materials in the Production and Retail Dispensary Facilities. The Packaging Manager is responsible for compliance with all packaging and labeling material requirements. It is Hale O Laulima policy that:

1. Written procedures for the receipt, identification, storage, handling, sampling, examination and testing of all packaging and labeling components must be maintained by the Inventory Manager;
2. Labeling and packaging materials must be approved and released for use by the Inventory Manager. Any packaging or labeling materials that do not meet requirements must be rejected, separated from approved materials, marked as unusable and disposed of by the Inventory Manager in accordance with the appropriate waste disposal SOP;
3. Packaging and labeling materials for each type, strength, dosage and quantity of marijuana or marijuana product will be stored separately to prevent errors in selection; and
4. The Inventory Manager will destroy obsolete and outdated labeling and packaging materials.

2.25.12 Medical Marijuana Bulk Packaging

Marijuana will be packaged in bulk at the Production facility while awaiting test results or transfer to final packaging to be transported to the Retail Dispensary Facilities. The following sections address bulk packaging and labeling requirements as well as appropriate package types.

2.25.12.1 General Requirements

The Director of Cultivation in coordination with the Inventory Manager must accurately identify and label all marijuana products packaged in bulk packages. Packaging of bulk marijuana must



be in food- or pharmaceutical-grade containers approved by the Director of Cultivation. No bulk package may contain more than two (2) pounds of marijuana.

2.25.12.2 Bulk Marijuana Tracking

All marijuana products packaged in bulk will be affixed with a bar code that allows scanning and tracking in the ADP/POS system, Biotrack. The bar code will be connected to marijuana product(s) and harvest records associated with the batch inside the bulk package.

2.25.12.3 Bulk Packaging Requirements:

All marijuana products packaged in bulk will be affixed with a bar code that allows scanning and tracking in the ADP/POS system, Biotrack. The bar code will be connected to marijuana product(s) and harvest records associated with the batch inside the bulk package.

1. Packaging must be transparent;
2. Packaging must be tamper-evident;
3. Packaging must be inspected by the Inventory Manager and/or the Packaging Manager for any potential contaminants or imperfections; and

2.25.12.4 Bulk Marijuana Labeling Requirements:

All bulk packaged marijuana will be affixed with a label at all times. The label will include the following:

1. Strain name or identifier;
2. Batch identification number;
3. Package weight;
4. Testing results, if available, including pass/fail and CBD and THC content by weight;
5. Employee or manager responsible for packaging;
6. A list of all soil amendments, fertilizers, and other crop inputs;
7. Date of harvest;
8. Date of packaging; and
9. Expiration date.



2.26 Exhibit 26: Shipping and Receiving SOP

2.26.1 Purpose

The creation and development of this procedure has been completed to ensure compliance with administrative rules as defined by the Hawai'i Department of Health and to promote patient, product and public safety. As rule changes occur and best practices evolve, the content of this document will be reviewed and updated where appropriate. Each step in our manufacturing and distribution processes is carefully performed and controlled so that the resulting medical marijuana products possess the safety, quality, identity, purity, and potency (SQulPP) that patients deserve.

| HAR Requirement | Description |
|-----------------|---|
| §11-850-36.a | A dispensary may transport marijuana and manufactured marijuana products between its facilities, and between its facilities and a laboratory for testing. |
| §11-850-36.b | Only employees designated by the dispensary licensee, who are trained and knowledgeable on the transportation protocols required by this chapter, shall transport marijuana and manufactured marijuana products. Every transport of marijuana and manufactured marijuana products shall be accompanied by at least two employees. |
| §11-850-36.c | Each time marijuana and manufactured marijuana products are transported, the dispensary licensee shall prepare a manifest on a form prescribed by the department that lists the elements required by the department's tracking system. |
| §11-850-36.d | A dispensary licensee shall only transport marijuana or manufactured marijuana products that are listed on the manifest. |
| §11-850-36.e | A dispensary licensee shall transport marijuana or manufactured marijuana products in secured containers. The dispensary licensee shall include a copy of the manifest in the interior and on the exterior of the container. |
| §11-850-36.f | For transport between or among dispensary facilities, a transport container shall be packed, secured, and loaded and unloaded and unpacked, in full view of security surveillance cameras. For transport from a dispensary facility to a laboratory, a transport container shall be packed, secured, and loaded in full view of security surveillance cameras. |
| §11-850-36.g | Marijuana and manufactured marijuana products shall be transported under conditions that maintain their quality and safety. |
| §11-850-36.h | Upon receipt of marijuana and manufactured marijuana products the dispensary licensee or the laboratory shall immediately report to the department any discrepancies between what is received and what is on the manifest. |
| §11-850-36.i | The designated employees transporting marijuana and manufactured marijuana products shall not stop at a location not listed on the manifest. |
| §11-850-36.j | The dispensary licensee shall transport marijuana and manufactured marijuana products using routes that reduce the possibility of theft or diversion. |
| §11-850-36.k | A dispensary licensee shall not transport marijuana or manufactured marijuana products: |
| §11-850-36.k.1 | Off site to qualifying patients or to primary caregivers; |
| §11-850-36.k.2 | To another county or another island within the same county; or |
| §11-850-36.k.3 | To, from, or within any federal fort or arsenal, national park or forest, any other federal enclave, or any other property possessed or occupied by the federal government. Eff DEC 14 2015 |
| §11-850-74 | A dispensary licensee that produces manufactured marijuana products shall calculate the equivalent physical weight of the marijuana that is used to manufacture the product, and shall make available to the department and to consumers of the manufactured marijuana product the equivalency calculations and the formulas used. |
| §11-850-74.a | A dispensary licensee shall include the equivalent physical weight of marijuana on the label of the products offered for sale. Eff. DEC 14 2015 |
| §11-850-92.a | A dispensary licensee shall use packaging for marijuana and manufactured marijuana products that: |
| §11-850-92.a.1 | Is child resistant in accordance with Title 16 C.F.R. 1700 of the Poison Prevention Packaging Act; |
| §11-850-92.a.2 | Is opaque so that the product cannot be seen from outside the packaging; |
| §11-850-92.a.3 | Protects the product from contamination and does not impart any toxic or harmful substance to the marijuana or manufactured marijuana product; and |
| §11-850-92.a.4 | Contains no more than ten milligrams tetrahydrocannabinol for one dose, service, or single wrapped item; provided that no manufactured marijuana product that is sold in a pack of multiple doses, servings, or single wrapped items, or any containers of oils, shall contain a total of more than one hundred milligrams of tetrahydrocannabinol per pack or container. |
| §11-850-92.b | Each package shall be labeled using only black lettering on a white background with no pictures or graphics and shall include: |



| HAR Requirement | Description |
|------------------|---|
| §11-850-92.b.1 | Information about the contents and potency of the marijuana and manufactured marijuana product, including but not limited to: |
| §11-850-92.b.1.A | Net weight in ounces and grams or volume; and for manufactured marijuana products, also the equivalent physical weight of the marijuana used to produce the manufactured marijuana product; |
| §11-850-92.b.1.B | The concentration of tetrahydrocannabinol or Δ^9 tetrahydrocannabinol, total tetrahydrocannabinol and activated tetrahydrocannabinol-A, and cannabidiol; |
| §11-850-92.b.2 | The dispensary licensee's license number and the name of the production center where marijuana in the product was produced; |
| §11-850-92.b.3 | the batch number and date of packaging; |
| §11-850-92.b.4 | Includes a computer tracking inventory identification number barcode generated by tracking software; |
| §11-850-92.b.5 | Date of harvest or manufacture and "Use by date"; |
| §11-850-92.b.6 | Instructions for use; |
| §11-850-92.b.7 | The phrases "For medical use only" and "Not for resale or transfer to another person"; |
| §11-850-92.b.8 | The following warnings: |
| §11-850-92.b.8.A | "This product may be unlawful outside the State of Hawai'i and is unlawful to possess or use under federal law"; |
| §11-850-92.b.8.B | "This product has intoxicating effects and may be habit forming"; |
| §11-850-92.b.8.C | "Smoking is hazardous to your health"; |
| §11-850-92.b.8.D | "There may be health risks associated with consumption of this product"; |
| §11-850-92.b.8.E | "This product is not recommended for use by women who are pregnant or breast feeding"; and |
| §11-850-92.b.8.F | "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug"; and |
| §11-850-92.b.8.G | "When eaten or swallowed, the effects of this drug may be delayed by two or more hours"; |
| §11-850-92.b.9 | A disclosure of the type of extraction method, including any solvents, gases, or other chemicals or compounds used to produce the manufactured marijuana product; and |
| §11-850-92.b.10 | The name of the laboratory that performed the testing; provided that the information in paragraphs (1) through (7) shall appear on the package, and the remainder may appear on a package insert or on the package. |
| §11-850-92.c | A dispensary licensee shall not label as organic any marijuana or manufactured marijuana product unless permitted by the United States Department of Agriculture in accordance with the Organic Foods Production Act. Eff DEC 14 2015 |

2.26.2 Local Compliance

In accordance with applicable packaging and labeling requirements as defined by Hawai'i Administrative Rules Chapter(s): 11-850-36, 11-850-74, 11-850-92 and enforced by the Hawai'i DOH, Hale O Laulima will utilize policies and procedures to ensure patients receive medical products that assure the safety, quality, identity, purity and potency expectations of the Hawai'i DOH and end user. All shipping and receiving procedures and policies implemented in Hale O Laulima's Production and Retail Dispensary Facilities will be in full compliance with the provisions set forth in Hawai'i Administrative Rules Chapter(s): §11-850-36, §11-850-74 and §11-850-92.

2.26.3 Definitions and Abbreviations:

Air-Conditioning ("A/C")

American National Standards Institute ("ANSI")

American Society for Testing and Materials ("ASTM")

Automated Data Processing/Point-of-Sale System ("ADP/POS")

Batch Production Record ("BPR")

BBC Research & Consulting ("BBC")

Board of Directors ("the Board")

Cannabidiol ("CBD")

Cannabidiolic Acid ("CBDA")



Cannabigerol ("CBG")
Chief Executive Officer ("CEO")
Chief Operations Officer ("COO")
Code of Federal Regulations ("CFR")
Community Right to Know Act ("EPCRA")
Compassionate Use Registry ("the Registry")
Conditionally Exempt Small Quantity Generator ("CESQG")
Continuing Medical Education (CME)
Critical Process Parameter ("CPP")
Current Good Manufacturing Practices ("cGMP")
Denver Relief Consulting ("DRC")
Department of Health ("DOH")
Electro-Conductivity ("EC")
Environmental Health Agency ("EHA")
Equal Employment Opportunity Commission ("EEOC")
Equipment Testing Laboratory ("ETL")
Executive Management Team ("EMT")
Executive Vice President ("EVP")
Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA")
Global Positioning System ("GPS")
Good Agricultural Practices ("GAP")
Good Handling Practices ("GHP")
Hale O Laulima ("HOL")
Hawai'i Administrative Rules ("HAR")
Hawai'i Medical Use of Marijuana Act ("the ACT")
Hazard Communication Standard ("HCS")
Health Insurance Portability Accountability Act ("HIPAA")
Health Savings Account ("HSA")
High Efficiency Particulate Arrestance (HEPA)
Immediately Dangerous to Life or Health ("IDLH")
Integrated Pest Management ("IPM")
International Fire Code ("IFC")
International Organization for Standardization ("ISO")
Master Batch Record ("MBR")
Masters in Business Administration ("MBA")
National Institute for Occupational Safety and Health ("NIOSH")
National Type Evaluation Program ("NTEP")
Occupational Safety and Health Administration ("OSHA")
Oxidation Reduction Potential ("ORP")
Personal Protective Equipment ("PPE")
Photosynthetically Active Radiation ("PAR")
Quality Assurance ("QA")
Quality Control ("QC")



Quality Control Team ("QCT")
Quality Control Unit ("QCU")
Quality Management System ("QMS")
Reverse Osmosis ("RO")
Safety Committee ("the Committee")
Safety Data Sheets ("SDS")
Safety, Quality, Identity, Purity, and Potency ("SQIPP")
Self-Contained Breathing Apparatus Type Respirators ("SCBA's")
Standard Operating Procedure ("SOP")
Superfund Amendments Reauthorization Act ("SARA")
Tetrahydrocannabinol ("THC")
Tetrahydrocannabinol Acid ("THCA")
Total Dissolved Solids ("TDS")
Ultra-Violet ("UV")
United States Environmental Protection Agency ("EPA")
United States Food and Drug Administration ("FDA")
Worker Protection Standard ("WPS")
World Health Organization - Uppsala Monitoring Center ("WHO-UMC")

2.26.4 Shipping and Receiving Overview

The Shipping and Receiving SOP describes policies and procedures for the preparation, delivery and recordkeeping of shipping marijuana products in compliance with all laws in the State of Hawai'i and the rules issued by the Hawai'i DOH. The Shipping and Receiving SOP provides supporting inventory management procedures in addition to the Inventory Management and Control SOP to ensure proper delivery of marijuana products to the permitted Retail Dispensary Facilities or Laboratory, including the tracking, recordkeeping, and reporting measures taken to ensure that all products that depart the Production facilities arrive at the appropriate Retail Dispensary Facility or Laboratory. The measures detailed include internal controls, reconciliations of shipping records with receiving records, protocols for reporting discrepancies to the Hawai'i DOH, and procedures for reconciling and taking corrective action in cases where discrepancies are identified.

2.26.5 Shipping and Receiving Policies

2.26.5.1 Authorized Transportation Activities

The Transportation Manager will authorize and oversee all transportation activities and deliveries. Authorized transportation activities are limited to:

1. Receiving products containing medical marijuana from Production Facilities;
2. Shipping products containing medical marijuana to Retail Dispensaries;
3. Shipping marijuana waste to waste disposal facilities; and
4. Shipping product samples to registered independent testing labs.



2.26.5.2 Responsibilities Assigned

The Transportation Manager, in coordination with the Inventory Manager, will be responsible for developing, implementing and maintaining shipping procedures that ensure compliance with the processes required by the Hawai'i DOH pursuant to §11-850-36 and contained herein. It is established that the Transportation Manager will be responsible for approving and coordinating all deliveries. The Transportation Manager is responsible for overseeing and managing the planning and preparation of all deliveries. The Inventory Manager and Transportation Manager will ensure that all shipping and receiving processes are compliant with all state laws and regulations and are consistent with the policies and procedures described in the Inventory Control and Management SOP, as well as the Anti-Diversion SOP.

2.26.5.2.1 Authorized Personnel Required

Only an employee of Hale O Lahuli that is registered with the Hawai'i DOH and authorized by the Transportation Manager will transport products containing medical marijuana and/or execute associated tasks, including shipment packaging, labeling, recordkeeping, and inventory management.

2.26.6 Marijuana Product Transport Policy

Guidance surrounding Hale O Lahuli and Hawai'i DOH requirements regarding the activities and processes to be carried out during all transport activities in accordance with HAR §11-850-36 are found below:

1. Hale O Lahuli may transport marijuana and manufactured marijuana products between the Production and Retail Dispensary Facilities and between these facilities and a laboratory for testing (§11-850-36.a);
2. Only employees designated by Hale O Lahuli, who are trained and knowledgeable on the transportation protocols required by the Hawai'i DOH, shall transport marijuana and manufactured marijuana products. Every transport of marijuana and manufactured marijuana products shall be accompanied by at least two (2) employees (§11-850-36.b);
3. Each time marijuana and manufactured marijuana products are transported, Hale O Lahuli shall prepare a manifest on a form prescribed by the Hawai'i DOH that lists the elements required by the Hawai'i DOH's tracking system (§11-850-36.c);
4. Hale O Lahuli shall only transport marijuana or manufactured marijuana products that are listed on the manifest (§11-850-36.d);
5. Hale O Lahuli shall transport marijuana or manufactured marijuana products in secured containers. The dispensary license shall include a copy of the manifest in the interior and on the exterior of the container (§11-850-36.e);
6. For transport between or among dispensary facilities, a transport container shall be packed, secured, and loaded and unloaded and unpacked, in full view of security surveillance cameras (§11-850-36.f);
7. Marijuana and manufactured marijuana products shall be transported under conditions that maintain their quality and safety (§11-850-36.g);



8. Upon receipt of marijuana and manufactured marijuana products Hale O Lahuli or the Laboratory shall immediately report to the Hawai'i DOH any discrepancies between what is received and what is on the manifest (§11-850-36.h);
9. The designated Hale O Lahuli employees transporting marijuana and manufactured marijuana products shall not stop at a location not listed on the manifest (§11-850-36.i);
10. Hale O Lahuli shall transport marijuana and manufactured marijuana products using routes that reduce the possibility of theft or diversion (§11-850-36.j); and
11. Hale O Lahuli shall not transport marijuana or manufactured marijuana products (§11-850-36.k):
 - a. To another county or another island within the same county; or (§11-850-36.k.1); or
 - b. To, from, or within any federal fort or arsenal, national park or forest, any other federal enclave, or any other property possessed or occupied by the federal government (§11-850-36.k.2).

2.26.6.1 Electronic Manifest System Required

Hale O Lahuli will use Biotrack as the Automatic Data Processing/Point-of-Sale system (ADP/POS system), which also will serve as the electronic manifest system required by HAR §11-850-36.c. The order entry feature of the ADP/POS system provides for documentation of the registered Hale O Lahuli facility that is placing an order. The ADP/POS system creates shipping manifests and securely transmits a copy of the shipping manifest to the receiving facility before the close of business the day prior to transport. The receiving Retail Dispensary can then confirm the contents of the order by accepting the shipping manifest. A second order confirmation through the ADP/POS system is acquired when the physical shipping manifest is signed by a representative of the receiving Retail Dispensary or Laboratory. All shipping manifests may be quickly produced for the Hawai'i State Police upon request.

The Transportation Employee who is transporting the marijuana or marijuana product may also be noted in the ADP/POS system in association with the order. A trip plan detailing the name of the Hale O Lahuli facility location, Transportation Employee responsible for executing the delivery, date and start time of the trip, description of the products being transported, anticipated route and signature of the recipient all will be scanned and uploaded into the Retail Dispensary's order history in the ADP/POS system. These scanned documents may be retrieved at any time in the event of an audit or inspection for a period of at least six (6) years.

The Inventory Manager in coordination with the Facility Manager will ensure the point-of-sale system utilized for all transactions complies with all regulations and Hale O Lahuli policies. The point-of-sale system will be a module of the ADP/POS system. The Facility Manager is responsible for ensuring:

1. The point-of-sale system is secure at all times and each employee authorized to use the system will receive all necessary training and have issued a unique user code that contains their registration card identification number;
2. The point-of-sale system records all entries made, the date, the electronic signature and the unique identification number of the employee utilizing the system; and



3. The point-of-sale system maintains an audit trail and back-up system so that no initial entry can be made illegible and the record is protected from loss, damage or unauthorized use.

2.26.6.1.1 Shipping Manifest Content

1. The shipping manifest will include at a minimum:
 - a. The name and identification number of the Transportation Employee in charge of the transportation;
 - b. All identifying information about the vehicle being used for transport, including vehicle year, make and model, color and license plate number;
 - c. The date and start time of the trip;
 - d. An inventory, including all batch identifiers, of the marijuana and marijuana products being transported; and
 - e. The anticipated route of transportation.
2. The Inventory Manager will:
 - a. Securely transmit a copy of the shipping manifest to the receiving Retail Dispensary Facility or Laboratory and the Hawai'i DOH on the business day prior to transport;
 - b. Ensure a copy of the completed shipping manifest that includes all products being transported accompanies the delivery;
 - c. Ensure an original signature from a representative of the receiving Retail Dispensary Facility or Laboratory is received to confirm receipt of all products delivered to the Retail Dispensary Facility or Laboratory; and
 - d. Scan all completed and signed shipping manifests into the receiving Retail Dispensary Facility or Laboratory order history in Biotrack, the ADP/POS system system described in the Inventory Control and Management SOP.
3. The Facility Manager will retain hard copies of all shipping manifests on the permitted premises and in the ADP/POS system for no less than six (6) years in a manner allowing these records to be made available to the Hawai'i DOH upon request.

2.26.6.2 Product Shipment Procedure

Hale O Laulima will require all personnel involved in the transportation process to adhere to the following procedure, which encompasses all requirements set forth in the previous paragraphs:

1. The Inventory Manager will inform the Transportation Manager when there is a request for transport of product to another Hale O Laulima facility or Laboratory;
2. The Transportation Manager will log on to the ADP/POS system and review the order;
3. The Transportation Manager will contact the facility requesting a shipment and confirm the order contents and desired date of delivery;
4. The Transportation Manager will determine the appropriate transportation route, considering security risk geographies;
5. The Transportation Manager will create a shipping manifest in ADP/POS system. The shipping manifest must include, at a minimum:
 - a. Name of employee assigned to transport product;



- b. Date and start time of the trip;
 - c. Origin address;
 - d. Destination address;
 - e. A description of the marijuana products being transported, and;
 - f. The anticipated route of transportation.
6. The Inventory Manager will package and label the order for transport or will delegate this task to an authorized employee;
7. The Inventory Manager must enter all inventory records in the ADP/POS system.
8. The Transportation Employee and Transportation Manager will each verify the accuracy of order fulfillment, including confirming the shipping manifest information, including:
 - a. Quantities;
 - b. Weights;
 - c. Labels;
 - d. Items;
 - e. Addresses;
 - f. Route; and
 - g. Estimated delivery schedule.
9. The Transportation Manager or transportation employee will securely submit a copy of the shipping manifest to the destination facility via the ADP/POS system and will submit a paper copy upon delivery;
10. The Transportation Manager will program the secure shipping containers with destination location and access code, and provide the access code to the transportation employee;
11. The transportation employee will place the packages in the secure shipping containers. Shipping containers shall be secured with tamper-proof tape;
12. The transportation employee will place the shipping container(s) inside the transportation vehicle, and place a copy of the shipping manifest and the Transportation Event Log in the vehicle;
13. Before departure, the transportation employee will enter all required information in the Transportation Event Log;
14. At the specified departure time, the transportation employee will pull out of the loading area and drive to the destination. The transportation employee must follow the transportation route specified on the shipping manifest and shall not make any unauthorized stops;
15. During transport, the transportation employee will check in with the Transportation Manager at the origin facility every hour on the hour, if en route for such time, via the cell phone or radio communication device in the transportation vehicle;
16. Upon arrival, the transportation employee will carry the shipping container(s) and shipping manifest into the facility;
17. After an employee of the receiving facility has counted and checked the order, the transportation employee will obtain a signature from the recipient on the shipping manifest and then leave the packages with the designated recipient;



18. When the transportation employee returns to the transportation vehicle, he or she will enter all required information on the Transportation Event Log and record the time of delivery (trip end time) on the shipping manifest;
19. The transportation employee will return to the origin facility with the shipping container(s) and signed shipping manifest;
20. The transportation employee will enter any remaining information and then provide the Transportation Manager with the completed shipping manifest and a hard copy of Transportation Event Log; and
21. The Transportation Manager will fulfill all recordkeeping requirements and report any incidents and upload the completed Transportation Event Log and shipping manifest into the recordkeeping system.

2.26.6.3 Product Receiving Procedure

1. The transportation employee must sign in as a visitor at the front desk using the "Dispensary Visitor Log", be issued a visitor badge and the Retail Dispensary Facility Manager or Laboratory Manager must escort the delivery employee back to the appropriate area for order verification;
2. The Dispensary Manager or Laboratory Manager shall confirm the transportation employee is listed on the accompanying shipping manifest and in the ADP/POS system. The Retail Dispensary Facility Manager or Laboratory Manager shall also confirm the following information matches the shipping manifest:
 - a. Arrival and departure times;
 - b. Description of the medical marijuana acquired;
 - c. Product name and type;
 - d. Quantity;
 - e. Batch and lot number; and
 - f. Expiration date.
3. Along with a second employee to verify, the Retail Dispensary Manager must count all products and make sure the product information matches the "packing slip" and the ADP/POS system;
4. The Retail Dispensary Manager and a second employee or the Laboratory Manager and a second employee must verify each product is labeled with all of the required information listed in the Packaging and Labeling SOP including:
 - a. Business or trade name;
 - b. Hale O Lahuli registration certificate number;
 - c. Product name;
 - d. Batch and lot number;
 - e. Harvest date (if applicable);
 - f. Quantity;
 - g. Expiration date;
 - h. Warnings required by §11-850-92.b.8;
 - i. Cost; and
 - j. Cannabinoid and terpene profile.



