

**2019 CITY OF OAKLAND
SCORED DISPENSARY PERMIT APPLICATION**

1. Applicant Information

a. Name: Lake Merritt Equity LLC

b. Type of Corporate Structure:

Corporation Limited Liability Company Partnership Individual

Collective Other: _____

c. Doing Business As: _____

d. Please Attach a Copy of State Registration (if applicable) (Attachment A)

e. Partner/Owner/Manager Information:

Please list all persons directly or indirectly interested in the permit sought, including all officers, directors, general partners, managing members, stockholders, and partners. Please attach additional pages if necessary (additional pages should be on 8½ x 11" paper; single sided, and include a Header with the applicant's name on the top right corner of each page).

Last Name: Carey-Grant	First Name: Cynthia	Middle Initial: M
Alias(es):		
Title: Owner		
[Redacted]		
Business Address:		
City:	State:	Zip:

Last Name: Murray	First Name: LeErik	Middle Initial:
Alias(es): Erik		
Title: Owner		
[Redacted]		
Business Address: 3650 Mt. Diablo Blvd, Suite 220		
City: Lafayette	State: CA	Zip: 94549

Last Name: Underwood		First Name: John		Middle Initial:	
Alias(es):					
Title: Owner					
Business Address: 3650 Mt. Diablo Blvd. Suite 220					
City: Lafayette		State: CA		Zip: 94549	

Last Name:		First Name:		Middle Initial:	
Alias(es):					
Title:					
Date of Birth:		Phone:		Email:	
Residential Address:					
City:		State:		Zip:	
Business Address:					
City:		State:		Zip:	

Last Name:		First Name:		Middle Initial:	
Alias(es):					
Title:					
Date of Birth:		Phone:		Email:	
Residential Address:					
City:		State:		Zip:	
Business Address:					
City:		State:		Zip:	

Last Name:		First Name:		Middle Initial:	
Alias(es):					
Title:					
Date of Birth:		Phone:		Email:	
Residential Address:					
City:		State:		Zip:	
Business Address:					
City:		State:		Zip:	

Last Name:		First Name:		Middle Initial:	
Alias(es):					
Title:					
Date of Birth:		Phone:		Email:	
Residential Address:					
City:		State:		Zip:	
Business Address:					
City:		State:		Zip:	

2. Business Plan (twelve points, two points per question)

Using only the spaces provided below, please answer the following questions.

- a) Describe Applicant's understanding of the cannabis dispensary market, what customers in this market are seeking, and how Applicant intends on capturing market share.

The demand for cannabis in California is growing quickly and rapidly evolving, and the industry must with it. Two years into California's new state licensing regime, the number of licensed dispensaries remains drastically low per capita when compared to states like Oregon and Colorado. With roughly 600 active storefront retailer licenses in the State, there are fewer than 2 operating, licensed dispensaries for every 100,000 California residents. By comparison, one study found Oregon had 16.5 dispensaries per 100,000 residents and Colorado had 14.1 while California had only 1.6. Yet Oakland, which has 10 permitted dispensaries in operation, 6 conditionally approved dispensaries not yet in operation, and 8 additional dispensary permits becoming available this year, is poised to serve more than just Oakland's 429,000 diverse residents. Oakland is now a destination for cannabis tourism, drawing patients and consumers from different areas, of every demographic, ranging from experienced connoisseurs to first time users. An Oakland dispensary in today's market must do more than simply carry cannabis products.

At Lake Merritt Equity, LLC ("LME") our strategy to succeed has four significant components:

1. FOCUSING ON OUR EQUITY PARTNERS AND OTHER OAKLAND-CRAFTED PRODUCTS.

Oakland has proudly led the nation with its history with cannabis and its willingness to give cannabis businesses a safe home. LME knows the value that consumers place in purchasing hand-crafted, local products from authentic businesses true to their Oakland roots. We not only share that value; it is fundamental to our business plan. LME's incubator agreements will provide us with a steady source of unique, high-quality, Oakland-sourced products. Beyond our own incubator relationships, LME has committed to placing on its shelves and e-platforms 50% of its products from Oakland equity cultivators and manufacturers and 100% of its products through equity distributors. As an equity business itself, our commitment to Oakland's equity program is reflected in our own ownership and team.

LME is uniquely situated to execute on this plan. Key members of its team also manage two of the largest cannabis multi-tenant cannabis facilities in the world, right here in Oakland. Their work with their many tenants, including many equity incubation participants, gives them unsurpassed local knowledge and experience. They have an unprecedented opportunity and vantage point from which to identify and nurture Oakland businesses, equity and not, who can provide products that LME's customers will love. We also believe our core values align with the intent of the Oakland Cannabis Equity initiative and the larger communities we plan to serve. This includes our dedication to partnering with other Equity applicants, utilizing and building the skill and expertise of individuals with previous cannabis industry experiences, implementing fair wage policies and offering professional development and training opportunities for individuals seeking advancement opportunities.

2. CAREFULLY CURATED PRODUCT OPTIONS FOR EVERY CONSUMER AND PATIENT.

A second fundamental part of our business plan is thoughtful product selection. While our deep bench of equity partners and other Oakland relationship provides access to unique, local products, that is not enough to succeed. We will also prioritize: **PRICE.** Having products at different price points, from value to premium, allows LME's store to offer something to everyone. **TREND-SETTING.** LME's leadership and deep roots in the industry place it on the forefront of innovation in products and taste. By anticipating and leading changes in consumer demand, whether for cutting-edge brands, the new strain about to blow up, or new product types, LME will maintain and advance Oakland's cannabis leadership and taste-making. **QUALITY AND SAFETY.** LME is also committed to providing products that are 100% safe. LME will use its industry knowledge and vet suppliers far beyond mere regulatory compliance testing, so that it can fully stand behind everything on its shelves.

