MAGNOLIA WELLNESS COLLECTIVE

Statement of veracity of all information provided

I hereby certify, under penalty of perjury, that the information provided on this application and in all attachments is accurate, true, and correct. I understand and agree that making any knowingly false or misleading statements on the application, its attachments, or in the application process is grounds for denial of a permit or revocation or suspension of any permit issued in reliance on such false statement.

I understand and agree that any business activity conducted or operated under this application shall be operated in full compliance with all the laws of the State of California and the laws and regulations of the City applicable thereto, and that any violation of any such laws or regulations in in such place of business, or in connection therewith, shall render any permit therefore subject to immediate suspension or revocation.

I have personal knowledge of the information contained in this application and attest to the veracity of all information provided herein. This application has been completed under the supervision of the management members.

Dated: 10/14/11

Signed David Spradlin

David Spradlin, Executive Director

[redacted]

Labor and Employment Practices

An overview of our compensation structure, union affiliation, equity participation, staffing procedure, benefits, and commitment to hiring Oakland residents.

RFPA CITY ID#: MCD11105

Our wage scale is approximate, as every human resource case is unique to the person's performance, needs, education, and abilities and can change due to the collective bargaining agreement we have in place with our Union. Below are basic outlines as to each level of pay:

- **Minimum** - This is the entry level for the given position, meaning the person fulfills the minimum requirements for the job.
- **Level A** - The employee has the experience and knowledge to master most of the duties related to the job in an independent manner. Employees whose salary falls between the Minimum and Level A are in the development phase because they are still learning their job. As a general rule, hourly staff is promoted to Level A after their 90-day probation period if their performance is good.
- **Level B** - The employee is highly experienced and their level of productivity exceeds the job requirements. Employees whose salary falls between Levels A and B are in the maturity phase because they are mastering their job.
- **Maximum** - The employee is continuously producing results that are well above the requirements of the job. Employees whose salary falls between Level B and Maximum are in the leadership phase because they have demonstrated superior leadership skills and a strong commitment to the organization.

Union Membership

The organization is currently a member of UFCW Local 8 in the Sacramento Area. We have also signed Union Cards with UFCW Local 5 for our Oakland location. A letter signifying this relationship can be found in Exhibit 23-a. Our Union membership is one we are very proud of and are excited about being an example for the rest of the industry. We were the first organization to join Local 8 in the Sacramento area and we look forward to joining the organizations in Oakland who are also members of Local 5. We believe in allowing our staff to band together to achieve common goals and guarantee good working benefits for them. It is an important security that makes our staff proud and makes them feel as if they are part of a more universal movement to bring legitimacy and power to those who work in this industry.

United Food and Commercial Workers is helping members of our staff team with negotiation of wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies. These important aspects of the employment experience create a sense of pride and ownership amongst our staff, and in turn make them more productive in their work.

UFCW give our staff a voice. Their union membership helps them to realize affordable health insurance, prescription drug coverage, living wages, safe working conditions, equal opportunity, a secure retirement and a voice in the workplace. This symbiotic relationship is positive for our staff and in turn the organization.

About United Food and Commercial Workers Union

The United Food and Commercial Workers International Union (UFCW) is North America's Neighborhood Union—1.3 million members standing together to improve the lives and livelihoods of workers, families, and communities.

They are America's youngest union, with the greatest percentage of members under the age of 35 of any other union. Their members know that through sticking together, we can get our country back on track and create a better future for all working people.

UFCW locals cover all 50 states, Puerto Rico and Canada.

Equity Participation

Our initial Board of Directors for Oakland is comprised of a great group of qualified and dedicated people who have the best interest of patients, the organization, and the local community in mind. The people committed to making this project a success are well known members of the local community, local business owners, community organizers, and pillars of the local medical cannabis community. Below are the demographics of those who have an equity participation role in the startup of the Oakland facility:

- **Oakland Local:** 75% of our Board is comprised of Oakland Residents and the other person will likely move to the area upon receiving the permit. Our Managing Director candidates are also Oakland residents.
- **Diverse:** Our Board is made up of two African-American men, one Jewish woman, and a Caucasian man. The diversity of Oakland is what makes it great and we will always look for candidates that represent the culture of the local community.
- **Age Differential:** Our Board has a good representation of ages to ensure we have a youthful and energetic voice, as well as the voice of wiser and more experienced elders of our community.
- **Variety of Experience:** Our Board comes from all walks of lives and experiences that will add to the greatness of the organization. There is a good representation of educational experience, life and business experience, Oakland Community experience, and experiences in the medical cannabis industry on our Board of Directors. This will enable us the resources needed to develop a successful collective organization in the City of Oakland.

Employing Oakland

We are committed to hiring 80% or more of our staff from the local community. This benefits our organization by staffing people who are familiar with our patient population's cares , wants, and needs, and can better service them accordingly. It is also convenient to have people that live nearby to staff the collective, so that they do not have to commute great distances to get to

work. This is good for the environment, as well as helps to ensure punctuality and coverage. The less distance a person has to travel, the less traffic, hassles, or hazards can get in their way of making it to work on time. This helps us to better serve our patients by being adequately staffed. It is also beneficial to the Oakland community. We want to see Oakland grow and thrive, so if we can find qualified people in Oakland that will in turn spend their income at local stores and restaurants, why wouldn't we? It is a no brainer to us. A vibrant local economy benefits our collective, our neighborhoods, our local attractions, and public safety. We are excited about being able to contribute through employing at least 15-20 Oakland residents to startup the Oakland project and maintaining the 80% resident hiring commitment for years to come.

We will be working with Oakland training, employment development centers and our Local 5 Union Hiring Hall to find qualified applicants. The **Oakland Private Industry Council** is a reputable career service organization that we will partner with, as well as other reputable employment assistance organizations in Oakland to recruit a staff that is qualified, motivated, and representative of the local community.

Commitment to Buying Oakland Goods and Services

Just as we believe in hiring Oakland residents to improve the local economy, we also believe in supporting fellow Oakland businesses to help Oakland have the resources necessary to continue to improve the quality of life for its residents. Where there is a local option for goods and services we are committed to using them. It is our goal to at least meet the 50% commitment to buying from Oakland businesses, but hope for that to be much higher.

This is a commitment in writing to the City to meet or exceed this expectation and always look for a local option in our purchasing. We have committed to using Smart Construction, an Oakland General Contractor and all local sub-contractors and labor for the build-out.

Equal Benefits

The organization deeply believes in Equal Benefits for our staff members, regardless of whether they are employees with domestic partners or employees with spouses. We do not discriminate against employees or others who are members of protected classes. The following is the definition we use of Domestic Partner:

> "Domestic partners are defined as same-sex and opposite-sex couples registered with any state or local government agency authorized to perform such registrations. There are no requirements for proof of relationship or waiting periods that are not also applied to married couples. COBRA-like continuation coverage is available to domestic partners and their children to the same degree and in the same manner as continuation coverage is available to spouses and step-children."

Declaration of Non-Discrimination

It always has been and will continue to be The Collective's policy that our staff should be able to enjoy a work environment free from all forms of unlawful employment discrimination. Decisions regarding recruiting, hiring, promotion, assignment, training, termination, and other terms and conditions of employment will be made without unlawful discrimination on the basis of race, color, national origin, ancestry, sex, sexual orientation, gender identity or expression, religion, age, disability, work-related injury claim, veteran status, political ideology, or any other factor which cannot lawfully be used as a basis for an employment decision. Individuals will be selected for promotion based on skill and ability. Where skill and ability are equal, then length of continuous employment will be the determining factor.

I, Davis Spradlin, declare under penalty of perjury under the laws of the State of California that I have read, understand, and shall ensure compliance with all labor and employment practices as stated in this application.

