

# Medical Marijuana Dispensary License Application

## Instructions & Min. Requirements

### HELPFUL INFORMATION FOR FILLING OUT THIS FORM:

1. You can save your work on this form by checking the 'Save my progress and resume later' box and then clicking the 'Save form and resume later' button at the bottom of each screen. IMPORTANT: Remember to do this every time you leave your application or you will lose the information you have entered.
2. To keep your information secure, remember to log out of your application each time you finish working on it.
3. Use a current version of Google Chrome or Firefox browser when completing this form.
4. Save the form every 20 minutes to avoid timing out. When entering information in a spreadsheet, save and exit the form first.
5. Do not include single or double quote marks ( ' or " ) or more than one period ( . ) in your document names.

### INSTRUCTIONS FOR THE MEDICAL MARIJUANA DISPENSARY LICENSE APPLICATION

Before applying for a medical marijuana dispensary license, applicants must acknowledge that they have read the statute and administrative rules on medical marijuana dispensary licensing. Click on the links below to be redirected to the statute and administrative rules.

#### Hawaii Revised Statute (HRS) 329D

☒ I acknowledge that I have read Chapter 329D, HRS (<http://health.hawaii.gov/medicalmarijuana/wp-content/blogs.dir/93/files/2015/12/2015-329D-HRS.pdf>), and I am aware of the application and licensing requirements.

#### Hawaii Administrative Rules (HAR) Chapter 11-850

☒ I acknowledge that I have read HAR, Chapter 11-850 (<http://health.hawaii.gov/medicalmarijuana/wp-content/blogs.dir/93/files/2015/12/Dispensary-Rules-Chapter-11-850-signed-by-Gov-12-13-15.pdf>), and I am aware of the application and licensing requirements.

#### Disclaimer:

☒ I understand that the use and possession of marijuana is illegal under federal law, and is illegal under State law except as provided specifically by Chapters 329 and 329D, HRS.

### MINIMUM REQUIREMENTS

All individual applicants and applying entities must meet the requirements listed below or the application will not be accepted. Applicants must attach proof to the online application as described in the respective sections.

#### INDIVIDUAL APPLICANT

- \* Individual applicant shall be at least 21 years old.
- \* Shall be a legal resident of the State of Hawaii for at least five (5) uninterrupted years immediately preceding the date of the license application.
- \* Shall not have any felony convictions or any other disqualifying background history.
- \* Shall be authorized by the applying entity to submit an application for a dispensary license, and act as the primary point of contact with the department.

#### APPLYING ENTITY

- \* The applying entity must be organized under the laws of the State of Hawaii.
- \* Have a Hawaii tax identification number.
- \* Have a Department of Commerce and Consumer Affairs Business Registration Division number and suffix.
- \* Have a federal employer identification number.
- \* Not be less than fifty-one percent held by Hawaii legal residents or entities wholly controlled by Hawaii legal residents who have been legal residents for not less than five years immediately preceding the date the application was submitted.
- \* Have financial resources under its control of not less than \$1,000,000 for each license applied for, plus not less than \$100,000 for each retail dispensing location allowed under the license applied for, in the form of bank statements or escrow accounts, and those financial resources shall have been under the control of the applying entity for not less than ninety days immediately preceding the date the application was submitted.
- \* Be composed of owners, principals, or members, each of whom is not less than twenty-one years of age and has no felony convictions or any other disqualifying background history.

#### APPLICATION FEE

The license application fee of \$5,000 by certified check or cashier's check payable to the State of Hawaii, Department of Health, is part of the minimum requirements and must be received at Department of Health, Medical Marijuana Dispensary Licensing, Room 337, 601 Kamehameha 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.

## County & Applicant Data

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

#### SECTION B: INDIVIDUAL APPLICANT INFORMATION

##### GENERAL INFORMATION


3. Legal Name of Applicant

Dr. William Henry Mitchell Jr.

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


 4 and 6 William Mitchell Passport.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTc3ZmVhbnRfMTA4Mmhhc2g9MmUyMzI0ZjE3OGY2NTIzZDZkZjllNmZiYVU4MWFiZDc=>)

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

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.

 4 and 6 William Mitchell Passport.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTc3ZmVhbnRfODAmGfZaD02NzNkOTI0OGMyMzE1MmUwNTQ4YiYlODAwNmU4ZTlhOQ==>)

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

8. Applicant's Address

[REDACTED]

[REDACTED]

United States

9. Daytime Phone No.

[REDACTED]

10. Fax No.

[REDACTED]

11. Email

[REDACTED]

##### CRIMINAL HISTORY INFORMATION

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

No

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

No

14. Has the individual applicant ever been arrested?

No

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:

EY7a-X-8hV

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.

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.

☒ I consent

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.

☐ 18 William Mitchell Voter Registration Certificate.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczlmlVSPWVsZW1lbnRfMTcmaGFzaD0xNTZkNWQyZmRkY2I5YjNhYTkyY2lYTawOGNmYzg5NA==>)

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):

☐ 19 Certificate of Manager for William Mitchell Maui.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczlmlVSPWVsZW1lbnRfODYmaGFzaD0wZTFmODEzYWQ3Mzk2M2YyMWU4YTY2ZWRRkMWRlNzk5Nw==>)

## Applying Entity Data

### SECTION C: APPLYING ENTITY INFORMATION

20. Name of Applying Entity

Pono Life Sciences Maui, LLC

21. Applying Entity's Business Address

2180 Main Street

Wailuku, Hawaii 96793

United States

22. Entity Phone #

[REDACTED]

23. Entity Email

[REDACTED]

24. Entity Fax #

[REDACTED]

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.

☐ 26 Pono Life Sciences Maui LLC Certified Articles of Organization Certified OA.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczlmlVSPWVsZW1lbnRfMTcmaGFzaD05NDI2ZGI2M2M5MzQ0YjcxZDM2ODMzZDc5MzZmYg==>)

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.

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

☐ 28 Pono Life Sciences Maui LLC Certificate of Good Standing.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczlmlVSPWVsZW1lbnRfMTcmaGFzaD0yOGQyYzQ3MTk3MjM5MDNkY2RlZDZlZTl4NWJlYzYzNw==>)

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.

W82326009-01

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

☐ 30 Pono Life Sciences Maui LLC Hawaii Tax Identification number.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczlmlVSPWVsZW1lbnRfMTcmaGFzaD01NzE5NDQ4YzFhYmRlZTM5MDk5YTk2ZTJlMjY0NjVhZA==>)

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

47-5301608

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

☐ 32 2015.10.13.Federal Employer ID number Pono Life Sciences Maui LLC.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczlmlVSPWVsZW1lbnRfMTcmaGFzaD0wMDdlN2NiOGVhNTYzZDZlZDZlZTl4NWJlYzYzNw==>)

## Owner, Principal, Member Data

### 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:

30

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](http://eCrim.ehawaii.gov) (<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 \(/mmjdisp/templates/Owner\\_Principal\\_Member\\_Report.xls\)](#)

 [Sec 4 - Owner Principal Member Report.xlsx](#) (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVzZW1lbnRfMTExImhhc2g9M2VmYU1lZGM3MGVhNGRlZGUzY2ZlZWZhODQzMzIjMDE=>)

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 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.



## Merit Data

### 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)

 Merit Criteria #1 - Ability to Operate a Business FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVsZW1lbnRfODkmaGFzaD01Yjc3YWYzNGQ2YTEzMG12MGM2M2UzOGY0MDFmYTQ0NQ==>)

(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)


 Merit Criteria #2 - Operating Plan FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVsZW1lbnRfODkmaGFzaD01Yjc3YWYzNGQ2YTEzMG12MGM2M2UzOGY0MDFmYTQ0NQ==>)

(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)

 Merit Criteria #3 - Financial Stability and Resources FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVsZW1lbnRfOTUmaGFzaD1hZTQ2MTIjODhiNTViYzA4MzlhZmUwNGU4OWI4MzkwMA==>)

(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)


 Merit Criteria #4 - Security Requirements FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVsZW1lbnRfOTUmaGFzaD1hZTQ2MTIjODhiNTViYzA4MzlhZmUwNGU4OWI4MzkwMA==>)

(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)

 Merit Criteria #5 - Capacity to Meet Patients Needs FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVsZW1lbnRfOTUmaGFzaD0yOWQ5MWM4ODU1NTI3ODIjYTAwMDYzZWJmMjM0NzU1Ng==>)

(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)

 Merit Criteria #6 - Criminal Background Check Compliance FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wiki/flow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVsZW1lbnRfOTUmaGFzaD1mNDZlMjIjYTk5NGMxZWZlNDkzMWVhOWZlOIA==>)

(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)

 Merit Criteria #7 - Inventory Tracking Compliance FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVhbnRfOTkmaGFzaD0wMTk5Zik3ZDJhNTg1MWQ4NmMzYWMwMDRjODQ5NjllOA==>)

(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)

 Merit Criteria #8 - Patient Confidentiality FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVhbnRfOTkmaGFzaD0wMTk5Zik3ZDJhNTg1MWQ4NmMzYWMwMDRjODQ5NjllOA==>)

(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)

 Merit Criteria #9 - Lab Compliance FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVhbnRfOTkmaGFzaD0wMTk5Zik3ZDJhNTg1MWQ4NmMzYWMwMDRjODQ5NjllOA==>)

(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)

 Merit Criteria #10 - Packaging and Labeling FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVhbnRfOTkmaGFzaD0wMTk5Zik3ZDJhNTg1MWQ4NmMzYWMwMDRjODQ5NjllOA==>)

(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)

 Merit Criteria #11 - Disposal or Destruction Waste FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVhbnRfOTkmaGFzaD0wMTk5Zik3ZDJhNTg1MWQ4NmMzYWMwMDRjODQ5NjllOA==>)

(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)

 Merit Criteria #12 - Product Safety FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVhbnRfOTkmaGFzaD0wMTk5Zik3ZDJhNTg1MWQ4NmMzYWMwMDRjODQ5NjllOA==>)

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

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

Upload Response to (13)


 Merit Criteria #13 - License Revocation No History FINAL.pdf (<https://mmjdisp.ehawaii.gov/mmjdisp/wikiflow/download.php?q=Zm9ybV9pZD0xMDQzOSZpZD00NTczImVsPWVhbnRfOTkmaGFzaD0wMTk5Zik3ZDJhNTg1MWQ4NmMzYWMwMDRjODQ5NjllOA==>)

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

## Certification

### SECTION F: CERTIFICATION AND SUBMITTAL

#### Certification

 I hereby certify under penalty of law that the information submitted as part of this application is correct and complete.

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

Applicant Name

Dr. William Henry Mitchell Jr.

Department of Health

1250 Punchbowl Street, Honolulu, HI 96813

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Powered by HiC (<http://hic.ehawaii.gov>)





PONO LIFE SCIENCES MAUI, LLC

C/O Dr. William Mitchell  
2180 Main Street, Wailuku, HI 96793

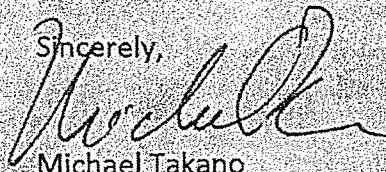
January 29, 2016

Department of Health  
Office of Health Care Assurance  
Medical Marijuana Dispensary Licensing  
601 Kamokila Blvd., Room #337  
Kapolei, HI 96707

Department of Health:

Enclosed is a cashier's check in the amount of \$5,000.00 made payable to State of Hawaii, Department of Health. This cashier's check is submitted as the non-refundable application fee for the Application of a Medical Marijuana Dispensary License by Pono Life Sciences Maui, LLC, Application No. 4573 submitted on January 29, 2016.

Sincerely,



Michael Takano  
Manager and CEO

**From:** [auto-reply@usps.com](mailto:auto-reply@usps.com)  
**To:** [Maria Chan](#)  
**Subject:** USPS Shipment Info for 70150640000803938237  
**Date:** Monday, February 1, 2016 2:24:36 PM

---



**Tracking Number: 70150640000803938237**

---

**Hello Maria Chan,**

**Thank you for using USPS.com.**

This is a post-only message. Please do not respond.

Maria Chan has requested that you receive a USPS Tracking™ update, as shown below.

USPS Tracking™ e-mail update information provided by the U.S. Postal Service.

Tracking Number: [70150640000803938237](#)

On Time

Expected Delivery Date: February 1, 2016

Service Type: Certified Mail™

---

Shipment Activity	Location	Date & Time
Delivered	KAPOLEI, HI 96707	February 1, 2016 11:12 am
Out for Delivery	KAPOLEI, HI 96707	February 1, 2016 7:20 am
Sorting Complete	KAPOLEI, HI 96707	February 1, 2016 7:10 am
Arrived at Unit	WAIPAHU, HI 96797	February 1, 2016 4:29 am
Departed USPS Facility	HONOLULU, HI 96820	January 31, 2016 9:35 am January 29,

Arrived at USPS Facility	HONOLULU, HI 96820	2016 9:14 pm
Departed Post Office	HONOLULU, HI 96813	January 29, 2016 5:45 pm
Acceptance	HONOLULU, HI 96813	January 29, 2016 4:30 pm

---

Reminder: USPS Tracking™ by email

Date of email request: January 29, 2016

Future activity will continue to be emailed for up to 2 weeks from the Date of Request shown above. If you need to initiate the USPS Tracking™ by email process again at the end of the 2 weeks, please do so at the USPS Tracking™ site at <http://www.usps.com/shipping/uspstrackingfaqs.htm>

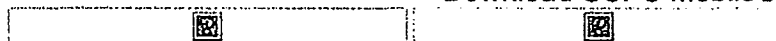
Results provided by the U.S. Postal Service.

Want to Track on the go?

You can track your packages using USPS Text Tracking™ by texting your tracking number to 28777 (2USPS™) or selecting the Text Update option on our USPS Tracking™ site. Standard Message and Data Rates may apply.

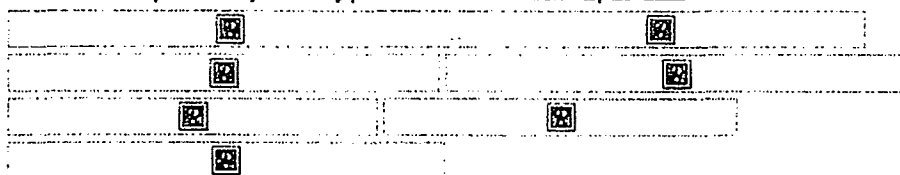
For more information go to <https://www.usps.com/text-tracking/welcome.htm>

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[USPS.com](#) | [Privacy Policy](#) | [Customer Service](#) | [FAQs](#)



This is an automated email please do not reply to this message. This message is for the designated recipient only and may contain privileged, proprietary, or otherwise private information. If you have received it in error, please delete. Any other use of the email by you is prohibited.



Date: February 1, 2016

Maria Chan:

The following is in response to your January 29, 2016 request for delivery information on your Certified Mail™ item number 70150640000803938237. The delivery record shows that this item was delivered on February 1, 2016 at 11:12 am in KAPOLEI, HI 96707. There is no delivery signature on file for this item.

Thank you for selecting the Postal Service for your mailing needs. If you require additional assistance, please contact your local Post Office or postal representative.

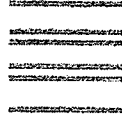
Sincerely,  
United States Postal Service

UNITED STATES POSTAL SERVICE

9590 9403 0367 5163 9026 34

01 FEB '16

PM 5:1



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

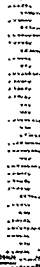
\* Sender: Please print your name, address, and ZIP+4® in this box\*

Pono Life Sciences Maui, LLC  
c/o Andrew Pepper, Jackson Lewis P.C.  
1088 Bishop St, Suite 4100  
Honolulu, Hawaii 96813

USPS TRACKING#



9590 9403 0367 5163 9026 34

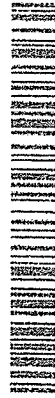


**SENDER: COMPLETE THIS SECTION**

- ☒ Complete items 1, 2, and 3.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

*Department of Health  
Office of Health Care Assurance  
Medicare/Medicaid Division  
601 Kamoharui Blvd., Rm. 337  
Honolulu, HI 96807*



9590 9403 0367 5163 9026 34

2. Article Number (Transfer from service label)

7015 0640 0008 0393 8237

PS Form 3811, April 2015 PSN 7530-02-000-9053

**COMPLETE THIS SECTION ON DELIVERY**

- A. Signature ☒ Agent  
*[Signature]* ☐ Addressee
- B. Received by (Printed Name) ☐ Date of Delivery  
*[Signature]* *2-1*
- D. Is delivery address different from item 1? ☐ Yes  
If YES, enter delivery address below: ☐ No

3. Service Type ?
- ☐ Adult Signature
  - ☐ Adult Signature Restricted Delivery
  - ☒ Certified Mail®
  - ☐ Certified Mail Restricted Delivery
  - ☐ Collect on Delivery
  - ☐ Collect on Delivery Restricted Delivery
  - ☐ Insured Mail
  - ☐ Insured Mail Restricted Delivery (over \$500)
  - ☐ Priority Mail Express®
  - ☐ Registered Mail™
  - ☐ Registered Mail Restricted Delivery
  - ☒ Return Receipt for Merchandise
  - ☐ Signature Confirmation™
  - ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

CERTIFICATE OF MANAGER OF

PONO LIFE SCIENCES MAUI, LLC

The undersigned, being a Manager of Pono Life Sciences Maui, LLC, a Hawaii limited liability company (the "Company"), does hereby certify that the following resolutions were duly adopted by the Managers of the Company, have not been amended, modified or rescinded in any manner and are in full force and effect as of the date hereof:

WHEREAS, the Company intends to submit an application to the Hawaii Department of Health (the "DOH") for a medical marijuana dispensary license (the "Application"), pursuant to and in accordance with Chapter 329D of the Hawaii Revised Statutes and Title 11, Chapter 850 of the Hawaii Administrative Rules (the "Dispensary License");

WHEREAS, the Company desires to associate itself with William Henry Mitchell, Jr., M.D. (the "Physician") as the individual applicant with respect to the Application and to authorize Physician to act on behalf of the Company in connection with the Application and the Dispensary License;

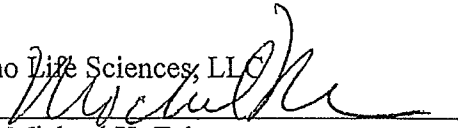
NOW, THEREFORE, BE IT HEREBY RESOLVED that Physician is hereby authorized, empowered and directed for, on behalf of and in the name of the Company to execute, deliver and submit to the DOH the Application, and any and all instruments and documents referred to in the Application, or necessary or appropriate in connection with the Application, with such changes, additions or deletions to all such instruments and documents as Physician may approve, such approval to be conclusively evidenced by Physician's execution, delivery and submission of the same; and

RESOLVED, FURTHER, that Physician is hereby authorized, empowered and directed to act as the primary point of contact with the DOH and to do all such things and acts and to make, execute, and deliver all such other instruments and documents on behalf of the Company as may be necessary and by Physician deemed appropriate in connection with the Application and the Dispensary License, and to carry out the intent of these resolutions, and all acts of Physician that are consistent with the purposes and intent of these resolutions shall be and the same hereby are in all respects ratified, approved and confirmed; and

RESOLVED, FURTHER, that these resolutions shall constitute a continuing authority and direction to Physician to act on behalf of the Company and the several powers and authority in the foregoing paragraphs of these resolutions shall continue until revoked by the Managers of the Company.

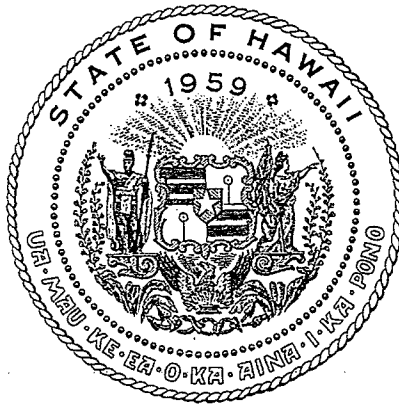
IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 27<sup>th</sup> day of January, 2016.

Pono Life Sciences, LLC

  
By: Michael H. Takano

Its: Manager





## 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,

PONO LIFE SCIENCES MAUI, LLC

was organized under the laws of the State of Hawaii on 10/09/2015 ;  
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 21, 2016

Director of Commerce and Consumer Affairs



# DCCA State of Hawaii

Downloaded on November 3, 2015.

The information provided below is not a certification of good standing and does not constitute any other certification by the State.

Website URL: <http://hbe.ehawaii.gov/documents>

## Business Information

MASTER NAME	PONO LIFE SCIENCES MAUI, LLC
BUSINESS TYPE	Domestic Limited Liability Company (LLC)
FILE NUMBER	135917 C5
STATUS	Active
PLACE INCORPORATED	Hawaii UNITED STATES
REGISTRATION DATE	Oct 9, 2015
MAILING ADDRESS	1088 BISHOP ST STE 4100 HONOLULU, Hawaii 96813 UNITED STATES
CONSENT NAME	PONO LIFE SCIENCES, LLC
MANAGED BY	MANAGER(S)
AGENT NAME	PONO LIFE SCIENCES, LLC
AGENT ADDRESS	1088 BISHOP ST STE 4100 HONOLULU, Hawaii 96813 UNITED STATES

## Officers

NAME	OFFICE	DATE
PONO LIFE SCIENCES, LLC	MGR	Oct 9, 2015

10/12/201520026

www.BusinessRegistrations.com

FORM LLC-1  
7/2010

FILED 10/09/2015 10:47 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



10/12/201520026

**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:

**PONO LIFE SCIENCES MAUI, 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:

**1088 Bishop Street, Suite 4100, Honolulu, Hawaii 96813**

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:

128889C5

**PONO LIFE SCIENCES, LLC**

**HAWAII**

(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:

**1088 Bishop Street, Suite 4100, Honolulu, Hawaii 96813**

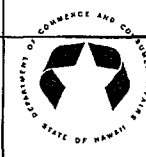
IV

The name and address of each organizer is:

**Michael H. Takano**

**1088 Bishop St., Suite 4100, Honolulu, Hawaii 96813**

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



*Christine P. Davis*  
DIRECTOR OF COMMERCE  
AND CONSUMER AFFAIRS

January 21, 2016

Validate online at <http://hbe.ehawaii.gov/documents>  
Document ID: 4LA-4ZI-8GL-2SL-13332457

V

The period of duration is (check one):

☐ At-will☒ For a specified term to expire on: December 31 9999  
(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: 1b. ☐ 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.

128889C5

PONO LIFE SCIENCES, LLC1088 Bishop St., Suite 4100, Honolulu, Hawaii 96813

VII

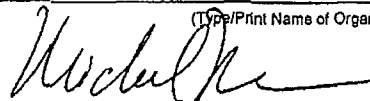
The members of the company (check one):

☒ 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 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.

Signed this 8 day of October, 2015Michael H. Takano

(Type/Print Name of Organizer)



(Signature of Organizer)

(Type/Print Name of Organizer)

(Signature of Organizer)

SEE INSTRUCTIONS PAGE. The articles must be signed and certified by at least one organizer of the company.

FILED 10/09/2015 10:47 AM  
Business Registration Division  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
State of Hawaii



PONO LIFE SCIENCES, LLC  
1088 Bishop Street, Suite 4100  
Honolulu, HI 96813

October 8, 2015

Department of Commerce and Consumer Affairs  
Business Registration Division  
P. O. Box 40  
Honolulu, Hawaii 96810

Re: Pono Life Sciences Maui, LLC

We have no objection and hereby consent to the registration of the above name. I am authorized to give this consent on behalf of Pono Life Sciences, LLC.

Very truly yours,

PONO LIFE SCIENCES, LLC

By A handwritten signature in black ink, appearing to read "Michael H. Takano".