3. WELCOMING, GENUINE CUSTOMER SERVICE.

Oakland is proud of its diverse population and the same diversity exists among those using cannabis as part of a wellness regimen. We plan to hire a staff that also reflects this diversity. A core foundation of LME's consumer experience is to warmly make welcome all customers. The fastest growing demographics for cannabis users are women age 40-55, followed by seniors over 65. These groups may have been intimidated by the thought of visiting a dispensary in the past, but we intend to use our knowledge and experience to make everyone feel welcome and properly informed about the products we carry. In the case of seniors, who often have little to no information about cannabis beyond what they heard decades ago, it is of utmost importance that they get as much guidance as possible about the options available to them in today's environment. While we will always look to increase credibility amongst those familiar with cannabis, we will also directly reach out to those who have never visited a dispensary before. Our marketing plan will not only effectively secure a share of the existing cannabis consumer market, it will seek to surpass all other operators in outreach to the coming new wave of customers, those who have stayed away but are now ready to give cannabis a try.

4. LOCATION, LOCATION, LOCATION

LME has already secured a location, vetted by City staff, making LME poised to open its doors and commence operations in a timely manner. 2340 Harrison St. sits across the street from Whole Foods and the St. Paul's Towers retirement community, in the rapidly developing intersection between Uptown, Pill Hill, and Adam's Point. This area is perfect for LME's dispensary because this part of the City is not saturated with other cannabis shops, is a convenient, walkable location for the quickly-growing surrounding residential and commercial community.

b) Describe Applicant's background and experience in cannabis dispensing or similar industries.

The key to success in a rapidly evolving market is knowing where the industry has been and where it is going, and then applying successful business practices to scale up, operate profitably, and benefit the local community. LME's team members bring a blend of extensive experience in real world business management and in the Bay Area cannabis industry. Our team has the unique skills to ensure success in an increasingly competitive environment and, at the same time, represents the unique cultural diversity of the Oakland cannabis community.

Owner Cynthia Carey-Grant is a long-time Oakland resident and qualified equity applicant. Having spent her career running non-profits in the medical field, Cynthia brings business acumen, leadership, and her deep knowledge of the health and wellness benefits of cannabis to LME's team. Cynthia also brings her vast network in the Oakland's non-profit, medical, and cannabis communities.

Cynthia was formerly the executive director of Women Organized to Respond to Life-threatening Diseases (WORLD), where she spent nine years leading the widely respected, Oakland based women's HIV/AIDS services/advocacy organization. Cynthia also served in leadership roles at other prominent women's health organizations, including Planned Parenthood Federation of America and as Manager for Women's Health with The Kaiser Permanente Medical Group. Cynthia was a member of the Alameda County Office of AIDS Administration Collaborative Community Planning Council (CCPC), Co-Chair of the Alameda County Prevention Committee and a member of the CCPC Executive Committee and Quality & Data Services Planning Committee. She is a founding member of the Sankofa Collaborative, a national partnership of African American and Afro-Latino health professionals dedicated to addressing the impact of HIV/AIDS on African American women and their families. She currently serves as Co-Chair of the International AIDS conference. Cynthia brings her valuable background and leadership experience to LME's Team.

LME's officers Erik Murray and John Underwood bring their experience, knowledge, and connections in Oakland's cannabis community. As the managing partners of Oak Investment Funds, a private equity real estate fund focused on the value-add acquisition and development of commercial real estate within the San Francisco Bay Area, Erik and John have expertise in the off-market sourcing, acquiring, and repositioning of under-utilized, vacant, or blighted properties and returning those properties to beneficial community use, creating jobs, affordable housing, and neighborhood amenities. The two are currently managing facilities with more than 300,000 square feet for cannabis use, predominantly in Oakland. This has enabled Erik and John to form strong relationships and networks within Oakland's cannabis business community. An affiliate of Oak Investment Funds acquired the property at 2340 Harrison St. for this project.

Erik Murray is real estate developer, entrepreneur, and community building and diversity champion, who also brings his educational background in health and medicine to the LME team, with a BS in Health Promotion and Disease Prevention from USC. An expert in all facets of commercial real estate, Erik is a former Fortune 500 CRE executive and top producer focused on wealth accumulation and community impact through real estate investment and development.

John Underwood, with a BA in business and economics as well as a J.D. from NYU law school, brings to LME's team the skills needed to not only navigate the complex legal and regulatory landscape for operating a cannabis dispensary, but also the business acumen to do so successfully.

Deanna Callahan brings intimate and relevant retail knowledge and experience to LME's team. With nearly a decade of cannabis industry experience, Deanna has guided the development of businesses in every vertical of the regulated cannabis supply chain, leveraging her strategic operational expertise to optimize efficiencies, implement complaint procedures, and ultimately improve the client's bottom line.

