

November 14, 2021

Costa Mesa Development Services  
77 Fair Drive  
Costa Mesa, CA 92626  
(714) 754-5270

RE: Dyrect #4 LLC (“Dyrect”) Applicant Letter for Commercial Cannabis Retail Non-Storefront; Manufacturing and Distribution

To the City of Costa Mesa,

We are writing this Applicant Letter as part of our Conditional Use Permit Application, which includes a proposed non-storefront retail (delivery), non-volatile manufacturing, and distribution CUP at the at 3595 Cadillac Ave Suite 102, Costa Mesa, CA 92626.

Dyrect is primarily a manufacturing company dedicated to the production and sale of cannabis extracts, oils and concentrates. We partner with licensed cultivators to source high quality cannabis flower and cannabis by-product and then refine those raw materials into premium finished products of the highest purity. Our operations also include a distribution arm where we are able to procure bulk raw materials directly from cultivators rather than acquiring them through a third party. This gives us maximum oversight of quality assurance and control to ensure that all of our raw materials and finished products adhere to and exceed the minimum requirements of State laboratory testing regulations, thus creating the most beneficial products for the end user. In addition to the Manufacturing and Distribution arms of our business, the proposed operations also incorporate a non-Storefront Retail Delivery. Dyrect has established itself as a large player in the Los Angeles delivery market and we look forward to the opportunity to expand our operations into Orange County through our Costa Mesa location.

The proposed hours of operation for the Delivery, Manufacturing and Distribution Services are 7:00am - 10:00pm, which are within the designated hours of operation window of 7:00am – 10:00pm established by the City of Costa Mesa Ordinance No. 2021-09 § 9-495(h)(4).

Our CUP includes language surrounding the number of employees we plan to employ once we are granted licensure and can begin operations. This includes 1 General Manager, 2 Assistant Managers, 2 Sales/Transport Personnel, 2 Manufacturing Employees, 2 Delivery Dispatchers, and 4 delivery drivers.

Our Conditional Use Permit encompasses commercial cannabis facility is broken down into three main areas. First, the Manufacturing Department amasses 1,048 square feet (sqft) between the Packaging/Labeling rooms and the offices. Next, the Distribution Department amasses 1,606 sqft and encompasses the Distribution Transportation/Staging Rooms, Inventory Storage Room, and Dispatch Office. Last, we are proposing the use of 744 sqft for our Delivery Service, which includes a Dispatch Center to process orders and prepare routes, an Order Preparation Area to prepare orders for delivery, Inventory Storage Room to secure all delivery-specific inventory and an Office for the storage of records and Security Digital Video Recording System. There is also a Common Area for all three licenses which includes a shared office, and two Rest Rooms, one of which meets all requirements of the Americans with Disabilities Act. The facility also features a Reception, Hallway and check-in, which are all part of the facility common areas. There are no proposed changes to the property exterior, and the existing 16 parking spaces are enough to accommodate the increased level of vehicle traffic from Delivery operations.

We look forward to bringing the City of Costa Mesa premiere commercial cannabis that provides an unparalleled customer experience and various additional community benefits. Please reach out to Chloe Parker via email at [chloe@mydyrect.com](mailto:chloe@mydyrect.com) or via phone at (949) 396-9999 with any questions or concerns.

Sincerely,



Dyrect #4 LLC

## **DYRECT #4 LLC CONDITIONAL USE PERMIT**

<b><u>Applicant Name:</u></b>	Dyrect #4 LLC
<b><u>Business Entity:</u></b>	Limited Liability Company
<b><u>Operators Business Name:</u></b>	Dyrect
<b><u>Location:</u></b>	3595 Cadillac Avenue, Suite 102, Costa Mesa CA
<b><u>APN:</u></b>	139-651-05
<b><u>Building/Project Size:</u></b>	5,940ft <sup>2</sup>
<b><u>Year Built:</u></b>	1978
<b><u>Construction Type:</u></b>	Type III-B, Non-Rated, One-Story Building, Non-Sprinklered,
<b><u>Occupancy Type:</u></b>	F-1, Manufacturing (Type-6 (non-volatile)), Distribution (type-11), Non-storefront Retailer (Type-9)
<b><u>Business Description:</u></b>	Licensed and Permitted Manufacturing (Non-Volatile), Distribution and Non-storefront Retail Delivery of State compliant cannabis goods.