Michael H. Takano  
Its Manager

CERTIFICATE OF MANAGER  
  
OPERATING AGREEMENT OF  
PONO LIFE SCIENCES MAUI, LLC

The undersigned, being a Manager of Pono Life Sciences Maui, LLC, a Hawaii limited liability company (the "Company"), does hereby certify that attached hereto and made a part hereof is a true, correct and complete copy of the Operating Agreement of the Company, which Operating Agreement is in full force and effect as of the date hereof. The Operating Agreement is being submitted pursuant to Hawaii Revised Statutes § 329D-4(g)(10) and Hawaii Administrative Rules § 11-850-16(a)(2)(F).

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the 27<sup>th</sup>  
day of January, 2016.

PONO LIFE SCIENCES, LLC, Manager

By   
Michael Takano  
Its Manager

**OPERATING AGREEMENT**  
**OF**  
**PONO LIFE SCIENCES MAUI, LLC**

MEMBERSHIP INTERESTS IN PONO LIFE SCIENCES MAUI, LLC, A HAWAII LIMITED LIABILITY COMPANY, HAVE NOT BEEN REGISTERED WITH OR QUALIFIED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE. THE MEMBERSHIP INTERESTS ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM SUCH REGISTRATION OR QUALIFICATION REQUIREMENTS. THE MEMBERSHIP INTERESTS CANNOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE RESTRICTIONS ON TRANSFERABILITY CONTAINED IN THE LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF PONO LIFE SCIENCES MAUI, LLC, AND APPLICABLE FEDERAL AND STATE SECURITIES LAWS.

Dated as of January 1, 2016

**OPERATING AGREEMENT**  
**OF**  
**PONO LIFE SCIENCES MAUI, LLC**

**THIS OPERATING AGREEMENT** (this “**Agreement**”) of PONO LIFE SCIENCES MAUI, LLC (the “**Company**”) is made and entered into as of January 1, 2016 (the “**Effective Date**”), by and among the undersigned Persons executing this Agreement as Members (each, a “**Party**”, and, collectively, the “**Parties**”). The Company is organized under Chapter 428 of the Hawaii Revised Statutes, the Hawaii Uniform Limited Liability Company Act, as amended from time to time (the “**Act**”).

The undersigned parties do hereby mutually acknowledge and agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

**1.1 Definitions.** Capitalized words and phrases used and not otherwise defined in this Agreement shall have the following meanings:

“**Acceptance Notice**” has the meaning specified in Section 6.12(b).

“**Act**” has the meaning specified in the Preamble.

“**Additional Members**” has the meaning specified in Section 4.2.

“**Adjusted Capital Account Deficit**” means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant fiscal year, after giving effect to the following adjustments: (a) credit to such Capital Account any amounts such Member is obligated or deemed obligated to restore pursuant to Regulation Section 1.704-1(b)(2)(ii)(c) or the penultimate sentences of Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5); (b) credit to such Capital Account, the amount, if any that such Member is obligated to contribute to the Company upon liquidation of such Member’s Membership Interest; and (c) debit from such Capital Account such Member’s share of the items described in Regulation Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“**Affected Member(s)**” has the meaning specified in Section 6.8(b).

“**Affiliate**” means, with reference to a specified Person: (a) any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common



control with, the specified Person; (b) any Person that is an officer, general partner, managing member, manager or trustee of, or serves in a similar capacity with respect to, the specified Person, or for which the specified Person is an officer, partner or trustee, or serves in a similar capacity; (c) any member of the Immediate Family of the specified Person; or (d) a revocable living trust of which the specified Person is a grantor, trustee and beneficiary during the specified Person's lifetime.

**"Agreement"** has the meaning specified in the Preamble.

**"Assignee"** means any Person: (a) to whom a Member (or Assignee thereof) Transfers all or any part of his or her Membership Interest in accordance with the terms of this Agreement; and (b) who has not been admitted to the Company as a Substitute Member pursuant to Section 6.5.

**"Board"** means the Board of Managers of the Company, as described in Section 5.1.

**"Buy-Sell Events"** has the meaning specified in Section 6.8.

**"Buy-Sell Notice"** has the meaning specified in Section 6.8(b).

**"Capital Account"** means the separate capital account established and maintained for each Member on the Company's books and records in accordance with Section 3.3.

**"Capital Contribution"** means, with respect to a Member, the amount of cash and the initial Gross Asset Value of property (other than cash) contributed by such Member to the Company, whether as an initial Capital Contribution or as an additional Capital Contribution.

**"Cash Available for Distribution"** means, with respect to any relevant period, all Company cash receipts that remain after deduction of: (a) payments for operating cash expenses; (b) payments required to be made in connection with any loan to the Company or any other loan secured by a lien on any Company Assets; (c) capital expenditures; and (d) any other amounts set aside, at the discretion of the Board, for Reserves.

**"Closing"** has the meaning specified in Section 6.8(d).

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time.

**"Common Members"** mean the Members owning Common Membership Units.

**"Common Membership Units"** mean the Membership Units designated as Common Membership Units in Exhibit 3.1.

**"Company"** has the meaning specified in the Preamble.

**"Company Assets"** means all direct and indirect interests in real and personal property owned by the Company from time to time, and shall include both tangible and intangible property (including cash).

**“Company Minimum Gain”** has the meaning set forth in Regulation Sections 1.704-2(b)(2) and 1.704-2(d)(1) for the phrase “membership minimum gain.”

**“Company Purchase Option”** has the meaning specified in Section 6.8(c).

**“Debt Agreements”** means any credit, loan, financing, refinancing, or other debt agreements and documents to which any Lender and the Company are party.

**“Depreciation”** means, for each fiscal year or other period, an amount equal to the federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Board. Notwithstanding the foregoing, if the remedial allocation method described in Regulation Section 1.704-3(d) is used to take account of the difference between an asset’s Gross Asset Value and its adjusted tax basis, Depreciation shall be determined in accordance with Regulation Section 1.704-3(d).

**“Dispensary”** means a medical marijuana dispensary as defined in the Medical Marijuana Dispensary Laws.

**“Dispensary License”** means a license issued by the State of Hawaii to operate as a Dispensary.

**“Disproportionate Losses”** has the meaning specified in Section 8.1(b).

**“Drag-Along Notice”** has the meaning specified in Section 6.9(b).

**“Drag-Along Rights”** has the meaning specified in Section 6.9(a).

**“Dragged Members”** has the meaning specified in Section 6.9(a).

**“Dragging Members”** has the meaning specified in Section 6.9(a).

**“Economic Interest”** means a Person’s right to share in the Net Profits, Net Losses, or similar items of, and to receive distributions from, the Company, but does not include any other rights of a Member, including, without limitation, the right to vote or to participate in the management of the Company, or, except as specifically provided in this Agreement or required under the Act, any right to information concerning the business and affairs of the Company.

**“Effective Date”** has the meaning specified in the Preamble.

**“Entity”** means a corporation, limited liability company, partnership, limited partnership, limited liability partnership, limited liability limited partnership, joint venture or other form of legal entity.

**“Event of Bankruptcy”** means, with respect to a Member, any of the following: (a) filing a voluntary petition in bankruptcy or for reorganization or the adoption of an arrangement under the Bankruptcy Code or an admission seeking the relief therein provided; (b) making a general assignment for the benefit of creditors; (c) in the case of a filing of an involuntary petition in bankruptcy, an entry of an order for relief; (d) the entry of a court order appointing a receiver or trustee for all or a substantial part of such Member’s property without such Member’s consent; or (e) the assumption of custody or sequestration by a court of competent jurisdiction of all or substantially all of such Member’s property.

**“Excepted Units”** has the meaning specified in Section 6.12(d).

**“Exit Sale”** means a Transfer by one or more Members of all, but not less than all, of the Membership Units held by such Members, which Membership Units collectively constitute more than fifty percent (50%) of the Percentage Interests of the Company, in a bona fide arm’s length transaction.

**“Gross Asset Value”** means, with respect to any asset of the Company, the asset’s adjusted basis for federal income tax purposes as of the relevant date, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the Board.

(b) The Gross Asset Values of all Company Assets shall be adjusted (at the election of the Board) to equal their respective gross fair market values upon the occurrence of any event described in subparagraphs (i) through (iii) below and at such other times as the Board reasonably determines necessary or advisable to comply with Regulation Sections 1.704-1(b) and 1.704-2:

(i) the acquisition of an additional Membership Interest (other than in connection with the execution of this Agreement) by a new or existing Member in exchange for more than a de minimis Capital Contribution, if the Board reasonably determines that such adjustment is necessary or appropriate to reflect the relative interests of the Members in the Company;

(ii) the distribution by the Company to a Member of more than a de minimis amount of Company Assets as consideration for a Membership Interest, if the Board reasonably determines that such adjustment is necessary or appropriate to reflect the relative interests of the Members in the Company; and

(iii) the liquidation of the Company within the meaning of Regulation Section 1.704-1(b)(2)(ii)(g).

(c) The Gross Asset Value of any Company Asset distributed by the Company to a Member shall be the gross fair market value of such asset on the date of distribution, as determined by the Board.

(d) The Gross Asset Values of Company Assets shall be increased (or decreased) to reflect any adjustments to the adjusted tax basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are required to be taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that an adjustment pursuant to subparagraph (b) above is made in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

(e) If the Gross Asset Value of a Company Asset is not equal to its adjusted tax basis for federal income tax purposes, such Gross Asset Value shall be adjusted by the Depreciation taken into account with respect to such Company Asset for purposes of computing Net Profits and Net Losses and other items allocated pursuant to Section 8.1.

The foregoing definition of Gross Asset Value is intended to comply with the provisions of Regulation Section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith. Any determination of “gross fair market value” in this definition of Gross Asset Value shall be made by the Board in its sole and absolute discretion.

**“Immediate Family”** means, and is limited to, the parents, current spouse, parents-in-law, grandparents, children, siblings, and grandchildren of a Person who is a natural person, or a trust or estate, all of the beneficiaries of which consist of such Person or members of such Person’s Immediate Family.

**“Individual Licensee”** means a natural person designated by the Company and approved by the State of Hawaii as the individual licensee of the Company’s Dispensary License.

**“Individual Licensee Eligibility Criteria”** means the requirement that an Individual Licensee shall: (a) be not less than twenty one (21) years of age; (b) not have been convicted of a felony; and (c) have been a legal resident of the State of Hawaii for not less than five (5) years immediately preceding the date of the Company’s application for a Dispensary License. The Individual Licensee Eligibility Criteria shall include such additional requirements imposed by the Medical Marijuana Dispensary Laws from time to time.

**“Initial Board”** has the meaning specified in Section 5.3.

**“Initial Capital Contribution”** means, with respect to a Member, the initial Capital Contribution specified in Exhibit 3.1.

**“Initial Common Capital Contribution”** means, with respect to a Common Member, the Initial Capital Contribution made with respect to such Common Member’s Common Membership Units.

**“Initial Preferred Capital Contribution”** means, with respect to a Preferred Member, the Initial Capital Contribution made with respect to such Preferred Member’s Preferred Membership Units.

**“Legal Impediment”** means any change in applicable law or regulation, including a change in the commonly accepted interpretation and application of laws or regulations, or the assertion by a regulatory authority of a claim against the Company or any of the Members by virtue of their ownership in the Company, that in the reasonable opinion of counsel for the Company: (a) prohibits any Member’s continued ownership of a Membership Interest in the Company; (b) prohibits any Member from referring patients or business to the Company; (c) prohibits the Company from billing or collecting for services performed or products sold by the Company; (d) prohibits the Company from operating a Dispensary in the State of Hawaii; or (e) renders the Company not viable economically as a result of a material restriction or limitation in the Company’s operations or activities.

**“Lender”** means any third party lender extending credit to the Company.

**“Liquidator”** has the meaning specified in Section 9.5(a).

**“Majority in Interest”** means Members (or the applicable subset thereof) holding, in the aggregate, more than fifty percent (50%) of the Percentage Interests held by all Members (or the applicable subset thereof).

**“Manager”** means each member of the Board appointed or elected in accordance with Section 5.3.

**“Medical Marijuana Dispensary Laws”** means Act 241, Twenty-Eighth Legislature, 2015, State of Hawaii, as codified in the applicable provisions of the Hawaii Revised Statutes, as amended from time to time, which establish a medical marijuana dispensary system, together with all rules and regulations promulgated thereunder.

**“Member Minimum Gain”** means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulation Section 1.704-2(i) with respect to “member minimum gain.”

**“Member Nonrecourse Debt”** has the meaning set forth in Regulation Section 1.704-2(b)(4) for the phrase “member nonrecourse debt.”

**“Member Nonrecourse Deductions”** has the meaning set forth in Regulation Section 1.704-2(i) for the phrase “member nonrecourse deductions.”

**“Members”** means the Persons owning Membership Interests, including any Substitute Members and any Additional Members admitted as Members of the Company after the Effective Date in accordance with this Agreement, that have not withdrawn or been removed as a Member of the Company in accordance with this Agreement.

**“Membership Interest”** means the entire ownership interest of a Member in the Company at any particular time, including, without limitation, the Member’s Economic Interest, any and all rights to vote and otherwise participate in the Company’s affairs, and the rights to any and all benefits to which a Member may be entitled as provided in this Agreement, together with the obligations of such Member to comply with all of the terms and provisions of this Agreement.

**“Membership Units”** mean the units of Membership Interest issued by the Company to the Members.

**“Net Profits” or “Net Losses”** means, for each fiscal year or other period, an amount equal to the Company’s taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition of Net Profits and Net Losses shall increase the amount of such income and/or decrease the amount of such loss;

(b) any expenditure of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulation Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition of Net Profits and Net Losses, shall decrease the amount of such income and/or increase the amount of such loss;

(c) depreciation for such period shall be taken into account in lieu of depreciation, amortization and other cost recovery deductions taken into account in computing such income or loss;

(d) gain or loss resulting from any disposition of Company Assets where such gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Company Assets disposed of, rather than the adjusted tax basis of such Company Assets;

(e) to the extent an adjustment to the adjusted tax basis of any asset included in Company Assets pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulation Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member’s Membership Interest, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for the purposes of computing Net Profits and Net Losses;

(f) if the Gross Asset Value of any Company Asset is adjusted in accordance with subparagraph (b) or subparagraph (c) of the definition of Gross Asset Value above, the amount of such adjustment shall be taken into account as gain or loss from the disposition of

such asset for purposes of computing Net Profits or Net Losses in the taxable year of the adjustment; and

(g) notwithstanding any other provision of this definition of Net Profits and Net Losses, any items that are specially allocated pursuant to Section 8.2 or Section 8.3 of this Agreement shall not be taken into account in computing Net Profits or Net Losses. The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Section 8.2 and Section 8.3 of this Agreement shall be determined by applying rules analogous to those set forth in this definition of Net Profits and Net Losses.

**“Nonrecourse Deductions”** has the meaning set forth in Regulation Sections 1.704-2(b)(1) and 1.704-2(c).

**“Nonrecourse Liability”** has the meaning set forth in Regulation Sections 1.704-2(b)(3) and 1.752-1(a)(2).

**“Offered Units”** has the meaning specified in Section 6.12(a).

**“Officer”** means each officer appointed or elected in accordance with Section 5.6.

**“Percentage Interest”** means the number of Membership Units held by a Member divided by the total of all Membership Units held by all Members, expressed as a percentage. With respect to each Member, the Percentage Interest shall be set forth opposite such Member’s name on Exhibit 3.1, and shall be amended or otherwise modified from time to time in accordance with this Agreement.

**“Person”** means and includes a natural person, a corporation, a partnership, a limited liability company, a trust, an unincorporated organization, a government or any department or agency thereof, or any entity similar to any of the foregoing.

**“Preemptive Offer”** has the meaning specified in Section 6.12(a).

**“Preemptive Period”** has the meaning specified in Section 6.12(a).

**“Preferred Members”** mean the Members owning Preferred Membership Units.

**“Preferred Membership Units”** mean the Membership Units designated as Preferred Membership Units in Exhibit 3.1.

**“Preferred Return”** shall mean an amount equal to a cumulative eight percent (8%) per annum return on a Preferred Member’s Unreturned Initial Preferred Capital Contribution, commencing from the date that a Dispensary License is issued to the Company.

**“Purchase Offer”** has the meaning specified in Section 6.7.

**“Purchaser”** has the meaning specified in Section 6.9(a).

**“Refused Units”** has the meaning specified in Section 6.12(c).

**“Regulation”** means the temporary or final Treasury Regulations promulgated under the Code, as amended from time to time.

**“Regulatory Allocations”** has the meaning specified in Section 8.2(g).

**“Related Party Transaction or Arrangement”** means any lease, contract, loan agreement or any other transaction or arrangement involving payments or other remuneration between the Company and any Member or any Affiliate of any Member entered into after the Effective Date, including, without limitation, any transaction or arrangement pursuant to which a Member or any Affiliate of any Member provides goods or services to, or receives goods or services from, the Company, leases space, equipment or items to or from the Company or loans money to, or borrows money from, the Company.

**“Reserves”** means funds set aside or amounts allocated to reserves that shall be maintained in amounts deemed sufficient by the Board for working capital, capital improvements, and to pay taxes, insurance, debt service, and other liabilities, costs or expenses incident to the existence of the Company or the conduct of business by the Company.

**“Right of First Refusal”** has the meaning specified in Section 6.7.

**“Securities Act”** means the Federal Securities Act of 1933.

**“Selling Member”** has the meaning specified in Section 6.7.

**“Subsidiary”** means any Affiliate of the Company which is directly or indirectly, through one or more intermediaries, controlled by the Company.

**“Substitute Member”** means any Person: (a) to whom a Member (or Assignee thereof) Transfers all or any part of its Membership Interest; and (b) which has been admitted to the Company as a Substitute Member pursuant to Section 6.5 of this Agreement.

**“Tag-Along Notice”** has the meaning specified in Section 6.10(a).

**“Tag-Along Right”** has the meaning specified in Section 6.10(b).

**“Tagged Members”** has the meaning specified in Section 6.10(a).

**“Tagging Members”** has the meaning specified in Section 6.10(a).

**“Tax Distributions”** has the meaning specified in Section 7.2.

**“Transfer”** means, with respect to any Membership Interest or Economic Interest, a sale, conveyance, exchange, assignment, pledge, encumbrance, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, without limitation, by realization upon any encumbrance or by operation of law or by judgment, levy, attachment, garnishment, bankruptcy or other legal or equitable proceedings), or an agreement to do any of the foregoing. The term “Transferred” shall have a correlative meaning. If any Membership Interest or Economic Interest is held by an



Entity, any direct or indirect sale, conveyance, exchange, assignment, pledge, encumbrance, gift, bequest, hypothecation or other transfer or disposition by any other means, whether for value or no value and whether voluntary or involuntary (including, without limitation, by realization upon any encumbrance or by operation of law or by judgment, levy, attachment, garnishment, bankruptcy or other legal or equitable proceedings), or an agreement to do any of the foregoing, of more than twenty five percent (25%) of the stock, partnership interests, membership interests or other equity or ownership interests of such Entity (except to a Person who at such time already holds any stock, partnership interests, membership interests or other equity or ownership interests of such Entity) shall be deemed a Transfer of such Membership Interest or Economic Interest.

**“Unreturned Initial Capital Contribution”** shall mean an amount equal to the Initial Capital Contribution of a Member less any distributions of money received by the Member pursuant to Section 7.1(b)(ii) or (iii).

**“Unreturned Initial Common Capital Contribution”** shall mean the Unreturned Initial Capital Contribution made with respect to a Common Member’s Common Membership Units.

**“Unreturned Initial Preferred Capital Contribution”** shall mean the Unreturned Initial Capital Contribution made with respect to a Preferred Member’s Preferred Membership Units.

**“Withdrawing Member”** means any Member of the Company who withdraws or is removed from the Company.

## ARTICLE 2

### ORGANIZATIONAL MATTERS

**2.1 Formation.** The Members have formed the Company under the Act, for the purposes and upon the terms and conditions set forth in this Agreement. The Members intend that this Agreement shall be the sole source of agreement among the parties, and, except to the extent a provision of this Agreement expressly incorporates federal income tax rules by reference to sections of the Code or Regulations or is expressly prohibited or ineffective under the Act, this Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act or any other law or rule. To the extent any provision of this Agreement is prohibited or ineffective under the Act, this Agreement shall be considered amended to the smallest degree possible in order to make the Agreement effective under the Act. In the event the Act is subsequently amended or interpreted in such a way to make any provision of this Agreement that was formerly invalid valid, such provision shall be considered to be valid from the effective date of such interpretation or amendment.

**2.2 Name.** The name of the Company is “Pono Life Sciences Maui, LLC.” The Company may conduct business under such name or such other fictitious name or names as the Board may from time to time designate. The Board may from time to time change the name of the Company.

**2.3 Articles of Organization; Filings.** Articles of Organization were filed with the Department of Commerce and Consumer Affairs of the State of Hawaii on October 9, 2015. The Board from time to time may cause to be executed and filed any duly authorized amendments to the Articles of Organization, in such a form as may be prescribed by the Act. The Board shall also cause to be made, on behalf of the Company, such additional filings and recordings as the Board shall deem necessary or advisable.

**2.4 Term.** The term of the Company commenced on the date that the Articles of Organization were filed with the Department of Commerce and Consumer Affairs of the State of Hawaii, and shall continue in perpetuity until the Company is dissolved in accordance with this Agreement.

**2.5 Purposes of the Company.** The primary purpose of the Company shall be to manage and/or operate a Dispensary in the State of Hawaii, in a manner consistent with the terms and conditions of this Agreement. The Company may also engage in such other lawful business purposes or activity in which a limited liability company may be engaged under applicable law (including, without limitation, the Act), to the extent approved by the Board.

**2.6 Principal Place of Business; Other Places of Business.** The principal place of business of the Company is set forth in the Articles of Organization and may be changed to such other place within or outside the State of Hawaii as the Board from time to time may designate. The Company may maintain offices and places of business at such other place or places within or outside the State of Hawaii as the Board deems advisable.

**2.7 Registered Office; Agent for Service of Process.** The Company shall continuously maintain a registered office and a designated and duly qualified registered agent for service of process on the Company in the State of Hawaii. Such office and agent may be changed from time to time by approval of the Board.

**2.8 Company Property.** All Company Assets shall be held and owned, and conveyance made, in the Company's name. Instruments and documents providing for the acquisition, mortgage, or disposition of any Company Asset shall be valid and binding upon the Company if executed by the Person authorized by the Board.

**2.9 Bank Account.** All funds of the Company shall be deposited in one or more accounts with one or more recognized financial institutions in the name of the Company, at such locations is determined by the Board from time to time. Withdrawal from such accounts shall require the signature of the Person designated by the Board.

### ARTICLE 3

#### CAPITAL; CAPITAL ACCOUNTS

**3.1 Initial Capital Contributions.** Each Member has made the Initial Capital Contributions described for that Member in Exhibit 3.1. All Members acknowledge and agree that the Initial Capital Contributions set forth in Exhibit 3.1 represent the amount of money and the Gross Asset Value of all property (other than money) contributed by the Members.

**3.2 Additional Capital Contributions.** The Company may make a call for additional Capital Contributions from the Members as determined by the Board from time to time to be reasonably necessary to pay any operating, capital or other expenses relating to the purposes of the Company described in Section 2.5 and the conduct of the business of the Company, provided that such additional Capital Contributions shall not exceed corresponding amounts provided for in the budget of the Company, as it may be amended from time to time. Upon making such a determination, the Board shall give written notice to all Members in writing at least thirty (30) days prior to the date on which any such additional Capital Contribution is due. Such notice shall set forth the amount of the additional Capital Contribution, the number of additional Membership Units to be issued in exchange for such Capital Contribution, the purpose for which the Capital Contribution is needed, and the date on which the additional Capital Contribution is due. Each Member shall have the right, but not the obligation to contribute a share of such additional Capital Contribution in proportion to such Member's Percentage Interest. No Member shall be obligated to make any such additional Capital Contributions. If any Member declines or fails to contribute such Member's share of the additional Capital Contribution, the remaining Members may contribute the amount of the additional Capital Contribution not contributed in proportion to the respective Percentage Interests owned by such remaining Members' and, in the event of such contribution, shall receive the Membership Units which would have been issued to the non-contributing Member.