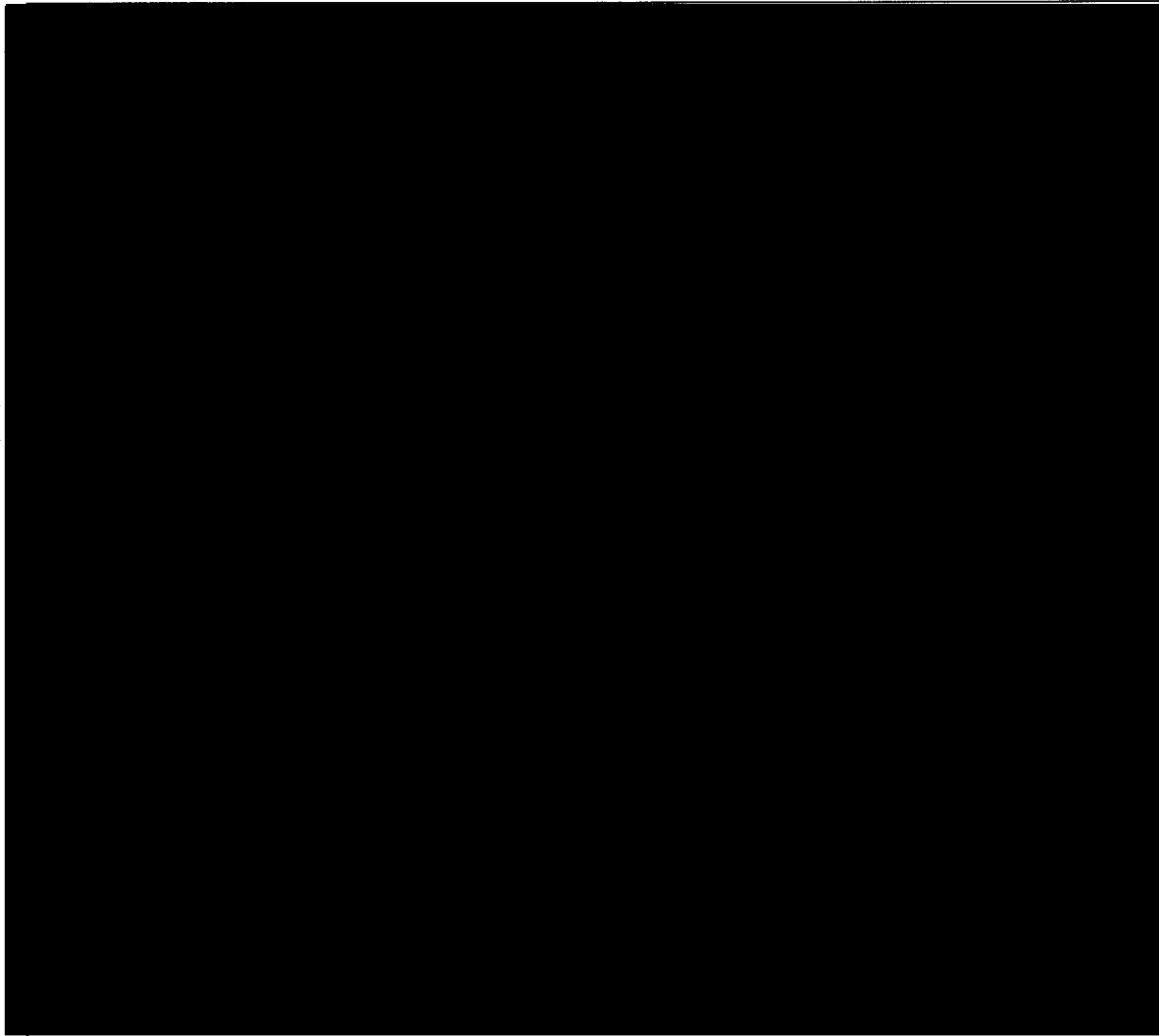

Pioneering California's early medical market, Deanna managed cannabis dispensaries and cultivation operations before transitioning into the manufacturing and distribution verticals where she served as the youngest C-suite officer. Deanna ran the sales team at LA Collective Buds & Roses before leading production operations as CPO at Jetty Extracts, where she tripled production, improved operations and ultimately increased annual revenues by 4X in just two years, and positioned the company as one of the top cannabis manufactured product companies in the state of California.

Deanna went on to found a boutique consulting firm where she built an all-star team of industry experts and attorneys that provides dozens of cannabis-related businesses guidance on licensing, and strategic operational planning.

In addition to our team members, LME has engaged Ringgenberg Law Firm of Oakland as outside counsel. The firm's team, including Oakland born and raised Hannah Strassburger, brings real-time knowledge of the rapidly changing cannabis laws and regulations and has the experience and expertise to help LME navigate the local and state licensing process and to provide regulatory compliance advice to its operations. The firm's team will advise LME on compliance with Oakland's Municipal Code, regulations or guidance issued by City staff, as well as California's state statutes and regulations issued by the Bureau of Cannabis Control and other applicable agencies. The firm, and Hannah in particular, bring extensive experience working with Oakland equity applicants, including through its pro bono program, which provides a broader network of potential equity suppliers and distributors, and a further commitment to Oakland's social equity program.

c) Explain how Applicant will cover its startup costs and working capital requirements. If Applicant's funds are currently available, please attach a letter of credit demonstrating sufficient capitalization to cover initial business costs. If these funds are not yet available, please outline how Applicant will gather enough capital to cover initial business costs. Examples include:

- I. Selling or converting other personal assets to raise funds.
- II. Borrowing against personal assets.
- III. Raising funds from investors.
- IV. Obtaining a loan from a third party.
- V. Obtaining a letter of credit from a third party.
- VI. Other (please describe)

d) Using the following tables, please provide Applicant's anticipated start-up expenses.

REAL ESTATE AND ADMINISTRATIVE EXPENSES	\$ AMOUNT
Purchase or Rent	\$0
Construction or Remodeling	\$0
Utility Deposits	\$1,000
Legal and Accounting Fees	\$40,000
Insurance	\$20,000
Prepaid Insurance	\$0
Pre-Opening Salaries and Benefits	\$40,000
Other (please provide detail)	\$50,000
Hiring and recruitment outreach to disadvantaged communities including equity eligible and previously incarcerated individuals	

CAPITAL EQUIPMENT LIST	\$ AMOUNT
Furniture	\$100,000
Equipment	\$25,000
Fixtures	\$25,000
Machinery	\$0
Other (please provide detail)	\$0

OPENING INVENTORY	\$ AMOUNT
Category 1: Flower	\$50,000
Category 2: Vapes	\$50,000
Category 3: Edibles	\$50,000
Category 4: Other Manufactured Products	\$50,000
Category 5: Other (cannabis accessories, water, etc)	\$50,000

ADVERTISING AND PROMOTIONAL EXPENSES	\$ AMOUNT
Advertising	\$45,000
Signage	\$10,000
Printing	\$1,000
Travel/entertainment	\$10,000
Other/additional categories	\$5,000

OTHER EXPENSES	\$ AMOUNT
Reserve for Contingencies	\$50,000
Other Expense 1:	
Other Expense 2:	

e) Please provide a staffing plan for the first three years using the following tables for each anticipated owner or employee:

2021

Position Title:	Salary Costs per Month	Benefit Costs per Month	Number Employed at this Position	Anticipated Month of Hiring
General Manager	\$7,000	\$1,750	1	March
Purchasing/Inventory Manager	\$6,000	\$1,500	1	March
Sales Associates	\$5,000	\$1,250	8	March
Inventory Associates	\$4,500	\$1,125	1	March
Security Guards	\$5,000	\$1,250	3	March