### **Types of Marijuana Businesses:**

1. Marijuana Manufacturer – Non-Volatile
2. Marijuana Distributor
3. Marijuana Non-Storefront Retailer

### **Types of California State Licenses Proposed:**

1. Type-6 Manufacturer
2. Type-11 Distributor
3. Type-9 Non-Storefront Retailer

### **Notice to Proceed and Background Check Clearance Letter:**

- Dyrect received a notice to proceed and background check clearance letter from the City of Costa Mesa on July 8, 2021.

### **Prior Use of Property:**

3595 Cadillac Ave Suite 102 was previously occupied by TRC Company, an engineer consulting business.

### **Primary Activities: Cannabis Distribution and Non-volatile Manufacturing**

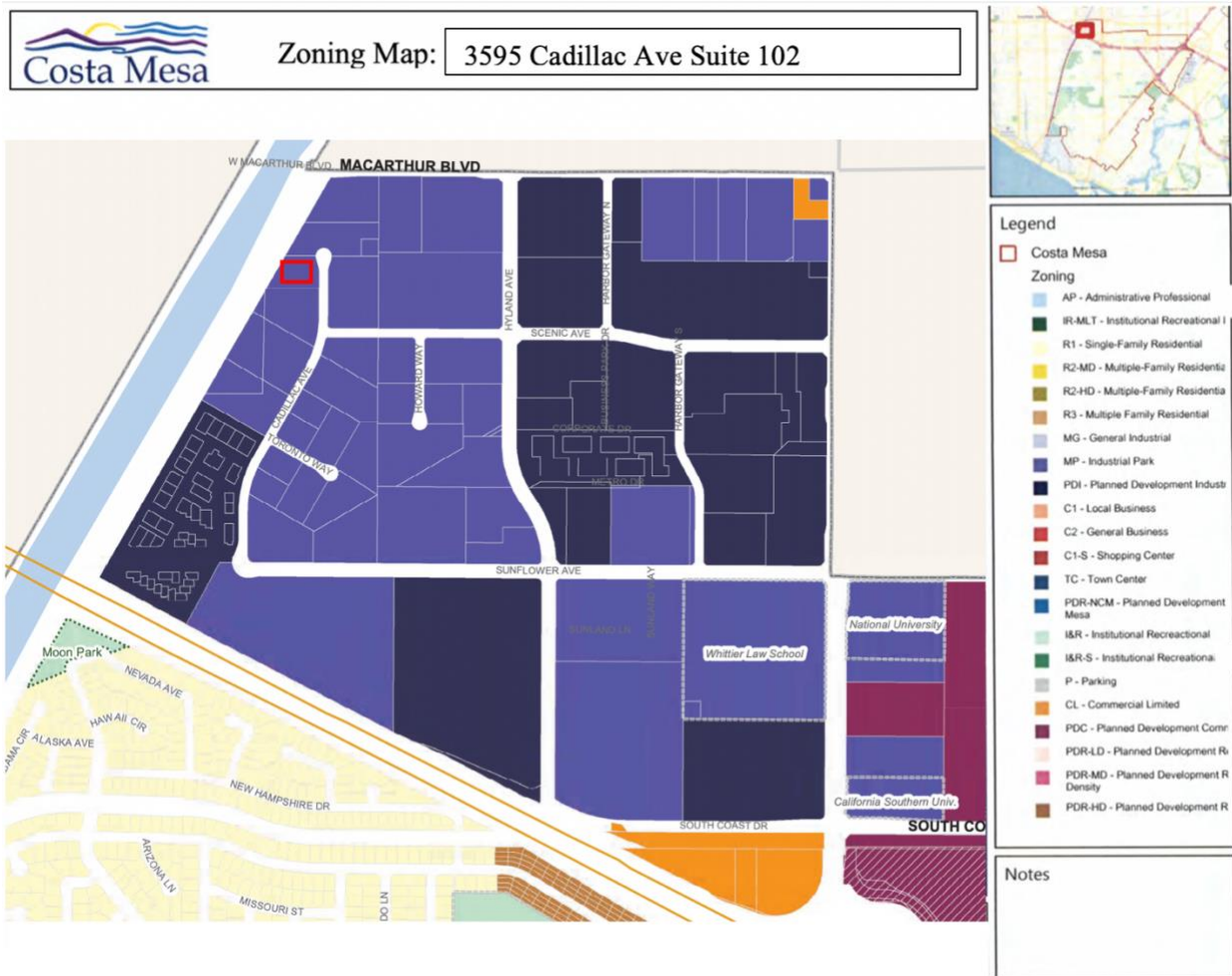
1. Distributors are exclusively responsible for collecting and remitting both cultivation and excise tax to the California Department of Tax and Fee Administration (CDTFA)
2. Distributors are responsible for coordinating the required third-party testing of cannabis goods.
3. Quality Control: Distributors and Manufacturers are responsible for ensuring that product packaging and labeling are consistent with both the Department of Cannabis Control, and the Consumer Department of Public Health and Safety's, published regulations.

