

Marijuana Dispensary Licensing, Room 337, 601 Kamokila Blvd., Kapolei, HI 96707 or be postmarked by 4:30 pm Hawaii Standard Time on the last day of the open application period January 29, 2016.

Please note the application number on the check. This is found in the heading of the email confirmation you receive upon submittal, and is also visible when you view your completed application online.

NOTE: ALL QUESTIONS MUST BE ANSWERED TO SUBMIT YOUR APPLICATION UNLESS OTHERWISE INDICATED.

SECTION A: APPLICATION FOR COUNTY

NOTE: An applicant may apply for a license for more than one county, but may only receive one license. Indicating here that you are applying for a license for more than one county does not constitute applying for a license in another county; separate applications must be submitted. The applicant and applying entity must complete a separate application with all required documentation for each application and submit a non-refundable application fee of \$5,000 for each application. The financial resources required (\$1,000,000 plus not less than \$100,000 for each retail dispensing location) may apply across applications since the money can only apply toward one license, if granted.

1. For which county are you requesting a license? County of Maui

2. Are you also applying for a dispensary license in another county? No

2a. If YES, what other county or counties are you applying for a license?
(NOTE: A separate application and check will be required for each county.)

SECTION B: INDIVIDUAL APPLICANT INFORMATION

GENERAL INFORMATION

3. Legal Name of Applicant Mr Kenneth Barry McPhee

4. Upload Proof of Legal Name of Applicant

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;
- * Certified copy of the Certificate of Naturalization issued by DHS, Form N-550 or Form N-570;
- * Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
- * Court-issued, certified copy of a divorce decree;
- * Certified copy of a legal change of name order

5. Date of Birth (must be at least 21 years old)

6. Upload Proof of Date of Birth of Applicant

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;
- * Certificate of naturalization issued by DHS, Form N-550 or Form N-570;
- * Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
- * Valid, unexpired driver's license or government issued photo identification card.

7. Social Security No. or Identifier No. (last 4 digits only):

8. Applicant's Address

United States

9. Daytime Phone No.

10. Fax No.

11. Email

CRIMINAL HISTORY INFORMATION

12. Has the individual applicant ever been convicted of a felony? If YES, STOP, you are not an eligible applicant.

13. Has the individual applicant ever been convicted of a crime?

13a. If YES, please describe (e.g., conviction, date, disposition, etc.)

14. Has the individual applicant ever been arrested?

14a. If YES, please describe (e.g., date, disposition, etc.)

Obtain a Criminal History Report

Copy the Validation code from an eCrim report for the individual applicant generated by the Hawaii Criminal Justice Data Center no earlier than December 12, 2015 at 8:00 a.m. (Hawaii-Aleutian Standard Time).

Visit [eCrim.ehawaii.gov \(https://ecrim.ehawaii.gov/ahewa/\)](https://ecrim.ehawaii.gov/ahewa/) to obtain the eCrim report.

15. Enter the eCrim Validation Code here:

16. NOTICE: Pursuant to Chapter 329D HRS and Chapter 11-850 HAR, applicants are required to provide consent to a background check, including fingerprinting, to be conducted by the Department of Health or its designee.

☒ I consent

Further information and instructions will be provided on <http://health.hawaii.gov/medicalmarijuana/>. If the information and instructions are not yet posted, please check the website often.

RESIDENCY INFORMATION 17. Is the Applicant a legal resident of the State of Hawaii for at least five years? If NO, STOP, you are not an eligible applicant.

Yes

18. Upload Proof of Hawaii Residency:

Scan and submit AT LEAST ONE (1) of the following source documents as proof of Hawaii state residency for at least five years:

* State of Hawaii tax return Form N-11 without schedules, worksheets, or attachments, and redacted to remove all financial information and all but the last four digits of the individual's social security number;

* Evidence of voter registration;

* Ownership, lease, or rental documents for place of primary domicile;

* Billing statements including utility bills; or

* Vehicle registration.

19. Authorized to Act on Behalf of Applying Entity

Scan and submit evidence of the authority of the individual to act on behalf of the applying entity, and supporting documentation (e.g. corporate resolution, bylaws, articles of incorporation):

SECTION C: APPLYING ENTITY INFORMATION

20. Name of Applying Entity

Lima Ulu LLC

21. Applying Entity's Business Address

225 Punakea Loop
Lahaina, Hawaii 96761
United States

22. Entity Phone #

23. Entity Email

24. Entity Fax #

25. Is the applying entity organized under the laws of the State of Hawaii? If the answer is 'NO', STOP, you are not an eligible applicant.

Yes

26. Upload Applying Entity Incorporation or Business Status Documentation:

Upload a certified copy of applying entity's incorporation documents in the State of Hawaii.

Visit [Hawaii Business Express \(https://hbe.ehawaii.gov/documents/search.html\)](https://hbe.ehawaii.gov/documents/search.html) for available documents.

27. Provide the entity's Hawaii Department of Commerce & Consumer Affairs Business Registration Division Number & Suffix (file number).

Visit [Hawaii Business Express - Business Name Search \(https://hbe.ehawaii.gov/documents/search.html\)](https://hbe.ehawaii.gov/documents/search.html) to locate your entity's file number.

135867c5

28. Upload a copy of the entity's Certificate of Good Standing from the Department of Commerce and Consumer Affairs.

29. Hawaii Tax Identification Number:

Provide the number along with a copy of the State of Hawaii Tax Identification Number (see question immediately below).

Visit [Tax ID Search \(https://dotax.ehawaii.gov/tls/app\)](https://dotax.ehawaii.gov/tls/app) for this information.

30. Upload a copy of the entity's State of Hawaii Tax Identification document.

31. Federal Employer Identification Number: Provide the Federal Employer Identification Number.

32. Upload a copy of the entity's Federal Employer Identification Number document.

OWNER(S), PRINCIPAL(S), & MEMBER(S) INFORMATION

33. Enter the total number of Owner(s), Principal(s), and Member(s) of the

applying entity here:

4

34. Upload Owner, Principal, and Member Information Spreadsheet

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Information to be provided:

1) List of Owners, Principals, and Members of the Applying Entity

For each Owner, Principal, and Member of the Applying Entity:

- A) Name, Address, Phone number, and Email Address
- B) Each individual's percent interest in the company
- C) State of primary residence
- D) Number of years each person has lived in Hawaii (the most recent, uninterrupted number of years that the person has been a resident), and
- E) A criminal background check for each Owner, Principal, and Member.

Copy the validation code from an eCrim report for the individual generated by the Hawaii Criminal Justice Data Center no earlier than December 12, 2015 at 8:00 a.m. (Hawaii-Aleutian Standard Time).

Visit [eCrim.ehawaii.gov \(https://ecrim.ehawaii.gov/ahewa/\)](https://ecrim.ehawaii.gov/ahewa/) to obtain the eCrim report.

Please include a signed statement by each Owner, Principal, or Member certifying that the information is complete and accurate. Upload the signed statements in the following question (35.)

2) Other Businesses Holding an Interest

If there are businesses that hold an interest in the company, list the business names and percent interest on a separate tab on the spreadsheet.

[Download Owner Principal Member Information Spreadsheet \(/mmjdisp/templates/Owner_Principal_Member_Report.xls\)](#)

35. Upload Proof of Name, Date of Birth, and Residency for each Officer, Principal, or Member listed on the spreadsheet

1) Proof of Legal Name of Each Owner, Principal, and Member:

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on the passport;
- * Certificate of naturalization issued by DHS, Form N-550 or Form N-570;
- * Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
- * Court-issued, certified copy of a divorce decree;
- * Certified copy of a legal change of name order;

2) Proof of Date of Birth

Scan and submit a certified copy of AT LEAST ONE (1) of the following:

- * Certified copy of a birth certificate or marriage certificate filed with a state office of vital statistics or equivalent agency in the individual's state of birth or marriage;
- * Valid, unexpired U.S. passport [inside cover and first page only] or U.S. passport card;
- * Consular report of birth abroad Form FS-240, DS-1350 or FS-545 issued by the U.S. Department of State;
- * Valid, unexpired permanent resident card (Form I-551) issued by the Department of Homeland Security (DHS) or the U.S. Citizenship and Immigration Services (USCIS);
- * Unexpired employment authorization document issued by the DHS, Form I-766 or Form I-688B;
- * Unexpired foreign passport with the following: a valid, unexpired U.S. visa affixed, and an approved I-94 form documenting the applicant's most recent admittance into the United States or a DHS admittance stamp on

return entrance into the United States or a DHS entrance stamp on the passport;
* Certificate of naturalization issued by DHS, Form N-550 or Form N-570;
* Certificate of citizenship, Form N-560 or Form N-561, issued by DHS;
* Valid, unexpired driver's license or government issued photo identification card.

3) Proof of Hawaii Residency:

Scan and submit AT LEAST ONE (1) of the following source documents as proof of Hawaii state residency for at least five years:

- * State of Hawaii tax return Form N-11 without schedules, worksheets, or attachments, and redacted to remove all financial information and all but the last four digits of the individual's social security number;
- * Evidence of voter registration;
- * Ownership, lease, or rental documents for place of primary domicile;
- * Billing statements including utility bills; or
- * Vehicle registration.

Document size limit is 2 MB. Up to 10 documents may be attached.

SECTION D: FINANCIAL INFORMATION

36. FINANCIAL RESOURCES GENERAL INFORMATION

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Information to be provided:

1) Financial Resources the applying entity has under its control. List each financial resource, amount of the resource (round to nearest dollar, no cents), and verifying information (account type, account number, account name, name of financial institution, applicant contact information) as shown on the spreadsheet

2) Date Resource/Dollar amount under the applying entity's control

[Download Financial Resources General Information Spreadsheet \(/mmjdisp/templates/Financial_Resources_General.xls\)](#)

Upload the completed Financial Resources General Information Spreadsheet

37. Upload Financial Resources General Information Supporting Source Documents

Upload supporting source documents, i.e. bank statements, escrow account information, balance sheets etc. Supporting source documents for Financial Resources General Information must be provided as proof of the financial resources.

Document size limit is 10 MB. Up to 5 documents may be attached.

38. FINANCIAL RESOURCES - RETAIL DISPENSING LOCATION INFORMATION

INSTRUCTIONS: Download the EXCEL spreadsheet below, enter the following information in the format required, and upload it to attach it to your application.

Data to be provided:

1) Financial Resources the applying entity has under its control for each retail dispensing location allowed (2 locations maximum)

2) Dollar Amount (total aggregate for each retail dispensing location shall be not less than \$100,000, or \$200,000 for 2 locations)

3) Date Resource/Dollar amount under the applying entity's control (resources have been under the Applying Entity's control for not less than 90 days)

[Download Financial Resources - Retail Dispensing Location Information Spreadsheet \(/mmjdisp/templates/Financial_Resources_Retail_Dispensing_Location.xls\)](#)

Upload the completed Financial Resources - Retail Dispensing Location Information Spreadsheet

39. Upload Retail Dispensary Location Supporting Source Documents

Upload supporting source documents, i.e. bank statements, escrow account information, balance sheets etc. Supporting source documents for retail dispensary locations must be provided as proof of the financial resources.

Document size limit is 10 MB. Up to 5 documents may be attached.

SECTION E: MERIT INFORMATION - OPTIONAL

Responses for each criteria shall be no longer than specified for each criteria, double spaced, font size no smaller than 12, and margins no less than 1 inch on all sides.

(1) Ability to operate a business, including but not limited to education, knowledge, and experience with:
(A) Regulated industries;

(B) Agriculture or horticulture;
(C) Commercial manufacturing;
(D) Pharmaceutical companies;
(E) Operating or working in a medical marijuana dispensary business;
(F) Creating and implementing a business plan, including a timeline for opening a business;
(G) Creating and implementing a financial plan;
(H) Retail sales;
(I) Secure inventory tracking and control;
(J) Protecting confidential customer information;
(K) Owning or managing a business that required twenty four hour security monitoring; and
(L) Any other experience the applicant considers relevant;

Response to (1) shall be no longer than five (5) pages.

Upload Response to (1)

(2) Plan for operating a medical marijuana dispensary in the county for which the applicant is seeking a license, including but not limited to a timeline for opening a retail dispensing location;

Response to (2) shall be no longer than five (5) pages.

Upload Response to (2)

(3) Proof of financial stability and access to financial resources, including but not limited to:
(A) Legal sources of finances immediately available to begin operating a dispensary;
(B) A summary of financial statements in businesses previously or currently owned or operated by the applicant;
(C) A financial plan for operating a medical marijuana dispensary in Hawaii;
(D) Good credit history; and
(E) History of bankruptcy by the applicant or entities owned or operated by the applicant;

Response to (3) shall be no longer than five (5) pages.

Upload Response to (3)

(4) Ability to comply with the security requirements of Chapter 11-850 and Section 329D-7, HRS;

Response to (4) shall be no longer than five (5) pages.

Upload Response to (4)

(5) Capacity to meet the needs of qualifying patients, including but not limited to:
(A) Educating patients on how marijuana can be used to assist patients with debilitating medical conditions and about the marijuana and manufactured marijuana products that will be available in the applicant's retail dispensing locations;
(B) Producing and maintaining a supply of marijuana that is sufficient to meet the needs of qualifying patients;
(C) Providing safe, accessible retail dispensing locations; and
(D) Measuring and improving customer satisfaction;

Response to (5) shall be no longer than five (5) pages.

Upload Response to (5)

(6) Ability to comply with criminal background check requirements pursuant to Chapter 11-850 and Sections 329D-7, 329D-12, and 846-2.7, HRS;

Response to (6) shall be no longer than three (3) pages.

Upload Response to (6)

(7) Ability to comply with the requirements in Chapter 11-850 and Sections 329 and 329D, HRS, for inventory tracking, security, and dispensing limits for qualifying patients;

Response to (7) shall be no longer than five (5) pages.

Upload Response to (7)

(8) Ability to maintain confidentiality of a qualifying patient's medical condition, health status, and purchases of marijuana or manufactured marijuana products;

Response to (8) shall be no longer than three (3) pages.

Upload Response to (8)

(9) Ability to conduct or contract for certified laboratory testing on marijuana and manufactured marijuana products pursuant to Chapter 11-850 and Sections 329D-7 and 329D-8, HRS;

Response to (9) shall be no longer than three (3) pages.

Upload Response to (9)

(10) Ability to comply with requirements for packaging, labeling, and chain of custody of products;

Response to (10) shall be no longer than three (3) pages.

Upload Response to (10)

(11) A plan for secure disposal of marijuana and manufactured marijuana products;

Response to (11) shall be no longer than five (5) pages.

Upload Response to (11)

(12) Ability to ensure product safety, in accordance with Chapter 11-850 and Sections 329D-8, 329D-10, 329D-11, HRS.

Response to (12) shall be no longer than five (5) pages.

Upload Response to (12)

(13) No history of having a business license revoked.

Response to (13) shall be no longer than three (3) pages.

Upload Response to (13)

SECTION F: CERTIFICATION AND SUBMITTAL

Certification



By checking the box above and entering the individual applicant's name below, the applicant has electronically signed this application.

Applicant Name

Mr Kenneth Barry McPhee

If you have previously submitted an application and this is a revision, enter the unique entry number(s) of your previous submission(s) here.

User ID

45855507

User Email

Entry Info

Date Created

29 Jan 2016 - 12:55:20 PM

Date Updated

IP Address

**OPERATING
AGREEMENT OF
LIMA ULU LLC**

This Operating Agreement (this “**Agreement**”) of LIMA ULU LLC, a Hawaii limited liability company (the “**Company**”) is made and entered into as of this **8th day of October 2015** and appoints **Kenneth Barry McPhee** as Chief Executive Member of the Company (CEM)

**SECTION I.
THE
COMPANY**

1.1 Formation. LIMA ULU LLC was organized as a limited liability company which is a member-managed limited liability company in accordance with the provisions of Chapter 428, Hawaii Revised Statutes, Hawaii Uniform Limited Liability Company Act, as amended (the “**Act**”), that was formed on October 8th, 2015 when the Company’s Articles of Organization (the “**Articles of Organization**”) were filed with the Director of the Department of Commerce and Consumer Affairs of the State of Hawaii (“**Director**”).

1.2 Name. The name of the Company is LIMA ULU LLC. The CEM shall operate the business of the Company under that name or under any other name, as the Member deems necessary or desirable, but in any case, only to the extent permitted by applicable law.

1.3 Business Purpose. The purpose of the Company is to operate a Medical Marijuana Dispensary Operation that provides medical relief to the chronically ill patients of Maui County, and to engage in any lawful activities for which a limited liability company may be organized under the Act. The Company may exercise all powers reasonable or necessary to pursue the same as permitted by law, and may engage in any lawful business related thereto permitted by the Act or the laws of any jurisdiction in which the Company may do business.

1.4 Term. The term of the Company commenced upon the filing of its Articles of Organization and shall continue at will, or shall be terminated or dissolved in accordance with this Agreement or the Act.

1.5 Registered Office and Agent. The principal place of business of the Company shall be at The LLC's principal office which is 225 Punakea Loop, Lahaina, Hawaii 96761. The Company may locate its business at any other place as the CEM deems advisable; provided, that the Company shall at all times maintain a registered agent within the State of Hawaii. The initial registered agent for service of process shall be as set forth in the Articles of Organization. The CEM may, from time to time, change the registered office or agent through appropriate filings with the Director. In the event the registered agent for service of process ceases to act as such for any reason or the registered office shall change, the CEM shall promptly designate a replacement agent for service of process or file a notice of change of address as the case may be.

SECTION II.

DISTRIBUTIONS

2.1 Ownership Percentages. The Member's ownership percentages in the Company is stated in **Exhibit A**, attached hereto. The Member is not required to make any additional capital contributions to the Company but may make additional capital contributions to the Company in its sole and absolute discretion.

2.2 Allocation of Profits and Losses. The Company's profits and losses shall be allocated to the Members.

2.3 Distributions. The Company shall make distributions to the Members at the times and in the aggregate amounts as determined by a majority vote by the Members.

SECTION III. MEMBERSHIP

3.1 Initial Members. The initial Membership of the Company is that person identified as the "**Member**" in the preamble of this Agreement.

3.2 Additional Members. The Members, upon amendment of this Agreement, may admit additional members upon the terms set forth in such amendment and the execution thereof by the Member(s). All members have to be eligible per HRS 329D.

3.3 Liability to Third Parties. No Member shall be liable for the debts, obligations or liabilities of the Company to a third party unless the Member agrees in writing to be liable.

3.4 Withdrawal. A Member may dissociate from the Company. If the Member withdraws from the Company, a new Member shall be admitted to the Company or the members responsibilities will be distributed to active members, subject to **Section VI** below, upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. If a new member is added the admission of the new Member shall be deemed effective concurrent with the dissociation of the Member.

3.5 Loss of Eligibility. If a member becomes no longer eligible to be a member of the Company, the member will be removed from the company. The Company will establish a fair evaluation by a third party if necessary and company will purchase members shares.

SECTION IV. RIGHTS AND DUTIES OF MEMBER

4.1 Limited Liability. Except as may be set forth in this Agreement, the Member shall not be personally liable for any debt, obligations, or liability of the Company (vicariously or otherwise). The failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Member for liabilities of the Company.

4.2 Indemnification of Agents. The Company shall indemnify any person who was or is a

party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he, she or it is or was a Member, Manager, or employee of the Company or that, being or having been such a Member, Manager or employee, he, she or it is or was serving at the request of the Company as an employee or other agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to hereinafter as an “agent”) to the extent of the assets of the Company, and shall not be a personal obligation of the Member. All judgments against the Company, the Member, or such person where the Company provides indemnification must be satisfied by the assets of the Company.

4.3 Insurance. The Company shall have the power to purchase and maintain insurance on behalf of any person who is or was an agent of the Company against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as an agent, whether or not the Company would have the power to indemnify such person against such liability under the provisions of Section IV.2 or under applicable law.

4.4 Ownership of Company Property. All property and other assets owned by the Company shall be owned by the Company as an entity, and held in the name of the Company. A Member shall not have any ownership interest in the Company property in its own name or right.

4.5 Separateness of Operations. The Company shall conduct its business and operations as a legal entity distinct from its Members, and shall:

- Maintain books and records and bank accounts separate from those of the Member;
- Observe all customary organizational and operational formalities;
- Hold itself out to creditors and the public as a legal entity separate and distinct from any other entity;
- Transact all business with affiliates on an arm's length basis and pursuant to enforceable agreements;
- Conduct business in its own name and use separate stationery, invoices, and checks;
- Not commingle its assets or funds with those of any person;
- Not acquire obligations or securities of its Member;
- Correct any known misunderstanding regarding its separate identity;
- Maintain all required qualifications to do business in the state in which the property of the Company is located

SECTION V. MANAGEMENT

5.1 **Management of the Business.** The management of the business is invested in the Members. The members do appoint one Chief Executive Member. The Chief Executive Member is the Member with the most responsibility and head of operations of the business.

5.2 **Members.** The liability of the Members shall be limited as provided pursuant to applicable law. Members may take part in the control, management, direction, or operation of the Company's affairs and shall have powers to bind the Company. Any legally binding agreement must be signed by all Members or present approval of all other Members for one specific Member to sign the binding agreement.

(a) Any decision that involves a sale of the business, a loan, an acquisition of another company, must have the unanimous consent of all member(s).

(b) All day to day decisions and management of the LLC will predominantly be made by the Chief Executive Member, but may be made by any Member(s) in compliance with their duties as Members.

(c) If a Member disagrees with the Chief Executive Member's decision or proposed decision, a Member may call a vote to decide the course of action. A simple majority vote must be completed to take an action on behalf of the LLC in accordance with ARTICLE 4.5. The vote must be in writing.

5.3 **Power of Members** The Members are authorized on the Company's behalf to make all decisions in accordance with ARTICLE 4.2 as to (a) the sale, development lease or other disposition of the Company's assets; (b) the purchase or other acquisition of other assets of all kinds; (c) the management of all or any part of the Company's assets; (d) the borrowing of money and the granting of security interests in the Company's assets; (e) the pre-payment, refinancing or extension of any loan affecting the Company's assets; (f) the compromise or release of any of the Company's claims or debts; and, (g) the employment of persons, firms or corporations for the operation and management of the company's business. In the exercise of their management powers, the Members are authorized to execute and deliver (a) all contracts, conveyances, assignments leases, sub-leases, franchise agreements, licensing agreements, management contracts and maintenance contracts covering or affecting the Company's assets;

(b) all checks, drafts and other orders for the payment of the Company's funds; (c) all promissory notes, loans, security agreements and other similar documents; and, (d) all other instruments of any other kind relating to the Company's affairs, whether like or unlike the foregoing.

5.4 Duties of Members. Each Member must have a duty.

(a) If a Member fails to do the Member's duties for a period of 120 consecutive days, the Member will lose its Membership interest. The start date of failure must be documented.

(b) If a Member fails to do its Member duties for a period of one hundred twenty (120) days out of two hundred thirty nine (239) days, the Member will lose its Membership interest in accordance with this article. The failure days must be documented.

(c) If a Member disputes the completion of another Members duties and is attempting to take over the Members interest, it must do so in writing and certified delivery to the Members residential address listed in exhibit 1. If certified delivery is not available, hand delivery is acceptable by a third party.

(d) Upon receipt of complaint, a Member in question of fulfilling the Members duties must remedy and fulfill the duties it has established within fourteen (14) days.

(e) If Members become in dispute of what the Members duties are; if they are being fulfilled; and have gone through the dispute process outlined in section (a) through (d) of this article, the Members agree to enter into binding mediation or arbitration to decide if the Member's duties are being performed in compliance with the outlined agreed duties of attachment 1. If there is failure to reach an agreement through arbitration or mediation of performed duties of Members, the Members in dispute agree to file a complaint in the appropriate Court to procure a decision by the appropriate Court as to the fulfillment of Members' duties. Upon decision of the Court that a Member has or is failing to meet the duties it has been prescribed to fulfill, the Member will loose and assign its Membership interest to the other Member(s) still remaining.

(f) A value of the non-compliant Member's interest being transferred and assigned to the complaining Member must be made before the transfer can be completed. During the course of the transfer, the non-compliant Member will maintain complete powers of membership in the LLC.

(g) In the event of a dispute of Member's duties, Members may negotiate an exchange of

Membership interests for a lesser amount of Member duties.

5.5 **Disputes of Members.** Disputes among Members will be decided by a majority vote. A member has the amount of votes according to the Members percent of interest. (Example: 11% is 11 votes.) There has to be a majority vote for an action to take place.

5.6 **Chief Executive Member.** The Chief Executive Member shall have primary responsibility for managing the administrative operations of the Company and for effectuating the decisions of the Members.

5.7 **Nominee.** Title to the Company's assets shall be held in the Company's name or in the name of any nominee that the Members may designate. The Members shall have power to enter into a nominee agreement with any such person, and such agreement may contain provisions indemnifying the nominee, except for his willful misconduct.

5.8 **Company Information.** Upon request, the Chief Executive Member shall supply to any member information regarding the Company or its activities. Each Member or his authorized representative shall have access to and may inspect and copy all books, records and materials in the Chief Executive Members possession regarding the Company or its activities.

5.9 **Exculpation.** Any act or omission of the Members, the effect of which may cause or result in loss or damage to the Company or the Members if done in good faith to promote the best interests of the Company, shall not subject the Members to any liability to the Members

5.10 **Indemnification.** The Company shall indemnify any person who was or is a party defendant or is threatened to be made a party defendant, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a Member of the Company, Manager, employee or agent of the Company, or is or was serving at the request of the Company, for instant expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if the Members determine that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Company, and with respect to any criminal action proceeding, has no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of "no lo Contendere" or its equivalent, shall not in itself create a presumption that the person did or did not act in good faith and in a manner which he reasonably believed to

be in the best interest of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was lawful.

5.11 **Records.** The Members shall cause the Company to keep at its principal place of business or at another location agreeable by the Members, the following:

- (a) A current list in alphabetical order of the full name and the last known street address of each Member;
- (b) A copy of the Certificate of Formation and the Company Operating Agreement and all amendments;
- (c) Copies of the Company's federal, state and local income tax returns and reports, if any, for the three most recent years;
- (d) Copies of any financial statements of the limited liability company for the three most recent years.

SECTION VI. DISPOSITION OR TRANSFER OF MEMBERSHIP INTERESTS

6.1 Transfer and Assignment of Interests. The Members shall be entitled to transfer, assign, convey, sell, encumber, and otherwise dispose of, or in any way alienate all or any part of its membership interest. Notwithstanding any provision of the Act to the contrary, upon the disposition of the Member's membership interest, the transferee shall be admitted upon the completion of the transfer and upon the execution of an amendment to this Agreement that provides for its admission. Upon the transfer of the Member's entire membership interest (other than a temporary transfer or transfer as a pledge or security interest), the Member shall cease to be a Members and shall have no further rights or obligations under this Agreement, except that the Member shall have the right to such information as may be necessary for the computation of the Member's tax liability.

SECTION VII. DISSOLUTION AND WINDING UP

7.1 The Company shall dissolve, and its affairs shall be wound up upon the first to occur of the following: (i) the termination or cancellation of this Agreement, or (ii) the withdrawal or dissolution of the Member provided the Member is the sole Member of the Company, or (iii) the occurrence of any event which terminates the continued membership of the Member in the Company unless the business of the Company is continued in a manner permitted by the Act.

The bankruptcy of the Member will not cause the Member to cease to be a Member of the Company, and upon the occurrence of such an event, the business of the Company shall continue without dissolution.

In the event of dissolution, the Manager shall execute such Articles of Termination as are necessary, and in such form as shall be prescribed by the Director, to reflect the dissolution of the Company. The Manager shall conduct only such activities as are necessary to wind up the affairs of the Company, including the sale of the assets of the Company in an orderly manner, and the assets of the Company shall be applied in the manner, and in the order of priority, as set forth in the Act and under the Hawaii Revised Statutes.

SECTION VIII. MEETINGS

8.1 Annual Meetings. Annual meetings shall be held on the second Friday of January each year at the time and place designated by the majority of the Managers. In lieu of the annual meeting, action may be taken by unanimous written consent of the Members.

8.2 Special Meetings. Special meetings of the Members may be called for any purpose by any Manager or Member. Unless waived in writing and signed by all Members and Managers, written notice of the place, time and purpose of the meeting shall be delivered not less than ten (10) nor more than fifty (50) days prior to the meeting.

SECTION IX. AMENDMENTS

9.1 Amendments. The Members and Manager may amend this Agreement at any time; and all amendments must be in writing and signed by all the Members and the Manager.

SECTION X. MISCELLANEOUS

10.1 Entire Agreement. This Agreement and the Articles of Organization constitute the complete and exclusive statement of agreement by the Members and the Manager with respect to the subject matter herein. No representation, statement, condition or warranty not contained in this Agreement or the Articles of Organization will be binding on the Members or Manager, or have any force or effect whatsoever. To the extent that any provision of the Articles of Organization conflict with any provision of this Agreement, the Articles of Organization shall control.

10.2 Severability. If any provision of this Agreement or the application of thereof to any person or circumstance shall be held invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

10.3 Construction. Throughout this Agreement, the masculine, feminine, or neuter, genders shall be deemed to include the masculine, feminine, and neuter and the singular the plural, and vice versa. The section headings of this Agreement are for convenience of reference only and do not form a part hereof and do not in any way modify, interpret, or construe the intention of the Member and Manager.

10.4 Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Hawaii.

10.5 Counterparts and Notices. This Agreement may be executed in counterparts, each of which so executed shall, irrespective of the date of its execution and delivery, be deemed an original, and said counterparts together shall constitute one and the same instrument. Delivery or any notice required to be given under this Agreement may be made by facsimile or electronic transmission and if so made shall be considered delivered on the day after the date that such facsimile or electronic transmission is sent.

[SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE TO OPERATING AGREEMENT


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date written above.

The Company:


LIMA ULU
a Hawaii Limited Liability Company


By Kenneth Barry McPhee
Its Chief Executive Member

The Members:


By Kenneth Barry McPhee 10/12/15
Date:
Its Member


By Doug Waun 10/12/15
Date:
Its Member


By Jon Jancaterino 10/12/15
Date:
Its Member


By Kai McPhee 10/12/15
Date:
Its Member

EXHIBIT A

MEMBER'S PERCENTAGE OWNERSHIP

Kenneth Barry McPhee- 50 %

Doug Waun- 39 %

Jon Jancaterino- 10 %

Kai McPhee 1%

RESOLUTION
OF
LIMA ULU LLC

This resolution by the member of Lima Ulu LLC authorizes (Kenneth) Barry McPhee to apply for the Hawaii Medical Marijuana Dispensary license on behalf of the entity.

 Douglas Waun	<u>1/28/16</u> Date
 Kenneth Barry McPhee	<u>1/28/16</u> Date
 Jon S Jancaterino	<u>1/28/16</u> Date
 Kai McPhee	<u>1/28/16</u> Date

FILED 10/08/2015 08:44 AM
Business Registration Division
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
State of Hawaii



STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Business Registration Division
335 Merchant Street
Mailing Address: P.O. Box 40, Honolulu, Hawaii 96810
Phone No.(808) 586-2727



ARTICLES OF ORGANIZATION FOR LIMITED LIABILITY COMPANY
(Section 428-203 Hawaii Revised Statutes)

PLEASE TYPE OR PRINT LEGIBLY IN BLACK INK

The undersigned, for the purpose of forming a limited liability company under the laws of the State of Hawaii, do hereby make and execute these Articles of Organization:

I

The name of the company shall be:

LIMA ULU LLC

(The name must contain the words *Limited Liability Company* or the abbreviation *L.L.C. or LLC*)

II

The mailing address of the initial principal office is:

225 PUNAKEA LOOP, LAHAINA, HI 96761 USA

III

The company shall have and continuously maintain in the State of Hawaii a registered agent who shall have a business address in this State. The agent may be an individual who resides in this State, a domestic entity or a foreign entity authorized to transact business in this State.

- a. The name (and state or country of incorporation, formation or organization, if applicable) of the company's registered agent in the State of Hawaii is:

KAI MCPHEE

(Name of Registered Agent)

(State or Country)

- b. The street address of the place of business of the person in State of Hawaii to which service of process and other notice and documents being served on or sent to the entity represented by it may be delivered to is:

[REDACTED]

IV

The name and address of each organizer is:

KAI MCPHEE

[REDACTED]

I HEREBY CERTIFY that this is a true and correct copy of the official record(s) of the Business Registration Division.



Attest: David L. Baker
DIRECTOR OF COMMERCE
AND CONSUMER AFFAIRS

January 12, 2016

V

The period of duration is (check one):



At-will



For a specified term to expire on: _____

(Month Day Year)

VI

The company is (check one):

a.

Manager-managed, and the names and addresses of the initial managers are listed in paragraph "c",
and the number of initial members are:

b.



Member-managed, and the names and addresses of the initial members are listed in paragraph "c".

c.

List the names and addresses of the initial managers if the company is Manager-managed, or
List the names and addresses of the initial members if the company is Member-managed.

KAI MCPHEE

KENNETH BARRY MCPHEE

DOUG WAUN

JON S. JANCATERINO

VII

The members of the company (check one):



Shall not be liable for the debts, obligations and liabilities of the company.



Shall be liable for all debts, obligations and liabilities of the company.

Shall be liable for all or specified debts, obligations and liabilities of the company **as stated below**, and have consented in writing to the adoption of this provision or to be bound by this provision._____

We certify, under the penalties set forth in the Hawaii Uniform Limited Liability Company Act, that we have read the above statements, I am authorized to sign this Articles of Organization, and that the above statements are true and correct to the best of our knowledge and belief.