5. All weight verifications must be done so using a certified scale;
6. If all the identifying information and counts are correct, accept and finalize the order;
7. If the counts are not correct, quarantine the order and follow-up with the supplier;
8. Once all counts are confirmed and the paperwork is signed and completed, create or finish the "purchase order" in the ADP/POS system; and
9. Both employees must sign order sheets and invoices and make two copies, one for the vendor and one for Hale O Laulima.

2.26.6.3.1 Product Receiving Procedure at Processing Facility

Due to the physical arrangement of Hale O Laulima's Production facility all marijuana transport intended for further processing will occur within the same facility and may not require shipping manifests unless specifically required by the Hawai'i DOH.

2.26.7 Order Fulfillment

2.26.7.1 Order Placement

Hale O Laulima will receive orders through a secure online ordering form requiring the company name, address, license number, representative name and telephone number of the receiving Retail Dispensary Facilities or Laboratory. This online ordering form will record the products and quantities requested by the receiving Retail Dispensary Facilities or Laboratory. The online ordering form responses are checked at least three times a day at 8:00 a.m., 12:00 p.m. and 5:00 p.m. by the Inventory Manager. The Inventory Manager or an employee under the supervision of the Inventory Manager will complete a shipping manifest that includes all of the information provided by the completed order form, as well as all shipping manifest requirements detailed below.

2.26.7.2 Order Confirmation

It is Hale O Laulima policy that all orders placed are verified and confirmed prior to preparing the order for shipping. After receiving an order, the Inventory Manager will contact the Retail Dispensary Facilities that placed the order to confirm order placement, contents of the order, and delivery details including address, time and date. Details of the confirmation will be entered in the Delivery Confirmation Log which will be available for inspection by the Hawai'i DOH or appropriate law enforcement agency upon request.

2.26.7.3 Rejected, Discrepant and Unconfirmed Orders

If an order is rejected due to errors or discrepancies, the employee responsible for confirming the delivery will inquire about the reason for the rejection or obtain details about the error or discrepancy. If the order can be revised to satisfy the receiving Retail Dispensary Facilities, then the Transportation Employee will update the shipping manifest and securely transmit a copy of the shipping manifest to the receiving Retail Dispensary Facilities and the Hawai'i DOH. The delivery will then be rescheduled for the next business day and a confirmation for the rescheduled delivery will occur and be recorded in the Delivery Confirmation Log.



If an order is left unconfirmed for more than 48 hours and there has been no response to the delivery confirmation calls, the employee responsible for confirming the delivery will notify the Transportation Manager who will remove the shipping manifest from the Hale O Laulima ADP/POS system and note the unconfirmed order in the Hale O Laulima electronic file.

2.26.8 Sales and Excise Tax Collected

Hale O Laulima's bookkeeper in coordination with the Chief Financial Officer will ensure the proper collection of sales and excise tax on all marijuana and marijuana products. The Chief Financial Officer will ensure that the ADP/POS system, Biotrack accurately captures and reports all excise taxes collected and due.



2.27 Exhibit 27: Waste Minimization SOP

2.27.1 Purpose

The creation and development of this procedure has been completed to ensure compliance with administrative rules as defined by the Hawai'i Department of Health and to promote patient, product and public safety. As rule changes occur and best practices evolve, the content of this document will be reviewed and updated where appropriate. Each step in our manufacturing and distribution processes is carefully performed and controlled so that the resulting medical marijuana products possess the safety, quality, identity, purity, and potency (SQulPP) that patients deserve.

| HAR Requirement | Description |
|-----------------|--|
| §11-58.1 | "Solid Waste Management Control". 01/13/94. Note: Effective March 13, 1999, Section 54 of HAR 11-58.1 is replaced by HAR Chapter 11-279, "Standards for the Management of Used Oil" |
| §11-62 | "Wastewater Systems" 12/09/04 |
| §11-260 | "Hazardous Waste Management". 09/22/1999 |
| §11-850-43.a | A dispensary licensee or laboratory certified by the department to test marijuana and manufactured marijuana products shall dispose of or destroy unused, unsold, contaminated, or expired marijuana or manufactured marijuana products, or waste products resulting from the cultivating or manufacturing process, including any inventory existing at the time of revocation or surrender of a license, in a way that assures that the marijuana or manufactured marijuana product does not become available to unauthorized persons and is documented as subtracted from inventory. |
| §11-850-43.b | A dispensary licensee shall destroy or dispose of unused, unsold, contaminated, or expired marijuana or manufactured marijuana products by a means prescribed by the department or the department of public safety narcotics enforcement division administrator. |
| §11-850-43.c | A dispensary licensee shall establish written policies and procedures to be followed by all of its employees for the disposal or destruction of unused, unsold, contaminated, or expired marijuana and manufactured marijuana products. Eff. DEC 14 2015 |
| §11-850-61.a | A dispensary licensee shall track electronically the dispensary's inventory of marijuana and manufactured marijuana products through each stage of processing, from propagation to ADP/POS, disposal, or destruction, and maintain a record of clear and unbroken chain of custody at all stages, including during transport of the inventory between dispensary facilities and between a dispensary facility and a laboratory. |
| §11-850-71.b.4 | Safe and appropriate storage and disposal or destruction of marijuana at all stages of production and sale. |
| §11-850-72.b.5 | Safe and appropriate storage and disposal or destruction of manufactured marijuana products at all stages of production and sale. |
| §11-850-75.f | A dispensary licensee shall ensure that all litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where marijuana or manufactured marijuana products are exposed. |
| §11-850-75.i | The dispensary licensee shall provide adequate screening or other protection against the entry of pests and shall dispose of rubbish to minimize the development of odor and the potential for waste to become an attractant, harborage, or breeding place for pests. |
| §11-850-85.f.5 | Evidence of the time, date, and method of disposal or destruction of a sample after testing is completed, and the amount of sample disposed of or destroyed, or the time and date a sample was returned to a dispensary with a description including the amount; and shall make all the records available to the department upon request. |

2.27.1.1 Local Compliance

In accordance with applicable waste storage and disposal requirements as defined by Hawai'i Administrative Rules Chapter(s): 11-58.1, 11-62, 11-260, 11-850 and enforced by the Hawai'i DOH, Hale O Laulima will utilize policies and procedures to enhance the ability to minimize waste of all types. Waste generated at the production and retail dispensing facility will be stored on the premises until disposal and disposed of solely in locations and in a manner designated by Mililani Township in Honolulu County as appropriate for that type of waste. All



waste disposal procedures and policies implemented in Hale O Laulima's Production and Retail Dispensary Facilities will be in full compliance with the provisions set forth in Hawai'i Administrative Rules Chapter(s): §11-58.1, §11-62, §11-260 and §11-850.

2.27.2 Definitions and Abbreviations:

Air-Conditioning ("A/C")

American National Standards Institute ("ANSI")

American Society for Testing and Materials ("ASTM")

Automated Data Processing/Point-of-Sale System ("ADP/POS")

Batch Production Record ("BPR")

BBC Research & Consulting ("BBC")

Board of Directors ("the Board")

Cannabidiol ("CBD")

Cannabidiolic Acid ("CBDA")

Cannabigerol ("CBG")

Chief Executive Officer ("CEO")

Chief Operations Officer ("COO")

Code of Federal Regulations ("CFR")

Community Right to Know Act ("EPCRA")

Compassionate Use Registry ("the Registry")

Conditionally Exempt Small Quantity Generator ("CESQG")

Continuing Medical Education (CME)

Critical Process Parameter ("CPP")

Current Good Manufacturing Practices ("cGMP")

Denver Relief Consulting ("DRC")

Department of Health ("DOH")

Electro-Conductivity ("EC")

Environmental Health Agency ("EHA")

Equal Employment Opportunity Commission ("EEOC")

Equipment Testing Laboratory ("ETL")

Executive Management Team ("EMT")

Executive Vice President ("EVP")

Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA")

Global Positioning System ("GPS")

Good Agricultural Practices ("GAP")

Good Handling Practices ("GHP")

Hale O Laulima ("HOL")

Hawai'i Administrative Rules ("HAR")

Hawai'i Medical Use of Marijuana Act ("the ACT")

Hazard Communication Standard ("HCS")

Health Insurance Portability Accountability Act ("HIPAA")

Health Savings Account ("HSA")

High Efficiency Particulate Arrestance (HEPA)



Immediately Dangerous to Life or Health ("IDLH")
Integrated Pest Management ("IPM")
International Fire Code ("IFC")
International Organization for Standardization ("ISO")
Master Batch Record ("MBR")
Masters in Business Administration ("MBA")
National Institute for Occupational Safety and Health ("NIOSH")
National Type Evaluation Program ("NTEP")
Occupational Safety and Health Administration ("OSHA")
Oxidation Reduction Potential ("ORP")
Personal Protective Equipment ("PPE")
Photosynthetically Active Radiation ("PAR")
Quality Assurance ("QA")
Quality Control ("QC")
Quality Control Team ("QCT")
Quality Control Unit ("QCU")
Quality Management System ("QMS")
Reverse Osmosis ("RO")
Safety Committee ("the Committee")
Safety Data Sheets ("SDS")
Safety, Quality, Identity, Purity, and Potency ("SQuIPP")
Self-Contained Breathing Apparatus Type Respirators ("SCBA's")
Standard Operating Procedure ("SOP")
Superfund Amendments Reauthorization Act ("SARA")
Tetrahydrocannabinol ("THC")
Tetrahydrocannabinol Acid ("THCA")
Total Dissolved Solids ("TDS")
Ultra-Violet ("UV")
United States Environmental Protection Agency ("EPA")
United States Food and Drug Administration ("FDA")
Worker Protection Standard ("WPS")
World Health Organization - Uppsala Monitoring Center ("WHO-UMC")

2.27.3 Waste Projections and Minimization Strategies

Hale O Laulima aims to eliminate waste wherever possible. When waste cannot be eliminated, efforts will be made to minimize waste output, reduce environmental harm, and reuse materials. Conservative 12-month waste projections are derived from industry consultants who operate a similar Medical Marijuana Production and Retail Dispensary operation, which incorporate similar waste mitigation strategies to those described below.

It is anticipated that the proposed Medical Marijuana Dispensary license which will be initially composed of (1) production facility and (2) retail dispensary locations will produce approximately 11,060 pounds of fan and stem weight (10 lbs. of waste per flowering light per



year) of waste annually. These amounts were determined by examining existing data from operations in Illinois and Colorado.

2.27.3.1 Waste Water

Zero toxic wastewater is expected during a 12-month period at both the Production and Retail Dispensary Facilities. The Production and Retail Dispensary Facilities will produce quantities of sewage waste consistent with a facility with a similar size staff. Hale O Laulima will not produce toxic wastewater or runoff during the cultivation of marijuana. All cultivation production water runoff will be recycled and reapplied into the irrigation cycle. This goal will be achieved through the successful collection of all runoff water generated during Production Facility operations and the processing of this runoff water through proper filtration and reconditioning procedures that will ensure impeccable water quality and nutrient levels prior to reapplication. To help ensure all runoff water is kept clean of contaminants prior to recycling and reapplication, Hale O Laulima will use organic supplementary resources whenever possible. Organic supplementary resources will aid in efforts to eliminate exposure to harmful pesticides, synthetic additives, and the creation of toxic wastewater.

There will be no sewage waste leaving the Production and Retail Dispensary Facilities through the plumbing system beyond that which would be typical of any facility with a similar number of employees present. The adequacy of the plumbing system will assure that no sewage or other liquid waste will contaminate areas surrounding the Production and Retail Dispensary Facilities or the potable water line. Backflow prevention devices will be installed on all incoming water sources at the Production Facilities to protect against contamination.

The Director of Cultivation and the Retail Dispensary Facilities General Manager will also ensure that any spills are cleaned up immediately, runoff is reduced, and irrigation (where utilized) is adjusted to reflect plant needs in an effort to reduce water consumption, and ultimately, water waste. These water preservation efforts extend to ensure the safety of the environment, employees and patients. If an event requiring the treatment of wastewater or runoff occurs, Hale O Laulima will dispose of wastewater according to procedures outlined by the local municipal wastewater treatment plant.

2.27.3.2 Grow Media Waste

Though compostable material is a form of waste, it is ultimately less environmentally harmful than non-compostable material. Hale O Laulima will minimize grow media waste by utilizing local composting services to collect and process organic material and has contracted with Hawai'i Earth Products to provide this service. Hale O Laulima will use new organic media as the primary cultivation medium and will coordinate with local composting companies to collect used media that would otherwise be diverted to a landfill. All composting activities will be carried out in accordance with the rules set forth in HAR §11-58.1.



2.27.3.3 Green / Marijuana Waste

Minimal marijuana waste will be generated by the Production Facility, and will typically be limited to expired marijuana products, unusable marijuana plant material, and any marijuana determined to be unfit for human consumption. All marijuana waste will be rendered unusable and disposed of in accordance with the policies and procedure in the Marijuana Waste Disposal SOP set forth in previous sections, which include composting all green waste with Hawai'i Earth Products. Efforts to minimize marijuana waste include:

1. Regular coordination between the Director of Cultivation, Retail Dispensary Facilities General Manager and the Administrative Controller to determine the appropriate level of production anticipating customer needs in order to minimize waste due to excess marijuana production;
2. Maintenance of an integrated environmental and pest management plan to effectively protect crops from pest and environmental related damage and detect contamination early, thereby minimizing marijuana waste due to contamination;
3. Incorporation of segregated Production and Retail Dispensary Facilities areas and a designated quarantine room in Production Facility design to physically limit the spread of pests and reduce waste due to marijuana product contamination; and
4. Proper storage and product handling, detailed in the Inventory Control and Management SOP which will minimize marijuana product contamination and adulteration.

2.27.3.4 Hazardous and Chemical Waste

Hale O Laulima aims to minimize or eliminate the use of hazardous substances and toxic chemicals wherever possible. Using the following strategies, Hale O Laulima will minimize waste due to usage of hazardous substances and toxic chemicals, and will always dispose of such waste in accordance with State, Federal, and local law as well as all relevant environmental regulations. Hale O Laulima will minimize hazardous and chemical waste by:

2. Using integrated pest management (IPM) strategies, which minimize harmful pesticide usage, thereby minimizing hazardous chemical usage;
3. Segregating Production Facility areas and quarantine rooms, which physically limit the spread of pests and diseases, thereby creating a controlled environment in which less toxic plant treatments will succeed in early-stage issues and preventing the need for use of toxic synthetics commonly applied during the mitigation of larger issues occurring in an open-plan Production Facility layout;
4. Developing, implementing, and training Production Facility employees to adhere to stringent policies regarding the proper storage of pesticides and hazardous materials; and
5. Incorporating antimicrobial building materials in designated sanitation areas, which will reduce the need for chemical cleaning employees and prevent groundwater contamination.



2.27.3.5 Solid and Recyclable Waste

Hale O Laulima will continuously strive to produce zero waste at the Production and Retail Dispensary Facilities. Paper waste is expected to be minimal. The facilities are expected to produce average levels of plastic, glass, and aluminum waste and all such materials will be recycled.

2.27.3.6 Recycling

Hale O Laulima will provide recycling bins for assorted plastics, glass, aluminum, and paper products at all facility locations. Hale O Laulima will engage with Honolulu County waste management authorities to schedule recycling services and regular pick-ups. Hale O Laulima will also ensure the implementation of proper resource disposal techniques for the removal of all regulated materials including lamps, nutrient waste, and applicable electronics.

2.27.3.7 Reusable Materials

Hale O Laulima will incorporate reusable materials for all available cultivation supplies, such as vessels used for containing plants, nutrients, and water. Hale O Laulima will also incorporate reusable tools made from recycled materials for cultivation, such as plant-reinforcement posts, watering and spraying devices, reflective materials and storage containers. These supplies will be reused after a chemical-free (hot steam) sterilization process and will reduce the resource consumption and needs of Hale O Laulima.

2.27.3.8 Paperless Communication

Hale O Laulima will use email and other direct dialogue services as the primary channel of communication between management, employees, customers, and vendors, in an effort to reduce paper waste generated from internal communications. Hale O Laulima will utilize secure cloud-based tracking systems to store electronic forms of all compliance documents, allowing for mobile access and the reduction of waste paper.



2.28 Exhibit 28: Marijuana Waste Disposal SOP

2.28.1 Purpose

The creation and development of this procedure has been completed to ensure compliance with administrative rules as defined by the Hawai'i Department of Health and to promote patient, product and public safety. As rule changes occur and best practices evolve, the content of this document will be reviewed and updated where appropriate. Each step in our manufacturing and distribution processes is carefully performed and controlled so that the resulting medical marijuana products possess the safety, quality, identity, purity, and potency (SQulPP) that patients deserve.

| HAR Requirement | Description |
|-----------------|--|
| §11-58.1 | "Solid Waste Management Control". 01/13/94. Note: Effective March 13, 1999, Section 54 of HAR 11-58.1 is replaced by HAR Chapter 11-279, "Standards for the Management of Used Oil" |
| §11-62 | "Wastewater Systems" 12/09/04 |
| §11-260 | "Hazardous Waste Management". 09/22/1999 |
| §11-850-43.a | A dispensary licensee or laboratory certified by the department to test marijuana and manufactured marijuana products shall dispose of or destroy unused, unsold, contaminated, or expired marijuana or manufactured marijuana products, or waste products resulting from the cultivating or manufacturing process, including any inventory existing at the time of revocation or surrender of a license, in a way that assures that the marijuana or manufactured marijuana product does not become available to unauthorized persons and is documented as subtracted from inventory. |
| §11-850-43.b | A dispensary licensee shall destroy or dispose of unused, unsold, contaminated, or expired marijuana or manufactured marijuana products by a means prescribed by the department or the department of public safety narcotics enforcement division administrator. |
| §11-850-43.c | A dispensary licensee shall establish written policies and procedures to be followed by all of its employees for the disposal or destruction of unused, unsold, contaminated, or expired marijuana and manufactured marijuana products. Eff. DEC 14 2015 |
| §11-850-61.a | A dispensary licensee shall track electronically the dispensary's inventory of marijuana and manufactured marijuana products through each stage of processing, from propagation to ADP/POS, disposal, or destruction, and maintain a record of clear and unbroken chain of custody at all stages, including during transport of the inventory between dispensary facilities and between a dispensary facility and a laboratory. |
| §11-850-71.b.4 | Safe and appropriate storage and disposal or destruction of marijuana at all stages of production and sale. |
| §11-850-72.b.5 | Safe and appropriate storage and disposal or destruction of manufactured marijuana products at all stages of production and sale. |
| §11-850-75.f | A dispensary licensee shall ensure that all litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where marijuana or manufactured marijuana products are exposed. |
| §11-850-75.i | The dispensary licensee shall provide adequate screening or other protection against the entry of pests and shall dispose of rubbish to minimize the development of odor and the potential for waste to become an attractant, harborage, or breeding place for pests. |
| §11-850-85.f.5 | Evidence of the time, date, and method of disposal or destruction of a sample after testing is completed, and the amount of sample disposed of or destroyed, or the time and date a sample was returned to a dispensary with a description including the amount; and shall make all the records available to the department upon request. |

2.28.1.1 Local Compliance

In accordance with applicable Marijuana waste storage and disposal requirements as defined by Hawai'i Administrative Rules Chapter(s): 11-850 and enforced by the Hawai'i DOH, Hale O Lahuli will strictly prohibit ANY activity that may deviate from the administrative rules. All Marijuana waste disposal procedures and policies implemented in Hale O Lahuli's Production and Retail Dispensary Facilities will be in full compliance with the provisions set forth in Hawai'i Administrative Rules Chapter(s): §11-58.1, §11-62, §11-260 and §11-850.



2.28.2 Definitions and Abbreviations:

Air-Conditioning ("A/C")
American National Standards Institute ("ANSI")
American Society for Testing and Materials ("ASTM")
Automated Data Processing/Point-of-Sale System ("ADP/POS")
Batch Production Record ("BPR")
BBC Research & Consulting ("BBC")
Board of Directors ("the Board")
Cannabidiol ("CBD")
Cannabidiolic Acid ("CBDA")
Cannabigerol ("CBG")
Chief Executive Officer ("CEO")
Chief Operations Officer ("COO")
Code of Federal Regulations ("CFR")
Community Right to Know Act ("EPCRA")
Compassionate Use Registry ("the Registry")
Conditionally Exempt Small Quantity Generator ("CESQG")
Continuing Medical Education (CME)
Critical Process Parameter ("CPP")
Current Good Manufacturing Practices ("cGMP")
Denver Relief Consulting ("DRC")
Department of Health ("DOH")
Electro-Conductivity ("EC")
Environmental Health Agency ("EHA")
Equal Employment Opportunity Commission ("EEOC")
Equipment Testing Laboratory ("ETL")
Executive Management Team ("EMT")
Executive Vice President ("EVP")
Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA")
Global Positioning System ("GPS")
Good Agricultural Practices ("GAP")
Good Handling Practices ("GHP")
Hale O Laulima ("HOL")
Hawai'i Administrative Rules ("HAR")
Hawai'i Medical Use of Marijuana Act ("the ACT")
Hazard Communication Standard ("HCS")
Health Insurance Portability Accountability Act ("HIPAA")
Health Savings Account ("HSA")
High Efficiency Particulate Arrestance (HEPA)
Immediately Dangerous to Life or Health ("IDLH")
Integrated Pest Management ("IPM")
International Fire Code ("IFC")
International Organization for Standardization ("ISO")



Master Batch Record ("MBR")
Masters in Business Administration ("MBA")
National Institute for Occupational Safety and Health ("NIOSH")
National Type Evaluation Program ("NTEP")
Occupational Safety and Health Administration ("OSHA")
Oxidation Reduction Potential ("ORP")
Personal Protective Equipment ("PPE")
Photosynthetically Active Radiation ("PAR")
Quality Assurance ("QA")
Quality Control ("QC")
Quality Control Team ("QCT")
Quality Control Unit ("QCU")
Quality Management System ("QMS")
Reverse Osmosis ("RO")
Safety Committee ("the Committee")
Safety Data Sheets ("SDS")
Safety, Quality, Identity, Purity, and Potency ("SQIPP")
Self-Contained Breathing Apparatus Type Respirators ("SCBA's")
Standard Operating Procedure ("SOP")
Superfund Amendments Reauthorization Act ("SARA")
Tetrahydrocannabinol ("THC")
Tetrahydrocannabinol Acid ("THCA")
Total Dissolved Solids ("TDS")
Ultra-Violet ("UV")
United States Environmental Protection Agency ("EPA")
United States Food and Drug Administration ("FDA")
Worker Protection Standard ("WPS")
World Health Organization - Uppsala Monitoring Center ("WHO-UMC")

2.28.3 Marijuana Waste Storage and Disposal Policies

2.28.3.1 Important Points

All waste, including waste composed of or containing finished Marijuana and Marijuana products, will be stored, secured, locked and managed in accordance with state laws and regulations as detailed in HAR §11-850. "Marijuana waste" means any part of the plant that is not usable Marijuana, or Marijuana that cannot be processed as provided in HAR §11-850.

All disposed waste will be recorded in the Waste Disposal Log with details pertaining to the date of disposal, type and quantity of waste disposed of and the manner of disposal. Additional waste disposal provisions include detailed plans for excess product disposal, liquid and solid waste disposal based on guidelines from the Hawai'i DOH, composting practices, and the disposal of expired, contaminated, or otherwise unusable Marijuana products. The Production and Retail Dispensary Facilities General Managers will also report any verifiable incident of unauthorized destruction of Marijuana to the Hawai'i DOH and law enforcement.