4. Transportation. Distributors are responsible for the transportation of cannabis products between manufacturing, cultivation, distribution, and retail licensees.
5. Manufacturers are responsible for processing cannabis and cannabis concentrates into infused products, pre-rolls, gummies as well as vape cartridges while maintaining batch production records.

**Parking:**

Sufficient parking exists within the development based on the number of parking spaces allocated (15). The Project is located adjacent to the 50.3 mile Santa Ana River bike trail, linking San Bernardino Riverside with Orange County and the beaches. This allows easy access for cycling and public transportation.

**Zoning: MP – Industrial Park**



## Site History:

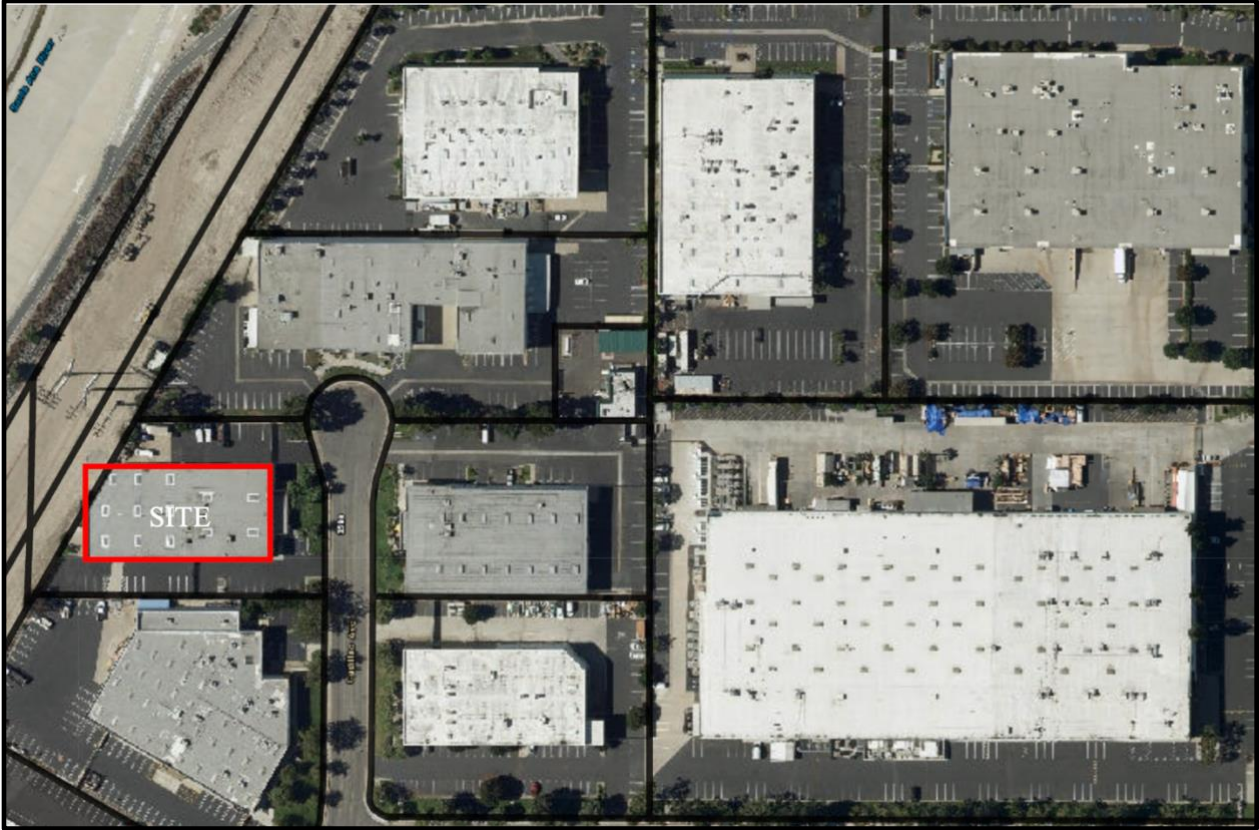


Manufacturing/Fabrication 3595 Cadillac Avenue was the first building developed in the Measure X zone. The same developer who built this building also developed the building to the south, and the 300,000+ ft<sup>2</sup> building currently occupied by Schneider Electric at 1660 Scenic Avenue in the Measure X zone. The land was a former strawberry field. The original developer/owner still owns the property.