**3.3 Capital Accounts.**

(a) The Company shall maintain on its books a single Capital Account for each Member in accordance with this Section 3.3. At any time, each Member's Capital Account shall be equal to: (i) such Member's Capital Contributions; plus (ii) such Member's allocable share of Net Profits and any items in the nature of income or gain that are specially allocated to such Member pursuant to Article 8 or other provisions of this Agreement; plus (iii) the amount of any Company liabilities assumed by such Member or secured by any property distributed to such Member; minus (iv) the amount of cash and the Gross Asset Value of any Company Assets (other than cash) distributed to such Member (other than any payment of principal and/or interest to such Member pursuant to the terms of a loan made by the Member to the Company); minus (v) such Member's allocable share of Net Losses and any other items in the nature of expenses or losses that are specially allocated to such Member pursuant to Article 8 or other provisions of this Agreement; and minus (vi) the amount of any liabilities of such Member assumed by the Company or secured by any property contributed by such Member to the Company.

(b) In the event that any Membership Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the portion of the Membership Interest so transferred.

(c) To the extent an adjustment to the adjusted tax basis of any Company Asset under Code Section 734(b) or 743(b) is required to be taken into account in determining Capital Accounts under Regulation Section 1.704-1(b)(2)(iv)(m), the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis), and the gain or loss will be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under Regulation Section 1.704-1(b)(2)(iv)(m).

(d) This Section 3.3 and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with such Regulations. In the event that the Board shall determine that it is prudent to modify the manner in which the Capital Accounts, or any additions or subtractions thereto, are computed in order to comply with such Regulations, the Board may make such modification, provided such modification is not likely to have a material effect on the amounts distributable to any Member pursuant to Article 7 upon the dissolution of the Company. The Board shall also make: (i) any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulation Section 1.704-1(b)(2)(iv)(q); and (ii) any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulation Sections 1.704-1(b) and 1.704-2.

**3.4 Member Capital.** Except as otherwise provided in this Agreement, (a) no Member shall demand or be entitled to receive a return of or interest on such Member's Capital Contributions or Capital Account; (b) no Member shall withdraw any portion of such Member's Capital Contributions or receive any distributions from the Company as a return of capital on account of such Capital Contributions; and (c) the Company shall not be obligated to redeem or repurchase the Membership Interest of any Member and each of the Members hereby agrees that no Member shall have any right to have such Member's interest purchased pursuant to Section 428-701 of the Act or otherwise.

**3.5 Liability of Members.** Except as otherwise required by any non-waivable provision of the Act or other applicable law, as otherwise provided to the contrary in this Agreement or as otherwise agreed to in writing by a Member: (a) a Member shall not be personally liable in any manner whatsoever for any debt, liability or other obligation of the Company, whether such debt, liability or other obligation arises in contract, tort, or otherwise; and (b) a Member shall not in any event have any liability whatsoever in excess of: (i) the amount of such Member's Capital Contributions; (ii) such Member's share of any assets and undistributed profits of the Company; and (iii) the amount of any wrongful distribution to such Member, if, and only to the extent, such Member has actual knowledge (at the time of the distribution) that such distribution is made in violation of the Act.

**3.6 Member Loans.** No Member shall be required to make any loan or otherwise lend any funds to the Company. A Member may make loans to the Company with the consent of such Member and the Board; *provided, however*, that such loans are on commercially reasonable terms no less favorable to the Company than might be available from independent third-parties and that the terms of such loans are approved by the Board. No loans made by any Member to the Company shall have any effect on such Member's Percentage Interest, such loans representing a debt of the Company payable or collectible solely from the assets of the Company in accordance with the terms and conditions upon which such loans are made.

**3.7 Loans by Third Parties.** Except as otherwise set forth in this Agreement, the Board, from time to time, and in its sole and absolute discretion, may cause the Company to borrow funds from or enter into any credit, guarantee, financing or refinancing arrangements with any Person for any use or purpose consistent with the purposes of the Company, and to

pledge or otherwise secure such borrowings or similar arrangements with any Company Assets; *provided, however*, that, if such Person is a Member or any Affiliate thereof, the terms thereof shall be commercially reasonable and no less favorable to the Company than those available from independent third-parties and shall be approved by the Board.

## ARTICLE 4

### MEMBERS

**4.1 Members.** The names, addresses, Initial Capital Contributions, Membership Units (including classes thereof) and Percentage Interests of the Members are set forth in Exhibit 3.1. The names, addresses, Capital Contributions (including additional Capital Contributions), Membership Units (including classes thereof) and Percentage Interests of the Members shall at all times be set forth in the books and records of the Company, which shall be supplemented from time to time by the Board to reflect the admission of Additional Members and Substitute Members pursuant to this Agreement, and to reflect any changes in the Members' respective Capital Contributions, Membership Units (including classes thereof) and Percentage Interests pursuant to the terms of this Agreement.

**4.2 Issuance of Additional Memberships Units.** The Board may, without approval from any Member, admit one or more Persons as additional Members ("**Additional Members**") and issue Membership Units directly from the Company to the Additional Members.

(a) The Board shall determine the terms for the admission of the Additional Members and the issuance of the additional Membership Units, including, but not limited to, the Capital Contribution required to be made by the Additional Members and the classes of the additional Membership Units.

(b) Upon the admission of an Additional Member, the Percentage Interests of the existing Members shall be adjusted proportionately to take into account the issuance of additional Membership Units to the Additional Member.

(c) As a condition to being admitted to the Company, each Additional Member shall: (i) execute an agreement to be bound by the terms and conditions of this Agreement and such other documents as the Board shall deem appropriate; and (ii) pay a transfer fee to the Company in an amount sufficient to cover all reasonable expenses connected with the admission of such Additional Member, as determined by the Board in good faith.

**4.3 No Management by Members; Member Decisions.**

(a) Except as otherwise expressly provided in this Agreement, the Members in their capacity as Members shall not take part in the management or control of the business, transact any business for the Company, or have power to sign for or to bind the Company.

(b) The Company shall not, and the Board and Officers shall have no authority to cause the Company to, take or approve any of the following actions unless such action is approved by a Majority in Interest of the Members:

- (i) the sale or other disposition of all or substantially all of the Company Assets, or a related series of transactions that taken together, result in the sale or other disposition of all or substantially all of the Company Assets;
- (ii) any consolidation or merger of the Company with or into any other entity, unless the Company is the surviving entity;
- (iii) the dissolution, liquidation, and termination of the Company;
- (iv) the election or removal of the Board or any Manager;
- (v) the grant of options under an employee unit option plan to purchase Membership Units which exceed, in the aggregate, ten percent (10%) of the outstanding Membership Units; and
- (vi) the amendment or modification of the Articles of Organization or this Agreement, except for any amendments otherwise specifically authorized in this Agreement.

#### **4.4 Meetings of Members.**

- (a) **Annual Meeting.** The Members shall meet annually at the time and place designated by the Board for the purpose of electing the Board in accordance with the provisions set forth in this Agreement and transacting such other business as may be properly brought before the meeting. Members may validly attend any meeting by phone call. The Members may decide the issues of the annual meeting via written consent or email ballot, as set forth below.
- (b) **Place of Meetings.** Meetings of Members shall be held at the principal office of the Company or at such other place as shall be designated by the Board in the notice of the meeting.
- (c) **Special Meetings.** Special meetings of the Members shall be called at any time by any two (2) Managers or by Members holding, in the aggregate, at least thirty percent (30%) of the Percentage Interests held by all Members entitled to vote at the meeting, upon their execution and delivery to the Board of one or more written demands for the meeting, in each case describing in reasonable detail the purpose or purposes for which the meeting is to be held.
- (d) **Notice of Meetings.** At least ten (10) and no more than sixty (60) days prior to any annual or special meeting of Members, the Company shall notify the Members of the date, time and place of the meeting and, in the case of a special or substitute annual meeting, shall briefly describe the purpose or purposes of the meeting. Only business within the purpose or purposes described in the notice may be conducted at a special meeting. If an annual or special meeting is adjourned to a different date, time or place, notice thereof need not be given if the new date, time or place is announced at the meeting before adjournment. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each member entitled to vote at the meeting. If mailed, notice of any meeting of the Members shall be deemed to be effective when deposited in the United States mail with postage prepaid, correctly

addressed to the Members' addresses shown in the Company's current record of Members. If notice is emailed to the Members, notice is deemed to be effective when the message is sent to the correct email address of such Member as shown in the Company's current record of Members.

(e) **Quorum.** A Majority in Interest of the Members represented in person or by proxy at a meeting of Members shall constitute a quorum. Once the Membership Units of a Member are represented for any purpose at a meeting, such Membership Units are deemed present for quorum purposes for the remainder of the meeting and any adjournment thereof, unless a new record date is or must be set for the adjournment. In the absence of a quorum at the opening of any meeting of Members, such meeting may be adjourned from time to time by a vote of Members holding a majority of the Membership Units represented at the meeting to adjourn.

(f) **Members List.** After a record date is fixed for a meeting, the Company shall prepare an alphabetical list of the names of all Members who are entitled to notice of the Members' meeting. Such list shall show the address, Membership Units and Percentage Interests of each Member. The Members' list shall be made available for inspection by any Member beginning two (2) business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the Company's principal office. The Company shall make the Members' list available at the meeting, and any Member or its agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

(g) **Voting of Members.** Except with respect to actions for which a greater vote or approval is specifically required by this Agreement or the Act, action by the Members shall be made by action of a Majority in Interest of the Members present at any meeting at which there is a quorum.

(h) **Action Without Meeting.** Any action which the Members could take at a meeting may be taken without a meeting if a written consent, setting forth the action taken, is signed by Members collectively holding the Membership Units that would be necessary to approve or take such action at a meeting of the Members at which all Members are present. The written consent shall be delivered to the Company for inclusion in the minutes for filing with the Company's records and a copy thereof delivered to all Members.

**4.5 Other Business Ventures and Activities.** Each Member, Manager and that Member's or Manager's Affiliates may engage, invest or possess an interest in other business ventures, investments, or transactions of any kind, nature or description, independently or with others and a Member, Manager or any Affiliate of such Member or Manager may take advantage of any such business opportunities, either alone or with other Persons. A Member or Manager shall have no obligation to offer such opportunities to the Company or to the other Members or Managers, and shall have no liability to the Company or to the other Members or Managers for pursuing such opportunity alone. Neither the Company nor any Member or Manager shall have any right by virtue of this Agreement or the relationships created hereby to a Member's or Manager's interest in other ventures, investments, transactions or opportunities. The pursuit of such other ventures, investments, transactions or opportunities that do not violate the terms of this Agreement shall not be deemed wrongful or improper or in violation of this Agreement, and

shall not constitute a violation of any rights of the Company or the Members or Managers under the Act or other applicable law.

**4.6 Indemnification.** The Company shall indemnify each Member to the fullest extent permitted or required by the Act against claims, causes of action, suits, fees or costs brought against, or incurred by, such Member as a result of the performance of such Member's duties, and the Company may advance expenses incurred by such Members upon the approval of the Board and the receipt by the Company of the signed statement of such Member agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Member is not entitled to be indemnified by the Company against such expenses. The obligation of the Company to indemnify a Member pursuant to this Section shall not extend to any acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or for any transaction from which the Member derived an improper personal benefit.

**4.7 Member Representations and Warranties.** Each Member represents, warrants and covenants that such Member and, if such Member is an Entity, the shareholders, members, partners, principals and other holders of an equity or ownership interest in such Entity, has not been convicted of a felony.

## ARTICLE 5

### MANAGEMENT

**5.1 Board of Mangers; Powers.** The management and control of the business and affairs of the Company shall rest with the Board, except as otherwise provided in this Agreement or the Act. The Board shall have full and complete authority, power and discretion to manage and control the business of the Company and to make all decisions regarding those matters and to perform any and all other acts customary or incident to the management of the Company's business, except for those acts as to which approval by the Members is expressly required by this Agreement, the Act or other applicable laws. The Board may delegate its authority hereunder as it deems fit, including, but not limited to, the delegation of management authority to the Officers as set forth in this Agreement.

**5.2 Actions Requiring Board Approval.**

- (a) Notwithstanding anything to the contrary in this Agreement, the Company shall not, and no Manager or Officer shall have no authority to cause the Company to, take or approve any of the following actions unless such action is approved by the Board:
  - (i) the admission of, and the issuance of Membership Units to, any Additional Member or Substitute Member or the issuance of additional Membership Units to any existing Member;
  - (ii) the call for additional Capital Contributions;
  - (iii) the approval, execution, performance, modification or amendment of any Related Party Transaction or Arrangement;



(iv) the determination of the amounts of Reserves and Cash Available for Distribution;

(v) the approval of any expenditure that exceeds Seventy Five Thousand Dollars (\$75,000) in a single payment or series of related payments;

(vi) the incurrence of debt exceeding Seventy Five Thousand Dollars (\$75,000) in principal amount;

(vii) the pledge, encumbrance or mortgage of any property of the Company;

(viii) the purchase or redemption of the Membership Interests of a Member;

(ix) the approval of any Transfer of the Membership Interests of a Member; and

(x) the approval of the actions described in Section 4.3(b).

(b) Notwithstanding anything to the contrary in this Agreement, the Board shall not have the authority to: (i) do any act in contravention of this Agreement; or (ii) knowingly perform any act that would subject any Member or Members to liability for the debts, liabilities or obligations of the Company without the express consent of such Member or Members.

### **5.3 Composition, Selection and Removal of Managers.**

(a) **Composition and Tenure.** The Board shall consist of up to five (5) Persons, the exact number to be determined by the Board from time to time. The initial Board shall consist of the Managers listed in the Articles of Organization (the "Initial Board"). Each Manager on the Initial Board shall serve for a term of three (3) years and thereafter until such Manager's successor is elected and qualified. Thereafter, the Board shall be elected by a Majority in Interest of the Members at the annual meeting of the Members or at a special meeting called for that purpose for such terms, which may include staggered terms, determined by the Members.

(b) **Removal and Resignation.** Any Manager or all Managers may be removed at any time, with or without cause, by a Majority in Interest of the Members. Any Manager may resign at any time upon written notice to the Company.

(c) **Vacancies.** A vacancy occurring on the Board shall be filled by a Majority in Interest of the Members.

### **5.4 Meetings of Board of Managers.**

(a) **Annual and Regular Meetings.** The annual meeting of the Board may be held in conjunction with the annual meeting of the Members, or at such other time and place

as the Board may determine from time to time. The Board may by resolution provide for the holding of regular meetings of the Board on specified dates and at specified times, but in no event less frequently than quarterly.

(b) **Special Meetings.** Special meetings of the Board may be called by, or at the request of, any Manager. Such meetings may be held at the time designated in the notice of the meeting at the principal office of the Company or such other place as shall be designated by the Chairperson or such Manager in the notice of the meeting.

(c) **Notice of Meetings.** The annual and regular meetings of the Board held at the principal office of the Company and at the usual scheduled time may be held without notice of the date, time, place or purpose of the meeting. The Person or Persons calling a special meeting shall give notice by any usual means of communication to be sent at least two (2) days before the meeting if sent by means of telephone, email, telecopy or personal delivery, and at least five (5) days before the meeting if notice is sent by mail. A Manager's attendance at, or participation in, a meeting for which notice is required shall constitute a waiver of notice, unless the Manager, at the beginning of the meeting (or promptly upon arrival), objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

(d) **Quorum.** The presence of a majority of the Managers shall constitute a quorum for the transaction of business.

(e) **Number and Manner of Voting.** With respect to all matters to be acted upon by the Board, each Manager shall have one (1) vote. The affirmative vote of a majority of the Managers present at any meeting at which there is a quorum shall be the act of the Board and shall authorize action by the Company.

(f) **Action Without Meeting.** Action required or permitted to be taken at a meeting of the Board may be taken without a meeting if the action so taken is signed by a majority of the Managers. The action must be in writing, but may be signed in one or more written counterparts or email describing the action taken. The action shall be included in the minutes or filed with the Company's records.

(g) **Meeting by Communications Device.** The Board may permit any or all of the Managers to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all Managers participating in a meeting can hear each other during the meeting. Any Manager participating in a meeting by such means shall be deemed to be present in person at the meeting for all purposes.

**5.5 Related Party Transactions and Arrangements.** The Company may enter into, perform, modify or amend any Related Party Transaction or Arrangement as approved by the Board. To the full extent permitted under the Act, each Manager shall be permitted to participate in any vote of the Board taken with respect to a Related Party Transaction or Arrangement, regardless of whether such Manager or Affiliate of such Manager is a party to such Related Party Transaction or Arrangement. Such Manager's participation in any vote of the Board shall not constitute any violation of any duty owed by such Manager to the Company or any Member.

**5.6 Officers.** The day-to-day management and control of the Company and its business and affairs shall be directed by the Officers who shall have such rights, powers and duties which may be delegated by the Board or otherwise specified in this Agreement. The Officers shall serve at the pleasure and under the direction of the Board. The Officers shall consist of a President, Secretary and Treasurer, each of whom shall be appointed by the Board for such term determined by the Board. The Board may elect other officers as it deems advisable. Any number of offices may be held by the same Person.

(a) **President.** The President shall (i) be the chief executive officer of the Company, (ii) preside at all meetings of the Members and the Board, (iii) be primarily responsible for the general management of the business of the Company and for implementing the policies and directives of the Board, (iv) subject to the limitations set forth in this Agreement, have authority to make contracts on behalf of the Company in the ordinary course of the Company's business, and (v) perform such other duties as from time to time may be assigned by the Board.

(b) **Secretary.** The Secretary shall (i) prepare and keep the minutes of the meetings of the Members and of the Board in one or more books provided for that purpose, (ii) see that all notices are duly given in accordance with the provisions of this Agreement or as required by law, (iii) be custodian of the records of the Company, (iv) be responsible for authenticating the records of the Company, and (v) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board.

(c) **Treasurer.** The Treasurer shall (i) be responsible for overseeing the management of all funds of the Company, (ii) oversee the receipt of monies due and payable to the Company from any source whatsoever, and the deposit of all such monies in the name of the Company in such banks, trust companies, or other depositories, and (iii) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or by the Board.

**5.7 Delegation of Powers.** The Board may, in its sole and absolute discretion, delegate any authority of the Board to any Person or Persons, and the actions of such other Person or Persons taken in such capacity and in accordance with this Agreement shall bind the Company.

**5.8 Records and Reports.**

(a) The Board shall cause to be kept, at the principal place of business of the Company, or at such other location determined by the Board, full and proper ledgers, other books of account, and records of all receipts and disbursements, other financial activities, and the internal affairs of the Company for at least the current and past four (4) fiscal years or for a longer period as may be reasonable or appropriate as determined by the Board to comply with any applicable laws, rules or regulations.

(b) The Board shall also cause to be sent to each Member of the Company, the following:

(i) within ninety (90) days following the end of each fiscal year of the Company, or as soon as reasonably practicable thereafter, a report that shall include all necessary information required by such Member for preparation of such Member's federal, state and local income or franchise tax or information returns, including such Member's pro rata share of Net Profits, Net Losses and any other items of income, gain, loss, deduction and credit for such fiscal year; and

(ii) a copy of the Company's federal, state and local income tax or information returns for each fiscal year or portion thereof, concurrent with the filing of such returns.

(c) Members (personally or through an authorized representative) may, for purposes reasonably related to their Membership Interests, examine and copy (at their own cost and expense) the books and records of the Company at all reasonable business hours, subject to reasonable limitations and restrictions imposed by the Board.

**5.9 Compensation and Expenses.** Managers and Officers may receive compensation for services provided in their capacity as Managers and Officers in an amount approved by the Board. The Company shall reimburse the Managers and Officers for actual and reasonable expenses incurred in connection with their service to the Company; *provided, however,* that such reimbursement is consistent with expense reimbursement policies and procedures of the Company, as adopted or amended by the Board from time to time. Nothing contained in this Section is intended to affect: (a) the Membership Interest of a Manager or Officer who is also a Member or the amounts that may be payable to such person by reason of his or her respective Membership Interest; or (b) any payments owed under any other agreement or arrangement.

**5.10 Limitation of Liability.** Each Manager's and Officer's liability to the Company and the Members shall be limited to the maximum extent permitted by the Act and any other applicable law; *provided, however,* that, nothing contained in this Agreement shall eliminate or limit the liability of a Manager or Officer for any acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or for any transaction from which the Manager or Officer derived an improper personal benefit.

**5.11 Indemnification.** The Company shall indemnify each Manager and Officer to the fullest extent permitted or required by the Act against claims, causes of action, suits, fees or costs brought against, or incurred by, such Manager or Officer as a result of the performance of such Manager's or Officer's duties, and the Company may advance expenses incurred by such Managers and Officers upon the approval of the Board and the receipt by the Company of the signed statement of such Manager or Officer agreeing to reimburse the Company for such advance in the event it is ultimately determined that such Manager or Officer is not entitled to be indemnified by the Company against such expenses. The obligation of the Company to indemnify a Manager and Officer pursuant to this Section shall not extend to any acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or for any transaction from which the Manager or Officer derived an improper personal benefit.

## ARTICLE 6

### MEMBERSHIP INTERESTS AND TRANSFERS OF MEMBERSHIP INTERESTS

#### 6.1 Transfers.

(a) A Member or Assignee may Transfer all or any portion of its Membership Interest to any Person, provided the Transfer is made in accordance with this Agreement. Any purported Transfer which is not in accordance with this Agreement shall be null and void, including, without limitation, any Transfer:

(i) which may cause a termination of the Company for federal or state income tax purposes (unless otherwise waived by the Board);

(ii) which may cause the Company to cease to be classified as a partnership for federal or state income tax purposes;

(iii) which may require the registration of such Transferred Membership Interest pursuant to any applicable federal or state securities laws;

(iv) which may cause the company to become a "Publicly Traded Company", as such term is defined in Sections 469(k)(2) or 7704(b) of the Code;

(v) which may subject the Company to regulation under the Investment Company Act of 1940, the Investment Advisers Act of 1940 or the Employee Retirement Income Security Act of 1974, each as amended;

(vi) which may result in a violation of applicable laws;

(vii) which is made to any Person who lacks the legal right, power or capacity to own such Membership Interest;

(viii) for which the Company does not receive written instruments that are in a form satisfactory to the Board in its sole and absolute discretion, including without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as an Assignee; or

(ix) which is not approved by the Board.

**6.2 Conditions Precedent to Transfers.** Any purported Transfer of a Membership Interest shall be ineffective in all events until the transferor and the transferee furnish to the Company the instruments and assurances the Board may request, including, but not limited to, an opinion of counsel reasonably satisfactory to the Company opining that the Membership Interest in the Company being Transferred has been registered or is exempt from registration under the Securities Act and any applicable state securities laws.

**6.3 Rights of Assignees.** Until such time, if any, as the transferee in any permitted Transfer pursuant to this Article 6 is admitted to the Company as a Substitute Member: (a) such

transferee shall be an Assignee only, and shall receive, to the extent Transferred, only those distributions and allocations of income, gain, loss, deduction, credit, or similar items to which the transferring Member would be entitled; and (b) any other rights or powers of a Member shall remain with the transferring Member and such Assignee shall not be entitled or enabled to exercise any such rights or powers. In such a case, the transferring Member shall remain a Member, and shall remain liable for the satisfaction of all obligations contained herein as a Member, even if the transferring Member has transferred such transferring Member's entire Economic Interest to one or more Assignees. In the event any Assignee desires to make a further assignment of any Economic Interest, such Assignee shall be subject to all of the provisions of this Agreement relating to restrictions on Transfer to the same extent as any Member desiring to make such an assignment.