Dated: _____ **Signature:** _____

RFPA CITY ID#: MCD11105

EXHIBIT20-a

Projected Income, Expenditures, and Startup

Projected Income and Expenses- Year 1

Gross Revenue	$ 357,345	$ 357,345	$ 357,345	$ 595,575	$ 595,575	$ 595,575	$ 595,575	$ 595,575	$ 595,575	$ 833,805	$ 833,805	$ 833,805	$ 7,146,900
5% tax addition	$ (17,867)	$ (17,867)	$ (17,867)	$ (29,779)	$ (29,779)	$ (29,779)	$ (29,779)	$ (29,779)	$ (29,779)	$ (41,690)	$ (41,690)	$ (41,690)	$ (357,345)
Expenses:													
accounting services	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (3,000)
advertising/marketing	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (5,000)	$ (60,000)
advocacy/Policy	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (2,500)	$ (30,000)
alarm services	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (100)	$ (1,200)
armored car services	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (610)	$ (7,320)
cost of goods	$ (108,087)	$ (183,087)	$ (183,087)	$ (305,145)	$ (305,145)	$ (305,145)	$ (305,145)	$ (305,145)	$ (305,145)	$ (427,203)	$ (427,203)	$ (427,203)	$ (3,586,740)
health insurance	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (36,000)
insurances	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (1,667)	$ (20,004)
labor cost	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (69,167)	$ (830,004)
legal services	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (1,000)	$ (12,000)
license/permit fees	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (5,230)	$ (62,760)
maintenance costs	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (250)	$ (3,000)
patient services	$ (1,000)	$ (1,000)	$ (1,500)	$ (1,500)	$ (1,500)	$ (2,000)	$ (2,000)	$ (2,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (3,000)	$ (24,500)
payroll taxes	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (12,589)	$ (151,068)
postage/shipping	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (83)	$ (996)
printing/document	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (200)	$ (2,400)
quality control testing	$ (11,853)	$ (11,853)	$ (11,853)	$ (14,816)	$ (14,816)	$ (14,816)	$ (14,816)	$ (14,816)	$ (14,816)	$ (17,779)	$ (17,779)	$ (17,779)	$ (177,792)
Rent for Facility	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (72,000)
Reserves	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (6,000)	$ (72,000)
Security Guards	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (7,000)	$ (84,000)
supplies/packaging	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (1,250)	$ (15,000)
travel	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (500)	$ (6,000)
utilities	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (400)	$ (4,800)
Total Expenses	**$ (261,603)**	**$ (336,603)**	**$ (337,103)**	**$ (474,036)**	**$ (474,036)**	**$ (474,536)**	**$ (474,536)**	**$ (474,536)**	**$ (475,536)**	**$ (612,468)**	**$ (612,468)**	**$ (612,468)**	**$ (5,619,929)**
Start up Loan Payoff	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (35,000)	$ (4,150)	$ -	$ (354,150)
Net Income	**$ 60,742**	**$ (14,258)**	**$ (14,758)**	**$ 86,539**	**$ 86,539**	**$ 86,039**	**$ 86,039**	**$ 86,039**	**$ 85,039**	**$ 186,337**	**$ 217,187**	**$ 221,337**	**$ 1,172,821**

Proof of Capitalization

Documentation of the collective's financial history and ability to cover the cost of expanding operations in Oakland, CA.

RFPA CITY ID#: 11105

EXHIBIT23-a

UFCW5 Letter of Support and Agreement

UFCW 5
One Vision • One Voice • One Union

Ronald J. Lind
President

Tim Hamann
Secretary - Treasurer

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United Food & Commercial Workers Union, Local 5
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Fax: (650) 871-3590

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Fax: (925) 228-8355

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(831) 757-3094
Fax: (831) 757-9115

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San Francisco, CA 94102
(415) 693-0143
Fax: (415) 693-9352

85 Galli Drive, Suite H
Novato, CA 94949
(415) 883-6833
Fax: (415) 883-1043

840 E Street, Suite 8
Eureka, CA 95501
(707) 442-1751
Fax: (707) 442-9572

October 13, 2011

UFCW Local 5 acknowledges that "_____" Co, Inc. can and will use Local 5's Oakland Hiring Hall located at 8400 Enterprise Way, Suite 108, Oakland, CA 94621. The number is 1-(800) 655-FIVE (3483) for casual laborers.

Local 5's Oakland Hiring Hall will maintain a list of Qualified Patients/Casual Labor to dispatch to employers upon request.

Local 5 will notify all interested parties of any changes of address and phone number.

Thank you.

Ronald J. Lind

Ron Lind
President/International Vice President

Recognition Agreement

Having confirmed that a majority of its employees have authorized United Food & Commercial Workers Local 5, hereinafter referred to as the Union, to represent them for the purpose of collective bargaining, the Employer, Magnolia Wellness, the Employer hereby recognizes the Union as the exclusive representative of its employees in the following bargaining unit:

All full-time and regular part-time employees employed by Magnolia Wellness in Oakland in the City of Oakland, California.

David Spradlin
Employer

David Spradlin

Date: 10/11/11

UFCW Local 5

Ronald J. Lind

Date: 10/12/2011

This Agreement shall be effective upon ratification for a period of three years expiring on _____. Should either party to this Agreement desire to negotiate changes in any or all of the provisions of this Agreement upon its expiration date, written notice to that effect must be given to the other party at least sixty (60) days before the date of expiration. If no opening notice is given as designated above, this Agreement shall run from year to year and can only be changed through negotiations started by written notice by one party to the other party at least sixty (60) days prior to any expiration date, that is, the annual anniversary date of this Agreement.

Employer

David Spradlin

10/11/11

Date

United Food and Commercial Local 6

Ronald J. Lind

10/12/2011

Date

detects the presence of pesticides that are most commonly used in cannabis cultivation; Organophosphates, Carbamates, Pyrethroids, and Avermectins.

Testing will assure that our producers are adhering to out rigid protocols and not using pesticides that would not be allowed by the Organics Foods Production Act (OFPCA) and regulations in Title 7, Part 205 of the Code of Federal Regulations and the National Organic Program. We encourage all cultivators of cannabis use Integrated Pest Management (IPM) techniques.

Bioassay and Sensory Exam Testing

We have created a system for doing bioassay of our medicines, as well. Bioassay is basic human testing that gives real life responses as to how the medicine affects people. It is a sensory tracking program that helps us to get a better idea of how effective a certain medicine may be. We have developed a system for raw flower medicines, concentrated medicines, and food-based medicines. These forms will also be made available to patients so that they may track their personal experiences with their medicine in order to have a better reference of how a particular type of medicine may work for their condition. Our *Bioassay Forms* can be found as Exhibit (15-c).

Packaging and Labeling

We provide Patient Preferred Packaging service at the counter, meaning patients get their medicine accurately weighed out for them at the time of dispensing. We allow our patients to bring in their own clean and appropriate packaging to have their medicine placed in, and we offer them a discount as an incentive to do so. We do offer Silver Recycle Mylar packaging that can be safety sealed for those patients who do not bring in their own vessel. These durable and safe packages are recyclable and are also strong enough for a patient to use several times before recycling it. We do prepackaging of some items, and these packages are sealed at the time of packaging to ensure weights and to avoid tampering.

Our PoS system prints a label at the time of purchase that tells the weight of the package, the main cannabinoid levels, source of medicine (member provider #1234), date, prominent warnings, medicine type, collective name and city, genetic type, and applicable legal info. A medicinal facts panel is adhered to the back of the package that has specific warnings, use information, physician info, safety information, and directions (if applicable.)

Samples of our Packaging and Labeling Features can be found in Exhibit 24-a.

Safe Cannabis Program

The collective encourages our patients to participate in the Steep Hill Safe Cannabis ™ program. Below is information on that program:

Steep Hill Lab offers comprehensive medical cannabis safety screening and an independent certification system — including the "SafeCannabis™" certification seal identified to customers with labels and stickers provided to participating dispensaries and growers — to self-regulate their processes in order to assure safe and clean medicines and advance the cause of cannabis therapeutics. Independent testing can reduce the risks of contamination, and thereby improve the overall quality of the cannabis distributed as medicine through the dispensaries. Steep Hill's certification program helps medical cannabis patients know the quality of the cannabis they are using as medicine. The SafeCannabis™ Seal assures the patient that the medicine is pure, pesticide-free, and properly measured for potency.

Quarterly Safety Reports

Our staff will database information on all medicine received into the collective and make this information available in a quarterly report to the City. We will also have all Intake Evaluation Forms and lab testing results that we can make available electronically to the City should they require it.

Cultivation Standards

The following are standards we have set for our cultivators for maintaining a safe and clean garden facility on behalf of patients. These are the standards our staffed gardens will follow should we be granted a permit for a cultivation facility in the future in Oakland.

The collective takes the responsibility of producing safe and effective medicine very seriously. We maintain a level of ethics and accountability unmatched in the medical cannabis industry. Our staff is trained to be extremely aware of what is expected and required to grow quality cannabis medicines. Our facilities will employ state of the art technology to ensure our environments are properly controlled and are ideal for medicinal plant gardens. We will consult with agricultural and medical cannabis experts to design a feeding program that promotes healthy and safe growth with natural products. Our Integrated Pest Management (IPM) techniques will assure quality through a series of natural and approved methods to address any issues that may arise. We will take great pride in producing medicine that exceeds industry standards and provides great relief to the patents we serve.

All medicinal plants will be regularly inspected for safety and health. Any plants that do not meet the standards of quality or are experiencing unhealthy conditions will be quarantined and treated, or destroyed. We consider our cultivation areas to be medicine producing laboratories and we will demand that conditions be clean and sterile at all times. Our rigorous operational requirements and documentation process will enable our managing members to oversee the project with confidence and will make it easy to detect problems. Our thorough planning addresses issues before they arise, so that there will be a plan in place to deal with any and all problems promptly and effectively. We will work to educate and train our staff to make quality

assurance at every stage of the gardening process a top priority and a sense of pride in their work. Because the facilities will be used to produce medicine intended for patient use, our staff understands the importance of maintaining these standards and working to improve the quality and effectiveness of our medicine.