08

OCTOBER 2015

Signed this

_____ day of _____

KAI MCPHEE

(Type/Print Name of Organizer)

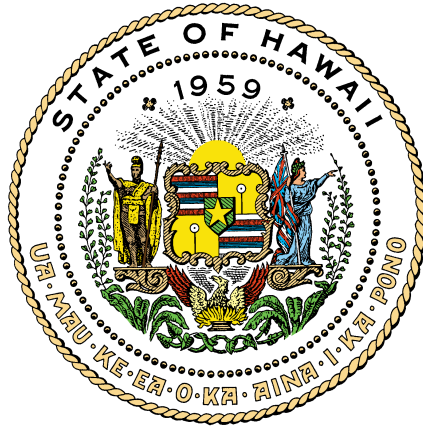
KAI MCPHEE

(Signature of Organizer)

(Type/Print Name of Organizer)

(Signature of Organizer)

10/08/201555907



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that according to the records of this Department,

LIMA ULU LLC

was organized under the laws of the State of Hawaii on 10/08/2015 ;
that it is an existing limited liability company in good standing
and is duly authorized to transact business.



IN WITNESS WHEREOF, I have hereunto set
my hand and affixed the seal of the
Department of Commerce and Consumer
Affairs, at Honolulu, Hawaii.

Dated: January 12, 2016

Director of Commerce and Consumer Affairs

FILED 10/08/2015 08:44 AM
Business Registration Division
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
State of Hawaii



STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Business Registration Division
335 Merchant Street
Mailing Address: P.O. Box 40, Honolulu, Hawaii 96810
Phone No.(808) 586-2727



ARTICLES OF ORGANIZATION FOR LIMITED LIABILITY COMPANY
(Section 428-203 Hawaii Revised Statutes)

PLEASE TYPE OR PRINT LEGIBLY IN BLACK INK

The undersigned, for the purpose of forming a limited liability company under the laws of the State of Hawaii, do hereby make and execute these Articles of Organization:

I

The name of the company shall be:

LIMA ULU LLC

(The name must contain the words *Limited Liability Company* or the abbreviation *L.L.C. or LLC*)

II

The mailing address of the initial principal office is:

225 PUNAKEA LOOP, LAHAINA, HI 96761 USA

III

The company shall have and continuously maintain in the State of Hawaii a registered agent who shall have a business address in this State. The agent may be an individual who resides in this State, a domestic entity or a foreign entity authorized to transact business in this State.

- a. The name (and state or country of incorporation, formation or organization, if applicable) of the company's registered agent in the State of Hawaii is:

KAI MCPHEE

(Name of Registered Agent)

(State or Country)

- b. The street address of the place of business of the person in State of Hawaii to which service of process and other notice and documents being served on or sent to the entity represented by it may be delivered to is:

[REDACTED]

IV

The name and address of each organizer is:

KAI MCPHEE

[REDACTED]

I HEREBY CERTIFY that this is a true and correct copy of the official record(s) of the Business Registration Division.



Attest: David L. Baker
DIRECTOR OF COMMERCE
AND CONSUMER AFFAIRS

January 12, 2016

V

The period of duration is (check one):



At-will



For a specified term to expire on: _____

(Month Day Year)

VI

The company is (check one):

a.

Manager-managed, and the names and addresses of the initial managers are listed in paragraph "c",
and the number of initial members are:

b.



Member-managed, and the names and addresses of the initial members are listed in paragraph "c".

c.

List the names and addresses of the initial managers if the company is Manager-managed, or
List the names and addresses of the initial members if the company is Member-managed.

KAI MCPHEE

KENNETH BARRY MCPHEE

DOUG WAUN

JON S. JANCATERINO

VII

The members of the company (check one):



Shall not be liable for the debts, obligations and liabilities of the company.



Shall be liable for all debts, obligations and liabilities of the company.

Shall be liable for all or specified debts, obligations and liabilities of the company **as stated below**, and have consented in writing to the
adoption of this provision or to be bound by this provision._____
_____We certify, under the penalties set forth in the Hawaii Uniform Limited Liability Company Act, that we have read the above statements, I am authorized to
sign this Articles of Organization, and that the above statements are true and correct to the best of our knowledge and belief.

08

OCTOBER 2015

Signed this

_____ day of _____

KAI MCPHEE

(Type/Print Name of Organizer)

KAI MCPHEE

(Signature of Organizer)

(Type/Print Name of Organizer)

(Signature of Organizer)

10/08/201555907

OWNER / PRINCIPAL / MEMBER REPORT									
Please include a signed statement by each Owner, Principal, or Member certifying that the information is complete and accurate.									
Name of Owner, Principal, or Member	Address (Street, City, State, Zip, Country (if not USA))	Phone Number	Email Address	Percent Interest in the Company	State of Primary Residence	Number of Years Lived in Hawaii (most recent uninterrupted number of years person has been a resident)	Has person ever been convicted of a Felony? (If So, STOP, they are not an eligible applicant)	Has person ever been convicted of a crime?	If person has been convicted of a crime, please describe (e.g., conviction, date, disposition, etc.)
Kenneth Barry McPhee				51					
Douglas Waun				39					
Jon S Jancaterino				10					
Kai McPhee				1					

E01 Response

Lima Ulu LLC's mission is to strive for excellence in its approach to producing, manufacturing and dispensing medical marijuana products. It is comprised of principal members that collectively lend over 40 years expertise running successful medical marijuana and commercial businesses in Maui county and Seattle, Washington (**See attachment E01.01 Member Bios**). We have assembled a network of strategic advisory support and staff with specialized experience to manage aspects of the business in their areas of expertise to ensure success. The policies regarding position requirements and expectations are included in our staffing plan (**See attachment E01.02 Staffing Plan**).

A) Regulated Industries: Lima Ulu LLC is comprised of a talented executive team that has extensive experience in regulated industries. **Douglas Waun - Chief Operational Officer (COO)** currently holds two retail marijuana dispensary licenses, owns and has developed ten acres of land which hosts six producers and processors in the state of Washington, licensed through the Washington State Liquor and Cannabis Board. (**See attachment E01.03 Letter of Recommendation**). **Kenneth Barry McPhee - Chief Executive Officer (CEO)** has owned and operated several businesses regulated by the state of Hawaii, including a purified retail water company closely monitored by the State Department of Health (**See attachment E01.04 Letter of Support**). **Dr. Jon S. Jancaterino, MD, FACEP - Chief Medical Officer (CMO)** is an Emergency Room Physician with over 25 years of experience. He has held a Hawaii State Medical License since 1992 and has served in several leadership roles throughout his career. Additionally, Lima Ulu has engaged well known pioneers of the regulated medical marijuana industry to serve on the company's Advisory Board. This board serves to provide strategic guidance and apply best practices from the marijuana industry and traditional industries including: agriculture, manufacturing, distribution and pharmaceutical. **Jill Lamoureux, MBA** is a nationally recognized

expert in medical marijuana regulation and policy. She has served on working groups for the Colorado Department of Health and played an active role in the first state-mandated industry, physician, patient and caregiver regulations in the nation.

B) Agriculture and Horticulture: Kenneth Barry McPhee (CEO) currently owns and operates Punakea Palms, a coconut palm plantation on 13 acres of agricultural land in Lahaina in its 11th year of operations. Operation of this plantation has afforded him demonstrated agricultural experience in the West Maui environment and working knowledge of the Maui county agriculture rules and regulations. Punakea Palms is managed full-time by **Kai McPhee (CHO)**, responsible for daily operations and maintenance of farm production of over 10,000 coconuts and 15,000 lbs. of coconut coir annually. **Douglas Waun (COO)** owns a 10 acre marijuana farm in WA State. He has designed and built six licensed marijuana cultivation centers overseen by the Washington State Liquor and Cannabis Board. **Jill Lamoureux (Consultant)** owned and operated four licensed medical marijuana dispensaries, three cultivation facilities and a commercial kitchen in Colorado for four years, providing the Lima Ulu team with integral operational knowledge and experience.

C) Commercial Manufacturing: Kenneth Barry McPhee (CEO) owned and operated Pacific Water Resources, Inc., a purified water business. In addition to the purification process, the company also operated a bottling plant and handled distribution. He received the Governor's Commendation for Hawaii's Fastest 50 awards program, sponsored by Pacific Business News and First Hawaiian Bank. This award recognizes excellent performance by entrepreneurs whose ingenuity, hard work and perseverance have created and sustained a successful, growing business venture (**See attachment E01.05 Letter of Commendation**). **Douglas Waun (COO)** has been manufacturing products in China for the past several years; products directly related to the medical marijuana market. Douglas owns a commercial building in Washington State occupied by a licensed

medical marijuana processing operation currently manufacturing concentrates, oils, edibles, topicals, pills and other marijuana products.

D) Pharmaceutical Companies: Dr. Jon Jancaterino, MD (CMO) has been working with pharmaceutical companies for 27 years and has held a Hawaii schedule II drug license for over a decade and a Federal DEA license for over 2 decades. Dr. Jancaterino has strictly adhered to Board examinations and yearly educational testing, including completion of CME's related to multiple prescription drugs. This extensive training includes dosing, formulations, side effects and drug interactions. He has significant experience with medical marijuana patients in the Emergency Department and is formally trained to identify complications related to single use marijuana and issues related to poly-pharmaceuticals and cannabis. Dr. Jancaterino will be directly involved in Lima Ulu's medical marijuana product development. **Dominic Cerra RPH**, is a licensed pharmacist with over 25 years of experience. His specialties include designing and implementing support treatment plans for certain conditions and facilitating physician and patient relationships.

E) Medical Marijuana Dispensary Business: Douglas Waun (COO) has owned and operated a medical marijuana dispensaries in Washington state for over three years. Douglas has successfully implemented security and safety protocols, inventory management procedures, patient intake protocols, patient information security and patient education, all with strict security compliance. **Jill Lamoureux (Consultant)** has spent four years owning and operating four medical marijuana dispensaries in Colorado. She has also served as a Subject Matter Expert to various dispensary operations and researchers, both domestically and internationally. She has over eight years of extensive experience in the regulated marijuana industry.

F) Creating and Implementing a Business Plan: Kenneth Barry McPhee (CEO) has been a lifelong successful entrepreneur in Hawaii, attaining numerous accolades and commendations

regarding his business ventures. He has maintained a perfect record of creating startup concepts and developing them into expanding, profitable enterprises. **Douglas Waun (COO)** also has a long track record of entrepreneurialism, having started or curated twelve profitable businesses over the course of his career.

G) Creating and Implementing a Financial Plan - Kenneth Barry McPhee (CEO) has an extensive entrepreneurial background. In 1988, he founded Ocean Riders Adventure Rafting with annual sales in the first year at [REDACTED] and by year four exceeding [REDACTED]. **Denise Tjarks (CFO)** has over 20 years experience working in various operational roles in manufacturing, IT and financial sectors. Additionally, Denise has demonstrated success working with several small businesses to build solid financial plans which translated to controlled growth, cost containment and increased sales revenues. **Douglas Waun (COO)** has been in the medical marijuana industry since 2010 when he founded Green Wellness. Douglas created a successful business and financial plan in a new and regulated marketplace. Green Wellness continues to operate today, providing physician consultations at seven locations throughout Washington State. Most recently, Douglas has opened several medical and recreational marijuana facilities, strictly adhering to all state laws and guidelines set forth by the Washington State Liquor and Cannabis Board.

H) Retail Sales: Douglas Waun (COO) owned and operated successful retail clothing boutiques from 2000-2010. Douglas was awarded one of the first retail marijuana licenses in 2014 issued by Initiative 502 in Washington State. He received his 2nd retail marijuana license in 2015 in Seattle and a 3rd licence will be issued in February of 2016. Douglas is poised to provide his years of expertise to the Hawaii medical marijuana market. **Kenneth Barry McPhee (CEO)** owned and operated a retail water company for over 11 years.

I) Secure Inventory Tracking and Control: Douglas Waun (COO) has been working with BioTrack for over 2 years and performs monthly audits in each of his medical marijuana locations with less than [REDACTED].

J) Protecting Confidential Information: Lima Ulu will implement HIPAA compliant information security protocols in our medical marijuana dispensaries to be overseen by **Dr. Jon Jancaterino (CMO)**. **Dr. Jancaterino** will serve as Lima Ulu's Privacy Officer, contributing his extensive experience from over 25 years maintaining HIPAA compliance in emergency room and urgent care departments.. His managerial roles and experience will facilitate the development, implementation and oversight of protecting confidential information providing dispensary staff meetings with teaching videos and training updates. **Douglas Waun (COO)** has been implementing these protocols and working with the technology for the past three years in Washington including SSL encrypted security technology. All patient data is tracked and monitored to protect confidentiality.

K) Owning a Business that Requires 24 hour Security and Monitoring: Douglas Waun (COO) has three years experience in the Washington medical marijuana marketplace, maintaining 24 hour security and monitoring in his medical marijuana dispensaries, cultivation and production facilities.

L) Other relevant information: Lima Ulu has methodically assembled a responsible and experienced team of professionals. The team is specifically designed to realize our vision of providing medical marijuana and to implement this exigent service for the community of Maui County, founded by Kenneth Barry McPhee, Maui County businessman of 40+ years. We are committed to bringing compassionate care to the people it serves in Maui County. By providing quality marijuana products and education in a safe, reliable, and professional environment, Lima Ulu strives to help those who are otherwise unrelieved through standard medicine.

LIMA ULU LLC

E01 Response Attachments

Reference no.	Page no.
E01.01 Member Bios	7 - 10
E01.02 Staffing Plan	11 - 46
E01.03 Letter of Recommendation	47
E01.04 Letter of Support	48
E01.05 Letter of Commendation	49 - 52

Kenneth Barry McPhee

Date of birth: [REDACTED]

Place of Birth: Montreal Canada

US Citizen since: July 1976

Social Security number: [REDACTED]

Hawaii resident: 1972-1980
1986-present

Education: UH Manoa Marine Biology 1972-74

US Coast Guard License Master Mariner 100 Ton: 1976-2000

Businesses created, implemented and run:

1974-76 Buzz's Steak House Kailua-Kona
Secured location, built out site and started-up operations, managing partner.

1977-1980 Alihilani Yacht Charters Lahaina, Maui
Sailing, snorkeling, and whale watch charters based at Lahaina, Maui.

1987-1992 Ocean Riders Adventure Rafting Lahaina, Maui
Operating a fleet of ocean-safe Avon rigid hulled inflatable crafts, offered fun, exciting and educational excursions to Molokai and Lanai in summer months and educational whale watch trips in winter months.

In 1989 produced Maui ocean activity industry's first television commercial, which was edited entirely by the McPhee's. This commercial was used by the Maui Chamber of Commerce in a marketing campaign used across the mainland in promoting tourism to Hawaii. This commercial won a Cleo award in New York for "Creative Concept".

Sales for this company were \$200,00 in year one and \$800,00 in year four. The company is still operating successfully.

1992-2003 Pacific Water Resources, Inc, dba Lahaina Pure Water Company and The Water Store.

The original Lahaina location started dispensing bulk purified water produced with reverse osmosis purification. Additional locations in Kahului and Kihei opened in 1994 and 2002. All three stores carried full lines of water related products from bottles and dispensers to home filtration and purification systems. In addition to offering bulk purified water at a basic rate the stores focused on educating their customers about the different purification and filtration options available. Each store also offered vending machine water dispensers so that customers could get their water refill any time of day or night. In 1993 the company incorporated bottled water delivery into its product line, servicing homes and

businesses island wide with 5 gallon purified water delivery. The bottling plant was also used to produce a line of half and full liter personal sized bottled water. Marketed under the “Maui Mist” brand it was sold in major food markets and convenience stores island wide.

In 1998 Pacific Water Resources was selected as one of Hawaii’s “Fastest 50” growing businesses by Pacific Business News. See attachment

Community service and involvement is an important part of Barry McPhee’s business philosophy. Lahaina Pure Water (LPW) and the Water Store had a consistent policy of supporting community organizations and events with donations of purified water, purified ice, dispensers and cups to all youth organizations at no cost on a daily basis as needed. These included Maui Youth Center, AYSO, West Maui Little League, West Maui kids basketball, and any special school or other community events. LPW built and donated a purified water drinking fountain to King Kamehameha III School on Front St. LPW donated a water cooler and free purified water to the Maui Police Department for their kiosk on Front Street in front of the Baldwin House. See attachment

As a producer of purified water LPW was required to keep batch and production records. In addition to providing the required weekly samples to the Maui County Dept of Health Lab, LPW had its on lab on site and kept records of samples taken daily. LPW also provided samples as required by the State Dept of Health for testing in the State Lab In Honolulu.

Dr. Jon S. Jancaterino, MD, FACEP

Dr. Jon Jancaterino is an Emergency Room Physician with over 25 years of experience. He has held a Hawaii State Medical License since 1992 and has served in several leadership roles throughout his career. Dr. Jancaterino began practicing full-time Emergency Medicine in Boston in 1992. He practiced for 17 years in Boston, with occasional work as a locums tenum in Hawaii. He has obtained and maintains board status certification in Emergency Medicine which is one of the strictest of the American Medical Board Specialties.

Approximately 10 years ago, Dr. Jancaterino became a full-time employee in the Queen's Medical Center Emergency Department. From 2008 to 2010, he was the Assistant Chairman of the Emergency Department and on the Patient Quality Review Committee. He was also a clinical instructor in medicine at the John A. Burns school of medicine, where he taught medical student didactic lectures and clinical medicine to medical students and residents in the Emergency Department. He also served as the Medical Director for Hawaii Pain Management LLC, a therapy clinic completely based on using outpatient psychologists and group therapy for chronic pain patients. The clinic is solely focused on the use of psychological supports and does not rely on the use of any prescription drugs for patient pain relief. After leaving QMC in 2010, Dr. Jancaterino moved to Maui where he currently practices full-time Emergency Medicine in the Maui Memorial Emergency Department along with a number of other administrative duties.

Douglas Waun, Chief Operating Officer

Founded Green Wellness in 2010 - A collective of seven naturopathic doctor's offices throughout the state of Washington. Committed to educating patients on medical marijuana, researching specific ailments that see major benefits from medical marijuana and helping patients use medical marijuana in the most effective way, concentrating on CBD non-psychoactive therapies. Voted best clinic 2 years in a row from a leading medical marijuana magazine, Green Wellness sees over 20,000 people a year and is a leader in medical marijuana education.

Douglas also owns 10 acres of land in eastern Washington that has been developed for commercial medical marijuana cultivation. Douglas has created six grow facilities and has engaged experienced licensed commercial growers to run cultivation for the Washington State medical marijuana market. This property successfully produced over 4000 pounds of medical marijuana during the grow season of 2015 as has been identified as "the future of medical marijuana cultivation" by Marijuana Venture Magazine.

Douglas brings a strong medical and pharmaceutical approach to cultivation and dispensing medical marijuana. He has a 'patient first' approach to his businesses, as shown by his dispensary locations, access and aesthetics of a state of the art medical facility, providing easy access for disabled patients, wheelchair access and a compassionate pricing model for low income disabled patients.

Douglas also co-founded Green Life Cannabis in central Washington in 2014 and Seattle Cannabis Company in downtown Seattle, these dispensaries serve more than 100,000 people a year and are leaders in dispensing regulated marijuana.

Douglas is passionate about his work and will be a tremendous asset to the Hawaii Medical Marijuana program.

LIMA ULU LLC

STAFFING PLAN / HUMAN RESOURCE POLICIES

INTRODUCTION

PART 1- MANAGEMENT OVERVIEW

Lima Ulu Board of Advisors (also referred to as Board of Directors)
Executive Management Team

PART II- MANAGEMENT STAFF Pharmaceutical Management Community Relations
Management General Management Production/Manufacturing Management Cultivation
Management
Director of Security

PART III - EXISTING STAFF POSITIONS JOB DESCRIPTIONS

Pharmacists
Production Manufacturing Manager
Quality Assurance Officer
Master Marijuana Cultivator (Grower)
Cultivation Manager
Director of Security
Customer Service and Community Relations Manager

PART IV-PROPOSED STAFF JOB DESCRIPTIONS

President Medical Director Inventory Agent
Dispensary General Manager
IT Manager
HR Manager Dispensing Agent Laboratory Technician
Sanitation and Waste Manager
Sanitation Assistant
Packers
Mother/Clone Vegetation Managers OR Mother/Clone/Manager
Vegetation Manager
Gardener -Cultivation Assistants

PART IV-PROPOSED STAFF JOB DESCRIPTIONS (cont.)

Extraction Specialist Laboratory Technician Trimming Manager Trimmers
Manual Laborers Electrical/Mechanical/System Engineers Order Fulfillment Director

PART V- STAFFING TIMELINE

PART VI- HIRING PROCESS

Hiring Protocols

Recordkeeping

Training

Performance Evaluations Disciplinary Actions Employment Contracts

PART VII- HUMAN RESOURCES GENERAL POLICIES

Recruitment and Hiring

Labor Agreement

Equal Employment Opportunity Harassment Policy Compensation

Employee Benefits

Performance Appraisals and Evaluations

Fair and Ethical Conduct

Open Door Policy

Job Training

INTRODUCTION

Lima Ulu submits this staffing plan, which outlines all positions that will be involved in activities related to the cultivation, manufacturing, and dispensing of medical marijuana, or having oversight thereof. Please also refer to the Lima Ulu LLC Organizational Chart provided herein. As directed by HDOH, Lima Ulu has identified people to fill positions ready to staff as well as currently vacant positions which are staff that will be hired if Lima Ulu is granted a registration by HDOH.

Lima Ulu affirmatively states that:

- all Lima Ulu staff will be twenty-one (21) years of age or older,
- all staff involved in manufacturing will be trained in and conform to good general sanitary practices, and
- at no time shall Lima Ulu employ anyone who would come into contact with or handle medical marijuana who has been convicted of any felony in accordance with Hawaii State law.

Lima Ulu identifies the following staff positions:

Lima Ulu will have a Board of Advisors, management and senior staff members. Job descriptions for existing managers, senior staff and for anticipated hires are found in Parts III and IV of this Staffing Plan.

Also included herein is Lima Ulu's staffing timeline, training requirements, and human resource policies. While not specifically required to be submitted, **Lima Ulu is also providing with this Application, its Employee Manual and Employee Code of Conduct in the Supplemental Exhibits.**

PART I- MANAGEMENT OVERVIEW

The following are members of Lima Ulu's Board of Advisors, who will be responsible for overseeing and guiding Lima Ulu's Executive Management Team.

Executive Management Team

Collectively, the Executive Management Team will oversee all Corporate Governance responsibilities including:

- Lima Ulu's day-to-day operations, either directly or through subordinates;
- Operational strategies and policies;
- Fiduciary matters;
- Human resources;
- Information technology; and
- Corporate compliance.

Reporting to the Board of Directors is Lima Ulu's Executive Management Team:

- Barry McPhee, Chief Executive Officer (CEO)
- Dr Jon Jancaterino, M.D., Chief Medical Officer (CMO)
- Denise Tjarks, Chief Financial Officer (CFO)
- Kai McPhee , Chief Horticulture Officer (CHO)
- Douglas Waun, Chief Operations Officer (COO)
- Stephen Pingree JD, Chief Compliance Officer (CCO)

Chief Executive Officer (CEO)

Kenneth “Barry” McPhee (CEO) is specifically charged with overseeing Lima Ulu, LLC and will

focus day-to-day concerns for Community Relations. Mr. McPhee attended University of Hawaii at Manoa. He started his career as a business entrepreneur by partnering with a successful island restaurant owner to establish a new location. Over the next thirty years in Hawaii he went on to develop successive successful businesses on his own, in which he used his skills in every aspect of starting and running a business. He has the vision and sense of timing to seize on opportunities, which are critical elements of entrepreneurship. He has secured funding, done market research, created logos, advertising, and marketing campaigns, run day to day operations, managed employees, complied with federal, state, and local licensing and regulations, and done whatever needed doing to keep his businesses successful. He developed a business philosophy which put customer service and satisfaction as the first priority, with community service and involvement a close second.

Chief Medical Officer (CMO)

Dr Jon Jancaterino, M.D. Beyond Dr. Jancaterino's commitment to patient care, he is a generous supporter and volunteer to numerous organizations providing emergency care. He will oversee patient education, the development of patient education materials along with training of dispensary staff. He brings scientific and medical experience, in addition to his personal commitment to compassionate care into the emerging field of medical marijuana, and will effectively guide Lima Ulu in its business development.

Chief Financial Officer (CFO)

Denise Tjarks, MBA, received her master's degree in business from Upper Iowa University. As CFO, Denise will develop and implement strategies, practices and policies to address the financial and accounting requirements for Lima Ulu. She will perform highly specialized accounting operations, functional analyses and financial reporting, and summarizing and evaluating the output and analyses of accounting professionals in developing consolidated views of financial results/position. This will entail preparing and reviewing consolidated financial statements and accompanying analyses in accordance with IRS regulations and GAAP. In addition, she will analyze trends, provide financial forecasts and identify potential problems and performance exposures. She will conduct thorough research and work with external accountants, as needed. In her position, she will be resolving technical accounting issues, as well as formulating accounting practices and standard procedures. Among her other duties are designing and preparing required consolidated disclosures as well as developing and recommending necessary changes to schedules, notes and other disclosures consistent with changes in business operations.

Chief Horticulture Officer (CHO)

Kai McPhee, Certified Horticultural Officer with an education from University of California San Diego. He will direct all aspects of cultivation, including plant inventory. This role will oversee all cultivation activities, following all seed-to-harvest protocols. The Lima Ulu team will implement leading proprietary methodologies for cultivation and revolutionary horticultural technology within Lima Ulu's operations. The Lima Ulu executive team is committed to the mission and vision of making new marijuana-based therapies available to those suffering from debilitating diseases. All Lima Ulu staff will employ this philosophy to produce the best plants and products possible, starting with Lima Ulu's "Green Team." Under Mr. McPhee's leadership, Lima Ulu will set the standard for medical-grade marijuana product uniformity, quality and safety.

Chief Operations Officer (COO)

Douglas Waun(COO) will supervise Human Resources, Dispensary Operations, Patient Education, Extraction, Formulation, and Production. Utilizing his business administration education and hands-on experience, evolving Lima Ulu's strategic planning efforts, and leveraging marijuana industry relationships to secure Lima Ulu's exclusive access to proprietary best practices and top talent. He has further spearheaded Lima Ulu's community outreach efforts by advancing the company's vision and mission throughout the State and obtaining endorsements from local businessmen where Lima Ulu intends to locate facilities. His involvement has been recognized for his commitment to excellence, has galvanized his corresponding commitment to make new marijuana therapies available in Hawaii State through innovation and industry-specific competitive advantages.

Chief Compliance Officer (CCO)

Stephen Pingree JD (CCO) will be responsible for Security, Compliance, and Inventory. He has also provided consulting services in for many marijuana businesses through his law firm in Hawaii. Stephen has a background of helping Hawaii Medical Marijuana businesses comply with the myriad of Federal and State laws, and complex regulations to successfully operate a legal and profitable Medical Marijuana business in Hawaii. Stephen has legal and business experience in the development of Medical Marijuana Business in Hawaii and Nevada, consulting clients with the regulatory rules to obtain a Medical Marijuana business license and dealing with the Federal Laws relating to the Marijuana industry in general.

Stephen is licensed to practice before the courts in the State of Hawaii, the U.S. District Court for the District of Hawaii, the U.S. District Court for the Western District of Wisconsin, the 9th Circuit Court of Appeals, the U.S. Tax Court and the Supreme Court of the United States.

PART II" MANAGEMENT STAFF

PHARMACEUTICAL MANAGEMENT

The Pharmacists will oversee dispensing medical marijuana to patients and caregivers, and will review daily inventory reports to ensure product sales and current inventories reconcile with the inventory control system. They will also actively engage in research regarding the efficacy of medical marijuana. Lima Ulu has engaged a pharmacist to manage each of our dispensaries upon award of the license. Lima Ulu pharmacists will also act as the Dispensary managers, who will provide oversight of all day-to-day dispensary operations.

Dominic W. Cerra. Rph, Pharmacy

Dominic Cerra a licensed pharmacist for 25+ years. His specialties Include designing and implementing support treatment plans for certain conditions and facilitate the physician and patient relationship. Helping members effectively manage rare or complex diseases and make the most of their benefits by giving them access to the right specialty medications, programs and support so they can achieve the right results while saving the company and patient from unneeded healthcare expenses. Ensure consistent management across medical and pharmacy benefits. Improve care coordination by aligning support programs, data and clinical resources for the best therapeutic outcome. As studies have shown that medical marijuana helps relieve pain and stimulate appetite, she is encouraged that the medical marijuana program will assist those patients she sees on a daily basis. He looks forward to contributing his experiences and expertise to Lima Ulu in this emerging field and groundbreaking business.

GENERAL MANAGEMENT

Community Relations Coordinator

Heidi Erhardt will hold the position of community relations coordinator for Lima Ulu, in which she will lead company outreach efforts in the areas of substance abuse, compassionate needs, environmental awareness, and patient medical access.

CULTIVATION MANAGEMENT

Cultivation Manager

Lima Ulu identifies Kai McPhee as its senior staff member who has 10 years of experience in good agricultural practices (GAP). knowledgeable in all aspects of both cultivation and business development.

Master Marijuana Cultivator (Grower)

Lennon Ficalora - Fresh Productions Inc.

15 years experience in cannabis cultivation, 2 years licensed in Washington for production and processing. Fresh productions supplies dried cannabis and a full product line of concentrates along with topicals (lotions and other products) Rosin Tech in house concentrates - BHO Outsourced

Formulation Chemist (to be hired)

Lima Ulu will hire a formulation chemist to manage and facilitate the creating of concentrates, topicals and other products.. Lima Ulu will set forth training requirements for the formulation chemist and Lima Ulu will hire and train him or her according to those requirements.

PART III- STAFF POSITIONS JOB DESCRIPTIONS**Pharmacists/Technicians**

Basic Function and Scope of Responsibilities: Pharmaceutical Management Directors or Technicians will develop and implement Lima Ulu's overall medical and clinical strategies and will report to Dr Jon Jancaterino MD, Lima Ulu's Chief Medical Officer. They will be responsible for the scientific and medical capability (intellectual assets) of the business and will lead development of products and technologies. The Pharmaceutical Management Directors / Technicians will ensure patient well-being is at forefront of organization's objectives.

Essential Duties:

- Lead medical/clinical evaluation and development of new marijuana derivative products and routes of administration
- Develop policies and procedures to ensure safety and monitoring of products, including processes to address product issues, recalls, and product complaints
- Lead adverse event investigation and response
- Coordinate with Medical Director to interface with physicians and/or patients related to medical inquiries associated with products
- Develop and maintain relationships with key opinion leaders
- Participate in executive strategic planning
- Assist with the development and implementation of in-house laboratory testing protocols
- Assist in responding to regulatory inquiries related to medical matters or patient safety
- Assist in recruiting, hiring, and evaluating the performance of personnel involved in patient consultation, patient safety, and patient education and product testing

Other Qualification Requirements:

- High level of medical competence
- Experience understanding good manufacturing practices and good laboratory practices
- Solid track record of interaction with regulatory agencies
- Good leadership skills and collaborative mindset
- Good communication skills and experience in patient consultation and education

Manufacturing Manager

Education Requirements: Bachelor's Degree

Basic Function and Scope of Responsibilities: The production manager will have oversight of the inventory control system of the marijuana derivative product-manufacturing environment.

Essential duties:

- Maintain employee scheduling
- Plan, organize and direct the extraction derivative marijuana product manufacturing and production operations
- Oversee destruction of marijuana derivative products
- Initiate, plan, process and minimize manufacturing costs through effective utilization of manpower, equipment, facilities, materials, and capital
- Assure attainment of business objectives and production schedules while insuring product standards that exceeds customers' expectations
- Implement manufacturing strategies and action plans to ensure that the facility supports the company's strategic initiatives
- Establish group and individual accountabilities throughout assigned departments for problem solving and cost reduction, both on a permanent and ad-hoc basis, depending on need
- Encourage use of new techniques and focus on fact-based problem solving
- Improve manpower utilization within existing departments and processes
- Schedule stability that allows for maximum return on productivity
- Manage spending against budget, controlling spending in relation to changes in production volume
- Control inventory of the marijuana derivative product
- Handle batch tracking and record keeping
- Be familiar with provisions of Hawaii law and regulations and current Good

Manufacturing Practices

- Satisfy licensed dispensary organization application requirements and obtain security clearance

Experience Requirements: Manufacturing oversight of a commercial facility. The job requires a Bachelor's Degree, ten years of work-related experience with strong process/product knowledge. Strong communication and team leadership skills may be substituted in lieu of degree.

Quality Assurance Officer

Education: Bachelor's Degree

Basic Function and Scope of Responsibilities: Manage quality systems to assure their effective implementation throughout the company and provide management information to facilitate continuous improvement

Essential Duties:

- Develop, maintain and direct quality assurance programs
- Review production records to assure that no errors have occurred or, if errors have occurred, that they have been fully investigated and resolved
- Directly involve with customers as required by external audits, root cause analysis of complaints and/or returns
- Supervise workers engaged in inspection and testing activities to ensure high productivity and high technical integrity
- Ensure production, packaging, labeling, and storage of marijuana indoors and in accordance with the Site Security Plan
- Design, develop and implement quality control assurance programs through written procedures
- Prepare annual reports to management regarding Corrective and Preventive Actions (CAPAs)
- Communicate proactively and interactively with production management to maximize product reliability and minimize costs
- Provide and oversee inspection activity for product throughout production cycle with full rejection authority over product and procedure affecting product
- Perform other duties as required by company management or changing regulations
- Ensure microbial and chemical contaminants of dried marijuana stay within generally accepted tolerance limits for products for human consumption

Experience Requirements: Minimum of five years' experience in quality assurance for dietary supplement or pharmaceutical industry

Master Marijuana Cultivators

Basic Function and Scope of Responsibilities: To manage all operations of the manufacturing facility and supervise/oversee all personnel working in the manufacturing facility

Education Requirements: High school diploma

Essential Duties:

- Monitor all environmental systems of the manufacturing facility
- Manage the performance of the cultivators/growers and assistants, including conducting regular employee performance evaluations on an annual basis
- Monitor stock of cultivation supplies and equipment, and order replacement supplies and equipment when necessary
- Develop informational tools to monitor actual production and all things that influence production on a batch-by-batch basis, as well as a room-by-room basis
- Administer to the needs of the plants regarding illumination, watering, nutrients, pruning, training, and pest and disease control
- Manage efforts required for the germination and cloning of plants
- Direct and assist with the harvesting, drying, and curing of medicinal marijuana
- Perform regular physical inventory reconciliations to inventory records
- Keep the facility in a clean and orderly manner at all times
- Prepare reports for management
- Assist with preparation of operating budgets as required

Experience Requirements: Must have at least five years of experience as a cultivator in the commercial marijuana cultivation industry, with a majority of that experience in the indoor growing arena. Must have experience directing and monitoring the performance of up to five employees working directly under the position. Must be computer literate, with basic skills in Microsoft Word and Excel software.