2022

Position Title:	Salary Costs per Month	Benefit Costs per Month	Number Employed at this Position	Anticipated Month of Hiring
General Manager	\$7,210	\$1,803	1	N/A
Purchasing/Inventory Manager	\$6,180	\$1,545	1	N/A
Sales Associates	\$5,150	\$1,288	10	January
Inventory Associates	\$4,635	\$1,159	1	N/A
Security Guards	\$5,150	\$1,288	3	N/A

2023

Position Title:	Salary Costs per Month	Benefit Costs per Month	Number Employed at this Position	Anticipated Month of Hiring
General Manager	\$7,426.30	\$1,857	1	N/A
Purchasing/Inventory Manager	\$6,365.40	\$1,591	1	N/A
Sales Associates	\$5,304.50	\$1,326	12	January
Inventory Associates	\$4,774.05	\$1,194	1	N/A
Security Guards	\$5,304.50	\$1,326	3	N/A

f) Please provide a forecast of your income statement (profit and loss) for each of the first three year, including:

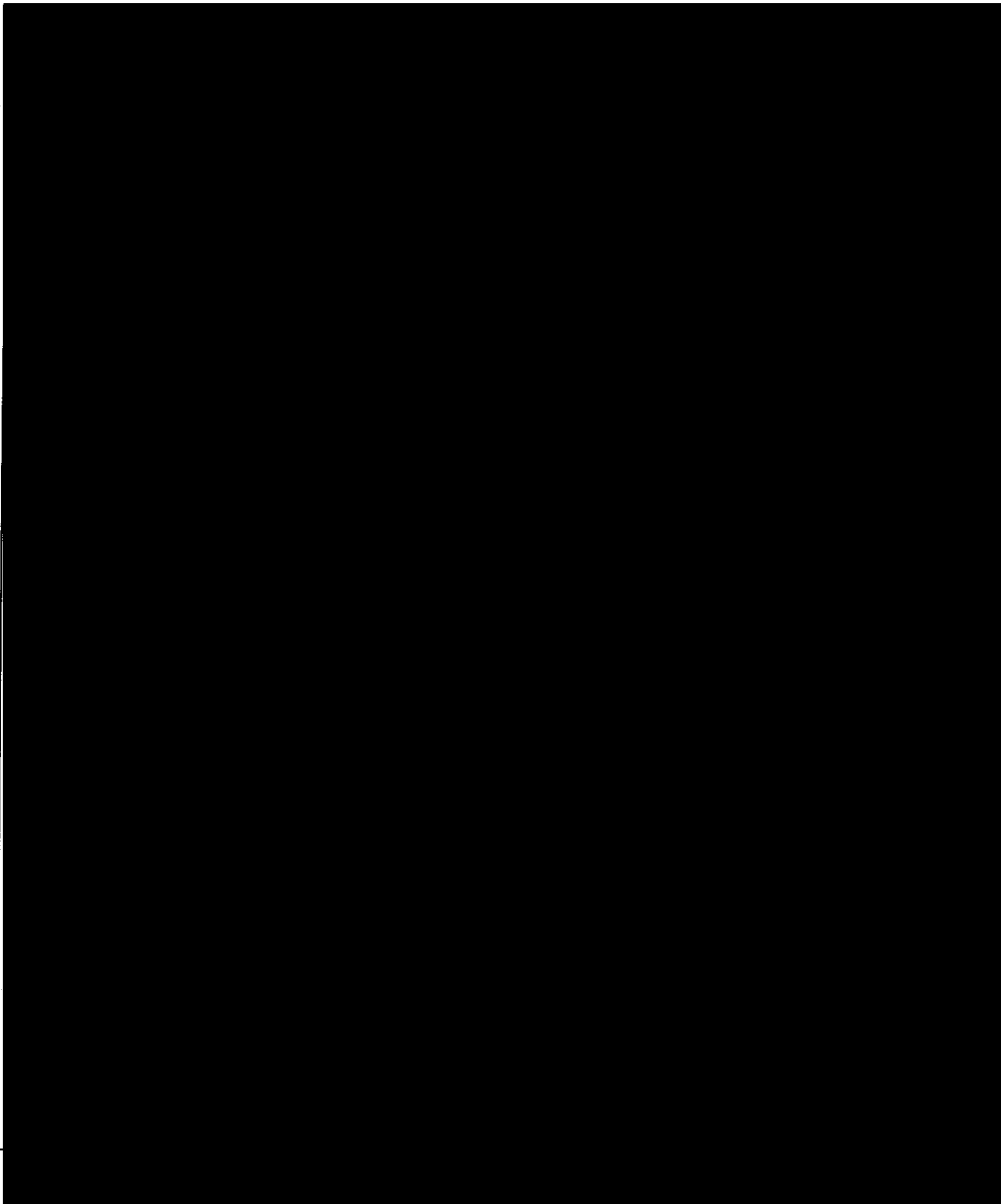
	2021	2022	2023
REVENUES			
Product/Service 1 Flower	\$2,493,750	\$3,241,875	\$3,403,969
Product/Service 2 Vapes + Extracts	\$2,400,000	\$2,760,000	\$2,866,000
Product/Service 3 Edibles	\$2,000,000	\$2,800,000	\$3,080,000
Other Revenue Other	\$130,000	\$156,000	\$157,560
TOTAL REVENUES	\$7,023,750	\$9,557,875	\$10,337,529
COST OF GOODS SOLD			
Product/Service 1	\$1,371,563	\$1,458,844	\$1,531,786
Product/Service 2	\$1,320,000	\$1,680,000	\$1,848,000
Product/Service 3	\$1,100,000	\$1,400,000	\$1,540,000
Salaries-Direct	\$0	\$0	\$0
Payroll Taxes and Benefits-Direct	\$0	\$0	\$0
Depreciation-Direct	\$0	\$0	\$0
Supplies	\$45,500	\$78,000	\$78,780
Other Direct Costs (Oakland Tax)	\$611,900	\$527,894	\$566,876
TOTAL COSTS OF GOODS SOLD	\$4,448,963	\$5,144,738	\$5,565,442
GROSS PROFIT (LOSS)	\$2,574,788	\$4,413,138	\$4,772,086
OPERATING EXPENSES			
Advertising and Promotion	\$40,000	\$44,000	\$4,8400
Automobile/Transportation	\$0	\$0	\$0
Bad Debts/Losses and Thefts	\$35,119	\$47,789	\$51,688
Bank Service Charges	\$136,963	\$100,358	\$93,038
Business Licenses and Permits	\$73,151	\$112,151	\$112,151
Charitable Contributions	\$5,000	\$5,000	\$5,000
Computer and Internet	\$15,000	\$15,000	\$15,000
Continuing Education	\$48,000	\$49,400	\$50,923
Depreciation-Indirect	\$0	\$0	\$0
Dues and Subscriptions	\$5,000	\$5,000	\$5,000
Insurance	\$35,000	\$35,000	\$35,000
Meals and Entertainment	\$15,000	\$15,000	\$15,000
Merchant Account Fees	\$5,000	\$5,000	\$5,000
Miscellaneous Expense	\$0	\$0	\$0
Office Supplies	\$12,000	\$12,000	\$12,000
Payroll Processing	\$25,000	\$25,000	\$25,000
Postage and Delivery	\$2,000	\$2,000	\$2,000
Printing and Reproduction	\$5,000	\$5,000	\$5,000
Professional Services-Legal, Accounting	\$50,000	\$25,000	\$25,000
Occupancy	\$50,000	\$50,000	\$50,000