2.28.3.2 Marijuana Waste Storage and Disposal Procedure

1. Hale O Laulima will not produce or maintain quantities of Marijuana in excess of what is needed for normal, efficient operation and to meet the needs of the qualified registered patients who obtain their medicine from Hale O Laulima's dispensary facilities;
2. Prior to disposal, Marijuana waste will be securely stored in a locked compartment that is located in an area under video surveillance and kept quarantined from all usable Marijuana products, Marijuana source material, or Marijuana plants in order to prevent contamination;
3. Prior to disposal, Marijuana waste will be rendered unusable via the methods set forth below. All Marijuana waste will be returned to the secure storage location immediately after being rendered unusable;
 - a. Check the Automated Data Processing / Point-of-Sale System (ADP/POS) and relevant internal logs to determine the recordkeeping requirements for plant maintenance, harvest and trimming procedures;
 - b. Put an empty plant waste container on the scale and tare the scale. Remove the empty container from the scale;
 - c. Individually weigh each plant waste container holding plant waste from a single harvest batch. Write down the weight of each on a sheet of paper. Repeat until all containers with plant waste from a single batch have been weighed and recorded;
 - d. Using your calculator, add up all of the weights (remember: one harvest batch at a time!);
 - e. During a harvest, complete the relevant sections of the Harvest Log (i.e. record cumulative waste weight as the "By-Product Weight" for the batch);
 - f. Dump all pre-weighed and recorded plant waste into one or more trash bags. Tie up trash bags and set aside;
 - g. Transport trash bags containing plant waste to the grinder;
 - h. Grind all plant waste until very fine. Return ground waste to trash bag(s);
 - i. Place trash bags with ground plant waste in a 44-gallon trashcan;
 - j. Using a trashcan dolly, wheel each trashcan containing ground plant waste to the exterior waste receptacle. Transport fabric pots containing used media and other post-consumer waste out to the exterior waste receptacle;
 - k. Open plant waste trash bags and dump contents into the exterior waste receptacle;
 - l. Dump post-consumer waste and used media on top of the ground up plant material. Continue adding non-Marijuana waste until you are sure the mixture contains more than 50% non-Marijuana waste by weight;
 - m. Using your poly-scoop shovel, mix the Marijuana waste and non-Marijuana waste. The Marijuana waste must be rendered unusable and unrecognizable;
 - n. Lock or otherwise secure the exterior waste receptacle;
 - o. Fill out all relevant sections of the Waste Disposal Log;
 - p. Report plant waste in the ADP/POS system. Be sure to attach the plant waste to the harvest batch.
 - q. Sanitize and clean all used supplies and work surfaces;



- r. Ensure that all required records have been entered into the ADP/POS system and that all portions of relevant internal logs have been completed;
 - s. Coordinate pick up with the approved disposal Hale O Laulima; and
 - t. Complete sections relevant to pick up in the Waste Disposal Log after pick up.
4. After being rendered unusable, mixed Marijuana waste will be securely stored until it is transported to a permitted waste-to-energy plant where the plant waste will be combusted for renewable energy generation, if available; Hale O Laulima will dispose of Marijuana waste in the manner set forth herein until the Hawai'i DOH specifies an approved method of Marijuana waste disposal. Hale O Laulima will appropriately revise all related procedures and comply with the Hawai'i DOH approved method immediately after it is identified;
 5. The secure area used for the storage and mixing of Marijuana waste will be securely locked and protected from unauthorized entry, other than during the time required to move or render Marijuana unusable, or prepare mixed waste for transport to the specified disposal facility;
 6. If, for any reason, Hale O Laulima's Dispensary License approval is revoked or not renewed, Hale O Laulima will not cultivate Marijuana on or after the date that its authorization expires, and not until the Dispensary License approval is renewed and in good standing. All Marijuana possessed by Hale O Laulima will be destroyed within 48 hours of the expiration or revocation of approval;
 7. Marijuana waste will be stored and disposed of in a manner that minimizes the development of odors that could present a public nuisance;
 8. Marijuana waste will be stored and disposed of in a manner that minimizes the potential for such waste to attract, harbor, or become a breeding place for pests;
 9. Marijuana waste will be stored and disposed of in a manner that protects against contamination of Marijuana, contact surfaces, production and Retail Dispensary Facilities areas, water supplies, and grounds surrounding the facilities;
 10. Marijuana waste will be stored and disposed of in a manner that prevents diversion, theft, or loss of Marijuana plant material and Marijuana products;
 11. Marijuana waste will be stored and disposed of in a manner that ensures traceability through internal documentation and real-time electronic tracking in the ADP/POS;
 12. All Marijuana waste on the premises of the Production and Retail Dispensary Facilities will be stored in a secured and locked container within an area covered by continuous video surveillance; and
 13. All Marijuana waste and waste disposal activities will be recorded in Hale O Laulima's ADP/POS and in Hale O Laulima's internal Waste Disposal Log. These records will be maintained in an electronic format for a six (6) year period and will be made available for inspection upon request by the Hawai'i DOH, and, when necessary for investigative purposes by law enforcement agencies.



2.29 Exhibit 29: Non-Marijuana Waste Disposal SOP

2.29.1 Purpose

The creation and development of this procedure has been completed to ensure compliance with administrative rules as defined by the Hawai'i Department of Health and to promote patient, product and public safety. As rule changes occur and best practices evolve, the content of this document will be reviewed and updated where appropriate. Each step in our manufacturing and distribution processes is carefully performed and controlled so that the resulting medical marijuana products possess the safety, quality, identity, purity, and potency (SQulPP) that patients deserve.

| HAR Requirement | Description |
|-----------------|--|
| §11-58.1 | "Solid Waste Management Control". 01/13/94. Note: Effective March 13, 1999, Section 54 of HAR 11-58.1 is replaced by HAR Chapter 11-279, "Standards for the Management of Used Oil" |
| §11-62 | "Wastewater Systems" 12/09/04 |
| §11-260 | "Hazardous Waste Management". 09/22/1999 |
| §11-850-43.a | A dispensary licensee or laboratory certified by the department to test marijuana and manufactured marijuana products shall dispose of or destroy unused, unsold, contaminated, or expired marijuana or manufactured marijuana products, or waste products resulting from the cultivating or manufacturing process, including any inventory existing at the time of revocation or surrender of a license, in a way that assures that the marijuana or manufactured marijuana product does not become available to unauthorized persons and is documented as subtracted from inventory. |
| §11-850-43.b | A dispensary licensee shall destroy or dispose of unused, unsold, contaminated, or expired marijuana or manufactured marijuana products by a means prescribed by the department or the department of public safety narcotics enforcement division administrator. |
| §11-850-43.c | A dispensary licensee shall establish written policies and procedures to be followed by all of its employees for the disposal or destruction of unused, unsold, contaminated, or expired marijuana and manufactured marijuana products. Eff. DEC 14 2015 |
| §11-850-61.a | A dispensary licensee shall track electronically the dispensary's inventory of marijuana and manufactured marijuana products through each stage of processing, from propagation to ADP/POS, disposal, or destruction, and maintain a record of clear and unbroken chain of custody at all stages, including during transport of the inventory between dispensary facilities and between a dispensary facility and a laboratory. |
| §11-850-71.b.4 | Safe and appropriate storage and disposal or destruction of marijuana at all stages of production and sale. |
| §11-850-72.b.5 | Safe and appropriate storage and disposal or destruction of manufactured marijuana products at all stages of production and sale. |
| §11-850-75.f | A dispensary licensee shall ensure that all litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where marijuana or manufactured marijuana products are exposed. |
| §11-850-75.i | The dispensary licensee shall provide adequate screening or other protection against the entry of pests and shall dispose of rubbish to minimize the development of odor and the potential for waste to become an attractant, harborage, or breeding place for pests. |
| §11-850-85.f.5 | Evidence of the time, date, and method of disposal or destruction of a sample after testing is completed, and the amount of sample disposed of or destroyed, or the time and date a sample was returned to a dispensary with a description including the amount; and shall make all the records available to the department upon request. |

2.29.2 Local Compliance

In accordance with applicable non-marijuana waste storage and disposal requirements as defined by Hawai'i Administrative Rules Chapter(s): 11-58.1, 11-62, 11-260 and enforced by the Hawai'i DOH, Hale O Lahuli will strictly prohibit the placement, dumping, or disposal of trash, garbage, litter, or any other kind of waste on the property of another legal entity or any public place in the county, including streets, sidewalks, and parks. Waste generated at the production and retail dispensing facility will be securely stored on the premises until disposal and disposed



of solely in locations and in a manner designated by Mililani Township in Honolulu County as appropriate for that type of waste. All waste disposal procedures and policies implemented in Hale O Laulima's Production and Retail Dispensary Facilities will be in full compliance with the provisions set forth in Hawai'i Administrative Rules Chapter(s): §11-58.1, §11-62, §11-260 and §11-850.

2.29.3 Definitions and Abbreviations:

Air-Conditioning ("A/C")
American National Standards Institute ("ANSI")
American Society for Testing and Materials ("ASTM")
Automated Data Processing/Point-of-Sale System ("ADP/POS")
Batch Production Record ("BPR")
BBC Research & Consulting ("BBC")
Board of Directors ("the Board")
Cannabidiol ("CBD")
Cannabidiolic Acid ("CBDA")
Cannabigerol ("CBG")
Chief Executive Officer ("CEO")
Chief Operations Officer ("COO")
Code of Federal Regulations ("CFR")
Community Right to Know Act ("EPCRA")
Compassionate Use Registry ("the Registry")
Conditionally Exempt Small Quantity Generator ("CESQG")
Continuing Medical Education (CME)
Critical Process Parameter ("CPP")
Current Good Manufacturing Practices ("cGMP")
Denver Relief Consulting ("DRC")
Department of Health ("DOH")
Electro-Conductivity ("EC")
Environmental Health Agency ("EHA")
Equal Employment Opportunity Commission ("EEOC")
Equipment Testing Laboratory ("ETL")
Executive Management Team ("EMT")
Executive Vice President ("EVP")
Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA")
Global Positioning System ("GPS")
Good Agricultural Practices ("GAP")
Good Handling Practices ("GHP")
Hale O Laulima ("HOL")
Hawai'i Administrative Rules ("HAR")
Hawai'i Medical Use of Marijuana Act ("the ACT")
Hazard Communication Standard ("HCS")
Health Insurance Portability Accountability Act ("HIPAA")



Health Savings Account ("HSA")
High Efficiency Particulate Arrestance (HEPA)
Immediately Dangerous to Life or Health ("IDLH")
Integrated Pest Management ("IPM")
International Fire Code ("IFC")
International Organization for Standardization ("ISO")
Master Batch Record ("MBR")
Masters in Business Administration ("MBA")
National Institute for Occupational Safety and Health ("NIOSH")
National Type Evaluation Program ("NTEP")
Occupational Safety and Health Administration ("OSHA")
Oxidation Reduction Potential ("ORP")
Personal Protective Equipment ("PPE")
Photosynthetically Active Radiation ("PAR")
Quality Assurance ("QA")
Quality Control ("QC")
Quality Control Team ("QCT")
Quality Control Unit ("QCU")
Quality Management System ("QMS")
Reverse Osmosis ("RO")
Safety Committee ("the Committee")
Safety Data Sheets ("SDS")
Safety, Quality, Identity, Purity, and Potency ("SQIPP")
Self-Contained Breathing Apparatus Type Respirators ("SCBA's")
Standard Operating Procedure ("SOP")
Superfund Amendments Reauthorization Act ("SARA")
Tetrahydrocannabinol ("THC")
Tetrahydrocannabinol Acid ("THCA")
Total Dissolved Solids ("TDS")
Ultra-Violet ("UV")
United States Environmental Protection Agency ("EPA")
United States Food and Drug Administration ("FDA")
Worker Protection Standard ("WPS")
World Health Organization - Uppsala Monitoring Center ("WHO-UMC")

2.29.4 Non-Marijuana Waste Storage and Disposal Policies

2.29.4.1 Liquid Waste

It is Hale O Laulima policy that liquid waste resulting from Production and Retail Dispensary Facilities operations may not enter the municipal sewer system. In order to prevent this, all liquid waste will be disposed of in an on-site septic system that is compliant with the requirements of the Hawai'i EHA and all applicable local and state laws and regulations. In accordance with applicable Hawai'i EHA and US EPA regulations, Hale O Laulima will ensure that no wastes are discharged from Hale O Laulima facilities to any waters of the state without first



being given the degree of treatment necessary, at a permitted facility, to protect the beneficial uses of such water.

2.29.4.2 Sewage and Wastewater

The bathrooms and area drains in the Production Facilities in Mililani Township will be connected to an approved on-site septic system. All liquid waste potentially containing marijuana solids or residues, nutrients, chemicals, or any other potential pollutant will be disposed of in the on-site septic system. The on-site septic system will be maintained in compliance with §11-62 and the system tanks will be pumped by a permitted septic disposal service if needed. Hale O Laulima does not anticipate needing to have the tanks pumped because bacteria will break down the liquid waste before it is discharged to the drain field on-site. However, a permitted septic disposal service will be used if a clog or other issue arises that impacts the system's operation. The system will meet all applicable standards set forth in §11-62. The Production facilities' septic and graywater systems will be periodically checked to assure that sewage, wastewater, and other liquid waste are adequately transported from the facility to the on-site septic system via waste water lines that pose no threat of crossing with potable water lines. Disposal of liquid chemical waste will be executed in full compliance with federal, state and local laws and regulations as well as in accordance with instructions on the product's label and any safety data sheet (SDS), if applicable.

2.29.4.2.1 Wastewater Minimization

The Production and Retail Dispensary Facilities Manager will implement policies to eliminate water waste and to recycle water, including the reclamation of water from air-conditioning (A/C) condenser units and dehumidifiers, whenever possible. Refer to the Waste Minimization SOP for additional detail.

2.29.4.3 Solid Waste

As used in this SOP, solid waste definitions are set forth by HAR §11-58.1. "Solid waste" or "waste" means:

garbage, refuse, and other discarded materials, including solid, liquid, semi-solid, or contained gaseous materials resulting from industrial, commercial, mining, and agricultural operations, sludge from waste treatment plants and water supply treatment plants, and residues from air pollution control facilities and community activities, but does not include solid or dissolved materials in domestic sewage or other substances in water sources such as silt, dissolved or suspended solids in industrial waste water effluents, dissolved materials in irrigation return flows, or other common water pollutants, or source, special nuclear, or by-product material as defined by the federal Atomic Energy Act of 1954, as amended (68 Stat. 923).



Hale O Laulima will comply with all guidelines and requirements of the Hawai'i DOH solid waste management program. Recyclable materials are considered a subtype of solid waste, which are stored and disposed of separately from other solid wastes. Hale O Laulima will obtain commercial solid waste and recyclable materials collection service from Mililani Township's solid waste management franchise. The selected collection service will regularly collect and transfer all solid waste generated at the Production or Retail Dispensary Facilities to one of the approved facilities in Honolulu County for proper disposal. Hale O Laulima plans not to use pesticides in cultivation operations, but reserves the right to use approved products as a last resort. If locally available, Hale O Laulima will take empty, triple-rinsed containers that held non-hazardous pesticides to a pesticide container recycling center.

2.29.4.3.1 Solid Waste Management

1. All solid wastes, including recyclables, will be stored in a manner so that they do not constitute a fire, health, or safety hazard or provide a food or harbor for vermin;
2. All solid waste containing food wastes will be securely stored in covered or closed containers which are nonabsorbent, leak-proof, durable, easily cleanable, and designed for safe handling;
3. Waste containers used for storing solid waste or recyclables will meet the American National Standards Institute (ANSI) standards for waste containers;
4. Solid waste will be placed into recycling bins or trash bags within trashcans inside the Production and Retail Dispensary Facilities;
5. At the end of each day, one or more Production or Retail Employees will tie up the trash bags, carry the recycling containers and trash bags to the external secure containers, and place the bags and recyclables into their appropriate container for pick up;
6. External waste containers will be installed in a manner that prevents spillage or leakage during on-site collection; and
7. Hale O Laulima will ensure that solid wastes are collected at least once per week.

2.29.4.4 Hazardous Waste

In accordance with HAR §11-260, hazardous waste will be transported and disposed of pursuant to the rules and regulations of the Hawai'i DOH and the EPA. A waste can be classified as a hazardous waste in 3 ways:

1. §11-261-3 provides the definition of hazardous waste in the state of Hawai'i.
2. If it is listed in 40 Code of Federal Regulations (CFR) 261 Subpart D¹² as hazardous by the EPA;
3. If it is characterized in 40 CFR 261 Subpart C¹³ as hazardous by exhibiting one of the four hazardous characteristics:
 - a. Ignitability;
 - i. Has a flash point of less than 140°F or could catch fire under certain circumstances;

¹²<http://www.ecfr.gov/cgi-bin/text-idx?SID=acc3fec2e729642231b9817bdf8afc7&mc=true&node=sp40.26.261.d&rgn=div6>



- ii. Examples: solvents, mineral spirits, paint waste;
- iii. Ignitable hazardous wastes are assigned the EPA hazardous waste code of D001.
- b. Corrosivity:
 - i. Is aqueous and has a pH that is very low (2 or less) or very high (12.5 or higher), or can corrode metal;
 - ii. Examples: acids or alkali cleaning baths, battery acid;
 - iii. Corrosive hazardous wastes are assigned the EPA hazardous waste code of D002.
- c. Reactivity:
 - i. Unstable, reacts violently, explodes, or produces toxic vapors under certain conditions;
 - ii. Examples: cyanide waste, sulfide waste, peroxides;
 - iii. Reactive hazardous wastes are assigned EPA hazardous waste code of D003.
- d. Toxicity:
 - i. Has specific toxic contaminants present in high enough concentrations to be harmful to humans or the environment;
 - ii. Toxic contaminants and their toxicity threshold levels are included in the federal hazardous waste regulations;
 - iii. Examples: wastes that contain heavy metals or certain chemicals (e.g., benzene, pesticides);

Toxic hazardous wastes are assigned the EPA hazardous waste codes of D004 through D043, depending on the contaminant present.

2.29.4.4.1 On-Site Management of Hazardous Waste

1. Hale O Laulima will actively try to avoid using hazardous materials by selecting non-hazardous options whenever possible, and will put measures in place to avoid generating hazardous waste altogether.
2. Hale O Laulima employees who will manage hazardous waste may refer to the EPA's Handbook for Hazardous Waste Containers for guidance.
3. Hazardous waste will be characterized using information from Safety Data Sheets, markings, and labels before it is placed in a waste container. Employees will identify hazardous characteristics and determine if the waste is reactive, incompatible with other wastes, or has properties that require special methods and equipment for proper management.
4. Incompatible wastes will be stored in separate containers and separate storage areas.
5. All hazardous waste will be secured in containers appropriate for the type of hazard, compatible with the contents, and appropriate for the amount of waste.
6. Containers will be kept in good condition (e.g. free of dents, free of corrosion, no leaking, no bulging, etc.).
7. If a container begins to leak or show damage, the waste will be carefully transferred to another container. The employee transferring the waste must wear personal protective equipment (PPE) relevant to the hazardous characteristics of the waste inside.



8. Lids to hazardous waste containers will remain closed and secure when not actively adding waste to or removing waste from the container.
9. Hazardous waste container labels will contain the words "Hazardous Waste", a description of the contents, and EPA waste codes.
10. Hazardous waste containers will be stored in a climate-controlled area so that containers remain cool and dry.
11. Hale O Lahuli will store hazardous waste in appropriate containers on-site for no more than 90 days before collection and transport for proper disposal.
12. Container storage areas will be inspected weekly. At a minimum, the inspection will cover leaks or staining from containers, general container condition, labeling, and management practices.

When hazardous materials must be used or handled in the facility, they will be used and handled in accordance with instructions on the SDS for that product and while using the appropriate PPE, then returned to the hazardous materials storage area promptly after use.

2.29.4.5 Determining Generator Status

Hale O Lahuli will follow the guidelines presented in 40 CFR 261.5 for determining Hale O Lahuli's hazardous waste generator status. Hale O Lahuli anticipates achieving a conditionally exempt small quantity generator (CESQG) status each month if any hazardous waste is generated at all. A generator is a CESQG in a calendar month if the entity generates no more than 100 kilograms (220 pounds) of hazardous waste in that month.

Hale O Lahuli does not intend on being a hazardous waste generator by implementing good Production and Retail management practices. If hazardous waste is generated, generator status at each facility will be determined on a monthly basis by the Quality Control Team. Hale O Lahuli will monitor hazardous waste quantities and take steps to minimize the amount of hazardous waste generated in order to ensure that Hale O Lahuli can either avoid hazardous waste generation altogether or maintain CESQG status. Pursuant to HAR §11-260 -, the Quality Control Team will notify the Hawai'i DOH of all changes in generator status using the EPA Form 8700-12, "Notification of Regulated Waste Activities".

Provided Hale O Lahuli complies with the hazardous waste disposal requirements set forth, as a CESQG, Hale O Lahuli's hazardous wastes, if any, will not be subject to regulation under 40 CFR Parts 262-268, Parts 270 and 124, and the notification requirements of Hawai'i DOH §11-260.

2.29.4.6 Universal Waste

Hale O Lahuli will comply with Federal rules (40 CFR Part 273¹⁴) for the identification and management of universal waste. Four potential hazardous wastes may be managed as universal waste:

¹⁴ <http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=1ce91cc9988cc26b5bf9c888b27cab58&n=pt40.27.273&r=PART&ty=HTML>



1. Lamps;
2. Batteries;
3. Mercury-containing devices; and
4. Recalled, cancelled, suspended, or unusable pesticides.

Hale O Lahuli will follow federal, state, and local guidelines for the identification, management, and disposal of universal waste. The universal waste requirements for lamps are relevant for production and retail operations. For present purposes, lamp is defined as the bulb or tube portion of an electric lighting device. Examples of common universal waste electric lamps include, but are not limited to, fluorescent, high intensity discharge, neon, mercury vapor, high-pressure sodium, and metal halide lamps.

Hale O Lahuli plans not to use pesticides in cultivation operations, but reserves the right to do so as a last resort if mechanical, cultural, biological, and organic controls are unable to control a pest or disease problem, or as needed for cultivation room sanitation and decontamination purposes after a widespread pest or disease outbreak. If pesticides must be acquired, good management practices will be in place to ensure that non-hazardous pesticides are selected if at all possible, and that the smallest amount of the pesticide needed to address the issue is acquired. With the application of these management practices, Hale O Lahuli does not anticipate generating universal waste in the form of recalled, cancelled, suspended, or unusable pesticides. If the Hawai'i DOH establishes a list of approved pesticides for use in marijuana cultivation, Hale O Lahuli will immediately incorporate the list into cultivation standard operating procedures and training materials, and will strictly prohibit the acquisition and use of any pesticide not included on the list. The Director of Cultivation, in coordination with the Quality Control Team, will be responsible for adapting practices, procedures, and documents to comply with any future pesticide standards or restrictions, and will ensure all Cultivation Employees are informed and trained accordingly.

Hale O Lahuli anticipates being classified as a Small Quantity Handler of Universal Waste, as defined in 40 CFR Part 273.9, which means Hale O Lahuli will not accumulate 5,000 kilograms or more of universal waste at any time and is therefore exempt from many universal waste management regulatory provisions.

2.29.4.7 Separate Disposal Services Required for Special Waste Types

It is Hale O Lahuli policy that hazardous waste and universal waste will not be mixed with or disposed with other solid waste, and will be managed separately.

2.29.4.8 Non-Marijuana Waste Disposal Service Providers

Hale O Lahuli will comply with Honolulu County Department of Environmental Services preferred methods of waste disposal and will only use locally authorized waste disposal providers.