Cultivation Manager

Basic Function and Scope of Responsibilities: Hands-on position working with Master Cultivator and cultivation staff to ensure overall health of marijuana plants and maintenance of propagation facilities, workspaces, and equipment

Education Requirements: Bachelor's Degree

Essential Duties:

- Oversee maintenance, improvement, and repair of propagation facilities, workspaces, and equipment
- Oversee horticultural maintenance tasks, including planting, pruning, fertilizing, thinning, watering, and harvesting of plants
- Assist with recruitment, training, supervision, and evaluation of cultivation staff
- Oversee development and implementation of policies and procedures for cultivation of marijuana plants
- Lead implementation of cutting edge modern growing practices, techniques, and equipment
- Coordinates growing activities with Master Cultivator and production department
- Maintain proper records and reporting of data
- Ensure implementation and adherence to quality, health, and safety procedures
- Ensure organization and proper storage of all tools and equipment parts
- Oversee and ensure proper irrigation and drainage
- Assist with response to regulatory inquiries and attends any inspections
- Assist with recalls

Experience Requirements: High level of practical experience cultivating produce for human consumption, experience with product tracing and recalls, experience with regulatory compliance, leadership ability, and strong communication skills

Director of Security

Basic Function and Scope of Responsibilities: Responsible for both physical site safety and security, as well as for information security. Maintain safe and secure environment for patients and employees by monitoring premises and personnel. Responsible for activities related to availability, integrity, privacy, and security of patient, employee and business information. The Director of Security will be stationed primarily at the manufacturing facility and will travel regularly to check on all aspects of security, from cultivation through dispensing.

Education Requirements: High school diploma

Essential Duties:

- Implement and oversee security system implemented by ADT and Mahoney Alanns, Inc.
- Monitor surveillance equipment and set building and equipment controls
- Report irregularities, inform violators of policy and procedures, restrain trespassers
- Maintain records of surveillance activities and occurrences

- Follow manufacturer or vendor instructions with respect to operation and maintenance of equipment
- Assist in development and implementation of workplace safety protocols
- Assist in development and implementation of information security policies and procedures
- Assist in implementation and monitoring of technical information security controls
- Lead response to privacy and security incidents
- Oversee compliance by personnel with workplace safety protocols and information security policies and procedures, including HIPAA policies and procedures
- Oversee training of workforce on workplace safety and information security, including HIPAA training
- Coordinate development and implementation of business continuity processes

Experience Requirements: Experience with information security standards in the industry. Knowledge of network infrastructure and database applications. Professionalism.

Customer Service and Community Relations Manager

Basic Function and Scope of Responsibilities: The Community Relations Coordinator will work with the CEO in projects related to partnerships with Companies, medical facilities, community groups, and similar organizations. The Community Relations Coordinator will help build new partnership and maintain existing ones. This will be achieved by actively engaging potential partners through various means of communication.

Education: Bachelor's Degree

Essential Duties and Responsibilities:

- Research companies and organizations for possible partnerships
- Assist with the planning and marketing of organizational events
- Assist with special projects as needed
- Public speaking at events
- Utilize and be active on social media to promote One Day's Wages (Facebook, Twitter)
- Assist CEO as company partnerships liaison
- Draft blogs, campaign pages, and other web material

Experience Requirements: Retail experience (at least two years). Experience in a complex, fast faced environment. Two or more years of management experience, defined as follows: direct supervision of five or more employees; responsible for training and developing teams; coach employees and

planning for succession of a team; responsible for scheduling hours or controlling overtime. One or more years of experience training employees to comply with policies, rules, guidelines and standards. Good organization and planning skills, with strong operational skills in a customer-service environment. Supervisory and team-building skills. Ability to communicate clearly and concisely, both orally and in writing. Ability to build relationships, and handle confidential and sensitive information. Working knowledge of business processes and system development.

PART IV-PROPOSED STAFF JOB DESCRIPTIONS

Medical Director

Basic Function and Scope of Responsibilities: Oversee and manage policies and procedures related to patient safety, sanitation, emergency response, compliance, privacy, quality assurance, and testing. Report to President.

Education Requirements: Pharmaceutical or Medical Degree

Essential Duties:

- Assist with the development and implementation of policies and procedures related to emergency response, sanitation, compliance with regulations regarding privacy, quality assurance, disease prevention, and proper testing procedures for potency and contamination of marijuana products
- Oversee protocols related to patient safety and use of marijuana derivative products
- Oversee quality assurance protocols throughout the cultivation, processing, and dispensing processes, as well as decisions related to adverse events and recalls
- Handle clinical complaints
- Respond to all communications from Department of Health and local municipalities regarding compliance with rules and regulations and community health and public safety concerns
- Assist in the development of training Lima Ulu's principals at least annually to assure compliance with the Compassionate Care Act of 2014 and the rules and regulations promulgated thereunder by the Department of Health
- Conduct compliance inspections
- Provide training to all Lima Ulu staff members regarding administration, use, and risks of marijuana derivative products, patient consultation
- Develop and assist in the implementation of a patient education program
- Assist with the development and implementation of in-house laboratory testing protocols

Experience Requirements: Unrestricted medical licensure in the State of Hawaii, high level of medical competence, experience understanding good manufacturing practices and good laboratory practices, good leadership skills and collaborative mindset, good communication skills and experience in patient consultation and education

Inventory Supervisor

Basic Function and Scope of Responsibilities: Responsible for maintaining accountability of all raw materials, finished products, and any by-products. Responsible for acquisition of necessary supplies and equipment, and ensuring optimum levels of inventory that meet quality standards are maintained.

Education Requirements: Bachelor's Degree

Essential Duties:

- Prepare purchase orders, receiving, storing, and managing stock levels
- Maintain computerized inventory records that track plants from seed to sale and any returns or recalls
- Oversee employees that conduct supply inventories, plant inventories, and finished product inventories
- Take action with respect to inventory discrepancies to identify errors and implement corrective actions
- Conduct monthly inventory audits
- Account for supply invoices and purchase orders
- Assist with identification of sources of supply

Experience Requirements: Experience with inventory management, accounting, project management, logistics or similar work. Demonstrate a collaborative work style and strong leadership skills. Ability to make decisions and take proper action in difficult situations. Good communication, organization, planning, and clerical skills.

Dispensary General Manager

Basic Function and Scope of Responsibilities: Managing the dispensary, hire and train dispensary employees, prepare reports, and set specific department goals.

Education Requirements: Hawaii State Pharmacy License

Essential Duties:

- Acquire tools and set objectives for the dispensary
- Develop schedules and ensure they are adhered by the dispensary
- Participate in developing specific policies and procedures
- Manage dispensary staff
- Hire, train, and terminate workers as needed
- Attend and preside over meetings
- Maintain employee records
- Manage and direct overall dispensary operations
- Set goals for the dispensary
- Clearly communicate goals to board members
- Measure the success of the dispensary
- Delegate responsibilities
- Generate and present reports to the board on how goals are being met
- Participate in seminars and conferences related to the continuing education of work duties
- Motivate and encourage dispensary employees
- Ensure high quality for the dispensary
- Ensure the dispensary inventory is stocked with high-quality products, which are regularly replenished to guarantee uninterrupted flow of necessary goods required for operations

IT Director

Basic Function and Scope of Responsibilities: Directs and coordinates activities of workers engaged in computer operations by performing the following duties personally or through subordinate supervisors. Directly supervises one employee in the IT Department. Carries out supervisory responsibilities in accordance with the organization's policies and applicable laws. Responsibilities include interviewing, hiring, and training employees; planning, assigning, and directing work; appraising performance; rewarding and disciplining employees; addressing complaints and resolving problems.

Education and/or Experience Requirements: Master's degree, or equivalent; or four to ten years related experience and/or training; or equivalent combination of education and experience.

Essential Duties:

- Monitor sanitation performance as needed to verify guidelines and procedures costing specifications and system data
- Plan and develop policies and procedures for carrying out computer operations
- Meet with subordinate to discuss progress of work, resolve problems, and ensure that standards for quality and quantity of work are met
- Adjust hours of work, priorities, and staff assignments to ensure efficient operation, based on work load
- Review daily logs and reports to detect recurring slowdowns or errors.
- Consult with software and hardware vendors and other establishment workers to solve problems impeding computer processing
- Meet with users to determine quality of service and identify needs
- Meet with personnel of the organization to determine impact of proposed changes in hardware or software on computer operations and service to users
- Evaluate new software and hardware to determine usefulness and compatibility with existing software and hardware
- Evaluate proposed data processing projects to assess adequacy of existing hardware, and recommend purchase of equipment
- Develop budget and monitor expenditures.
- Direct and coordinate activities of storage library

Human Resources Director

Basic Function and Scope of Responsibilities: Plans and administers policies relating to all phases of human resources activity by performing the following duties personally or through subordinate supervisors.

Education and/or Experience Requirements: Bachelor's degree or four to five years related experience and/or training; or equivalent combination of education and experience.

Essential Duties:

- Direct and coordinate activities of storage library
- Identify legal requirements and government reporting regulations affecting human resources functions and ensure policies, procedures, and reporting are in compliance
- Recruit, interview, test, and select employees to fill vacant positions; conduct new employee orientation.

- Keep records of benefits plans participation such as insurance and pension plan, personnel transactions such as hires, promotions, transfers, performance reviews, and terminations, and employee statistics for government reporting
- Coordinate management training in interviewing, hiring, terminations, promotions, performance review, safety, and sexual harassment
- Advise management in appropriate resolution of employee relations issues
- Administer performance review program to ensure effectiveness, compliance, and equity within organization
- Administer salary administration program to ensure compliance and equity within organization
- Administer benefits programs such as life, health, dental and disability insurances, pension plans, vacation, sick leave, leave of absence, and employee assistance
- Investigate accidents and prepare reports for insurance carrier, and represent organization at personnel-related hearings and investigations
- Conduct wage surveys; prepare budget of human resources operations.
- Prepare employee separation notices and related documentation; conduct exit interviews, prepare reports and recommend procedures.

Dispensing Agent

Basic Function and Scope of Responsibilities: Take and complete orders from qualified patients and caregivers without exceeding legal limits. Assist with selection of support merchandise.

Assist with maintenance of retail space.

Education Requirements: High school diploma

Essential Duties:

- Verify client identity, place of residence, and shipping address and registration of client on Compassionate Care Registry.
- Verify medical document is provided by a licensed physician authorized to prescribe marijuana
- Receive orders
- Ensure patient or caregiver does not exceed possession limit when leaving the dispensary, and enter the required information into electronic verification system
- Process sales
- Label and complete transactions
- Assist General Manager with, or accomplish, opening and closing of the facility
- Maintain display inventory

- Assist General Manager with the performance of physical inventory reconciliations to inventory records
- Maintain the facility in a clean and orderly manner at all times
- Assist with the tracking of marijuana derivative products and support merchandise inventory into and out of the dispensary
- Operate computer using sales and customer tracking software

Experience Requirements: _ Retail experience desirable. Must be computer literate with basic computer skills. Must be personable and able to interface with customer base.

Laboratory Technician

Basic Function and Scope of Responsibilities: Performs laboratory tests to determine chemical and physical characteristics or composition of solid, liquid, or gaseous materials for such purposes as quality control, process control, or product development by performing the following duties.

Education Requirements: Bachelor's Degree

Essential Duties:

- Set up, adjust and operate laboratory equipment and instruments such as microscopes, centrifuge, agitators, viscometer, chemical balance scales, spectrophotometer, gas chromatograph, colorimeter, and other equipment
- Test materials used as ingredients in the production or marijuana related products
- Test materials for presence and content of elements or substances such as mycotoxins, cannabinoid levels, heavy metal and related contaminants
- Test samples of manufactured products to verify conformity to specifications.
- Record test results on standardized forms and write test reports describing procedures used.
- Prepare graphs and charts
- Clean and sterilize laboratory equipment
- Calibrate laboratory instruments
- Prepare chemical solutions according to standard formulas
- Add chemicals or raw materials to process solutions or product batches to correct or establish formulation required to meet specifications.

Experience Requirements: One to two years related experience and/or training

Sanitation and Waste Manager

Basic Function and Scope of Responsibilities: The Sanitation Manager will be responsible for supervising the cleaning and sanitizing of manufacturing facilities and equipment in a timely manner in accordance with all Lima Ulu and regulatory requirements. He/she will confer with multiple extraction and production departments to schedule sanitizing and cleaning assignments in response to reports of problems or issues. He/she will supervise on a daily basis all activities necessary for the cleaning and sanitizing of extraction and production packaging storage areas and equipment while ensuring that all duties are performed in accordance with Lima Ulu policies and procedures and cGMPs (current Good Manufacturing Practices).

Essential duties:

- Monitor sanitation performance as needed to verify guidelines and procedures costing specifications and system data
- Prepare and compile mandatory company and government reports within required deadlines and rLima Ulu for audits
- Investigate ways to reduce waste, increase efficiency, and improve equipment in a continuous effort to improve systems
- Manage and lead sanitation employees
- Interview employees
- Ensure employees receive proper training in sanitation
- Conduct performance appraisals and administer disciplinary and termination action when necessary
- Effectively utilize employee's skills
- Develop housekeeping safety utilization of required personal protective equipment policy
- Schedule cost control and coordinate crew's sanitation activities in facilities
- Adjust daily work schedule as needed to meet sanitation requirements
- Ensure all company and regulatory USDA requirements are met
- Conduct business in a manner consistent with company mission values code of ethics policies and other standards of conduct

Experience Requirements: Experience in industrial sanitation or clean room sanitation

Sanitation Assistant

Basic Function and Scope of Responsibilities: The Sanitation Assistant will be responsible for cleaning and sanitizing of manufacturing facilities and equipment in a timely manner in accordance with all Sanitation Manager, Company, and compliance regulations. Clean and sanitize production packaging storage areas, and production equipment, on a daily basis. All

duties must be performed in accordance with Lima Ulu policies and procedures and cGMPs (current Good Manufacturing Practices).

Essential Duties:

- Monitor sanitation needs and maintain cleanliness of facility
- Lima Ulu production and food safety audits required in food manufacturing
- Investigate ways to reduce waste, increase efficiency, and improve equipment in a continuous effort to improve systems
- Assist in the managing and leading of sanitation employees
- Help Sanitation Manager ensure employees receive proper training
- Effectively utilize employee skill development
- Adjust daily work schedule as needed to meet sanitation requirements
- Conduct himself or herself in a manner consistent with company mission, values, code of ethics policies and other standards of conduct

Experience Requirements: Prior sanitation experience is not required.

Packaging Personnel

Basic Function and Scope of Responsibilities: The Packers will package finished product either manually or with machines for distribution or transport.

Essential Duties:

- Take care of the whole packing process, both manual and machine related tasks
- Cover and pack the ready products in child-resistant and tamperproof packaging such that no single unit contains more than appropriate supply of marijuana
- Ensure proper labeling
- Take care of all the packaging materials. Any container must protect the contents from contamination and must not impart any toxic or deleterious substance to the usable marijuana or marijuana product.
- Maintain inventory for the packed products
- Be able to move, lift heavy packages

Experience Requirements: Prior packing experience is not required.

Mother/Clone Vegetation Manager OR Mother/Clone/Manager

Basic Function and Scope of Responsibilities: Responsible for coordinating and implementing activities related to mother, clone or vegetation stages of plant life. Plan, organize and lead gardening team by identifying goals, objectives, methods, resources, scheduling, and routes of communication needed to carry out responsibilities. Organize resources to achieve goals in optimal fashion. Establish effective communications and guide project members to accomplish objectives.

Education Requirements: Level II Gardener

Essential Duties:

- Acquire tools and set objectives for the Mother/Clone department
- Develop schedules and ensure they are adhered to by the Mother/Clone department
- Participate in developing specific policies and procedures
- Manage Mother/Clone staff
- Hire, train, and terminate workers as needed
- Attend and preside over meetings
- Maintain employee records
- Manage and direct overall Mother/Clone operations
- Set goals for the Mother/Clone department
- Clearly communicate goals to Board members
- Measure the success of the Mother/Clone department
- Delegate responsibilities
- Generate and present reports to the Board on how goals are being met
- Participate in seminars and conferences related to the continuing education of work duties
- Motivate and encourage Mother/Clone employees
- Ensure high quality for the Mother/Clone department
- Ensure the Mother/Clone department inventory is stocked with high-quality products, which are regularly replenished to guarantee uninterrupted flow of goods necessary for operations

Experience Requirements: Minimum of five years' experience in marijuana or similar plant cultivation

Vegetation Manager

Basic Function and Scope of Responsibilities: Responsible for coordinating and implementing activities related to the vegetation stages of plant life. The Vegetation Manager will be responsible for managing the Vegetation department within the facility. The Vegetation Manager will also hire and train Vegetation employees, prepare reports, and set specific department goals.

Education·Requirements: Gardener

Essential Duties:

- Acquire tools and set objectives for the Vegetation department
- Develop schedules and ensure they are adhered by the Vegetation department staff
- Participate in developing specific policies and procedures
- Manage Vegetation staff
- Hire, train, and terminate workers as needed
- Attend and preside over meetings
- Maintain employee records
- Manage and direct overall Vegetation operations
- Set goals for the Vegetation department
- Clearly communicate goals to Board members
- Measure the success of the Vegetation department
- Delegate responsibilities
- Generate and present reports to the Board on how goals are being met
- Participate in seminars and conferences related to the continuing education of work duties
- Motivate and encourage Vegetation employees
- Ensure high quality for the Vegetation department
- Ensure the Vegetation department inventory is stocked with high-quality products, which are regularly replenished to guarantee uninterrupted flow of necessary goods required for operations

Experience Requirements: Minimum of five years' experience in marijuana or similar plant cultivation

Gardener - Cultivation Assistants

Basic Function and Scope of Responsibilities: Implement activities related to the production of marijuana as directed by production facility managers

Education: Gardener

Essential Duties:

- Abide by all policies and procedures set forth by production managers
- Attend and preside over meetings
- Maintain production records
- Participate in production activities at all stages of plant growth
- Be responsible for implementing actions to achieve production goals
- Ensure the production department inventory is stocked with high-quality products, which are regularly replenished to guarantee uninterrupted flow of necessary goods required for operations

Experience Requirements: Minimum often (10) harvest cycles

Extraction Specialist

Basic Function and Scope of Responsibilities: _ Directs, plans, and organizes activities of profound ideas connected to pharmaceutical production, and consumption.

Education Requirements: Degree in Pharmacy, Chemistry or related field

Essential Duties:

- Manage and direct overall Trimming operations and staff
- Responsible for all R&D projects, operations and staff consisting specialists and experts in the area of formulation, analytical development and technology. Other duties may be assigned
- Advise and assist business development in the multi-year development plan of new products, to be proposed and approved by top management
- Ensure that department meets the timelines and managing delays as well as negotiating delivery time
- Work in close cooperation with other departments (e.g. quality, regulatory) and management as well as external partners
- Ensure proper risk management and improve effectiveness of all processes on site
- Manage R&D budget and assessment of needs in terms of both infrastructure investment and human resources

Experience Requirements: Minimum 10 years' experience in Pharmaceutical R&D, including minimum five years of team management experience; experience in development of generic drugs, including modified release solids and experience in managing high volume of projects; knowledge of GMP standards in Pharmaceutical industry

Trimming Manager

Basic Function and Scope of Responsibilities: Responsible for managing the Trimming department within the facility. The Trimming Manger also hires and trains employees, prepares reports, and sets specific department goals.

Education Requirements: Level II Gardener, Bachelor's Degree or PhD

Experience Requirements: Minimum of five years' experience in marijuana or similar plant cultivation

Essential Duties:

- Manage and direct overall Trimming operations and staff
- Acquire tools and set objectives for the Trimming department
- Develop schedules and ensure they are adhered by the Trimming department
- Hire, motivate, train, and terminate workers as needed
- Attend and preside over meetings
- Maintain employee records
- Communicate goals to board members
- Delegate responsibilities
- Generate and create reports to present how goals are being met
- Ensure high quality for the Trimming department

Trimming Assistants

Basic Function and Scope of Responsibilities: Trimming the finished product at every harvest

Education: Degree Not Required

Essential Duties:

- Report to Trimming Manager to ensure all trimming goals are met
- Be flexible in scheduling to accommodate varying plant harvest schedules
- Adjust to Company-adopted production procedures as necessary to ensure efficiency and compliance

Experience: Prior experience is not required.

Manual Laborers

Basic Function and Scope of Responsibilities: Manual Laborers will be responsible for assisting staff in completing their assigned tasks. They will be expected to assist with the delivery of water and collection of garbage, assist with cleaning equipment and tools, and provide manual labor services as needed.

Essential Duties:

- Operate equipment in a safe and efficient way according to policies and procedures
- Clean equipment as scheduled or required
- Ensure equipment is safely and securely stored
- Clean water tank and nutrient reservoirs as necessary
- Pick up refuse in areas as required
- Dispose of garbage according to complinate procedures

Experience Requirements: Prior experience is not required.

Additional Production Facility Roles

Electrical Mechanic & System Engineers

Education: Bachelor's Degree

Essential Duties:

- Maintain electrical system
- Maintain and upgrade all equipment
- Manage the lighting
- Manage the HVAC

Experience Requirements: Minimum of five years' experience in engineering

Order Fulfillment Director

Education: Bachelor's Degree Essential Duties:

- Train and develop Fulfillment team
- Schedule hours and control overtime
- Use organization and planning skills to operate in a customer-service environment
- Communicate clearly and concisely, both orally and in writing
- Build relationships
- Handle confidential and sensitive information

Experience Requirements: Five or more years of retail and management experience. Experience analyzing financial reports. Experience working in a complex, fast-paced environment.

PART V- STAFFING TIMELINE

Phase I (Weeks 1-10):Phase I outlines the staff required after the build-out of the Lima Ulu facilities has been completed.

The following team will be required for weeks 1-10:

- Senior Management - CEO, CMO, COO, CHO, CFA
- Cultivation Manager
- Security Officer
- Manufacturing Manager
- IT Manager

Phase II (Weeks 10- 24):Phase II adds additional staff to process the finished product. The following team will be required for weeks 10-24:

- Master Cultivator
- Inventory Agent
- Sanitation Agent
- Quality Assurance Team
- Extraction Assistants
- Trimmers
- Packers
- Security Drivers
- Cultivation Assistants
- Dispensary General Managers
- Dispensing Agents
- Pharmacists

PART VI- HIRING PROCESS

Hiring Protocols

The COO, will be responsible for all employee supervision at Lima Ulu. There will be three intermediary managers: Master Cultivator, Extraction Manager, and the Dispensary General Manager (the "Managers"). All cultivation employees will report to the Master Cultivator; all extraction employees will report to the Extraction Manager; and all dispensary employees will report to the Dispensary General Manager. The COO will be responsible for staff planning and hiring according to the Hiring Protocol below.

Recruitments provide opportunities to departments such as aligning staff skill sets to initiatives and goals, and planning for departmental and individual growth. Although there is work involved in the hiring process, proper planning and evaluation of needs lead to hiring the right person for the role and team.

Newly Created Position

When it is determined a new position is needed, it is important to:

- Understand and take into consideration strategic goals for the business and/or department;
- Conduct an analysis of core competencies, skills missing from a department and those which may be needed in the future
- Conduct a job analysis for new departmental positions

Replacement

When attrition occurs, replacing the role is typically the logical step to take. Before advertising the position, however, consider the following:

- As with a newly created position, it may be helpful to conduct a job analysis in order to tailor the position to what is currently required and to ensure proper classification
- Review the role and decide if there are changes required as certain tasks and the new person may not perform responsibilities performed by the previous person
- Carefully evaluate any changes needed for the following:
 - o Skill level required to perform these tasks; determine appropriate classifications;
 - o Tasks carried out by the previous employee;
 - o Tasks to be removed or added if any of the work will be transferred within department;
 - o Supervisory or lead responsibility;
 - o Budget responsibility (if any);
 - o Work hours.

Developing an Adequate Candidate Pool

A job description is the core of a successful recruitment process as interview questions, interview evaluations, and reference check questions will be developed from this description.

A well-written job description:

- Creates a first and often, lasting impression of Lima Ulu to the candidate;
- Clearly articulates responsibilities and qualifications to attract the best-suited candidates;
- Improves retention as turnover is highest with newly hired employees. Employees tend to be dissatisfied when they are performing duties they were not originally hired to perform;
- Provides an opportunity to clearly articulate the value proposition for the role;
- Optimizes search engine results by ensuring job postings rank highly in candidate online search results;

Serves as documentation to help prevent, or defend against, discrimination complaints by providing written evidence that employment decisions were based on rational business needs;

- Identifies tasks, workflow and accountability, enabling the department to plan how it will operate and grow;
- Assists in establishing performance objectives;
- A proper position overview is used for career planning and training by providing clear distinctions between levels of responsibilities and competencies required. A well-written job description can be used as a benchmark to ensure internal and external equity.

Hiring Action Steps

A hiring committee will be established and will be responsible for the following:

- Confirming availability of funds with the Executive Team and Human Resources;
- Developing relevant hiring criteria (e.g., communication skills, computing skills, technology, problem-solving, direct experience with gardening or documentation writing);
- Developing a draft job description by revisiting prior descriptions and revising in light of current needs;
- Reviewing draft job description with incumbent, when applicable;
- Reviewing and identifying new tasks;
- Reviewing and identifying educational/training requirements;
- Reviewing and identifying experience/skills;
- Sending formal draft job description to Human Resources and Executive Team;
- Obtaining necessary documentation

Once job funding and description is approved, HR will internally post an employment opportunity to Lima Ulu staff for a minimum of five days. If there are no internal responses received after five days, or if the internal applicants are not suitable, the hiring supervisor will consult with HR to determine appropriate means of advertising externally.

Upon receiving qualified applications, HR. will:

- Conduct interviews;
- Meet to consider interviewees and assess which best met established job criteria; and
- Check references of candidate prior to making offer.

Background Screening

Lima Ulu believes that hiring qualified individuals contributes to our overall strategic success. Background checks serve as an important part of the selection process. The information we collect will help Lima Ulu promote a safe work environment for our current and future employees as well as for our customers. In addition, Hawaii law requires that all owners and managers of Lima Ulu successfully pass background screening. Background checks also help us obtain information necessary to determine an applicant's overall employability and to ensure the protection of Lima Ulu's physical property, proprietary information and other assets. Lima Ulu complies with all applicable federal, state and local laws, including fair employment practices and equal employment opportunity, when conducting background checks.

Lima Ulu will conduct background checks on all job applicants applying for sensitive positions. These include positions involving security and financial responsibilities, as well as other positions determined by Lima Ulu to be sensitive. Lima Ulu will use a third party agency to conduct background checks as well as eCRIM to verify the accuracy of the information provided by the applicants during the selection process.

For required screening pursuant to HIDOH regulations for owners and managers, background checks will be conducted by Director of Security or one of Lima Ulu's approved vendors, and the report will be sent directly to the HIDOH.

Information collected by the third party agency will include past employment, education, character, and finances. Lima Ulu will ensure that all background checks are conducted in compliance with all applicable federal and state statutes, such as the Fair Credit Reporting Act

("FCRA") and the Americans with Disabilities Act. The information that can be collected from previous employers and other sources will be limited to that which is job-related and pertains to the quality and quantity of work performed by the applicant and to the applicant's attendance record, education and other lawful, work-related inquiries. The COO will be primarily responsible for the background check process.

Information that may be collected includes:

- Arrest and conviction records
- Lima Ulu may check criminal arrest and conviction records as part of the applicant selection process. In accord with the Equal Employment Opportunity Commission's current interpretation of Title VII of the Civil Rights Act of 1964, this information cannot be used as a basis for denying employment, unless it is determined to be job-related and consistent with business necessity.
- Credit reports
 - Lima Ulu may collect applicant credit information consistent with the guidelines set forth by the federal FCRA. The FCRA requires organizations to obtain a candidate's written authorization before obtaining a credit report. When doing this, the employer must:
 - Certify to the consumer-reporting agency that the employer is in compliance with the FCRA and will not misuse the information it receives
 - Disclose to the applicant or employee, on a separate form, its plans to obtain a consumer or investigative consumer report and that the information received will be used solely for employment purposes,
 - Inform the individual of his or her right to request additional information on the nature of the report and the means through which such information may be obtained,
 - Inform the applicant that the report will include information about the individual's character, general reputation and personal characteristics, and

Provide the individual with a summary of his or her rights under the FCRA.

- o If the results of the credit check are negative, Lima Ulu will inform the applicant before taking adverse action based on the results, provide the applicant with a Statement of Consumer Rights from the Federal Trade Commission, offer the applicant the opportunity to review a copy of the credit report, and advise the applicant of his or her rights to dispute inaccurate information. Applicants will be granted reasonable time to dispute the information (approximately three to five days).

Record keeping

Lima Ulu assures applicants that all information obtained from the background check process will only be used as part of the employment process and will be kept strictly confidential. Lima Ulu human resources will maintain a log that will include the position the applicant applies for, his/her name and the date of the background check. Only the CFA and COO and appropriate Lima Ulu human resource personnel will have access to this information. Lima Ulu complies with all federal and state laws regarding the collection, storing and disposal of applicant information, such as the Fair and Accurate Credit Transactions Act ("FACTA").

Training

In addition to the programs and experts brought in to support employee education, managers will conduct in-person and hands-on training for all new employees upon hire and for all current employees no less than annually. Such training will cover no less than two (2) hours of instruction and will be documented with sign-in and sign-out sheets for every employee that indicate the time, date, place, and substance of such training. Training topics will include:

- Employee handbook and job descriptions
- Employment laws and employee rights
- HIPAA and privacy and security of patient information
- Operations and administration (This will differ for cultivation staff, production staff, and dispensary staff)
- For dispensary staff, product safety, patient education and data collection will be included as part of the training

Performance Evaluations

The Managers will conduct in-person employee performance evaluations for all new employees after six months of employment and for all current employees no less than annually.

Disciplinary Actions

Lima Ulu managers will be responsible for taking disciplinary actions against any employees and will follow the guidelines in Lima Ulu's Progressive Discipline Policy when doing so. They will document disciplinary action according to the requirements of the Progressive Discipline Policy.

Employment Contracts

Lima Ulu will not utilize written employment contracts with any of its employees. All of the employees will be employed under verbal, at-will contracts, subject to the terms and conditions of Lima Ulu's Employee Handbook.

PART VII- HUMAN RESOURCES GENERAL POLICIES

Recruitment and Hiring

Lima Ulu is committed to recruiting and hiring local top-quality employees whose background and experience match each position's requirements per the job descriptions. Lima Ulu will recruit candidates via a wide variety of resources including, but not limited to, industry associations and the Hawaii State Career Centers.

Lima Ulu will not consider applicants with industry experience unless such experience was gained by working in legalized organizations.

All potential candidates for Lima Ulu employment will submit to an extensive background check, which includes: criminal background investigations, obtaining reference checks on previous employment, verifying educational history, conducting drug testing, verifying eligibility for lawful employment in the US, and obtaining motor vehicle records when applicable. Any applicant's refusal to submit to drug screening will immediately eliminate their candidacy.

Equal Employment Opportunity

Lima Ulu considers employees as one of our most valuable resources. Lima Ulu is committed to the principles of equal employment opportunity, affirmative action and compliance with all federal, state and local laws concerning employment discrimination. To this end, Lima Ulu ensures equal opportunity to all employees and applicants regardless of race, color, religion, age, sex, sexual orientation, gender identity, marital status, national origin or ancestry, citizenship, lawful alien status, physical/mental disability, veteran status or service in the U.S. Armed Forces or any other basis protected by federal, state, or local law or ordinance or regulation.

The policy of equal opportunity will be observed with respect to all employment practices, including, without limitation, recruiting, hiring (or failure to hire or refusal to hire), transfer, termination, compensation, benefits, facility-sponsored training, education and tuition assistance, and other working conditions, obligations and privileges of employment. Lima Ulu believes equal opportunity is not only consistent with good business practices, but more importantly, is a moral concern and obligation for each of us. Throughout every department, Lima Ulu will remain particularly focused on empowering women entering or re-entering the workforce.

Harassment Policy

Lima Ulu will attempt to maintain a cooperative and professional working environment where all employees are treated with respect and dignity. Lima Ulu will not tolerate or condone behavior that may be construed as harassment of any employee on the basis of any of the protected classifications listed in the equal opportunity policy. In particular, Lima Ulu prohibits all harassment, which includes, but is not limited to, verbal harassment (epithets, derogatory statements, slurs), physical harassment (assault, physical interference with normal work or movement), visual harassment (posters, cartoons, drawings), or sexual harassment (unwanted sexual statements or advances).

Compensation

Lima Ulu's compensation philosophy is to pay at or above market wages for all positions. Lima Ulu will also provide bonus-incentives for meeting production goals. The reason for this is threefold:

- To provide Lima Ulu top quality employees,
- To maintain morale and productivity, and
- To deter any economic reason for employee diversion of products.
- To incentivize performance and give employees empowerment to increase their wages

Lima Ulu will regularly survey market wages and make adjustments as necessary based upon qualifications and experience, newly hired employees will be placed in the appropriate area of the pre-established range.