**6.4 Admissions, Withdrawals and Removals.** A Person shall not be admitted to the Company as a Member except in accordance with the provisions of this Agreement. A Member may not withdraw from being a Member of the Company at any time, except as specified in this Agreement. No Member shall be subject to removal except upon the occurrence of a Buy-Sell Event. No admission, withdrawal or removal of a Member shall cause the dissolution of the Company. Any purported admission, withdrawal or removal that is not in accordance with this Agreement shall be null and void.

**6.5 Admission of Assignees as Substitute Members.**

(a) Except as otherwise provided in this Agreement, an Assignee shall become a Substitute Member only if and when each of the following conditions are satisfied:

(i) the assignor of the Transferred Membership Interest sends written notice to the Board requesting the admission of the Assignee as a Substitute Member and setting forth the name and address of the Assignee, the number of Membership Units Transferred, and the effective date of the Transfer;

(ii) the Board approves the admission of such Assignee as a Substitute Member, which approval may be withheld in the sole and absolute discretion of the Board;

(iii) the Board receives from the Assignee: (A) such information concerning the Assignee's financial capacities and investment experience as the Board may reasonably request; and (B) such written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as a Substitute Member) as the Board may reasonably request, in a form satisfactory to the Board (as determined in the Board's sole and absolute discretion); and

(iv) the Company receives, if requested by the Board, payment of all costs and expenses of admitting any such Assignee as a Substituted Member.

(b) Upon the admission of any Substitute Member, Exhibit 3.1 shall be amended by the Board to reflect the name, address, Membership Units and Percentage Interest of such Substitute Member and to eliminate or adjust, if necessary, the name, address, Membership Units and Percentage Interest of the predecessor of such Substitute Member.

**6.6 Withdrawal of Members Pursuant to Transfer.** If a Member has transferred all of his, her, or its Membership Interest to one or more Assignees in accordance with this Agreement, then such Member shall withdraw from the Company if and when all such Assignees have been admitted as Substitute Members in accordance with this Agreement. The Member shall continue to vote such Member's Membership Interests until the Assignee is admitted as a Member.

**6.7 Right of First Refusal.**

(a) If any Member (the "**Selling Member**") at any time receives and desires to accept a bona fide, written offer to Transfer all any portion of such Member's Membership Interest (the "**Purchase Offer**"), such Member shall provide the Company and other Members written notice of receipt of the Purchase Offer and a complete copy of the Purchase Offer within five (5) days after the Member receives the Purchase Offer. The Company and the other Members shall have the right of first refusal (the "**Right of First Refusal**") to purchase such Membership Interest at the price and on the terms contained in the Purchase Offer (except that the Company may elect the payment terms set forth in Section 6.8(d)). The Company shall have thirty (30) days from the date of the Company's receipt of a complete copy of the Purchase Offer in which to give notice of its election to exercise its Right of First Refusal. The consummation of the purchase of any Membership Interest pursuant to this Section 6.7 shall be in accordance with Section 6.8(d) (including payment terms if so elected by the Company) and the effect of such purchase on the Withdrawing Member's Membership Interest shall be in accordance with Section 6.8(e).

(b) If the Company does not exercise its Right of First Refusal to purchase the Membership Interest within such thirty (30)-day period, then, for a period thirty (30) days following the non-exercise by the Company of its Right of First Refusal, the other Members, on a basis pro rata to their Percentage Interests, shall have the right to purchase such Membership Interest at the price and on the terms contained in the Purchase Offer (except that the other Members may elect the payment terms as set forth in Section 6.8(d)). If the other Members desire to purchase the Membership Interest, such Members shall deliver to the Company and to the Selling Member written notice of election to purchase the Membership Interest. If any Member declines to exercise its purchase rights hereunder, the other Members (in proportion to their Percentage Interests) may purchase the Membership Interest that the declining Member(s) declines to purchase. The consummation of the purchase of the Membership Interest by the other Members shall be in accordance with Section 6.8(d) (including payment terms if so elected by the purchasing Members) except that all references therein to "the Board" and "the Company" shall be read instead as if those references were replaced with "the other Members" and the effect of such purchase on the Withdrawing Member's Membership Interest shall be in accordance with Section 6.8(e).

(c) If neither the Company nor the other Members shall purchase the Membership Interest pursuant to the Right of First Refusal granted under this Section 6.7, the Selling Member may then, at any time within one hundred twenty (120) days following the expiration of the period referred to in Section 6.7(b) above, Transfer the Membership Interest in accordance with the Purchase Offer, on terms no more favorable to the purchaser than the terms stated in the Purchase Offer, and at a price no lower than the price stated in the Purchase Offer.

If such Transfer is not closed for any reason within one hundred twenty (120) days following the expiration of the period referred to in Section 6.7(b) above, then the provisions of this Section 6.7 shall apply to any subsequent attempt to Transfer the Membership Interest or portion thereof.

**6.8 Buy-Sell Events.** Upon the occurrence of any one or more of the events set forth in this Section below (each, a “Buy-Sell Event”, and, collectively, the “Buy-Sell Events”), the Company shall have the right to remove the Affected Member (as such term is hereinafter defined) and repurchase the Affected Member’s Membership Interest as set forth below.

(a) **Buy-Sell Events.** The Company may remove an Affected Member and repurchase the Affected Member’s Membership Interest upon the occurrence of one of the following:

- (i) the occurrence of a Legal Impediment with respect to any Member;
- (ii) the failure of any Individual Licensee who is a Member to satisfy the Individual Licensee Eligibility Criteria;
- (iii) any Event of Bankruptcy with respect to a Member;
- (iv) a Member’s default under a loan or other debt instrument in which such Member has or granted a security interest in, or lien upon, such Member’s Membership Interest;
- (v) application by the Company or another Member for expulsion, and subsequent judicial determination that a Member: (A) engaged in wrongful conduct that adversely and materially affected the Company’s business; (B) willfully or persistently committed a material breach of a duty owed to the Company or the other Members under the Act; or (C) engaged in conduct relating to the Company’s business which makes it not reasonably practicable to carry on the business with such Member;
- (vi) a felony conviction of a Member or conviction for a crime of moral turpitude of a Member;
- (vii) a breach of a Member’s representations and warranties contained in this Agreement.

(b) **Notice.** Upon the occurrence of a Buy-Sell Event, the Member affected by such event (the “Affected Member”) shall give written notice of the Buy-Sell Event (the “Buy-Sell Notice”) to the Board within ten (10) days after the occurrence of such Buy-Sell Event. If the Affected Member fails to give the required Buy-Sell Notice, the Member shall be in breach of this Agreement and any Manager or any other Member may give notice to the Company at any time, thereby commencing the Buy-Sell procedures set forth in this Agreement.

(c) **Company Purchase Option; Purchase Price.** Following the occurrence of a Buy-Sell Event, the Company shall have the right, but not the obligation, to purchase the Affected Member’s Membership Interest in accordance with the terms of this



Agreement (the “**Company Purchase Option**”). The purchase price for the Affected Member’s Membership Interest shall be equal to the following: (i) in the event of a purchase occurring by reason of a Buy-Sell Event specified in Section 6.8(a)(i), an amount equal to the Affected Member’s positive Capital Account balance (as of the date the Buy-Sell Event occurred); or (ii) in the event of a purchase occurring by reason of a Buy-Sell Event, other than a Buy-Sell Event specified in Section 6.8(a)(i), an amount equal to twenty five percent (25%) of the Affected Member’s positive Capital Account balance (as of the date the Buy-Sell Event occurred). The Company Purchase Option may be exercised by written notice to the Affected Member within thirty (30) days following the Company’s receipt of the Buy-Sell Notice.

(d) **Closing.** The closing (the “**Closing**”) of the purchase of any Membership Interest shall take place on the date agreed upon by the Withdrawing Member and the Board. Absent such agreement as to Closing date, the Closing shall take place no later than ninety (90) days after the Company’s exercise of the Company Purchase Option. The purchase price of the Withdrawing Member’s Membership Interest purchased by the Company shall be payable as follows: (i) at least twenty percent (20%) of the purchase price shall be payable in cash at the Closing, and (ii) the remaining balance of the purchase price shall be payable by way of a promissory note made and delivered by the Company to the Withdrawing Member, bearing interest at the “prime rate” as set forth in the Wall Street Journal last published prior to the date of the Closing, and payable in four (4) equal annual installments of principal and interest, with the first installment due and payable on the first anniversary of the Closing date and subsequent installments due and payable on each of the next three (3) succeeding anniversaries of the Closing date. The Company shall be entitled to prepay the note at any time without penalty. At the Closing, the Withdrawing Member shall execute and deliver such written documents and transfer instruments as the Board may request.

(e) **Effect on Withdrawing Member’s Interest.** From the date of receipt of notice by the Company of a Member’s election to withdraw from the Company or the exercise of the Company Purchase Option, as applicable, to the date of the Closing, the Withdrawing Member’s Membership Interest shall be excluded from any calculation of aggregate Percentage Interests for purposes of any Member approvals required under the terms of this Agreement. Without limiting the generality of any other provision of this Agreement, upon the exercise of the Company Purchase Option, the Withdrawing Member shall have no rights in the Company, against the Company, or against any other Member, except the right to receive payment for such Withdrawing Member’s Membership Interest in accordance with this Article 6.

## **6.9 Drag-Along Rights**

(a) If one or more Members (the “**Dragging Members**”) propose to engage in an Exit Sale, whether in one transaction or in a series of related transactions, then the Dragging Members may elect to require the remaining Members (the “**Dragged Members**”) to Transfer all, but not less than all, of the Membership Units held by the Dragged Members to the proposed purchaser (the “**Purchaser**”) as part of the Exit Sale (the “**Drag-Along Rights**”). Such transfer shall be at the purchase price and upon the other terms and subject to the conditions of the Exit Sale (all of which shall be set forth in the “**Drag-Along Notice**” (as such term is hereinafter defined)).

(b) The Drag-Along Rights shall be exercised by giving written notice (the **“Drag-Along Notice”**) to the Dragged Members at least thirty (30) days prior to the date on which the Dragging Members expect to consummate the Exit Sale giving rise to such Drag-Along Rights. In the event that the terms and/or conditions set forth in the Drag-Along Notice are thereafter amended in any respect, the Dragging Members shall give written notice (an **“Amended Drag-Along Notice”**) of the amended terms and conditions of the proposed Exit Sale to Dragged Members. Each Drag-Along Notice and Amended Drag-Along Notice shall set forth (i) the name of the Purchaser and the number of Membership Units proposed to be purchased by the Purchaser, (ii) the proposed amount and form of consideration and terms and conditions of payment offered by the Purchaser and a summary of any other material terms pertaining to the Exit Sale, and (iii) all other material terms of the proposed Exit Sale. After the delivery of such Drag-Along Notice, the Dragging Members shall provide to the Dragged Members with any additional information as is reasonably requested with respect to such Exit Sale.

(c) The Exit Sale shall be consummated at the offices of the Company, on the later of (i) a business day not less than thirty (30) or more than ninety (90) days after the Drag-Along Notice is given to the Dragged Members, or (ii) the fifth (5th) business day following receipt of all required governmental and non-governmental consents and approvals to the consummation of the Exit Sale, or at such other time and/or place as the parties to such Exit Sale may agree. The Dragged Members shall comply with any other conditions to closing generally applicable to the Dragging Members in the Exit Sale. The Dragged Members shall receive the same amount per Membership Unit and form of consideration received by the Dragging Members. In the event the Dragging Members do not consummate the Exit Sale, the Drag-Along Rights shall continue to be applicable to any subsequent transfer of the Membership Units by the Dragging Members.

(d) Notwithstanding the foregoing, no Drag-Along Rights under this Section 6.9 shall apply (i) with respect to any Transfer permitted under any other sections of this Agreement, and (ii) unless and until the Right of First Refusal provided in Section 6.7 shall have expired without exercise or the holders thereof shall have declined to exercise such rights.

#### **6.10 Tag-Along Rights**

(a) If one or more Members (the **“Tagging Members”**) propose to Transfer Membership Units held by such Tagging Members in an Exit Sale, whether in one transaction or in a series of related transactions, then the Tagging Members shall give written notice (a **“Tag-Along Notice”**) to the remaining Members (the **“Tagged Members”**) setting forth in reasonable detail the terms and conditions of such Exit Sale, including the proposed amount and form of consideration, terms and conditions of payment and a summary of any other material terms pertaining to the Exit Sale. In the event that the terms and/or conditions set forth in the Tag-Along Notice are thereafter amended in any respect, the Tagging Members shall give written notice (an **“Amended Tag-Along Notice”**) of the amended terms and conditions of the proposed Exit Sale to the Tagged Members. The Tagging Members shall provide additional information with respect to the proposed Exit Sale as reasonably requested by the Tagged Members.

(b) The Tagged Members shall have the right, exercisable upon written notice to the Tagging Members within thirty (30) days after receipt of any Tag-Along Notice, or,

if later, within seven (7) days of its receipt of the most recent Amended Tag-Along Notice, to participate in the proposed Exit Sale on the terms and conditions set forth in such Tag-Along Notice or the most recent Amended Tag-Along Notice, as the case may be (such participation rights being hereinafter referred to as the “**Tag-Along Rights**”). If the Tagged Members have not notified the Tagging Members of their intent to exercise the Tag-Along Rights within thirty (30) days of receipt of a Tag-Along Notice (or, if applicable, within seven (7) days of receipt of an Amended Tag-Along Notice), the Tagged Members shall be deemed to have elected not to exercise the Tag-Along Rights with respect to the Exit Sale contemplated by such Tag-Along Notice or Amended Tag-Along Notice. Each Tagged Member may participate with respect to the Membership Units owned by such Tagged Member in a number equal to the product obtained by multiplying (i) the aggregate number of Membership Units owned by such Tagged Member on the date of the Exit Sale by (ii) a fraction, the numerator of which is equal to the number of Membership Units proposed to be Transferred by the Tagging Members and the denominator of which is the aggregate number of Membership Units owned by the Tagging Members and the Tagged Members participating in the Exit Sale. If a Tagged Member elects not to Transfer the maximum number of Membership Units in the proposed Exit Sale, the Tagging Members and the other Tagged Members participating in the Exit Sale may Transfer a number of additional Membership Units eligible to be included in the proposed Exit Sale and not so elected to be included, in proportion to their respective Percentage Interests.

(c) The Exit Sale shall be consummated at the offices of the Company, on the later of (i) a business day not less than thirty (30) or more than ninety (90) days after the Tag-Along Notice is given to the Tagged Members, or (ii) the fifth (5th) business day following receipt of all required governmental and non-governmental consents and approvals to the consummation of the Exit Sale, or at such other time and/or place as the parties to such Exit Sale may agree. The Tagged Members shall comply with any other conditions to closing generally applicable to the Tagging Members in the Exit Sale. The Tagged Members shall receive the same amount per Membership Unit and form of consideration received by the Tagging Members. In the event the Tagging Members do not consummate the Exit Sale, the Tag-Along Rights shall continue to be applicable to any subsequent transfer of the Membership Units by the Tagging Members.

(d) Notwithstanding the foregoing, no Tag-Along Rights under this Section 6.10 shall apply (i) with respect to any Transfer permitted under any other sections of this Agreement, and (ii) unless and until the Right of First Refusal provided in Section 6.7 shall have expired without exercise or the holders thereof shall have declined to exercise such rights.

**6.11 Permitted Transfers.** Subject to the prior approval of the Board, a Member shall be permitted to Transfer such Member’s Membership Units as follows, which Transfers shall not be subject to the Right of First Refusal, Drag-Along Rights and Tag-Along Rights set forth in Sections 6.7, 6.9 and 6.10, respectively:

(a) A Member shall be permitted to Transfer all or any part of such Member’s Membership Units to any other Person who at such time is already a Member of the Company.

(b) A Member shall be permitted to Transfer all or any part of such Member’s Membership Units to an Affiliate of such Member.

(c) If a Member is an Organization, an owner of such Member shall be permitted to Transfer all or any part of the ownership interests of such Organization to an Affiliate of such owner.

#### 6.12 Preemptive Rights.

(a) Except in the case of Excepted Units, the Company shall not issue, sell or exchange (i) any Membership Units of the Company, (ii) any debt security of the Company which by its terms is convertible into or exchangeable for any Membership Units of the Company, or (iii) any option, warrant or other right to subscribe for, purchase or otherwise acquire any Membership Units or any debt security referred to in clause (i) or (ii) above, unless in each case the Company shall have first offered (the “**Preemptive Offer**”) to sell such Membership Units to the Members (the “**Offered Units**”) by delivery to such Members written notice of such offer stating (A) that the Company proposes to sell such Offered Units, (B) the number or amount of the Offered Units proposed to be sold, (C) the proposed purchase price therefor, and (D) any other terms and conditions of such offer. The Preemptive Offer shall by its terms remain open and irrevocable for a period of thirty (30) days from the date it is delivered by the Company (the “**Preemptive Period**”).

(b) Each Member shall have the option, exercisable at any time during the Preemptive Period by delivering written notice to the Company (an “**Acceptance Notice**”), to subscribe for such number of Offered Units equal to the product obtained by multiplying (i) the aggregate number of Offered Units covered by the Preemptive Offer by (ii) such Member’s Percentage Interest; provided, however, that if any Member does not elect to subscribe for such Member’s full proportionate share of the Offered Units (or fails to purchase the Offered Units so subscribed for at the closing below), the unsubscribed for Offered Units may be sold subscribed for and purchased by the other Members in proportion to their respective Percentage Interests.

(c) If Acceptance Notices are not given by the Members for all of the Offered Units, the Company shall have ninety (90) days from the expiration of the Preemptive Period to sell all or any part of such Offered Units as to which Acceptance Notices have not been given by the Members (the “**Refused Units**”) to any other person or persons, but only upon terms and conditions in all respects, including unit prices and interest rates, which are no more favorable, in the aggregate, to such other persons or less favorable to the Company than those set forth in the Preemptive Offer. Upon the closing, which shall include full payment to the Company, of the sale to such other persons of all the Refused Units, the Members shall purchase from the Company, and the Company shall sell to the Members, the Offered Units with respect to which Acceptance Notices were delivered by the Members, at the terms specified in the Preemptive Offer (with all such sales and purchases occurring simultaneously). In each case, any Offered Units not purchased by the Members or any other persons in accordance with this Section may not be sold or otherwise disposed of until they are again offered to the Members under the procedures set forth in this Section.

(d) As used herein, the term “**Excepted Units**” means (i) Membership Units (or options therefor) issued, granted or sold to Managers, Officers or employees of, or consultants to, the Company under an option, incentive or similar plan adopted by the Board,

(ii) Membership Units issued to banks, equipment lessors, other financial institutions or real property lessors, pursuant to a debt financing, equipment leasing or real property leasing transaction approved by the Board, (iii) Membership Units issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board, (iv) Membership Units issued in connection with a joint venture or pursuant to the acquisition of another business by the Company by merger, purchase of substantially all of the assets or other reorganization, provided that such issuances are approved by the Board, (v) Membership Units issued by the Company in a bona fide underwritten public offering registered under the Securities Act, (vi) Membership Units issued pursuant to the conversion or exercise of convertible or exercisable securities, and (vii) Membership Units issued in connection with a Membership Unit split or distribution or pursuant to a reverse Membership Unit split or combination.

## ARTICLE 7

### DISTRIBUTIONS

#### 7.1 Distributions of Cash Available for Distribution.

(a) **Generally.** Except as otherwise provided in Sections 7.2, 7.4, 7.6 and Article 9, Cash Available for Distribution shall be distributed to the Members at such times and in such amounts as shall be determined by the Board; *provided, however*, that, such distributions shall be made in accordance with the remainder of this Article 7. Notwithstanding anything in this Agreement to the contrary, neither the Company nor the Board, on behalf of the Company, shall be required to make a distribution to any Member, on account of such Member's Membership Interest, in violation of the Act, other applicable law, or the provisions of any Debt Agreements.

(b) **Distributions.** Except as provided in Sections 7.2 and 7.4, distributions shall be made to the Members in the following priority:

(i) first, to the Preferred Members, in proportion to their respective Initial Preferred Capital Contributions, an amount equal to the Preferred Return;

(ii) second, to the Preferred Members, in proportion to their respective Initial Preferred Capital Contributions, an amount equal to their Initial Preferred Capital Contributions, until such time as the Preferred Members have received a cumulative amount equal to one hundred percent (100%) of their Initial Preferred Capital Contributions;

(iii) third, to the Common Members, in proportion to their respective Initial Common Capital Contributions, an amount equal to their Initial Common Capital Contributions, until such time as the Common Members have received a cumulative amount equal to one hundred percent (100%) of their Initial Common Capital Contributions; and

(iv) thereafter, to the Members in proportion to their respective Percentage Interests.

**7.2 Tax Distributions.** Prior to any distributions provided for in Section 7.1(b), the Company shall make distributions to the Members (“**Tax Distributions**”) in amounts equal to the Assumed Income Tax Rate (as defined below) multiplied by the amount of all taxable income and gain of the Company allocated to each Member with respect to each fiscal year of the Company. The amount distributable pursuant to this Section shall be determined by the Board and paid in cash to each Member within ninety (90) days after the end of each fiscal year. If Cash Available for Distribution in any particular fiscal year is insufficient to allow each Member to receive the full amount of the Member’s Tax Distributions, then the Board shall equitably allocate the Cash Available for Distribution for such fiscal year among the Members in proportion to the respective taxable income and gain allocated to each Member for such fiscal year. “Assumed Income Tax Rate” means the highest effective marginal combined federal, state, and local income tax rates for a fiscal year prescribed for an individual resident in the state of Hawaii, taking into account the deductibility of state and local income taxes for federal income tax purposes and the reduction in rates available for long term capital gains.

**7.3 Distributions Upon Liquidation.** Distributions made in conjunction with the final liquidation of the Company shall be applied or distributed as provided in Article 9 hereof.

**7.4 Withholding.** The Company is authorized to deduct and withhold from distributions to a Member and to pay over to the appropriate federal, state, local or foreign governmental tax authority, any amounts required to be withheld pursuant to the Code or any other state, local or foreign law. Any amounts so deducted and withheld shall be treated as, and credited against, distributions otherwise to be made to such Member. Each Member will furnish the Board with such information as may reasonably be requested by the Board from time to time to determine whether withholding is required, and each Member will promptly notify the Board if such Member determines at any time that it is subject to withholding.

**7.5 Distributions in Kind.** No right is given to any Member to demand or receive property other than cash as provided in this Agreement. The Board, in its sole and absolute discretion, may make a distribution in kind of Company Assets to the Members, and such Company Assets shall be distributed in such a fashion as to ensure that the fair market value thereof is distributed and allocated in accordance with this Article 7 and Articles 8 and 9 hereof; *provided, however,* that, except upon a dissolution and winding up of the Company, no Member shall be compelled to accept a distribution in kind consisting, in whole or in part, of any Company Assets unless the ratio that the fair market value of such distribution-in-kind bears to such Member’s total distribution does not exceed the ratio that the fair market value of similar distributions-in-kind bears to the total distributions of other Members receiving distributions concurrently therewith (if any).

**7.6 Limitations on Distributions.** Notwithstanding anything in this Agreement to the contrary, neither the Company nor the Board, on behalf of the Company, shall be required to make a distribution to any Person in violation of the Act or other applicable law.