Cultivation Area Requirements

Our medicinal crops will be produced in greenhouses and indoor controlled environments. All cultivation areas from which harvested crops are intended for patient use must:

- Be managed in accordance with the requirements of the collective program.
- Have had no synthetic or "artificial" commercial fertilizers, sprays, or biosolids applied to it for a period of one year immediately preceding harvest of the crop.
- Have distinct, defined boundaries and buffer zones to prevent the unintended application of a prohibited substance to the crop, or contact with a prohibited substance applied to adjoining land/growing area that is not under collective management.

Soil Fertility and Crop Nutrient Management

- Staff will select and implement cultivation and other practices that maintain or improve the physical, chemical, and biological condition of soil and/or soilless media.
- Staff will manage crop nutrients and soil fertility through rotations, cover crops, and the application of plant and animal materials.
- Staff will manage plant and animal materials to maintain or improve soil organic matter content to prevent contamination of crops, soil, or water by plant nutrients, pathogenic organisms, heavy metals, or residues of prohibited substances. Animal and plant materials include:

(a) Raw animal manure, which must be composted unless it is:

(1) Incorporated into the soil not less than 120 days prior to the harvest of a product.

(b) Composted plant and animal materials produced through a process that:

(1) Established an initial C:N ratio of between 25:1 and 40:1; and

(2) Maintained a temperature of between 131 F and 170 F for 3 days using an in-vessel or static aerated pile system; or

(3) Maintained a temperature of between 131F and 170F for 15 days using a windrow composting system, during which period, the materials must be turned a minimum of five times.

(c) Un-composted plant materials.

- A producer may manage crop nutrients and soil fertility to maintain or improve soil organic matter and content by applying:

  (a) A crop nutrient or soil amendment pre-approved by managing members that is allowed for use in crop production.

  (b) Ash obtained from the burning of an allowed plant or animal material; and

  (c) An allowed plant or animal material that has been chemically altered by a manufacturing process.

- Staff must not use:

  (a) Any fertilizer or composted plant and animal material containing a synthetic substance not allowed for use, as referenced in our Guidelines for Approved Plant Additives and Treatments.

  (b) Sewage sludge (bio-solids) as defined in 40 CFR Part 503.

Seeds and Planting Stock Practice Standard

- We only use untreated and non-GMO: seeds, cuttings, annual seedlings, or planting stock.
- We use propagation methods including seeding, cuttings, non-GMO hybrids and new non-GMO strains.
- Staff utilizes acceptable seed storage techniques.

Pest, Weed, and Disease Control Standards

- Staff must use management practices to prevent crop pests, weeds, and diseases including but not limited to:

  (a) Crop rotation and soil and crop nutrient management practices,

  (b) Sanitation measures to remove disease vectors (may include steam pasteurization, solarization), weed seeds, and habitat for pest organisms; and

  (c) Cultural practices that enhance crop health, including selection of plant species and varieties with regard to suitability to site-specific conditions and resistance to prevalent pests, weeds, and diseases.

(d) Physical practices to prevent crop disease and pests including ventilation, temperature control physical barriers (screens, doors and walls), hoop houses, non-porous surfaces, removal of plant debris, sanitizing hands, tools, clothing and machinery, and use of shoe wash.

- Pest problems may be controlled through mechanical or physical methods including but not limited to:

  (a) Augmentation or introduction of predators or parasites of the pest species;

  (b) Development of habitat for natural enemies of pests;

  (c) Non-synthetic controls such as lures, traps, and repellents;

  (d) Approved treatment products and methods

- Weed problems may be controlled through:

  (a) Mulching with fully biodegradable materials;

  (b) Mowing;

  (c) Hand weeding and mechanical cultivation; or

  (d) Plastic or other synthetic mulches: Provided they are removed from the area at the end of the growing or harvest season.

- Disease problems may be controlled through:

  (a) Management practices which suppress the spread of disease organisms; or

  (b) Application of natural biological, botanical, or mineral inputs.

When the practices provided for are insufficient to prevent or control crop pests, weeds, and diseases, a biological or botanical substance or a substance included in Guidelines for Approved Plant Additives and Treatments may be applied to prevent, suppress, or control pests, weeds, or diseases.

- Staff must not use lumber treated with arsenate or other prohibited materials for new installations or replacement purposes in contact with crops, soil or soil mediums.

Medicine Handling Standards

- A medical cannabis production operation such as this may use mechanical or biological methods, which may include but is not limited to: cooking, baking, curing, heating,

drying, mixing, grinding, churning, separating, distilling, extracting, cutting, preserving, dehydrating, freezing, chilling, or otherwise manufacturing; and/or the packaging, canning, jarring, or otherwise enclosing product in a container to process an agricultural product for the purpose of retarding spoilage or otherwise preparing the agricultural product for market.

- Only allowed substances may be used in the operation as defined in the Guidelines for Approved Plant Additives and Treatments.

Facility Pest Management

- Staff must use management practices to prevent pests, including but not limited to:

  (a) Removal of pest habitat, food sources, and breeding areas;

  (b) Prevention of access to handling facilities; and

  (c) Management of environmental factors, such as temperature, light, humidity, atmosphere, and air circulation, to prevent pest reproduction.

- Pests may be controlled through:

  (a) Mechanical or physical controls including but not limited to traps, light, or sound; or

  (b) Lures and repellents using non-synthetic or synthetic substances consistent with the Recommended Resource Documents.

- If the practices provided for in this section are not effective to prevent or control facility pests, a synthetic substance not in the Guidelines for Approved Plant Additives and Treatments may be applied, if the managing members agree on the substance, method of application, and measures to be taken to prevent contact of the collective produced products or ingredients with the substance used.
- A collective staff member who applies a non-synthetic or synthetic substance to prevent or control pests must update the operational plan and batch documentation to reflect the use of such substances and methods of application. The updated operational plan must include a list of all measures taken to prevent contact of the collective produced products or ingredients with the substance used.

Prohibited Substance Contact Prevention

- The collective managing members and staff must implement measures necessary to prevent the commingling of collective and non- collective products and protect collective products from contact with prohibited substances.

- The following are prohibited for use in the handling of any The collective-produced agricultural product or ingredient:

  (a) Packaging materials, storage containers, or bins that contain a synthetic fungicide, preservative, or fumigant;

  (b) The use or reuse of any bag or container that has been in contact with any substance in such a manner as to compromise the integrity of any product or ingredient placed in those containers, unless such reusable bag or container has been thoroughly cleaned and poses no risk of contact of The collective-produced product or ingredient with the substance used.

Guidelines for Approved Plant Additives and Treatments

Allowed substances and inputs are those that are from one or more of the following categories:

OMRI Listed: The Organic Materials Review Institute is a reviewer of agricultural inputs and substances allowed in organic farming under the NOP guidelines and sustainable farming practices in general. Fertilizers, sprays, and processing aids that have been reviewed and listed by OMRI are allowed with the restrictions for use (if any) as listed by OMRI. Products Listed by OMRI generally have an "OMRI Listed" tag on their label.

WSDA Listed: The Washington State Department of Agriculture is also a reviewer of agricultural products and inputs similar to OMRI. Products listed by the WSDA are considered safe, sustainable and with any restrictions as listed by WSDA.

National List of Allowed and Prohibited Substances (205.603 & 604)

Generally Accepted Products: Products and inputs that are not on any of the above lists may still be approved for use if they are derived from natural sources. Examples of this include but are not limited to: mined minerals, rock dusts, uncontaminated plant materials, animal by-products such as bone and blood meal, livestock manures, marine products including fish and fish by-products, kelp and kelp products, and microbial inoculants and enzymes.

Glossary of Terms

Agricultural inputs. All substances or materials used in the production or handling of organic agricultural products.

Agricultural product. Any agricultural commodity or product, whether raw or processed, that is marketed for human consumption.

Allowed synthetic. A substance that is included in the Guidelines for Allowed Plant Additives and Treatments list of synthetic substances allowed for use in The collective production or handling.

Annual seedling. A plant grown from seed that will complete its life cycle or produce a harvestable yield within the same crop year or season in which it was planted.

Area of operation. The types of operations: crops, handling, or processing that may be approved by the The collective program.

Audit trail. Documentation that is sufficient to determine the source, transfer of ownership, and transportation of any agricultural product labeled as "The collective" in an ingredients statement.

Biodegradable. Subject to biological decomposition into simpler biochemical or chemical components.

Buffer zone. An area located between a certified production operation or portion of a production operation and an adjacent land area that is not maintained under organic management. A buffer zone must be sufficient in size or other features (e.g., windbreaks or a diversion ditch) to prevent the possibility of unintended contact by prohibited substances applied to adjacent land areas with an area that is part of a certified operation.

Bulk. The presentation to consumers at retail sale of an agricultural product in unpackaged, loose form, enabling the consumer to determine the individual pieces, amount, or volume of the product purchased.

Commingling. Physical contact between The collective-allowed and non-allowed agricultural products during production, processing, transportation, storage or handling.