3.5 Exhibit 5: Financial Components of the Business Plan

HALE O LAULIMA FINANCIAL PROFORMA SUMMARY

BUSINESS PLAN OVERVIEW

Hale O Laulima (meaning 'House of Many Hands Working Together') is committed to providing quality innovative approaches to caring for all of Hawai'i's people – in the same compassionate spirit of our Hawaiian Monarchy and all those healing visionaries who came to our shores to help our sick, diseased, and infirmed; our physically and emotionally disabled; and those suffering terminal illnesses. Be it pineapple, sugarcane or agriculture in general, the members of Hale O Laulima are well versed on the tremendous burden that corporate industry leaving Hawai'i has had on the workforce, economy and overall sustenance of the people of Hawai'i. We believe the medical marijuana industry has an opportunity to be something different, and to act in a manner that is a testament to the culture and rich past of Hawai'i and its residents.

Hale O Laulima's (hereinafter, "Company") efforts from the outset will be in planned coordination with community and government stakeholders, and with leaders of our institutions of higher learning.

To this end, our vision and credo are singular – to provide quality service to all those who depend on us for that specialty support; and to develop products improvements through research and innovation as a shared expectation with the community we serve.

Hale O Laulima is comprised of Hawai'i residents and native Hawaiians with areas of expertise encompassing agriculture and horticulture, commercial manufacturing, healthcare and pharmaceuticals, security, science and retail experience. This talented and experienced team of operators and advisors will ensure the long-term success of the Company's operations. The Company is dedicated to establishing and maintaining healthy and collaborative relationships with state and local governments, neighbors and patients, and is committed to integrating seamlessly into our community. The collective business acumen and philanthropic background of Hale O Laulima founders shows in the fact that we have already secured a highly



successful, educated, community driven, and diverse advisory team across all fields including but not limited to; medical, local agriculture, community integration and relations, pharmaceutical manufacturing and distribution, security, and technology. Unit managers will provide day-to-day management of personnel and operations and are assisted and directed by the Company's executive team, owners and advisory members. Several owners of the Company will serve in very active day-to-day roles in many facets of the operations.

Eugene Napua Tiwanak will lead and manage the Hale O Laulima operations as the Chief Executive Officer. Mr. Tiwanak has been at the forefront of medical healthcare in Hawai'i for over four decades, serving as the former President and CEO of the St. Francis Healthcare Foundation and the St. Francis Residential Care Community. Tiwanak's active role and success in healthcare has led to his appointment as a Trustee for the King William Charles Lunalilo Trust Estate by the Hawai'i State Supreme Court. He has served as the Managing Director of the County of Hawai'i and been appointed to numerous boards and executive committees related to healthcare and native Hawai'ian communities.

After an extensive search, Hale O Laulima has partnered with medical marijuana industry experts Cresco Labs and Denver Relief Consulting to ensure the success of its operations. Cresco Labs has significant experience in some of the most highly regulated industries in the country. Cresco Labs established itself as the premier group in the industry for earning merit-based marijuana licenses. Cresco currently operates three state-of-the-art 40,000 sq. ft. cultivation and manufacturing facilities in Illinois under the strictest marijuana regulations in the country. Cresco's partnership with Hale O Laulima aims to ensure the operations surpass the State's mandate. Denver Relief Consulting is a close-knit team of passionate industry advocates and entrepreneurs working to advance its clients' and partners' operations and to promote the widespread development of a professional medical marijuana industry. Their goal is to mentor Hale O Laulima and provide tools essential for making informed decisions with regard to operations and evolving best practices and technologies. Denver Relief Consulting has grown to serve a diverse clientele spanning three countries, including Canada and the United Kingdom, twelve states in the United States and Washington



D.C. Denver Relief Consulting has helped its clients earn licenses in Colorado, Connecticut, Florida, Illinois, Massachusetts, Nevada, Florida, Washington and Canada.

MISSION AND VISION

Hale O Laulima will focus on regulatory compliance while developing the most condition-specific strains of marijuana and non-invasive delivery methods (alternatives to smoke inhalation) to provide controlled-dosage medicinal marijuana relief to qualifying patients. We will also utilize the latest theories/processes in modern commercial greenhouse farming (rigid perimeter buildings with translucent/opaque roof systems) and plant genetics to push medicinal marijuana cultivation techniques forward as well as bringing the use of marijuana as a medicine to the pharmaceutical level that this Act intended. We plan to be, without exception, the most progressive and professional medical marijuana producer, manufacturer and retailer in the country. It is the mission and vision of the Hale O Laulima team to assist patients in a personal and compassionate care setting and manner in order to enhance their quality of life by providing:

- Safe, professional and hyper-compliant operations;
- Consistent and effective product offerings;
- A well-run and highly respected corporate entity and management staff;
- Education and outreach programs for the benefit of patients, the medical community, the authorities and the State of Hawai'i; and
- Develop a community benefits program ensuring the condition of the people of O'ahu improves as a result of this program.

The Company will offer a full suite of standardized medical marijuana product offerings including raw medical marijuana, extractions, sublingual tablets, capsules, tinctures, transdermal patches, and topical treatments and lotions. The product mix will be based on available science, regulations, and patient demand.

Due to the highly complex and rapidly evolving nature of the regulated marijuana industry, Hale O Laulima understands the need to integrate its Hawai'i based talent with experienced medical marijuana professionals to help navigate the business startup and



operations in this new space. That is why the Company has engaged nationally recognized Cresco Labs and Denver Relief Consulting to provide start-up and operational advisory services.

Cresco Labs will aid in the start-up and the ongoing long-term operations, providing invaluable operational experience. Experts at Cresco Labs will assist the Company's operating team in every aspect of operations, bringing years of diverse medical marijuana business experience to the team. Cresco Labs' founding members, Charles Bachtell, Nick Hice, Kayvan Khalatbari and Robert Sampson, along with EVP of Operations David Ellis, Director of Cultivation Forrest Sawlaw, and Director of Extraction and Product Development Michael West, will assist with the design, construction and implementation of inventory management and record systems, general operating policies and procedures, selecting and training staff, and ensuring compliance with the rules and regulations governing the operation.

MANAGEMENT TEAM

The Company is led by an exceptional team of highly accomplished entrepreneurs, agriculturalists, and medical marijuana executives committed to the success of the Hawai'i Medical Marijuana Program (the "Program"). We have assembled a world class group of business leaders, expert advisors and consultants – a team of extremely successful Hawai'i executives with extensive business creation and management experience, as well as specific experience in critical areas such as: agriculture, medicine, pharmaceutical, and community integration. The Company is committed to continue strengthening the local economy by creating high-paying jobs in the community that families can depend on.

Additionally, we have an equity partnership with Cresco Labs, the largest and most successful Illinois-based medical marijuana company and Denver Relief Consulting, Denver, CO's longest operating marijuana company. Cresco Labs and Denver Relief Consulting have a team with an unmatched level of expertise in sustainable, compliant cultivation best practices and operations, marijuana extraction/processing, product distribution, dispensary operations, and commercial agriculture. Cresco Labs' and Denver Relief Consulting's contributions to the communities where they are located and their dedication to patient awareness and doctor education are ground breaking in the medicinal marijuana industry. Both teams will be devoted



to ensuring Hale O Laulima delivers on the highest possible standards for medicinal marijuana to help further solidify Hawaii's role as a national leader in the medicinal marijuana industry. The Company selected Cresco Labs and Denver Relief Consulting after an exhaustive search of national regulated marijuana firms. The management teams from both companies bring a wide range of experience, and proven track record of operating in the most highly regulated state medicinal marijuana programs, which has made them the clear leaders in the industry and ideal partners. We would like to stress the fact that these are equity partnerships. These are not limited or consultant-based relationships; all sides are intently committed to the success of the Hale O Laulima operation in Hawai'i.

HAWAI'I PATIENT DEMAND

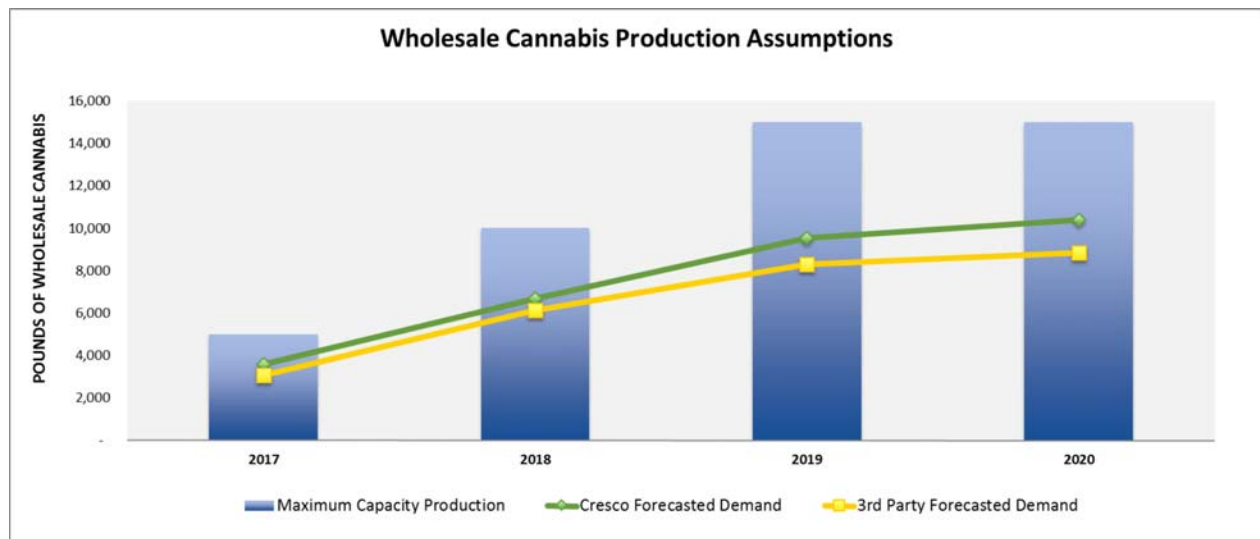
When estimating patient demand in Hawai'i for medical marijuana and associated products Hale O Laulima considered several factors including the Hawai'i adult population and population growth, qualifying medical conditions, demand trends in other regulated medical marijuana markets and quantity allowances under the Hawai'i program. The Hawai'i law is similar to many states (Arizona, Colorado, etc.) with respect to qualifying conditions. With the current estimated number of qualifying patients of 13,800 already established, we anticipate the growth of a much larger potential patient population.

A study completed by an independent research and consulting firm estimates approximately 35,000 - 43,000 patients will utilize the medical marijuana program in Hawai'i given the current list of qualifying medical conditions. The Company has developed a plan that is flexible enough to service the anticipated patient population, but also more if future demand dictates. The design of the facility, our cultivation experience, and our access to capital and business management skills will enable the Company to adjust to any market demand scenario and ensure the company will operate in an efficiently and fiscally sound manner.

As one of the three licensed cultivators on O'ahu, the Company estimates that it will capture approximately 33.3% of the Island's product demand. We have built our business model accordingly and estimate that the registry might grow at a rate reaching full saturation by the end of 2020. The Company fully intends on being the market leader in the cultivation



space by providing a consistent and superior product at a quicker time-to-market than other suppliers. We feel that even if the patient population is less than we forecast, the Company will undoubtedly make up any shortfall in statewide demand with increased market share ensuring that any inventory produced will be sold.



OPERATING PLAN

The Company's cultivation operations are designed to consistently achieve maximum yield and quality. Segmented flowering areas will allow the operation to produce a variety of crops simultaneously without sacrificing quality. The manufacturing operation will process marijuana to extract its essential and medically important oils, which include various cannabinoids and terpenes. These extractions will be tested and precisely infused into products offering patients alternative delivery opportunities such as digestible, sublingual and topical. The Company plans to manufacture products that all patients can utilize in the least invasive manner possible. The Company will utilize equipment, processes and technology currently used throughout the tightly regulated pharmaceutical industry, as well as leading marijuana-specific equipment to produce the highest quality products to allow patients to experience the effects of controlled, repeatable doses of medicine.

PRODUCT PLAN SUMMARY



The Company will offer a full suite of standardized medical marijuana product offerings including raw medical marijuana, extractions, sublingual tablets, capsules, tinctures, transdermal patches, and topical treatments and lotions. These products will be divided into three main categories: Rise, Refresh, and Rest.

Rise is comprised of strains that are completely Sativa or hybrids that are Sativa dominant. These strains have uplifting effects known to stimulate the mind and excite the senses. A great option for patients looking to improve their moods and energy levels. We have six different strains that fall into this category and treat a number of medical conditions. Those strains include FLO, Durban Poison, Golden Goat, Blue Dream, Island Sweet Skunk, and Outer Space which are effective for patients with medical conditions suffering from stress, depression, headaches, fatigue, nausea, inflammation, and severe pain. These are a great daytime medicine and for patients that engage in an active lifestyle.

Refresh is comprised of strains that are truly hybrids, a near, 50/50 combination of Indica and Sativa varieties. These stains have two-fold effects known to stimulate the mind and soothe the body. The perfect choice for patients looking to gain general wellness while staying centered and balanced. We have seven different strains that fall into this category including: Sour Diesel, Red Diesel, Lemon Diesel, Bio Diesel, Thin Mints, Reserva Privada, and Ultimate 91' Chem Dawg. These strains are ideal to treat medical conditions struggling with stress, anxiety, depression, appetite, severe pain, muscle spasms, headaches, and insomnia.

Rest is comprised of strains that are completely Indica or hybrids that are Indica dominant. These strains have relaxing effects known to soothe the body and calm the senses. A great option for those who are seeking pain relief or who have trouble sleeping. We have seven strains that fall into this category including: Bio Jesus, 707 Headband, Gorilla Glue #4, OG -18, LA – OG, Gumbo, and Dopium. These are great strains for the treatment of muscle spasms, sleeplessness, helpful with overall pain management as well as serving as an appetite stimulant.

COMMUNITY BENEFITS PLAN SUMMARY



Hale O Laulima feels deeply that we have an obligation not only to the health and wellbeing of the patients that benefit from our medicine, but to their communities as well. It is our intention to be an educated and positive force in the community and work to promote professionalism and high standards.

An area where we believe Hale O Laulima can have the most substantial impact is with supporting the efforts and furtherance of the local farming community of Hawai'i, beyond just medical marijuana. In consultation with the Hawai'i Department of Agriculture and Hale O Laulima Director of Cultivation John McHugh, we have identified two specific areas of need for local farmers that we can provide support for immediately. The first relates to a lack of security measures in place and the burden of agricultural theft that plagues local farmers, which Hale O Laulima hopes to remedy in part by supporting the execution of operational security audits by our Security Consultant Hana Group. Beyond our team of respected security professionals, led by Chief Security Officer and ex-Lieutenant with the Honolulu Police Department Eddie Akiona, Hana Group brings additional security expertise, resources and understanding of community to the Hale O Laulima team. Hana Group is a Native Hawai'ian Organization specializing in security design, services and training, owned and operated by Native Hawai'ian veterans of the Korean, Vietnam, and Gulf Wars, which has been granted the special status of a Native Hawaiian Organization by the Small Business Administration. Hale O Laulima is dedicated to hiring Hana Group to tour local farms, perform audits related to physical security and operational processes and provide a report on recommendations for improvement. Hale O Laulima intends on using these recommendations as a foundation for providing ongoing support to local farmers across O'ahu to ensure agricultural theft doesn't debilitate our agricultural community.

The second pressing issue harming the progress of local agriculture is the extremely high cost of production due to Hawai'i's isolation from many of the resources it depends on, such as fertilizers, bundling papers, twist-ties, boxes, irrigation supplies, pesticides, equipment and more. Although inexpensive supplies can often be procured from manufacturers in Asia, the Jones Act requires that all shipments from foreign countries first go through U.S. west coast mainland ports, where they are then deployed to Hawai'i ports, drastically increasing the cost of acquisition. While this situation is expected to continue into the foreseeable future (unless



Congress changes the law) Hale O Laulima believes it can assist with a solution in the creation of a Purchasing Power Program in coordination with the Hawai'i Farm Bureau Federation, which will coordinate the inventory needs of local farmers and ranchers and generate a bulk ordering and distribution system to piggyback supply orders and drive down the unit cost per item. Not only does this lessen the financial burden of the agricultural community, it helps reinforce a sense of community amongst farmers and opens the door to collaboration on other issues they all share.

As proud members of the Hawai'i Farm Bureau Federation, Hale O Laulima will pursue an ongoing involvement with the local agricultural community and assist wherever possible to bring back and strengthen this very important industry for the benefit of the people of Hawai'i. One larger topic Hale O Laulima wishes to pursue progress on is the preservation of agricultural lands on all islands, but specifically on O'ahu, which is currently the most in danger of being lost. Farmers and Ranchers on O'ahu will need to come together to ensure these lands that are currently in use be dedicated, in perpetuity, to that use. In addition to the Hawai'i Farm Bureau Federation, Hale O Laulima will pursue discussions and efforts with The Trust for Public Lands and the Hawai'i Department of Agriculture to collaborate on solutions to ensure this preservation. Hale O Laulima is also committed at aiming volunteer efforts towards the greater agricultural community by forming philanthropic relationships with local community gardens. Hale O Laulima will obtain an independent gardening plot and provide healthy, local produce to less fortunate families and residents in the local community. Hale O Laulima aspires to form partnerships with local community supported agricultural (CSA) programs in order to provide food for families with limited access to fresh produce. If an applicable CSA program does not exist, Hale O Laulima will identify a community garden and establish a Hale O Laulima CSA plot with plans to host end-of-harvest meals for the less fortunate. At the collaborative farm or CSA plot, Hale O Laulima will work with community garden managers to integrate beehives into farm methodology and assist in organic pest management implementation. Hale O Laulima plans to work with local beekeepers to develop hive-making classes during the spring and early summer. As part of neighborhood beautification efforts, Hale O Laulima will plant trees in areas



surrounding the medical marijuana production and retail dispensary facilities, and where appropriate.

MEDICAL OUTREACH & EDUCATION

Beyond support for the agricultural community, Hale O Laulima will also engage in a series of programs dedicated to educating doctors, patients and the Hawai'i community at-large about the medical benefits of and science behind marijuana, as well as commit funds to projects focused on the advancement of research related to the treatment of conditions affecting Hawai'i residents. More information on this intent can be found in the Medical Marijuana Outreach & Education Program found within this application.

LAULIMA GIVE-BACK

Philanthropic giving will be a vital component of our community benefits program. Once the Hale O Laulima is cash flow positive, 2.5% of net profits will be directed to fund the Company's Philanthropic Giving Program, called "Laulima Give-Back". Our Company is committed to investing both time and money into philanthropic endeavors and has incorporated plans for community development into our general operations plan. Hale O Laulima is prepared to become an active member in our community through volunteering our efforts to charitable organizations and causes, sponsoring local foundations and programs, holding fundraising events, and offering significant in-kind donations.

CULTIVATION CENTER CONSTRUCTION PLANS

After identifying the market size and the anticipated scope and scale of the operation needed to service such a market, the Company put together a business plan and financial model considering the cost of land acquisition, the construction of two cultivation facilities, the buildout of two dispensary locations, and the cost of implementing the Company's cultivation plan, staffing plan, security plan, education plan, community benefits plan and the like. Based on such analysis, the Company was able to determine the capital requirements of carrying out the business plan and ensuring the Company's financial stability. Again, Hale O Laulima's team



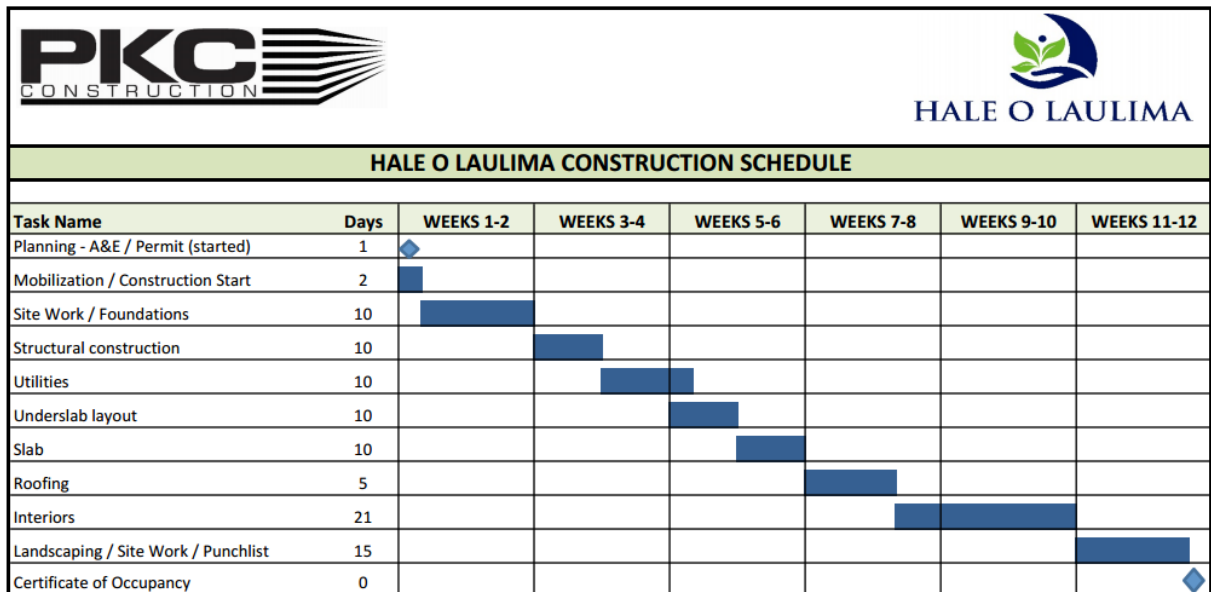
has built and operates cultivation, processing and dispensary facilities in numerous states on the mainland and Canada. Cresco Labs has constructed and currently operates three 40,000sqft cultivation/processing facilities with combined construction costs of \$27M – bringing to Hale O Laulima an unmatched level of first-hand experience and knowledge; what it takes to design facilities of this scale, to fund the construction, to complete construction within very tight timeframes and to then operate the facilities (cultivate, test, package, transport and finally sell the product to the patient).

For the cultivation facilities, Hale O Laulima has executed a lease for a 10-acre parcel of land located in the Mililani Agricultural Park. Furthermore, the Company has teamed up with PKC Development Group to handle the ground-up construction of a new state-of-the-art cultivation facility. PKC is a commercial real estate developer that has developed numerous projects on O'ahu and on the mainland. PKC has designed the cultivation facilities as directed by the Company's marijuana cultivation partners in conjunction with our local Hawai'i agricultural experts. PKC will own the facility and will be funding the construction. Hale O Laulima will have a traditional landlord/tenant relationship with PKC.

Hale O Laulima will construct two new, physically segregated 45,000 SF warehouse-style production facilities for the cultivation and manufacturing of medical marijuana products. The facilities will be discreet, set back from the road, equipped with redundant utility services and situated on the same 10-acre site in Mililani Agricultural Park. Each facility will consist of two connected structures on a concrete pad - (1) a 20,000 SF concrete warehouse with a corrugated metal roof, which will house all spaces related to administrative, ancillary support, post-harvest processing, drying and curing, packaging, secure product storage, extractions, product manufacturing and shipping/receiving; and (2) a state-of-the-art 25,000 SF insulated, rigid metal (29-gauge) hybrid-greenhouse/warehouse structure equipped with a roof composed of opaque corrugated polycarbonate that fully-diffuses natural sunlight through to the grow rooms below, which will be used for all plant cultivation activities. Both facilities will be fully enclosed, controlled impeccably with regard to interior environment, multi-layered with regard to security protection features/systems and constructed in a manner that prohibits any interior space from being visible from the exterior.