## ARTICLE 8

### ALLOCATIONS OF NET PROFITS AND NET LOSSES

#### 8.1 Allocation of Net Profits and Losses.

(a) After giving effect to the special allocations set forth in Section 8.2, and subject to Section 9.5(d), Net Profits for any fiscal year or other period shall be allocated as follows:

(i) first, to the Members in proportion to, and to the extent of, any Disproportionate Losses allocated to them pursuant to Section 8.1(b);

(ii) second, to the Members in proportion to, and to the extent of, any distributions of the Cash Available for Distribution made to the Members;

(iii) the balance, to the Members in accordance with their respective Percentage Interests.

(b) After giving effect to the special allocations set forth in Section 8.2, and subject to Section 9.5(d), Net Losses for any fiscal year or other period, shall be allocated to the Members in accordance with their Percentage Interests; *provided, however*, that if the allocation of Losses would cause a Member to have an Adjusted Capital Account Deficit, there shall be allocated to such Member only that amount of Losses as may be so allocated without causing such Member to have an Adjusted Capital Account Deficit. Losses that, absent the application of the preceding sentence, otherwise would be allocated to such Member shall be allocated to the other Members in accordance with their Percentage Interests, subject to the limitations of this Section 8.1(b). Losses disproportionately allocated pursuant to the preceding sentence of this Section 8.1(b) are “**Disproportionate Losses.**”

8.2 Regulatory and Curative Allocations. Notwithstanding the foregoing Section 8.1, the following special allocations shall be made in the following order of priority:

(a) If there is a net decrease in Company Minimum Gain during a Company taxable year, then each Member shall be allocated items of Company income and gain for such taxable year (and, if necessary, for subsequent years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulation Section 1.704-2(g)(2). This Section 8.2(a) is intended to comply with the minimum gain chargeback requirement of Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) If there is a net decrease in Member Minimum Gain attributable to a Member Nonrecourse Debt during any Company taxable year, each Member who has a share of the Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulation Section 1.704-2(i)(5), shall be specially allocated items of Company income and gain for such taxable year (and, if necessary, subsequent years) in an amount equal to such Member's share of the net decrease in Member Minimum Gain attributable to such Member Nonrecourse Debt, determined in a manner consistent with the provisions of Regulation

Section 1.704-2(g)(2). This Section 8.2(b) is intended to comply with the member nonrecourse debt minimum gain chargeback requirement of Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) If any Member unexpectedly receives an adjustment, allocation, or distribution of the type contemplated by Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of income and gain shall be allocated to all such Members (in proportion to the amounts of their respective Adjusted Capital Account Deficits) in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit of such Member as quickly as possible. It is intended that this Section 8.2(c) qualify and be construed as a “qualified income offset” within the meaning of Regulation Section 1.704-1(b)(2)(ii)(d).

(d) To the extent that an adjustment to the adjusted tax basis of any Company Asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m)(2) or Regulation Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of its Membership Interest, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Members in accordance with their interests in the Company in the event that Regulation Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Members to whom such distribution was made in the event that Regulation Section 1.704-1(b)(2)(iv)(m)(4) applies.

(e) The Nonrecourse Deductions shall be allocated each year to the Members in proportion to their respective Percentage Interests.

(f) The Member Nonrecourse Deductions shall be allocated each year to the Member that bears the economic risk of loss (within the meaning of Regulation Section 1.752-2) for the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable.

(g) The allocations set forth in Sections 8.2(a), 8.2(b), 8.2(c), 8.2(d), 8.2(e), and 8.2(f) of this Agreement (the “**Regulatory Allocations**”) are intended to comply with certain requirements of Regulation Sections 1.704-1(b) and 1.704-2(i). Notwithstanding the provisions of Section 8.1 and Section 9.5(d), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Members so that, to the extent possible, the net amount of such allocations of other items and the Regulatory Allocations to each Member shall be equal to the net amount that would have been allocated to each such Member if the Regulatory Allocations had not occurred.

### **8.3 Tax Allocations.**

(a) Except as provided in Section 8.3(b) hereof, for income tax purposes under the Code and the Regulation each Company item of income, gain, loss and deduction shall be allocated between the Members as its correlative item of “book” income, gain, loss or deduction is allocated pursuant to this Article 8.



(b) Tax items with respect to Company Assets that are contributed to the Company with a Gross Asset Value that varies from its basis in the hands of the contributing Member immediately preceding the date of contribution shall be allocated between the Members for income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. The Company shall account for such variation under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the Board, including, without limitation, the “traditional method” as described in Regulation Section 1.704-3(b). If the Gross Asset Value of any Company Asset is adjusted pursuant to the definition of “Gross Asset Value” provided in this Agreement, subsequent allocations of income, gain, loss and deduction with respect to such Company Asset shall take account of any variation between the adjusted basis of such Company Asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations promulgated thereunder under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the Board. Allocations pursuant to this Section 8.3(b) are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member’s Capital Account or share of Net Profits, Net Losses and any other items or distributions pursuant to any provision of this Agreement.

#### **8.4 Other Provisions.**

(a) For any fiscal year or other period during which any part of a Membership Interest or Economic Interest is transferred between the Members or to another Person, the portion of the Net Profits, Net Losses and other items of income, gain, loss, deduction and credit that are allocable with respect to such part of a Membership Interest or Economic Interest shall be apportioned between the transferor and the transferee using any permissible method allowed pursuant to Code Section 706 of the Code and the applicable Regulations thereunder as determined by the Board.

(b) In the event that the Code or any Regulation require allocations of items of income, gain, loss, deduction or credit different from those set forth in this Article 8, the Board is hereby authorized to make new allocations in reliance on the Code and such Regulation, and no such new allocation shall give rise to any claim or cause of action by any Member.

(c) For purposes of determining a Member’s proportional share of the Company’s “excess nonrecourse liabilities” within the meaning of Regulation Section 1.752-3(a)(3), each Member’s interest in Net Profits shall be such Member’s Percentage Interest.

(d) The Members acknowledge and are aware of the income tax consequences of the allocations made by this Article 8 and hereby agree to be bound by the provisions of this Article 8 in reporting their shares of Net Profits, Net Losses and other items of income, gain, loss, deduction and credit for federal, state and local income tax purposes.

(e) All matters concerning the allocations and other determinations provided for in this Article 8 and any accounting procedures not expressly provided for in this Agreement shall be determined by the Board in a manner consistent with the terms and intent of this Agreement.

## ARTICLE 9

### DISSOLUTION, LIQUIDATION, AND TERMINATION OF THE COMPANY

**9.1 Limitations.** The Company may be dissolved, liquidated, and terminated only pursuant to the provisions of this Article 9, and the Parties do hereby irrevocably waive any and all other rights they may have to cause a dissolution of the Company or a sale or partition of any or all of the Company Assets.

**9.2 Exclusive Causes.** Notwithstanding the Act, only the following events shall cause the Company to be dissolved, liquidated, and terminated, and any dissolution of the Company other than as provided in this Section 9.2 shall be in contravention of this Agreement:

- (a) the approval by a Majority in Interest of the Members;
- (b) the sale or other disposition of all or substantially all of the Company Assets, or a related series of transactions that taken together, result in the sale or other disposition of all or substantially all of the Company Assets;
- (c) at any time that there are no Members, unless the business of the Company is continued in accordance with the Act;
- (d) any consolidation or merger of the Company with or into any other entity, unless the Company is the surviving entity; or
- (e) issuance of a decree of judicial dissolution.

**9.3 Effect of Dissolution.** The dissolution of the Company shall be effective on the day on which the event occurs giving rise to the dissolution, but the Company shall not terminate until it has been wound up and its assets have been distributed as provided in Section 9.5 of this Agreement and its Articles of Organization have been cancelled in accordance with the Act. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business of the Company and the affairs of the Members shall continue to be governed by this Agreement.

**9.4 No Capital Contribution Upon Dissolution.** Each Member shall look solely to the Company Assets for all distributions with respect to the Company, its Capital Contributions thereto, its Capital Account and its share of Net Profits or Net Losses, and shall have no recourse therefor (upon dissolution or otherwise), against any Member. Accordingly, if after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which the liquidation occurs, any Member has a deficit balance in its Capital Account, then such Member shall have no obligation to make any Capital Contribution with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other person for any purpose whatsoever.

## 9.5 Liquidation.

(a) Upon dissolution of the Company, the Company shall thereafter engage in no further business other than that which is necessary to wind up the business, and the Board (or such other Person as the Board may determine) shall act as the “**Liquidator**” of the Company. A reasonable time shall be allowed for the winding up of the affairs of the Company in order to minimize any attendant losses. The Liquidator may sell any or all Company Assets. In the event the Liquidator reasonably believes that it is prudent to do so, cash or other assets held in reserve may be placed in a liquidating trust or other escrow immediately prior to the termination of the Company in order to ensure that any and all obligations of the Company are satisfied. After allocating, pursuant to Article 8 of this Agreement, all income, gain, loss, deductions and credit resulting from the liquidation of the Company Assets, the Liquidator shall apply and distribute the cash proceeds thereof as follows:

(i) first, to the creditors of the Company (including, without limitation, to Members who are creditors to the extent permitted by law), in satisfaction of liabilities of the Company, and to the setting up of any Reserves for contingencies which the Liquidator may consider necessary or appropriate; and

(ii) second, if the Preferred Members have not received the full amount of the Preferred Return, to the Preferred Members, in proportion to their respective Initial Preferred Capital Contributions, until such time as the Preferred Members have received the full amount of the Preferred Return;

(iii) third, to the Preferred Members, in proportion to their respective Initial Preferred Capital Contributions, the Unreturned Initial Preferred Capital Contributions, if any;

(iv) fourth, to the Common Members, in proportion to their respective Initial Common Capital Contributions, the Unreturned Initial Common Capital Contributions, if any;

(v) fifth, to the Members, in proportion to their respective positive Capital Account balances, until such time as all such Capital Account balances have been reduced to zero; and

(vi) thereafter, to the Members in proportion to their respective Percentage Interests.

(b) The Capital Account balances shall be determined after taking into account all Capital Account adjustments for the accounting period during which such liquidation occurs (other than those made as a result of the distributions set forth in Section 9.5(a)).

(c) Notwithstanding Section 9.5(a) or Section 9.5(b), in the event that the Liquidator determines that an immediate sale of all or any portion of the Company Assets would cause undue loss to the Members, the Liquidator, in order to avoid such loss to the extent not then prohibited by the Act, may either defer liquidation of and withhold from distribution for a reasonable time any Company Assets except those necessary to satisfy, including the provision

of reasonable Reserves for, the Company's debts and obligations, or distribute the Company Assets to the Members, in kind, in a manner otherwise in accordance with the distribution procedure of Section 9.5(a) of this Agreement.

(d) Net Profits and Net Losses from an event causing dissolution pursuant to Section 9.2 shall be allocated among the Members so that after such allocations and other allocations under this Agreement, to the maximum extent possible, the final Capital Account balances of the Members are at levels which would permit liquidating distributions, if made in accordance with such final Capital Account balances, to be equal to the distributions that will occur under Section 9.5(a)(iii). To the extent that the allocation provisions of this Agreement would not produce such target Capital Account balances, the Members agree to take such actions as are reasonably necessary to amend such allocation provisions to produce such balances so long as such amendments are permissible under the Code and other applicable tax law.

## ARTICLE 10

### GENERAL

**10.1 Accounting and Fiscal Year.** Subject to Code Section 448, the books of the Company shall be kept on such method of accounting, for tax and financial reporting purposes, as may be determined by the Board. The fiscal year of the Company for tax and accounting purposes shall end on December 31 of each year, or on such other date as the Board shall determine, as permitted under the Code.

**10.2 Amendments.**

(a) Each Additional Member and Substitute Member shall become a signatory to this Agreement by signing a counterpart signature page to this Agreement, and such other instruments, in such manner, as the Board shall determine. By so signing, each Additional Member and Substitute Member, as the case may be, shall be deemed to have adopted and to have agreed to be bound by all of the provisions of this Agreement.

(b) This Agreement and the Articles of Organization may be amended by a Majority in Interest of the Members, except for any amendments otherwise specifically authorized in this Agreement.

(c) Amendments may be made to this Agreement from time to time by the Board, without the consent of any Member: (i) to correct, supplement or add to the terms of this Agreement to cure any obvious typographical or other error in this Agreement; (ii) to delete or add any provision of this Agreement required to be so deleted or added by any federal or state official, which addition or deletion is deemed by such official to be for the benefit or protection of all of the Members; (iii) to take such actions as may be necessary (if any) to insure that the Company will remain a limited liability company under the Act and will be treated as a limited liability company for federal and state income tax purposes; and (iv) to satisfy any requirements of federal or state legislation or regulations, court order, or action of any governmental administrative agency; *provided, however*, that any such amendment does not have and could not be reasonably expected to have a material adverse effect on the rights or obligations of the

Members. In addition, Exhibit 3.1 may be amended by the Board to reflect the issuance of additional Membership Units, transfers of Membership Units or the addition of new Members that have been approved in accordance with the provisions contained in this Agreement.

(d) In making any amendments, the Board shall cause there to be prepared and filed such documents and certificates as may be required under the Act and under the laws of any other jurisdiction applicable to the Company.

**10.3 Attorneys' Fees.** If any action or arbitration is necessary to enforce or interpret the terms of this Agreement or to resolve any dispute under this Agreement, each party shall pay its own attorneys' fees, costs, and necessary disbursements.

**10.4 Binding Effect.** Except as otherwise expressly provided in this Agreement, this Agreement shall be binding on and inure to the benefit of the Members, their heirs, executors, administrators, successors and all other Persons hereafter holding, having or receiving a Membership Interest or Economic Interest, whether as Assignees, Substitute Members or otherwise.

**10.5 Captions; Pronouns.** Any titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the text of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as appropriate.

**10.6 Confidentiality.** Each Party agrees that the provisions of this Agreement, all understandings, agreements and other arrangements between and among the Parties, and all other non-public information received from, or otherwise relating to, the Company, shall be confidential, and shall not be disclosed or otherwise released to any other Person (other than another Party), without the written consent of the Board. The obligations of the Parties under this Agreement shall not apply to the extent that the disclosure of information otherwise determined to be confidential is required by applicable law, *provided, however*, that: (a) prior to disclosing such confidential information, a Party shall notify the Company thereof, which notice shall include the basis upon which such Party believes the information is required to be disclosed; and (b) such Party shall, if requested by the Company, provide reasonable cooperation with the Company to protect the continued confidentiality thereof. The provisions of this Section 10.6 shall survive (i) a Member's ceasing to be a member of the Company for any reason and (ii) the dissolution and/or termination of the Company.

**10.7 Construction.** The Members intend that this Agreement shall be construed as if all Parties prepared this Agreement.

**10.8 Counterparts.** This Agreement may be executed in any number of multiple counterparts, each of which shall be deemed to be an original copy, and all of which shall constitute one agreement, binding on all parties to this Agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

**10.9 Entire Agreement.** This Agreement constitutes the entire agreement between the Parties, and fully supersedes any and all prior or contemporaneous agreements or understandings between the Parties as to the subject matter contained in this Agreement.

**10.10 Further Assurances.** Upon execution of this Agreement, each Party covenants and agrees on behalf of itself, its successors, and its assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other action, as may be required by law or reasonably necessary to effectively carry out the purposes of this Agreement.

**10.11 Governing Law.** This Agreement, including its existence, validity, construction, and operating effect, and the rights of each of the Parties, shall be governed by and construed in accordance with the laws of the State of Hawaii, without regard to otherwise governing principles of choice of law or conflicts of law.

**10.12 Interpretation.** All references in this Agreement to Articles, Sections, subparagraphs, Exhibits and addenda shall be deemed to be references to Articles, Sections and subparagraphs of, and Exhibits and addenda to, this Agreement, unless the context shall otherwise require. All Exhibits and addenda attached to this Agreement shall be deemed incorporated into this Agreement as if set forth in full in this Agreement. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The term "or" is not exclusive. The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if." The words "date hereof" shall refer to the date set forth on the cover page of this Agreement. All accounting terms not defined in this Agreement shall have the meanings determined by United States generally accepted accounting principles as in effect from time to time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise expressly provided in this Agreement, any agreement, instrument or statute defined or referred to in this Agreement or in any agreement or instrument that is referred to in this Agreement means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein.

**10.13 Arbitration.** Except as provided in Section 10.14, any and all claims, controversies, or disputes arising out of or relating to this Agreement or the Articles of Organization, or the breach thereof, shall be submitted to binding arbitration in Honolulu, Hawaii. Disputes that remain unresolved after direct negotiations between the parties shall be submitted to a confidential and binding arbitration before a single neutral arbitrator in accordance with the Rules, Procedures, and Protocols for Arbitration of Disputes of Dispute Prevention & Resolution, Inc., then in effect. The parties further agree that the award of the arbitrator is binding upon the parties and that judgment upon the award rendered may be entered in any court of competent jurisdiction pursuant to HRS Chapter 658A. The arbitrator shall not have the authority to award punitive damages.

**10.14 Injunctive Relief and Enforcement.** In the event of a breach by a Member of the terms of this Agreement, the Company or the other Members shall be entitled, in addition to instituting arbitration proceedings as provided in Section 10.13, to institute court action to (a) enforce the specific performance of this Agreement by such Member and to enjoin such Member from any further violation of this Agreement; and (b) exercise such remedies cumulatively, or in conjunction with, all other rights and remedies provided by law or this Agreement. Each Member acknowledges that money damages for any breach by such Member of the provisions of this Agreement would not be a sufficient remedy for any breach of this Agreement by such Member, and that in addition to all other remedies the Company and the non-breaching Members shall be entitled to specific performance and injunctive or other equitable relief for any such breach.

**10.15 Jurisdiction.** Each Member hereby submits to the exclusive jurisdiction of the state courts sitting in Honolulu, Hawaii, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated herein. Any final judgment against a Member in any proceedings will be conclusive and binding upon such Member and may be enforced against such Member in the courts of any other jurisdiction. Each Member's obligation under this Section 10.15 will survive the dissolution, liquidation and winding up of the Company.

**10.16 No Right of Offset.** No Member will assert, or permit its Affiliates to assert, any right of offset against any other Member, or such other Member's Affiliates, for any normal trade activity, except to the extent otherwise expressly authorized in this Agreement.

**10.17 No Third Party Beneficiaries.** None of the provisions of this Agreement shall be for the benefit of, or be enforceable by, any creditor of the Company or by any creditor of any Member. This Agreement is not intended to confer any rights or remedies hereunder upon, and shall not be enforceable by any Person other than the Parties to this Agreement, and, solely with respect to the provisions of Section 5.10, each Manager indemnified under the terms of Section 5.10.

**10.18 Notices.** Any notice, consent, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be: (a) delivered personally to the Person or to an officer of the Person to whom the same is directed; or (b) sent by facsimile or registered or certified mail, return receipt requested, postage prepaid, addressed as follows: (i) if to the Company, to the Company at such address as the Company may from time to time specify by notice to the Members; (ii) if to a Member, to such Member at the address set forth in Exhibit 3.1. Any such notice shall be deemed to be delivered, given and received for all purposes as of: (a) the date so delivered, if delivered personally; (d) upon confirmed receipt, if sent by facsimile; or (b) on the date of receipt or refusal indicated on the return receipt, if sent by registered or certified mail, return receipt requested, postage and charges prepaid and properly addressed.

**10.19 Severability.** In the event that any provision of this Agreement as applied to any Party or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of law, then such void, unenforceable or inoperative provision shall in no way affect any other provision in this Agreement, nor shall it affect the application of such

provision to any other Party or circumstance, nor the validity or enforceability of this Agreement as a whole.

**10.20 Tax Matters.**

(a) The Company shall take all action necessary to be treated as a partnership for federal tax purposes. The Board shall make all applicable elections, determinations and other decisions for the Company relating to tax matters, including the positions to be taken on the Company tax returns, the initiation, settlement or contest of any administrative or judicial proceedings relating to taxes, and extensions of any applicable statutes of limitations. The Members shall each take reporting positions on their respective tax returns consistent with the positions determined for the Company by the Board, except to the extent otherwise required by law.

(b) The Company shall prepare and maintain (or cause to be prepared and maintained) the tax records and tax returns of the Company. Not later than fifteen (15) days prior to the filing of each income tax return by the Company, the Company shall furnish a copy of such return to the Board for review and approval. The Company shall deliver to each Member on or before March 1st of each year, a report containing such information (or estimates if final information is not available) as may be necessary to enable each Member to prepare and file its federal income tax return and any required state tax returns.

(c) The Board shall appoint a Member as the “tax matters partner” within the meaning of Code Section 6231(a). The tax matters partner shall promptly notify the Members if any tax return or report of the Company is audited or if any adjustments are proposed by any governmental tax authority, and shall promptly furnish to the Members all notices concerning any administrative or judicial proceedings relating to taxes. During the pendency of any administrative or judicial proceeding relating to taxes, the tax matters partner shall furnish to the Board periodic reports concerning the status of any such proceeding and shall follow any directives of the Board with respect to the handling of such proceedings.

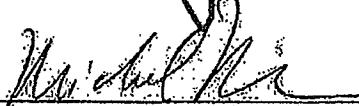
**[SIGNATURE PAGES TO FOLLOW]**

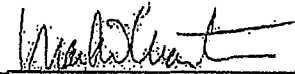


IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day  
and year first above written.

  
SCOTT J. MISCOVICH

  
IRA ZUNIN

  
MICHAEL TAKANO

  
MARK MARTINO

("Founding Common Members")

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: December 1, 2015

For Entities:

Z/50 PRIVATE EQUITY INVESTORS, LLC

By Todd Sluzas  
Name: TODD SLUZAS  
Title: MANAGER

Address: [REDACTED]

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 27, 2016

For Entities:

Agrimar Investments, LLC

By

[Signature]

Name: J. George Hetherington

Title: Member/Manager

Address:



For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 21, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Cliff Alakai

Name: Clifford Alakai

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 28, 2016

For Entities:

Alliance Seed Capital, LLC

By Michael Mc

Name: MICHAEL TAKANO

Title: Manager

Address: \_\_\_\_\_  
\_\_\_\_\_

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 21, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

[Signature]

Name: Anne Biodel

Address:

[Redacted Address]

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated 12.1.15, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company

Dated 12.1.15 \_\_\_\_\_

For Entities

Elizabeth Rici Grossman Family Trust  
dated 4-12-2001

By Elizabeth Rici Grossman ---  
Name Elizabeth Rici Grossman  
Title Trustee

Address \_\_\_\_\_  
\_\_\_\_\_

For Individuals

\_\_\_\_\_  
Name

Address: \_\_\_\_\_  
\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 7, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

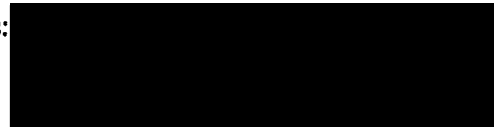
Dated: January 19, 2016

For Entities:

Malama Pono Life LLC.

By Germa Zunin, as agent for  
Name: Germa Zunin, M.D.  
Title: Member Manager

Address:



For Individuals:

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

"Common Member"



PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

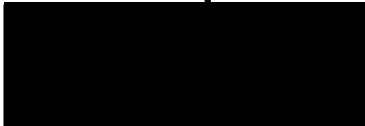
COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 7, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: December 1, 2015

For Entities: Mercury Investment LLC  
R. S. Muench

By \_\_\_\_\_  
Name: Racquel S. Bueland  
Title: President

Address: 

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2018, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: 1/02/16

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

[Signature]

Name: William K. Finkel

Address: \_\_\_\_\_

\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 26, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Dean J. Okimoto

Name: DEAN J. OKIMOTO

Address:

\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: 1/27/16

For Entities:

OLAKINO ENTERPRISES, LLC

By Gregory M. Wood

Name: Gregory M. Wood

Title: Manager

Address:

For Individuals:

Name:

Address:

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: December 1, 2015

For Entities:

Quandem Superposition, LLC

By [Signature]

Name: Andrea L. Pappo

Title: Sole Member

Address: [Redacted]

For Individuals:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.