Compost. The product of a managed process through which microorganisms break down plant and animal materials into more available forms suitable for application to the soil. Compost must be produced through a process that combines plant and animal materials with an initial C:N ratio of between 25:1 and 40:1. Producers using an in-vessel or static aerated pile system must maintain the composting materials at a temperature between 131F and 170F for 3 days. Producers using a window system must maintain the composting materials at a temperature between 131 F and 170 F for 15 days, during which time, the materials must be turned a minimum of five times.

Control. Any method that reduces or limits damage by populations of pests, weeds, or diseases to levels that do not significantly reduce productivity.

Crop. A plant or part of a plant intended to be marketed as an agricultural product.

Crop residues. The plant parts remaining in a field after the harvest of a crop, which include stalks, stems, leaves, roots, and weeds.

Crop rotation. The practice of alternating the annual crops grown on a specific field in a planned pattern or sequence in successive crop years so that crops of the same species or family are not grown repeatedly without interruption on the same field. Perennial cropping systems employ means such as alley cropping, intercropping, and hedgerows to introduce biological diversity in lieu of crop rotation.

Crop year. The normal growing season for a crop.

Cultivation. Digging up or cutting the soil to prepare a seed bed; control weeds; aerate the soil; or work organic matter, crop residues, or fertilizers into the soil.

Cultural methods. Methods used to enhance crop health and prevent weed, pest, or disease problems without the use of substances; examples include the selection of appropriate varieties and planting sites; proper timing and density of plantings; irrigation; and extending a growing season by manipulating the microclimate with green houses, cold frames, or wind breaks.

Detectable residue. The amount or presence of chemical residue or sample component that can be reliably observed or found in the sample matrix by current approved analytical methodology.

Disease vectors. Plants or animals that harbor or transmit disease organisms or pathogens which may attack crops.

Drift. The physical movement of prohibited substances from the intended target site onto a The collective Approved operation or portion thereof.

Emergency pest or disease treatment program. A mandatory program authorized by a Federal, State, or local agency for the purpose of controlling or eradicating a pest or disease.

Excluded methods. A variety of methods used to genetically modify organisms or influence their growth and development by means that are not possible under natural conditions or processes and are not considered compatible with organic production. Such methods include cell fusion, microencapsulation and macroencapsulation, and recombinant DNA technology (including gene deletion, gene doubling, introducing a foreign gene, and changing the positions of genes when achieved by recombinant DNA technology). Such methods do not include the use of traditional breeding, conjugation, fermentation, hybridization, in vitro fertilization, or tissue culture.

Fertilizer. A single or blended substance containing one or more recognized plant nutrient(s) which is used primarily for its plant nutrient content and which is designed for use or claimed to have value in promoting plant growth.

Growing (cultivation) area. An area of field, farm parcel or other area production occurs identified as a discrete unit within a production operation. Growing areas may be indoor or outdoor production units.

Growth media. The material in which production occurs and may include soil or soilless media, hydro- or aero-growth media, hydroponics or other media that meets program requirements.

Guidelines for allowed plant additives and treatments. The processes and programs that influenced the development of the The collective program requirements: these processes and programs are a result of the blending of current agricultural standards, advisory board recommendations and international standards of sustainable agriculture processes and programs. Allowed substances and inputs are those that are from one or more of the resources listed in the Guidelines for allowed plant additives and treatments.

Handle. To sell, process, or package agricultural products, except such term shall not include the sale, transportation, or delivery of crops by the producer thereof to a handler.

Handler. Any person engaged in the business of handling agricultural products, including producers who handle crops or livestock of their own production, except such term shall not include final retailers of agricultural products that do not process agricultural products.

Inert ingredient. Any substance (or group of substances with similar chemical structures if designated by the Environmental Protection Agency) other than an active ingredient that is intentionally included in any pesticide product (40 CFR 152.3(m) See Bibliography).

Ingredient. Any substance used in the preparation of an agricultural product that is still present in the final commercial product as consumed.

Ingredients statement. The list of ingredients contained in a product shown in their common and usual names in the descending order of predominance.

Inspection. The act of examining and evaluating the production or handling operation of an applicant for certification or certified operation to determine compliance with the Act and the regulations in this part.

Integrated Pest Management (IPM). A pest control strategy that uses an array of complementary methods: natural predators and parasites, pest-resistant varieties, cultural practices, biological controls, various physical techniques, and pesticides as a last resort. It is an ecological approach that can significantly reduce or eliminate the use of pesticides. Monitoring, sampling and record keeping are used to determine when control options are needed to keep

pests below an economically damaging threshold. Pest management, not eradication, is the goal of IPM.

Label. A display of written, printed, or graphic material on the immediate container of an agricultural product or any such material affixed to any agricultural product or affixed to a bulk container containing an agricultural product, except for package liners or a display of written, printed, or graphic material which contains only information about the weight of the product.

Labeling. All written, printed, or graphic material accompanying an agricultural product at any time or written, printed, or graphic material about the agricultural product displayed at retail stores about the product.

Lot (Batch). Any number of containers which contain an agricultural product of the same kind located in the same conveyance, warehouse, or packing house and which are available for inspection at the same time.

Manure. Feces, urine, other excrement, and bedding produced by livestock that has not been composted.

Mulch. Any non-synthetic material, such as wood chips, leaves, or straw, or any synthetic material included in the Guidelines for allowed plant additives and treatments list for such use, such as newspaper or plastic that serves to suppress weed growth, moderate soil temperature, or conserve soil moisture.

Narrow range oils. Petroleum derivatives, predominately of paraffinic and napthenic fractions with 50 percent boiling point (10 mm Hg) between 415F and 440F.

Natural resources of the operation. The physical, hydrological, and biological features of a production operation, including soil, water, wetlands, woodlands, and wildlife.

Non-agricultural substance. A substance that is not a product of agriculture, such as a mineral or a bacterial culture, which is used as an ingredient in an agricultural product. For the purposes of this part, a nonagricultural ingredient also includes any substance, such as gums, citric acid, or pectin, that is extracted from, isolated from, or a fraction of an agricultural product so that the identity of the agricultural product is unrecognizable in the extract, isolate, or fraction.

Non-synthetic (natural). A substance that is derived from mineral, plant, or animal matter and does not undergo a synthetic process. Non-synthetic is used as a synonym for natural.

Non-toxic. Not known to cause any adverse physiological effects in animals, plants, humans, or the environment.

Non-retail container. Any container used for shipping or storage of an agricultural product that is not used in the retail display or sale of the product.

Operational plan. A plan of management of an agricultural production or handling operation that includes written plans concerning all aspects of agricultural production or handling.

Organic matter. The remains, residues, or waste products of any organism.

Pesticide. Any substance which alone, in chemical combination, or in any formulation with one or more substances is defined as a pesticide in section 2(u) of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136(u) et seq)

Planting stock. Any plant or plant tissue other than annual seedlings but including rhizomes, shoots, leaf or stem cuttings, roots, or tubers, used in plant production or propagation.

Processing. Cooking, baking, curing, heating, drying, mixing, grinding, churning, separating, extracting, slaughtering, cutting, fermenting, distilling, eviscerating, preserving, dehydrating, freezing, chilling, or otherwise manufacturing and includes the packaging, canning, jarring, or otherwise enclosing food in a container.

Producer. A person who engages in the business of growing or producing agricultural-based consumer products.

Production lot (batch) number/identifier. Identification of a product based on the production sequence of the product showing the date, time, and place of production used for quality control purposes.

Prohibited substance. A substance the use of which in any aspect of organic production or handling is prohibited or not provided for in The collective operations.

Records. Any information in written, visual, or electronic form that documents the activities undertaken by a producer, handler, or certifying agent to comply with the The collective program.

Residue testing. An official or validated analytical procedure that detects, identifies, and measures the presence of chemical substances, their metabolites, or degradations products in or on raw or processed agricultural products.

Sewage sludge. A solid, semisolid, or liquid residue generated during the treatment of domestic sewage in a treatment works. Sewage sludge includes but is not limited to: domestic septage; scum or solids removed in primary, secondary, or advanced wastewater treatment processes; and a material derived from sewage sludge. Sewage sludge does not include ash generated during the firing of sewage sludge in a sewage sludge incinerator or grit and screenings generated during preliminary treatment of domestic sewage in a treatment works.

Split operation. An operation that produces or handles both organic and non-organic agricultural products.

Soil and water quality. Observable indicators of the physical, chemical, or biological condition of soil and water, including the presence of environmental contaminants.

Synthetic. A substance that is formulated or manufactured by a chemical process or by a process that chemically changes a substance extracted from naturally occurring plant, animal, or mineral sources, except that such term shall not apply to substances created by naturally occurring biological processes.