Employee Benefits

Lima Ulu will establish a variety of employee benefit programs designed to assist employees and their eligible dependents in meeting the financial burdens that can result from illness and disability, and to help plan for retirement. In addition to statutory worker's compensation coverage, Lima Ulu will establish and contribute toward employee health and welfare to assist employees with securing comprehensive medical insurance. As our organization expands, we intend to offer a comprehensive benefits package including: medical, dental and vision programs, short-term disability insurance, life insurance, and a retirement savings program. **(See Lima Ulu's Employee Manual contained in the Supplemental Exhibits to the Application in Appendix C)**

Lima Ulu believes that the skills and knowledge of its employees are critical to the success of the organization. Lima Ulu will offer educational assistance to eligible employees who are interested in job advancement.

Lima Ulu believes that people need time off from work for rest and relaxation in order to be alert and enthusiastic on the job. Thus, it is Lima Ulu's policy to provide paid time off for holidays, vacation, sick, and personal leave to eligible employees based on length of service. If called for jury duty, Lima Ulu will provide a limited paid leave to employees.

A military leave of absence will be granted to employees who are absent from work because of service in the U.S. uniformed services in accordance with the Uniformed Services Employment and Reemployment Rights Act ("USERRA").

Performance Appraisals and Evaluations

Company-wide performance appraisals for employees will be conducted annually. Nonetheless, managers and employees will be strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. Additional formal performance evaluations may be conducted to provide both managers and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

Fair and Ethical Conduct

Lima Ulu's successful business operation and reputation will be built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity. Every employee will be educated with the Employee Code of Business Conduct and Ethics prior to commencing work. **(See Lima Ulu's Code of Conduct attached in the Supplemental Exhibits to this Application)**

The continued success of Lima Ulu will be dependent upon our patients' trust, and we are dedicated to preserving that trust. Employees owe a duty to Lima Ulu and its patients to act in a way that will merit the continued trust and confidence of the public.

Lima Ulu will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In the interest of keeping Lima Ulu a company in which the employees enjoy working for, and all of our patients enjoy visiting, certain types of conduct are prohibited. Generally, Lima Ulu expects employees to conduct themselves in a professional and business-like manner. Failure to abide by this standard and to exercise good business judgment, among other things, may result in corrective action up to and including immediate termination of employment, depending on the circumstances, at the discretion of the Company.

Open Door Policy

One of the advantages of being a "start-up" company is the opportunity Lima Ulu offers for personal acquaintance and attention. Lima Ulu will maintain an "open door" policy to our employees throughout the company for discussion of any business-related concerns. Employees should feel free to discuss any business related matter with their managers, or with any other member of management. Lima Ulu welcomes the opportunity to respond to employee suggestions or problems.

Job Training

All Lima Ulu employees will be given the proper tools and training to become successful on the job. Training will be provided upon hire, and all Lima Ulu employees will receive refresher training on an annual basis. In the event that an employee is failing to perform adequately in any of the training areas, he or she will receive refresher training immediately. Training will be conducted by Lima Ulu management, outside vendors, and through online offerings. Successful completion of training will be documented and maintained in personnel files. At a minimum, each employee will be trained on the following:

- Compliance

In addition to Lima Ulu's Business Code of Conduct and Ethics, Lima Ulu will operate in regulatory compliance with all state and local rules and regulations including Hawaii Law 11-850, Hawaii Administrative rules.

Lima Ulu will provide education to employees modeled after HIPAA: HIPAA law; Protected Health Information ("PHI"); Notice of Privacy Practices; patient authorization and disclosure; handling incidental disclosures or other potential breaches; information security and sensitive data; and penalties for violations.

- Medical Marijuana Education

Lima Ulu will have quarterly staff meetings to share current research and developments in the fields of medicinal marijuana including regulatory developments and medicinal research. Members of the medical community, on an as-needed basis, will be invited to provide presentations to employees.

HON. ROGER GOODMAN

January 15, 2016

To Whom It May Concern:

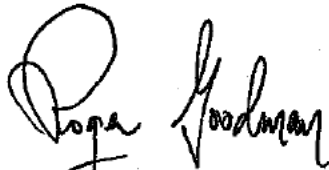
I am writing to recommend strongly that Mr. Douglas Waun be allowed to participate in the Hawaii State Department of Health's new medical marijuana program.

I serve in the Washington State House of Representatives. I have known Doug Waun since 2011, not only as a constituent in my legislative district but also as a successful entrepreneur in the medical marijuana field. Doug is one of the leading operators in the Washington medical marijuana marketplace and has helped to inform our new regulatory framework and the day-to-day operations of our state's marijuana licensees.

I believe that Doug Waun will be an excellent fit in helping to develop and establish Hawaii's new medical marijuana program. I hope you will favorably consider his application to become part of that program.

Thank you for your attention to this matter. Please contact me at [REDACTED] if you have any questions or need further information.

Yours sincerely,



Roger Goodman
45th Legislative District
Washington State House of Representatives

615 MARKET STREET, SUITE B KIRKLAND, WASHINGTON 98033



January 25, 2016

To whom it may concern:

I have known Kenneth Barry McPhee for 21 years and conducted business with him operating under Pacific Water Resources LLC since 1995 in Lahaina, Maui. He is a dear friend and a loyal confidant.

During the entire course of our business relationship, Barry has maintained a strict standard of integrity that has been a continual source of inspiration in my life and business ventures. I have looked upon Barry as a role model and have taken his advice to help better my own personal leadership skills.

He has always been an outstanding community contributor. His perseverance for success has been equally balanced with community outreach and support. These practices and virtues have helped me in developing my own successful approaches to business and community involvement. I support him in any future business ventures and have strong confidence in his abilities to succeed.

Sincerely,

Brandon Arnds
Owner Tropic Water LLC
Lahaina, Maui



Commendation

**TO BARRY MCPHEE
PACIFIC WATER RESOURCES INC. DBA THE WATERSTORE**

September 23, 1998

On behalf of the people of the State of Hawaii, I extend my congratulations, and warmest aloha, to you on being selected as a recipient in the Hawaii's Fastest 50 awards program that is sponsored by Pacific Business News, First Hawaiian Bank, and PriceWaterhouseCoopers LLP.

The award recognizes your excellent performance as an entrepreneur whose ingenuity, hard work and perseverance have created and sustained a successful, growing business venture.

I commend the sponsors of this recognition program for their commitment over the past four years to acknowledge the innovative, and often heroic, efforts of our entrepreneurs. I welcome this opportunity to express our appreciation for the many contributions made by businesses to the people of Hawaii.

I congratulate you on your achievement and wish you the greatest success in all your future endeavors.

Aloha,

BENJAMIN J. CAYETANO
Governor

BUSINESS & FINANCE

VENTURE FROM PAGE 1

the house. They searched high and low for such a system but found none.

With this need and the desire to embark on a new business career, the McPhees entered the drink and started Lahaina Pure Water Co. in 1992.

It was a tough go in the beginning, with the drinking water business still in the early stages of development around the island and prehistoric on Maui.

For the first three years of the company's existence, the McPhees paid themselves no salary.

Irene and Barry McPhee were bred with a work ethic and intelligence that led to a "no quitting" mentality.

With intense research, they educated themselves to the point that they became the state's first certified water specialists, approved by the Water Quality Association of Hawaii.

From gross earnings of \$7,250 that first year, LPWC will earn upwards of \$1 million in 2001.

In 1998, LPWC was recognized by Hawaiian Bank as a Ho'oula award winner, which honors Hawaii's top 50 fastest growing businesses. The water company was ranked 26th.

The success of the company goes beyond water purification and distribution. With a strong Christian background with Lahaina Baptist Church and personalities inspired by life on Maui, the McPhees placed their business emphasis on superior customer service and a deep respect for the Lahaina community.

From the beginning, we wanted to run a business where we could give back to the local community and, at the same time, strive to deliver a top quality product at a fair price, with the best service possible," Barry stated.



Irene and Barry McPhee founded one of Hawaii's fastest growing companies, Lahaina Pure Water Co. PHOTO BY WALTER CHIHARA

Lahaina Pure Water Co. donates more than 5,000 gallons of purified drinking water to community organizations each year. Organizations such as the West Side Boys and Girls Club of Maui, hula halaus, Hui o Wa'a Kaulua, Lahaina Christian Fellowship, Harvest Chapel, Lahainaluna High School, Lahaina Police Department, Lahaina Pop Warner and, more recently, striking teachers in Lahaina, all receive free drinking water from the company.

The McPhees have moved from their Puamana house to their two-acre dream homestead lot in the foothills above Laniupoko Beach Park.

From the vista on her lanai, Irene expresses gratitude each and every day.

"It's tough running a business in

Couple's love of water led to venture

BY WALTER CHIHARA

LAHAINA — Irene and Barry McPhee have spent most of their lives involved with water.

Sailing catamarans for pleasure, sport or business; driving yachts for delivery or exploration to the far corners of the world; operating an inflatable boat tour business; or, today, owning one of the top drinking

water companies in Hawaii, the McPhees build their livelihood on the liquid of life.

Naturally, they met on a sailboat on the Big Island in 1977. Their upbringing in ocean activities and their love for the sea blended into a love for each other. They were married in Hana in 1979.

Two years later, they had a son, Kai (the sea in Hawaiian), and in 1984, they had a daughter, Hailey.

The McPhees started their inflatable tour boat business in 1987. Ocean Riders was a successful endeavor — and it remains so today — to the extent the McPhees were able to sell the business in four years with the financial leverage to purchase a home at Puamana Nui in Lahaina.

Upon moving into their new home, the young McPhee family wanted a drinking water system

SEE VENTURE ON PAGE 9

Businesses Helping Youth

by: Loreto Pantorilla

After a long grueling game of basketball or football, the most common thing to do is get a cold drink of water. Well, in the past even something like that seemed impossible, or should I say "very distasteful". Trying to gather enough funds to buy bags of ice to keep our drinking water nice and cold was a big chore. You see, ice was the trick from preventing the awful filthy aftertaste of the water that we got daily from our local faucet. After years of that same old routine, one of our youth members asked me if we could somehow get some help from one of the local pure water companies. I made a few calls to anyone willing to help, and sure enough **Barry and Irene McPhee** (owners of two water stores, **Lahaina Pure Water Company, and The Water Store**) offered to donate the use of a water cooler and an unlimited supply of pure drinking water for our Youth Center. Barry and his staff are very warm and caring people, a business that really cares about our youth. One of our youths stated: "The **Water Store** really saved our lives!" Hanging around the Kihei Youth Center and playing outdoor sports in desert like conditions is not fun at all when your drinking water tastes disgusting! At least now you can work up a good sweat and look forward to drinking some cold, pure tasting water.

On behalf of the Kihei Youth Center, we just want to say "**Much Mahalo**" to **Barry and his staff** for the use of the water cooler and great tasting water. We are very fortunate to have a youth oriented business as a friend of the KYC. Also to everyone out there, please support businesses like this one for they really care about the growth of our youths, for our youths are our future.

Anyone interested in renting or purchasing water products can do so at either one of these two locations:


Lahaina Pure Water Co. Phone 661-6246

or

The Water Store, Phone 871-4122







"Because of Pam's classes, I have the confidence to speak to audiences of all sizes. I am now basing our Personal Shopper marketing efforts on public presentations and seminars. I'm ready, willing and able to deliver!"

Susan Fusuma
 Director, Personal Shopping Services
 Liberty House

The PAM CHAMBERS
 Presentation Courses
 Author of the best-selling book *Public Speaking Made Easy*
 Call Pam at 377-5679 for a FREE CONSULTATION

Place your Commercial Properties in the

COMMERCIAL PROPERTY

PREVIEW PAGE

Reach your potential home buyer...one of 64,000+ Pacific Business News Readers.

For information call Classified 596-2021

Pacific Water

#26 Resources Inc.

Couple finds comfort in pure H₂O

By ALLEN YADAO
PBN Staff Reporter

In its first week of selling bottled water, misting systems, water treatment devices, and other water-related products Lahaina Pure Water Co., The Water Store, managed to create one of its first challenges.

President and co-owner Barry McPhee said he rented out a water cooler to an elderly woman during that week. After a couple of months, the woman asked McPhee if she now owned the cooler. McPhee told the woman she was just renting the cooler and keeping it was not part of the rental

agreement. The woman started to cry and told McPhee that she did not have much money. He let the woman keep the cooler.

McPhee said the woman told her friends about his store and what he did for her. Eventually, he ended up with lots of new customers.

Treating customers this way is the advice McPhee, 45, has for anyone planning to start their own business. Do more than what your customers expect, he said. This philosophy is the reason why Lahaina Pure Water is doing well, McPhee said.

Whenever customers walk into one of the two stores, which are owned by McPhee and his wife Irene, McPhee asks them how is his business doing and if they have any suggestions on how to improve his store. Talks with customers has led to changing the store's billing process, discovering a delivery driver was rude, adjusting store hours to more convenient times for customers, and other things that keep customers happy, McPhee said.

"We let our customers mold our business," he said.

In addition to listening to customers, McPhee believes in teaching them about clean water. Charts on what minerals some water cleaning devices can remove and on the kinds of water filters available are posted on the store walls. People can also check out magazines or ask questions, McPhee said.

Customer service is not new to McPhee.

From 1988 to 1991, McPhee and his wife ran a boat chartering business on Maui called Ocean Riders that took tourists on mini-cruises around the Islands.

Back then, McPhee said he would tell the boat captain to go slower if the water was rough or take the tourists on hikes if they had

extra time. He said Ocean Riders was so successful captains were among the highest paid in Hawaii. Little advertising was needed to keep Ocean Riders popular, he said.

McPhee was born in Montreal and lived there until he was 8. He finished high school in California and studied marine biology in college. Later, he transferred to the University of Hawaii to continue his education in marine biology. He did not earn his degree because he chose to go into business for himself.

McPhee and his wife plunged into the water business after seeing a need for home water treatment in Lahaina. After they rented their own home, they became interested in water treatment systems. McPhee and his wife went back to California for research because not enough information on water treatment was available. McPhee said he watched videos, read books and magazines, and talked to water dealers in California for more than three months. In 1991 Lahaina Pure Water opened for business.

Since that time, business has been nothing but great. McPhee said he finished paying for his cars, pays employees well, and owns two houses in Lahaina and one in British Columbia, Canada.

A new store is scheduled to open in Kihei later this year, and Lahaina Pure Water will work with Arrowhead Water to install water vending machines in hotels and condominiums on Maui. Despite the moves, McPhee said he is satisfied with the size of his Maui-based business. If business became larger, he would be hard to manage the store, he said.

"Bigger does not necessarily mean better," McPhee said.

Service / Sales: Queen and Alakea, Downtown - 532 5510

Agent Partners: Windward Wireless, Kaneohe - 235 3880 • Glory Computers, Aiea - 487 0464 • CellPro, Honolulu - 941 3553

Our Congratulations to the

Fastest 50



Hawaiian Wireless is proud to be a part in the success of many of these fast growing companies. Propel your business growth with our low cost communications.

...

Get up to **THREE MONTHS FREE** unlimited calling access, or **EIGHTEEN MONTHS of FREE WEEKENDS** with a prepaid agreement. Save up to \$225.

...

Digital phone included, limited time offer.

...

Call Hawaiian Wireless, and join those on the go.

540 3500



Hawaiian Wireless

Authorized **ERICSSON** dealers

Pacific Water Resources Inc.

Year founded:	1992	Employees in 1997:	9
Revenue increase:	87.12%	Employees in 1995:	7
'97 revenue:	\$585,271	Top executive:	
'95 revenue:	\$312,781	Barry McPhee, president	
Start-up capital:	\$30,000	Product/service:	bottled water and water-related products
Source of capital:	owners		

E02 Response

Lima Ulu LLC is poised and ready to begin business in Maui County, Hawaii. We are professionals and industry experts with extensive knowledge and demonstrated experience in the medical marijuana industry with over 40 years of traditional business experience in Maui County. Our management team and staff will implement our business plan and provide customers with an unparalleled level of service and expertise (**See attachment E02.01 Business Plan**). Development and implementation of Standard Operating Procedures (SOPs) provide consistent guidelines for compliant, successful business operations. Specific SOPs have been identified and developed, including: Cultivation, Extraction, Security, Compliance, Inventory Management, Chain of Custody, Confidentiality, Secure Disposal, Product Safety and Retail Dispensary Operations. Upon authorization from the Hawaii Department of Health, Lima Ulu will begin executing a detailed timeline developed to ensure construction and licensing are completed in a efficient and timely manner. Lima Ulu will begin executing our business plan, drafted with a product-to-market date of January 1, 2017. Careful consideration has been given to potential hurdles we might face while adhering to local county ordinances. A timeline with specific milestones has been developed as well as an action plan to track and meet deadlines during this process. Douglas Waun, our Chief Operations Officer (COO), has worked with Washington state's newly created industry for the past 3 years. He has direct experience working with state departments to create and navigate this new and regulated industry. His expertise brings many benefits to the Lima Ulu operation in our efforts to provide high quality and effective medical marijuana to the patients of Maui County.

We acknowledge the urgency to bring products to market, as research shows a market share in Maui County of approximately 1,400 patients. This number is expected to increase as dispensaries open and safe access to medical marijuana products becomes available. This market growth model allows us to retain startup capital by starting "small by design". This includes opening our first retail

location in the first year and our second location in the second year. Our production facility will have infrastructure in place for large scale growth. The benefit received by starting production on a scale proportional to current market demand is evident. “Scaling up” will largely decrease our initial buildout timelines, bringing our products to market sooner while avoiding costly delays. Security will be strict and diversion prevented while comprehensive protocols are fine-tuned. With time, industry standards will evolve as state and county agencies work with the dispensaries, directing our efforts to ensure we comply with all applicable regulations. Our strategy of a research-based and calibrated approach will ensure longterm success.

We have secured both commercial and agriculturally-zoned real estate properties to facilitate a seamless integration between the production of our products and reliable availability to medical marijuana patients of Maui. Our plan to bring medical cannabis to the people of Maui County begins with development of our production facility. We have secured a ten year lease on agricultural property and facility construction will commence immediately upon authorization from the Hawaii Department of Health with a completion schedule of less than 6 months. We will implement our custom retail dispensary buildout concurrently with our production facility development. All county permitting will be obtained and contracts for construction will be executed with due diligence. Significant commencements and milestones included in our timeline can be referenced in the attached startup timeline document (**See attachment E02.02 Startup Timeline**).

Production Facility:

Lima Ulu LLC has secured an ideal location to cultivate medical marijuana and manufactured marijuana products. It is located on 20 acres of vacant, *Ag Use* zoned land at Makila Ridge, Lot 11, N. Punakea Loop, Lahaina, HI 96761. This location was chosen for its remote, low traffic nature

and full landlord compliance. We have an Agreement to lease, manage and control two acres of this property with the option of expansion **(See attachment E02.03 Production Facility Lease)**.

Additionally, our lease states the “landlord will provide and construct a building intended solely to produce, grow and manufacture medical marijuana and medical marijuana products to be leased and controlled solely by Lima Ulu LLC and to meet the requirements of [Section §11-850-32.]” Phase 1 buildout consists of a 5000 square foot, fully enclosed commercial building on a concrete slab. This building will be a highly secure medical marijuana production facility designed by Douglas Waun (COO), Lennon Ficalora (Master Grower), and Allied Steel Buildings. The building structure will be ordered upon authorization by the Hawaii Department of Health (DOH) and constructed upon delivery. Lima Ulu CEO, Kenneth Barry McPhee has prior experience ordering and constructing facilities manufactured by Allied Steel Buildings and we are confident in our projected timelines. During building manufacturing and delivery, all site work will be completed, including structural slab, security fencing, septic system and utilities **(See attachment E02.04 Production Site Plans)**. Construction of the building should take roughly two months and another month to outfit for specific growing needs (lights, pots, irrigation, bokashi disposal, etc.), security upgrades (cameras, locks, protocols, etc.), and utility integration.

Upon facility final inspection and approval by DOH and NED per Section 11-850-32, we will implement our cultivation plan with our first harvest projected for October, 2016. During this time we will develop and test our packaging and transit protocols. Once dried and cured, the medical marijuana will be tested and first batches of products will be developed. Samples will be provided to the DOH Certified Lab, and pending approval by DOH, delivered to our retail dispensing location for an estimated store opening of January 1, 2017.

Potential Growth of Production Facility:

As per the terms of our lease agreement, the landlord will make available additional land for lease, expansion, and/or additional buildings per the needs of Lima Ulu LLC. As our operations develop and the market expands, we will use operating capital to expand our facility accordingly. Our secured location can be expanded an additional 20,000 square feet of building space. This expansion may be implemented incrementally. If authorized by DOH,, we are also prepared to scout additional locations or consider subcontracting options if demand exceeds current production capacity.

Retail Dispensing Location:

Lima Ulu, LLC has entered into a purchase agreement to buy a commercial property, zoned B-2 at 749 Lower Main St., Wailuku, HI 96793 **(See attachment E02.05 Purchase Agreement)**. This property is in compliance with Section §11-850-8. We have secured a bid from a local licensed contractor to construct an 800 sq. ft. retail facility that meets or exceeds all regulations imposed by regulatory departments, including those indicated by Sections §11-850-31 & 33 **(See attachment E02.06 Retail Site Plans)**. Having control of design and construction phases will maximize our ability to manage crucial elements of compliance, patient care and security. We will not be restricted by shared walls, other tenants needs or common areas. Our floor plan facilitates a friendly transaction environment while maximizing security and privacy through reinforced points of entry, secure preliminary patient vetting and secure product storage. We estimate retail construction completion in five months for an expected store opening of January 1, 2017. Employee training and security protocols will be tested and staff will be hired and trained during construction, ensuring a smooth transition into operations.

2nd Retail Dispensing Location:

As awareness and customer base grows, and anticipating reciprocity of medical marijuana patients nationwide, we expect to open our second retail dispensing location before January 1, 2018. The intended location for this second retail dispensing location is already controlled by Lima Ulu LLC, a commercial property zoned *M-1 light industrial* use at 142 Kupuohi St., Lahaina, HI 96761. This property is in compliance with Section §11-850-8 and is owned by Kenneth Barry McPhee, our CEO. This location is strategically located to service all of the qualifying patients residing in West Maui, qualifying patients arriving by ferry from Lana`i and Moloka`i and qualifying patients vacationing in Lahaina.

LIMA ULU LLC

E02 Response Attachments

Reference no.	Page no.
E02.01 Business Plan	7 - 20
E02.02 Startup Timeline	21 - 22
E02.03 Production Facility Lease	23 - 40
E02.04 Production Site Plans	41 - 50
E02.05 Purchase Agreement	51 - 61
E02.06 Retail Site Plans	62 - 68

LIMA ULU, LLC

TABLE OF CONTENTS

- I. Executive Summary**
- II. Overview of the Industry**
- III. Market Analysis**
- IV. Lima Ulu Business Model and Strategy**
- V. Legal Matters**
- VI. Executive Team**
- VII. Financial Assumptions and Analysis**

I. EXECUTIVE SUMMARY

Overview

As states and countries continue to introduce laws providing access to medical marijuana, and likewise, the increasing trends in adult retail marijuana legislation, major opportunities will continue to evolve in these newly created marijuana markets. Lima Ulu LLC plans to enter the medical marijuana market in Hawaii through participation in the licensing process made possible by HB 321/Act 241, signed into law June 14, 2015 by Governor David Ige. Lima Ulu seeks to be the preeminent dispenser of medical marijuana products in Maui County, Hawaii. Established by successful entrepreneurs and advised by long-time marijuana industry leaders, Lima Ulu benefits from years of operational expertise that has demonstrated dedication to both the industry and patient needs. The experienced team, superior products and proven operating model to be implemented by Lima Ulu will ensure functional and financial stability through future regulatory and market changes.

Lima Ulu's Mission

The foremost objective of Lima Ulu is to develop stable, adaptive operations that provide the highest quality service and products to the medical marijuana patients of Maui County, Hawaii. through the current evolution of marijuana policy and law. We will strive each day to continue to bring legitimacy to the marijuana industry by adhering to existing regulations and by promoting medical marijuana as safe and clinically effective. To this end we will provide regulators and policy makers with attainable, yet high standards for the medical marijuana industry. We will educate physicians in the area of law and best practices, as well as provide both the physician and patient with evidence based clinical applications of medical marijuana.

II. OVERVIEW OF THE INDUSTRY

Marijuana as Medicine and the History of the Industry

In 2008, the American College of Physicians published a paper that supported medicinal use of marijuana and encouraged extensive research. Throughout the 90's, many other medical associations issued statements in support of medical marijuana use or research. Among them are the American Academy of Family Physicians, American Medical Association, American Medical Student Association, American Public Health Association, British Medical Association, and the Federation of American Scientists. Despite these endorsements, and the supportive scientific data, many health care providers choose not to recommend it to their patients.

“I don't think physicians have a bias against marijuana, I think there is a bias against lack of information. Physicians can't prescribe the dose, choose the type of marijuana, or monitor their

patients' use in the manner they can with other drugs.” –Robert Brockman, President of the Colorado Academy of Family Physicians

In 1996, California became the first state to implement statewide medical marijuana legislation. While the newly created laws did not allow for a distribution system, it did provide the right to possess and use medical marijuana. As a result, the market evolved into a collective system loosely organized around the gray areas of the law, thereby creating legally defensible models of business. Dispensaries multiplied rapidly in 2009 when the United States Attorney General, Eric Holder announced that the Justice Department would not prosecute citizens acting in accordance with state law. In response to the rapid growth of dispensaries and supporting segments of the industry, Colorado passed the first comprehensive, commercial medical marijuana regulations in 2010. Since the passing of these laws, there has been a steady growth of dispensaries, grow facilities and a multitude of ancillary operations. Colorado and Washington are now spearheading a rapidly growing regulated adult—or recreational—marijuana market. These newly regulated markets have created a landscape with unlimited opportunity for entrepreneurial innovation. The success of the industry

depends not only on workable regulatory models that address public safety and consumer needs, but also the professional reputation of the industry and a public opinion arrived at through accurate, current data.



The Industry Today

The rapid growth of dispensaries and grow facilities were an immediate effect of the new marijuana regulations, as the availability of marijuana was met with an insatiable demand for the product. As with any new industry, ancillary operations and innovative

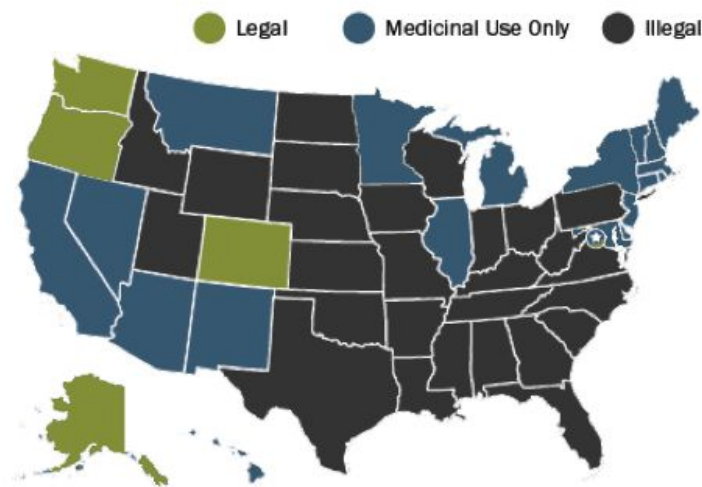
products quickly entered the market. Patients were looking for alternative means by which to ingest the product and the industry responded. Hand-held personal vaporizers are becoming increasingly popular as an alternative to smoking the product. Lotions and topical solutions, as well as dermal patches and sublingual tablets are also available. The culinary industry has headed the call by contributing to the trend of marijuana infused foods and beverages. Patients can purchase foods that have been prepared using marijuana extracts, or can buy infused ingredients to add to their own recipes at home. Some restaurants in Colorado have begun pairing their food with popular strains of marijuana to attract a new customer base. And because of the new recreational laws in Washington and Colorado, tourism centered on the pot industry has taken off as well. People visiting these states are taking advantage of opportunities to tour marijuana operations in the same manner they might a winery or a brewery. The professionalization of the marijuana industry has shifted public perception and created an attractive opportunity for entrepreneurs and those wishing to contribute their ideas into new and uncharted territory presented by this new industry.

A total of 23 states, the District of Columbia and Guam now allow for comprehensive public medical marijuana and cannabis programs, with historic probability that these initiatives will

eventually be amended to include recreational use in time. The policy and public perception shift enabling the legal market today can be attributed not only to that segment of the population pursuing access but also to the obvious and pervasive failures of prohibition and its impact on the economy; local, state and federal.

III. MARKET ANALYSIS

States with Fully Legal Marijuana or Medicinal Use Laws



SOURCE: National Conference of State Legislatures and National Organization for the Reform of Marijuana Laws

PEW RESEARCH CENTER

State of the National Medical Marijuana Market

The current medical marijuana market is led in volume and sales by California, with Colorado and Washington following. “California is the largest state market at \$980 million,” according to ArcView Market Research. Arc View’s estimates a legalized national market for marijuana will vary from \$10 billion to \$120 billion a year. MMBD estimates the market at \$46 billion. Bloomberg states that a market of \$35 billion to \$45 billion is likely, and tax collections from these sales could range from \$9 billion to \$20 billion (*Bloomberg*, March 6, 2013).

Size of the National Market

According to ArcView, the total U.S. illicit market for marijuana is estimated

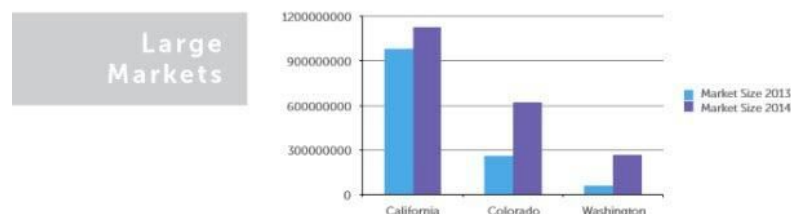
to be \$18 to \$30 billion with major price variability observed nationally. Other estimates contemplating a mature, fully legal and taxed national marketplace exceed these figures by far:

“Estimates vary, as calculating consumption accurately is tricky, but \$33 billion is a conservative estimate. That’s based on a street price of \$185 an ounce and annual consumption of 180 million ounces, according to the Office of National Drug Control Policy.

Other estimates of the U.S. market alone range from \$70 billion (the Campaign Against Marijuana Planting) to \$100 billion (Jon Gettman, assistant professor at Shepherd University in West Virginia and marijuana researcher). Even at the low end, the total is within shouting distance of the cigarette market, which stands at \$91 billion. And it’s not far from what Americans spend on beer in a year - \$97 billion, according to the Beverage Information Group.” (*Newsweek*; January 9, 2014).

“The legal U.S. marijuana market is projected to exceed \$10 billion by 2018, making it one of the fastest growing industries in the country, according to ArcView Market Research.

Projected Growth



The pace of growth is even expected to eclipse the expansion of the global smartphone market, ArcView Group CEO Troy Dayton said in the company's second [State of Legal Marijuana Markets report](#) released this week.”

The national market is actually a composition of many state markets.

Federal prohibition and patient residency restrictions prevent consumers and marijuana products from crossing state lines. The regulatory structures differ greatly by state. Currently only three states have reciprocity, which honors the patient status of citizens from other states. These states are Maine, Rhode Island, and Nevada, with Delaware currently considering reciprocity.

The Hawaii Medical Marijuana Market

In order to understand the demand that will exist in Hawaii’s medical marijuana market several factors must be considered, such as: the State’s population, qualifying medical conditions, patient population and inventory purchase restrictions. An educated hypothesis of patient population and ultimate monthly demand can be extrapolated from statistical data available from states such as Washington.

A third-party research firm engaged by our consultants estimate approximately 14,400 medical marijuana users in the state of Hawaii. Additionally, over 32,000 visitors to Maui County Hawaii each year which will be qualified to purchase medical marijuana January 1, 2018

Risks and Major Operational Challenges

Risks encountered in the medical marijuana market are similar to those found in many industries and include: political risk, regulatory risk and opposition from local governments and neighborhoods. The federal risk due to the illegality of the industry is unique to the medical marijuana industry. The medical marijuana market also presents unique operational challenges to participants including tax burdens, challenges with banking services, heavy security requirements and compliance with ever-changing regulatory schemes. However unlike other markets, the opportunities that offset the risks are unparalleled in any other sector. This new market offers untapped market potential, rapid growth and development, possible preferential treatment and “grandfathering” rights during regulatory shifts, strong profit margins and major upside potential for a sale of the business. With our experience we have quite the advantage.

Taxes: 26 USC § 280E—Expenditures in connection with the illegal sale of drugs: Profits from marijuana businesses are assessed at higher effective federal income tax rates than other

businesses. The IRS provision referenced above states that “no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted.” This provision has been applied by the IRS to medical marijuana operations, prohibiting them from deducting expenses directly associated with the sale of marijuana. Section 280E therefore has a significant impact on the retail side of medical marijuana, but a lesser impact on cultivation and manufacturing operations. Lima Ulu will address the 280E challenge through regular tax planning, developed from years of experience in the medical marijuana industry and through the transfer of income to outside entities as allowable. Additionally, we will support the national lobbying efforts of the National Cannabis Industry Association and others organizations on 280E. It is important to note that although this provision prevents Lima Ulu from deducting certain costs of its sales, it does not present a significant financial burden directly to the retail dispensary operations. In addition, this challenge is not a new one to this industry and significant returns can be expected despite the increased tax burden.

Security: The large quantity of cash on hand, and the large amounts of product that has a black market distribution potential presents a large security risk to operators. These factors require a very intensive security program. Insurance can provide some protection, but currently insurance coverage protects only limited amounts of cash from theft. While coverage is available for large amounts of finished product, the safety risk to personnel remains high. A professional security consultant will be engaged to develop security protocols surrounding cash handling and the security of personnel and customers. Employees will receive frequent security training focusing on risk assessment, facility and personal security as well as conflict resolution.