Dated: January 25, 2016

For Entities:

TK Investment II, LLC

By Torkildson, Katz, Moore,  
Hetherington & Harris,  
Attorneys at Law,  
A Law Corporation  
Its Manager

By [Signature]  
Its Secretary

Address: 

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 24, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

  
\_\_\_\_\_

Name: Sean G. Taddei

Living Trust dtd 4-19-13

Address: \_\_\_\_\_

\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 26, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Michael

Name: MICHAEL TAVANO

Address: \_\_\_\_\_

\_\_\_\_\_

"Common Member"



PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2018, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 15, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Lana Wilkinson

Name: Lana Wilkinson

Address: \_\_\_\_\_

\_\_\_\_\_

"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

COMMON MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Common Member thereunder with respect to the undersigned's Common Membership Units in the Company.

Dated: January 21, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Blanford Dean Williams

Name: Blanford Dean WILLIAMS

Address:



"Common Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: December 1, 2015

For Entities:

ZISO PRIVATE EQUITY INVESTORS, LLC

By [Signature]  
Name: TOM SLURAS  
Title: MANAGER

Address: [Redacted]

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 27, 2016

For Entities:

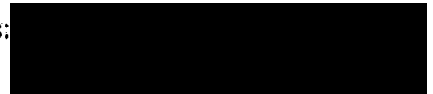
Agrimar Investments, LLC

By

J. George Hetherington

Title: Member/Manager

Address:



For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 21, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

J. A. H.

Name: Jennifer Herona

Address: \_\_\_\_\_

\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 26, 2016

For Entities:

Alliance Seed Capital, LLC

By Michael K  
Name: MICHAEL TAKANO  
Title: Manager

Address: \_\_\_\_\_  
\_\_\_\_\_

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 11, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Margaret Ann Amoral

Name: Margaret Ann Amoral

Address: \_\_\_\_\_



"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 21, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:



Name: Anne Biedel

Address:



"Preferred Member"



PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 26 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_


Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

\_\_\_\_\_

Name: KIMIA CHOW

Address:

\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated 12.1.15, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated 12.1.15

For Entities:

Elizabeth Rice Grossman Family Trust  
Date of: 12.2.2015

By Elizabeth Rice Grossman  
Name Elizabeth Rice Grossman  
Title Trustee

Address \_\_\_\_\_

For Individuals:

Name \_\_\_\_\_

Address: \_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: December 1, 2015

For Entities:

KAHUHO INVESTMENT LLC

By [Signature]  
Name: CECIL J.F. WRENCH  
Title: PRESIDENT

Address



For Individuals:

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 23, 2016

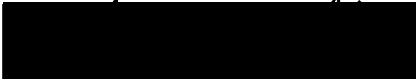
For Entities:

Leahi Ventures LLC

By Benson H-H. Edmunds

Name: Benson H-H. Edmunds

Title: Manager

Address: 

For Individuals:

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 22, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

\_\_\_\_\_

Name: Darrell F. Lee

Address:



"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2014, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 22, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

  
\_\_\_\_\_

Name: Cathy Lee

Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated Dec 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: Jan 14, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_


Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

For Individuals:

Kevin M Lima

Name: Kevin Lima

Address: 

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: December 1, 2015

For Entities: Mercury Investment LLC  
Rafael S. Buendia

By \_\_\_\_\_  
Name: Rafael S. Buendia  
Title: President

Address: \_\_\_\_\_  
\_\_\_\_\_

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Preferred Member"



PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: December 1, 2015

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Howard S. Minami

Name: HOWARD S. MINAMI

Address:

[REDACTED]

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: 1/22/16

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

For Individuals:

  
\_\_\_\_\_

**William H. Mitchell, M.D.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2014, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: 12-1-15

For Entities:

OS Ventures LLC

By 

Name: Robert + Wong

Title: President

Address: 

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 201~~4~~<sup>6</sup>, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 26, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Deak J. Okimoto

Name: DEAK J. OKIMOTO

Address: \_\_\_\_\_

\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

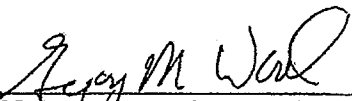
PREFERRED MEMBER COUNTERPART SIGNATURE PAGE


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Dated: 12/01/2015


For Entities:

OLAKINO ENTERPRISES, LLC

By   
Name: Gregory M. Wood  
Title: Manager

Address: 

For Individuals:



Name: \_\_\_\_\_

Address: \_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated December 1, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: December 1, 2015

For Entities:

Quantum Superposition, LLC

By [Signature]

Name: Andran L. Pozzo

Title: Managing Member

Address: [Redacted]

For Individuals:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated 1/23/16, 2015, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: 1/23/16

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

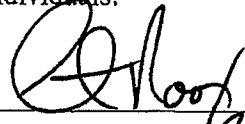
Name: \_\_\_\_\_

Title: \_\_\_\_\_


Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:



Name: Curtie Rooney

Address: 

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

The undersigned hereby joins in and agrees to be bound by all the terms and provisions of the Operating Agreement of Pono Life Sciences Maui, LLC (the "Company") dated January 1, 2016, as further amended from time to time, and shall for all purposes be deemed to be a Preferred Member thereunder with respect to the undersigned's Preferred Membership Units in the Company.

Dated: January 24, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

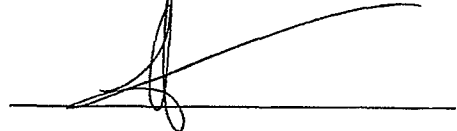
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:



Name: Sean G. Taddei, Resident  
Living Trust dtd 4-19-13

Address: \_\_\_\_\_

\_\_\_\_\_

"Preferred Member"



PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

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Dated: January 27, 2016

For Entities:

\_\_\_\_\_

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

For Individuals:

Michael

Name: MICHAEL TACANO

Address: \_\_\_\_\_

\_\_\_\_\_

"Preferred Member"

PONO LIFE SCIENCES MAUI, LLC

OPERATING AGREEMENT

PREFERRED MEMBER COUNTERPART SIGNATURE PAGE

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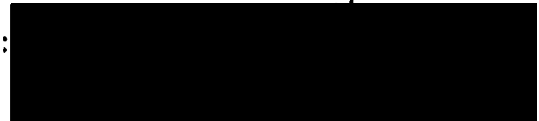
Dated: December 1, 2015

For Entities:

Weixin Capital LLC

By Ronald J. Wong  
Name: Ronald J. Wong M.D.  
Title: President/manager

Address:



For Individuals:

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

"Preferred Member"

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.)	Has person ever been arrested?	If person has ever been arrested, please describe (e.g., date, disposition, etc.)	eCrim Report Validation Code	Applicant consents to a federal and state background check including fingerprinting conducted by the Department or its designee. (Yes/No)
Dean J. Okimoto				2.30%	Hawaii	61	No	No	NA	No	NA	QG-3tCfQkEA	Yes
Howard Minami, M.D.				0.91%	Hawaii	33	No	No	NA	No	NA	KY_PqDP8hP	Yes
Darrell J. Lee M.D.				0.46%	Hawaii	59	No	No	NA	No	NA	PY_fsX-4hK	Yes
Cathy O. Lee				0.45%	Hawaii	49	No	No	NA	No	NA	HHf3tC6oIEA	Yes
Scott J. Miscovich, M.D.				8.78%	Hawaii	27	No	No	NA	No	NA	WC-3tC-0kEA	Yes
Sean G. Takaki (B), CCIM				2.49%	Hawaii	16	No	No	NA	No	NA	OBInzDP4mFb	Yes
William H. Mitchell M.D.				0.93%	Hawaii	37	No	No	NA	No	NA	EY7a-X-8hV	Yes
Anne E. Biedel, M.D., FAAFP				0.95%	Hawaii	12	No	No	NA	No	NA	RHoedFKh2Fr	Yes
Blanford D. Williams M.D.				0.77%	Hawaii	33	No	No	NA	No	NA	BCv28Wq4kEA	Yes
Cliff B. Alakai, CPA				0.29%	Hawaii	51	No	No	NA	No	NA	ABpfzAP1yFbv	Yes
Jennifer L. Akiona, CPA				0.07%	Hawaii	45	No	No	NA	No	NA	OGv26XagkEA	Yes
Margaret Nan Amaral				0.15%	Hawaii	45	No	No	NA	No	NA	GBZHZAPlxFbv	Yes
HPD Asst. Chief Kevin M. Lima, Ph.D. (Ret.)				0.07%	Hawaii	61	No	No	NA	No	NA	ACInzAK4gFbv	Yes
Maria Lai Ki Chan (B), CCIM				0.04%	Hawaii	20	No	No	NA	No	NA		Yes
Mercury Investment LLC				4.61%									
Racquel S. Bueno, M.D., FACS					Hawaii	8	No	No	NA	No	NA	WAI7zAK0nFb	Yes
Weixin Capital LLC				0.55%									
Ronald J. Wong, M.D., FACS					Hawaii	60	No	No	NA	No	NA	CAoXzCP4mFb	Yes
Kahulio Investment LLC				1.10%									
Cedric Lorenzo, M.D.					Hawaii	39	No	No	NA	No	NA	BY_XsX-4hY	Yes
OS Ventures, LLC				0.73%									
Robert F. Wong M.D.					Hawaii	8	No	No	NA	No	NA	RY7bvCP8hI	Yes
Malama Pono Life LLC				10.24%									
Ira D. Zunin, M.D., MPH					Hawaii	22	No	No	NA	No	NA	KApIXFP8mF7	Yes
Quantum Superposition, LLC				2.49%									
Andrew L. Pepper, Esq.					Hawaii	51	No	No	NA	No	NA	HG-26CKoIEA	Yes
Agrimar Investments, LLC				1.71%									
J. George Hetherington, Esq.					Hawaii	38	No	No	NA	No	NA	NY_nuDfghM	Yes
TK Investment II, LLC				4.88%									
J. George Hetherington, Esq.	same as J. George Hetherington above												
Ronald I. Heller, Esq.					Hawaii	35	No	No	NA	No	NA	QY_XuDfghJ	Yes
Jeffrey S. Harris, Esq.					Hawaii	36	No	No	NA	No	NA	YD5PzXaokErv	Yes
Kim Knorek					Hawaii	35	No	No	NA	No	NA	XBP28X-8jEA	Yes
Steven L.F. Ho, Esq.					Hawaii	27	No	No	NA	No	NA	EBZGVFPkxFb5	Yes
Newton J. Chu, Esq.					Hawaii	21	No	No	NA	No	NA	SGZXzXakkErv	Yes
Steven V. Torkildson, Esq.					Hawaii	23	No	No	NA	No	NA	PHP3tX-8jEA	Yes
Olakino Enterprises, LLC				19.25%									
Susan Lin Metter					Hawaii	30	No	No	NA	No	NA	NBf3vW-0kEA	Yes
Gregory M. Wood (S)					Hawaii	15	No	No	NA	No	NA	EGIIYFKonF7lu	Yes
Rick Skelton					Hawaii	6	No	No	NA	No	NA	WY_m8D-8hD	Yes
Lisa Skelton					Hawaii	6	No	No	NA	No	NA	XY7K8D-8hC	Yes
Arnold Jung Sing					Hawaii	20	No	No	NA	No	NA	BGf24W-0kEA	Yes
Sara E. Jung Sing					Hawaii	15	No	No	NA	No	NA	KY_G9D-8hP	Yes
PLS Investment, LLC													
Dustin T. Sellers					Hawaii	10	No	No	NA	No	NA	CB-3tWv0kEA	Yes

[illegible]

List the business name(s) and percent interest on the spreadsheet if there are businesses that hold an interest in the applying entity.

Other Businesses Holding an Interest	Percent Interest
Mercury Investment LLC, a Hawaii LLC	4.61%
Weixin Capital LLC	0.55%
Kahulio Investment LLC	1.10%
OS Ventures, LLC	0.73%
Malama Pono Life LLC	10.24%
Quantum Superposition, LLC	2.49%
Agrimar Investments, LLC	1.71%
TK Investment II, LLC	4.88%
Olakino Enterprises, LLC	19.25%
Alliance Seed Capital, LLC	2.66%
2150 Private Equity Investors, LLC	12.43%
Leahi Ventures LLC	0.91%

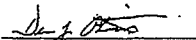
**#34 1)** Signed Statement by each Owner, Principal, or Member certifying the information in Owner Principal Member Information Spreadsheet is complete and accurate.

**INCLUDES:**

<b>Dean J. Okimoto</b> , Signed Statement .....	2	<b>Steven L.F. Ho, Esq.</b> , Signed Statement .....	26
<b>Howard Minami, M.D.</b> , Signed Statement .....	3	<b>Newton J. Chu, Esq.</b> , Signed Statement .....	27
<b>Darrell J. Lee M.D.</b> , Signed Statement .....	4	<b>Steven V. Torkildson, Esq.</b> , Signed Statement .....	28
<b>Cathy O. Lee</b> , Signed Statement .....	5	<b>Susan Lin Metter</b> , Signed Statement .....	29
<b>Scott J. Miscovich, M.D.</b> , Signed Statement .....	6	<b>Gregory M. Wood (S)</b> , Signed Statement .....	30
<b>Sean G. Tadaki (B)</b> , CCIM, Signed Statement ..	7	<b>Rick Skelton</b> , Signed Statement .....	31
<b>William H. Mitchell, Jr., M.D.</b> , Signed Statement .....	8	<b>Lisa Skelton</b> , Signed Statement .....	32
<b>Anne E. Biedel, M.D., FAAFP</b> , Signed Statement .....	9	<b>Arnold Jung Sing</b> , Signed Statement .....	33
<b>Blanford D. Williams M.D.</b> , Signed Statement .....	10	<b>Sara E. Jung Sing</b> , Signed Statement .....	34
<b>Cliff B. Alakai, CPA</b> , Signed Statement .....	11	<b>Dustin T. Sellers</b> , Signed Statement .....	35
<b>Jennifer L. Akiona</b> , Signed Statement .....	12	<b>Christopher K. Eldridge</b> , Signed Statement .....	36
<b>Margaret Nan Amaral</b> , Signed Statement .....	13	<b>Sean Nicholson</b> , Signed Statement .....	37
<b>HPD Asst. Chief Kevin M. Lima, Ph.D. (Ret.)</b> , Signed Statement .....	14	<b>Lani Oprescu</b> , Signed Statement .....	38
<b>Maria Lai Ki Chan (B)</b> , CCIM, Signed Statement .....	15	<b>Frederick Fong, M.D.</b> , Signed Statement .....	39
<b>Racquel S. Bueno, M.D.</b> , Signed Statement ..	16	<b>Frances Sing Mui Wong</b> , Signed Statement ..	40
<b>Ronald J. Wong, M.D.</b> , Signed Statement .....	17	<b>Lana M. Wilkinson MD</b> , Signed Statement .....	41
<b>Cedric Lorenzo, M.D.</b> , Signed Statement .....	18	<b>Elizabeth Rice Grossman</b> , Signed Statement	42
<b>Robert F. Wong M.D.</b> , Signed Statement .....	19	<b>Curtis D. Rooney, Esq.</b> , Signed Statement .....	43
<b>Ira D. Zunin, M.D., MPH</b> , Signed Statement ..	20	<b>Mark D. Martino</b> , Signed Statement .....	44
<b>Andrew L. Pepper, Esq.</b> , Signed Statement ...	21	<b>Michael H. Takano</b> , Signed Statement .....	45
<b>J. George Hetherington, Esq.</b> , Signed Statement .....	22	<b>Sunil Rao</b> , Signed Statement .....	46
<b>Ronald I. Heller, Esq.</b> , Signed Statement .....	23	<b>William Farley</b> , Signed Statement .....	47
<b>Jeffrey S. Harris, Esq.</b> , Signed Statement .....	24	<b>Benton H.H. Chun, M.D., MS, FACOG</b> , Signed Statement .....	48
<b>Kim Knorek</b> , Signed Statement .....	25	<b>Bradley Chun</b> , Signed Statement .....	49

**SECTION 4 CERTIFICATION**


I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: Devin J C Krimetz

Dated: January 19, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: HOWARD S. MINAMI

Dated: January 18, 2016



**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: Darrell Lee

Dated: January 18, 2016

**SECTION 4 CERTIFICATION**

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Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.



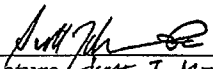
Signature

Name: Cathy Lee

Dated: January 18, 2016

**SECTION 4 CERTIFICATION**


I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature: Josh J. Murch  
Name:

Dated: January 23, 2016

**SECTION 4 CERTIFICATION**


I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: Sean O. Tadeo

Dated: January 21, 2016

**SECTION 4 CERTIFICATION**


I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature William H. Mitchell M.D.  
Name:

Dated: January 22, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
\_\_\_\_\_  
Signature  
Name: Anne E. Bradel MD

Dated: January 21, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

Blanford Dean Williams

Signature

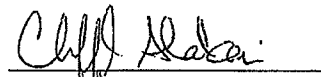
Name:

Blanford Dean Williams

Dated: January 19<sup>th</sup>, 2016

**SECTION 4 CERTIFICATION**

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Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
\_\_\_\_\_  
Signature  
Name:

Dated: January 19, 2016



**SECTION 4 CERTIFICATION**

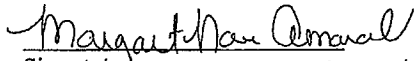
I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

JL Ak:  
Signature  
Name: Jennifer Akiona

Dated: January 19, 2016

**SECTION 4 CERTIFICATION**

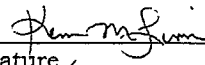
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: Margaret Van Amara

Dated: January 21, 2016

**SECTION 4 CERTIFICATION**

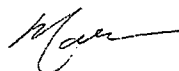
I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: Kevin Lima

Dated: January 14, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.




Signature

Name: *MARISSA L. L. L.*

Dated: January 18<sup>th</sup>, 2016

**SECTION 4 CERTIFICATION**

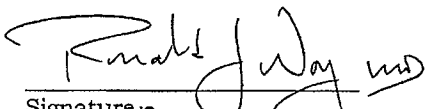
I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: Pacquel S. Bueno

Dated: January 14, 2016

**SECTION 4 CERTIFICATION**

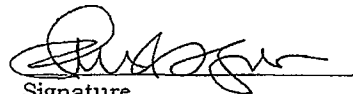
I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: Ronald J. Wong, MD

Dated: January 15, 2016

**SECTION 4 CERTIFICATION**

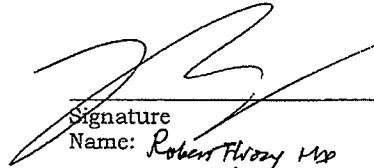
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: CEDRIC S.F. WPENZO

Dated: January 15, 2016

**SECTION 4 CERTIFICATION**

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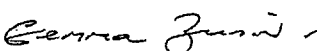
  
Signature  
Name: Robert Flory MD

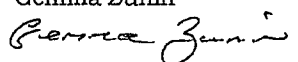
Dated: January 19, 2016



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and accurate.

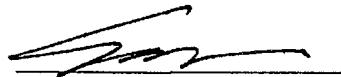
  
\_\_\_\_\_  
Ira Zunin, by his agent  
Gemma Zunin



Dated: January 19, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.




Signature  
Name: Andrew L. Pepper

Dated: January 14, 2016

**SECTION 4 CERTIFICATION**

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Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

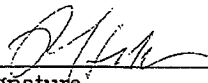
  
Signature  
Name: J. George Hetherington

Dated: January 25, 2016

1960801.V1

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.


  
Signature  
Name: Ronald I. Heller

Dated: January 21, 2016

1960801.V1

**SECTION 4 CERTIFICATION**

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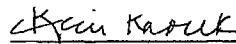
  
\_\_\_\_\_  
Signature *Jeffrey S. Harris*  
Name:

Dated: January 25, 2016

1960801.V1

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.


  
\_\_\_\_\_  
Signature  
Name: Kim Khorok

Dated: January 26, 2016

1960801.V1

**SECTION 4 CERTIFICATION**

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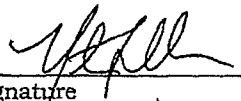
  
\_\_\_\_\_  
Signature  
Name: Steven H

Dated: January 23, 2016

1960801.V1

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
\_\_\_\_\_  
Signature  
Name: Newton J. Chan

Dated: January 22, 2016

1960801.V1



**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
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and accurate.

  
Signature Steven Torkelson  
Name:

Dated: January 25, 2016

1960801.V1

**SECTION 4 CERTIFICATION**

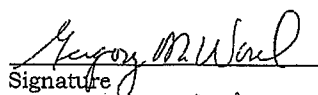
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: *Susan Mettler*

Dated: January 20, 2016

**SECTION 4 CERTIFICATION**

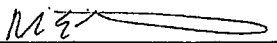
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: Gregory M. Wood

Dated: January 19, 2016

**SECTION 4 CERTIFICATION**


I hereby certify that the information about me contained in the  
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and accurate.

  
\_\_\_\_\_  
Signature  
Name: Rick Skelton

Dated: January 20, 2016

**SECTION 4 CERTIFICATION**


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\_\_\_\_\_  
Signature  
Name: Lisa Skelton

Dated: January 20, 2016

**SECTION 4 CERTIFICATION**

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Signature  
Name: Arnold Sing

Dated: January 19, 2016

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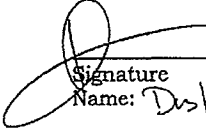
Signature

Name: *Sara Sing*

Dated: January 19, 2016

**SECTION 4 CERTIFICATION**

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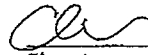
  
Signature  
Name: Dustin Sellers

Dated: January 19, 2016



**SECTION 4 CERTIFICATION**


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and accurate.

  
Signature  
Name: Chris Eldridge

Dated: January 19, 2016

**SECTION 4 CERTIFICATION**

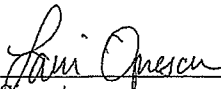
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Signature  
Name: SEAN NICHOLSON

Dated: January 20, 2016

**SECTION 4 CERTIFICATION**

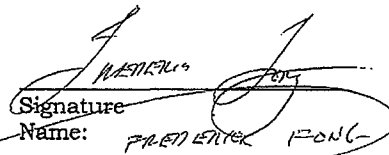
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: Lani Oprea

Dated: January 22, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
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and accurate.

  
(Signature)  
Name: FREDERICK PONCE

Dated: January 20, 2016

**SECTION 4 CERTIFICATION**

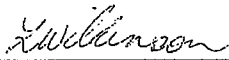
I hereby certify that the information about me contained in the  
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and accurate.

x Frances Wong  
Signature  
Name: FRANCES WONG

Dated: January 20, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
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and accurate.

  
Signature Lana M. Wilkinson  
Name:

Dated: January 25, 2016

**SECTION 4 CERTIFICATION**

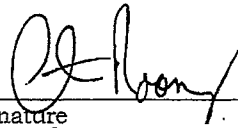
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: Elizabeth Rice-Grossman

Dated: January 15, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.


  
\_\_\_\_\_  
Signature  
Name: *Chris Rooney*

Dated: January 23, 2016



**SECTION 4 CERTIFICATION**


I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: Mark D. Martino

Dated: January 22, 2016

**SECTION 4 CERTIFICATION**

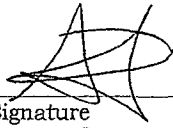
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: MICHAEL TALAMO

Dated: January 14, 2016

**SECTION 4 CERTIFICATION**

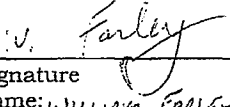
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature  
Name: *SUNIL Rao*

Dated: January 21, 2016

**SECTION 4 CERTIFICATION**

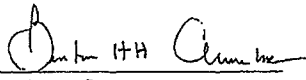
I hereby certify that the information about me contained in the  
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and accurate.