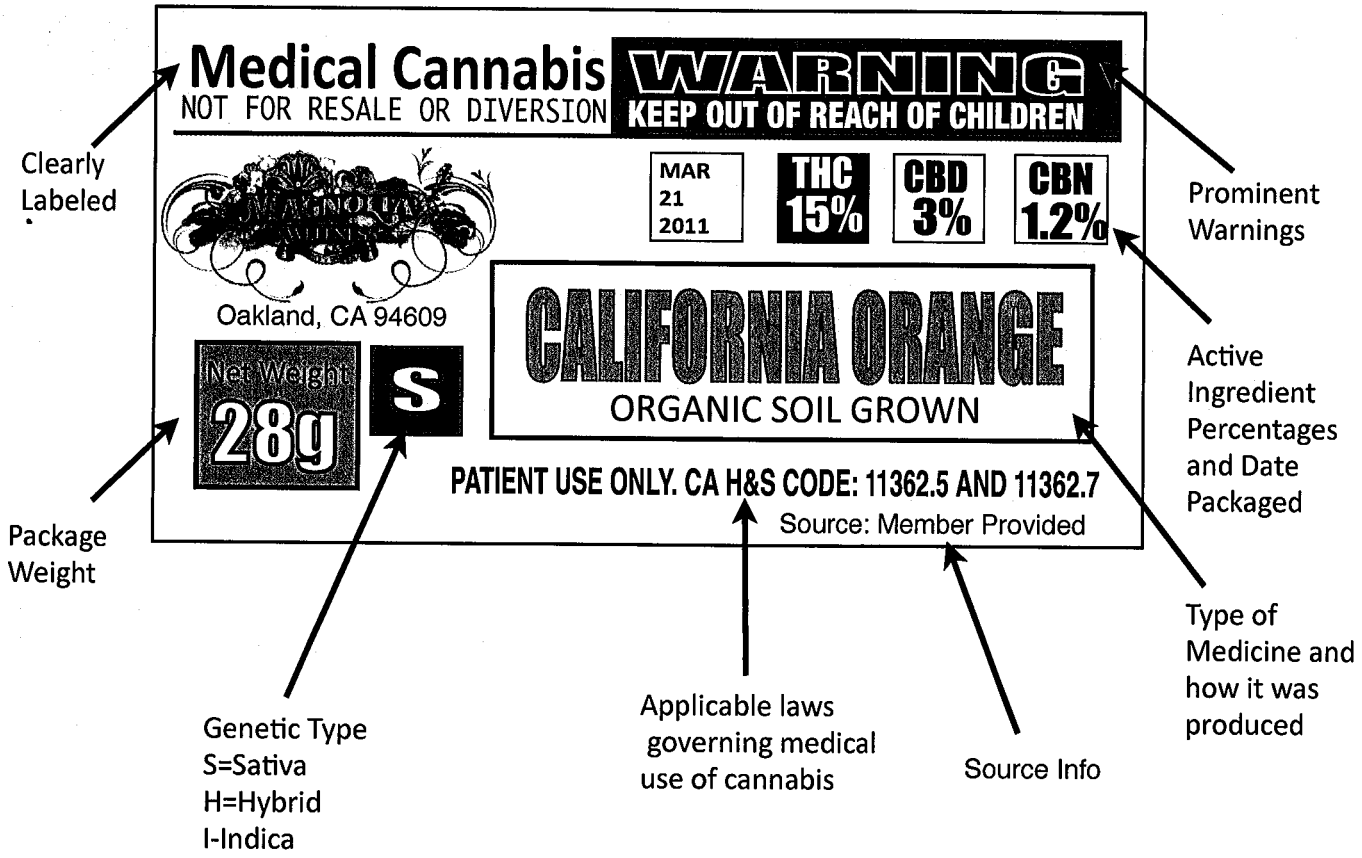
Tolerance. The maximum legal level of a pesticide chemical residue in or on a raw or processed agricultural commodity or processed food/medicine.

Transplant. A seedling that has been removed from its original place of production, transported, and replanted.

EXHIBIT24-a

Packaging and Labeling Samples

Labeling Features



Complete **Medicinal Facts** Panel

Medicinal Facts

Active Ingredient	***Purpose***
Tetrahydrocannabinol.....	Spasticity Control/Pain Reliever/Nausea Relief

Uses temporarily relieves symptoms associated with Chronic Pain, Cancer, HIV/AIDS, Multiple Sclerosis, Arthritis, Aging, and other conditions that are approved by a qualified physician. (Due to limitations on research by government agencies, please always consult a physician before using cannabis products for any condition.)

Warnings

Cannabis can effect people differently bases on weight, metabolism, and symptoms. Please consult a physician regarding any questions you may have about the proper use of this product. If any adverse effects are felt please consult a doctor promptly.

Do Not Use:

- With any other medication unless approved by a physician
- With alcohol
- While operating heavy machinery or operating a motor vehicle
- Without a physicians authorized recommendation

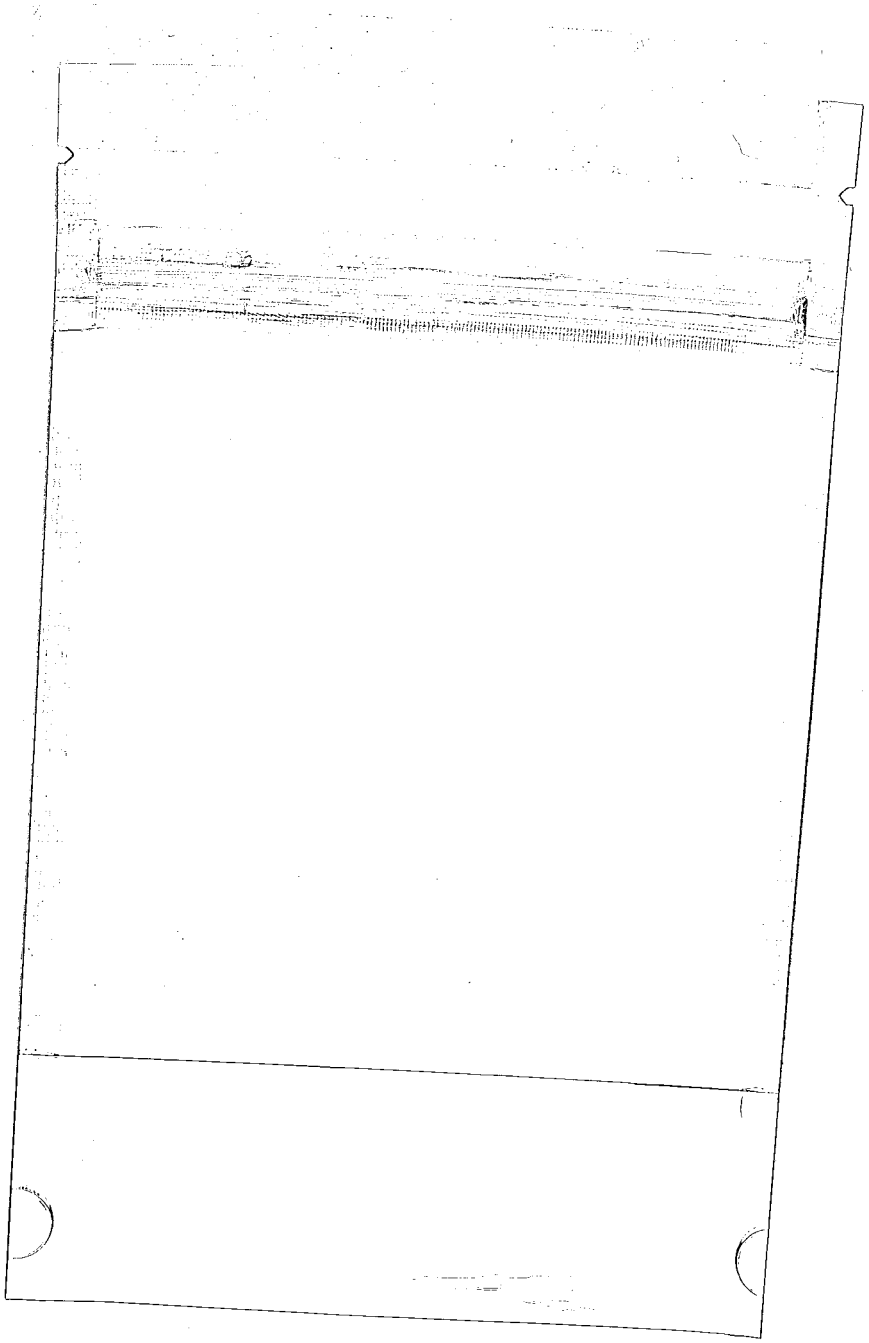
Stop use and consult doctor if:

- New symptoms occur
- Symptoms get worse
- Allergic reaction occurs

If pregnant or breast-feeding, consult a health professional before use.
Keep out of reach of children. In case of accidental ingestion get medical help or contact your physician right away.

Directions

For adult use only in conjunction with a doctor's recommendation. Begin by using a small portion of medicine and wait for one hour. Increase dosage if needed to ease symptoms. Dosage will vary based on a patient's condition, weight, metabolism, and dietary habits. Consult a physician to inquire what may work best for individual needs.