Compliance: Hawaii has established tight regulations for the medical marijuana industry. At this time, the rules are under development and final rules are yet to be determined. The rulemaking process will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. A compliance officer, Stephen P. Pingree, J.D. has been retained on staff to develop and implement a system of regular internal audits. Our legal team will provide guidance to any rulemaking processes and resulting regulatory changes. All operating policies and procedures implemented in the operation will be compliance based and derived from the state regulatory structure.

IV. LIMA ULU BUSINESS MODEL AND STRATEGY

The Model

Lima Ulu will apply for licensing in Maui County, Hawaii. Lima Ulu will develop and support its operations with the counsel of experienced industry consultants who have effectively demonstrated their competence in implementing proven, comprehensive operational structures for a multitude of

successful companies throughout the United States. Lima Ulu’s owners and advisors are experienced professionals in healthcare along with medical marijuana production and dispensing. .

The Strategy and Implementation

- Maintain the highest standards of excellence and compliance
- Provide unparalleled customer service, educational outreach and a large selection of products
- Create a strong brand recognized for providing consistent quality and generous contributions to local community organizations
- Implement pricing strategies that consider both the bottom line and patient needs
- Maintain relations with elected officials and regulatory agencies to inform legislation and rulemaking

Products and Services

Lima Ulu will offer a full suite of standardized medical marijuana product offerings including: raw medical marijuana, extractions, pre-filled vaporizer pens, sublingual tablets, transdermal patches as well as topical treatments and lotions. The product mix will be based on regulations, patient demand and product development. Lima Ulu will offer patients not only a wide array of products, but also a highly trained and informed staff, so to enhance the customer experience with the medical marijuana industry. Raw marijuana flower and extractions will be produced in Lima Ulu’s facility. Pre-filled vaporizers and capsules will be manufactured in-house immediately. Additional products will be added to the dispensary over a period of time, as demand requires. With a strong focus on marijuana as medicine, Lima Ulu will craft an alternative healthcare experience for our patients that will allow the integration of medical marijuana use into their daily lives.

Regulatory Process

The Hawaii Department of Health will determine the regulations regarding the implementation of the program. Lima Ulu will submit its applications for licensure on or before January 29, 2016. However, the regulatory process and timeline is subject to change by actions of the legislature or regulators, and is only an estimate based on current information. Based on timelines seen in other states that have recently implemented medical marijuana licensing schemes, the earliest date a license would likely be awarded in Hawaii is April 2016 assuming there is no delay in implementation.

Estimated Timeline

Milestone	Estimated Date
Applications due	1/29/2016
Licenses issued	4/15/2016

Begin build-out of production facility	4/16/2016
Begin build-out 1st retail dispensing location	6/1/2016
First harvests available for retail	11/1/2016
1st Retail Dispensing location opens	1/1/2017
Begin build-out of 2nd retail dispensing location	8/1/2017
2nd Retail Dispensing location opens	1/1/2018
Note: The milestones listed above are estimates based on past experience and any number of circumstances may change the timeline including the licensing date, construction or production delays, or other milestone deviations.	

V. LEGAL MATTERS

Federal Law

In terms of assessing risk, it is important to keep in mind that although 23 states and Washington D.C. have medical marijuana laws, and 4 of those states and Washington D.C. have made marijuana legal for all adults, marijuana remains 100% illegal federally. That means the federal government retains the right to arrest a dying marijuana patient or to prosecute those who sell marijuana, even if their actions are legal under their state law.

With this in mind, the federal government has provided some guidance about their *interests and priorities* in targeting marijuana businesses and users. Formal guidance was first offered in 2009 with the U.S. Justice Department's "Ogden Memo"¹ which stated that it would *not* be a priority of the federal government to pursue marijuana businesses that are in "clear and unambiguous compliance with state laws." This memo also stated that patients and smaller caregivers are not a prosecution priority of the federal government. A follow-up memo in 2011 further clarified that the 2009 memo was not intended to provide safe harbor to commercial operations. Most recently, on August 29, 2013, in response to the legalization of marijuana at the state level in Washington and Colorado, the Department provided additional written guidelines to state regulators indicating that they would not prioritize the prosecution of state legal marijuana businesses (medical or adult-use) but would instead focus on the following enforcement priorities:

- preventing distribution to minors
- preventing benefit to criminal enterprises
- preventing diversion across state lines
- preventing state-authorized activity from covering other illegal activity
- preventing violence and use of firearms in operations
- preventing drugged driving and other public safety consequences
- preventing marijuana cultivation on federal land and marijuana possession on federal property

Lima Ulu will not only comply with all state rules and regulations, but will also exceed those minimum standards to prove best in class within the industry.

VI. EXECUTIVE TEAM

Lima Ulu Executive Management

1

Chief Executive Officer (CEO)

Kenneth “Barry” McPhee (CEO) is specifically charged with overseeing Lima Ulu, LLC and will focus day-to-day concerns for Community Relations. Mr. McPhee attended University of Hawaii at Manoa. He started his career as a business entrepreneur by partnering with a successful island restaurant owner to establish a new location. Over the next thirty years in Hawaii he went on to develop successive successful businesses on his own, in which he used his skills in every aspect of starting and running a business. He has the vision and sense of timing to seize on opportunities, which are critical elements of entrepreneurship. He has secured funding, done market research, created logos, advertising, and marketing campaigns, run day to day operations, managed employees, complied with federal, state, and local licensing and regulations, and done whatever needed doing to keep his businesses successful. He developed a business philosophy which put customer service and satisfaction as the first priority, with community service and involvement a close second.

Chief Medical Officer (CMO)

Dr Jon Jancaterino, M.D. Beyond Dr. Jancaterino’s commitment to patient care, he is a generous supporter and volunteer to numerous organizations providing emergency care. He will oversee patient education, the development of patient education materials along with training of dispensary staff. He brings scientific and medical experience, in addition to his personal commitment to compassionate care into the emerging field of medical marijuana, and will effectively guide Lima Ulu in its business development.

Chief Financial Officer (CFO)

Denise Tjarks, MBA, received her master's degree in business from Upper Iowa University. As CFO, Denise will develop and implement strategies, practices and policies to address the financial and accounting requirements for Lima Ulu. She will perform highly specialized accounting operations, functional analyses and financial reporting, and summarizing and evaluating the output and analyses of accounting professionals in developing consolidated views of financial results/position. This will entail preparing and reviewing consolidated financial statements and accompanying analyses in accordance with IRS regulations and GAAP. In addition, she will analyze trends, provide financial forecasts and identify potential problems and performance exposures. She will conduct thorough research and work with external accountants, as needed. In her position, she will be resolving technical accounting issues, as well as formulating accounting practices and standard procedures. Among her other duties are designing and preparing required consolidated disclosures as well as developing and recommending necessary changes to schedules, notes and other disclosures consistent with changes in business operations.

Chief Horticulture Officer (CHO)

Kai McPhee, Certified Horticultural Officer with an education from University of California San Diego. He will direct all aspects of cultivation, including plant inventory. This role will oversee all cultivation activities, following all seed-to-harvest protocols. The Lima Ulu team will implement leading proprietary methodologies for cultivation and revolutionary horticultural technology within Lima Ulu's operations. The Lima Ulu executive team is committed to the mission and vision of making new marijuana-based therapies available to those suffering from debilitating diseases. All Lima Ulu staff will employ this philosophy to produce the best plants and products possible, starting with Lima Ulu's "Green Team." Under Mr. McPhee's leadership, Lima Ulu will set the standard for medical-grade marijuana product uniformity, quality and safety.

Chief Operations Officer (COO)

Douglas Waun(COO) will supervise Human Resources, Dispensary Operations, Patient Education, Extraction, Formulation, and Production. Utilizing his business administration education and hands-on experience, evolving Lima Ulu's strategic planning efforts, and leveraging marijuana industry relationships to secure Lima Ulu's exclusive access to proprietary best practices and top talent. He has further spearheaded Lima Ulu's community outreach efforts by advancing the company's vision and mission throughout the State and obtaining endorsements from local businessmen where Lima Ulu intends to locate facilities. His involvement has been recognized for his commitment to excellence, has galvanized his corresponding commitment to make new marijuana therapies available in Hawaii State through innovation and industry-specific competitive advantages.

Chief Compliance Officer (CCO)

Stephen Pingree JD (CCO) will be responsible for Security, Compliance, and Inventory. He has also provided consulting services in for many marijuana businesses through his law firm in Hawaii. Stephen has a background of helping Hawaii Medical Marijuana businesses comply with the myriad of Federal and State laws, and complex regulations to successfully operate a legal and profitable Medical Marijuana business in Hawaii. Stephen has legal and business experience in the development of Medical Marijuana Business in Hawaii and Nevada, consulting clients with the regulatory rules to obtain a Medical Marijuana business license and dealing with the Federal Laws relating to the Marijuana industry in general.

Stephen is licensed to practice before the courts in the State of Hawaii, the U.S. District Court for the District of Hawaii, the U.S. District Court for the Western District of Wisconsin, the 9th Circuit Court of Appeals, the U.S. Tax Court and the Supreme Court of the United States.



Lima Ulu's Advantages

The medical marijuana industry has proven difficult to navigate for many otherwise successful enterprises. The legal terrain and operational challenges make medical marijuana a challenging sector in which to succeed. Lima Ulu has fully analyzed the market and brought together the team and resources required to ensure its success. Lima Ulu's competitive advantages include a team comprised of proven marijuana professionals who provide crucial advice to reduce start-up risks and highly respected medical and financial advisors who bring extensive experience and political connections to the project.

Conclusion

The landscape laid out by this new and evolving industry has proven to be challenging and difficult, at times, to navigate. At the same time, the financial projections for tax revenue and overall profitability suggest that the ability to successfully navigate these challenges will prove lucrative. As a result of changing regulations, stringent laws and barriers carried over from a non-legitimate industry, the challenges inherent to the industry transcend those found in others. Both local and federal governments continue to redefine or tweak the laws and regulations of this new industry as they attempt to define the gray areas and find balance between a new industry spawned from progressive public policy and draconian laws. Lima Ulu believes that we are truly poised to be the best in class among our competitors in the medical marijuana industry by bringing together a team of experienced industry veterans and successful entrepreneurs. Our commitment to compliance and transparency, as well as the involvement of a competent consulting team with demonstrated successes in the industry will ensure a safe, stable and profitable investment. Marketing our high quality products to strategically chosen audiences, and by providing outstanding customer service, advocacy and education, we will drive demand for our service so as to ensure the success and profitability of a first-class marijuana operation.

Start-Up Timeline

Lima Ulu LLC's estimated timeline for construction, growing medical marijuana and production of a finished product is set forth in the following table. To summarize, upon issuance of license, Lima Ulu LLC is prepared to immediately commence construction activities. The general contractor will complete primary cultivation areas first so that horticultural activities can begin while construction in other areas is ongoing. It is anticipated that by approximately September 1, 2016, construction activities will be sufficiently complete so that plantings can begin. By approximately December 24, 2016, Lima Ulu LLC anticipates that harvesting, extraction and product formulation and testing will be complete. Final product will be ready for sale January 1, 2017. The table below sets forth operational milestones (the most significant construction and horticultural benchmarks) and expected dates of achievement for each.

Operational Milestone	Date
State of Hawaii Awards Medical Marijuana Permits	Apr. 15
Licensing Fees and Issuance of License <ul style="list-style-type: none"> • Dispensary License fees Paid • Obtain NED Certification 	Immediately following written notice of licensure
Execute contracts with production site lease and enter escrow on retail location	April 16 – April 20
Construction on production facility begins and Lima Ulu LLC takes possession of retail location	April 21 – June 1
Retail location construction	June 1 – July 30
Finish Construction on production facility and out fit growing operations and security systems	August 1 – August 15
Final production facility approval by DOH and NED	August 16 – August 31
First Planting	September 1
First Harvest (45 Days)	October 15
Second Harvest (60 Days)	December 1

Extraction	December 1 – December 5
Product Formulation	December 5 – December 15
Product Packaging Product Testing	December 16 – December 24
Product Delivery to Dispensaries	December 28
Final Product Ready for Sale	January 1, 2017

E03 Response

Lima Ulu, LLC is a Hawaii Limited Liability Company, founded by Kenneth Barry McPhee, Douglas Waun, Dr. Jon Jancaterino MD and Kai McPhee on October 8, 2015.

Three of our four members are Hawaii residents in compliance with the Department of Health rule 850-16(2)(A) requiring that 51% of the entity applicant is held by Hawaii legal residents. Lima Ulu LLC exceeds this requirement by 9%. Kenneth Barry McPhee (50% owner) has been a resident and business owner in Hawaii for over 30 years. Dr. Jancaterino (10% owner) has been a Hawaii resident for over 10 years. Kai McPhee has been a lifetime resident of Maui with lapses attending the University of California in San Diego.

A) Legal sources of finances Lima Ulu has [REDACTED] as stated on our financial resources worksheet. These resources are capital contributions from members of Lima Ulu LLC, Kenneth Barry McPhee, Dr. Jon Jancaterino and Douglas Waun, which fully fund all operations without outside investment, interest or control. Lima Ulu has also provided a letter of understanding from Tim Matula and eCrim with proof of funds that Mr. Matula has interest in investing an additional [REDACTED] if we are approved for the Medical Marijuana Dispensary License, **(See attachment E03.01 - Letter of Understanding)**. Lima Ulu has the ability to raise additional funds if needed and further investment from our current members is available as well. We have had significant interest from others to invest and although it is not our intention to seek external financing, it may become a consideration if more capital is required for substantial growth.

B) Financial statements from Kenneth Barry McPhee's previous business, [REDACTED] [REDACTED] are attached **(See attachment E03.02 PWR Balance Sheet)**. Douglas Waun (COO) currently owns and operates several medical

marijuana businesses in Washington State, producing close to [REDACTED]

(See attachment E03.03 Letter of Support).

C) **The financial plan** for operating a medical marijuana dispensary in Hawaii is closely modeled after Douglas Waun’s successful operation in Washington State. The attached financial plan is built from that relevant experience with Hawaii-specific business input from Douglas Waun, Kenneth Barry McPhee, Dr. Jon Jancaterino and consultant Jill Lamoureux (See attachment E03.04 for the projected cashflow and balance sheets for fiscal years 2016-2020). The projected financials are based on the best estimates of Lima Ulu’s advisors as to the expected financial performance of the company in its first five fiscal years of operation. The financial projections have been calculated based on a number of factors, including: supply and demand dynamics expected in Maui county; retail and wholesale medical marijuana prices observed in other states; patient demand and consumption data provided by third-party research organizations; and anecdotal reports from dispensary owners in other states [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

D) The credit history for Lima Ulu LLC has not been established as it is a new entity that was formed in October 2015. However, a Certificate of Good Standing was obtained from the Department of Commerce and Consumer Affairs **(See attachment E03.05 COGS)**.

The creditworthiness of the individual applicant Kenneth Barry McPhee is excellent as evidenced by his [REDACTED] and the attached credit report **(See attachment E03.06 Credit History)**.

E) Bankruptcy Status: Lima Ulu, LLC has no history of bankruptcy. The individual applicant Kenneth Barry McPhee has no history of bankruptcy personally, professionally or in any of his business ventures. The three businesses that he started, operated and sold during his 40 plus years of living in Hawaii (1972-1980; 1986-present) were all very successful enterprises, providing employment and tax revenues to the state. He is a true entrepreneur, seeing and seizing opportunities and turning them into viable businesses. Ocean Riders Adventure Rafting boating activity company started in 1987 and sold in 1991:

[REDACTED]. That company is still successfully operating today under different ownership. His last business startup in 1992 was Pacific Water Resources, Inc., dba Lahaina Pure Water Company and The Water Store. In 1998 this entity was recognized as one of Hawaii's Fastest 50 Growing Businesses by Pacific Business News and First Hawaiian Bank. He received a personal commendation from the Governor. Throughout his business career he has conducted himself with the utmost integrity in both his personal and business life and has proven successful planning and executing a budget in

both the startup and turnkey stages of business operations. His business philosophy is founded upon the principles of providing the best customer service possible, and his many testimonials from satisfied customers is proof thereof. His strong belief in giving back to the community was evidenced by his company's donations of free purified water and related products to youth sporting organizations, school and community events. **(See attachment E03.07 Community Appreciation)**

LIMA ULU LLC

E03 Response Attachments

Reference no.	Page no.
E03.01 Letter of Understanding	6 - 8
E03.02 PWR Balance Sheet	9
E03.03 Letter of Support	10
E03.04 Projected Cashflow	11 - 15
E03.05 COGS	16
E03.06 Credit History	17 - 47
E03.07 Community Appreciation	48 - 50

LIMA ULU LLC

Cash Flow Projections 2016

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Beginning Cash Balance	\$0	\$1,192,525	\$1,187,050	\$1,181,575	\$1,094,250	\$782,075	\$759,900	\$720,825	\$687,550	\$654,425	\$621,300	\$576,100	
Cash Inflows													
Dispensary Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Owners' investment	1200000	0	0	0	0	0	0	0	0	0	0	0	1200000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	\$1,200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,200,000
Available Cash Balance	\$1,200,000	\$1,192,525	\$1,187,050	\$1,181,575	\$1,094,250	\$782,075	\$759,900	\$720,825	\$687,550	\$654,425	\$621,300	\$576,100	
Cash Outflows													
Operations													
Production Facility Lease Payment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$7,500
Dispensary 1 Mortgage Payment	0	0	0	0	2500	2500	2500	2500	2500	2500	2500	2500	\$20,000
Dispensary 2 Lease Payment	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Internet connection & hosting	0	0	0	0	0	0	100	100	100	100	100	100	\$600
Security	0	0	0	0	0	0	10000	1000	1000	1000	1000	1000	\$15,000
Salaries & wages	2500	2500	2500	2500	2500	2500	2500	5500	5500	5500	14000	14000	\$62,000
Office supplies	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Office equipments - purchase	0	0	0	0	0	0	2500	0	0	0	0	2500	\$5,000
Vehicle expenses	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Manufacturing Expenses (nutrients etc)	0	0	0	0	15000	5000	5000	5000	5000	5000	5000	5000	\$50,000
Equipment Purchase Production Facility	0	0	0	0	220000	0	0	0	0	0	0	0	\$220,000
Equipment Purchase Dispensary	0	0	0	0	0	0	0	0	0	0	0	25000	\$25,000
Production Facility Utilities	0	0	0	0	0	0	1800	1800	1800	1800	1800	1800	\$10,800
Leasehold Improvements	0	0	0	0	60000	0	0	0	0	0	0	0	\$60,000
Total Operations	\$2,600	\$2,600	\$2,600	\$2,600	\$300,100	\$10,100	\$24,500	\$17,500	\$17,500	\$17,500	\$26,000	\$53,500	\$477,100
Finance & Administration													
Salaries & wages	\$0	\$0	\$0	\$0	\$0	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$15,000
Employee training	0	0	0	0	1850	1850	1850	1850	1850	1850	1850	1850	\$14,800
Legal/Consulting	4000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	\$26,000
Bank charges	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Insurance	0	0	0	600	600	600	600	600	600	600	1200	1200	\$6,600
Payroll taxes	875	875	875	875	875	875	875	1925	1925	1925	4900	4900	\$21,700
Permits & licenses	0	0	0	75000	0	0	0	0	0	0	0	0	\$75,000
Taxes	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Charitable contribution	0	0	0	0	0	0	0	0	0	0	0	1000	\$1,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Finance & Administration	\$4,875	\$2,875	\$2,875	\$78,475	\$5,325	\$5,325	\$7,825	\$8,875	\$8,875	\$8,875	\$12,450	\$13,450	\$160,100
Research and Development													
Professional Marijuana Consultants	\$0	\$0	\$0	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$22,500
Heal hcare Research and Training	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$8,000
Marijuana Strain Study and Research	0	0	0	750	750	750	750	750	750	750	750	750	\$6,750
Educational Travel	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Professional Services	0	0	0	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$9,000
Printing and Brochures	0	0	0	500	0	0	0	150	0	0	0	0	\$650
Product Development	0	0	0	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$13,500
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Research and Development	\$0	\$0	\$0	\$6,250	\$6,750	\$6,750	\$6,750	\$6,900	\$6,750	\$6,750	\$6,750	\$6,750	\$60,400
Total Cash Outflows	\$7,475	\$5,475	\$5,475	\$87,325	\$312,175	\$22,175	\$39,075	\$33,275	\$33,125	\$33,125	\$45,200	\$73,700	\$697,600
Net Increase (Decrease) in Cash	\$1,192,525	-\$5,475	-\$5,475	-\$87,325	-\$312,175	-\$22,175	-\$39,075	-\$33,275	-\$33,125	-\$33,125	-\$45,200	-\$73,700	\$502,400
Ending Cash Balance	\$1,192,525	\$1,187,050	\$1,181,575	\$1,094,250	\$782,075	\$759,900	\$720,825	\$687,550	\$654,425	\$621,300	\$576,100	\$502,400	

LIMA ULU LLC

Cash Flow Projections - 2017

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Beginning Cash Balance	\$502,400	\$401,075	\$413,600	\$426,125	\$438,650	\$446,775	\$455,500	\$464,225	\$471,950	\$479,675	\$487,400	\$495,125	
Cash Inflows													
Dispensary Sales	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	70000	840000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$840,000
Available Cash Balance	\$572,400	\$471,075	\$483,600	\$496,125	\$508,650	\$516,775	\$525,500	\$534,225	\$541,950	\$549,675	\$557,400	\$565,125	
Cash Outflows													
Operations													
Production Facility Lease Payment	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$23,000
Dispensary 1 Mortgage Payment	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$60,000
Dispensary 2 Lease Payment	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Internet connection & hosting	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Security	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Salaries & wages	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	\$168,000
Office supplies	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Office equipments - purchase	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Vehicle expenses	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	\$14,100
Manufacturing Expenses (nutrients etc)	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$60,000
Equipment Purchase Production Facility	20000	0	0	0	0	0	0	0	0	0	0	0	\$20,000
Equipment Purchase Dispensary	1200	0	0	0	0	0	0	0	0	0	0	0	\$1,200
Production Facility Utilities	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	2400	\$28,800
Leasehold Improvements	40000	0	0	0	0	0	0	0	0	0	0	0	\$40,000
Total Operations	\$91,475	\$30,275	\$30,275	\$30,275	\$30,275	\$30,275	\$30,275	\$31,275	\$31,275	\$31,275	\$31,275	\$31,275	\$429,500
Finance & Administration													
Salaries & wages	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$66,000
Employee training	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Professional fees	3500	850	850	850	850	850	850	850	850	850	850	850	\$12,850
Bank charges	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Insurance	1200	1200	1200	1200	1800	1200	1200	1200	1200	1200	1200	1200	\$15,000
Payroll taxes	4900	4900	4900	4900	4900	4900	4900	4900	4900	4900	4900	4900	\$58,800
Permits & licenses	50000	0	0	0	0	0	0	0	0	0	0	0	\$50,000
Taxes	2800	2800	2800	2800	5600	5600	5600	5600	5600	5600	5600	5600	\$56,000
Charitable contribution	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Finance & Administration	\$73,900	\$21,250	\$21,250	\$21,250	\$24,650	\$24,050	\$24,050	\$24,050	\$24,050	\$24,050	\$24,050	\$24,050	\$330,650
Research and Development													
Professional Marijuana Consultants	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Healthcare Research and Training	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$8,000
Marijuana Strain Study and Research	750	750	750	750	750	750	750	750	750	750	750	750	\$9,000
Educational Travel	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Professional Services	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Printing and Brochures	200	200	200	200	200	200	200	200	200	200	200	200	\$2,400
Product Development	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$18,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Research and Development	\$5,950	\$5,950	\$5,950	\$5,950	\$6,950	\$6,950	\$6,950	\$6,950	\$6,950	\$6,950	\$6,950	\$6,950	\$79,400
Total Cash Outflows	\$171,325	\$57,475	\$57,475	\$57,475	\$61,875	\$61,275	\$61,275	\$62,275	\$62,275	\$62,275	\$62,275	\$62,275	\$839,550
Net Increase (Decrease) in Cash	-\$101,325	\$12,525	\$12,525	\$12,525	\$8,125	\$8,725	\$8,725	\$7,725	\$7,725	\$7,725	\$7,725	\$7,725	\$450
Ending Cash Balance	\$401,075	\$413,600	\$426,125	\$438,650	\$446,775	\$455,500	\$464,225	\$471,950	\$479,675	\$487,400	\$495,125	\$502,850	

LIMA ULU LLC

Cash Flow Projections - 2018

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Beginning Cash Balance	\$502,850	\$613,325	\$837,650	\$1,061,975	\$1,286,300	\$1,510,025	\$1,734,350	\$1,958,675	\$2,183,000	\$2,407,325	\$2,631,650	\$2,855,975	
Cash Inflows													
Dispensary Sales (2 locations)	310000	310000	310000	310000	310000	310000	310000	310000	310000	310000	310000	310000	3720000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$310,000	\$3,720,000
Available Cash Balance	\$812,850	\$923,325	\$1,147,650	\$1,371,975	\$1,596,300	\$1,820,025	\$2,044,350	\$2,268,675	\$2,493,000	\$2,717,325	\$2,941,650	\$3,165,975	
Cash Outflows													
Operations													
Production Facility Lease Payment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Dispensary 1 Mortgage Payment	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$60,000
Dispensary 2 Lease Payment	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Internet connection & hosting	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Security	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	\$66,000
Salaries & wages	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	\$288,000
Office supplies	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Office equipments - purchase	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Vehicle expenses	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	\$14,100
Manufacturing Expenses (nutrients etc)	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000	\$96,000
Equipment Purchase Production Facility	20000	0	0	0	0	0	0	0	0	0	0	0	\$20,000
Equipment Purchase Dispensary	1200	0	0	0	0	0	0	0	0	0	0	0	\$1,200
Production Facility Utilities	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	\$40,800
Leasehold Improvements	40000	0	0	0	0	0	0	0	0	0	0	0	\$40,000
Total Operations	\$113,475	\$52,275	\$52,275	\$52,275	\$52,275	\$52,275	\$52,275	\$52,275	\$52,275	\$52,275	\$52,275	\$52,275	\$688,500
Finance & Administration													
Salaries & wages	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$102,000
Employee training	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Professional fees	3500	850	850	850	850	850	850	850	850	850	850	850	\$12,850
Bank charges	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Insurance	1200	1200	1200	1200	1800	1200	1200	1200	1200	1200	1200	1200	\$15,000
Payroll taxes	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	\$100,800
Permits & licenses	50000	0	0	0	0	0	0	0	0	0	0	0	\$50,000
Investments	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Charitable contribution	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Finance & Administration	\$77,600	\$24,950	\$24,950	\$24,950	\$25,550	\$24,950	\$24,950	\$24,950	\$24,950	\$24,950	\$24,950	\$24,950	\$352,650
Research and Development													
Professional Marijuana Consultants	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Healthcare Research and Training	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Marijuana Strain Study and Research	750	750	750	750	750	750	750	750	750	750	750	750	\$9,000
Educational Travel	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$18,000
Professional Services	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Printing and Brochures	200	200	200	200	200	200	200	200	200	200	200	200	\$2,400
Product Development	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$18,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Research and Development	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$8,450	\$101,400
Total Cash Outflows	\$199,525	\$85,675	\$85,675	\$85,675	\$86,275	\$85,675	\$85,675	\$85,675	\$85,675	\$85,675	\$85,675	\$85,675	\$1,142,550
Net Increase (Decrease) in Cash	\$110,475	\$224,325	\$224,325	\$224,325	\$223,725	\$224,325	\$224,325	\$224,325	\$224,325	\$224,325	\$224,325	\$224,325	\$2,577,450
Ending Cash Balance	\$613,325	\$837,650	\$1,061,975	\$1,286,300	\$1,510,025	\$1,734,350	\$1,958,675	\$2,183,000	\$2,407,325	\$2,631,650	\$2,855,975	\$3,080,300	

LIMA ULU LLC

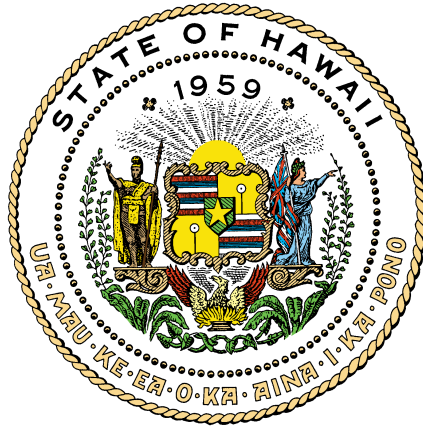
Cash Flow Projections - 2019

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Beginning Cash Balance	\$3,080,300	\$3,251,825	\$3,497,200	\$3,742,575	\$3,987,950	\$4,232,725	\$4,478,100	\$4,723,475	\$4,968,850	\$5,214,225	\$5,459,600	\$5,704,975	
Cash Inflows													
Dispensary Sales (2 locations)	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	350000	4200000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$4,200,000
Available Cash Balance	\$3,430,300	\$3,601,825	\$3,847,200	\$4,092,575	\$4,337,950	\$4,582,725	\$4,828,100	\$5,073,475	\$5,318,850	\$5,564,225	\$5,809,600	\$6,054,975	
Cash Outflows													
Operations													
Production Facility Lease Payment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Dispensary 1 Mortgage Payment	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$60,000
Dispensary 2 Lease Payment	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Internet connection & hosting	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Security	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	\$66,000
Salaries & wages	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	\$288,000
Office supplies	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Office equipments - purchase	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Vehicle expenses	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	\$14,100
Manufacturing Expenses (nutrients etc)	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$60,000
Equipment Purchase Production Facility	20000	0	0	0	0	0	0	0	0	0	0	0	\$20,000
Equipment Purchase Dispensary	1200	0	0	0	0	0	0	0	0	0	0	0	\$1,200
Production Facility Utilities	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	\$40,800
Leasehold Improvements	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Operations	\$70,475	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$612,500
Finance & Administration													
Salaries & wages	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$102,000
Employee training	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Professional fees	3500	850	850	850	850	850	850	850	850	850	850	850	\$12,850
Bank charges	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Insurance	1200	1200	1200	1200	1800	1200	1200	1200	1200	1200	1200	1200	\$15,000
Payroll taxes	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	\$100,800
Permits & licenses	50000	0	0	0	0	0	0	0	0	0	0	0	\$50,000
Taxes	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	\$168,000
Charitable contribution	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Finance & Administration	\$91,600	\$38,950	\$38,950	\$38,950	\$39,550	\$38,950	\$38,950	\$38,950	\$38,950	\$38,950	\$38,950	\$38,950	\$520,650
Research and Development													
Professional Marijuana Consultants	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Healthcare Research and Training	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$90,000
Marijuana Strain Study and Research	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	2200	\$26,400
Educational Travel	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$18,000
Professional Services	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Printing and Brochures	200	200	200	200	200	200	200	200	200	200	200	200	\$2,400
Product Development	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$18,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Research and Development	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$16,400	\$196,800
Total Cash Outflows	\$178,475	\$104,625	\$104,625	\$104,625	\$105,225	\$104,625	\$104,625	\$104,625	\$104,625	\$104,625	\$104,625	\$104,625	\$1,329,950
Net Increase (Decrease) in Cash	\$171,525	\$245,375	\$245,375	\$245,375	\$244,775	\$245,375	\$245,375	\$245,375	\$245,375	\$245,375	\$245,375	\$245,375	\$2,870,050
Ending Cash Balance	\$3,251,825	\$3,497,200	\$3,742,575	\$3,987,950	\$4,232,725	\$4,478,100	\$4,723,475	\$4,968,850	\$5,214,225	\$5,459,600	\$5,704,975	\$5,950,350	

LIMA ULU LLC

Cash Flow Projections - 2020

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Beginning Cash Balance	\$5,950,350	\$6,167,575	\$6,462,450	\$6,757,325	\$7,052,200	\$7,346,475	\$7,641,350	\$7,936,225	\$8,230,600	\$8,524,975	\$8,819,350	\$9,113,725	
Cash Inflows													
Dispensary Sales (2 locations)	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	400000	4800000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Inflows	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$4,800,000
Available Cash Balance	\$6,350,350	\$6,567,575	\$6,862,450	\$7,157,325	\$7,452,200	\$7,746,475	\$8,041,350	\$8,336,225	\$8,630,600	\$8,924,975	\$9,219,350	\$9,513,725	
Cash Outflows													
Operations													
Production Facility Lease Payment	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$32,500
Dispensary 1 Mortgage Payment	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$60,000
Dispensary 2 Lease Payment	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Internet connection & hosting	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Security	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	\$66,000
Salaries & wages	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	\$288,000
Office supplies	100	100	100	100	100	100	100	100	100	100	100	100	\$1,200
Office equipments - purchase	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Vehicle expenses	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	1175	\$14,100
Manufacturing Expenses (nutrients etc)	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	\$60,000
Equipment Purchase Production Facility	20000	0	0	0	0	0	0	0	0	0	0	0	\$20,000
Equipment Purchase Dispensary	5000	0	0	0	0	0	0	0	0	0	0	0	\$5,000
Producton Facility Utilities	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	3400	\$40,800
Leasehold Improvements	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Operations	\$74,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,275	\$49,775	\$49,775	\$49,775	\$49,775	\$49,775	\$618,800
Finance & Administration													
Salaries & wages	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$8,500	\$102,000
Employee training	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Professional fees	3500	850	850	850	850	850	850	850	850	850	850	850	\$12,850
Bank charges	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Insurance	1200	1200	1200	1200	1800	1200	1200	1200	1200	1200	1200	1200	\$15,000
Payroll taxes	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	8400	\$100,800
Permits & licenses	50000	0	0	0	0	0	0	0	0	0	0	0	\$50,000
Taxes	16000	16000	16000	16000	16000	16000	16000	16000	16000	16000	16000	16000	\$192,000
Charitable contribution	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	\$30,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Finance & Administration	\$91,100	\$38,450	\$38,450	\$38,450	\$39,050	\$38,450	\$38,450	\$38,450	\$38,450	\$38,450	\$38,450	\$38,450	\$514,650
Research and Development													
Professional Marijuana Consultants	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$30,000
Heal hcare Research and Training	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$90,000
Marijuana Strain Study and Research	3200	3200	3200	3200	3200	3200	3200	3200	3200	3200	3200	3200	\$38,400
Educational Travel	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$18,000
Professional Services	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	\$12,000
Printing and Brochures	200	200	200	200	200	200	200	200	200	200	200	200	\$2,400
Product Development	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	\$18,000
Other:	0	0	0	0	0	0	0	0	0	0	0	0	\$0
Total Research and Development	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$17,400	\$208,800
Total Cash Outflows	\$182,775	\$105,125	\$105,125	\$105,125	\$105,725	\$105,125	\$105,125	\$105,625	\$105,625	\$105,625	\$105,625	\$105,625	\$1,342,250
Net Increase (Decrease) in Cash	\$217,225	\$294,875	\$294,875	\$294,875	\$294,275	\$294,875	\$294,875	\$294,375	\$294,375	\$294,375	\$294,375	\$294,375	\$3,457,750
Ending Cash Balance	\$6,167,575	\$6,462,450	\$6,757,325	\$7,052,200	\$7,346,475	\$7,641,350	\$7,936,225	\$8,230,600	\$8,524,975	\$8,819,350	\$9,113,725	\$9,408,100	



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that according to the records of this Department,

LIMA ULU LLC

was organized under the laws of the State of Hawaii on 10/08/2015 ;
that it is an existing limited liability company in good standing
and is duly authorized to transact business.