  
\_\_\_\_\_  
Signature  
Name: WILLIAM FARLEY

Dated: January 19, 2016

**SECTION 4 CERTIFICATION**

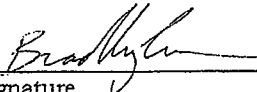
I hereby certify that the information about me contained in the  
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and accurate.

  
Signature Dr. HH Chew MD  
Name:

Dated: January 18, 2016

**SECTION 4 CERTIFICATION**

I hereby certify that the information about me contained in the  
Sec. 4-Owner Principal Member Report.xlsx spreadsheet is complete  
and accurate.

  
Signature  
Name: Bradley Chun

Dated: January 21, 2016

William “Bill” Mitchell, MD, is the Pono individual applicant. He is the President and Chief Executive Officer of the Maui Medical Group (“MMG”) and has been with the organization since 1979. MMG is the largest physician group practice on Maui with approximately 40,000 patients and nearly 300 employees. Dr. Mitchell received his undergraduate education at Johns Hopkins University and his medical degree from Tufts University with a specialty in internal medicine and pulmonary disease. In addition, Dr. Mitchell did his internship, residency and fellowships at the University of California, San Diego, California, the University of Hawaii and the Iowa Hospital and Clinics, respectively.

**(A) Regulated Industries;** MMG has operated in a highly regulated health care environment since 1961. It maintains controlled substance permits with the DPS/NED and is accredited to provide a number of specialized health care services such as radiological and sleep studies. In addition, MMG is deeply involved with the Hawaii Health Information Exchange, the well-known program designed to facilitate the exchange of health information that enables a higher standard of quality health care statewide.

Pono consists of a majority of local physicians, business people, real estate executives, legal and financial experts, health care and agricultural entrepreneurs. Sixty-five percent of our individual members are Hawaii residents and are licensed professionals governed by codes of conduct in highly regulated industries. This brings an additional level of accountability and legal compliance due to the standards of conduct in their individual and professional fields.

**(B) Agricultural and Commercial Manufacturing Experience;** Dean Okimoto of Nalo Farms is an investor and services as Pono’s Chief Agronomist. Mr. Okimoto is the Chair of the

Hawaii Agricultural Foundation, a former President of the Hawaii Farm Bureau Federation (for 11 years), and is involved with many other culinary, and community-based organizations and boards. Mr. Okimoto has been in commercial food production and large scale agriculture since 1983. For many years, Mr. Okimoto worked with farmers on Maui to promote the “buy local” food production model of agriculture and marketing. He will provide agronomy advice and counsel focused on food safety measures to the Pono at our planned production site at 32 Heahea Place, Wailuku, Maui, HI.

**(D) Pharmaceutical companies;** Mike Takano serves on the Board of Pono. He currently is the Managing Director of Investment Banking at Axiom Capital Management, Inc. He has over 20 years of senior executive management experience in private ventures and was a pioneer of web-based pharmaceutical fulfillment and telemedicine (including bank and credit card processing). The Gartner Group rated his care management software “best in class” in enterprise health technology and quantitative financial modeling. Ms. Sobin Chang, CEO of Aquivit Pharmaceuticals, a boutique pharmaceutical company, serves on the Pono Board of Advisors. She has over 20 years of marketing and research in the pharmaceutical business, was responsible for over \$7.5B worth of products at Novartis, and managed the Botox brand at Allergan. She has served at the U.S. Department of Health, Food and Drug Administration and was a fellow in the Biostatistics, Regulatory Affairs and Pharmacoeconomics department at the Yale School of Medicine.

Curtis Rooney, Pono’s Director of Strategic Planning and Government Affairs worked with Mr. Takano to pioneer online retail pharmacy and telemedicine technology. Mr. Rooney is the former President of the Healthcare Supply Chain Association, the leading health care supply



chain advocacy organization for group purchasing organizations (GPOs), D.C. He was a founder of the Healthcare Supply Chain Institute (HISCI), a platform for GPOs to collaborate with pharmaceutical, medical device and distributor firms.

**(E) Operating or working in a medical marijuana dispensary business;** We have signed a Letter of Intent (“LOI”) with the Ritual House, a leader in the medical marijuana industry with over a decade experience. We’ve signed a LOI with Grow Generation, a pioneer in single-sourcing products for marijuana related dispensaries. We’ve also signed an LOI with ALTRES to provide employee benefits to our workers as well as training and background checks.

**(F) Business Plan and Timeline; and (G) Creating and implementing a financial plan;** We have created both a business and financial plan as well as a timeline for purposes of opening our dispensary, production and manufacturing facilities. See, Merit Criterion answer #5. Sixty percent of our members have experience in business planning and sixty-five percent have financial planning experience.

**(H) Retail sales;** MMG has an agreement with a well-known, state-wide, drug store chain to provide retail pharmacy services to its patients. This ensures that patients are able to access a variety of consumer products while filling their physician prescriptions in a convenient manner.

**(I) Secure inventory tracking and control;** A number of our members have direct experience in maintaining a secure inventory and tracking system. For example, Dr. Mitchell and MMG hold a number of NED permits for controlled substances that require handling narcotics in a secure manner.

**(J) Protecting confidential customer information;** Pono has entered into an LOI with Bio TrackTHC to ensure our patient information and confidentiality rules comply with best practices and all laws, including HIPAA. Kevin Lima Ph.D, a retired HPD Assistant Chief, and former commander of HPD's Narcotics/Vice Division, is employed by Pono as our Director of Security and Compliance. As a narcotics/vice commander, Chief Lima was responsible for the security of hundreds of "Confidential Informant" files that included the confidential information of informants and undercover police officers, controlled the distribution of "Covert Expense Funds," and managed the confidentiality of expenses used to maintain undercover identities. Few people in Hawaii have a deeper appreciation and understanding of confidentiality needs and rules.

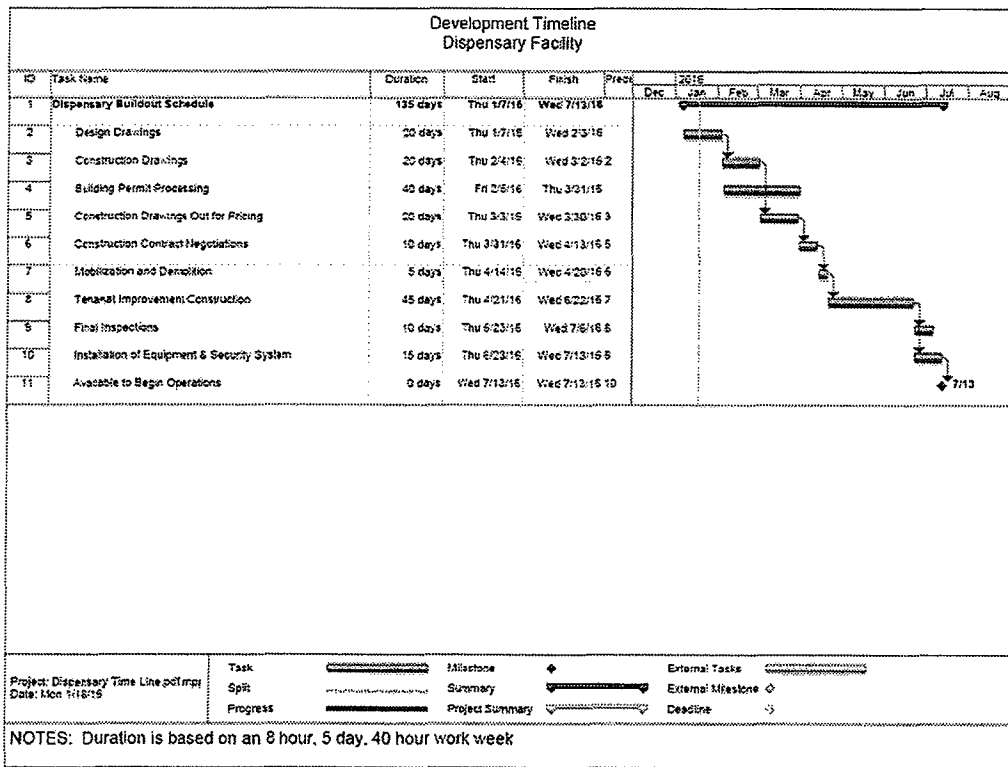
Our physician members deal daily with patient privacy procedures and several of our investors are also attorneys engaged in counseling clients on protecting patient information. For example, J. George Hetherington is the President of Honolulu law firm, Torkildson Katz. His practice includes corporate and health care law. During the course of his extensive career he has advised clients on significant matters including patient confidentiality, HIPAA and the security of patient information. In addition, Andrew L. Pepper is a Shareholder in the Honolulu office of Jackson Lewis P.C. Mr. Pepper is an experienced labor and employment law attorney who has practiced in Hawaii for more than 25 years. Additionally, Mr. Pepper serves as a thought leader in the employment law field including matters of privacy and confidentiality.

**(K) Owning or managing a business that required twenty-four-hour security monitoring;** As mentioned above Dr. Mitchell successfully operates MMG with 4 locations and

almost 300 employees, and maintains 24-hour security through contracts with a security service. Kevin Lima, PhD. (see below) has significant security experience.

**(L) Any other experience the applicant considers relevant;** As mentioned Kevin M. Lima, Ph.D, is our Director of Security and Compliance. Dr. Lima retired from the HPD in 2010 at the rank of Assistant Chief of Police after 31 years of public safety service. Thereafter, he was a security and intelligence analyst for Booz Allen Hamilton. We are currently seeking to integrate with the Hawaii Health Information Exchange: MMG is a strong supporter of this important program. MMG also has a strong relationship with the Clinical Labs of Hawaii.

# PONO LIFE SCIENCES MAUI, LLC



**(C) A financial plan for operating a medical marijuana dispensary in Hawaii;**

The financial plan for Pono is supported by due diligence and research, along with the aid and advice of leading medical marijuana facility owners and operators throughout the United States. As outlined in Section 2 of this Application, Pono requires significant capital to fund its build-out of high quality production and dispensary facilities: Our development budget is over \$2 million in Wailuku for our first production center and \$350,000 in a leased property for dispensary.

<b>PONO LIFE SCIENCES 2,500 Sq Ft. Retail Dispensary Facility Development Budget</b>			
Item	Unit	Unit Rate	Budgeted Cost
<b>Construction Costs</b>			
Construction Cost			
Tenant Improvements	2,500 sf	\$50.00 /sf	\$125,000
Furniture, Fixtures & Equipment			\$115,000
Security System			\$50,000
<b>Subtotal Construction Costs</b>			<b>\$290,000</b>
<b>Design &amp; Misc. Development Costs</b>			
Preliminary Design Services			\$2,000
Architectural & Engineering Design	2,500 sf	\$10.00 /sf	\$55,000
3rd Party Permit Review & Expediting			\$5,000
Taxes & Permit Fees			\$2,000
Admin & Management			\$5,000
<b>Subtotal Design &amp; Misc Development Costs</b>			<b>\$89,000</b>
<b>General Contingency</b>		10%	<b>\$36,000</b>
<b>Total Development Budget</b>			<b>\$395,000</b>

With the help of our investors, Pono is ready to execute on its operational and financial plans and will be prepared to begin implementing its vision as soon as a license is awarded. Conditional to DOH policies and cash flow, Pono's vision is to further enhance its dispensary experience and commitment to education.

PONO LIFE SCIENCES MAUI, LLC

Total Expenses	3,200,000	2,550,000	1,700,000
Net Income	(2,119,516)	525,221	3,369,960

From an expenses perspective, line items that will be incurred on an on-going basis will include facility leases, security operations, utilities and office and administration costs. The largest expenses that will be incurred on an on-going basis will be in job creation and human resources. Pono will not only support scientific advisors, health care experts, and community outreach and education, but will also devote a significant percentage of its profits to R&D directed toward development of a cultivation facility and the scientific advancement and understanding of the benefits of medical marijuana. Additionally, Pono's Chief Agronomist, Dean Okimoto, plans to use a portion of Pono's income to support the work of Nalo Farms to provide food security to Hawaii.

**(D) Good Credit History;**

While Pono is a new company with limited financial history, its managers and members have strong credit histories. According to our internal diligence, the FICO credit scores of our managers and individual members range from 701 to 850, with a median of 793. In addition, managers and individual members have signed a sworn declaration, under penalty of perjury, that they have a good credit history.

**(E) History of Bankruptcy by the applicant or entities owned or operated by the applicant;**

Pono Life Sciences Honolulu, LLC is a new company that has never filed for bankruptcy. Pono's individual applicant, Dr. Bill Mitchell and his related businesses have never filed for bankruptcy.

Pono Life Sciences Honolulu, LLC (Pono) is highly motivated to deliver a patient experience that enables those who suffer to feel better, do more, and live with a higher quality of life. To achieve this mission, our educational strategy is built upon precision and accuracy in determining what is important to patients with debilitating medical conditions. Our in-depth, evidence-based, multi-pronged, educational strategy will allow us to better educate qualifying patients about what marijuana products are legal and available, and more accurately understand each patient's needs. Our educational strategy and research plan consists of four phases.

Phase I involves the launch of a web-based portal that enables our own Pono-based physicians to hold virtual, internal "round-table" discussions to guide future Pono research and education. We began this phase in October and have started to have discussions related to the research interests of our physicians. See link: <http://www.ponolifesciences.com>. Click Healthcare Provider. The website is password protected. Please contact Mike Takano, Pono's CEO, [mtakano@ponolifesciences.com](mailto:mtakano@ponolifesciences.com) for a password.

Phase II will utilize an on-line discussion group format to educate Hawaii's patients, their caregivers, as well as Hawaii's physicians about the key clinical findings that Pono's critical review of the medical literature has distilled from over 22,000 medical journals and publications from the National Library of Medicine. Pono has created a comprehensive educational presentation that is scalable and can be used to discuss specific issues with different audiences at different levels of understanding. Phase II will begin upon receipt of license.

Phase III will use live focus groups, professionally moderated by health care market experts, based on discussion guides developed from insights gained in the Phase II educational and research process. This phase will also include quantitative research surveying physician specialists, patients and their caregivers. Surveys will initially focus on raising awareness and educating potential patients, practitioners, and community groups with questions like: **How do patients certified through the DOH Medical Marijuana Registry Program currently use marijuana in relation to their debilitating conditions? What do patients understand about the products that will be available? How do Hawaii physicians, healthcare providers, patients, and caregivers prefer to learn about the certification process and the various treatment options available to them? What recent retail experience has exceeded the patient's expectations? Why?** This in-depth research process will be updated continuously by our communications and outreach team.

Finally, we anticipate the need for ongoing education, including information related to potential addiction and treatment. See <http://health.hawaii.gov/substance-abuse/prevention-treatment/treatment/treatment-services/>. Note: We will not advertise or promote medical marijuana to the general public. (HAR § 11-850-93). Instead, we will focus on supporting additional accredited continuing education (CE) opportunities for Hawaii's physicians. <http://gwcehp.learnercommunity.com/dcrx>. We stand ready to work with the DOH's educational experts in the future. Phase 4 of our research is described in (D) below.

Upon the completion of inspections and permitting, we will immediately begin a phased development plan of modular production center structures. Our modular structures are approximately 10,000 SF with 65% of canopy. As such, per structure we are planning on



producing on average 171 lbs per month; our maximum capacity is 226 lbs per month. Based on the average medical marijuana patient using 1 lb per year less 50% for inefficiencies and product fit, we initially will be capable of producing and supplying products for nearly 1,000 patients. With 2,979 certified patient-customers and 2 total licenses on Maui we will be able to satisfy the supply needs of all qualifying patients. Our development and supply plans allow for 6X scaling to serve 6,000 patients.

Pono is keenly aware that not all qualifying patients will have the financial ability to pay for their own treatment. As a result, Pono will set aside approximately 3 percent of its net profits to ensure patients with the greatest need do not go without. To facilitate this process, we have partnered with eMax Health to create a comprehensive “real-time” pre-authorization process for our low-income patients to apply for financial support from Pono. The process includes a call center phone number and website that will allow patients to determine their eligibility for our program based on financial need. eMax will provide us with regular reports to help manage the eligible pool and track our low-income patient budget.

Pono is committed to responsibly meet the needs of qualifying patients by providing safe and accessible retail dispensary locations. All dispensary locations will be ADA compliant and will have robust security policies and procedures in place as described elsewhere.

Our dedication to a sound educational process is evidenced by the creation of an education center at all dispensary locations. The educational area will include key literature and updates regarding ongoing areas of research, presented to the patient customers using informational displays, iPad programs, and kiosks. The dispensary education areas will certainly enhance the buying experiences for patient customers.

experience, dosage rate, needs, and customer satisfaction will be tracked and used to analyze and refine retail products. Our retail dispensary patient care representatives will also solicit patient feedback when appropriate, especially during the first few visits. The patient feedback technology will be easy to access, convenient, flexible, secure, private, measurable and HIPAA compliant. Pono hopes to transform data collection in the medical marijuana industry and make Hawaii a leader in medical marijuana data collection technology and methodology.

Pono Life Sciences Maui, LLC (“Pono”) has entered into a Letter of Intent with BioTrackTHC, Inc. (“BioTrack”) for the provision of a comprehensive “seed-to-sale” software tracking program to manage Pono’s medical marijuana operations (the “Tracking System”). As the same company chosen by the Department of Health (“DOH”) to implement the computer software tracking system for Hawaii’s Medical Marijuana Dispensary Program, BioTrack is well-positioned to develop and maintain an interoperable and compatible Tracking System for Pono. The Tracking System uses Secure Socket Layer (SSL) encryption technology and is continuously updated to ensure HIPAA compliance through the latest authentication and encryption capabilities. HAR § 11-850-61(c). Information from Pono’s operations will be catalogued as described below. The result will be a secure Tracking System which will provide DOH with constant access to Pono’s real time operating information. HAR § 11-850-61(c).

**Tracking and securing inventory within its facilities**

Each individual plant will be issued a globally unique, non-repeating 16-digit “parent” identification number (the “Parent Identifier”). Where further differentiation is necessary, the system will issue a “child” identification number (e.g., at the time flowers are separated from stems during the harvest process, manufactured product batches are sent to different dispensaries, or new clones or seeds are created from a mother plant) (the “Child Identifier”). The Parent Identifier is intended to ensure scalability and longevity while the Child Identifier is intended to prevent duplication by the user, whether accidental or intentional. HAR § 11-850-61(a); Hawaii Revised Statutes (“HRS”) § 329D-19.

Every identifier is associated with a quantity of product that is measured either in discrete units or by weight, depending on the product’s classification. HAR § 11-850-74(a). For example,

plants, seeds, and manufactured products are measured in discrete units. Bulk flower and stems, on the other hand, are measured in continuous weight. This identification process creates an unbroken audit chain of security, enabling the tracing of a product during any given stage of its production or transportation. HAR § 11-850-61(a). This allows both DOH and Pono to utilize a Parent Identifier and/or Child Identifier to follow a product's lineage all the way back to the plant from which it originated. HAR § 11-850-61(c).

A plant's record is also traceable going forward. The identifier(s) will convey the whereabouts of each gram of product sourced from any Pono plant, including if and where it is inventoried, where and when it was transported and dispensed, to whom it was dispensed, and where and when it was destroyed. HAR § 11-850-61. Data from the Tracking System can also be broken down by any time period and thereafter parsed, filtered and reported. HAR § 11-850-41(a). Such meticulous recordkeeping will facilitate the filing of quarterly reports and the adequate maintenance of business records. HAR §§ 11-850-38(2) -(3) and 11-850-41 (a)(1). It also makes it easier to deter and detect diversion and other prohibited activities such as the offering of free samples. HRS § 329D-18; HAR § 11-850-33 (d)(1).

To maintain the confidentiality of patients' health information, including facts about their medical conditions, health status and purchases of medical marijuana or manufactured marijuana products, Pono Life Sciences Maui, LLC ("Pono") will comply with the HIPAA Privacy and Security Standards as set forth in 45 CFR, Part 164, Subparts C and E, and applicable Hawaii law.

A designated Privacy Officer will be responsible for (1) ongoing evaluation and development of Pono's information privacy and security policies and procedures ("Pono's P&P"), (2) staff training, (3) managing patients' requests relating to their medical records, (4) responding to questions, (5) investigating possible violations, (6) developing corrective action plans as needed, and (7) documenting all activities relating to information privacy and security.

Written Privacy and Security Policies and Procedures will ensure the confidentiality, integrity and availability of patients' medical information by addressing:

- Administrative Safeguards to limit access to only those with a business need to know;
- Physical Safeguards that limit physical access to information maintained by Pono, its electronic information systems and the areas where they are housed;
- Technical Safeguards to restrict access to electronic health information to individuals and software programs that have been granted access rights;
- Use and disclosure of health information will be limited to the minimum amount necessary to accomplish a particular purpose;
- Protection of Patients' Rights to: (1) authorize disclosures, (2) access, (3) request specific protections, (4) request amendment, and (5) request an accounting of the uses and disclosures of their medical information.

All patients will receive Pono's Notice of Privacy Practices to ensure they are informed of these rights.

In the event of a breach of Pono's information security, patients and regulatory authorities will be promptly notified, as required by the HIPAA Breach Notification Rules and Hawaii Revised Statutes ("HRS") Chapter 487N.

Pono will engage qualified information security professionals to assess the potential risks and vulnerabilities of its information technology systems in light of changing technology and evolving information security standards and to develop an action plan to eliminate or minimize identified risks.

Employees will be trained in Pono's P&P prior to being given access to any patient information and annually thereafter.

Pono's P&P will include detailed procedures for investigating and responding to suspected security incident, including a procedure for anonymous reporting.

Employees who fail to abide by Pono's P&P will receive appropriate disciplinary action.

Pono will regularly back up data maintained in its electronic information systems and store backed up data in a secure, fire-proof, off-site location. Pono's disaster recovery plan will ensure essential functions are maintained in an emergency and continue patients' access to needed medication.

Pono will enter into a Business Associate Agreement ("BAA") with any individual or entity that provides services requiring access to or use of patients' information, mandating that service providers to adhere to the same standards confidentiality and security standards as Pono. Business Associates will also be required to enter into a similar BAA with any subcontractor to

whom the Business Associate delegates a function, activity or service that requires access to or use of patients' medical information.

Pono's information security system will include use of intrusion-alert software that will notify Pono of any breach of its security network and will monitor of all access made to patient information. The Privacy Officer will be responsible for reviewing access logs on a regular basis in order to detect and respond to any unauthorized access to information.

Pono will record the date and reason for all repairs and changes to its electronic data system and physical components of its overall security system, such as alarms and door locks that are re-keyed when an employee is terminated. The maintenance log will indicate who authorized each specific maintenance procedure, modification or repair. Pono's P&P will identify specific types of incidents that require modifications to security system components.

Pono's record retention policy will ensure that records are kept as (1) necessary to the current operations of the business, (2) required by applicable statutes or regulations and (3) relevant to pending or foreseeable investigations or litigation. When the period of retention for a medical record has passed, it will be promptly destroyed in a manner that protects against unauthorized access to or use of the information in connection with or after its disposal.

Pono will ensure that records containing patients' medical condition, health status, and purchases of marijuana or manufactured marijuana products are destroyed in conformity with the requirements of HRS Chapter 487R. All records will be rendered unreadable prior to disposal. Paper records will be destroyed via shredding or incineration. Electronic media will be physically destroyed, overwritten or degaussed. Records awaiting disposal will be kept in secured containers to prevent unauthorized access.