SUBJECT TO RATIFICATION

UFCW 8

GOLDEN STATE

United Food and Commercial Workers

Jacques Loveall

President

International Vice President

COLLECTIVE BARGAINING AGREEMENT

WITH

MAG WELLNESS, INC.

1st Sunday after Ratification – October 4, 2014

INDEX

COLLECTIVE BARGAINING AGREEMENT
BETWEEN
UNITED FOOD AND COMMERCIAL WORKERS UNION
8-GOLDEN STATE
AND
MAG WELLNESS, INC.

THIS AGREEMENT is made and entered into by and between **MAG WELLNESS, INC.,** hereinafter referred to as the "Employer," and **UNITED FOOD AND COMMERCIAL WORKERS UNION 8-GOLDEN STATE,** chartered by the United Food & Commercial Workers International Union, hereinafter referred to as the "Union."

SECTION 1. RECOGNITION

1.1 The Employer hereby recognizes the Union as the sole collective bargaining agency for an appropriate unit consisting of all full-time and regular part-time employees working at the Employer's facilities. In the event that the Employer opens other facilities within the jurisdiction of the Union, employees of those facilities shall be covered by this Agreement. The parties will bargain over the wages of any classification not covered by this Agreement.

1.2 When new or additional employees are needed, the Employer shall notify the Union, as one of its sources, for new or additional employees. The Union shall have the opportunity to refer applicants for vacancies to be filled. It shall be the sole determination of the Employer as to which applicants shall be offered employment.

1.3 The Employer will notify the Union of all new bargaining unit employees hired within fourteen (14) days of their employment.

1.4 All work covered under this Agreement shall be performed by bargaining unit employees of the Employer. The Union and Employer may mutually agree to bargaining unit work performed by other employees so long as the Employer maintains the position of a dual Employer for all such employees.

SECTION 2. PAYROLL DEDUCTION

2.1 The Employer, upon written authorization of an employee, shall deduct equally from the first (1st) four (4) weekly payments of wages each month beginning with the second (2nd) month of employment, the periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining Union membership, and promptly remit the same to the Union on a monthly basis. If properly payable dues are not deducted by error, they should be deducted the following month. The Employer also agrees to deduct and remit to the Union political check-off contributions upon written authorization by employees.

2.2 If an employee quits, is discharged or laid off, deductions in accordance with this section shall be made from the last payment of wages.

2.3 The Union shall indemnify and save the Employer harmless against any and all claims, demands, suits, or other forms of liability that shall arise out of or result by reason of action taken or not taken by the Company in reliance upon signed authorization cards furnished to the Employer by the Union or for the purpose of complying with any of the provisions of this section.

2.4 An authorization for wage deductions signed by an employee in conformance with this section shall be irrevocable for a term of one (1) year and shall be automatically renewed each

successive year unless an employee desiring to terminate the authorization gives written notice of such desire to the Employer and the Union at least thirty (30) days and not more than ninety (90) days before the automatic renewal date.

SECTION 3. MANAGEMENT RIGHTS

3.1 The management of the business of the Employer and the direction of its personnel, including, but not limited to, the right to hire, promote, demote, schedule hours of work, reduce hours of work daily or weekly, assign duties, transfer or relieve employees from duty for lack of work or other legitimate reasons, discharge and discipline for just cause, and establish reasonable rules and regulations is the exclusive responsibility of the Employer subject to the terms of this Agreement. The Employer shall be the exclusive judge of its business and the methods, processes, means, and material to be used. Nothing contained in this Agreement shall be intended or construed as a waiver of any of the usual, inherent, or fundamental rights of the Employer, whether the same has been exercised heretofore or not; and these rights are hereby expressly reserved to the Employer.

3.2 Copies of rules, policies, and procedures and changes thereto will be given to the Union and to all employees.

3.3 As a condition of this Agreement, the Employer will provide the Union with a business plan and agrees to abide by all legal business requirements of the municipalities in which it operates. Concurrently with the signing of this Agreement, the Employer will sign the Medical Cannabis Industry Code of Conduct which is attached as Appendix B. Given the nature of the Industry, the Employer and the Union understand the importance of adhering to professional, legal, ethical, and safe business standards. Those standards include:

(a) Responsible customer service and access in a clean and secure environment that assures customer and worker safety.

(b) Safe and secure storage and other practices that anticipate and respect community and neighborhood concerns.

(c) Responsible dispensing to adult patients over the age of eighteen (18) only.

(d) A demonstrated commitment to prevent and discourage secondary sales.

(e) A commitment to the development of continuing education and eventual certification of industry and workplace standards.

3.4 The Employer and the Union will work as partners to assure that these standards are met, but all legal responsibility for meeting these standards shall rest with the Employer.

3.5 The Union and the Employer acknowledge and understand the unique nature of the Medical Cannabis Industry and the need to advocate for and protect the rights of workers and patients. The Union and the Employer will continue to work collaboratively towards this end and will publicly and legislatively oppose efforts to undermine or interfere with these rights. Nothing in this Agreement will limit the right of employees to self-medicate at the workplace.

SECTION 4. HOLIDAYS

4.1 The Employer recognizes the following days as paid holidays: New Year's Day, Easter, Thanksgiving, and Christmas.

4.2 When required to work the following holidays, employees shall be paid at time and one-third (1⅓): Memorial Day, 4th of July, and Labor Day.

4.3 HOLIDAY WEEK: Any employee who has reported for work on his/her scheduled working day immediately preceding and his/her scheduled working day immediately following a recognized holiday, except when permission to be absent has been granted by the Employer or when the absence is due to a bona fide illness of the employee, shall receive holiday pay at his/her regular rate of pay. It is understood that in order to qualify for holiday pay an employee must work at least one (1) workday during the week in which the holiday falls.

4.4 PART-TIME EMPLOYEES: Holiday pay for employees who work less than forty (40) hours shall be based on twenty percent (20%) of the employee's average hours worked per week in the six (6) weeks immediately preceding the holiday or the number of weeks worked if less than six (6); except that in computing pay for the New Year's holiday, the same period of time used in computing pay for the Christmas holiday shall be used.

SECTION 5. VACATION

5.1 All employees who have been in the service of the Employer for one (1) year, twelve (12) consecutive months, shall be granted one (1) week's vacation annually with pay and two (2) weeks' vacation annually with pay after three (3) years of employment.

5.2 PAY AND SPECIAL PROVISIONS: For the purpose of computing or prorating vacation earnings, two percent (2%) of the employee's earnings for the previous year equals one (1) weeks' vacation pay; four percent (4%) of the employee's earnings for the previous year equals two (2) weeks' vacation pay.

NOTE: Vacation pay shall be computed on the employee's W-2 form earnings for the prior calendar year from which it was earned; except for the first (1st) year of employment, it shall be computed on total earnings during the first (1st) anniversary year of employment; and when an employee terminates, it shall be computed on his/her earnings from the employee's anniversary date of employment to his/her termination date.

5.3 SCHEDULE: The Employer agrees to post the available vacation dates for each classification by January 1st of each year. If an employee fails to exercise his/her vacation selection right by February 1st or has lost his/her prior selection by reason of less seniority, the employee may select from the remaining available periods. The selection of vacation periods must be completed by March 1st of each year. If an employee fails to select his/her vacation by March 1st, that employee's vacation period will be assigned by the Employer. The Employer shall reserve the right to designate the number of employees that may be on vacation at any time, but in no event less than one (1) employee in any one (1) week.

Whenever a holiday falls during a vacation period of an employee, such employee shall receive an additional day's vacation with full pay; however, by mutual agreement between the Employer and the employee, the employee may be paid out the additional day without an extra day being taken off.

SECTION 6. JURY DUTY

6.1 The Employer agrees to pay the difference between the employee's regular straight-time daily rate and the amount received by the employee for jury service, provided the employee has completed six (6) months' service with the Employer, is required to report by the jury commissioner, and does serve on any jury. The maximum annual benefit paid by the Employer is five (5) days. Upon completion of service on the jury, the employee must immediately notify the Employer for further scheduling. Proof of call to jury duty must be submitted to the Employer promptly upon receipt. Proof of daily jury service is required for payment of this benefit.

SECTION 7. FUNERAL LEAVE

7.1 An employee is eligible for up to two (2) days of paid funeral leave upon completion of their probation.

7.2 Leave days are for the purpose of arranging for and attending the funeral of a covered family member. Covered family members include spouse, parent, child, brother, sister, grandchild, grandparent, current mother-in-law, current father-in-law, stepparents, stepchildren, and significant other.

SECTION 8. DISCHARGE OR SUSPENSION

8.1 The Employer may discharge or suspend any employee for just cause. A letter or notice shall be given to the employee setting forth the reason for his/her discharge or suspension. A copy will be sent to the Union.

8.2 In a case where an employee is warned for misconduct but not discharged or suspended, the Employer shall make a written record of such warning and provide a copy for the employee, with a copy sent to the Union.

8.3 In all disciplinary interviews and in the issuance of written warnings, the Employer shall make reasonable effort to assure that the affected employee understands the process and that he or she has the option to request Union representation at the interview.