IN WITNESS WHEREOF, I have hereunto set
my hand and affixed the seal of the
Department of Commerce and Consumer
Affairs, at Honolulu, Hawaii.

Dated: January 12, 2016

Director of Commerce and Consumer Affairs

ANNUAL CUSTOMER APPRECIATION DAY

Wednesday, November 22nd, 2000

9:00am - 3:00pm

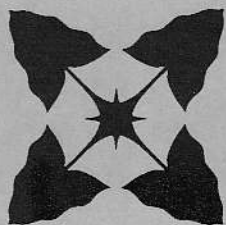
**FREE PURE WATER
FREE BOTTLE STERILIZING**

(Bring your own bottle.
Max. 10 gallons per family.)

*Mahalo for your
business!*



717 Luakini St, Lahaina • 661-6248



*Mahalo from
Lahainaluna High School
"David Malo Day" Ho'olaule'a*

Aloha, Mr. Barry McPhee & Lahaina Pure Water Co:

The 31st Annual "David Malo Day" was another successful event and we thank you for your continuous support and generous assistance with our water needs. We appreciate your time and dedication.

We look forward to celebrating the 32nd event on April 21, 2001, with you again. Mark your calendar.

*Malama pono,
LHS Students and Staff
"David Malo Day" Committee*

LEAPIN' LIZARDS!

Well, maybe not lizards exacty, but there was a whole lot of jumping going on. April 2nd was our Jump for Your Heart Jump-off. Out on our Kindergarten - 2nd Play ground there were hundreds of students and teachers giving their hearts and bodies a work out while having lots of fun. Our favorite jump ropin' guy Don Oakerson directed all this fun and the entire event at our school was organized by 4th grade teacher, Karen Pascual. This year, thanks to the generosity of all of you, we raised over \$3,000 dollars for the American Heart Association. That's double what we raised last year! All that jumping made us all mighty thirsty, but not to worry! Barry and Irene McPhee (parents of two fine King Kamehameha III School alumni, Kai and Hailey) and their Lahaina Pure Water Company came to our rescue with H2O on the Go. Barry brought down the trailer with 40 gallons of pure, fresh, ice cold water. We drank every last drop. 50 Thank you Barry and Irene and Lahaina Pure Water Co.

E04 Response

The Lima Ulu LLC Security Plan is a combination of next-generation technologies, talented security professionals and a company-wide commitment to safety and security 24 hours a day, 7 days a week. Our core security principles guide the inner workings of our Security Plan and its features.

The core security principles are as follows:

- Safeguarding the production, storage, transfer and dispensation of the marijuana.
- Providing a safe and secure environment for our staff, patients and communities.
- Strictly supervised and access-controlled ingress and egress to the processing facility and restricted access areas within the facility.
- Ensuring strict and full compliance with Hawaii state law, municipal requirements and guidelines as well as the Medical Marijuana program guidelines as outlined in Chapter 11-850, subchapter 4, and 329D-7, HRS.

Technology Systems - Technology is a critical foundational component of all modern businesses.

At Lima Ulu LLC, technology platforms support nearly all operational areas and further serve to document compliance with State regulations. Understanding this, Lima Ulu will employ a Chief Security Officer as well as experts with significant HealthCare and Pharmaceutical specific Information Technology (IT) experience in managing MES, GMP, HIPAA and PCI compliant infrastructure and systems. To enable and innovate our business and enforce regulatory compliance, we will implement a collection of key technological solutions. Upon selection, these technological solutions will be validated to fully meet all requirements of Hawaii's Administrative Rules governing "Medical Marijuana Dispensaries" and the State law 329D. All technology and systems implemented by Lima Ulu will deliver enterprise-class IT solutions providing reliable, high availability, redundant, scalable and secure infrastructure to meet the business needs and regulatory compliance requirements of our industry. These systems will be implemented with enterprise-class security and

controls to restrict system access and maintain data privacy and security. The primary security system will be comprised of a variety of technologies including door sensors, perimeter alarms, motion detectors, video cameras, 24-hour recordings, duress alarms, panic alarms, etc. All equipment will be installed with backup power and the entire security system will be inspected and tested weekly/monthly/yearly. Any issues will be immediately addressed and remediated.

Proven Security Track Record: Our COO, Douglas Waun, is currently operating [REDACTED]

[REDACTED] We intend to incorporate similar techniques in Hawaii, supplemented with additional measures required in 329D-7, HRS DoH 11-850-51,52.

Video Monitoring and Recording at Production Facility and Retail Dispensary: Lima Ulu will have a complete video surveillance system with minimum camera resolution of 640 x 470 pixels or pixel equivalent for analog. The surveillance system storage device and/or camera will be internet protocol (IP) compatible. All cameras will be fixed and placement shall allow for the clear and certain identification of any person and activities in controlled areas of the licensed premises. All entrances and exits to an indoor facilities will be recorded from both indoor and outdoor, or ingress and egress vantage points. All cameras will record continuously twenty-four hours a day at a minimum of ten frames per second. The surveillance system storage device will be secured on the licensed premises in a locked cabinet to protect from employee tampering or criminal theft. All surveillance recordings will be kept and stored as per the Department of Health rules and §11-850-41. All videos are subject to inspection by any State or County Health Inspector or law enforcement officer, and will be copied and provided to these agencies upon request. All recorded images will clearly and accurately display the time and date. We are currently in negotiations with two security companies “CannaGuard” (a national marijuana specific security solution) “Soto’s Security Solutions” (a local security company on Maui with a great reputation of excellent security services).

Security Fence: We have designed and contracted for a security fence to be built encircling the proposed Production Facility with a [REDACTED] maintain visibility. This fence will be secure and locked at all times. [REDACTED] and have security screening to restrict views into the facility.

Alarm systems at Production facility and Retail Dispensary: Our Production and Retail locations will have a security alarm system on all perimeter entry points and perimeter windows. Motion detectors, pressure switches, duress, panic and hold-up alarms will also be utilized. The system will be connected to a security response organization or law enforcement agency. We will design and implement other measures to deter or prevent intruders, as deemed necessary by the Department of Health. For detailed security overlays of production and retail sites, please reference **attachments E02.03 and E02.05 from Response E02.**

Facility Access: All areas of our production facility will be appropriately compartmentalized based on function. [REDACTED] will remain locked at all times other than hours of ingress or egress by authorized personnel. All production will take place in our self-contained building, custom designed to completely restrict exterior visual access. The building has minimal secure-door access points for authorized personnel. A secured vestibule at the access door(s) will prevent visual penetration during ingress and egress. Within the building, limited-access areas containing live plants or medical marijuana products will be secured 24 hours a day by state-of-the-art technologies. We will store all medical marijuana in a private, secured vault that is climate-controlled (i.e. ventilation, temperature and humidity controlled) and monitored by an external service round-the-clock, for both security and environmental changes (temperature and humidity).

Proof of Patient Status: Our patients will enter our dispensary through a reception room which is isolated from the product display and sales room. Only after going through the sign-in system, we have verified their status as a valid medical marijuana patient (only Hawaii medical marijuana patients until January 1, 2018 when there is reciprocity) and presenting a valid Government issued

photo I.D. will they be permitted into the product and sales room. Date and time will be recorded upon entry and exiting the Dispensary.

Exterior Lighting: We will provide motion-activated lighting on the building and above the front door to ensure best quality imaging for video surveillance. We will design and implement any other reasonable measures to deter or prevent intruders as deemed necessary by the Department and State Law.

Medical Marijuana Deliveries from Production to Dispensary Facilities:

Lima Ulu will take every precaution to ensure the safe and secure transportation and delivery of our products to the dispensary facilities. Company protocols have been established to avoid any diversion, theft or loss of product during the transportation and delivery process. [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Employee Training and Security Lima Ulu will conduct background checks supplemental to those conducted by the State on all candidates pursuant to methods and procedures determined by our detailed Employee Security Policies. Employees will participate in a rigorous training process and will be evaluated for long-term suitability in the restricted access medical environment. Operational training will be given to each new employee and must be completed before any staff is permitted to begin working in the facility. All employees will be issued and required to wear identification badges at the production facility and retail dispensary.

Security of Inventory: The primary security system will be comprised of a variety of technologies including [REDACTED]

[REDACTED] All equipment will be installed with a backup power system in place and the entire security system will be inspected and tested on a frequent, periodic basis. Any issues will be immediately addressed and remediated. In addition, **BioTrackTHC™ software** includes a computer tracking inventory identification system that prepares number barcodes for plants and product, generated and maintained by their sophisticated tracking software. Medical marijuana seedlings, clones, plants, usable trim, leaves and other plant matter, as well as batches of extracts, medicinal marijuana-infused products, samples and waste will be traceable from production through processing, and finally into the retail environment. This will allow us to identify which lot was used as base material to create each batch of extracts or infused products. All costs related to any reporting requirements shall be incurred by Lima Ulu LLC.

E05 Response

A) Educating patients on how medical marijuana can be used to assist with debilitating medical conditions and about the medical marijuana manufactured products that will be available in the applicant's retail dispensing locations: Lima Ulu will employ numerous strategies to optimize the education, safety and proper utilization of medical marijuana for each of its patients. We will function under the premise that patients have no prior experience with medical marijuana medication upon entry into our dispensaries. Once a patient has been verified as “qualified per doctor’s recommendation” the patient will begin a formal intake process. It is Lima Ulu’s belief that patient safety begins with education and information. We feel responsible for our customer’s well-being, and are committed to ensuring each patient has a proper understanding of fair expectations and the restrictions around usage of our products. We realize that we may be the last opportunity for education before the actual use of a medical marijuana product, and we aim to ensure our patients feel confident about their choice. **(See Attachment E05.01 Community Engagement)**

At intake, we will ask the patient to provide pertinent facts regarding the primary medical issues necessitating medical marijuana use: i.e., past medical and surgical history, allergies, current medication and/or smoking, alcohol use and substance abuse history. State of Hawaii and Department of Health restrictions regarding driving, operating equipment, and safety aspects around medicinal marijuana use will be included and reviewed. The patient will be personally and professionally walked through this process by a designated and highly-trained Lima Ulu technician or pharmacist. We will request the patient to sign a declaration of “Risks and Benefits of Medicinal Marijuana”. Additionally, we aim to provide educational videos, now available from various health care sites with years of experience in patient instruction in medical marijuana use. Dr. Jon Jancaterino, MD, our Chief Medical Officer, is a board certified emergency physician with over 20

years experience. Dr. Jancaterino will monitor and adjust this educational process such that the patient experience, from initial encounter to routine refills, will be professional, pleasant and stress free. Lima Ulu will provide individually tailored patient education for each customer of the dispensary with specific information and guidance on using medical marijuana and dispensary products to manage their medical conditions.

Lima Ulu will be proactive in recognizing and preventing substance abuse in our patient population. Brochures and educational information on substance abuse, including a list of local sources to seek help, will be readily available and displayed prominently at all dispensing facilities. In the event that a potential substance abuse problem is identified (based on data collected or observation), the patient will be notified and provided with a list of local providers for patient assistance, such as drug and alcohol treatment centers and family service facilities. It will be under the dispensary technician's discretion the extent to which they will provide additional assessment, evaluation, counseling, and/or referral for treatment. Lima Ulu will assure that our patients receive appropriate services and products to assist them in achieving their optimum level of health. The incidence of substance abuse problems in the adult general population of citizens in Hawaii is high in comparison to many other states. We recognize that our patients come to us with serious conditions that can cause distress, and therefore may demonstrate an increased likelihood of difficulties associated with the use of alcohol or other drugs. We realize the importance of identifying those with addiction disorders quickly, in order to refer them to associated care if needed.

As an additional measure of assurance for our patients, Lima Ulu has developed a relationship with industry leader in 'adverse event monitoring': SafetyCall International <http://safetycall.com>, as well as Americans For Safe Access <http://safeaccessnow.org>. Every package of medical marijuana dispensed by Lima Ulu will have a toll-free 24-hour hotline patients can call if they have any

questions or complaints. This information will be constantly supervised, so we may act immediately to provide additional monitoring or address any product that may need recall.

B) Producing and maintaining a supply of marijuana that is insufficient to meet the needs of

qualifying patients: Lima Ulu's plan for production is based upon meeting the needs of our patients with enough product to provide quality flower as well as medicinal marijuana to produce extracts and other products. In anticipation of high-demand once the dispensary is open, our plan is to produce enough product to have 6 months in reserve, based on first year estimated consumption and allowing for a steady increase in patients. By reviewing our patient intake monthly, we will have enough time to react and adjust production to meet demand. Our plan also allows for quick and easy expansion, as our production site has plenty of room for extensions. This is an integral part of our growth plan and illustrates our ability to meet the needs of our patients and product demand.

Another aspect to responding to patient needs, is by offering a wide variety of choices and diversity of products. For example, cannabidiol (CBD) dominant strains offer several health benefits without the psychoactive effects often associated with medical marijuana, such as: anxiety, inflammation, pain and seizures as well as inhibiting cancer cell growth.

The Benefits of Extraction: Along with our plan to offer CBD in a flower form we also intend to provide CBD pills and lozenges, for even greater health benefit to our patients. These products are a safer alternative to smoking or inhalation. Lima Ulu will construct and certify a top-of-the-line processing lab to house extraction equipment (**See attachment E05.02 Extractor**) to produce medicinal marijuana concentrates. These concentrates will be used in creating diverse products, such as pills, lozenges and topicals. This will additionally allow us to extract CBD's and provide products without a psychoactive effect.

The Medical Marijuana Program in Hawaii is being implemented to provide relief to patients who suffer from a handful of qualifying conditions. Each condition has several debilitating

symptoms, many of which may be alleviated using medical marijuana or derivative products. Aside from the chronic nature of these conditions, there is a broad array of related illnesses and symptoms that require unique delivery systems based on the conditions and impairments endured by patients. For example, lung cancer patients may benefit from medical marijuana's pain relief, anti-tumor/anti-inflammatory attributes and reduction in nausea caused by chemotherapy as well as an increase in appetite to address Cachexia; but such patients cannot vaporize or smoke raw products due to the limitations of their respiratory system. Instead, these patients generally prefer ingesting medical marijuana extracts. Similarly, MS or ALS patients often require the use of topical balms with high doses of CBD to reduce muscle spasticity, pain and inflammation as their central nervous and muscular systems are too weakened to physically ingest or inhale the medicine.

C) Providing safe, accessible retail dispensing locations: Lima Ulu will set itself apart by designing the dispensaries with patient care and security in mind. With dozens of years combined experience in the medical marijuana industry, commercial retail businesses and healthcare, Lima Ulu's custom dispensary build plan combines building strategies and property layout to align the needs of the patients and the state of Hawaii's regulatory requirements. We have chosen a site that enables us to begin construction immediately. Our ability to own and build our dispensing locations provides us with the flexibility needed to construct a state-of-the-art secure building (**See attachment E05.03 Location Analysis**). Our dispensary security plan is detailed in Response E04.

D) Measuring and improving customer satisfaction: Over the past 20 years, patient satisfaction surveys have gained increasing attention as meaningful and essential sources for identifying gaps and developing an effective action plan for quality improvement in healthcare organizations. Patients' evaluation of care is a realistic tool to provide opportunities for improvement, enhance strategic decision making, reduce costs, meet patient's expectations, frame strategies for effective management and provide benchmarking across our retail dispensaries. Lima Ulu will follow this

model and provide patients a customer survey they can fill out that will rate us and request feedback in the following categories: Customer Service, Location, Product and Ways to improve.

Lima Ulu will provide thoughtful, convenient and cost-effective patient support services that promise to advance the current industry standard. Lima Ulu will focus on the development of disease and patient-specific treatment plans that will be fine-tuned as we collect additional data from patients and medical research. Lima Ulu's Chief Medical Officer, Dr. Jancaterino, will develop and oversee a plan to monitor the products we provide, more specifically the strains we produce and the benefits patients are seeing. This information will then be made available to our patients to enable them to make better informed decisions on the products they use. Lima Ulu will leverage patient feedback and the Advisory Board to help explore new opportunities and treatment augmenters for patients. We are very interested in partnering with the state to help develop convenient and effective patient feedback tools. It is a top priority for Lima Ulu to work diligently with the state to make the data collection a success, as this information can be used to improve patient care throughout Hawaii.

(See attachment E05.04 Patient Education)

LIMA ULU LLC

E05 Response Attachments

Reference no.	Page no.
E05.01 Community Engagement	7
E05.02 Extractor	8
E05.03 Location Analysis	9 - 11
E05.04 Patient Education	12 - 17

E05.01 Community Engagement

Lima Ulu recognizes that our presence in the lives of patients and employees will directly affect their communities. We are committed to making our impact positive and beneficial by contributing to and becoming regularly involved in local community programs and organizations.

There are two major components to Lima Ulu's community plan. The first is to address and eliminate, to our best capacity, any potential negative consequences to the production and distribution of medical marijuana in the communities where our facilities are located. The following approaches have been designed to accomplish this goal:

- [REDACTED]

- We will keep our energy consumption to a minimum, with the use of natural light and highly efficient LED lighting. Most of our energy consumption will occur during off-peak hours.

Like our patient population and their varying communities, the areas that could benefit from Lima Ulu's community plan are broad and diverse. One area we seek to emphasize outreach is in drug awareness and prevention. As is true with all components of Lima Ulu's plan, we believe best medical practices come from research and data. We will proudly support further research into cures and effective treatments for qualifying conditions.

Lima Ulu will directly support the communities where our facilities are located by providing high-paying jobs and training for the unemployed, preferentially seeking out veterans and those living locally. Employees will be encouraged and incentivized to volunteer in community projects, and Lima Ulu will investigate best practices for employee volunteer programs and engagement. For example, we will support mentoring and tutoring programs through local youth centers and schools. Models implemented by organizations like College Possible and Teach For America are helpful resources we will utilize in developing our programs. In addition, Lima Ulu will support the improvement of low and moderate income communities through programs that create and sustain affordable housing and provide job training and workforce development.

Lima Ulu recognizes the benefits of collaboration. We believe it would be beneficial to all communities involved if the two selected distributors work together to support the programs and areas outlined in our plans. Lima Ulu's primary objective is improving the lives of their patients and communities. We are committed to investigating any and all ways to make this a reality.

Precision Extraction Solutions PX1



Precision Extraction Solutions PX1

Price: \$16,500

Washington compliant? Yes

Colorado compliant? Yes

Max PSI: 125* up to 900 PSI

Training offered? Yes

Complete package? Yes

Passive? Yes

Active? Yes

Manufactured in: USA via China

Warranty: 1 Year

The PX1 system includes the extractor and cart, .25# up to 5# material column, jacked inline dewaxing column, jacketed expansion vessel, 12# capacity jacketed recovery tank, hoses, chillers and circulators. Precision Extraction offers on site training for their machines. The Judge can be run [passive](#) or [active](#) and has a 5lb capacity. This system is compatible with butane, propane, or mixed gas.

Attachment E05.04 Patient Education Handbook

Cannabis, also referred to as marijuana, is a plant that has been used for many different purposes for thousands of years, including fiber for paper and clothing and fuel, and nutritionally as a source of high quality dietary oils and protein as well as for many different medical purposes..

Medicinally, the mature plant's flowers and leaves have been used in a variety of forms because they contain a resin filled with terpenes and cannabinoids, such as THC, which causes certain psychoactive and physical reactions, and CBD, or cannabidiol, a powerful anti-inflammatory and antioxidant

THC, or delta-9-tetrahydrocannabinol, is the main cannabinoid responsible for the psychoactive effects, while other cannabinoids such as CBD, cannabigerol (CBG) and cannabichromene (CBC) are thought to have many other beneficial properties.

Active Ingredients in Cannabis

Scientists have discovered several hundred terpenes and about 70 cannabinoids in marijuana. Each cannabinoid produces certain effects, which may be modified in as yet unclear ways by the terpenes, and possibly by other compounds such as flavonoids.

A great deal of research has been done on the medical uses of cannabis, especially in the last 25 years since the discovery of the “endocannabinoid system”, an important regulatory system that keeps other body systems in balance. Stimulation of endocannabinoid receptors (called CB1 and CB2 receptors) by compounds produced by the human body or by cannabinoids from the cannabis plant results in the medical effects for which cannabis has been used for nearly 5,000 years.

The cannabinoids that are thought to be primarily responsible for the medical effects observed with cannabis include:

- Cannabichromene, or CBC, which provides pain relief and calming effects;
- Cannabidiol, or CBD, which treats anxiety, convulsions, inflammation and nausea without causing psychoactive effects. CBD also has neuroprotective and antioxidant effects;
- Cannabinol, or CBN, which reduces the occurrence of seizures and lowers intraocular pressure;
- Cannabigerol, or CBG, which also lowers intraocular pressure, promotes relaxation and contains antimicrobial properties;
- Delta-9-Tetrahydrocannabinol, or THC, which treats a wide variety of medical problems, such as pain and nausea, and it has the strongest psychoactive effect of all of the cannabinoids found in marijuana;
- Flavonoids, terpenes and terpenoids, which create the smell and flavor of each cannabis strain, increase circulation and may treat a variety of skin conditions;
- Tetrahydrocannabivarin, or THCV, shows positive results for metabolic disorder and type 2 diabetes treatment.

Cannabis Strains and Their Uses

Medical cannabis is available in more than one hundred varieties, all of which offer unique combinations of effects. Therefore, within certain broad categories, physicians may recommend that their patients test different varieties to find the one that most suits their needs.

There are four main categories of strains: sativa, indica, sativa/indica hybrids and high-CBD varieties which are usually indica derivatives. The specific concentration of each cannabinoid is different by plant and strain. It is important to note that much of the information on strain-specific effects is anecdotal. Studies are now being designed that will shed new light on the following generally-accepted strain specific effects. Please bear in mind that some patients respond differently to the various cannabis strains than might be expected from the general guidelines below.

Cannabis Sativa: The sativa strain, native to tropical climates, is tall and tree-like with thin leaves. Sativa strains tend to mentally stimulate and energize the patient, making it suitable for use during daytime hours. Patients may also experience feelings of euphoria when taking sativa cannabis. Negative side effects are rare and mild, but feelings of paranoia and anxiety may be caused or amplified. The sativa strain is thought to be helpful for treating problems such as:

- General abdominal complaints;
- Depression;
- Headaches;
- Fatigue;
- Lack of Appetite.

Cannabis Indica: The indica strain was first grown in temperate climates. Indica strains are shorter and have broader leaves than their sativa counterparts. Those who take an indica strain may experience a sedated or relaxed feeling, so patients usually get the best results when taking it at night. Indica is thought to be useful in treating:

- Anxiety;
- Insomnia;
- General Pain;
- Muscle Spasms.

Cannabis Sativa/Indica Hybrids: The most commonly used cannabis strains are sativa/indica hybrids. Growers created various hybrids to give medical cannabis patients the benefits of both sativa and indica for optimal results. Each hybrid is typically either a sativa or indica dominant crossbreed. Hybrids tend to work well for treating:

- Lack of Appetite;
- Nausea.

Cannabis High-CBD: The cannabis varieties in this strain have been laboratory tested and were found to have high cannabidiol, or CBD, levels. High-CBD strains offer several health benefits without a large degree of psychoactive effects, allowing patients to work and drive while taking

therapeutic doses. Medicinal high-CBD strains are an excellent option for people who need to treat:

- Anxiety;
- Inflammation;
- General Pain;
- Seizures;

Products and Dosage Methods

There are multiple dosage methods for cannabis usage: inhalation, ingestion and topical applications. Each method produces a unique medicinal effect, even if the patient uses the same strain in different ways.

Inhalation

Takes Effect in 1-5 Minutes

Effects Last 1-4 Hours

Many patients choose to inhale cannabis via a rolled joint, pipe or vaporizer because these dosage method are convenient and fast acting. However, respiratory tract irritation is a short- term side effect. Current research finds that the long-term side effects of smoking cannabis are minor, however habitual and heavy smoking of cannabis may cause phlegm production, bronchitis and chronic coughing. Cannabis smoke is known to have substances that cause cancer, called carcinogens. When studied at a molecular and cellular level, the cannabinoids in marijuana are shown to lower the effect of the smoke's carcinogens and no verified cases of lung cancer or other lung diseases have been found in cannabis smokers.

Kief and hashish, or hash, are two popular popular cannabis products. Kief is a powdered substance made from the resin glands of marijuana plants. Kief is compressed to create hash. Hash has a paste-like texture and a THC content that ranges from 15 to 70 percent. Kief and hash may be inhaled or ingested.

Extracted from mature cannabis foliage, hash oil is a combination of the resin and other essential oils. Hash oil ranges in THC content from 30 to 90 percent. This oil can be added to food or smoked in a joint, pipe or specialty hash pipe.

Ingestion

Takes Effect in 1-2 Hours

Effects Last 6-8 Hours

Cannabinoids reach maximum potency when heated, and they are fat-soluble. Therefore, cannabis may be added to many drinks and foods. Heat is necessary to create active THC and CBD. Since ingested cannabis is processed by the body's liver, patients may experience stronger

and longer-lasting psychoactive effects, especially when using products high in THC. The most common ways to ingest cannabis are through:

- Cannabis butter, which is cannabinoid-infused butter;
- Cannabis oil, which is made in a similar manner to cannabis butter, but it is a blend of cooking oil and cannabinoid resins;
- Cannabis liquor, which is an infusion of leaves and stems with rum, brandy or other alcoholic beverages;
- Cannabis beverages, which includes coffee and tea. Since the cannabis resins are not soluble in water, some form of oil must be added to coffee or tea to ensure that the resins dissolve in the beverage.

Another ingestion method is via a cannabis tincture. As concentrated cannabis liquids, cannabis tinctures take effect in 5-30 minutes with effects lasting 1-6 hours. The fastest way to introduce a cannabis tincture to the body is by holding a few drops under the tongue for one minute before swallowing the liquid. This product has a low odor, and it is easy to dose. Tinctures also come in sublingual sprays.

Medicinal cannabis is also available in pills and sprays, with effects that are very similar to those resulting from the preparations above.

Several prescription cannabis-based medications are available in pharmacies. Dronabinol, a Schedule III drug, is a capsule that contains synthetic THC in sesame oil and can be prescribed by physicians. These pills do not contain any of the other cannabinoids, and they are designed to treat weight loss and lack of appetite in AIDS patients as well as vomiting and nausea in chemotherapy patients. Sativex is a mouth spray that is used to treat aggravating symptoms in cancer and MS patients, such as overactive bladder, spasticity and neuropathic pain. Sativex is not yet available in the United States.

Topical

Takes Effect in Varying Times
Effects Last for Varying Times

The plant and its oil extracts can be added to lotions, salves and balms to make topical products. Topical cannabis does not create psychoactive effects in patients. These products are effective at reducing pain and inflammation. Topical cannabis can treat numerous ailments, such as:

- Allergic Skin Reactions;
- Inflammation;
- Muscle Strains;
- Post-Herpetic Neuralgia;
- Swelling.

Additional Notes:

Although cannabis has an extraordinary record of safe and effective use spanning many centuries, it is important to use as little as is needed to achieve the medical benefits for which it was recommended by your doctor. Less may well be more when using medical cannabis. Bear in mind

by using cannabis at low doses may be exacerbated, or made worse, when it is used in high doses. Nausea is a good example of this. At low doses, marijuana can prevent nausea, while in high doses, it can create nausea or make it worse.

Negative Side Effects

As reported by anecdotal evidence and scientific research, cannabis in all its forms is a very safe treatment. Usually, any negative side effects are easily tolerated and mild. Anxiety attacks, convulsions and temporary psychosis are very rare complications, typically caused by ingesting too much edible cannabis or smoking cannabis high in THC, and are more likely to occur in patients who have never used medical marijuana or novice or use it infrequently.. It is impossible to fatally overdose on cannabis. Over time with regular use and dosage adjustments, many of the psychoactive effects are decreased. The possible negative side effects of cannabis usage include:

- Decreased sperm count (seen only in animal experiments and not yet in humans, but worthy of noting)
 - Drowsiness;
 - Eye redness;
 - Impaired psychomotor performance;
 - Hunger;
 - Short attention span;
 - Short-term temporary memory loss;
 - Thirst;
 - Uneasiness.
 - Euphoria
- Decreased REM sleep patterns

Precautions

Long-term, heavy cannabis use may impact reproductive hormones, possibly causing decreased sperm counts, however, it does not cause infertility. There is evidence in animals that fetal exposure to cannabis may carry a higher risk of cognitive deficiencies, small birth weight and premature delivery, but there is no research evidence of similar effects in humans. Nonetheless, it is important for women who are pregnant or may become pregnant to avoid using cannabis until scientific research can definitively determine whether its use in pregnancy also has negative effects in humans.

While cannabis is shown to improve mental conditions, such as ADHD, PTSD, bipolar disorders, depression and anxiety, some patients may find that cannabis aggravates the symptoms of their disorder. Therefore, patients who have been diagnosed with a mental illness are encouraged to consult with their doctors before using medical cannabis, and regularly while using it

Although there is conflicting research on whether cannabis use in hepatitis C is beneficial or detrimental, patients diagnosed with hepatitis C should be judicious in their use of cannabis

Patients who smoke cannabis from a water pipe on a regular basis should change the water often to reduce the accumulation of bacteria and viruses.

Cannabis patients should refrain from driving for a minimum of two hours after using marijuana by inhalation, and should carefully assess their ability to drive or carry out complex tasks after using tinctures or especially ingested cannabis products. Keep in mind that cannabis can cause impairment of motor skills that may last for several hours. and that driving under the influence of cannabis.

Drug Interactions

There are no major interactions between any drugs and cannabis. However, cannabis may intensify the effects from opiate and hypnotic medications. Initial studies have found cannabis to interact with medications such as antihistamines, barbiturates, disulfiram, fluoxetine and theophylline, and may alter the metabolism of antiepileptic medications. Caution should be used when mixing cannabis and alcohol due to the combination's ability to amplify the effects of both substances, known as a synergistic effect. Research in France has shown that the degree of impairment resulting from the combination of alcohol and cannabis is greater than either alone, and may last longer as well.

E06 Response

Lima Ulu LLC's Background Check Policies and Requirements are in place and in full compliance with the State of Hawaii, pursuant to Chapter 11-850 and Sections 329D-7, 329D-12. The strict rules for all persons having any connection with or access to a medical marijuana dispensary are to ensure a safe environment for patients, employees, caregivers, visitors and the general public, as well as to protect property. Lima Ulu will conduct criminal background checks on all required persons as stated below.

SCOPE: This policy applies to each employee of a medical marijuana dispensary and any current or potential, subcontractors, businesses or vendors engaging in business with a medical marijuana dispensary. This includes all officers, directors or members with at least 25% ownership interest or more in a subcontracted production center or retail dispensing location; and any person permitted to enter and remain in dispensary facilities pursuant to Section 329D-15(a)(4).

Authorization: Hawaii state law authorizes medical marijuana dispensaries to conduct criminal background checks on individuals who are either employed or contracted in some manner in the operations of a medical marijuana dispensary, this is based on the stringent regulations of the industry and expected patient population, which may include children or vulnerable adults.

Licensees: All of Lima Ulu's officers, directors, and/or members have and will submit a completed eCrim report on an annual basis and be subject to a criminal background check conducted by the State Department of Health.

Employees: Each employee of a medical marijuana dispensary will submit a completed eCrim report on an annual basis and be subject to a criminal background check conducted by the State Department of Health or its designee.

Policy: Lima Ulu, LLC and laws of the state of Hawaii require a criminal background check as a condition of employment. No person with a felony conviction will be employed by Lima Ulu, LLC. An employment offer is contingent upon satisfactory results of a criminal background check. Criminal background information released to Lima Ulu, LLC will be used strictly for purposes of assisting our Human Resources staff in making employment and related business decisions. If a background check identifies issues, which may preclude employment, the case will be referred to the Human Resources Director.

PROCEDURE:

Application: The employment application, as well as advisory board and consulting contract includes an inquiry about convictions. Individuals who refuse to complete this section or do not answer truthfully and completely will have their offers of employment or contracted services rescinded.

Waiver/Consent: The employment offer or contracts will include a consent form for a Criminal Background Investigation. Refusal to provide adequate and/or correct information or to provide consent for investigation will result in withdrawal of employment offer.

Inquiry: The Lima Ulu Human Resource office will initiate the background check through Hawaii's Criminal Background tool (eCrim) prior to engagement and/or start date of employment, or provision of services in the case of a consultant or subcontractor.