	2021	2022	2023
Rental Payments	\$500,000	\$618,000	\$636,540
Salaries-Indirect	\$725,000	\$896,100	\$922,983
Payroll Taxes and Benefits-Indirect	\$181,250	\$224,025	\$230,746
Subcontractor	\$0	\$0	\$0
Telephone	\$6,000	\$6,000	\$6,000
Travel	\$12,000	\$12,000	\$12,000
Utilities	\$50,000	\$50,000	\$50,000
Website Development	\$12,000	\$1,000	\$1,000
TOTAL OPERATING EXPENSES	\$2,043,483	\$2,359,863	\$2,414,469
OPERATING PROFIT (LOSS)	\$531,305	\$2,359,863	\$2,357,618
INTEREST (INCOME), EXPENSE & TAXES			
Interest (Income)	\$0	\$0	\$0
Interest Expense	\$0	\$0	\$0
Income Tax Expense	\$643,697	\$1,267,546	\$1,381,631
TOTAL INTEREST (INCOME), EXPENSE & TAXES	\$643,697	\$1,267,546	\$1,381,631
NET INCOME (LOSS)	\$ (112,392)	\$ 785,728	\$ 975,987

3. Security Plan (five points)

Using only the space provided below, describe what measures Applicant will take to

- i. to avoid diversion of cannabis to unregulated market;
- ii. to prevent a burglary or armed robbery;
- iii. to minimize the loss of product in the case of a burglary or armed robbery.



4. Compliance with State Law (four points)

Using only the space provided below, please describe how Applicant will comply with state law, including:

- i. The supply chain from which applicant will obtain cannabis and cannabis products (Applicants need not name specific vendors; identifying license categories is sufficient).
- ii. How Applicant plans to record the movement of cannabis and cannabis products in their custody, such as with a track and trace system.

STANDARD OPERATING PROCEDURES. LME will assure compliance with all applicable state and local laws by using written standard operating procedures ("SOPs"), developed in collaboration between the owners, experienced industry operators, and legal counsel. As compliance is a core function, LME's owners will directly oversee successful SOP implementation, with support from counsel and the GM. Key compliance tasks fall into four areas: (1) Supply chain (2) inventory management (3) sales and marketing, (4) finance and taxes.

SUPPLY CHAIN. LME will only source its cannabis and cannabis products from cultivators, manufacturers, and distributors who are licensed by their local jurisdiction and the state, and who transport products to LME via a licensed distributor. As part of its brand strategy, LME will prefer Oakland-licensed suppliers, but in any case LME will confirm required state licensure of every vendor before doing business with them. LME plans to utilize a software point-of-sale, inventory, and accounting system that is integrated with CCTT-METRC, and will ensure all transactions are properly documented in accordance with track-and-trace requirements. Now that CCTT-METRC is fully active, LME can ensure each transfer is sourced from an approved vendor, track the inventory received with each shipment, access the COA for each product, and track vendor payment. LME will also conduct its own quality assurance review, including whether the products meet packaging and labeling requirements and have COAs that meet LME's product safety standards.

INVENTORY MANAGEMENT. Once products are received at LME's location from a state-licensed distributor, LME's data management system will track each item of inventory consistent with the METRC database entry until it is sold. LME best practices will include inventory reconciliation on a weekly basis, more frequent than the 30 day inventory reconciliation requirements required by state regulation. Any damaged or expired product will be disposed of properly (removed from packaging, rendered unrecognizable/unusable and securely stored until it can be picked up by an authorized waste hauler) and waste will be recorded in track and trace. After confirming incoming inventory counts, any lost or destroyed product will be red-flagged and the validity of the loss confirmed by the GM or CEO. Larger inventory discrepancies will also trigger audits to be conducted by the GM or CEO.

SALES AND MARKETING. Security personnel will limit access to the retail area to those patients 18 and over with a valid medical recommendation and customers 21 or over without a medical recommendation. The identity of each customer will be re-confirmed at point of purchase to prevent sales to unauthorized individuals. All promotional activity and materials will reviewed by counsel or trained personnel to confirm compliance with state and local law

FINANCE AND TAXES. All financial transactions, whether conducted in cash or otherwise, will be tracked in LME's data management system. Tax compliance will be assured as discussed in response to item 5(iii) below.

5. Tax Rates (four points, one point per question)

Using only the space provided below, please answer the following questions regarding local and state tax laws that apply to cannabis dispensaries.

i. Local Taxes:

a. What are the City of Oakland’s current business tax rates for cannabis businesses?