Pono Life Sciences Maui, LLC (“Pono”) will comply with all requirements of Hawaii Administrative Rules (“HAR”) Chapter 11-850, Hawaii Revised Statutes (“HRS”) §§ 329D-7 and 329D-8, related to certified laboratory testing on marijuana and manufactured products (“MMP”) by incorporating pertinent rules and regulations into its operating manual and policies and procedures. Pono’s policies and procedures prohibit the distribution of MMP that have not been tested by a Department of Health (“DOH”) certified (or HAR § 11-850-82(b) provisionally certified) laboratory. HAR § 11-850-81.

Pono also has signed a Letter of Intent (“LOI”) with The Werc Shop (“TWS”), an independent laboratory, to provide quality assurance testing during the manufacturing process, among other things. TWS is comprised of skilled scientists that began testing medical cannabis in California in 2010. TWS was the first to utilize liquid chromatography for accurate cannabinoid quantifications and the first to test for terpenes as key markers of strain identity. They are recognized experts and currently have published 5 peer-reviewed articles on cannabis, including one in the Journal of the American Medical Association.

Pono has developed a comprehensive security plan related to the transportation of marijuana materials between production facility and laboratories. See Responses Relating to Merit Criteria #4 and #7. Pono’s Letter of Intent with Bio-Tech Medical Software Inc. dba BioTrack THC evidences access to an electronic tracking system (the “Tracking System”) that can record instances of inventory transport to and from laboratories (HAR § 11-850-61(a)), confirm testing and analysis on samples for necessary items (HAR §§ 11-850-85(c), (f) and (g)), and maintain all records of information collected by laboratories (HAR § 11-850-85(h)). The Tracking System will also integrate laboratory testing results at each stage of processing, thereby allowing Pono to



immediately halt the dispensing of any Marijuana Product that does not conform to the standards provided in HAR § 11-850-85(c). HAR § 11-850-85(i). Utilizing Tracking System data, quarterly reports containing all laboratory testing results on Pono's MMP will be submitted to the DOH. HAR § 11-8 50-38(b)(6).

After testing by a certified laboratory, only MMP that meet the requirements set out in HAR Chapter 11-850 will be dispensed. HAR § 11-850-81. Any agreement between Pono and a testing lab will be conditioned upon the laboratory's ability to provide written evidence of its current DOH certification. HAR §11-850-82(a)(1). The certified lab will be required to:

- Be and remain independent from Pono and employees and all other persons and entities with a financial interest in Pono. HAR § 11-850-82(2).
- Be and remain independent from all other medical marijuana dispensary licensees and employees and all other persons and entities with a financial interest in any other dispensary license. HAR § 11-850-82(2).
- Maintain accreditation in Hawaii by an accreditation body whose standards are equivalent to the International Standards for Organization ("ISO") 17025. HAR § 11-850-82(a)(3).
- Establish and maintain standard operating procedures that include chain of custody for samples transferred to the laboratory for testing. HAR § 11-850-82(a)(4).
- Test statistically representative samples from each batch of MMP. HAR § 11-850-85(a).
- Receive products transported to the laboratory from the dispensary, and maintain in a secure tamper-proof manner, a similar sample from the same batch provided for verification testing (as directed by DOH). HAR § 1-850-85(a).

- Test and analyze samples according to standard operating procedures prepared by the laboratory based on validated methods published in peer reviewed scientific or regulatory literature, subject to approval by the department. HAR § 11-850-85(b).
- Issue to Pono and DOH a certificate of analysis for each batch of MMP tested (provided that a certified laboratory may only test and report on those things for which it is certified). HAR §11-850-85(c).
- Provide a certificate of analysis, including the results and supporting data generated from for the comprehensive testing of items mandated in HAR §§ 11-850-85(c)(1) - (3).
- Retest or reanalyze samples to confirm or refute an original result, at the request of DOH or Pono, at Pono's expense. HAR § 11-850-85(d).
- Return to Pono (or destroy in a manner approved by DOH) any samples or portions of samples of MMP that remain after testing and analysis are completed. HAR § 11-850-85(e). *See Response to Merit Criteria #11.*
- Provide immediate notification of any suspension or revocation of lab certification by DOH, terminate all testing for Pono, and return all Pono Marijuana Product in its possession at the time of suspension or revocation. HAR § 11-850-86.

Pono will have no financial interest in the lab it will contract with and, therefore, the laboratory will be independent from Pono and its dispensary. HAR § 11-850-82(a)(2).

Overall, Pono's policies provide a framework for products that will exceed the standards currently set forth in the rules related to the lab testing of marijuana and manufactured MMP. HAR§ § 11-850-71(b)(3) and 11-850-72(b)(4).

**Signage.** Pono will not use any signage visible from the exterior other than a single sign, no greater than one thousand six hundred square inches, that bears only the business or trade name in text, without any pictures or illustrations. Hawaii Administrative Rules (“HAR”) §11-850-91. If Maui County ordinances are more restrictive, Pono will comply with the more restrictive standard.

**Packaging.** Our product packaging standards for retail sale require all packaging to be:

- Child resistant in accordance with Title 16 C.F.R. 1700 of the Poison Prevention Packaging Act (HAR §11-850-92(a)(1));
- Opaque so that the product can’t be seen from outside the packaging (HAR §11-850-92(a)(2));
- Designed to allow law enforcement personnel to reasonably determine the contents of an unopened package (Hawaii Revised Statutes § 329D-7(13) (B));
- Protective of the product from contamination and any substance toxic or harmful to the marijuana or manufactured marijuana product; and contains no more than ten milligrams tetrahydrocannabinol for:
  - one dose,
  - one serving, or
  - one single wrapped item (HAR §11-850-92(a)(3)); and
- Designed so that no manufactured 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 (HAR §11-850-92(a)(4)).

**Labeling.** In addition, each Pono package will be labeled using only black lettering on a white background with no pictures or graphics and shall include the following as required by HAR §11-850-92(b):

- Information about the contents and potency of the marijuana and manufactured marijuana product, including but not limited to HAR §11-850-92(b)(1):

- Net weight in ounces and grams, or volume; and for manufactured marijuana products, also the equivalent physical weight of the marijuana used to produce the manufactured marijuana product (HAR §11-850-92(b)(1)(A)); and
- The concentration of tetrahydrocannabinol or  $\Delta^9$ tetrahydrocannabinol, total tetrahydrocannabinol and activated tetrahydrocannabinol-A, and cannabidiol (HAR §11-850-92(b)(1)(B));
- Pono's license number and the name of the production center where marijuana in the product was produced (HAR §11-85-92(b)(2));
- The batch number and date of packaging (HAR §11-850-92(b)(3));
- An inventory tracking identification number barcode generated by tracking software (HAR §11-850-92(b)(4));
- Date of harvest or manufacture and "Use by" date (HAR §11-850-92(b)(5));
- Instructions for use (HAR §11-850-92(b)(6)); and
- The phrases "For medical use only" and "Not for resale or transfer to another person" (HAR §11-850-92(b)(7)).

The following will be printed on all labels or a package insert included with the product:

- "This product may be unlawful outside of the State of Hawaii and is unlawful to possess or use under federal law" (HAR §11-850-92(8)(A));
- "This product has intoxicating effects and may be habit forming" (HAR §11-850-92(b)(8)(B));
- "Smoking is hazardous to your health" (HAR §11-850-92(b)(8)(C));
- "There may be health risks associated with consumption of this product" (HAR §11-850-92(b)(8)(D));
- "This product is not recommended for use by women who are pregnant or breast feeding" (HAR §11-850-92(b)(8)(E));
- "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug" (HAR §11-850-92(b)(8)(F));
- "When eaten or swallowed, the effects of this drug may be delayed by two or more hours" (HAR §11-850-92(b)(8)(G));
- A disclosure of the type of extraction method, including any solvents, gases, or other chemicals or compounds used to produce the manufactured marijuana product) HAR §11-850-92(b)(9)); and

- The name of the laboratory that performed the testing (HAR §11-850-92(b)(10)).

No marijuana or manufactured marijuana product will be labeled as organic unless permitted by the United States Department of Agriculture. HAR §11-850-92(c).

**Tracking.** Finally, Pono has entered into a Letter of Intent with BiotrackTHC to use BiotrackTHC's secure tracking software to facilitate chain of custody inventory management. The BiotrackTHC software is a comprehensive solution that will allow us electronic tracking, recording, and labeling our dispensary inventory of marijuana and marijuana products at each stage of processing, from propagation to point of sale, disposal, or destruction, and maintain a record of clear and unbroken chain of custody at all stages, including during transport of the inventory between dispensary facilities and between a dispensary facility and a laboratory. HAR §11-850-61(a).

The system shall allow electronic tracking of all sales to qualified patients and primary care givers from all dispensaries in the state and prohibit sales in excess of legal limits. HAR § 11-850-61(b). The secure computer software system shall interface with the DOH computer software tracking system to allow DOH real-time, 24-hour access to Pono's tracking and inventory records. HAR §11-850-61(c).

In the event of a breach or failure of the tracking system, Pono shall suspend all operations dependent on the tracking system until it is fully operable. HAR § 11-850-61(d). Pono shall immediately notify DOH of any breach or failure of its tracking system and when it resumes operations. *Id.*

Pono Life Sciences Maui, LLC (“Pono”) has developed written policies and procedures (the “Disposal Policies”) that provide for a comprehensive system of collecting, inventorying, and destroying any unused, unsold, contaminated, or expired marijuana or manufactured marijuana products, or waste products resulting from the cultivating or manufacturing processes (collectively, “Marijuana Waste”). HAR § 11-850-43. Pono’s Director of Operations (“DO”) and Director of Quality Assurance (“DQA”) will ensure compliance with the Disposal Policies, with ultimate oversight by HPD Assistant Chief, retired, Kevin Lima, Ph.D., Director of Security and Compliance. The DO will also oversee inventory control by monitoring the amount of marijuana required to efficiently serve the projected needs of certified patients. Any inventory in excess of this calculated amount that cannot be sold before its expiration date, will be destroyed in accordance with our Disposal Policies (as approved by the State).

Pono has signed a Letter of Intent with Bio-Tech Medical Software Inc. dba BioTrack THC (“BioTrack”), to implement and manage a secure inventory tracking system (the “Tracking System”) that is interoperable with the computer tracking system established by BioTrack for the DOH. See Response Relating to Merit Criteria #7. If Pono receives a dispensary license, it will timely apply to the Department of Public Safety, Narcotics Enforcement Division (“NED”) for a certificate authorizing it to possess, handle, and dispose of marijuana, including Marijuana Waste. HAR § 11-850-22.

#### **Disposal Policies**

**Subject to NED approval of such policies pursuant to HAR §11-850-43(b),** Pono will destroy or dispose of any unused, unsold, contaminated, or expired marijuana or manufactured

marijuana products, by a means described by the State. Pono will follow the State's Disposal Policies including:

- Video recording in the presence of more than one witness and the Tracking System will be updated to reflect the time, place, manner, and reason for the disposal. HAR §§ 11-850-51(a)(D) and 11-850-61(a).

- Rendering any Marijuana Waste completely unrecoverable to such an extent that the material is beyond reclamation by any unauthorized person. HAR § 11-850-43(a).

Marijuana Waste from patients or caregivers will not be accepted. Patients and caregivers attempting to dispose of Marijuana Waste will be directed to the NED for information regarding proper disposal methods for marijuana and manufactured marijuana products. This policy will be publicized to employees, patients, and caregivers via written educational materials, electronic media and the Pono website.

- Marijuana Waste from other dispensaries will not be accepted by Pono and Marijuana Waste from Pono will not be transferred to other dispensaries. HAR § 11-850-31(d)-(e).

- Pre-disposal Marijuana Waste will be recorded in the Tracking System as inventory and stored in a locked container marked with the words "for disposal only." When logged as "for disposal only" inventory, the date, type, method, quantity, and reason for destruction will be noted in the Tracking System. HAR §11-850-38(b)(4).

- Any lot(s) of "for disposal only" inventory, Marijuana Waste generated at the production site, including waste resulting from cultivation and manufacturing activities (to include marijuana stems or other unusable plant materials), any marijuana or manufactured

marijuana product that cannot be processed into approved packaged product (including cannabinoid containing extracts, in-process materials, and bulk product), any packaged marijuana or packaged manufactured marijuana product that is recalled, or otherwise determined to not meet the minimum safety standards and specifications for consistency, or otherwise rejected by the DQA, any marijuana or manufactured marijuana product stored at the dispensing facility that becomes damaged, short dated, or otherwise unusable, any marijuana or manufactured marijuana product subjected to improper storage conditions, including but not limited to extremes in temperature, water damage, or smoke due to natural disasters, fires, or equipment failures, and any Marijuana Waste that is not usable, subject to recall, or otherwise non-conforming, will be weighed, labeled, inventoried, and quarantined until approval for destruction is obtained from the State. HAR §§ 11-850-43(a) and HAR §§ 11-850-43(a) and 11-850-85 (j).

- All marijuana or manufactured marijuana product subject to laboratory testing will be destroyed and accounted for by the laboratory testing facility in accordance with Hawaii law. HAR §11-850-85(e).
- Any marijuana or manufactured product inventoried at the time of revocation or surrender of a license will be properly subject to disposal. HAR § 11-850-43(a).
- An employee must report the disposal of marijuana or manufactured marijuana product that does not follow these Disposal Policies to their supervisor or DO, including diversion or unauthorized destruction. HRS § 329D-18.
- The DO must report any verifiable unlawful or unauthorized incident to Pono's Chief Operating Officer, the State, and/or law enforcement in accordance with Hawaii law, State



regulations, Pono's corporate management policies, and Pono's procedures for recordkeeping, reporting, and notifications.

- Pono may reprimand and/or terminate any employee who fails to meet the standards and requirements articulated in these Disposal Policies.

### **Disposal Protocols**

In the absence of a State-approved or State sponsored disposal service or facility, Pono plans to dry the waste material and finely grind it before mixing it with soil at Nalo Farms in accordance with State approval and legal requirements. This is consistent with the example of other states. Alternatively, should the State not approve this method, we plan to mix the ground materials with waste cooking oil (at a ratio of 50%/50%) and release it to a waste oil disposal firm with State permission. Our long-term vision is to create a vertically integrated waste-to-energy bio-generation facility on-site. Should a DOH approved waste disposal service or other off-site facilities become available, Pono will amend its policies and procedures to secure the transportation of Marijuana Waste.

Any transport of Marijuana Waste should comply with the general security and tracking policies as described in Pono's Responses to Merit Criteria #4 and #7, including the preparation and use of an accurate manifest during transport. HAR § 11-850-36. In addition, Pono security staff will call ahead to ensure the facility is prepared to receive delivery. All transport vehicles will be staffed or accompanied by a minimum of two company employees and at least one company transport team member shall remain with the vehicle at all times that the vehicle contains Marijuana Waste. HAR § 11-850-36. Transport team members shall have access to a secure form of communication with the manufacturing facility at all times that the vehicle contains Marijuana

Waste. The transport team shall possess a copy of the shipping manifest when transporting the Marijuana Waste and shall produce it to authorized State officials or law enforcement officials upon request. HAR § 11-850-36(e). Copies of all shipping manifests shall be maintained for a period of six years. HAR § 11-850-41(1). Any transport of Marijuana Waste will be in accordance with HAR §11-50-36.

### **Liquid Waste Disposal**

Liquid waste containing nutrient residues, marijuana, or by-products of marijuana processing will be disposed of in compliance with requirements for discharge into surface water, groundwater, and sewers, or disposed of in an industrial wastewater holding tank within the secured cultivation facility. All appropriate State and local permits for waste water holding or disposal will be obtained prior to using this method for disposal. HAR §§ 11-850-71(b)(4) and 11-850-72(b)(5).

Ultimately, our plan is to comply with the policies and procedures prescribed by the State for the disposal or destruction of unused, unsold, contaminated, or expired marijuana or manufactured marijuana products, or other waste products resulting from the cultivation or the manufacturing process.

Pono Life Sciences Maui, LLC, (“Pono”) will ensure the safety of the marijuana and manufactured marijuana products (“Marijuana Products”) it dispenses by complying with the requirements of Hawaii Revised Statutes (“HRS”) §§329D-8, 329D-10, 329D-11, and their implementing regulations describing health, safety and sanitation standards established by the Department of Health (“DOH”). Pono’s Director of Quality Assurance (“DQA”) will report directly to Pono’s Director of Operations. The DQA will also be subject to regular oversight by Pono’s CEO, Mike Takano, who has long-term, executive level management experience in the pharmaceutical industry. Pono’s product safety practices are detailed in our safety and security policies and procedures, and go above and beyond what is required by Hawaii statutes and regulations.

**HRS § 329D-8 Laboratory Standards and Testing; Laboratory Certification.** Pono will strictly comply with DOH’s requirements relating to laboratory standards and testing. HRS §329D-8. Pono has partnered with The Werc Shop, a premier consumer product development and testing services firm that will work on-site with us on the design, implementation and operation of our production processes. The Werc Shop has been operating within several medicinal marijuana markets for well over 5 years.

Pono will submit statistically representative batch-level samples of all products to a certified laboratory for testing of all items listed in HAR §§11-850-85(a), (c) and (g). The identity, strength, quality, and purity of the product will be recorded in our tracking system. In conformance with our record retention policy, records of all laboratory testing results, including the certificate of analysis, will be kept for a minimum of six years. HAR §§11-850-41(a) and 11-850-85(h).

When testing indicates that a batch does not conform to DOH standards, the non-conforming batch will be quarantined and retested. HAR §11-850-85(d) and (j). If retesting

confirms the batch is non-conforming, it will be destroyed. HAR §11-850-85(j). The quarantine status of the batch will be recorded in the BioTrackTHC electronic tracking system. A quarantine may be lifted only by DOH and only upon receipt by DOH of a certificate of analysis indicating that the batch conforms to the testing standards set out in subsection HAR §11-850-85(c). Supplemental in-house testing will be scheduled based on current operational needs and recorded in the electronic tracking and management system.

**HRS § 329D-10 Types of Manufactured Marijuana Products.** Pono will manufacture only those types of marijuana products specifically permitted under Hawaii law. HRS § 329D-10 and HAR §11-850-71(a). Pono will maintain written policies and procedures addressing:

- Safe and appropriate use of manufacturing equipment (HAR §§11-850-71(b)(1) and 11-850-72(b)(1));
- Effective and ongoing training and monitoring of employees and subcontractors who participate in the production of marijuana (HAR §11-850-71(b)(2));
- Adequate protocols for laboratory testing of marijuana pursuant to this chapter (HAR §11-850-71(b)(3));
- Safe and appropriate storage and disposal or destruction of marijuana at all stages of production and sale. (HAR §§11-850-71(b)(4) and 11-85-72(b)(5));
- Safe and appropriate storage of materials used to produce manufactured marijuana products (HAR § 11-850-72(b)(2));
- Adequate protocols for laboratory testing of manufactured marijuana products pursuant to HAR Chapter 11-850. Prior to producing a specific marijuana strain, Pono will inform the DOH. HAR §11-850-71(c).

Prior to producing any manufactured marijuana products, Pono will report to DOH (1) strains of marijuana to be used, (2) types of manufactured marijuana products to be produced and (3) the manufacturing process or processes to be used in producing the manufactured marijuana products. HAR §11-850-72(c). Prior to commencing any manufacturing activity, Pono will obtain all appropriate State or County permits or licenses required to produce specific

products intended for sale or for specific manufacturing activity and provide DOH with proof of said licenses. HAR § 11-850-73(a) and (b). Copies of all current State and County permits or licenses necessary for manufacturing will be posted and available for inspection. HAR §11-850-73(c). Should a required license or permit be suspended or revoked, Pono will immediately cease production or manufacture of the particular product and immediately notify DOH. HAR §11-850-73(d).

All manufactured items will list the equivalent physical weight of the marijuana used in the product on the product label. HAR §11-850-74. Pono will ensure that all Marijuana Products are safe for use or consumption by qualified patients. HAR §11-850-75(a). Pono will comply with all applicable State and County health, safety and sanitation regulations, and to inspection as requested, to confirm that no health or safety concerns are present that may contaminate products. HAR §11-850-75(b).

Pono will monitor the work-relevant health of all employees as provided for in the Food Borne Diseases Guidelines issued by the Hawaii Department of Health. <http://health.hawaii.gov/docd/dib/disease/foodborne-diseases/>. Any employee that appears to have an illness, open skin lesion, including boils, sores, or infected wounds, or any other source of contamination, will be excluded from any contact with a dispensary's Marijuana Products until the condition is no longer a concern. HAR §11-850-75(c).

Pono will provide adequate and convenient hand-washing facilities, with running water, and make effective hand sanitizing preparations available. HAR §11-850-75(d). All persons working in direct contact with Marijuana Products will conform to hygienic practices while on duty, including, but not limited to maintaining adequate personal cleanliness and

washing hands thoroughly in a designated hand-washing area before starting work and at any other time when their hands may have become soiled or contaminated. HAR §11-850-75(e).

Litter and waste shall be properly removed from production areas and waste disposal systems shall be maintained so they do not become a source of contamination in areas where Marijuana Products are exposed. HAR § 11-850-75(f).

Our architectural plans will ensure that the floors, walls, and ceilings of a dispensary facility will be built with materials that can be cleaned regularly and maintained in good repair. HAR §11-850-75(g). Our facilities will also be designed to ensure that adequate lighting is available in all areas where Marijuana Products are stored or sold and where equipment and utensils are cleaned. HAR §11-850-75(h).

Pono will screen and otherwise protect against pests and dispose of rubbish as to minimize the development of odor that may attract pests. HAR §11-850-75(i).

Any use of toxic cleaning compounds, sanitizing agents, and pest control measures (e.g., bait traps) will be done in a manner that protects against contamination of our products and in accordance with all applicable laws, rules, regulations and ordinances. HAR §11-850-75(l). Only service animals will be admitted onto the premises. HAR §11-850-75(j). UV sterilization door strips and dip tanks will be used in critical locations throughout the facility. Pono will not alter Marijuana Products to change their appearance, flavor or smell in any way that would appeal to minors. HAR §11-850-75(m).

Pono will perform quarterly water source testing. All water used in the facility will, at a minimum, meet Human Health Standards for Water Quality Criteria as set out by the U.S.

Environmental Protection Agency. <http://www2.epa.gov/wqc/national-recommended-water-quality-criteria-human-health-criteria-table>.

Pono shall maintain complete records of all activities described in HAR §11-850-38(b), and report the data to DOH quarterly. HAR §11-850-38. These records will be available for inspection by authorized law enforcement and DOH upon request. Pono will also conduct announced and unannounced inspections of the full life-cycle of our products. In addition, our video surveillance system will provide additional evidence of proper product inventory and handling.

**HRS § 329D-11 Advertising and Packaging.** All products will be packaged and labeled for retail sale in accordance with the standards set forth in HAR §11-850-92. *See Response Relating to Merit Criteria #10.* If it is necessary to transport Marijuana Products, they will first be placed in secured containers that will maintain their quality and safety. HAR §11-850-36(e) and (g).

Pono will not advertise in any media. HAR §11-185-93(a). Its website will provide only general information, such as contact information, dispensing locations, and a list of available products with a description limited to information specified in HAR § 11-850-92. Id. Under no circumstances will Pono dispensaries display Marijuana Products in windows or public view. HAR § 11-850-93(b).

Pono Life Sciences Maui, LLC has no history of having a business license revoked.

All of our investors have signed a declaration stating in writing that, "Pursuant to Hawaii Administration R. §11-850-20(a) (13) (D), I declare that I have never had any business or professional licenses revoked." The document states that, "I declare under penalty of perjury that the foregoing is true and correct." These sworn declarations are available for inspection upon request.