<https://ecrim.hawaii.gov/ahewa/>. This tool will be used with the sole purpose of checking the criminal background of dispensary owners, board of directors, employees and subcontractors. The authorized company, in this case eCrim, will be instructed to provide results to authorized individuals only.

Convictions: The existence of a felony conviction automatically disqualifies an individual from

eligibility of employment under the rules and regulations of Lima Ulu, LLC.

RESULTS:

Confidentiality: Lima Ulu, LLC will do everything we can to ensure that results of criminal background checks are kept confidential. Only a limited number of authorized persons will be permitted to review the results.

Access to Results: The Director of Lima Ulu's Human Resources Department will review all criminal background checks. If adverse information deemed to be relevant to the individuals' employment or engagement with the organization is contained in the background check, the Human Resources Director will notify the individual in writing.

Information Available Through Background Checks: The criminal background check will include a record of all arrests and convictions. In almost every case, only conviction information will be considered.

Ability of Applicant to Review Information: A copy of the eCrim, or any background check as required by the State, will be made available to the applicant upon request in writing to Lima Ulu's Human Resources Department.

Right to Respond to Adverse Report: In the event an individual feels an adverse report is inaccurate, they may provide a written response to the Human Resources Director.

Right to Change and/or Terminate Policy: Reasonable efforts will be made to keep all personnel informed of any changes in Lima Ulu's Background Check Policies and Requirements. The company's policies will always conform to State law and Department of Health rules.

E07 Response

Lima Ulu will comply with the HRS 329D and DOH rules for inventory tracking, security and dispensing limits for qualifying patients.

Lima Ulu strives for excellence therefore, tracking and traceability are our priority for public health and safety. To prevent diversion and to keep our medicinal products out of the hands of minors and the unlicensed public, we will track our medicinal marijuana from seed to sale. Using the BioTrackTHC™ technology will enable us to provide the required information specified by the Department of Health.

Inventory Tracking: In accordance with Chapter §11-850-41 Record Retention, Lima Ulu will retain all business operation records for six years including but not limited to: (1) Inventory tracking including transport of medical marijuana and manufactured marijuana products; (2) Sales and compliance with dispensing limitations for each qualifying patient and primary caregiver; (3) Financial records including income, expenses, bank deposits and withdrawals and audit reports; (4) Logs of entry and exit for dispensary facilities; and (5) Employee records. In addition, Lima Ulu dispensaries shall retain all security recordings for a minimum of one year.

There are three components to Lima Ulu's comprehensive Inventory Control System; 1) a well-trained and well-supervised staff, trained in rigorous operational protocols of management, oversight and accountability; 2) a state-of-the-art electronic inventory tracking system; 3) patient, product and business information security.

Well-trained and Supervised Staff: Lima Ulu has developed a systematic hiring process for their employees. In addition to the initial intake of an employee into Lima Ulu's company culture, the management team has a comprehensive Human Resources Program, that

includes staff roles and job descriptions that can be referenced in our staffing plan attached to section E01 of this application. These job descriptions clearly identify the responsibilities of the employee and include compliance with inventory management policies. Staff will be trained on an ongoing basis for best practices in a medical marijuana production and/or dispensary environment. Lima Ulu will enlist companies such as Americans For Safe Access (<http://safeaccessnow.org>) to provide additional training materials that staff will need to stay current with best practices and engaged in ongoing training. Lima Ulu has put additional security measures in place through strict guidelines outlining standard operating procedures for continual management oversight, inventory protocols, video monitoring and site surveillance.

State-of-the-art Electronic Inventory Tracking System: Lima Ulu will utilize BioTrackTHC™ software programs **(Please see Attachment E07.01 Letter Of Intent)** and associated hardware devices for inventory management, sales procedures, seed-to-sale tracking and other related operating functions. BioTrackTHC™ provides effective cutting-edge technology solutions for the medical marijuana industry that (1) prevents product theft; (2) assists business owners with running their cultivating, packaging and retail operations more profitably, and in better compliance with the law; (3) delivers a safe system that keeps sensitive business and consumer data private and off the internet and Cloud storage systems. Specifically, BioTrackTHC™ is the industry's only true seed-to-sale software system with enterprise resource planning, complete inventory tracking, point-of-sale, marketing, financial reporting and regulatory compliance features. Because it is a server based system with advanced security features, no one, not even the BioTrackTHC™ team, can access business or consumer information without permission.

Patient, Product and Business Information Security: As stated above, the BioTrackTHC™ software system keeps sensitive consumer data private and off the internet and Cloud storage systems. Through BioTrackTHC™'s advanced security features, no one, not even the BioTrackTHC™ team, can access consumer or business information without permission.

Facility Access: All areas of our cultivation and processing facility will be appropriately compartmentalized based on function. All cultivation work will take place in self-contained, internal access areas. [REDACTED]

[REDACTED]. These internal, self-contained rooms will only be accessible from the inside of the building and restricted to specifically authorized personnel. Furthermore, all limited-access areas containing growing plants or medical marijuana products will have restricted access between compartments and be secured 24 hours a day by state-of-the-art technologies.

Chain of Command: A strict continuity of possession and handling is maintained throughout Lima Ulu's grow, manufacturing and retail dispensing processes. Starting with the production facility, marijuana plants will be individually identified with a barcode. This barcode will contain the date, location and production information. At the time of harvest the individual plant will be dried and processed, each lot will be kept separate from other lots. Once dried and processed, the lot will be stored in a airtight container and sealed with tamper proof seals. Prior to sealing the bulk lot two samples will be removed from the lot and placed in individual laboratory sample containers which are clearly marked with the lot data and sent to an independent laboratory for testing. A lot will not be processed until certification has been received from the independent laboratory that the lot has passed testing standards. Once certification is received, production/processing staff will process

each lot individually to prevent contamination. Safe food handling practices will also be followed such as handwashing and sanitation of processing equipment and surfaces that come into contact with the product. Visual inspections of the bulk lot packages will be made and documented at each stage of processing. An employee inspects the package to ensure integrity of the secure packaging and seal. If the product and its packaging and security seals are intact, the chain-of-custody form is signed and an internal tracking document is immediately produced for the sample. A corresponding barcode is also applied to the sample for identification and ease of handling. The internal-tracking documentation follows both the production lot and the laboratory samples throughout all phases of production.

Storage of Inventory: We will store all medical marijuana in a private, secured vault that is climate- controlled (i.e. ventilation, temperature and humidity regulated) and monitored by an external service, 24-hours a day, for both security and environmental changes (temperature and humidity).

Inventory Dispensing Limits for Qualifying Patients: Pursuant to [§329D-13]

Qualifying patients and primary caregivers dispensing limits, Lima Ulu will permit a qualifying patient or a primary caregiver on behalf of a qualifying patient to purchase no more than four ounces of marijuana within a consecutive period of fifteen days, or no more than eight ounces of marijuana within a consecutive period of thirty days. Employing BioTrackTHC™ will enable Lima Ulu to comply with Section 11-850-61, requiring a dispensary licensee to track the quantity of medical marijuana or manufactured marijuana products purchased by a qualifying patient or primary caregiver from any other licensed dispensary within the state. Lima Ulu shall not sell any amount of medical marijuana or

manufactured marijuana products to that qualifying patient or primary caregiver of a qualifying patient that exceeds the limits identified in this chapter.

The primary goals of Lima Ulu's Inventory Management Policies and Procedures are to ensure public health and safety by: complying with the Department of Health regulations; ensuring product integrity for patients; preventing internal or external product diversion; and employing sophisticated software and other systems to trace and track all information related to patients, products, and business.

LIMA ULU LLC

E07 Response Attachments

Reference no.

Page no.

E07.01 Letter of Intent

7

01-26-2016

Subject: BioTrackTHC Letter of Intent:
Lima Ulu, LLC

To Whom It May Concern:

This document confirms BioTrackTHC's intentions to enter into a formal agreement with Lima Ulu, LLC to provide software solutions guaranteed to meet published Hawaii Department of Health reporting, regulation, and compliance guidelines for medical marijuana production facilities and dispensaries in the event that an authorized license is obtained.

BioTrackTHC provides effective cutting edge technology solutions for the emerging legal marijuana industry. Solutions that not only prevent product theft, but assist business owners in running their cultivation, processing, packaging, and retail operations more profitably and more legally compliant. Furthermore, this is all done without leaving sensitive business and consumer data vulnerable in the cloud. Specifically, BioTrackTHC is the industry's only true seed-to-sale software system with enterprise resource planning, complete inventory tracking, point-of-sale, marketing, financial reporting and regulatory compliance features.

Lima Ulu, LLC is a currently an existing customer of BioTrackTHC. BioTrackTHC has worked with Lima Ulu, LLC for over 2 years. Having two existing locations in the state of Washington, they have demonstrated good understanding of importance of the inventory tracking and traceability.

Thank you for your consideration of BioTrackTHC. We are eager to assist you in your efforts to acquire a license and look forward to entering into a software solution agreement with you upon receipt of that license.

Best Regards,



Moe Afaneh
Chief Operating Officer

E08 Response

Lima Ulu LLC considers the confidentiality of our patient's personal information and purchases highly sensitive information. Our (COO) Douglas Waun has many years experience in HIPAA compliance with patient confidentiality and we will implement those policies for optimum patient security. Lima Ulu will run a paperless environment which employs electronic technologies to ensure our patient's information. From the initial intake visit to subsequent follow up visits, patient confidentiality will be maintained in a safe location, using the latest technology security solutions.

Patient Interaction Design: Our retail center has been specifically designed to maximize not only security and safety, but to take into consideration the issue of confidentiality. Patient requested consultations will occur in a private room restricted to dispensary staff and an authorized caregiver (if applicable). This will ensure the confidentiality of activities and conversations between our patients and staff. Once primary patient needs are established, patients can expect our well-trained technicians to cater directly to their needs through product suggestions and educated medical marijuana recommendations. All records will be safeguarded pertaining to patient information, including but not limited to: name, address, phone number, email, physician contacts, health status and purchase history of medical marijuana or manufactured marijuana products. Only staff trained and contracted to uphold Lima Ulu's confidentiality policies will have access to patient files.

Dispensary Technicians: Our technicians will receive initial and subsequent annual training on Lima Ulu's confidentiality policy and practices. **(See Attachment E08.01 Confidentiality Policies and Practices)** Our Confidentiality Policy is modelled on the Health Insurance Policy Portability and Accountability Act of 1996 (HIPAA) and includes

procedures governing the qualifications, recruitment, hiring and training of operators, employees or subcontractors of Lima Ulu's production, packaging, distribution and retail dispensary locations. It will be updated in accordance with changes to the law. This policy will be provided to patients at the time of intake and an electronic acknowledgement will be obtained for our records. The policy statement and acknowledgement will be stored in the patient's electronic file, and a copy available via email or our website. Additionally, our website will contain our privacy policy for easy reference by our patients and community members. We will train and employ a Confidentiality Manager, responsible for upholding Lima Ulu's policies by overseeing, training and working closely with our staff to ensure complete compliance with all confidentiality rules. Operators, employees and subcontractors will be required to wear an identification badge with their photograph and name clearly visible at all times when on the premises of our dispensary and production facility.

Technology Solutions: Lima Ulu's COO, Douglas Waun, brings a proven track record in upholding patient confidentiality in adherence to HIPAA guidelines. His experience in the industry and practice using secure technology methods in Washington State give us an advantage in creating a professionally secure infrastructure of patient record keeping. Lima Ulu will undoubtedly be in contact with electronic protected health information (ePHI). Our Healthcare Enabled Technology Services will make sure the ePHI is protected and secure. The Lima Ulu sales and patient information platform will be contracted through the state-approved vendor BioTrackTHC which will keep all patient information secure using SSL technology.

Patient Verification: The process of accepting a new medical marijuana patient as a customer of the dispensary requires judiciousness. We will verify their doctor's

recommendation via the Department of Health website (if a registry is present) or by contacting the issuing doctor directly. Patient privacy will be strictly adhered to during this process. We will provide the patient's date of birth and last name. In return we will request validation of the information provided, verification the patient was seen by the issuing doctor and the date the patient was seen. It is Lima Ulu's strict policy that no patient may purchase medical marijuana products until verification is made with the issuing doctor.

Additional Security Measures: Lima Ulu will follow strict protocol to provide patient confidentiality at all times. Lima Ulu will prohibit outside photography or video recording inside our dispensary facility other than by the Department of Health, Law Enforcement personnel, Lima Ulu private security systems or persons otherwise approved in writing by the Department of Health.

LIMA ULU LLC

E08 Response Attachments

Reference no.

Page no.

E08.01 Confidentiality Practices and Policies

5 - 7

Lima Ulu LLC

Patient Confidentiality

The HIPAA privacy act requires that policies and procedures be established to protect the confidentiality of protected health information about patients. In order to achieve this, the following has been instituted:

There is a written privacy policy, a copy of which is made available to each patient both in print, via email or our website. There is also a dated signature kept on file to show that they received a copy. Included in the policy is the following:

- To whom and when information may be disclosed
- The use and disclosure of information is limited to what is absolutely necessary
- A description of all staff and others that have access to information

Employees must be trained in privacy procedures upon employment and annually thereafter. There is a designated individual responsible for ensuring that proper procedures are followed. Any employee who fails to follow the procedures will be disciplined appropriately.

In limited circumstances, some disclosures may be made; permitted ones include:

- Emergency circumstances
- Public health needs
- Oversight of the health care system
- Judicial and administrative proceedings
- Limited law enforcement activities
- Activities related to national defense and security
- Research that involves limited data or has been approved by an Institutional Review Board or Privacy Board

More detailed information available at www.hhs.gov/ocr/hipaa.

NOTICE OF PRIVACY PRACTICES

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW CAREFULLY.

The Health Insurance Portability & Accountability Act of 1996 (HIPAA) requires all health care records and other individually identifiable health information (protected health information) used or disclosed to us in any form, whether electronically, on paper, or orally, be kept confidential. This federal law gives you, the patient, significant new rights to understand and control how your health information is used. HIPAA provides penalties for covered entities that misuse personal health information. As required by HIPAA, we have prepared this explanation of how we are required to maintain the privacy of your health information and how we may use and disclose your health information.

Without specific written authorization, we are permitted to use and disclose your health care records for the purposes of treatment

- Health Care Operations include the business aspects of running our business, such as conducting quality assessment and improvement activities. Auditing functions, cost-management analysis, and customer service. An example would include a periodic assessment of our documentation protocols, etc.

In addition, your confidential information may be used to remind you of an appointment (by phone or mail) or provide you with information about treatment options or other health-related services. We will use and disclose your protected health information when we are required to do so by federal, state or local law. We may disclose your protected health information to public health authorities that are authorized by law to collect information, to a health oversight agency for activities authorized by law included but not limited to: response to a court or administrative order, if you are involved in a lawsuit or similar proceeding, response to a discovery request, subpoena, or other lawful process by another party involved in the dispute, but only if we have made an effort to inform you of the request or to obtain an order protecting the information the party has requested. We will release your protected health information if requested by a law enforcement official for any circumstance required by law. We may release your protected health information to a medical examiner or coroner to identify a deceased individual or to identify the cause of death. If necessary, we also may release information in order for funeral directions to perform their jobs. We may release protected health information to organizations that handle organ, eye or tissue procurement or transplantation, including organ donation banks, as necessary to facilitate organ or tissue donation and transplantation if you are an organ donor. We may use and disclose your protected health information when necessary to reduce or prevent a serious threat to your health and safety or the health and safety of another individual or the public. Under these circumstances, we will only make disclosures to a person or organization able to help prevent the threat. We may disclose your protected health information if you are a member of U.S. or foreign military forces (including veterans) and if required by the appropriate authorities. We may disclose your protected health information to federal officials for intelligence and national security activities authorized by law. We may disclose protected health information to federal officials in order to protect the President, other officials or foreign heads of state, or to conduct investigations. We may disclose protected health information to correctional institutions or law enforcement officials if you are an inmate or under the custody of law enforcement official. Disclosure for these purposes would be necessary: (a) for the Institution to provide health care services to you, (b) for the safety and security of the institution, and/or (c) to protect your health and safety or the health and safety of other individuals or the public. We may release your protected health information for workers' compensation and similar programs.

Any other uses and disclosures will be made only with your written authorization. You may revoke such authorization in writing and we are required to honor and abide by that written request, except to the extent that we have already taken actions relying on your authorization.

You have certain rights in regards to your protected health information, which you can exercise by presenting a written request to our Compliance Officer at the business address listed below:

- The right to request restrictions on certain uses and disclosures of protected health information, including those related to disclosures to family members, other relatives, close personal friends, or any other person identified by you. We are, however, not required to agree to a requested restriction. If we do agree to a restriction, we must abide by it unless you agree in writing to remove it.
- The right to request to receive confidential communications of protected health information from us by alternative means or at alternative locations.
- The right to access, inspect and copy your protected health information.
- The right to request and amendment to your protected health information.
- The right to receive an accounting of disclosures of protected health information outside of treatment, payment and health care operations.
- The right to obtain a paper copy of this notice from us upon request.

We are required by law to maintain the privacy of your protected health information and to provide you with notice of our legal duties and privacy practices with respect to protected health information.

We are required to abide by the terms of the Notice of Privacy Practices currently in effect. We reserve the right to change the terms of our Notice of Privacy Practices and to make the new notice provisions effective for all protected health information that we maintain. Revisions to our Notice of Privacy Practices will be posted on the effective date and you may request a written copy of the Revised Notice from this office.

You have the right to file a formal, written complaint with us at the address below, or with the Department of Health & Human Services, Office of Civil Rights, in the event you feel your privacy rights have been violated. We will not retaliate against you for filing a complaint.

For more information about our Privacy Practices, please contact:

Lima Ulu LLC
225 Punakea Loop
Lahaina, HI 96761

For more information about HIPAA or to file a complaint:

The U.S. Department of Health & Human Services
Office of Civil Rights
200 Independence Avenue, S.W.
Washington, D.C. 20201
877-696-6775 (toll-free)

E09 Response

Lima Ulu LLC has Policies and Procedures which comply with all State and Department of Health requirements for product standards, including: training and monitoring of employees, procedures for laboratory testing of marijuana and manufactured marijuana products as well as proper storage, disposal and/or destruction of marijuana product at all stages of production and sale. The company will submit test samples to an accredited and certified State of Hawaii laboratory in accordance with Department of Health standards and regulations. The company will have no affiliation or financial interest in the certified laboratory which conducts testing on its product.

Each batch of marijuana and manufactured marijuana products produced by the company shall be tested by an independent laboratory per Section §11-850-81. Each sample batch sent for testing shall be identified and tracked through the dispensary electronic tracking system. The dispensary will maintain a secure, tamper-proof, similar sample from the same batch should verification sampling be required. The company will not dispense any marijuana or manufactured marijuana products that have not been tested by a state accredited laboratory and meet the standards set by Department of Health regulations. To ensure a safe product, each batch will be tested and analysed for THC and CBD potency as well as heavy metals, pesticides, solvents, any visible foreign or extraneous material, moisture content and microbiological impurities. **(See attachment E09.01 Quality Assurance Testing for Safe Marijuana)** If the analysis conducted by the certified laboratory shows that any of the standards established by the Department of Health have not been met, any portion of that batch of marijuana or manufactured marijuana products that does not conform to the standards will not be dispensed. Furthermore, the company will destroy any

batch that does not meet testing standards. However Lima Ulu or DOH may request that the sample be retested in which case the company will quarantine a batch while the sample is reanalysed. The quarantine batch would be separated from all other inventory and clearly marked as *quarantine* in the tracking system. Only the Department of Health would have the authority to remove the *quarantine* label after receipt of a certificate of analysis from a certified laboratory that the batch conforms to established standards. If the results of the second test confirm that the batch does not meet the Department of Health standards, the entire batch would be destroyed.

Lima Ulu will be responsible to send for testing and analysis a sample from every lot of its marijuana grown or manufactured marijuana product produced as required by Department of Health rules and regulations. Lima Ulu is prepared to employ different laboratories for specific items if a laboratory cannot perform all of the required tests. Lima Ulu will keep records of all sample batches sent for laboratory testing and all certificates of analysis for a period of at least six years.

LIMA ULU LLC

E09 Response Attachments

Reference no.

Page no.

E09.01 Quality Assurance Testing

4 - 6

E09.01 Quality Assurance Testing for Safe Cannabis

Independent testing can reduce the risks of contamination, and thereby improve the overall quality of the cannabis distributed as medicine through the dispensaries. Using Gas and High-performance Liquid Chromatography and a Mass Spectrometer, as well as other high-tech lab equipment, tests can be conducted for pesticides and mold, as well as measure potency in samples of cannabis.

Lima Ulu will contract with a Hawaii Department of Health certified lab to analyze its cannabis flowers and all of the various concentrates, topicals, tinctures, and lozenges.

Testing for pesticides

Pesticide residue in medical cannabis can include neurotoxins (the chemical warfare agent Saran is a member of this class of compounds), which are poisons at high dose and are linked to chronic brain disorders at low but repeated exposure. Exposure to pesticides has been linked to ADHD and Alzheimer's, and can cause asthma and allergic reactions — and at high levels, neurotoxicity. The testing program includes the most commonly used pesticides in medical cannabis cultivation: Organophosphates, Carbamates, Pyrethroids, and Avermectins.

- *Organophosphates* and *carbamates* refer to a group of insecticides that are neurotoxins, which means they affect the brain and nervous system. Some are highly toxic and account for many cases of poisoning worldwide. Examples of organophosphates include parathion, malathion, methyl parathion, chlorpyrifos, diazinon, dichlorvos, phosmet, tetrachlorvinphos, and azinphos methyl.
- *Pyrethroids* are a group of man-made pesticides similar to the natural pesticide pyrethrum, which is produced from chrysanthemum flowers. Exposure to pyrethroids can be allergenic and can cause asthma in some patients. Examples of pyrethroids are permethrin, cypermethrin, resmethrin, cyfluthrin, and tetramethrin.
- *Avermectins* are microbial based pesticides that affect neural transmission. Exposure to high doses can depress the central nervous system resulting in incoordination and tremors. Direct contact with skin can cause irritation. The most common avermectin is abamectin (trade name Avid).

Microbiology testing

Microorganisms such as molds, bacteria, and yeast are everywhere — even in small amounts in food and drink and in the air we breathe. However, exposure to some microorganisms can be harmful in high concentrations and can be particularly dangerous to patients that have existing medical problems. Certain molds, for example, produce a compound that is highly allergenic and can cause cancer. *E. coli* bacteria can cause infection. The presence of certain molds can also degrade the quality and yield of the medicine.

An independent study found that approximately five percent of medical cannabis samples contain unsafe levels of microorganisms, according to USDA guidelines for agricultural products. The microbiological screening program identifies the type and level of microorganisms present:

- *Aspergillus* is one of the more potentially deadly molds. Some species produce large amounts of aflatoxin, which is both a carcinogen and a toxin. Exposure can also cause allergic reactions and infections in immune-deficient patients.
- *Penicillium* exposure can cause severe allergic reactions to patients that are sensitive to the antibiotic penicillin.
- *Cladosporium* is a group that contains the most common molds. It produces no mycotoxins, but overexposure can cause asthma attacks and even pneumonia in some patients. *Cladosporium* is a plant pathogen and can degrade the quality and yield of cannabis.
- *Alternaria* is a plant pathogen and allergen in humans. Exposure to it can cause hay fever and may lead to asthma. It can also cause serious infections in immune-compromised patients.
- *Yeasts* are another group of microorganisms that are often found in cannabis samples. Some are pathogenic or allergenic and should be avoided by patients that are immune compromised.
- *Escherichia Coli* is a gram negative bacteria that lives in the mammalian gastrointestinal tract. While most strains are harmless, several can cause severe food poisoning in humans.

Measuring potency

Knowing the cannabinoid profile and potency of medical cannabis is fundamental in allowing the patient to choose the correct medicine for their needs, as well as determining how much to take. Our testing enables patients to assess the kind and the amount of active ingredients, so that they are confident in administering an appropriate dose. This is especially important for edible forms of cannabis, where a greater percentage of active ingredients reaches the bloodstream. Taking the correct amount of medical cannabis can bring welcome relief to a patient's symptoms; however taking too much can have very negative side effects such as feelings of anxiety and paranoia.

The independent lab we work with will measure the major active ingredients present in medical cannabis:

- *Tetrahydrocannabinol (THC)*: THC is the most abundant active component in most medical cannabis, typically ranging from 5-25 percent. Studies have found that THC provides a variety of medical benefits for numerous ailments:
 - Cancer and AIDS patients have experienced decreasing nausea and an increased appetite with the use of THC.
 - Glaucoma patients have reported less eye pain, as the compound reduces pressure within the eye.
 - Multiple sclerosis patients use THC to alleviate neuropathic pain and spasticity.

Over-medicating with THC, however, can cause negative side effects. In extreme doses, patients can become disorientated or even hallucinate. Additional possible but uncommon effects include: anger, depression or anxiety. Patients can also experience short-term memory loss and reduced coordination lasting for up to four hours before the body begins to function normally again. However, the positive effects of medical grade THC far outweigh

the negative side effects. THC is capable of alleviating even severe pain, and is also known to be neuroprotective, which protects brain functioning in the long term.

- *Cannabidiol* (CBD): CBD is a non-psychoactive used for pain relief and other health related effects, representing anywhere from 0.1-12 percent. CBD alone is not psychoactive and doesn't contribute to the potential negative side effects of medical cannabis. CBD has been shown to relieve convulsions, inflammation, anxiety and nausea, and to inhibit cancer cell growth. Recent studies have shown that CBD is an effective antipsychotic in treating schizophrenia. Smokers of cannabis are less likely to experience schizophrenia-like symptoms if there is a higher CBD to THC ratio. CBD can also decrease the social isolation induced by THC. Although CBD has its own particular medicinal value, it is the interaction between the two that gives rise to the effect that sometimes alleviates the symptoms of various medical conditions. With proper testing, we can find strains that offer a higher CBD to THC ratio.
- *Cannabinol* (CBN): CBN is a degradation product of THC. There is very little of it in a fresh marijuana plant. CBN content increases as THC degrades in storage and with exposure to light and air. It is only mildly psychoactive and can cause drowsiness, disorientation, and sleepiness in the smoker.

E10 Response

Proper labeling and packaging of retail medical marijuana products is a crucial component for compliance with Department of Health guidelines and State law. Lima Ulu COO, Douglas Waun has extensive experience in both the medical marijuana dispensary and retail marijuana marketplace, giving Lima Ulu the unique ability to prepare and comply easily with all packaging and labeling requirements. Douglas Waun's Seattle Cannabis Company adheres strictly to the packaging rules, labeling requirements and chain of custody regulations of Washington State. All inventory is packaged in child resistant, tamper proof containers as per the Federal Poison Prevention Act section 1700.

<http://www.cpsc.gov/en/Regulations-Laws--Standards/Statutes/Poison-Prevention-Packaging-Act/> Lima Ulu will strictly follow all Department of Health standards and will not have any advertising or displays at their production facility or retail dispensary that are visible to the general public. Our capacity to meet and exceed state and local regulations includes Lima Ulu's employment of high quality computer and security technology as well as clearly written policies and procedures for good management practices and personnel guidelines. Lima Ulu has its business plan and policies and procedures in place, poised for licensure and prepared to bring an integral medicinal marijuana industry to Hawaii. **(See attachments: E10.01 Sample Packaging & E10.02 Sample Labeling).**

Packaging and Labeling: Lima Ulu is prepared and equipped to adhere to the State of Hawaii §11-850-92 guidelines which specify that packaging labels will contain the following warnings: "This product may be unlawful outside of the State of Hawaii and it 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 breastfeeding. 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.”

Additional packaging and labeling requirements, as required by §11-850-92, that Lima Ulu, LLC will uphold include: 1) The use of opaque containers such that the contents cannot be seen and keeps contents free from contamination. These containers will be made of materials that are non-toxic and will not interact in a toxic manner with the manufactured product. 2) A disclosure stating the type of extraction method used, which would include any solvents, gases or other chemicals or compounds employed to produce the manufactured medical marijuana product. 3) The name of the laboratory that performed the testing. 4) Warning label text as pursuant to State of Hawaii §11-850-92 guidelines appearing on the package and/or partially on the package insert. 5) Packages limited to no more than ten milligrams tetrahydrocannabinol for one dose, serving or single wrapped item. No manufactured medicinal marijuana product 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.

Each package shall be labeled using only black lettering on a white background with no pictures or graphics and will include:

(1) Information about the contents and potency of the medical marijuana and manufactured marijuana product, including but not limited to: a) Net weight in ounces and grams or volume; and for manufactured marijuana products the equivalent physical weight of the marijuana used to produce the manufactured marijuana product; b) The concentration of tetrahydrocannabinol, total tetrahydrocannabinol and activated tetrahydrocannabinol-A, and

cannabidiol; (2) the dispensary licensee's license number and the name of the production center where the medicinal marijuana in the product was produced; (3) the batch number and date of packaging; (4) a computer tracked inventory identification number barcode, generated by tracking software; (5) date of harvest or manufacture and "Use by date"; (6) instructions for use; (7) the phrases "For medical use only" and "Not for resale or transfer to another person".

Chain of Custody: A strict continuity of possession and handling is maintained throughout Lima Ulu's grow, manufacturing and retail dispensing processes. Starting with the production facility, medical marijuana plants will be individually identified with a barcode which will contain the date, location and production information. At the time of harvest the individual plant will be dried and processed. Prior to sealing, two samples will be removed from each lot and placed in individual laboratory sample containers, clearly marked with the lot data. Each lot will be kept separate from other lots and stored in an airtight container with tamper proof seals. A lot will not be processed until verification has been received from the independent laboratory that the lot may be used. Once permission is granted; production staff will process each lot individually to prevent contamination. Visual inspections of both bulk lot packages will be made and documented at each stage of processing to ensure integrity of the secure packaging and seal upon which the chain-of-custody form is signed and an internal tracking document is immediately produced for the sample. A corresponding barcode is also applied to the sample for identification and ease of handling. The internal-tracking documentation follows both the production lot and the laboratory samples throughout all phases of production. Once testing is complete, packing will commence and strict inventory protocol will be maintained with the use of our traceability software.

LIMA ULU LLC

E10 Response Attachments

Reference no.	Page no.
E10.01 Sample Packaging	4
E10.02 Sample Labeling	5



LIMA ULU - RAWA WYOM - SATIVA



5 12345678912345678 9

LIMA ULU LLC

**FOR MEDICAL USE ONLY
NOT FOR TRANSFER OR RESALE TO ANOTHER PERSON**

Sativa

Potency Analysis: THCA 16.3%, Total 14.6%, CBD 0.10%,
THC 0.38%

Net Weight: 1.000 g

Harvest Date: 11/30/2016 Lima Ulu Production Facility 1

UBI: 0123456789

Lic #: 54321

Sold By: Lima Ulu LLC

Lab Tested: 12/20/2016 State Lab XYZ

USE AS DIRECTED BY YOUR PHYSICIAN

WARNING:

This product may be unlawful outside the the State of Hawaii and is unlawful to posses 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.

LIMA ULU - MAUI WOWIE - SATIVA



E11 Response

Safety, security and the environment are top priorities for our company and waste management and disposal are no exception. Lima Ulu LLC Waste Disposal Policies and Procedures are designed to directly comply with state regulations to destroy unused, unsold, contaminated, or expired marijuana or manufactured marijuana products, and waste products from its production facilities, manufacturing facilities and retail dispensaries. This will include any inventory existing at the time of revocation or surrender of a license. Our waste disposal protocols are written and will be implemented in a manner to prevent any marijuana grown or produced in our facilities to become available to unauthorized persons. All waste material and products to be destroyed will be collected and consolidated at the production facility for disposal. Procedures will comply with requirements to record, document and subtract from inventory all destroyed products and waste products.

We understand the DOH is still outlining guidelines for certifying an approved disposal contractor/method. We will follow whatever disposal protocols are implemented by the Hawaii DOH and/or NED. We have contacted local waste haulers (Oasis Environmental, Cameron Chemical, Enviro Services) who specialize in the disposal of sensitive materials. They are awaiting potential marijuana waste disposal certification. In lieu of this process, however, it is our hope that the State of Hawaii will consider adopting a self-sufficient strategy to handling marijuana waste. Other states including Colorado and Washington have approved and regulate a cost effective, environmentally safe and secure alternative to waste disposal that would be our preferred method for handling waste.

Preferred Disposal Method: Bokashicycle fermenting is a method of rapidly metabolizing all organic waste with naturally occurring soil microbes. It is 10 times faster than composting, produces no greenhouse gases, produces no heat and takes only 7 days. The “pickled” waste material is then mixed with soil to return nutrients and beneficial microbes to future plantings. We have begun negotiations to purchase this system under the consulting services of Bokashicycle. **(See Attachment E11.01 Bokashicycle Protocol)**

The Bokashicycle method is capable of safely disposing not only all organic plant waste (which includes soil, roots, stems, leaves and seeds) but also any manufactured marijuana products permitted by the DOH and more. The Bokashicycle method quickly renders any potentially active THC or other marijuana chemicals ineffective through a method that is efficient, secure and environmentally beneficial. This process has the advantage of being very cost effective, enabling Lima Ulu to achieve a lower overhead cost which can be passed on to the patient. The Bokashicycle method enables the company to process and recycle all of its waste on site. The advantages are many fold: there is no impact on the local landfill; cost savings are realized from eliminating licensed waste transport; additional security and chain of custody services will not be required; the company’s grow operation will benefit from a reliable supply of self-produced compost material.