Based on the above, the Company has developed a business plan that would require approximately \$14.9M in total capital. Approximately, \$8.9M is allocated to the construction of the cultivation facility and will be funded by PKC as described above. The remainder of the business plan budget is \$6.0M. This portion of capital will be utilized to provide cultivation and processing equipment for said facilities, cover employee related expenses, the design and buildout of the two dispensary locations, the funding of a doctor, patient and public education program immediately following the issuance of licenses, \$250,000 to undertake a medical research program, and the customary business start-up expenses and additional working capital associated with the operation of the Company until revenues provide for the self-sustainability of operations. As described in the attached financial plan, the Company has accounted for all costs and expenses with a 10% contingency reserve based on our projected patient adoption rates and market size. The primary focus of the Company in developing such a financial plan was to ensure proper capitalization and the financial stability of the Company.



FINANCIAL DISCLOSURE

Hale O Laulima has a very strong financial position and balance sheet to fund the initial start-up costs such as the construction and buildout of the facilities and significant working capital to support its operations. The Company and Cresco Labs has total assets of over \$17.5



WHO WE ARE

Over the past two decades, PKC Construction has established itself as a national leader in commercial construction specializing in fast-track commercial tenant finish projects for retail, restaurants, finance, medical and office construction, and build-to-suit development projects throughout the United States.

Whether you're a corporate firm building your hundredth location, renovating an existing one, or seeking a build-to-suit partner; PKC is known for its experienced, dependable workmen and subcontractors who have a reputation for consistency and quality workmanship. We have completed construction on over 3,000 projects and built out over 8 million square feet. We pride ourselves as qualified experts in the industry focusing on the following services:

- ✓ New Construction
- ✓ Roll-Out Construction
- ✓ Remodeling
- ✓ Construction Management
- ✓ Rebranding/Reimaging
- ✓ Development Services
- ✓ Build-To-Suit

THE PKC TEAM

At PKC Construction, we have only the most talented, dedicated and skilled specialists, and you won't find superintendents like ours anywhere else. Our team members come from all varieties of construction disciplines which allows us to assign a specialist who is best suited for a job based on their skill set and building background.

Not only do we go through a rigorous hiring process, which includes a background check and drug testing, but we also spend extra time training all of our superintendents as they are the ones at the job sites on a daily basis. A PKC certified superintendent is someone who has gone through the annual two-day re-certification process to learn how to do things the PKC way – *on time, on budget, exceeding expectations, coast to coast.*

STAYING CONNECTED

When it comes to communicating with our clients, we go above and beyond, which is the way it should be. Our adaptive style sets us apart because we believe in tailoring our communication to fit your needs. We want our clients to know what's going on with their project at any given time. This is particularly important since the majority of our clients aren't always on the job site. The Project Manager will send weekly progress reports tailored to the client's preference. These reports typically consist of:

- ✓ Tasks completed
- ✓ Upcoming tasks
- ✓ Pending items
- ✓ Daily progress photos
- ✓ Log of job site activity/traffic

Due to our level of confidence in PKC's ability to complete our projects on time and to our satisfaction, we will continue to recommend them to our colleagues. We have been impressed by PKC's attention to detail and competitive pricing. We continue to work with them because of their honesty and consistent work product.

FAR WEST RESTAURANT GROUP



WORK ETHIC

PKC Construction strives to make the construction process as seamless as possible, providing you with full, hands-on attention every step of the way. We understand the business environment our clients face each day. When it comes to renovations or remodeling, our focus is your business, so we will work around your schedule to keep you open and minimize your losses. We are also up for a challenge, so no job is too big for us. We prefer to do multiple jobs and consider ourselves the experts on roll-out construction.

CLIENT SATISFACTION

Our commitment to quality customer service is evident through the long-term relationships we continue to have with many of our clients, and that's why the best businesses choose PKC Construction. In fact, we have performed work for over 100 brands.

PKC Construction also makes sure our clients get what they are promised. We stay true to our bidding estimates. We also take special care of our clients because we are committed to building lasting relationships. Most importantly, we are proud to say we maintain continuous supervision at all job sites and will never leave a job until it is 100%.

ABOUT THE COMPANY

With annual revenues of over \$35 Million, PKC Construction is positioned well in the marketplace with the stability and financial resources to provide the best quality of service and expertise to our clients and development partners. Our growth over the past two decades has been strong and stable and as we start our third decade in the industry, we look forward to leveraging our past experience toward our future success.

It is very rare to come across a company with so much dedication to their work and it is felt from their owner to the laborers. For an architecture firm to work with a general contractor on PKC Construction's level is refreshing, and in turn, the partnership has been very successful.

CRAIG A. PAUL • FRCH DESIGN WORLDWIDE

PKC CONSTRUCTION • 7802 Barton • Lenexa, KS 66214 • P 913-782-4646 • F 913-390-8402 • pkcc.com • info@pkcc.com



Principals of PKC Development

PKC Development was founded by Perry Kessler and Alan Stribling for the purpose of developing real estate in partnership with specific use clients (build-to-suit and other similar arrangements). By leveraging the experience of each of these individuals and the expertise of the construction division, we provide a powerful platform for development to our clients and partners. With the ability to raise significant equity amounts on a project basis, we provide the resource(s) necessary to insure a successful project each time and every time.

Perry Kessler founded PKC Construction around 1993 in Kansas City (Overland Park, KS). First known as Kessler Construction Management, Inc., he focused on building the company to service national clientele with the best possible quality and construction expertise. Since then, the company has enjoyed significant growth and is now known as PKC Construction Co. with over \$35 Million in annual revenue for the construction company alone.

In addition to his work with PKC Construction, Mr. Kessler has been involved in several development projects around the country leading to the formation of the PKC Development Group with partner Alan Stribling. Some of the projects include:

- Multi-Family developments (over 300 units)
- Warehouse redevelopment project in Kansas City freight district
- Senior Living Facility redevelopment (90 bed facility in Peoria, IL)
- Office / Warehouse developments in Overland Park, KS (build to suit and leaseback arrangements with over 75,000sf currently owned and managed)

Mr. Kessler was also one of the founding members of 1st Financial Bancshares, Inc. in Overland Park, KS which was later sold and became Alterra Bank, Overland Park, KS.

Alan Stribling has been a business partner with Mr. Kessler since 2003 in a variety of projects and partnerships. Mr. Stribling has a background in finance, specifically related to the financing of large-scale real estate development projects.

He has partnered with Mr. Kessler on several projects including multi-family real estate, and the starting of a national retail franchise company. Currently, Mr. Stribling is the managing partner of the PKC Development Group and manages his own portfolio of properties in the Kansas City area.

The principals and staff of the PKC Development Group have the knowledge and experience necessary to provide outstanding value to our development partners.

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www.pkcc.com



A defining mission for **Hale O Laulima ("HOL")** is to provide quality innovative approaches to caring for all of Hawaii's people – in the same compassionate spirit of our Hawaiian Monarchy and all of the healing visionaries who came to our shores to help our sick, diseased and infirmed. Our executives consist of many people, such as myself, that have years of experience in the healthcare and medical industries on Oahu - dedicating our careers and civic involvement in helping the sick and suffering in our community. We have developed a multi-tiered approach to serve the needs of qualifying patients on Oahu, drawing on our local experiences as well as the experience of our expert partners, **Denver Relief Consulting ("DRC")** and **Cresco Labs**. These partners have created a national model for customer service at a retail dispensary by (1) investing in patient education and data collection on patient consumption and product use to best serve patients; (2) reinforcing patient, facility and public safety and facilitating community integration; (3) ensuring the product safety, quality, identity, purity, and potency (SQulPP) that patients deserve; and (4) perpetually improving the patient experience through feedback and satisfaction surveys.

A. Patient Education

HOL has developed and will continuously improve policies and procedures for educating and supporting the island's qualified patients and caregivers using the awareness and education platform developed by Cresco Labs in Illinois (See Exhibit 5). Patient educational materials will be provided to HOL's patients and caregivers in an effort to guide them through all aspects and choices available through the medical marijuana program, such as specific products sold at HOL retail facilities. Educational materials will include (1) information to assist in selecting medical marijuana products, describing the potential differing effects of various cannabinoid and



terpene profiles, as well as various forms and routes of administration; (2) materials to enable patients to track the cannabinoid and terpene profiles used and their associated effects; (3) information describing proper dosage, which will include an explanation of the impact of potency, with an emphasis on using the smallest amount possible to achieve the desired effect; (4) a discussion of tolerance, dependence, and withdrawal; (5) medicinal effectiveness related to condition-specific treatment options along with supporting data and studies; (6) possible side effects and the potential for adverse reactions, including possible drug interaction considerations; (7) facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs; and (8) any other information required by the Department of Health or deemed appropriate by the Chief Medical Officer for dissemination. The educational materials will be available in languages and formats accessible to all patients we serve, including for the visually and hearing impaired.

In addition to the patient-focused education, we are currently developing a medical community-focused educational program, similar to an initiative Cresco Labs has started in Illinois, to ensure that the medical community of Oahu has the knowledge they need in order to feel confident about the program and the use of marijuana for medicinal purposes (See Exhibit 3). These efforts are led by (1) Chief Medical Officer **Dr. Laurie Tom** (See Exhibit 2), an endocrinologist located in Honolulu and affiliated with Queen's Medical Center; (2) Cresco Labs Medical Director **Dr. Charles Bush-Joseph**, professor at Rush University Medical Center in Chicago, IL and the Associate Director of the Rush Orthopedic Sports Medicine Fellowship Program; (3) **Dr. Paul DeMare**, founder of Cancer Center of Hawaii's radiation oncology facility at St. Francis Medical Center, which is now affiliated with Queen's Medical Center; and



(4) HOL's **Medical Advisory Board**, which is made up of additional Hawai'i physicians, pharmacists and nurses.

Additionally, we will draw from the industry's best patient education and counseling resources, starting with a Patient Focused Certification from Americans for Safe Access ("ASA"), which is the only certification based on quality patient care standards and medical marijuana science from the American Herbal Products Association ("AHPA").

B. Marijuana Supply

Inherent in the development of a medical marijuana dispensary business is the ability to cultivate, process, maintain and dispense a consistent and quality supply of marijuana products to meet patient demand. As noted earlier in the application, we engaged BBC Research & Consulting (BBC) in order to model patient demand for Hawai'i. (see Exhibit 1) BBC Director, **Adam Orens**, also acts as Market Data Advisor for HOL and will be responsible for updating this demand model post-license award based on actual market conditions as they develop. The experience of our leadership team members DRC and Cresco Labs, currently operating in Colorado, Illinois and Nevada, provides the real-world experience necessary to anticipate spikes in demand, product type, cannabinoid and terpene profile (strain) trends, and protocols when adjustments are necessary in production operations.

Per the BBC report, the estimated peak qualifying patient population for Oahu under the current program and qualifying conditions is 29,360, which is broken down geographically within the island in the attached report. Using an anticipated average consumption per patient, our group assumes a total annual demand of approximately 10,094 pounds of marijuana plant material. The current proposed production facilities as designed (see Exhibit 6) has 32,400 SF of



flowering canopy capacity at full production, which is capable of producing, conservatively, 20,250 pounds of marijuana flower material annually, if built out completely. This will allow us to (1) maintain adequate production in the event one of two HOL production facilities experiences operational issues; and (2) serve the anticipated tourist population through the reciprocity allowance. We are mindful of finding the right balance of meeting patient demand while mitigating oversupply and marijuana excess waste.

C. Safe, Accessible Retail Dispensing Locations

HOL has identified and is securing two Retail Dispensary locations, one in Waikiki and a second location in Pearl City. Using data from the aforementioned BBC report, the two proposed HOL Retail Dispensary locations are situated within a 30-minute drive of over 85% of the expected qualifying patient population on O'ahu. Furthermore, HOL has met with the leadership of the Hawai'i Lodging & Tourism Association, which has indicated that should HOL win a license in O'ahu that they would look favorably on a retail location in Waikiki that is compatible to balance the needs of tourists (reciprocity) and locals who work in the area. Locations will be sized according to demand seen in other states, ADA accessible, monitored 24-hours by onsite guards and remote access control, alarm and surveillance systems, have adequate parking, including valet, be situated in close proximity to public transportation and operated in accordance with DOH regulations industry best practices. (see Exhibits 7-13)

D. Customer Satisfaction

The educational services outlined above and the ability to measure and improve patient satisfaction will be accelerated by the HIPAA-compliant "*Laulima Ask-Me App*" a proprietary web-based data portal used by employees, patients, and physicians to access a rich repository



of information regarding data reliability, use, interaction, dosage consistency, medicinal effectiveness, side effects, ease of administration, patient preference and other information, which may inform their ability to effectively select and administer their medicine. (see Exhibit 3) HOL will begin by collecting information about patient experiences with every product they purchase, correlating those effects and experiences to their age, height, weight, gender and condition being treated. This information will be gathered over time until a large enough sample exists to start investigation into new product categories, delivery methods, and indications.

We will require all employees to undergo training regarding patient counseling and education during orientation and at least once annually thereafter. The Company will regularly update all employees on relevant recent scientific findings and product information, which employees will share with patients. HOL's Chief Medical Officer will be deeply involved in developing and implementing training for employees on patient counseling and education. (see Exhibit 14) All training modules will be developed with consideration for how patient counseling and education is conducted in traditional medical and retail pharmacy settings.

<END OF NARRATIVE>



APPENDIX – SUPPLEMENT TO NARRATIVE

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5.0 Exhibits:

5.1 Exhibit 1: BBC Report





August 31, 2015

Mr. Charles Bachtell
Cresco Labs
520 W. Erie
Suite 220
Chicago, Illinois 60654

Re: Hawaii Medical Marijuana Demand Model

Dear Mr. Bachtell:

The medical cannabis industry in Hawaii is about to transform following recent legislation that establishes a retail dispensary system. As a result, Cresco Labs is evaluating prospects for expansion into the Hawaii market. Cresco Labs retained BBC Research & Consulting (BBC) to quantify eligible and likely patrons of medicinal marijuana establishments. This document summarizes BBC's methodology and presents the results of our model of potential patient demand for medical marijuana in Hawaii.

Background

In June 2000, Hawaii legislature passed Senate Bill 862, which eliminated criminal penalties for the use, possession and cultivation of marijuana by patients with medical documentation asserting that the use of marijuana will alleviate a medical condition. The approved conditions include: AIDS; cancer; glaucoma; and any medical condition or treatment to a medical condition that produces cachexia, severe nausea, severe pain, or persistent muscle spasms or seizures. Other conditions may be approved by the Hawaii Department of Health as needed.

In 2015, the Hawaii legislature signed into law House Bill 321, amending the state's medical marijuana law to create a state regulated medical marijuana dispensary system. HB 321 defines the jurisdictions where dispensaries and related grows are allowed to operate. A total of 8 licenses will be awarded, with two dispensing locations and production centers allowed for each license. Three licenses will be awarded in the city and county of Honolulu, two dispensary licenses each shall be issued for the county of Hawaii and the county of Maui, and one dispensary license shall be issued for the county of Kauai. Two production centers shall be allowed under each dispensary license with each production center limited to no more than three thousand marijuana plants.

The statute also authorizes licensed patients from other states to purchase medical marijuana in the state of Hawaii. This report includes a quantification of both the resident and visitor medical marijuana market.

BBC Methodology

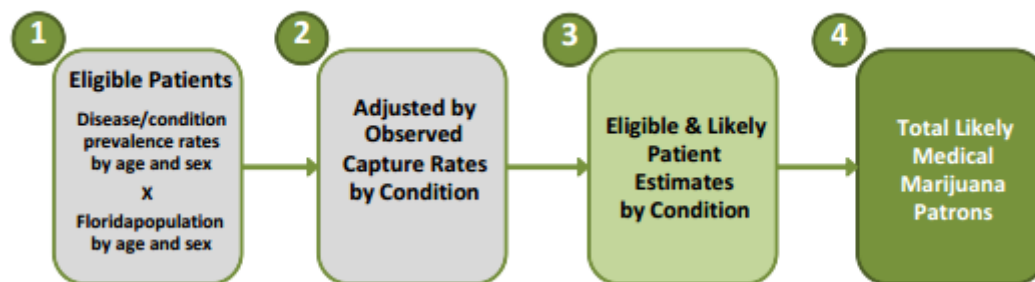
BBC estimated the number of eligible patients in Hawaii by applying state and national prevalence rates to the qualifying debilitating medical conditions allowed by law. Using observed capture rates from Oregon and Colorado, BBC estimated the number of Hawaii patients likely to use marijuana to treat eligible medical conditions and potential demand for medical marijuana.

Established capture rates are used because not all patients suffering from qualified conditions are accepting of medical marijuana as treatment. Oregon and Colorado were chosen from a group of 23 states that have adopted medical marijuana enabling legislation because they satisfy the following criteria: (1) a regulated dispensary market model; (2) tracking of license holders by qualifying condition; and (3) maturity in the system to allow for doctor and patient adoption.

Similar to Hawaii, Oregon and Colorado have a history and culture of accepting medical marijuana treatment. These states can be used to represent capture rates in established markets with regulated dispensary models. This study methodology assumes that eligible patients in Hawaii will elect to use medical marijuana for treatment of their condition within the range of frequencies exhibited by Oregon and Colorado patients.

The resulting calculation, shown in the diagram below, yields an estimate of eligible and likely medical marijuana license holders in Hawaii.

Figure 1.
Hawaii Medical Marijuana Demand Model



Source: BBC Research & Consulting; Hawaii Medical Marijuana Demand Model.

Market Area

The relevant geographic market area for this study is the state of Hawai'i. Figure 2 characterizes the state's population. The Exhibit provides additional information about federal poverty guidelines by family size and quantifies the amount of the Hawai'i population receiving state assistance. The data in the Exhibit is provided to inform determination of financial hardship.

Figure 2.
State of Hawaii Population Characteristics

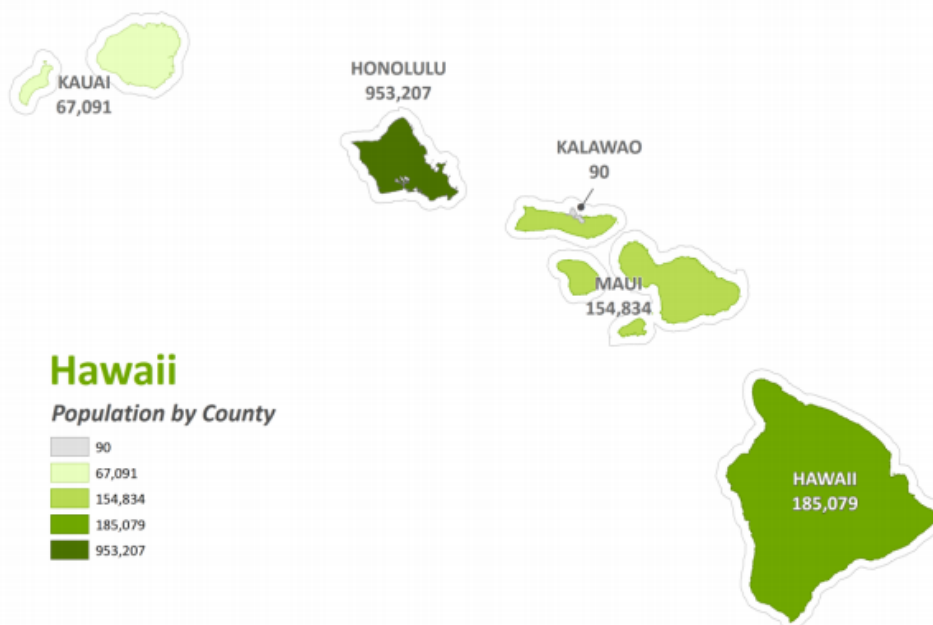
Source:

BBC Research & Consulting from the American Community Survey

| | Population | Percent |
|-------------------|------------|---------|
| Total population | 1,360,301 | |
| Male population | 681,243 | 51.1 % |
| Female population | 679,058 | 49.9 |
| Under 18 | 303,818 | 22 |
| 18-29 | 244,529 | 18 |
| 30-34 | 264,404 | 19 |
| 45-59 | 287,105 | 21 |
| 60-69 | 141,392 | 10 |
| 70-79 | 76,028 | 6 |
| 80+ | 59,940 | 4 |

There are over 1.3 million people in Hawai'i. Figure 3 below shows the state's population distribution by county or islands.

Figure 3.
Population Distribution by County



Source: BBC Research & Consulting from the 2013 American Community Survey 5-year estimates.

Prevalence of Debilitating Medical Conditions

Figure 4 on the following page presents the prevalence rates for the debilitating conditions that qualify for a medical marijuana license in Hawai'i. Prevalence rates for the conditions and diseases shown in Figure 4 are based on estimates for the United States and vary by gender, age, and race/ethnicity.

Figure 4.
Debilitating Medical Condition
Prevalence Rates

Notes:

Prevalence rates shown are the percentage of the population with the condition or disease. All are age-adjusted except whose prevalence is based on age.

Tourette's and Fibromyalgia are based on point estimate studies that did not estimate the ranges.

Tourette's is only shown for children due to vast underreporting in adults.

There is a large range of potential prevalence for epilepsy due to underreporting. This study assumes the point estimate is the midpoint of the range.

Source:

BBC Research & Consulting Hawaii Medical Marijuana Demand Model.

For individual prevalence sources by condition see endnotes.

| Condition | Female Population | Male Population | Total Population |
|---|-------------------|-----------------|------------------|
| Cancer | 4.6% | 4.3% | |
| Cachexia | | | 6.5-8.6% |
| Chronic pain | | | 29.8 - 31.7 |
| Crohns | | | 0.002848 |
| Glaucoma (prevalence by age cohort) | | | |
| 40-49 | | | |
| 50-59 | | | 0.07 |
| 60-69 | | | 1.8 |
| 70-79 | | | 3.9 |
| 80+ | | | 7.7 |
| HIV/AIDS | 0.07 | 0.58 | |
| Severe Nausea | | | 12 |
| PTSD (prevalence by age cohort) | | | |
| 18-29 | | | 6.27-6.33 |
| 30-44 | | | 8.13-8.12 |
| 45-59 | | | 9.12-9.28 |
| 60+ | | | 2.49-2.51 |
| Seizures and Spasms | | | |
| ALS | | | 0.006 - 0.008 |
| Epilepsy | | | 0.5 - 1.6 |
| Multiple Sclerosis | 0.1 - 0.2 | 0.05 - 0.07 | |
| Muscular dystrophy (age 5-24) | | 0.01 - 0.02 | |
| Parkinson's disease (prevalence by race and gender) | | | |
| White | 1.3 - 1.4 | 2.1 - 2.3 | |
| Black | 0.8 - 1.2 | 1.2 - 1.4 | |
| Hispanic | 1.3 - 1.4 | 1.7 - 2.0 | |
| Asian | 0.9 - 1.0 | 1.3 - 1.5 | |
| Severe Fibromyalgia | 3.4 | 0.5 | |
| Tourette's Syndrome (age 6-17) | | | 0.22 |

By applying the condition prevalence rates to Hawaii's population, we estimate the total number of individuals in Hawaii with a debilitating medical condition that would qualify them to apply for a medical marijuana license under the current law. To the extent possible, prevalence rates



By applying the condition prevalence rates to Hawai'i's population, we estimate the total number of individuals in Hawai'i with a debilitating medical condition that would qualify them to apply for a medical marijuana license under the current law. To the extent possible, prevalence rates are applied to the appropriate subpopulations and then summed to calculate the number of qualified patients. Figure 5 presents these totals.

The lower and upper bound estimates represent the potential deviation from the point estimate for certain conditions. For HIV/AIDS and cancer prevalence in the population is documented by the patient through state cancer and HIV/AIDS reporting programs. The prevalence of other conditions is calculated by the medical and research profession using a variety of statistical techniques. These ranges represent the 95 percent confidence interval and suggest the prevalence would fall within the range 95 out of 100 times if the study were repeated. The lower and upper bound estimates reflect the margin of error around the point estimates.