Cannabis Business Tax Rates - 2020 Tax Year (including cannabis businesses established/started in 2019 paying for 2019 Tax Year in 2020)					
Total Gross Receipts	Retail (store-front & delivery)	Indoor Cultivation	Outdoor Cultivation	Manufacturing, Packaging, Storage	Distribution
Up to \$1.5M * Equity Only *	0.12%	0.12%	0.12%	0.12%	0.12%
Up to \$500K	0.12%	0.12%	0.12%	0.12%	0.12%
\$500K+ - \$1.5M	5% Medical	5% Medical	5% Medical	5% Medical	5% Medical
	6.5% Non-Medical	6.5% Non-Medical	6.5% Non-Medical	6.5% Non-Medical	6.5% Non-Medical
\$1.5M+ - \$5M	5% Medical	5% Medical	5% Medical	5% Medical	5% Medical
	6.5% Non-Medical	6.5% Non-Medical	6.5% Non-Medical	6.5% Non-Medical	6.5% Non-Medical
Over \$5M	5% Medical	5% Medical	5% Medical	5% Medical	5% Medical
	9.5% Non-Medical * Non-Marginal *	9.5% Non-Medical * Non-Marginal *	9.5% Non-Medical	9.5% Non-Medical	9.5% Non-Medical

ii. State Taxes:

a. What is the cannabis excise tax rate for adult use cannabis purchases?

15% on "average market price". For products sold to the retailer in an arms-length transaction, the tax is 15% of 180% of the wholesale price. For other products, the tax is 15% of the retailer's gross receipts on the product.

b. What is the sales tax rate for adult use cannabis sales?

In Oakland, 9.25% sales tax on adult use cannabis sales.

iii. What measures, including point of sale systems, Applicant will implement to ensure proper collection of local and state taxes.

LME will take specific measures to ensure that all taxes are collected, paid, and properly reported. Six taxes bear focus: (1) State cultivation taxes, (2) State excise taxes, (3) state/local sales taxes, (4) Oakland business taxes, (5) and federal/state income taxes.

1. STATE CULTIVATION TAX. In accordance with state law, licensed distributors are responsible for assuring collection of the applicable state cultivation tax. Still, LME will require its vendors to verify and document cultivation tax collection as part of its due diligence.

2. & 3. STATE EXCISE & SALES TAXES. All sales transactions will be conducted using on-site point of sale (POS) system that is integrated with CCTT-METRC. And LME will ensure that the POS system tracks and calculates the state excise tax, state sales tax, and the applicable local sales tax for each transaction. The POS system will also separately track medical and adult-use sales. Transactions will be reconciled at least daily and exported to LME's accounting system, to support internal and external audits. At least monthly, books will be reviewed and closed out, and sales and excise tax results confirmed.

4. & 5. OAKLAND BUSINESS & INCOME TAXES. At year-end, LME's accounting and bookkeeping team will prepare annual financial reports from data in its accounting system for management review and tax preparation purposes. Those year-end financial reports will be provided to LME's outside accountants, along with such other material as the accountants require, to prepare LME's state and federal income tax returns. LME will use those same financial reports to calculate LME's gross receipts on sales for payment of Oakland's business tax.

6. Odor Mitigation (four points)

Using only the space provided below, please submit a plan for how cannabis odors will not be detectable outside of the proposed facility, such as utilization of carbon filters.

LME is committed to having only a beneficial impact on its community. Our operational plan includes Standard Operating Procedures to minimize all odors that typically occur during normal daily processes. We do not anticipate the strong emissions of cannabis odors to be a factor in our operations. We have identified the three possible sources from which a cannabis odor might emanate, and will take all necessary steps to eliminate aromas from escaping the facility.

1. Prepackaged flowers and other raw cannabis materials. As required by state law, no cannabis will be packaged at the retail facility, greatly mitigating this source of odor. All cannabis available for purchase at the dispensary will come prepackaged from a licensed distributor, in the appropriate tamper evident/tamper resistant packaging, which may not be fully odor proof. The prepackaged product will be kept in a large separate odor proof bag or container, and stored in a well ventilated and secure storage area designated for cannabis inventory. Only a small amount of inventory will be kept on the sales floor during operating hours.

2. Cannabis storage area. The secure storage area that will hold all cannabis products will be well ventilated, with additional inline iPower (or similar) carbon filter absorption system installed at the appropriate point in the exhaust system leaving the storage area. The exhaust system will utilize negative pressure to ensure that any odors in the room are funneled through the carbon filter so that no odors escape.

3. Waste disposal. Occasionally a cannabis product will have to be removed from inventory and be disposed of properly, which requires removing the product from its packaging before rendering it unusable and unrecognizable. This will occur when a product is found to be defective, expired, showing a breach of packaging or returned by a customer. All waste containing any amount of cannabis product will immediately be quarantined into a locked, odor proof waste bin and kept in the secured ventilated storage area. At designated times, the facility manager or designated personnel will follow LME's procedures regarding the safe and proper disposal of cannabis waste.

LME will also take additional precautions to mitigate odor. The facility will be equipped with a ventilation system that carries air out of the facility only after directing it through carbon absorption filters at each vent to eliminate 100% of any remaining or residual odors. The odor mitigation and ventilation system will be certified as meeting all applicable requirements by a mechanical engineer. All carbon filters in the storage area and the outlet exhaust fans will be checked at least every 90 days for functionality and replaced as needed. The facility's entryways will also be properly sealed so as to eliminate the possibility of odors escaping, including in the event of power outages where other methods of odor mitigation are temporarily suspended. LME will also ensure that it maintains open channels of communication with the neighboring businesses and community so that it can quickly address any concerns that arise.

7. Neighborhood Beautification (five points)

Using only the space provided below, please submit a community beautification plan detailing specific steps your business will take to reduce illegal dumping, littering, graffiti and blight and promote beautification of the adjacent community. Examples of specific steps include participating in City of Oakland Adopt a Spot/Drain program, installing murals, removing graffiti within 48 hours and providing landscaping.

LME will take substantial efforts to ensure the safety and improve the aesthetics of the area surrounding its retail store.