8.4 No prior warning notice shall be necessary if the cause of discharge or suspension is for serious infractions. Examples include, but are not limited to, dishonesty, recklessness, use of unauthorized drugs, or gross misconduct.

8.5 A warning notice shall generally not be considered active for a period of over six (6) months unless a pattern of consistent similar misconduct can be shown to exist over a longer period of time.

8.6 Any employee may request an investigation of his/her discharge or suspension, and the Union shall have the right to protest the discharge or suspension. Any such protest shall be presented to the Employer in writing within ten (10) days after the discharge or suspension; and if not presented within such period, the right of protest shall be waived.

SECTION 9. GRIEVANCE PROCEDURE

9.1 In the event of a dispute or grievance over the interpretation of this Agreement, the following procedure shall be followed:

Step 1: The initial grievance may be filed by the Union Representative within seven (7) calendar days of the knowledge of the facts giving rise to the grievance. The immediate supervisor will give his/her response within seven (7) calendar days to the Union.

Step 2: If not resolved in Step 1, the grievance shall be reduced to writing and submitted to the Employer within seven (7) calendar days of the Employer's answer in Step 1 (up to, but no later than, fourteen (14) days from the event giving rise to the grievance). Then, a representative of the Union and the Employer will discuss the grievance. The Employer representative will give his/her response, in writing, to the Union within seven (7) calendar days of the Step 2 meeting.

Step 3: If the previous steps in the grievance procedure fail to resolve the grievance, then either party may submit the grievance to arbitration by so notifying the other party in writing of its intentions to do so within fourteen (14) calendar days of the Employer's response in Step 2.

9.2 Should the Union fail to move the grievance to the next step, the grievance will be considered settled with the Employer's response in the previous step. Should the Employer fail to respond to the Union within the time limits, the grievance will be automatically moved to the next step except for arbitration, which requires actual notice.

9.3 Selection of an arbitrator shall be from a list of seven (7) names submitted by the Federal Mediation and Conciliation Service unless the parties mutually agree to a different procedure of selection. The arbitrator shall have no authority to add to, modify, amend, alter, delete, or in any way change the express provisions of this Agreement. The arbitrator's decision shall be final and binding on the Employer, the Union, and the employee(s) involved.

9.4 The expense of an arbitrator shall be borne equally by the signatory parties. Each party shall pay its own costs for transcripts.

9.5 By mutual agreement, the parties may incorporate a mediation process at any point during the grievance process.

SECTION 10. SUBCONTRACTING

10.1 The Employer will not contract out bargaining unit work except when the Employer lacks special equipment or tools for performing the work, when employees lack the skills or willingness to perform such work, or as specified in the state contract. In no case shall the Employer contract out work to avoid its obligations under this Agreement or for the purposes of reducing the scope of the Union.

SECTION 11. UNION REPRESENTATION/SHOP STEWARD

11.1 A Union Representative employed by the Union shall be allowed to visit the worksite for the purpose of ascertaining whether or not this Agreement is being observed. This right shall be exercised reasonably. The Union Representative shall follow state rules and procedures related to non-employee visits to the facility. The Union Representative shall be required to notify a designated management representative upon arrival on the premises and will be given a guest badge. The Employer reserves the right to accompany the Union Representative in sensitive areas including the nursery. The Employer agrees to provide space for employees to meet privately with their Union Representative if requested.

11.2 The Union Representative may attend Employer meetings that represent discussion of continuing problems that the Employer needs to address with the employees and the employees have asked their Union Representative to be present. The Union Representative will act as an observer only.

11.3 BULLETIN BOARD: The Employer shall provide space for a bulletin board conveniently located for the posting of notices of official business of the Union.

11.4 TIME OFF FOR UNION BUSINESS: Employees shall be allowed time off without pay for the purpose of attending Agreement negotiations, adjustment or arbitration board hearings, or for other bona fide Union business. In all such instances, the Employer shall be notified not less that two (2) weeks in advance of such absence and the number of employees requesting such absences shall be so limited by the Union that it will not interfere unreasonably with the operation of the Employer's business.

11.5 SHOP STEWARD: The Union shall be allowed to designate a reasonable number of Shop Stewards for the purpose of monitoring compliance with this Agreement and other legitimate Union business. Stewards shall be allowed to conduct incidental Union business on Company time.

11.6 JOINT LABOR-MANAGEMENT COMMITTEE: The Union and the Employer agree to establish a Joint Labor-Management Committee (JLM) consisting of bargaining unit employees, management, and the Union. The Committee shall have up to three (3) bargaining unit employees as part of the JLM.

The JLM Committee will meet periodically to discuss information about the contract, data on Industry and community certifications and standards. The Union and the Employer understand the value of the JLM Committee and shall be used as a first line of regulation to the Industry.

The Joint Labor-Management Committee shall follow the language outlined in Section 11 in regards to time off for Union business.

11.7 APPRENTICESHIP PROGRAM: The Union and the Employer agree to discuss the possibility of establishing an Industry Apprenticeship Program. The Apprenticeship Program, when established, would revolve around the basic premise of training, education, and Industry standards.

SECTION 12. NO STRIKE OR LOCKOUT

12.1 During the term of this Agreement, the Union agrees there will be no strikes and the Employer agrees there will be no lockouts.

SECTION 13. LEGISLATIVE CHANGES

13.1 Should any of the provisions in this Agreement be rendered or declared invalid by reason of any existing or subsequently enacted legislation, such invalidation of a portion of this Agreement shall not invalidate the remaining portions and they shall remain in effect.

SECTION 14. HOURS OF WORK

14.1 Regular workweek shall constitute between thirty (30) and forty (40) hours over five (5) days. Work schedules for the following week shall be posted no later than the previous Friday. The Employer may utilize part-time employees but the utilization of part-time employees shall not undermine the concept of full-time work. Part-time employees who desire more hours up to and including full time may request those hours in writing. Available hours shall be offered to those employees based on seniority within their classification.

14.2 All part-time employees will be scheduled a minimum of sixteen (16) hours per week.

14.3 OVERTIME: For hourly employees, all time worked in excess of eight (8) hours in one (1) day or in excess of forty (40) hours in one (1) week shall be paid at the rate of time and one-half (1½) the straight-time hourly rate. Alternative workweeks may be arranged by mutual consent so long as they comply with state and federal laws.

14.4 MEAL PERIOD AND BREAKS: Each employee shall be entitled to an unpaid lunch period of not less than one-half (½) hour and not more than one (1) hour beginning no earlier than the third (3rd) hour of work and ending not later than the end of the fifth (5th) hour of work. All employees shall receive a rest period of fifteen (15) minutes during every four (4) hours of work or major fraction thereof.

14.5 Work loads and work assignments shall be distributed on a fair and equitable basis and shall not be unreasonable in nature. Increased workload shall not be used as a form of discipline.

SECTION 15. RETIREMENT/SAVINGS/401(k)

15.1 INDIVIDUAL ACCOUNT PLAN (IAP): For the first year of the Collective Bargaining Agreement, the Employer will contribute twenty cents ($.20) per straight-time hour to an Individual Account Plan for all current employees. For the second year of the Collective Bargaining Agreement, the Employer will contribute twenty-five cents ($.25) per straight-time hour to an Individual Account Plan for all current employees. During the third year of the Collective Bargaining Agreement, the Employer will contribute thirty cents ($.30) per straight-time hour to an Individual Account Plan for all current employees. Trustees, selected by the parties, shall administer the Individual Account Plan. Contributions must be made for two (2) years to vest. The parties agree to establish a Trust Fund for the purposes of purchasing and administering the Plan. An equal number of Employer and Labor Trustees shall serve as Trustees on the Plan.

15.2 The Union and the Employer shall work to establish a 401(k) Pension Plan for employees. There shall be no mandatory contribution by the Employer during the life of this Agreement.

SECTION 16. SENIORITY

16.1 PROBATIONARY EMPLOYEES: Employees who have not attained seniority with the Employer shall be deemed probationary and subject to discharge without recourse or notice. Once probation is completed, the employee's seniority date shall be retroactive as of the first (1st) day of hire. New employees shall serve a probationary period of ninety (90) calendar days.

16.2 LAYOFF/RECALL: In the reduction of forces, the last employee hired shall be the first employee laid off within the classification. Laid off employee(s) shall be recalled in the reverse order of layoff within the classification. Seniority shall not apply to any employee until he/she has completed a three (3) month probationary period.

Non-probationary employees are entitled to receive one (1) week's notice of layoff or one (1) week's pay at the employee's regular rate. Laid off employees will have preference over new hires for openings in other classifications so long as they possess the skills and ability to do the job.

16.3 JOB CLASSIFICATIONS:

Patient Service Clerk
Senior Patient Service Clerk
Shift Supervisor

16.4 LOSS OF SENIORITY: Seniority shall terminate for the following reasons:

(a) Discharge for just cause.

(b) Resignation.