**Figure 5.
Number of
Potential Medical
Marijuana Patients
by Qualifying
Condition**

Source:
BBC Research & Consulting
Hawaii Medical Marijuana
Demand Model.

| Condition | # of People (Lower Bound Estimate) | # of People (Point Estimate) | # of People (Upper Bound Estimate) |
|----------------------------|--|---------------------------------|--|
| Cancer | 34,904 | 34,904 | 34,904 |
| Chronic pain | 406,094 | 418,358 | 431,985 |
| Crohns | 3,848 | 3,865 | 3,881 |
| Glaucoma | 13,337 | 13,337 | 13,337 |
| HIV/AIDS | 4,454 | 4,454 | 4,454 |
| Cachexia | 74,448 | 88,545 | 102,642 |
| PTSD | 69,911 | 70,434 | 70,957 |
| Nausea | 163,528 | 163,528 | 163,528 |
| Seizures and Spasms | | | |
| ALS | 82 | 95 | 109 |
| Epilepsy | 6,814 | 14,649 | 22,485 |
| Multiple Sclerosis | 1,283 | 1,522 | 1,749 |
| Muscular dystrophy | 5 | 8 | 10 |
| Parkinson's disease | 14,869 | 15,907 | 16,678 |
| Severe Fibromyalgia | 26,511 | 26,511 | 26,511 |
| Tourette's Syndrome | 472 | 472 | 472 |
| Overall | 820,560 | 856,590 | 893,703 |

Medical Marijuana Capture Rates

Not all patients who qualify for a medical marijuana license will seek one out. BBC calculated capture rates to estimate the proportion of qualified patients, by condition, who pursued a license in these states. Due to uncertainty regarding how accepting Hawai'i patients will be of medical marijuana, BBC used Oregon and Colorado capture rate data to present a range of potential utilization of medical marijuana in Hawai'i. Figure 6 presents an example of how a capture rate for a condition is calculated. The example below calculates the capture rate for cancer patients in Colorado. The capture rate for cancer is equal to the total number of licensed patients with cancer divided by the number of people in the state with cancer.

Figure 6.
Example of Calculating Medical Marijuana Capture Rates: Cancer in Colorado



Source: BBC Research & Consulting Hawaii Medical Marijuana Demand Model and Colorado's Medical Marijuana Registry Update (June 30, 2013).

Using the same methodology outlined in Figure 6, BBC calculated capture rates for each of the qualifying debilitating medical conditions allowed under Hawaii law using data from Oregon and Colorado registries. Like Hawaii; Oregon and Colorado allow medical marijuana for patients with muscle spasms. However since it is difficult to quantify the prevalence of the symptom, BBC assumed that this category includes the same conditions listed in Figure 4, unless categorized individually. The calculated capture rate for this symptom is implied for each individual condition. Figure 7 presents the capture rates used in this analysis.

**Figure 7.
Capture Rates**

Note:

Crohn's disease capture rates displayed for Colorado and Oregon are the average capture rate for all conditions. These averages are used because Colorado does not collect data on all of the conditions allowed by Hawaii law.

The 13.818% and 8.761% capture rates reflect the general "Muscle Spasm" category in Oregon and Colorado.

Source:

BBC Research & Consulting Hawaii Medical Marijuana Demand Model.

| Condition | Oregon Capture Rate | Colorado Capture Rate |
|----------------------------|------------------------|--------------------------|
| Cancer | 2.474 % | 1.918 % |
| Chronic pain | 5.723 | 6.765 |
| Crohn's | 3.892 | 5.794 |
| Glaucoma | 2.790 | 3.165 |
| HIV/AIDS | 8.652 | 5.914 |
| Cachexia | 0.525 | 0.332 |
| PTSD | 2.182 | 5.794 |
| Nausea | 2.137 | 1.895 |
| Seizures and Spasms | | |
| Epilepsy | 4.730 % | 4.755 % |
| Multiple Sclerosis | | |
| ALS | | |
| Muscular dystrophy | | |
| Parkinson's disease | 13.818 | 8.761 |
| Severe Fibromyalgia | | |
| Tourette's Syndrome | | |

To calculate the potential number of qualified patients in Hawai'i who may pursue a medical marijuana license, BBC applied the capture rates (Figure 7) to the number of potential medical marijuana patients (Figure 5). Figure 8 shows potential patients using Oregon's capture rates.

Figure 9 shows potential patients using Colorado's capture rates.

The actual number of patients to use medical marijuana when the program begins is likely somewhere lower than these estimates. However, as the market matures and the dispensary model gains more acceptance, the market may look more like the estimates calculated using the Oregon and Colorado rates. Combined, the figures below represent a reasonable range of potential patients that will ultimately depend on how the market and medical program evolve.

Using Oregon capture rates, between 36,661 and 39,357 Hawai'i patients will use medical marijuana.



Date: January 29, 2016

**Figure 8.
Medical
Marijuana Patient
Estimates by
Condition:
Oregon Capture
Rates**

Source:

BBC Research & Consulting
Hawaii Medical Marijuana
Demand Model.

| Condition | # of Patients (Lower Bound Estimate) | # of Patients (Median Estimate) | # of Patients (Upper Bound Estimate) |
|----------------------------|--|---------------------------------------|--|
| Cancer | 863 | 863 | 863 |
| Chronic pain | 23,241 | 23,943 | 24,723 |
| Crohns | 150 | 150 | 151 |
| Glaucoma | 372 | 372 | 372 |
| HIV/AIDS | 385 | 385 | 385 |
| Cachexia | 334 | 399 | 464 |
| PTSD | 1,526 | 1,537 | 1,549 |
| Nausea | 3,494 | 3,494 | 3,494 |
| Seizures and Spasms | | | |
| ALS | 11 | 13 | 15 |
| Epilepsy | 322 | 693 | 1,064 |
| Multiple Sclerosis | 177 | 210 | 242 |
| Muscular dystrophy | 1 | 1 | 1 |
| Parkinson's disease | 2,055 | 2,198 | 2,305 |
| Severe Fibromyalgia | 3,663 | 3,663 | 3,663 |
| Tourette's Syndrome | 65 | 65 | 65 |
| Overall | 36,661 | 37,990 | 39,357 |

Using Colorado's capture rates, between 40,513 and 43,354 Hawaii patients will use medical marijuana.

**Figure 9.
Medical
Marijuana Patient
Estimates by
Condition:
Colorado Capture
Rates**

Source:

BBC Research & Consulting
Hawaii Medical Marijuana
Demand Model.

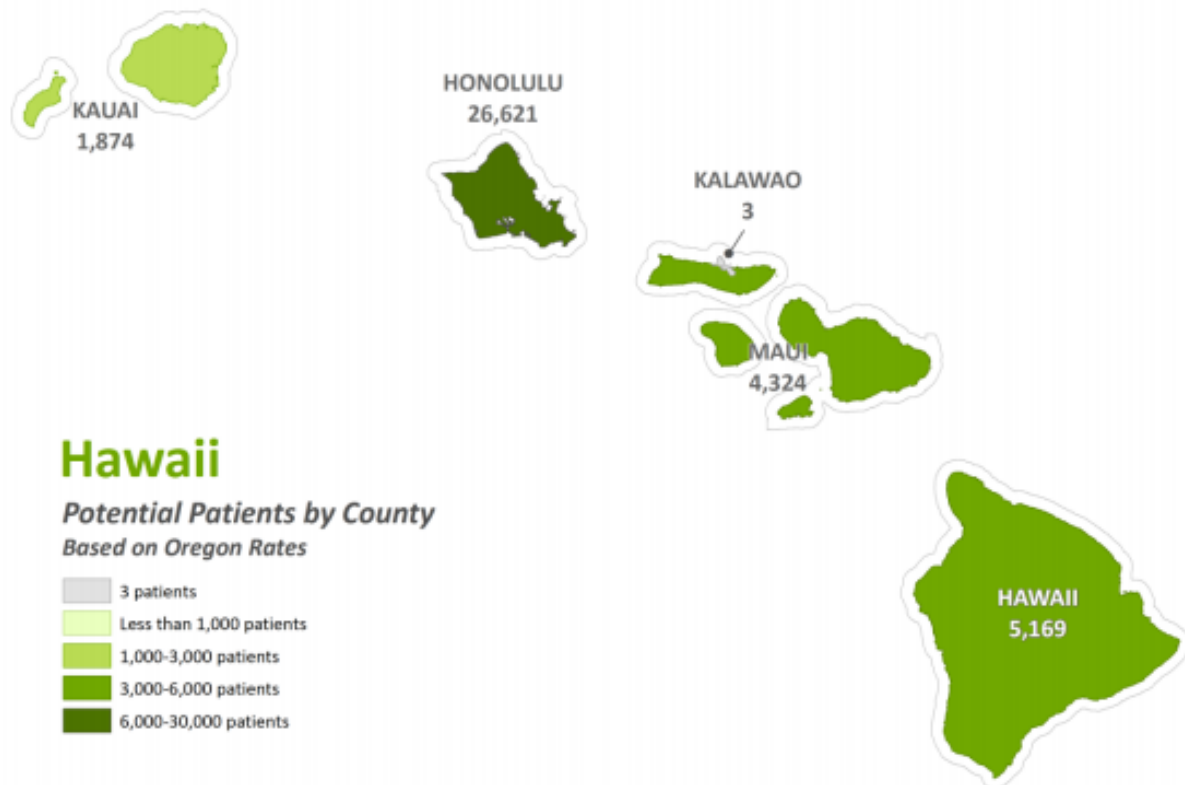
| Condition | # of Patients (Lower Bound Estimate) | # of Patients (Median Estimate) | # of Patients (Upper Bound Estimate) |
|----------------------------|--|---------------------------------------|--|
| Cancer | 670 | 670 | 670 |
| Chronic pain | 27,471 | 28,300 | 29,222 |
| Crohns | 223 | 224 | 225 |
| Glaucoma | 422 | 422 | 422 |
| HIV/AIDS | 263 | 263 | 263 |
| Cachexia | 203 | 243 | 283 |
| PTSD | 4,051 | 4,081 | 4,112 |
| Nausea | 3,099 | 3,099 | 3,099 |
| Seizures and Spasms | | | |
| ALS | 7 | 8 | 10 |
| Epilepsy | 324 | 697 | 1,069 |
| Multiple Sclerosis | 112 | 133 | 153 |
| Muscular dystrophy | 0 | 1 | 1 |
| Parkinson's disease | 1,303 | 1,394 | 1,461 |
| Severe Fibromyalgia | 2,323 | 2,323 | 2,323 |
| Tourette's Syndrome | 41 | 41 | 41 |
| Overall | 40,513 | 41,899 | 43,354 |



Current Hawai'i patient counts are estimated to be approximately 14,000 patients. As the market matures, this may evolve to reflect the Oregon and Colorado experience. The Colorado medical marijuana program started in 2001 and over time has become an accepted part of Colorado culture. The Hawai'i medical marijuana program started in 2000 and is also considered to be an accepted part of state culture, although there is a lack of a state regulated dispensary system to date. During the initial stages of state programs, many patients are hesitant to participate, but over time, as the program becomes more familiar and medical marijuana becomes more mainstream, patient participation steadily increases. Over time, uncertainty about legality of such programs also continues to decline, encouraging more patients to take advantage of medical cannabis. Due to the geography of counties that is specific to Hawai'i and limitations of transportation of medical marijuana between islands, it is necessary to examine potential patient populations in county or island regions.

Figure 10 and 11 on the following pages show how medical marijuana patients may be geographically distributed across the state based on population density. Figure 10 shows the median estimate calculated using Oregon's capture rates, and Figure 11 shows the median estimate calculated using Colorado's capture rates. Additional detail on Oahu is provided in the appendix.

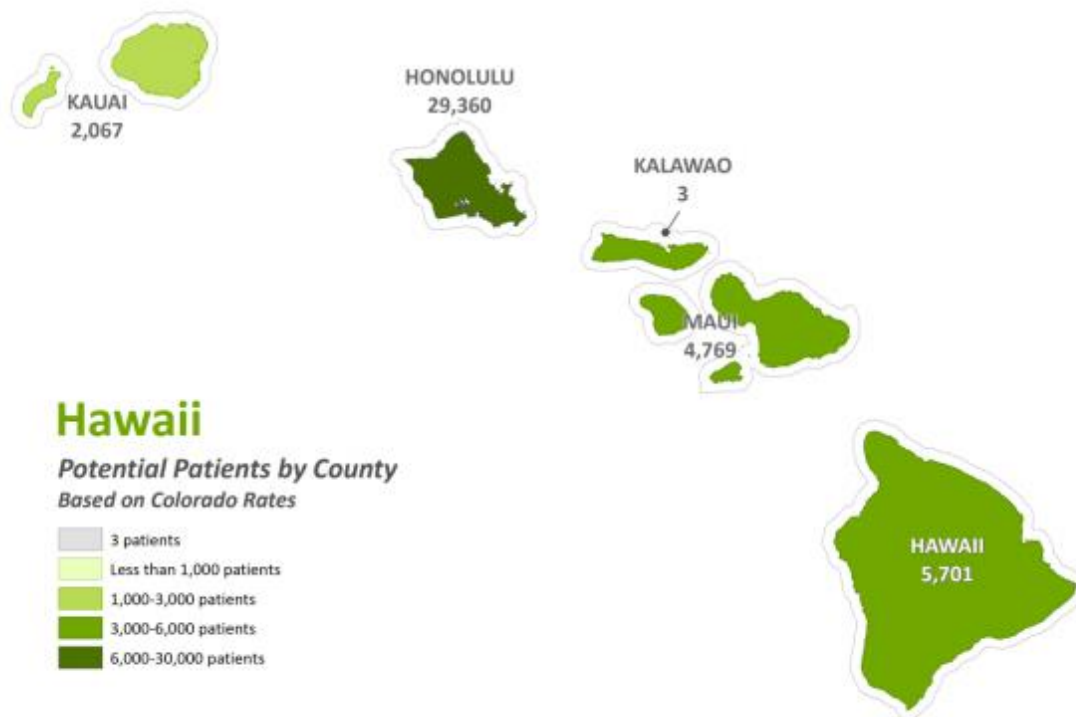
Figure 10.
Potential Geographic Distribution of Medical Marijuana Patients-Low Scenario (Oregon)



Note: The geographic distribution is calculated by multiplying the county's percentage of the state's population by the total number of estimated patients.

Source: BBC Research & Consulting Hawaii Medical Marijuana Demand Model.

Figure 11.
Potential Geographic Distribution of Medical Marijuana Patients-High Scenario (Colorado)



Note: The geographic distribution is calculated by multiplying the county's percentage of the state's population by the total number of estimated patients.

Source: BBC Research & Consulting Hawaii Medical Marijuana Demand Model.

Visitor Reciprocity

Pursuant to House Bill 321, the state of Hawai'i recognizes licenses from other states that also grant exemption from the criminal prosecution for the medical use of marijuana. Effective in 2018, Hawai'i will only accept nonresident licenses from states or districts, provided that the patient is verified in their home state and registers with the Hawai'i Department of Health through a registration process to be established by the department. BBC calculated the number of potential nonresident Hawai'i visitors that will be legally allowed to purchase medical marijuana in Hawai'i once the 2018 registry requirements take effect. Based on 2013 tourism data from the Hawai'i Tourism Authority, there are approximately 8.1 million visitors annually, of which over 3.2 million originate from states that have legalized medical marijuana. Of these visitors, approximately 12,519 would be eligible to purchase medical marijuana in Hawai'i. This is shown in Figure 14. This number is calculated by multiplying the number of tourists from



each state by the overall percentage of the state that has a qualifying medical marijuana license.

Even though approximately 70 percent of Hawai'i tourists from eligible states originate from either California or Washington, the majority of medical marijuana patients from these states will not be legally able to purchase marijuana while in Hawai'i. Neither state requires that medical patients register with the state nor maintains a statewide database that would meet Hawaii's reciprocity requirements. California does have a voluntary state registry program, however very few patients participate. Under current regulation, only those California patients that have opted to register with the state would be eligible to purchase marijuana in Hawai'i.

Figure 12.
Hawaii Visitors with Valid Medical Marijuana Cards

Note:

1) California and Washington do not have mandatory registry programs. California has a voluntary program.

2) Delaware visitor data not reported.

3) The overall average percent of the population using medical marijuana was used for states that are still in the process of developing registry programs.

Source:

The Hawai'i Tourism Authority 2013 Annual Visitor Research Report, 2011 ACS, State registry programs, and BBC Research and Consulting.

| State of Origin | Number of Visitors | Percent with Cards | Number of Visitors with Cards |
|-----------------|--------------------|--------------------|-------------------------------|
| Alaska | 77,365 | 0.17% | 132 |
| Arizona | 165,660 | 0.65% | 1077 |
| California | 1,803,858 | 0.02% | 361 |
| Colorado | 136,990 | 2.17% | 2973 |
| Connecticut | 26,292 | 0.61% | 160 |
| DC | 8,977 | 1.03% | 92 |
| Illinois | 126,284 | 1.03% | 1301 |
| Maine | 7,943 | 1.24% | 98 |
| Massachusetts | 53,502 | 2.20% | 1177 |
| Michigan | 62,270 | 1.24% | 772 |
| Montana | 25,280 | 0.80% | 202 |
| New Hampshire | 9,267 | 1.03% | 95 |
| New Jersey | 72,970 | 1.03% | 752 |
| New Mexico | 26,066 | 0.39% | 102 |
| Oregon | 201,869 | 1.56% | 3149 |
| Rhode Island | 5,980 | 0.42% | 25 |
| Washington | 465,887 | 0.00% | 0 |
| Vermont | 4,926 | 1.03% | 51 |
| Total | 3,281,386 | | 12,519 |

As shown in Figure 15 on the following page, the visitors would be most heavily concentrated in Honolulu County with 51 percent. Approximately 24 percent would visit Maui County, 14 percent would visit Hawai'i County with the remaining eleven percent of visitors being in Kauai County.

Figure 13.
Hawaii Visitors with Cards by Destination

Source:

The Hawai'i Tourism Authority 2013 Annual Visitor Research Report,
and BBC Research and Consulting.

| Destination | Eligible Visitors | Percent |
|-----------------|----------------------|-------------|
| Hawaii County | 1,805 | 14% |
| Honolulu County | 6,345 | 51% |
| Kalawao County | 0 | 0 |
| Kauai County | 1,402 | 11% |
| Maui County | 2,967 | 24% |
| Overall | 12,519 | 100% |

BBC estimated the number of potential medical marijuana patients in Hawai'i based on the prevalence of the qualifying conditions in the state's population, existing medical marijuana patient base and capture rates calculated using data from a regulated, mature medical marijuana states using a dispensary model. Based on available data and reasonable assumptions, we estimated that between 36,661 and 43,354 patients may use medical marijuana in Hawai'i.

As additional context for the estimates cited in this report, marijuana use rates across other states with medical marijuana programs is shown below in Figure 16. BBC estimates that between 26.67 and 31.53 patients per 1,000 population in Hawai'i will use medical marijuana.

The lower end of this range will reflect a conservative estimate of medical marijuana patients, while the higher amount demonstrates a more aggressive patient population estimate as the market matures.

Based on the number of Hawai'i visitors that come from states that have legalized medical marijuana, an estimated 12,519 annual visitors would be legally able to purchase marijuana in Hawai'i.



Figure 16.
Medical Patients by State

| State | Year of Program | Number of Patients | Population | Patients per 1,000 Residents | Year Updated |
|--------------------|-----------------|--------------------|------------|------------------------------|--------------|
| Alaska | 1998 | 1,246 | 722,718 | 1.72 | 2012 |
| Arizona | 2010 | 70,067 | 6,731,000 | 10.41 | 2015 |
| California | 1996 | 553,684 | 37,691,912 | 14.69 | 2012 |
| Colorado | 2001 | 114,097 | 5,356,000 | 21.30 | 2015 |
| Connecticut | 2010 | 4,097 | 3,597,000 | 1.14 | 2015 |
| DC | 2011 | 3,844 | 685,893 | 5.60 | 2015 |
| Delaware | 2000 | 21 | 907,123 | 0.02 | 2012 |
| Hawaii (Current) | 2013 | 13,883 | 1,374,810 | 10.10 | 2015 |
| Illinois | 1999 | - | - | - | - |
| Maine | 2014 | 16,444 | 1,328,188 | 12.38 | 2012 |
| Maryland | 2012 | - | - | - | - |
| Massachusetts | 2008 | - | - | - | - |
| Michigan | 2014 | 122,349 | 9,876,187 | 12.39 | 2012 |
| Minnesota | 2004 | - | - | - | - |
| Montana | 2000 | 11,717 | 1,024,000 | 11.44 | 2015 |
| Nevada | 2013 | 9,345 | 2,839,000 | 3.29 | 2015 |
| New Hampshire | 2010 | - | - | - | - |
| New Jersey | 2007 | 3,727 | 8,821,155 | 0.42 | 2015 |
| New Mexico | 2014 | 14,623 | 2,086,000 | 7.01 | 2015 |
| New York | 2014 | - | - | - | - |
| Oregon | 1998 | 72,517 | 3,970,000 | 18.27 | 2015 |
| Rhode Island | 2006 | 4,849 | 1,051,302 | 4.61 | 2012 |
| Vermont | 2004 | 559 | 626,431 | 0.89 | 2012 |
| Washington | 1998 | 99,943 | 6,830,038 | 14.63 | 2012 |
| Hawaii (Projected) | 2014 | 13,971 - 43,354 | 1,374,810 | 10.16 - 31.91 | BBC 2015 |

Note: Data not available for every state.

Source: State Registries and Marijuana Policy Project when data were not available online

We hope this information is useful as you consider seeking a license from the state of Hawaii.

Sincerely,

Adam Orens
Managing Director

Oahu

*Share of Potential Patients
Based on Colorado Rates*

- 150 and under
- 500 and under
- 1,000 and under
- 2,000 and under
- 10,000 and under

| Area | Value |
|----------------|--------|
| Papaikou | - |
| Hale'iwa | - |
| Wahiawa | 556 |
| Mililani Mauka | - |
| Mililani Town | 850 |
| Waipahu | 1,265 |
| Ewa Gentry | 709 |
| Kalihi | 1,144 |
| East Honolulu | 1,632 |
| Urban Honolulu | 30,297 |
| Manoa | 964 |
| Maunaloa | - |
| Waimanala | - |
| Halawa | - |
| Siea | - |
| Walaele | - |
| Waialae | - |
| Makaha | - |
| Ma'ili | - |
| Nanakuli | - |
| Ra Oluia | - |
| Kapolei | - |
| Makakilo | - |
| Kailua | - |
| Kaneohe | - |
| Rybak'u | - |
| Punalu'u | - |
| Hau'ula | - |
| Lake | - |

Each year, the U.S. Department of Health and Human Services releases the Federal Poverty Income Guidelines (FPIG) by family size. Figure A-1 presents these income guidelines at various thresholds for Hawaii.

| Family Size | 50% | FPIG (100%) | 150% | 200% | 250% | 300% | 400% |
|---------------------|---------|-------------|----------|----------|----------|----------|----------|
| 1 | \$5,885 | \$11,770 | \$17,655 | \$23,540 | \$29,425 | \$35,310 | \$47,080 |
| 2 | 7,965 | 15,930 | 23,895 | 31,860 | 38,775 | 47,790 | 63,720 |
| 3 | 10,045 | 20,090 | 30,135 | 40,180 | 48,825 | 60,270 | 80,360 |
| 4 | 12,125 | 24,250 | 36,375 | 48,500 | 58,875 | 72,750 | 97,000 |
| 5 | 14,205 | 28,410 | 42,615 | 56,820 | 68,925 | 85,230 | 113,640 |
| 6 | 16,285 | 32,570 | 48,855 | 65,140 | 78,975 | 97,710 | 130,280 |
| 7 | 18,365 | 36,730 | 55,095 | 73,460 | 89,025 | 110,190 | 146,920 |
| 8 | 20,445 | 40,890 | 61,335 | 81,780 | 99,075 | 122,670 | 163,560 |
| Each add'nal person | | \$4,160 | \$6,240 | \$8,320 | \$99,075 | \$12,480 | \$16,640 |

Source: BBC Research & Consulting from the U.S. Department of Health and Human Services.