First, LME will, as part of the Adopt a Spot program, adopt the streets in the area immediately surrounding the retail store and commit to: (a) keeping the area clean of trash, debris, and graffiti (removed within 48 hours), including cooperation with nearby landlords to offer graffiti removal service for their building; (b) improving and maintaining plantings on and near LME's property including any nearby medians (assuming City approval) and adjacent private property (assuming consent from adjacent property owners)), (c) regularly clearing all drains within 150 feet of the retail store. Upon licensure, LME will not publicize or use its Adopt a Spot participation for marketing or promotional purposes.

Second, LME will seek beautification opportunities around Lake Merritt, which is in the general vicinity of LME's retail location and presents the greatest need for support. LME will, through programs like the Adopt the Spot program, the Lake Merritt Institute's Clean Lake Program, and Lake Merritt Weed Warriors, participate in the neighborhood community organization for the lake, providing financial and people-power support for needed improvements and maintenance.

Third, LME plans to enhance the building's appearance by incorporating a mural by a local artist, which will not only deter graffiti, but will add to the store's draw. Oakland's growing collection of public murals has become another draw for visitors and a source of pride and cultural identity. LME wants to honor and celebrate this aspect of Oakland by reflecting it in its business and supporting this mural and other community art in a manner similar to the Bay Area Mural Program ("BAMP"), or the Attitudinal Healing Connection (AHC) Oakland Super Heroes Mural Project.

8. Labor (eighty points, twenty points per question)

a. OMC 5.80 requires that half of all dispensary employees be Oakland residents. What percentage of Applicant's employees will be Oakland residents from equity program qualifying police beats as defined by OMC 5.80 and 5.81?

- 1-10% 11-20% 21-30% 31-40% 41-50% 51-100%

b. What percentage of Applicant's employees will be formerly incarcerated current Oakland residents?

- 1-10% 11-20% 21-30% 31-40% 41-50% above 50%

c. What will the pay ratio be between the dispensary's CEO compensation compared to the median compensation of the company's workforce?

- >5 to 1 ≤5 to 1 ≤3 to 1 ≤2 to 1 1 to 1

d. How will you recruit employees from equity qualifying police beats and/or formerly incarcerated Oakland residents?

LME is deeply committed to using the employment opportunities at LME as a key part of our mission to fulfill the promise of cannabis social equity in Oakland. Our recruiting plan has four key parts.

1. **Leverage Existing Personal Relationships.** The best way to find employees is through personal networks. The LME team members have strongly-rooted relationships in Oakland to help find a great team of employees. Cynthia Carey-Grant brings decades of involvement in Oakland neighborhood and community groups. Erik Murry and John Underwood bring extensive contacts in Oakland's cannabis community including relationships with numerous existing equity businesses and equity cannabis applicants as landlords or potential landlords. LME's team will tap these networks to find a broadest possible pool of potential employees, particularly those residing in the parts of Oakland hardest-hit by the war on drugs and the formerly incarcerated.
2. **Collaborate with Existing Institutions and Organizations.** The team members' personal networks will be supplemented by relationships with other organizations who are already serving this social equity mission. This includes Angela White and her Success Centers, the East Bay Alliance for a Sustainable Economy (EBASE), the Insight Prison Project, California Prostitute Education Project (Cal-Pep), CenterForce, Women Organized to Respond to Life-threatening Diseases (WORLD), AIDS Project East Bay (APEB), Building Opportunities for Self-Sufficiency (BOSS), Allen Temple Church Health and Wellness Ministry, and the East Bay Church of Religious Science Prison Ministry. These organizations know and serve a tremendous pool of potential employees, and LME intends to engage with each of them, and others, to make known LME's employment opportunities and to encourage applicants.
3. **Devoting the Necessary Resources.** Where the rubber hits the road is LME's devotion of resources to finding and hiring a social equity empowered workforce. In addition to the personal and organizational networks highlighted above, LME will participate in existing job fairs, including but not limited to those focusing on the cannabis industry, and will host its own quarterly job fairs to maximize exposure for new recruits. LME will also provide recruitment bonuses to its team members who refer successful hires, creating a virtuous cycle of hiring from within disadvantaged communities by turning our initial successful hires into ambassadors back in their communities.
4. **Training and Retention.** Cynthia Carey-Grant is an experienced social justice non-profit executive skilled at managing and training employees from marginalized communities. We will leverage that experience to offer first-class training and retention programs, so that the employees brought on will see value in staying, progressing, and building skills. This includes close collaboration with LME's social equity incubation and supplier partners, who can educate our staff on our unique equity-sourced products as well as more broad-based employment skills.

9. Ownership (fifteen points)

Does Applicant's "ownership" as defined under 5.80.010 (M) satisfy the definition of an Equity Applicant³?

yes no

If you answered yes to question 9, please provide supporting documentation as described below.

For proof of ownership please provide entity formation documents or documents filed with the California Secretary of State (e.g. articles of incorporation, stock issuance records, operating agreements, partnership agreements).

For proof of income please provide federal tax returns and at least one of the following documents: two months of pay stubs, current Profit and Loss Statement, Balance Sheet, or proof of current eligibility for General Assistance, Food Stamps, Medical/CALWORKs, or Supplemental Security Income or Social Security Disability (SSI/SSDI).

For proof of conviction should be demonstrated through Court documents, Probation documents, Department of Corrections or Federal Bureau of Prisons documentation.

For proof of residency please complete the below Proof of Residency Chart for all qualifying individuals and provide a minimum of two of the documents listed below evidencing 10 years of residency. All residency documents must list the applicant's first and last name, and the Oakland residence address in applicable police beats.

- California driver's record; or
- California identification card record ; or
- Property tax billing and payments; or
- Verified copies of state or federal income tax returns where an Oakland address is listed as a primary address; or
- School records; or
- Medical records; or
- Oakland Housing Authority records; or
- Utility company billing and payment covering any month in each of the ten years.

³ an "Equity Applicant" is an Applicant whose ownership/owner:

1. Is an Oakland resident; and
2. Has an annual income at or less than 80 percent of Oakland Average Medium Income (AMI) adjusted for household size; and
3. Either

(i) has lived in any combination of Oakland police beats 2X, 2Y, 6X, 7X, 19X, 21X, 21Y, 23X, 26Y, 27X, 27Y, 29X, 30X, 30Y, 31Y, 32X, 33X, 34X, 5X, 8X and 35X for at least ten of the last twenty years OR

(ii) was arrested after November 5, 1996 and convicted of a cannabis crime committed in Oakland.