(c) Layoffs of six (6) consecutive months or a period equal to the employee's length of service when the layoff began, whichever is less.

(d) Failure to report to work within five (5) calendar days after recall from layoff. The employee will be notified by certified letter at the employee's last known address.

(e) Absence due to illness or injury which continues for more than six (6) months or nine (9) months for a workers' compensation injury or the employee's length of service when the leave began, whichever is less.

(f) Employee fails to return to work from a leave of absence.

(g) Employee is absent from work for two (2) consecutive workdays without reporting to management unless such failure to report is due to serious, proven medical reasons satisfactory to the Employer. Such two (2) day absence shall be deemed a voluntary quit.

16.5 Seniority shall prevail regarding the selection of workweek schedules and shift selection when it is operationally feasible.

16.6 The Employer will forward the seniority list to the Union semi-annually or whenever new employees have completed probation.

SECTION 17. HEALTH AND WELFARE

17.1 The Employer agrees to provide and pay one hundred percent (100%) of the cost of health benefits, including dependent coverage, to all non-probationary employees.

17.2 The Union and the Employer agree to explore alternative health plan structures with the goal of providing equal or better benefits for less cost. The Employer shall not be allowed to modify benefits during the term of the Agreement without bargaining with the Union.

17.3 All non-probationary employees will be eligible to participate in the UFCW 8-Golden State direct reimbursement Dental Plan. The yearly premium will be paid by the Employer.

SECTION 18. UNIFORMS

18.1 If employees are required to wear uniforms, the Employer shall furnish such uniforms at no cost.

SECTION 19. LEAVES OF ABSENCE

19.1 Personal leaves of absence without pay may be granted upon written request by the employee for a period of not longer than thirty (30) cumulative days in any one (1) calendar year with mutual agreement by the Employer. Such leave requests will be for bona fide reasons. All personal leaves must be granted in writing. Personal leaves may be extended for up to fifteen (15) additional days upon extenuating circumstances and with mutual agreement.

19.2 Medical leaves of absence will be granted in conformity with the FMLA and CFRA.

SECTION 20. INJURY ON THE JOB

20.1 When an employee is injured on the job and reports for medical care and is certified that he/she is unable to continue work, he/she shall be paid the basic straight-time rate of pay for the hours not worked on the day of injury.

Product Safety and Compliance Practices

A report on the practices used to assure quality in the medical cannabis continuum from plant to patient.

RFPA CITY ID#: MCD11105

Safe, Clean, and Effective Medicine

Patients deserve medicine that is both free from contaminants and have knowledge of the cannabinoid profile of the medicine to make more informed decisions. We believe through education, inspection, lab testing, and patient feedback we can create a superior system of quality assurance that protects the patients and promotes Best Practices. Our medical cannabis provider system is self-regulated and we only accept products from providers we are familiar with, who have gone through orientation, and have committed to following our Best Practices document (Exhibit 15-f). All medicine intake procedures are thoroughly documented, and medicine is tested before being provided to patients. We encourage our members to track their medicine and provide feedback, so we can pass that on to our medicine producers.

Educational Foundation

We encourage our providers to be educated about producing cannabis medicines before deciding to do it full time. We provide one-on-one counseling to our patient producers when they bring their medicine to the collective. They are required to fill out a Quality Cultivation Report (Exhibit 15-a) upon signing up to be a vendor that lets us know a lot about their experience and the conditions by which they make their medicine. If they are lacking in skill or their medicine is unacceptable for any reason we encourage them to attend our free classes, read literature, and try to help them solve the problems we identify. There are many outside educational opportunities, such as Oaksterdam and Oakland Technical Institute for Indoor Gardening that we will encourage our member providers to take part in. We also educate our QIC (Quality Inventory Control) and Service Staff on cannabis quality and safety, so that they are capable of making good decisions that protect patient health and safety. In addition, we educate our patients on cannabis in relation to their condition and safe use practices, including recognizing problem areas. Education is the key to Product Safety and we spare no expense in providing educational resources to all aspects of the collective organization.

Ethics and Expectations

Our providers are expected to adhere to our Best Practices and agree to produce medicine in a safe, clean, and well-maintained area. We expect them to not use dangerous chemicals and produce medicine free from contaminants for our patients. It is imperative that our producers be honest and transparent about their medicine and because we have such rigid protocols producers who lack those ethics generally take their medicine elsewhere. The community knows that we demand a lot from our providers and our producers work hard to meet the expectations of our patient community and staff. If we find out that a provider is acting unethically through examination or testing we will return their medicine and ask them not to provide for the collective any longer. There is no place for unethical behavior when creating medicine for patients. We have a zero tolerance policy in this area.

Rigid Intake Inspection

Upon medicine arriving at the collective the QIC Staffer in charge of intake for the day will inspect the medicine with the Care Provider present. They will both examine the medicine with magnification and sensory exam methods to look for signs of problem areas. For flowers, which is where the greatest risk for danger is, they examine it for mold, mildew, insect infestation, nutrient toxicity, and pesticides. They will review the growing conditions in which it was produced, including flushing and cultivation technique. The medicine will be examined for proper curing. If the medicine meets all of these standards, it will be assigned a batch number and moved to quarantine to be sent to the lab for testing.

We also are piloting Steep Hill Labs Real Time (RT) Unit that allows us to get a cannabinoid profile instantly, so we can make a more informed decision as to if it is a product our patients would desire. This technology is a wonderful intake tool, as it can let us know if there are underlying issues with the potency before accepting it into the collective.

Lab Testing

Our organization has a long and productive relationship with Steep Hill Lab and we use a second lab to verify their results on occasion. We believe that testing has given patients the ability to better manage and control their dosage. Testing medicine also assures that it is free from mold and other contaminants that could possibly harm patients. This is an important aspect of product safety.

Analytical labs will test both raw materials and finished products. We look to detect any pathogens in the medicine to protect immune deficient or sensitive patients, and monitor active ingredient levels both for research purposes and to make accurate recommendations to patients. Trained staff implement bioassay methods and we monitor patient feedback closely to become better informed as to which strain is effective for certain conditions. We then use this information to help other patients with similar conditions. Documented monitoring of the properties of our products in analytical labs and via trained sensory exam procedures will assure quality.

We will initially use the services of Steep Hill Labs in Oakland for testing our medicine. They are the industry's most experienced laboratory and their "Safe Cannabis" program gives assurance to our members that all medicine has been tested by a reputable source. The following are services from Steep Hill we will be utilizing to ensure quality:

Potency Analysis

Being aware of the potency of medical cannabis is fundamental in allowing the patient to choose the correct medicine for their needs, as well as determining how much to take.

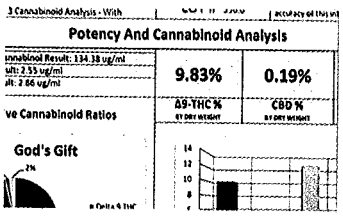
In commercial medicine, the potency of a drug is clearly stated on the label so one knows the correct dose. Unfortunately, this is not the case in medical cannabis. Cannabis Potency Testing

enables patients to know the amount of active ingredients so they can be confident they are administering an appropriate dose. Taking the correct amount of medical cannabis can bring welcome relief to your symptoms; however taking too much can have very negative side effects such as feelings of anxiety and paranoia.

Steep Hill Lab's Cannabis Potency Analysis measures the major active compounds present in medical cannabis:

- *Tetrahydrocannabinol (THC) The main psychoactive component*
- *Cannabiodiol (CBD) A non-psychoactive important for pain relief and other health related effects*
- *Cannabinol (CBN) A degradation product of THC*

Steep Hill Labs Sample Potency Report



Microbiological Screening

Because mold is ubiquitous, it is not surprising that 85% of the cannabis tested at the lab has shown traces of mold. However, only 3% of those samples have been deemed unsafe under general guidelines for herbal products.

Exposure to high levels of microorganisms such as molds and bacteria are known to cause health problems and can be particularly dangerous to patients that have existing medical problems. The Steep Hill Microbiological Screening Program ensures the safety of medical cannabis by identifying the type and level of microorganisms present in the medicine. Molds are ubiquitous and small amounts are found in almost every sample. However patients with existing health problems should not be exposed to medicines that contain large amounts. Medicines that contain bacteria should be destroyed. *Examples of molds and bacteria that can found in medical cannabis: Aspergillus, Pennicillium, Cladosporium, Alternaria, yeasts, and Escherichia Coli.*

Pesticide Screen

The collective has found that pesticides used in growing operations can be present in the final form of the medicine. Exposure to these chemicals can be harmful to patients; they are toxic at high levels and can be harmful at lower doses, especially to those with other serious medical conditions. Steep Hill Lab has developed residual pesticide tests so that medical cannabis patients are not exposed to harmful pesticide contaminates via their medicines. They have detected the presence of pesticide residue in medical cannabis samples that would be above USDA safe level in most agricultural products. Currently there are no USDA guidelines for residual pesticides in medical cannabis. The residual pesticide screen used at Steep Hill Lab