County Income and Assistance Profiles

Figure A-3 presents the distribution of household income by county and shows the percentage of households receiving Social Security Income, Supplemental Security Income (SSI), cash public assistance and food stamps/SNAP.

Figure A-3.
County Income and Assistance Profiles

| | Hawaii | Honolulu | Kalawao | Kauai | Maui |
|--|-----------|----------|----------|----------|----------|
| Total Population | 187,044 | 964,678 | 71 | 67,872 | 156,633 |
| Total Households | 64,909 | 309,803 | 46 | 22,390 | 52,623 |
| Total Household Income | | | | | |
| Less than \$10,000 | 9.5% | 5.1% | 15.2% | 6.3% | 4.5% |
| \$10,000 to \$14,999 | 5.4% | 3.1% | 8.7% | 3.3% | 4.2% |
| \$15,000 to \$24,999 | 11.6% | 6.5% | 0.0% | 8.8% | 8.2% |
| \$25,000 to \$34,999 | 9.9% | 7.3% | 0.0% | 8.4% | 8.9% |
| \$35,000 to \$49,999 | 12.3% | 11.4% | 15.2% | 12.7% | 12.9% |
| \$50,000 to \$74,999 | 18.8% | 18.0% | 26.1% | 20.1% | 18.7% |
| \$75,000 to \$99,999 | 13.4% | 14.6% | 8.7% | 15.0% | 14.8% |
| \$100,000 to \$149,999 | 12.0% | 19.4% | 17.4% | 16.8% | 16.1% |
| \$150,000 to \$199,999 | 4.1% | 8.0% | 8.7% | 4.4% | 5.6% |
| \$200,000 or more | 2.8% | 6.6% | 0.0% | 4.2% | 6.1% |
| Median household income | \$ 51,250 | \$72,764 | \$59,375 | \$62,052 | \$63,512 |
| Social Security | | | | | |
| % of Households with Social Security income | 35.10% | 31.40% | 34.80% | 35.00% | 30.70% |
| Mean Social Security income | \$ 17,059 | \$18,049 | \$8,388 | \$17,537 | \$17,413 |
| Supplemental Security Income (SSI) | | | | | |
| % of Households with SSI | 5.3% | 3.7% | 4.3% | 4.0% | 3.1% |
| Mean SSI income | \$ 9,271 | \$8,726 | \$7,550 | \$9,841 | \$9,283 |
| Cash Public Assistance Income | | | | | |
| % of Households with cash public assistance income | 5.9% | 3.40% | 4.30% | 4.00% | 3.30% |
| Mean cash public assistance income | \$ 4,921 | \$5,171 | \$2,746 | \$6,157 | \$5,211 |
| Food Stamps/SNAP | | | | | |
| % of Households with Food Stamps/SNAP | 16.8% | 8.6% | 0.0% | 9.9% | 11.5% |

Source: US Census, ACS 2013 5-year estimates, and BBC Research & Consulting.



Endnotes

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Glaucoma prevalence source: "Prevalence of Cataract, Age-Related Macular Degeneration, and Open-Angle Glaucoma Among Adults 40 Years and Older in the United States," National Eye Institute, National Institutes of Health, Archives of Ophthalmology, (2004)Volume 122.

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Multiple Sclerosis prevalence source: "The Prevalence of Multiple Sclerosis in Three US Communities," Noonan, Curtis W., Dhelia M. Williamson, Judy P. Henry, Robert Indian, Sharon G. Lynch, John S. Neuberger, Randolph Schiffer, Janine Trottier, Laurie Wagner, and Ruth Ann Marie, Preventing Chronic Disease (2010) 7(1):1-8.

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in the National Comorbidity Survey Replication," Kessler, Ronald C., Berglund, Patricia, Demler,

Olga, et al., Arch General Psychiatry (2005) 62:593-602.

Visitor reciprocity source: "2013 Annual Visitor Research Report," Hawai'i Tourism Authority, 2013



5.2 Exhibit 2: Medical Director

5.2.1 Dr. Laurie Tom – Medical Director & Medical Advisory Board

Dr. Laurie Tom is an endocrinologist in Honolulu, Hawai'i and is affiliated with Queen's Medical Center. She received her medical degree from University of Hawai'i John A. Burns School of Medicine and has been in practice for 27 years. She is one of five doctors at Queen's Medical Center who specialize in Endocrinology, Diabetes & Metabolism. Tom has received numerous awards including the award for outstanding community service in fund raising for the American Diabetes Association as well as the Stop Diabetes Volunteer Share Leadership Award Hawai'i. Dr. Tom will serve as Medical Director and lead Hale O Laulima's Doctor/Patient educational efforts.

5.2.2 Dr. Laurie Tom –Medical Advisory Board

Dr. Laurie Tom is the Medical Director for Hale O Laulima. As an expert in endocrinology and neuropathic pain associated with Diabetes, Dr. Tom is the obvious choice to lead our Medical Advisory Board. Dr. Tom will also lead our outreach program to continually strive to educate both doctors and patients on the benefits of medical marijuana.

5.2.3 Medical Director Responsibilities

Hale O Laulima intends to operate a vertically integrated marijuana business. The anticipated responsibilities of the Medical Director are tailored to the proposed operational structure. Medical Director responsibilities related to each area of licensed activity are outlined below.

As Medical Director of the Hale O Laulima, Dr. Laurie Tom will oversee key components of cultivation, processing, and dispensing operations. She will apply his experience with patients with epilepsy, muscle spasms, cancer, and familiarity with sanitation and hygiene standards in medicine to assist with the development of safety, sanitation, and quality standards for all activities of operations. This will include assisting in the development and implementation of sanitation guidelines and procedures for employees and production spaces, as well as ensuring the incorporation of good facility operations and good handling practices. She and the Chief Operations Officer ("COO") will oversee quality control and assurance programs, including oversight and training of the Quality Control Team ("QCT"). The Medical Director will assist with the development and implementation of training programs for employees of the processing and cultivation facilities, including modules pertaining to sanitation, hygiene, product handling, quality control, quality assurance, chain of custody, recordkeeping, product safety, and product recall. In coordination with the COO and department managers, she will be responsible for researching and overseeing implementation of new production and extraction methods. The Medical Director will work closely with the Facility Manager(s) to ensure patient needs are being met and will assist with product line selection and research and development projects on the cultivation and processing side to tailor production to patient needs. Using his or her advanced understanding of clinical research, he or she will present pertinent and substantiated research findings to the Board of Directors ("the Board") and suggest operational modifications based on such findings.



Dr. Laurie Tom will be deeply involved in Production and Retail Dispensary Facility operations and will play a key role in ensuring that qualified registered patients of the Hawai'i receive the highest quality medicine possible in a professional atmosphere that mimics traditional medical settings.

Drawing from more than 27 years of experience with the stringent confidentiality and privacy protections required of medical professionals, Dr. Laurie Tom will oversee the development and implementation of policies, procedures, and best practices pertaining to confidentiality and privacy. She will develop confidentiality and privacy training modules covering topics such as the appropriate handling and storage of confidential information, which all employees of Hale O Lahuli facilities will be required to complete upon acquisition and at least once annually thereafter. She will additionally be responsible for ensuring Hale O Lahuli-wide compliance with Health Insurance Portability and Accountability Act (HIPAA) standards, the confidentiality and privacy protections set forth in the Confidentiality SOP, and internal policies and procedures designed to protect patient privacy and confidentiality.

The Medical Director will also develop and oversee employee training regarding patient counseling, patient education, and data collection. She will regularly observe Retail Dispensary Facility employees, Patient Coordinators, and Facility Managers in their normal work activities and provide suggestions for improving patient interactions and professionalism. She will also educate employees on the medicinal applications of the various cannabinoids, effective routes of administration, and recent research findings, as well as the medicinal properties, dosages, and appropriate use of Hale O Lahuli's marijuana products. In addition, he or she will organize and direct regular patient education events offered at each Retail Dispensary location; and he or she will be authorized to draw upon his or her academic and professional connections to secure expert speakers for such events. Any educational materials provided to patients who visit Hale O Lahuli dispensaries will be reviewed and authorized by the Medical Director.

Dr. Laurie Tom will also supervise Hale O Lahuli's internal and external research projects. Internally, he or she will develop forms and procedures for collecting data on the marijuana products offered by Hale O Lahuli and their reported effectiveness for patients with different symptoms.

5.2.4 Medical Director Required at All Times

In accordance with best practice and Hale O Lahuli policy, Hale O Lahuli must have a Medical Director at all times. The following measures have been put in place to ensure that a Medical Director will be employed by Hale O Lahuli at all times.

Dr. Laurie Tom has verbally agreed to serve as Hale O Lahuli's Medical Director upon Hale O Lahuli approval. She will be required to sign an employment contract stating that she will be employed as such part-time immediately when operations commence. The Medical Director employment contract will include a provision stating that he or she must give advance notice of



plans to resign and, upon resignation, he or she will be obligated to fulfill his or her duties until a suitable replacement is found. This provision will allow Hale O Laulima to seek a similarly qualified and licensed person to fulfill the Medical Director role and to ensure that the role of Medical Director is filled at all times. In addition, Hale O Laulima plans to establish a relationship with a licensed physician who agrees to serve as interim Medical Director or assume the position permanently if the current Medical Director must leave the position for any reason. This measure is designed to ensure that the Medical Director role is immediately filled in the event of a sudden loss of the current Medical Director. If financially feasible in the future, Hale O Laulima may choose to hire an additional Medical Director and employ both part-time. These three strategies will ensure that the Hale O Laulima is supervised by a qualified Medical Director at all times, for compliance purposes and for the benefit of the patients served.



5.3 Exhibit 3: Outreach and Education Plan

Medical Marijuana Outreach & Education Program

The objective of Hale O Lahilima's Medical Marijuana Outreach & Education Program is to (1) maximize the reach and scope of education and training regarding medical marijuana, building from an existing program that was implemented by Cresco Labs in the Illinois Medical Marijuana Pilot Program to Illinois physicians and medical professionals; (2) establish Hale O Lahilima as the thought leader for medical professionals on information regarding medical marijuana; and (3) ensure physicians and medical professionals are confident and comfortable with the regulations and regulatory environment related to medical marijuana in Illinois. In the interest of educating as many physicians as possible on the use of medical marijuana as a therapeutic treatment for qualifying patients, we have organized a team of physicians, experts in their field, to educate, train, and inform medical professionals across Hawaii. Their objectives also include advising Hale O Lahilima on all things related to medical marijuana within the state. These efforts are led by (1) Chief Medical Officer Dr. Laurie Tom, an endocrinologist located in Honolulu and affiliated with Queen's Medical Center; (2) Cresco Labs Medical Director Dr. Charles Bush-Joseph, professor at Rush University Medical Center in Chicago, IL and the Associate Director of the Rush Orthopedic Sports Medicine Fellowship Program; (3) Paul DeMare, founder of Cancer Center of Hawaii's radiation oncology facility at St. Francis Medical Center, which is now affiliated with Queen's Medical Center; and a Medical Advisory Board made up of Hawaii physicians, pharmacists and nurses.

Hale O Lahilima plans to plan and implement a Continuing Medical Education (CME) series in affiliation with leading academic medical centers and hospitals in Hawaii, which is already being done by Cresco Labs in Illinois working with Rush University Medical Center, Northwestern Memorial, and University of Chicago. These events are designed and intended to draw a large audience of physicians and medical professionals by offering required and certified medical education from credible institutions. Driven by the Medical Advisory Board, Hale O Lahilima will procure and design the educational component, secure nationally renowned experts and researchers in the field of medical marijuana as speakers, and support awareness efforts.

Hale O Lahilima has already and will continue to meet one-on-one with physicians and their medical staff on a weekly basis. This has allowed us to engage a broader healthcare professional audience (i.e. PA's, APN's, clinical nurses who are highly involved with the patients, their conditions, and treatment recommendations and outcomes). This has also provided the opportunity to establish meaningful relationships with key influencers, which has already developed in Illinois with many in the medical community contacting Cresco Labs directly with questions regarding medical marijuana, from specific patient cases and suitability, to regulatory- and program-specific requirements.

Similar to what Cresco Labs has already accomplished with the Illinois State Medical Society and the Chicago Medical Society, Hale O Lahilima will initiate strategic partnerships to ensure proper outreach and reputable affiliations. Local associations of this nature, which are



exclusively made up of physicians, have thus far been interested in the support that Cresco Labs offers with regard to providing medical education, resources, and solutions to issues facing all stakeholders in this industry. These alliances will also provide Hale O Lahuli with access to association members, which will efficiently promote the program's mission and disseminate information to the medical community at-large.

With a deep focus on the use of medical marijuana in hospice and palliative care, members of Hale O Lahuli's executive and advisory teams have begun working with these facilities in Illinois and Hawaii to ensure that their physicians, staff, and caregivers are educated on the therapeutic role of medical marijuana. Regardless of their position on medical marijuana in general, physicians and staff are fully supportive of providing medical marijuana to patients at end-of-life stages to maintain a level of dignity and quality of life.

Educational content for all of the above includes the science of medical marijuana, which includes the most up-to-date and relevant research and studies; education about specific terpenes and cannabinoids, including CBD CBN, CBG and THC; the endocannabinoid system and receptor sites; medical information that includes a side effect profile, drug-drug interactions, and contraindications; forms of consumption along with pharmacokinetic profile of each; state program specifics, including qualifying conditions, the doctor-patient relationship and how to obtain a card, physician FAQs and more; federal hurdles; international progress; and advancements in science and technology.

Hale O Lahuli shall maintain a high focus on the need for more and valid scientific research into the therapeutic benefits and risks associated with treating patients with medical marijuana. We are engaged in discussions with multiple academic medical centers regarding the development and funding of relevant research. We are seeking and vetting the most appropriate research institutions and what our Medical Advisory Board determines is the right scope and scale. We are conducting analyses into the proper study design, patient population and disease state, outcome measures, number of patients, and desired objectives.

Hale O Lahuli and Cresco Labs are working in conjunction with Arnstein & Lehr, one of the country's oldest and most respected law firms, to host a series of webinars aimed at educating physicians and medical professionals on medical marijuana. Arnstein & Lehr's Healthcare Practice is inviting their Healthcare clients to attend one of two upcoming live sessions. Cresco Labs, Hale O Lahuli and our Medical Advisory Board will have control over content creation, as well as delivery of the webinar presentation. We will then have access to engage with all of Arnstein & Lehr's clients who attend. Arnstein & Lehr finds value in providing this education to their clients and demonstrating a strategic partnership with the preeminent medical marijuana cultivator in the state with the country's most conservative medical marijuana program. Our first webinar with Arnstein & Lehr is scheduled for February. This serves as a model and pilot for which other such partnerships will be established in Hawaii and beyond.



5.4 Exhibit 4: Hale O Laulima Research & Development Plan

5.4.1 Introduction

The Hale O Laulima Research Plan details efforts to progress medical marijuana research by conducting and facilitating multiple scientific studies with targeted outside partners. The proposal contained herein describes the methodologies of the various studies, the issues of interest, methods used to identify eligible study participants, the individuals and organizations that Hale O Laulima is working with to conduct these studies, the proposed duration of the studies, and the intended use of study results, whether it be internal, industry-wide or reaching beyond the scope of the medical marijuana industry.

Hale O Laulima will utilize strategic partnerships within the agriculture and medical fields to develop a sustainable program in Hawai'i that has potential to influence federal regulation, develop methodologies and technologies that will increase efficiencies of production, further analyze the genetics of various strains while cooperating with ongoing and future studies designed to tie specific cannabinoid profiles to specific medical conditions/ailments. Through this program, we intend to generate evidence-based insights that we, and other groups, may use to educate the general public, physicians, patients and policy makers. Hale O Laulima is committing to funding both an in-house research plan and forming strategic partnerships nationwide to continually advance the technologies used in production of medical marijuana, knowledge of the chemical constituents of marijuana, and the most effective medicinal applications of combinations of chemical profiles, specifically pertaining to the treatment of established and potential qualifying conditions.

5.4.2 Hale O Laulima Research Commitment

Hale O Laulima will actively engage in a number of research and development efforts geared toward the facilitation of scientific studies related to the medicinal use of marijuana. Through the identification of beneficial areas of study, Hale O Laulima will develop questions relative to progressive marijuana research in order to advance Hale O Laulima and public knowledge of this topic. Through collaborations with traditional research facilitation entities, such as universities and private businesses, Hale O Laulima will actively develop and disseminate proposals to conduct and facilitate leading studies within the field of marijuana research.

In addition to aiding the facilitation of traditional, scientific research studies related to the medicinal use of marijuana, Hale O Laulima will engage in a number of in-house research efforts to acquire specific knowledge of Hale O Laulima production methods and technologies, novel dosage forms and their effects, product manufacturing processes, and the effectiveness of dosage forms, strengths, and chemical profiles for addressing the needs of patients with various qualifying conditions, as reported by the patients themselves.



5.4.3 In-House Research

As most traditional channels are not yet allowed for marijuana research due to its Controlled Substances Act Schedule I status, Hale O Lahuli plans to rely heavily on in-house research plans. Based on a similar program implemented by our marijuana industry partners in their successful marijuana businesses in Colorado, Illinois and Nevada, Hale O Lahuli's dispensary will offer bio-assessment forms to patients, which will allow them to record valuable information detailing their experiences using different marijuana product types for treatment of their debilitating medical conditions. Patients will provide information that will allow Hale O Lahuli to collect data on and identify patterns in the effects of various cannabinoid and terpene profiles on qualifying patients with a wide range of ailments and conditions.

Bio-assessment forms will be provided for patients during dispensary visits, and via online submission, and the data will be collected and analyzed by Hale O Lahuli to develop a better understanding of how different strains, cannabinoid profiles, ingestion methods, and products affect the different medical conditions experienced by the Hawai'i medical marijuana patient population. This research will benefit patients, as Retail Dispensary Employees will collect and catalogue strain and product-specific data provided by patients and use this information to better improve individualized product and dosage form recommendations provided in counseling and education sessions. The bio-assessment data will additionally be shared with Hale O Lahuli's COO and our Production Facility Manager(s), who will use the data to tailor product offerings to meet patient needs based on which chemical profiles and dosage forms are found to be most helpful for relieving the most common and troubling symptoms of the patient populations we serve. This type of research, once established, will be ongoing and will evolve as best practices, technology, and our understanding of the marijuana plant improves.

5.4.4 National Marijuana Research

Hale O Lahuli will focus on regulatory compliance while developing the condition-specific cannabinoid profiles and medicinally toned, smoke-free delivery methods that provide controlled-dosage medicinal marijuana relief to qualified patients. Hale O Lahuli's Colorado-based industry advisors, Cresco Labs and DRC, and their pre-established research initiatives and partnerships in the academic, medical and research communities will aid Hale O Lahuli's efforts to invest in the progression of marijuana research on a national level. DRC is working collaboratively with Professor Nolan Kane and the University of Colorado-Boulder in a groundbreaking effort to map the marijuana genome, and Hale O Lahuli is fully committed to advancing the accomplishments of these efforts. The Marijuana Genomic Research Initiative ("CGRI") has the potential to revolutionize marijuana cultivation and breeding techniques by establishing and disseminating extremely valuable data that could mitigate the high cost and lengthy processes associated with current methods of new strain development.

As agricultural research trends are increasingly focused on the genetic modification of popular crops, it is the mission of Hale O Lahuli to work closely with the University of Colorado-Boulder to conduct research into the genetic structure of the marijuana plant and ensure the



resulting information is kept in the public sphere and away from privatized corporate ownership. This information is critical to the forward advancement of marijuana for medical purposes and the advancement will move exponentially faster if the information is developed in an open-source format.

CGRI's efforts will help establish ideal cannabinoid profiles for the treatment of certain conditions and better allow for the creation of strains with those cannabinoid profiles that are ideal for treating specific conditions and symptoms. Such efforts are invaluable to those patients of Hale O Lahuli who are dependent upon medicine derived from strains that produce high levels of non-psychoactive cannabinoids and low levels of THC. Hale O Lahuli will be a proud monetary contributor to CGRI and will continue to assist the mission of the Initiative through philanthropic contributions, as well as patient-centric data collection through our in-house research plan.

Through local and national collaborations, Hale O Lahuli will effectively utilize public data from the CGRI and create strains and products tailored for the treatment of designated conditions. It is a long-term goal of Hale O Lahuli to utilize information collected through our bio-assessment sheets and the CGRI to eventually create strains that have precise cannabinoid profiles suited for the treatment of specific conditions. Such intentional breeding techniques will provide Hale O Lahuli with the ability to limit side effects experienced by our patients. Marrying this approach and preferred delivery methods for patients will result in the most compliant, patient-centric medical marijuana program possible.

Hale O Lahuli will also seek to partner with compliant existing testing labs capable of assisting in the sequence of the marijuana genome in collaboration with Dr. Kane's efforts. Hale O Lahuli's cultivation facility and processing facility designs include two small grow rooms and one processing room dedicated to research and development and DNA sampling efforts in conjunction with this partnership effort.

5.4.5 Use of Mandatory Testing Data

Future marijuana Dispensary licensees in Hawai'i will be responsible for making all batches of finished medical marijuana available for testing by approved and registered independent testing laboratories. Dispensary licensees must ensure that all medical marijuana and associated products are free of adulterants and unsafe levels of contaminants including pesticides, microbiological contaminants, foreign materials and heavy metals. Additionally, mandatory testing stipulations established by the Hawai'i DOH require each batch of finished marijuana to meet chemical and microbial specifications for the variety. In addition to the obvious quality and safety assurance benefits, such testing serves as viable data that may be used for the progression and development of superior Dispensary techniques. Hale O Lahuli will also utilize the latest theories/processes in indoor farming and plant genetics to push cultivation techniques, technologies, and methodologies forward and move toward pharmaceutical-quality production standards in the medical marijuana industry.



5.4.6 Environmental Control and Approved Pesticides

Hale O Laulima has incorporated scores of specific design considerations into the Dispensary facility, many of which revolve around the concept that marijuana must be grown in an impeccably controlled environment with consideration given to levels of light, temperature, humidity and carbon dioxide levels. In coordination with an integrated pest management system these factors must be maintained with precision in an effort to mitigate the opportunity for a pest or environmental event, which is most easily accomplished in smaller hyper-controlled areas within a larger facility. In traditional agriculture this consideration is not as important as it is in the Dispensary of medical marijuana, as many preventative and remedial product applications to counter these environmental concerns are labeled and readily available for use. Due to the Federal government's classification of marijuana as a Schedule I Controlled Substance, no pesticide or fungicide product application is currently labeled for use in the Dispensary of marijuana, making impeccable environmental control imperative. Working in conjunction with our Technology Advisor, NASA-engineer Neil Yorio, Hale O Laulima will continue to pursue new technologies, methodologies and practices that ensure a furtherance towards environmental sustainability, product safety and operational efficiency.

Hale O Laulima will also participate in existing research projects already in progress with partners Denver Relief Consulting, including (1) a water conservation study with the University of Maryland, which results in zero production wastewater; (2) a study related to the use of LED lighting in high bay greenhouse environments with Professor Bruce Bugbee at Utah State University and; (3) collaborate with DRC principal Kayvan Khalatbari who co-chairs a committee within the Department of Environmental Health to investigate potential opportunities for synergy between government and industry and to promote environmental stewardship within the cannabis industry.



5.5 Exhibit 5: Cresco Website Awareness & Education Content Outline

CRESCO*labs*[™]

EDUCATIONAL INITIATIVES

Research & Education

Supporting institutions of higher education in their efforts to research and engage with professionals from the cannabis industry is a top focus of ours.

We have developed research plans with University of Illinois and University of Maryland, that were approved & accepted by university staff.

Including guest lecturing at Northwestern School of Law School 3 times and creating a regular structure for cooperation in 2016.

Will be a featured speaker on the panel of Northwestern's 11th Annual Entrepreneurship Law Conference.