Proof of Residency Chart

NAME OF EQUITY INDIVIDUAL Cynthia Carey-Grant		
CURRENT OAKLAND ADDRESS	DATES	
	FROM	TO
PRIOR OAKLAND ADDRESS(ES)		

NAME OF EQUITY INDIVIDUAL		
CURRENT OAKLAND ADDRESS	DATES	
	FROM	TO
PRIOR OAKLAND ADDRESS(ES)		

NAME OF EQUITY INDIVIDUAL		
CURRENT OAKLAND ADDRESS	DATES	
	FROM	TO
PRIOR OAKLAND ADDRESS(ES)		

10. Product (forty points)

What percentage of its cannabis products will Applicant commit to placing on its shelves and electronic platforms from Oakland equity cultivators and manufacturers? This commitment shall be demonstrated to the City via quarterly reports and verified on an annual basis.

- 1-10%
 11-20%
 21-30%
 31-40%
 41-50%
 above 50%

11. Distribution (forty points)

What percentage of its cannabis products will Applicant commit to purchasing from Oakland equity distributors? This commitment shall be demonstrated to the City via quarterly reports and verified on an annual basis.

1-9% 10-20% 21-40% 41-60% 61-80% 81-100%

12. Dispensary Incubator Program (maximum 60 points available with point allocation described below)

- Twenty-five points for first equity business incubated
- Fifteen points for second equity business incubated
- Ten points for third equity business incubated
- Five points for fourth equity business incubated
- Two points for fifth or any additional equity business incubated
- Five additional points per cultivation, testing lab, and manufacturing equity business incubated
- Five additional points per each license that is for an equity applicant who has not yet been incubated under the City of Oakland's equity program since it was established in 2017

General dispensary applicants that serve as incubators for cannabis equity applicants by providing free rent or real estate are entitled to bonus points for every cannabis equity business it incubates. Please note, the equity business may be any cannabis business type and it may be incubated either on the same property as the dispensary or at another site in Oakland.

In order to receive these bonus points, the General Applicant must comply with the following conditions:

- a. The free real estate or rent shall be for a minimum of three years.
- b. The Equity Applicant shall have exclusive access to a minimum of 1,000 square feet to conduct its business operations, with the exception of applicants in a Type S manufacturing space.⁴
- c. The General Applicant must provide any City required security measures, including camera systems, safes, and alarm systems for the space utilized by the Equity Applicant.
- d. The incubated equity applicant is not already being incubated in the proposed space under a separate permit application.
- e. The dispensary applicant cannot incubate themselves by possessing any ownership interest in an incubatee license.
- f. The same equity applicant cannot be incubated for more than three licenses per dispensary permit application.
- g. Should an incubated equity applicant cease operating its business within the three-year period, the General Applicant must notify the City of Oakland within 30 days and incubate a new equity applicant.

⁴ Please note that this exclusive access requirement under the Dispensary Incubator Program is different than the equity incubator program for non-dispensary uses, which allows for shared use of space.

In order to receive credit for incubating an equity business, general dispensary applicants must submit a copy of the lease and/or contractual agreements between General and Equity Applicants that provides the requirements listed under (a) through (e) above.

Please use the Dispensary Incubator Chart to list all equity applicants dispensary applicant intends on incubating under the conditions outlined above. Attach additional pages as necessary.

Dispensary Incubator Chart

NAME OF EQUITY APPLICANT	ADDRESS OF EQUITY BUSINESS	BUSINESS TYPE
1. Artemis Brand, LLC (Daniel Axtle)	4901 E 12th Street, Oakland, CA	Manufacturing
2. Javier Armas	4901 E 12th Street, Oakland, CA	Manufacturing
3. Brian Molitaris	4901 E 12th Street, Oakland, CA	Manufacturing
4.		
5.		
6.		
7.		
8.		
9.		
10.		

12. Supporting Documents.

Please check the boxes below for each supporting document submitted with this application. Please ensure that all supporting documents include a Header with the applicant's name on the top right corner of each page.

- Copy of State Registration for corporate structure (Attachment A)
- Letter of Credit if applicable (Attachment B)

For Oakland Owners Applicants Only:

- Proof of Oakland Residency (Attachment C)

For Oakland Equity Applicants Only:

- Proof of Ownership (Attachment D)
- Proof of Income (Attachment E)

And either

- Proof of Residency (Attachment C)
- or
- Proof of Conviction

For Dispensary Incubators Only:

- Lease or other contract providing free real estate or rent for a minimum of three years indicating square footage available to the Equity Applicant (Attachments F, G, H)
- Proof of providing required security measures, including camera systems, safes, and alarm systems for the space utilized by the Equity Applicant. (Attachments F, G, H)

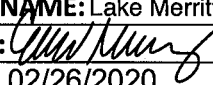
13. Oath of Application

I, the undersigned, declare under penalty of perjury that to the best of my knowledge, the information contained in this application and its supporting documentation is truthful, correct and complete; and, the information contained in this application and its supporting documentation discloses all facts regarding the applicant and associated individuals necessary to allow the City Administrator to properly evaluate the Applicant's qualifications for registration.

I, the undersigned further agree and acknowledge that I may be required to provide additional information as needed, for a complete investigation by the City Administrator.

I, the undersigned, further agree and recognize that I am responsible for obeying all Federal, State, County and local laws.

I, the undersigned, further agree and understand that any misrepresentations, omissions or falsifications in the application or any documents attached thereto or amendments thereto will be immediate grounds for the City Administrator to deny this permit application and/or immediate grounds for revocation of a medical cannabis permit.

APPLICANT NAME: Lake Merritt Equity LLC
SIGNATURE:  Erik Murray, Manager
DATE: 02/26/2020

FOR OFFICE USE ONLY:

Application:

Received by: _____ Date: _____

Receipt #: _____