Bokashicycle On-site Disposal Benefits

- On site rapid disposal of all organic waste
- Far more efficient than composting – takes only 7 days to ferment
- Biopulp mixed with soil results in highly enriched soil, improved microbial flora and enriched organic content soil
- Conserves water
- Requires no additional machinery or effort to process

- Eliminates odors and does not attract vermin or pests
- Fermenting is phytotoxic killing weeds and their seeds
- May combine all waste in a single operation
- Eliminates expense of pick-up and transport
- For MMJ – no chain of custody additional tracking is required because waste is processed on site
- Eliminates gas production in processing waste
- Bokashi culture mix costs are about \$25 per ton of waste processed – least expensive of all waste processing methods
- Fermenting waste is the most sustainable agricultural method of waste management

Waste Water: Lima Ulu recognizes other forms of waste will be generated by our business operations. Our production facility is located on agricultural land with access to a non-potable, ag-use water supply. Water supply needs are expected to be modest, with minimal impact on the private reservoir that supplies the area. We will initially utilize around 10,000 gallons of water per month, which is less than the use of an average household of four people. Very little waste water will be created since most of our water intake is either absorbed by the plants, recycled or evaporated. Out of the total initial monthly water intake, less than 100 gallons of water may be generated as waste water. The only addition to the water content would be the NPK (Nitrogen, Phosphorous and Potassium) value of our plant food. Less than 1ml per gallon of the NPK elements will be present in the discarded water. This volume of wastewater can be easily stored at the production facility and recycled in the grow operation, or if required, discharged into a sanitary septic system located at the production facility. This location has no access to municipal sewage systems and will not have any impact on the county's wastewater management.

Pursuant to DOH rule 11-850-43 Lima Ulu will utilize the following methodologies to dispose of unused, unsold, contaminated, or expired marijuana in addition to the waste that is produced in the cultivation and manufacturing processes. Lima Ulu will create two SOP's one for the cultivation and manufacturing process and the other for the dispensary operations which define specifically the steps that will be followed to ensure compliant disposal.

When disposing of any waste containing marijuana plants or manufactured marijuana products, our staff will adhere to all state regulations. Our staff will utilize BioTrackTHC™ software system to track all marijuana inventory and keep a records of all plants and products that are disposed of in our production facility and retail dispensary. We may create and maintain any written record of the date, type, and quantity disposed of, as well as the manner of disposal that is required by state regulations. Additionally, we can and will modify our waste disposal plan to the extent required by local guidelines or regulations, provided the state requirements are still met.

LIMA ULU LLC

E11 Response Attachments

Reference no.

Page no.

E11.01 Bokashicycle Protocol

6 - 22



7506 69th Ave SW
Lakewood, WA 98498

Protocol

Cost Effective and Efficient On-site Marijuana Waste Disposal



Lawrence R. Green MD PhD

December 2014

Contents

Cost Effective and Efficient On-site Marijuana Waste Disposal.....	1
Bokashi Fermenting solves the MMJ Dispensary and Grower Waste Disposal Problem ..	3
Bokashi Fermenting Advantage:	3
Destroy MMJ Waste On-site and Eliminate Transport Problems and Expenses ...	4
Simplify waste disposal and eliminate the expense of off-site disposal.....	5
Bokashi Composting is Very Easy and Fast.....	6
Equipment Requirements for On-Site MMJ Waste Cycling (Disposal):	7
Shredding Units:	8
Bokashi Culture Mix:	8
Space Requirements:.....	9
Industrial Scale Waste Disposal Protocol:.....	9
Bamboo Granulator Test Results:	10
Granulating MJ Waste:	10
Bokashi Fermenting MJ Waste:	10
Inoculating the MJ Waste with Bokashi Culture Mix:.....	11
How Much Culture Mix and Accelerant is Required?.....	11
What size and how many fermenters are needed?	11
Table 1: Number of Fermenters and Consumable Requirements for a fixed volume of marijuana waste disposal per month.	13
What is needed to Ferment Marijuana Waste?	13
Table 2: List of essential materials to properly process marijuana waste.....	14
Step by Step Protocol for Processing Marijuana Waste:	14
What about Pathogens and other un-wanted chemical bi-products?	16
What is the starting basic system for waste processing?	16
Getting Started with a Quote:.....	16

Bokashi Fermenting solves the MMJ Dispensary and Grower Waste Disposal Problem

Many states have approved medical marijuana. They are putting in place stringent regulations on how growers and dispensaries must comply with the law.

Medical marijuana waste must be properly handled.

Disposing of waste can be expensive. Dispensaries are not allowed to place waste materials in the trash containers available to the public for obvious reasons.

Regulatory agencies want to be certain that the waste materials are not left unattended or available to the public in dumpsters or containers that could be opened off site.

The growers and dispensaries are struggling to cost efficiently solve the waste disposal problem.

Waste produced at a dispensary or by a grower must be rendered unusable before it leaves the facility and then it must be transported to a properly licensed facility for composting but there are few approved available sites for composting and every step in this process is expensive and time consuming.

A chain of custody must be established for the transporting of waste from its on-site location to the approved composting site. Security must be in place. Properly approved and licensed transport services are required.

Accurate account records are required to establish that the mass of material leaving the facility is identical to the mass of material accepted at the composting site.

All of these measures add significantly to the cost and make handling the waste by either a dispensary or grower less efficient, especially if off-site waste disposal is implemented.

Waste has value. It can be recycled on-site.

Bokashi Fermenting Advantage:

- On site rapid disposal of all organic waste
- Far more efficient than composting – takes only 7 days to ferment
- Biopulp mixed with soil results in highly enriched soil, improved microbial flora and enriched organic content soil
- Conserves water
- Requires no additional machinery or effort to process

- Eliminates odors and does not attract vermin or pests
- Fermenting is phytotoxic killing weeds and their seeds
- May combine all waste in a single operation
- Eliminates expense of pick-up and transport
- For MMJ – no chain of custody additional tracking is required because waste is processed on site
- Eliminates greenhouse gas production in processing waste
- Bokashi culture mix costs are about \$25 per ton of waste processed – least expensive of all waste processing methods
- Fermenting waste is the most sustainable agricultural method of waste management

Destroy MMJ Waste On-site and Eliminate Transport Problems and Expenses

There is a better way to handle the waste. Composting the waste in a bokashi fermenting system on-site solves the problem for dispensaries and growers.

This process can accommodate any size operation. Waste is degraded and rendered useless in as little as 10 days in specially designed fermenters. The bio pulp produced can be recycled in soil maintained on the premises.

A smaller dispensary may have a few pounds to several hundred pounds of waste per month. Waste is placed in the fermenter with the culture mix and allowed to be degraded to a bio pulp.

The bio pulp is then mixed with soil on the premises. The enriched soil is used to support new plants and in so doing reduces dependency on fertilizers and other nutrients that contribute to water polluting disposal problems.



Dispensary MMJ Waste Processing Cyclettes

Simplify waste disposal and eliminate the expense of off-site disposal.

A standard residential food waste fermenting system will handle 40 pounds of waste every 2 weeks. A single 55 gallon HDPE commercial fermenter handles 450 pounds every 2 weeks. A single 2 ton capacity industrial grade fermenter can handle 2 tons of waste every 2 weeks.

At the end of each cycle in processing waste the bio pulp obtained is mixed with soil to support plants eliminating the need to purchase expensive fertilizers.

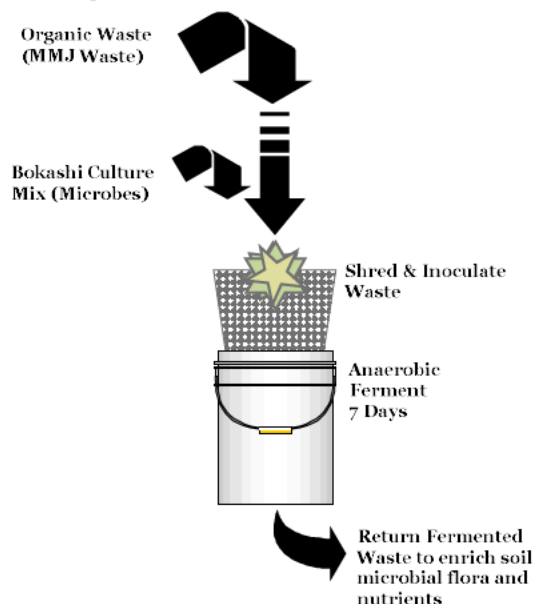
Waste is no longer a problem. It is a valuable resource cycled back to soil. Biologic soils are supported simply and easily by recycling waste to the soil.



HDPE 55 gallon fermenters with band clamp and cassette seals will handle 0.5 to 12 tons of waste per month.

Bokashi Composting is Very Easy and Fast

What is Bokashi Fermenting?



Bokashi fermenting is a method of rapidly metabolizing all organic waste with naturally occurring soil microbes. It is 10 times faster than composting, produces no greenhouse gases, produces no heat, and takes only 7 days. The “pickled” waste material is then mixed with soil to return all the nutrients and microbes to soil.

Bokashi fermenting is an approved method for disposing of MMJ waste.¹

All organic waste will rapidly decompose and noxious odors, putrefaction, and gases are eliminated. No insects or rodents are attracted to the end product. It is accomplished in a remarkably small amount of space and requires no turning, mixing, aerating, or additional materials to complete.

When processing MMJ waste, an accelerant is combined with the microbes to increase the speed of processing because the cellulose content of waste is very high. The liquid accelerant is sprayed onto the waste with each addition of culture mix and the system is then closed to exclude oxygen.

¹ <http://www.colorado.gov/cs/Satellite?blobcol=urldata&blobheadname1=Content-Disposition&blobheadname2=Content-Type&blobheadvalue1=inline%3B+filename%3D%22Current+Set+of+Rules%2C+Effective+July+1%2C+2011.pdf%22&blobheadvalue2=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1251781468397&ssbinary=true>

Bokashi fermenting is very scalable. You can mix weeds, plant debris, food scraps including meat and dairy products, and any other organic material with no concerns about the carbon to nitrogen ratio.

You simply shred the material and place it in a proper fermenter. During the shredding operation you add a powder (wheat bran base inoculants) which is dispersed in the shredding step and then leave the material alone for 7 to 14 days in a sealed fermenter.

The fermenting conditions kill seeds and pathogens including E. coli and Salmonella. No methane is produced because the pH shifts to a mildly acidic profile as material is metabolized. Methanogens, the organisms that produce methane can't survive under these conditions.

For more information, on bokashi fermenting visit our WEB site at www.bokashicycle.com or call us at 800.714.2130.

Equipment Requirements for On-Site MMJ Waste Cycling (Disposal):

Operators will be provided with a package and instructions on processing waste fitting their specific needs. We provide on-site supervision and instructions for those who need assistance in getting started. Shredding units can easily handle tons per hour.

A dedicated area for processing should be established. A shredding unit will be put into position so that all inoculated shredded material ideally falls directly into the fermenter. The fermenter is then set aside with a sealed lid equipped with a safety pressure release valve cassette. The minimum number of fermenters is two per site as one fermenter is completing the pickling process while the second is being filled. This allows the operator to continuously run and process waste without any interruptions.

Granulating Units:



Bokashi Culture Mix:

Bokashi culture mix can be obtained in bulk. It is one of the consumables used in the recycling process and it is inexpensive. The general formula for processing is 25 pounds of culture mix per ton of waste processed.

Bokashi culture mix will cost approximately \$25 per ton of mmj waste processed. Waste recycled through soil quickly returns nutrients and microbes to feed new plants and the savings in a grow operation are substantial.

The bio pulp cycled through soil re-establishes nutrients so efficiently that little additional fertilizing will be required. Operators should experience vibrant active growth and will note less watering is required due to the increased soil organic content that avidly retains water where it is needed.

Space Requirements:

The area designated for processing is remarkably small. Fermenters have a small foot print as does the shredder. We recommend processing on a cement floor.

After the fermenters have reached the end point at 7 – 10 days, growers will then need to mix that bio-pulp with soil. This is normally done by applying it to the surface at a rate up to 10 pounds per square foot and tilling it so that it is mixed with soil and covered with a few inches of soil. The soil can then be used for planting after 14 days.

The 55 gallon HDPE fermenters measure 23 inches in diameter and stands 36 inches in height. A number of compact dollies are available making moving a full fermenter a simple task.

The 2 ton capacity fermenters measure 50 inches by 80 inches and stands 48 inches in height. They can be moved on a pallet or with attached wheels on a cement floor.

The number of fermenters required will be determined by the volume of waste being processed. For example, in processing 4 tons of waste per month, 18 fermenters (see Table 1) are needed and each occupies a space of about 4 square feet. All of the fermenters could be stored in a space less than 10 feet by 10 feet.

Industrial Scale Waste Disposal Protocol:

Growers have many options in handling MJ waste. Some growers simply prefer to render the waste in a form that can be sent off-site to a private contractor for subsequent handling. It may be sent for composting, or mixed with an approved inert material like cat litter for off-site disposal depending on local and regional regulatory requirements.

Other growers may want to recycle the material on site by either composting or fermenting the waste material saving in off-site disposal costs.

A common requirement to accomplish any of these options is the need to granulate or pulverize the material so that it can then be properly processed. Bokashicycle's MJ Granulating machine accomplishes this task efficiently and quietly in a small space. The machine was specifically designed to mince and granulate waste including root balls. All waste should be properly reduced in size before composting or fermenting or rendering inert.

The MJ Granulator minces and granulates material delivering it directly into 55 gallon barrels or cartons placed below the machine and can handle high volume waste cycling greater than 1 ton per hour.

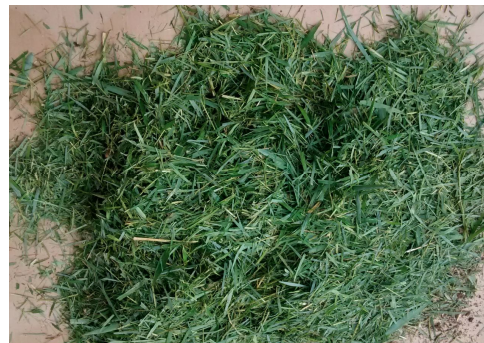
Bamboo Granulator Test Results:

The MJ Granulating machine has been tested and proven to consistently mince and granulate long strands of bamboo up to 1 inch in diameter and can handle larger diameter product if it is cut into shorter strands. Bamboo is far stronger than MJ waste and is a good quality control standard.

High throughput is maintained with a 1 inch grate.



Bamboo Test Material - 1 inch diameter bamboo stock material ranging in size up to 1 inch in diameter, dry and wet granulated in a single pass



Bamboo Grate Single Pass Test Results - 1 inch diameter bamboo stock rapidly minced and granulated with shredded leaves ready for composting or fermenting

Granulating MJ Waste:

All waste can be handled easily by passing it through the granulating machine. There is no requirement for wetting or soaking this material before feeding it into the hopper however a light misting or wetting of the material will reduce the potential for dust scatter.

Bokashi Fermenting MJ Waste:

MJ waste can be fermented and returned to soil and it is an approved waste disposal process in most jurisdictions. It is a two stage process that is far faster than composting and returns to the soil the many needed nutrients that would otherwise be discarded.

Disposing of waste is a two stage process.

1. In the first stage the waste is destroyed by fermenting. It is inoculated and placed in an anaerobic fermenter for approximately 2 weeks at room temperature.
2. The end product is metabolized material that is then mixed with soil to improve the soil organic content. The metabolized waste may be

repeatedly cycled by mixing with soil. New plants may be placed in this soil 10 days after the bio pulp is mixed with soil.

Inoculating the MJ Waste with Bokashi Culture Mix:

The easiest way to efficiently inoculate the waste is to add the bokashi culture mix to the waste as it passes into the granulating machine. This spreads the inoculants uniformly throughout the waste as it exits into a standard 55 gallon fermenter.

If the waste is acquired in bins that are then dumped into the hopper, a cup of bokashi culture mix in each bin at the time it is dumped will ensure uniform distribution of the culture mix in the minced and granulated waste.

If long strands and root balls are being granulated, the easier route of inoculating is to collect all of the minced and granulated waste in a 55 gallon fermenter. The operator will then add to the 55 gallon fermenter 15 gallons of water to which is added 750 mL of accelerant and 5 pounds of bokashi culture mix.

In summary, inoculating the waste is accomplished by adding 5 lbs of culture mix for each 55 gallon filled fermenter along with 15 gallons of water and 750 mL of accelerant. Minced and granulated waste must be wet and sealed in a fermenter excluding oxygen in order to properly ferment.

How Much Culture Mix and Accelerant is Required?

A 25 pound bulk pack of bokashi culture mix and a gallon of accelerant is enough material to process 1 ton of marijuana waste.

Fermenters should be packed tightly with inoculated waste and then sealed. Inoculated waste can be added incrementally until the fermenter is filled to the top. It should then be set aside for a full 10 days at which time fermenting will be complete.

What size and how many fermenters are needed?

Dispensaries and small volume waste producers do not need to shred or pulverize waste materials. They can process waste in a standard cyclette system by wetting it down, spritzing with accelerant and adding the bokashi culture mix every couple of inches as they fill the fermenter. The fermented end product is mixed with soil at the end of the process. Standard cyclettes for processing are easy to obtain by an on-line order.

Standard Cyclette Processing unit:

http://store.bokashicycle.com/Bokashi-Fermenting-System-with-Dispensing-Unit-and-12-months-supply-of-Bokashi-Culture-Mix_p_22.html

Industrial scale fermenters come in two sizes.

1. A 55 gallon HDPE open top band clamp seal fermenter equipped with a cassette and safety pressure release valve will when tightly packed hold up to 450 pounds of end product. The cassette acts as a filter so that the liquid acquired in the fermenting process can be drained and collected if the processor wants to use it diluted 1:50 with water in drip irrigating plants. The “tea” is rich in metabolic products, trace nutrients and microbes and will improve the plant performance if applied on a regular bases.

http://store.bokashicycle.com/Bokashi-Yard-Waste-Fermenting-System-55-Gallon-Capacity_p_23.html

2. 2 ton capacity large scale fermenters with an anaerobic seal. These large scale fermenters are used to advantage when the volume of waste is greater than 6 tons per month.

http://store.bokashicycle.com/15-ton-Capacity-Food-Waste-Fermenting-Bin_p_53.html

3. Value pack Bokashi Culture Mix and Accelerant is available for growers who process a lot of waste and want to take advantage of discount pricing.

http://store.bokashicycle.com/Marijuana-Waste-Disposal-Value-Pack_p_50.html

Table 1: Number of Fermenters and Consumable Requirements for a fixed volume of marijuana waste disposal per month.

Per Month Waste Volume	Per Month			
	Fermenter Size		Required Consumables	
(tons)	55 Gal HDPE	2 ton Cap	# BCM 25Lbs	Gals Accel
1	5		1	1
2	9		2	2
3	14		3	3
4	18		4	4
5	23		5	5
6		3	6	6
7		4	7	7
8		4	8	8
9		5	9	9
10		5	10	10
11		6	11	11
12		6	12	12
13		7	13	13
14		7	14	14
15		8	15	15

The amount of material required to process a fixed amount of waste per month is easily calculated using the figures from Table 1. For example, if the producer is generating 4 tons of waste each month, then 18 55 gallon capacity fermenters are needed to process waste. Each month 100 pounds of bokashi culture mix and 4 gallons of accelerant are needed. The operator would fill 9 fermenters in the first 2 weeks setting them aside for an additional 2 weeks while filling the other 9 fermenters.

Every 2 weeks thereafter, 9 of the fermenters are emptied. The bio pulp is mixed with soil which can be used over and over again or cycled back through the grow operation. The emptied fermenters return to be filled again and again in a continuous recycling operation.

What is needed to Ferment Marijuana Waste?

Table 2 provides a list of the needed equipment and materials for waste processing.

If the waste pH in the fermenter after adding the culture mix and accelerant with water has a pH that is greater than 6.0, the operator should adjust the pH to a level below 6.0 to be assured that fermenting will be efficient. Although this is

not a common experience, it may be essential if a lot of ammonia fertilizers are used in a grow operating.

Vinegar is a simple and effective way of lowering the pH if it is required. It is inexpensive, non-toxic, and easy to use. Any kind of vinegar can be used as it is only used to lower the pH. Depending on how much ammonia or other basic materials are in the waste the operator will add vinegar to the fermenter to bring the pH into a range between 4.0 and 6.0. If the pH is above this level fermenting will be less efficient and likely will not work if it is greater than 6.5.

Table 2: List of essential materials to properly process marijuana waste.

Materials Required for Waste Processing:

Vinegar	Use to adjust fermenter only if the pH >6.0
Bokashi culture mix	25 lbs will process 1 ton of waste
Accelerant	1 gallon will process 1 ton of waste
MJ Granulating Machine	Directs waste to fermenters, inoculates waste
Fermenters	HDPE 55 gal band clamp/safety pressure release cassette

Step by Step Protocol for Processing Marijuana Waste:

Activity	Comment
1. Locate the MJ Granulating machine in a flat working area along with the stair platform access	Lock the wheels and attach the stair platform to the machine with the hinge gate locking unit
2. Plug the machine into a 220 volt outlet	The 3 HP Teco Westinghouse is well built and rugged. It requires single phase 220 v 50 – 60 Hz power
3. Gather MJ waste in bins or as stocks including root balls	Rocks or heavy clay materials should be removed from root balls. Remove as much soil as possible and cut to size to fit the hopper
4. Wear eye and ear protection	Operators should read the operator's manual before engaging the machine
5. Place the fermenting barrel or carton to collect minced and granulated waste below the machine stand	The stand is designed to fit 55 gallon barrels. Push the barrel so that the curtain on the stand is centered over the barrel
6. Start the machine and granulate all waste filling to within 4 inches of the top of the barrel or carton	
7. Replace a filled container with an empty container	Label each granulated container by time and date

Activity	Comment
8. Bokashi Fermenting, Composting, On-site or Off-site Disposal	Arrange for off-site handling or on-site composting. If Bokashi fermenting advance to activity # 9
9. Waste collected in 55 gal size fermenters	Filled to within 4 inches of the top
10. Add 1.6 Lbs of culture mix and 250 mL of accelerant to a 5 gallon bucket	
11. Fill the bucket with 5 gallons of water	
12. Pour the liquid slurry of culture mix, water and accelerant over the minced material in the barrel	The objective is to wet all material and inoculate as the solution travels through the waste
13. Repeat Activity 10 – 12 twice so that 15 gallons of slurry have been put into the fermenter	
14. Confirm the pH is below 6.0	Obtain a small amount of fluid from the fermenter and test with a pH meter or tape.
15. Seal the fermenter using the band clamp lock and check that the safety pressure valve is in place	The safety valve fits in the top of the cassette attached to the lid for the fermenter
16. Record the ID for the fermenter in a log book and the date fermenting started	Each barrel lid has its own ID number or label
17. Allow at least 10 to 14 days at room temperature	
18. After fermenting check the pH to be certain it is below 6.0	
19. Drain liquids from the fermenter by tipping on its side and removing the safety valve	This liquid can be used to water plants. It is rich in nutrients.
20. The entire fermented material including liquids can be mixed with soil	Tilling the fermented material into normal soil or mixing into a pile of soil will result in its rapid further incorporation into the soil
21. Allow a few weeks for the soil with fermented end product to mature	Soil with end product can be recycled or sent off site for use in gardens

You may throw any food scraps into the granulating machine hopper when the marijuana waste is being minced and granulated. The food scraps will ferment and accelerate marijuana waste processing.

What about Pathogens and other un-wanted chemical bi-products?

Bokashi fermenting is a very efficient way of killing pathogens including *E. coli* and *Salmonella*. The enzymatic activity in the fermenting process will break down most chemical compounds into basic simple molecules and it will kill most seeds. Do not add petroleum products or oils as they will interfere in efficient fermenting.

Wear gloves when handling the end products as they are mildly acidic (like vinegar) and wash your skin or eyes with copious amounts of water if you accidentally splash the material on the skin or eyes. We recommend wearing safety goggles in addition to gloves as a common sense precaution.

What is the starting basic system for waste processing?

Bokashicycle recommends for all growers a basic minimal system that consists of the electric 3 HP pulverizing machine on its stand with swivel wheels and 2 55 gallon yard waste fermenting systems. The yard waste fermenting systems come with enough culture mix and accelerant to process up to 2 tons of waste.

3 HP 220v 1 PH Electric Granulating Machine:

http://store.bokashicycle.com/MJ-Granulating-Machine--3-HP-Electric-single-phase-220v_p_54.html

Yard Waste Fermenting System:

http://store.bokashicycle.com/Bokashi-Yard-Waste-Fermenting-System-55-Gallon-Capacity_p_23.html

Bokashicycle offers wholesale pricing and discounts to all growers for volume orders. Bokashi culture mix kept dry and protected has a shelf life greater than 5 years as does the accelerant. A volume discount pack of 500 pounds of culture mix and 20 gallons of accelerant on a single skid is offered at \$995 plus delivery. That is enough inoculants to process 20 tons of waste.

Getting Started with a Quote:

Bokashicycle will provide to the grower a recommended set up for processing all waste based on the information provided.

The quote will include the cost of equipment, number of fermenters, and amount of culture mix needed to process all waste efficiently.

Call us for a quote at 800.714.2130 or email us at support@bokashicycle.com

E12 Response

Lima Ulu LLC's highest commitment is to developing a safe product for Maui County medical marijuana patients, from seed to sale. We have outlined the methods and actions in our Business Plan that will ensure dependable results. It is our goal to provide reliable and consistent products to our customers. Our medical marijuana products will be held to the highest quality standards, manufactured using the latest technologies for extraction and dosage measurement.

Quality Control of Facilities - Health, Safety and Sanitation Standards: All Lima Ulu dispensary facilities will be maintained and surveilled on a regular schedule to ensure product consistency and contamination prevention. The facility has been specifically designed to ensure control and security of our products at every step of production and sale. In accordance with Dispensary Rules, Chapter §11-850-75, Limu Ulu shall ensure that all medical marijuana and manufactured marijuana products it dispenses are safe for use or consumption by qualifying patients. a) Our dispensary will comply with state and county health, safety and sanitation regulations and will be prepared for inspections to confirm that no health or safety concerns are present which may contaminate the products. b) Any person who has or appears to have an illness, or open lesion including boils, sores or infected wounds, or any other source of contamination, shall be excluded from any contact with the dispensaries medical marijuana or manufactured marijuana products until the condition is corrected. c) Limu Ulu dispensaries will have hand-washing facilities that are adequate and convenient, furnished with running water to provide effective hand cleaning and sanitizing. d) All persons working in direct contact with medical marijuana and manufactured marijuana products shall conform to hygienic practices while on duty,

including but not limited to: maintaining adequate personal cleanliness and washing hands thoroughly in an adequate hand washing area before starting work and at any other time when the hands may have become soiled or contaminated. e) Limu Ulu's dispensary will 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 medical marijuana or manufactured marijuana products are exposed. f) The floors, walls and ceilings of our dispensary shall be constructed in such a manner that they may be adequately cleaned and kept clean and in good repair. g) The dispensary will be equipped with adequate lighting in all areas where medical marijuana or manufactured marijuana products are stored or sold and where equipment or utensils are cleaned. h) The dispensary will 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. i) The dispensary shall prohibit animals in the facilities, except for service animals in accordance with section 347-2.5, HRS. j) The dispensary will maintain buildings, fixtures and other facilities in a sanitary condition. k) The dispensary shall use and maintain cleaning compounds, sanitizing agents and pest control measures such as bait traps in a manner that protects against contamination of medical marijuana or manufactured marijuana products and in accordance with any applicable local, state, or federal law, rule, regulation or ordinance. l) The dispensary shall not alter medical marijuana or manufactured marijuana products to change their appearance, flavor or smell in a way that would appeal to minors.

Product Safety during the growth phase: Lima Ulu has contracted with a local certified Horticulturist to oversee our cultivation for quality assurance. Consistent agricultural policies

and procedures are in place to ensure the safety of plants from contaminants such as mildew, pesticides, or insect infestation.

Lima Ulu In-House Laboratory Standards and Testing: Lima Ulu will follow the Hawaii Department of Health standards for laboratory-based testing of marijuana and manufactured marijuana products for content, contamination and consistency. In addition, we will maintain an in-house laboratory in compliance with approved lab procedures and standards for testing to pre-test and prepare our product for official testing as a safeguard for quality assurance.

Safety in Dosage Measurements: In accordance with Department of Health standards and regulations, Lima Ulu will contract an accredited laboratory to ensure quality, proper dosage and potency of all products. Pursuant to section [§329D-11] Advertising and Packaging, Lima Ulu commits to: “Any capsule, lozenge, or pill containing marijuana or its principal psychoactive constituent tetrahydrocannabinol, shall be packaged so that one dose, serving or single wrapped item contains no more than ten milligrams of tetrahydrocannabinol; provided that no manufactured marijuana product that is sold in a pack of multiple doses, servings, or single wrapped items, nor any containers of oils, shall contain more than a total of one hundred milligrams of tetrahydrocannabinol per pack or container. In addition to state standards, Lima Ulu will include warning labels to deter minors and support patient safety and well-being. COO Douglas Waun’s medical marijuana processing facilities in Washington employ several labs to test the cannabinoid profile of each product ensuring they remain below WA state 10mg recommendations for proper dosing. Lima Ulu will abide by Hawaii state recommended dosage of 10mg and employ laboratories to ensure proper dosage as well as regulate CBD and THC content.

Patient safety and well-being: Medical marijuana therapeutics is personalized medicine.

The right treatment regimen depends on the person and condition being treated. **(See attachment E12.01 Dosage Guidelines)** Trained pharmacists and technicians will be employed and on staff at the dispensary to support new patients with proper dosage. Lima Ulu will address CBD:THC ratio in their labeling to ensure patient's needs are met.

Safe and Clearly Marked Packaging: Manufactured medical marijuana products, as well as dried flowers, will be consolidated and pre-packaged soon after processing in a manner that greatly extends shelf-life, identifies product quality and quantity as well as protecting the product from outside environmental contaminants. The packaging employees will be trained at initial hire and reviewed annually on safe-handling practices and sanitation practices for equipment and surfaces that come into direct product contact. (Please see Quality Control of Facilities above). All Lima Ulu products will be packed in child resistant packaging in accordance with section [§329D-11] Advertising and Packaging. Our manufactured products will be: a) child-resistant and opaque so that the product cannot be seen from outside the packaging; 2) use only black lettering on a white background with no pictures or graphics; 3) will be clearly labeled with the phrase "For medical use only"; 4) will be clearly labeled with the phrase "Not for resale or transfer to another person"; 5) will include instructions for use and "use by date"; 6) will contain information about the contents and potency of the product; 7) will include the name of the production center where medical marijuana was produced, including the batch number and date of packaging; 8) will include a barcode generated by tracking software; and 9) in the case of a manufactured medical marijuana product, a listing of the equivalent physical weight of the marijuana used to manufacture the amount of the product that is within the packaging, pursuant to section 329D-9(c).

Safe and Secure Transportation: Limu Ulu’s COO brings practiced and perfected procedures regarding handling, moving and transporting our products. All merchandise will be meticulously tracked and monitored to prevent the possibility of our products becoming contaminated, mislabeled, misrepresented or misused.

Safe Storage of Products: Because medical marijuana loses its potency when exposed to air or sunlight, large airtight containers are employed by the major pharmaceutical companies for shipping and storing raw medical marijuana. Douglas Waun, COO, experience with his three Washington state dispensaries and Sunshine Acres grow facility, has enabled Limu Ulu to instate tried and tested *best practices* for safe and secure storage to preserve product integrity.

Medical marijuana is a medicine and it requires proper protection and safeguarding. Plants will be stored in large vacuum sealed bags awaiting processing. Small amounts of nitrogen may be injected into the package prior to sealing (similar to packaging food products like potato chips and cereal) as nitrogen disperses oxygen to prevent bacteria growth. Oxygen absorption packets, like those found in various food and textile products may also be employed. We may also incorporate humidification as an extra layer of protection against evaporative loss. The systems we use are 2-way, meaning they will absorb as well as emit moisture to maintain the perfect water-vapor ratio or “relative humidity” for our products. Once at the dispensary, products will be sold in airtight, sealed packages that have already been measured, weighed and correctly labeled.

LIMA ULU LLC

E12 Response Attachments

Reference no.

Page no.

E12.01 Dosage Guidelines

7

Attachment E12.01 Product Safety Response

Medical Marijuana Dosage Guidelines

For maximum therapeutic benefit, products that include both cannabidiol (CBD), a non-intoxicating compound, and tetrahydrocannabinol (THC), the psychoactive component of medical marijuana are best.

CBD and THC interact to enhance each other's therapeutic effects. They work best together. A patient's sensitivity to THC is a key factor to determining the ratio and dosage of CBD-rich medicine.

Many people enjoy the dysphoric feeling from high THC content medical marijuana products. Others find THC unpleasant. CBD can lessen or neutralize the intoxicating effects of THC.

For anxiety, depression, spasms and pediatric seizure disorders, many patients initially find they do best with a moderate dose of a CBD dominant remedy (a CBD:THC ratio of more than 14:1). But a low THC remedy, while not intoxicating, is not necessarily the best therapeutic option. A combination of CBD and THC will likely have a greater therapeutic effect for a wider range of conditions than CBD or THC alone. For cancer, neurological disease, and many other ailments, patients may benefit from a balanced ratio of CBD and THC. Extensive clinical research has shown that a 1:1 CBD:THC ratio is effective for neuropathic pain. Optimizing one's therapeutic use of medical marijuana may entail a careful, step-by-step process, whereby a patient starts with small doses of a non-intoxicating CBD-rich remedy, observes the results, and gradually increases the amount of THC.

E13 Response

Limu Ulu has verified that all current principals, owners and managers have no history of having a business license revoked, pursuant to Section §11-850-20 Section 13. Additionally, Lima Ulu has developing protocols to ensure continued compliance with all statutes and rules.

Limu Ulu will operate in strict accord with HRS Chapter 329D and HAR Section 11-850. In order to ensure continued compliance, Lima Ulu has hired Stephen Pingree JD to oversee compliance and act as the Compliance Officer.

All individuals who maintain a business license or professional license will be subject to annual and periodic queries to ensure their licenses remain in good standing. The queries will be performed by the Compliance Officer. If it is discovered a license has been voided, appropriate action will be taken and the individual will be removed from Limu Ulu as an owner, principal, manager or member as required by the Department of Health.

Lima Ulu's Operating Agreement includes a clause requiring personnel to maintain all business and professional licenses in good standing.