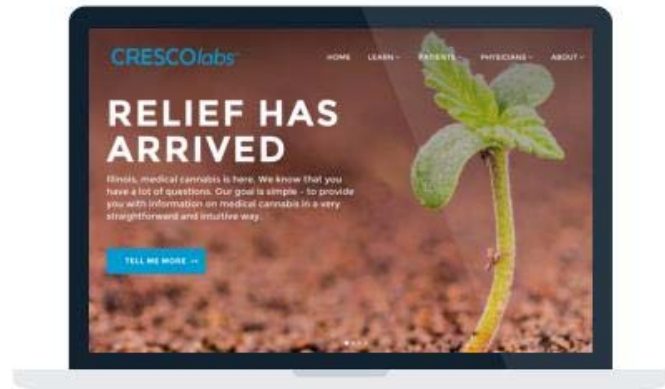


Our Website

In developing a website, our goal was to create a destination where visitors could gain accurate information on cannabis.

In our effort to create the most user friendly and rewarding experience, we constructed the website in 4 main sections.

- Knowledge Base
- Patient Portal
- Physician Portal
- Brand Portal

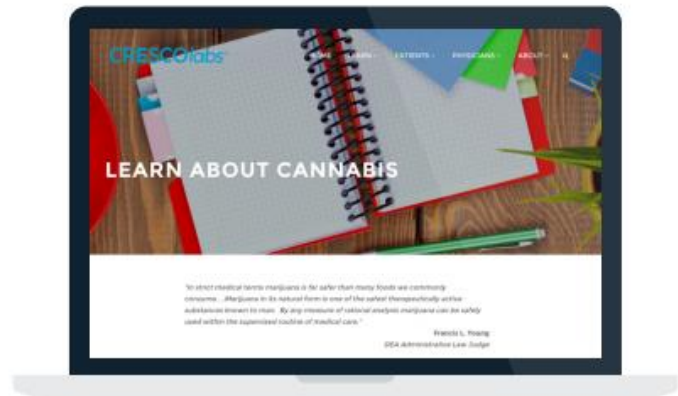


Knowledge Base

Our online knowledge base offers a comprehensive overview of cannabis as a medicine. The information is presented in a clear and concise manner that is easily understood by the public.

The goal of this section is to provide education on the science behind cannabis.

- Cannabis 101
- Cannabinoids
- Terpenes
- Glossary
- Consumption Methods
- Endocannabinoid System



Patient Portal

This section of our website is dedicated to providing the necessary information for anyone interested in joining the medical cannabis program in Illinois.

The information is displayed in a step-by-step, lament manner, which guides the patient smoothly through the application process.

- Program Registration
- Program FAQ
- Dispensary Locator
- Covered Medical Conditions



Physician Portal

The Physician Portal address the concerns of medical professionals who are considering cannabis as a treatment option for their patients.

Full of information about the safety and efficacy of medical cannabis, this is a one stop shop for doctors seeking non-bias, peer-reviewed, information on medical cannabis.

- Recommending
- Research
- Safety
- History

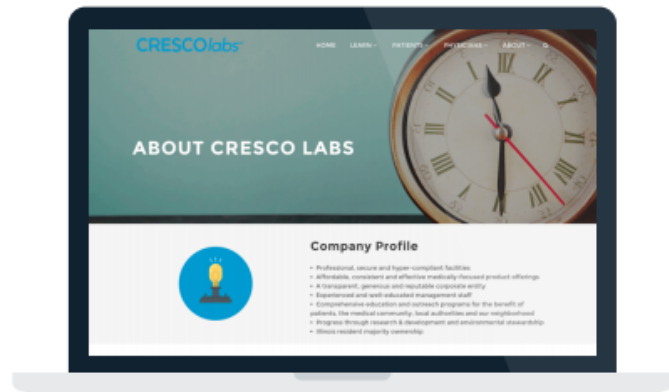


Brand Portal

Giving our customers access to applicable resources in our company is a strong focus to ensure quality control.

From product questions and feedback, to insight on day to day operations and more, our goal is to have full transparency with our customers.

- About Our Company
- How To Contact
- Product Feedback
- Behind The Scenes



Medical Efficacy Tracking

To help patients document their usage of our medical cannabis products, we are in the final stages of creating an application that allows patients to easily record their usage and securely transfer this information to their doctor.

Through our research and testing we have concluded that giving this feedback loop to a patient's doctor creates a traditional medical dialogue that allows for proper condition treatment.



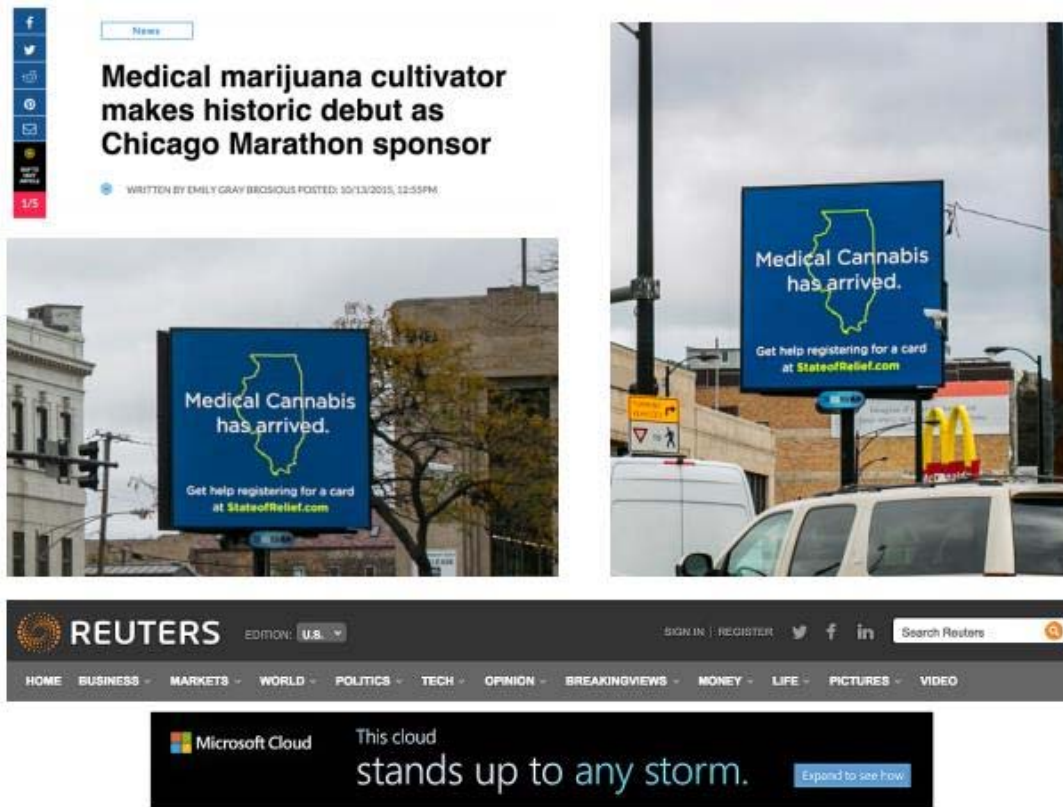
Public Education Campaign

The use of cannabis as a medicine is a foreign concept for many people. For this reason, we created a public education campaign spanning across social media, billboards, and even Chicago Marathon participant's bag spreading awareness of the Illinois Medical Cannabis Program.

To support the overwhelming interest in our campaign, we staffed a 18 hour a day call center providing free support to residents attempting to register for the program.

Our focus on safe, cannabis education has provided over 20,000 Illinoisans with answers to date.





Press Release | Thu Oct 1, 2015 9:05am EDT

Cresco Labs Will Spend A Million Dollars To Let People Know About Illinois Medical Marijuana Program

Canna Tech Chicago

Many of the most complex regulatory issues surrounding the medical cannabis industry involve data tracking and compliance.

To be on the forefront of helping creating new technology solutions, we started a monthly meet-up series bringing together the city's brightest technology minds for a educated dialogue.

On average we have a monthly attendance of 250 people and participation from industry leaders such as Joe Wright, Director Illinois Medical Cannabis Program.





5.6 Exhibit 6: Premises Description and Suitability

5.4.1 Introduction

Hale O Lahuli's proposed cultivation facility will be sited on a parcel of property located at 94-840 Lanikuhana Ave. Mililani, HI 96789 in the (Mililani Township) in Honolulu County, Hawaii and has been identified by the Board of Directors as an agriculturally (AG1) zoned property. For the cultivation facilities, Hale O Lahuli has executed a lease for a 10-acre parcel of land located in the Mililani Agricultural Park. Furthermore, the Company has teamed up with PKC Development Group to handle the ground-up construction of a new state-of-the-art cultivation facility. PKC is a commercial real estate developer that has developed numerous projects on Oahu and on the mainland. PKC has designed the cultivation facilities as directed by the Company's marijuana cultivation partners in conjunction with our local Hawaii agricultural experts. PKC will own the facility and will be funding the construction. Hale O Lahuli will have a traditional landlord/tenant relationship with PKC.

Hale O Lahuli will construct two new, physically segregated 45,000 SF warehouse-style production facilities for the cultivation and manufacturing of medical marijuana products. The facilities will be discreet, set back from the road, equipped with redundant utility services and situated on the same 10-acre site in Mililani Agricultural Park. Each facility will consist of two connected structures on a concrete pad - (1) a 20,000 SF concrete warehouse with a corrugated metal roof, which will house all spaces related to administrative, ancillary support, post-harvest processing, drying and curing, packaging, secure product storage, extractions, product manufacturing and shipping/receiving; and (2) a state-of-the-art 25,000 SF insulated, rigid metal (29-gauge) hybrid-greenhouse/warehouse structure equipped with a roof composed of opaque corrugated polycarbonate that fully-diffuses natural sunlight through to the grow rooms below, which will be used for all plant cultivation activities. Both facilities will be fully enclosed, controlled impeccably with regard to interior environment, multi-layered with regard to security protection features/systems and constructed in a manner that prohibits any interior space from being visible from the exterior.

The proposed site sits at the edge of Mililani Township, surrounded by similarly agriculturally zoned parcels, and currently exists as vacant land totaling 10 acres. The proposed property is in compliance with all federal, state, and local building, zoning, and fire codes and all local ordinances. Please refer to the following documentation which details the Engineering Specifications for additional information regarding the proposed site and facility layout. The property line of the proposed site is not located within 750 feet of the real property comprising a playground, public housing project or complex, or school, as defined in §11-850-8.c of the Hawaii DOH regulations.

New construction was chosen in lieu of remodeling an existing facility for many reasons, but mainly due to the fact that no existing building has the capability to be designed and constructed with this unique use in mind. An existing facility would pose problems with regard to site layout, interior layout, utility services, and building materials as the requirements for a cultivation and production facility are unique and no existing building is ideal to accommodate

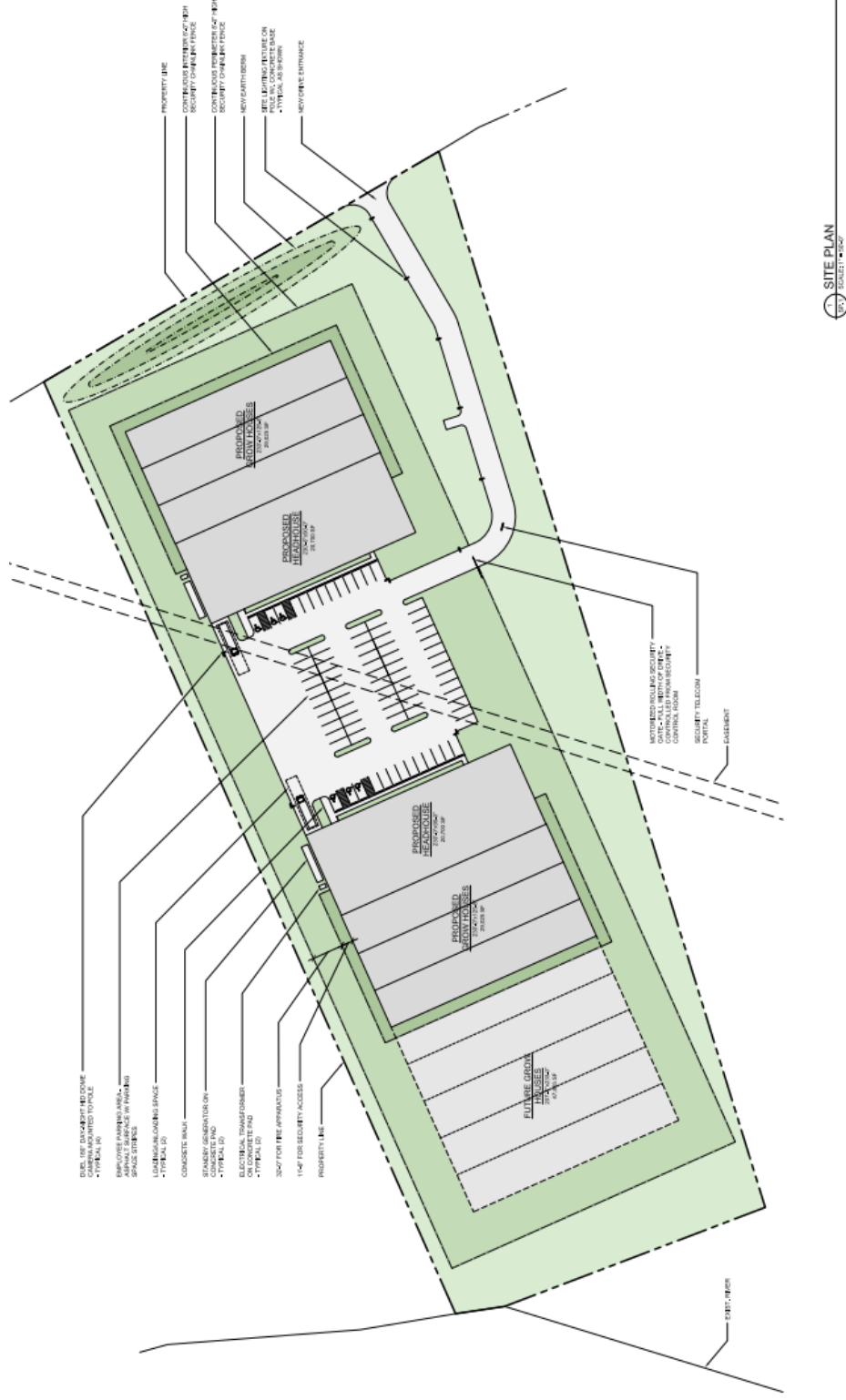


its functions adequately and ideally. Hale O Laulima bases its cultivation facility design on facilities already constructed and operating successfully in regulated states across the country and in discussions with our marijuana industry consultant, who also holds operational licenses in Colorado's regulated marijuana system.

All other spaces will be completely finished and equipped with all branch utility services, including mechanical, plumbing, lighting, and other power connections, as well as all final security surveillance, alarm systems, and access control devices. In an effort to increase production capacity and meet patient demand quickly and efficiently, Hale O Laulima will only be required to purchase and install the necessary equipment in these empty areas of the facility in order to expand operations. Hale O Laulima has chosen this small room design not only for quick expansion in easily managed phases, but also to create these rooms as impeccably controlled microclimates capable of mitigating variations in environmental conditions, such as temperature, humidity and carbon dioxide. The ability to control these conditions with precision is the greatest biosecurity measure that can be taken to diminish the opportunity for environmental concerns such as pests, mold, and mildew to thrive.

Hale O Laulima's Access Control, Anti-Diversion, Inventory Control and Management and Quality Assurance and Quality Control SOP(s) detail the extensive security provisions that will be implemented at the proposed facility, such as architectural elements, which include perimeter protection, reinforced entry points, exterior lighting, secure parking operations, enclosed dock facilities, and a hardened vault where marijuana and marijuana products are stored. The facility will include robust electronic security systems, including automated access control, intrusion alarms, closed circuit television, and onsite and remote monitoring systems.

5.4.2 Facility Engineering Schematics





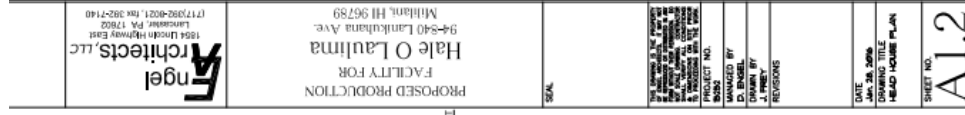
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Date: January 29, 2016





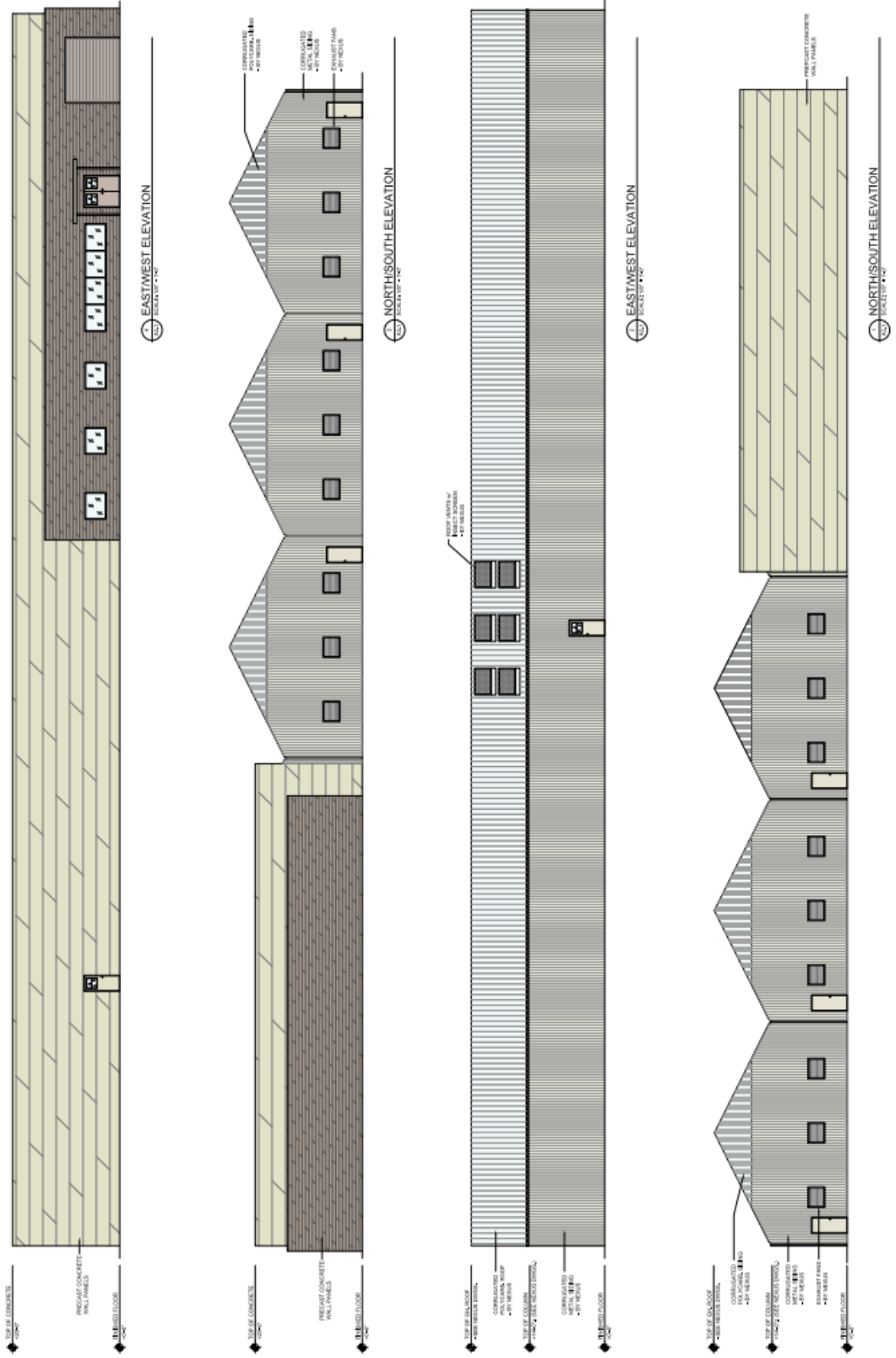
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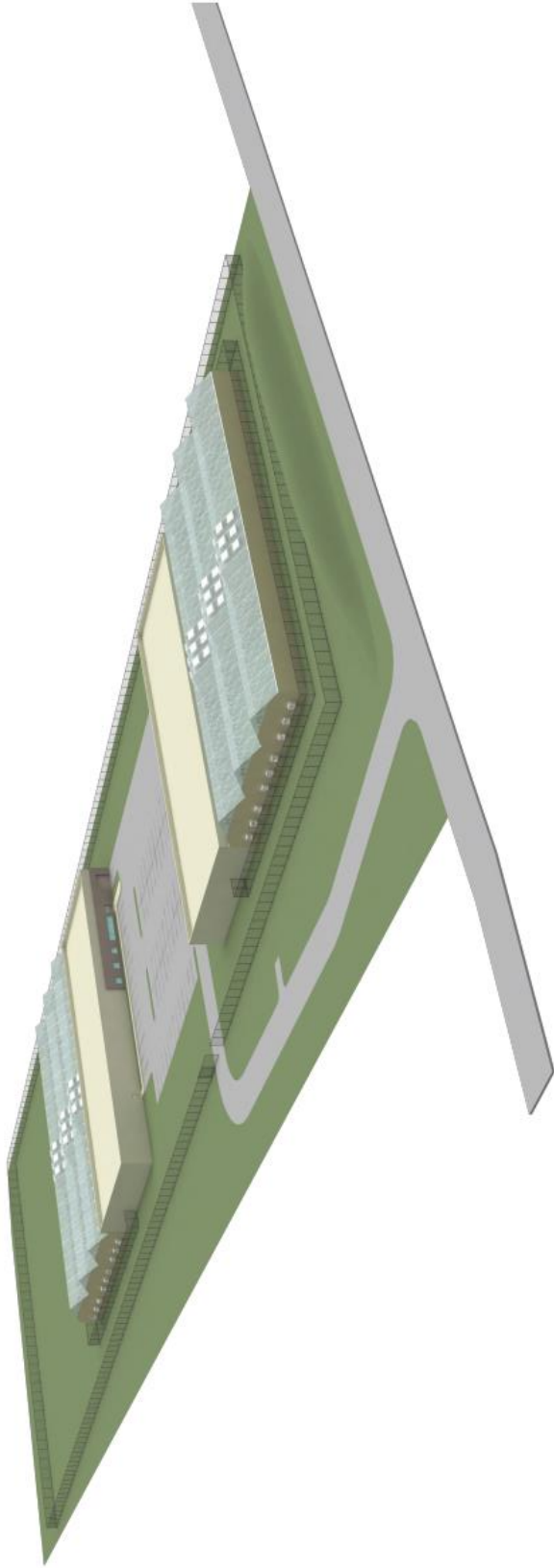


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Date: January 29, 2016





1. SITE RENDERING
20' SCALE

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|  Angel Architects 1054 Lincoln Highway Lancaster, PA (717) 982-8021, fax | PROPOSED PRODUCTION FACILITY FOR Hale O Laulima 94-840 Lanikuhana Ave. Mililani, HI 96789 | SEAL |
| | <p><small>THE OFFICE OF THE ARCHITECT OF THE STATE OF HAWAII IS REVIEWING THIS PROJECT FOR COMPLIANCE WITH THE HAWAIIAN ARCHITECTURE CAPTION ACT, CHAPTER 215, HRS. ANY VIOLATION OF THESE RULES IS A VIOLATION OF THE HAWAIIAN ARCHITECTURE CAPTION ACT, CHAPTER 215, HRS. AND IS A VIOLATION OF THE HAWAIIAN ARCHITECTURE CAPTION ACT, CHAPTER 215, HRS.</small></p> <p>PROJECT NO. MANAGED BY D. BOGAL DRAWN BY J. BOGAL CHECKED BY J. BOGAL REVISIONS</p> <p>SHEET NO. A2.2</p> <p>DATE JAN. 28, 2016 DRAWING TITLE SITE RENDERING</p> | |