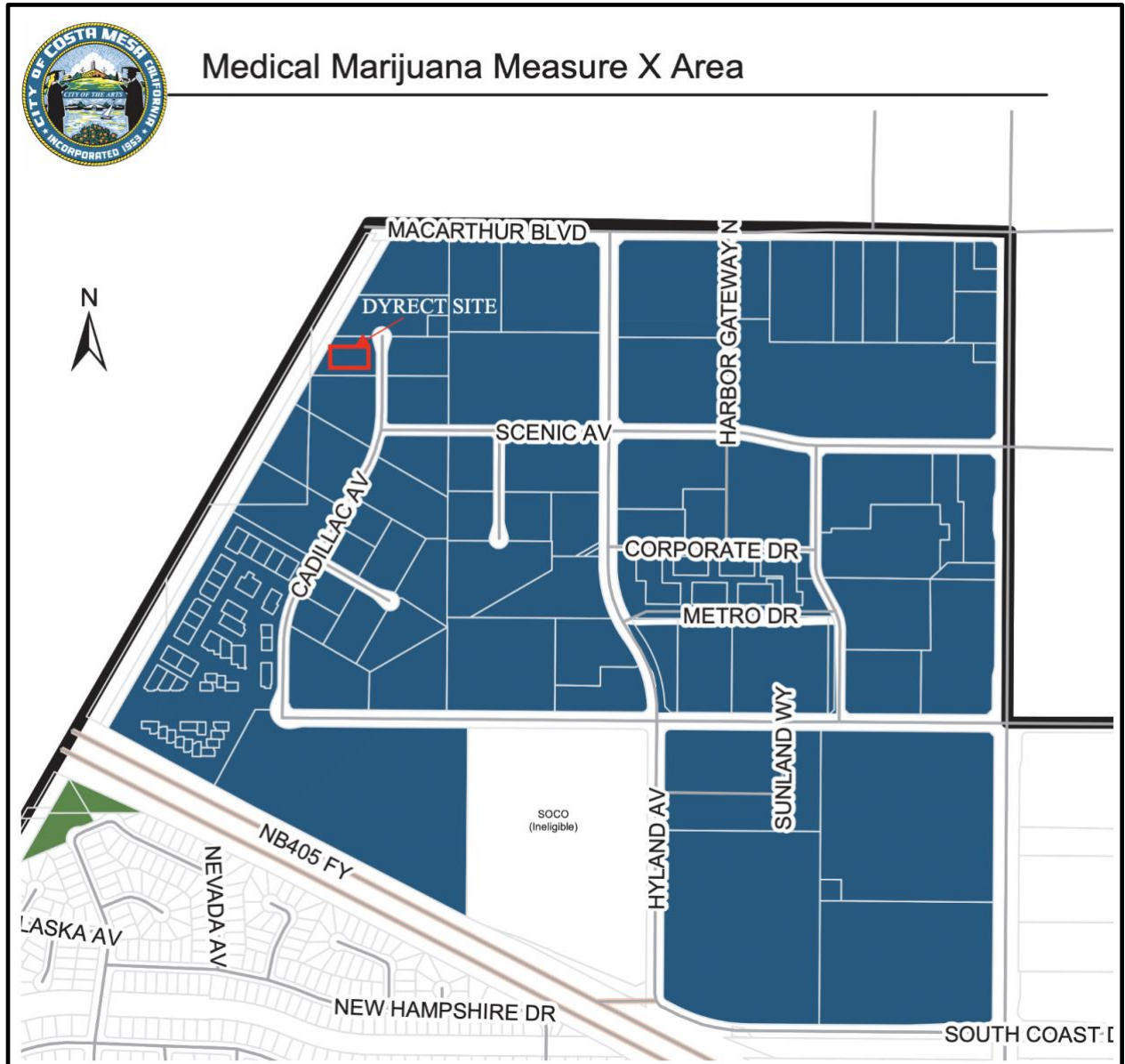
**Project Location:** Measure X zone is a small geographic location in the Northwest corner of Costa Mesa. Its Boundaries are the 405 freeway, the Santa Ana River, MacArthur Blvd and Harbor Blvd.

This project is located on Cadillac Avenue towards the end of the cul-de-sac, in a multi-tenant manufacturing facility located in the upper Northwest corner of the zone adjacent to the Santa Ana River.

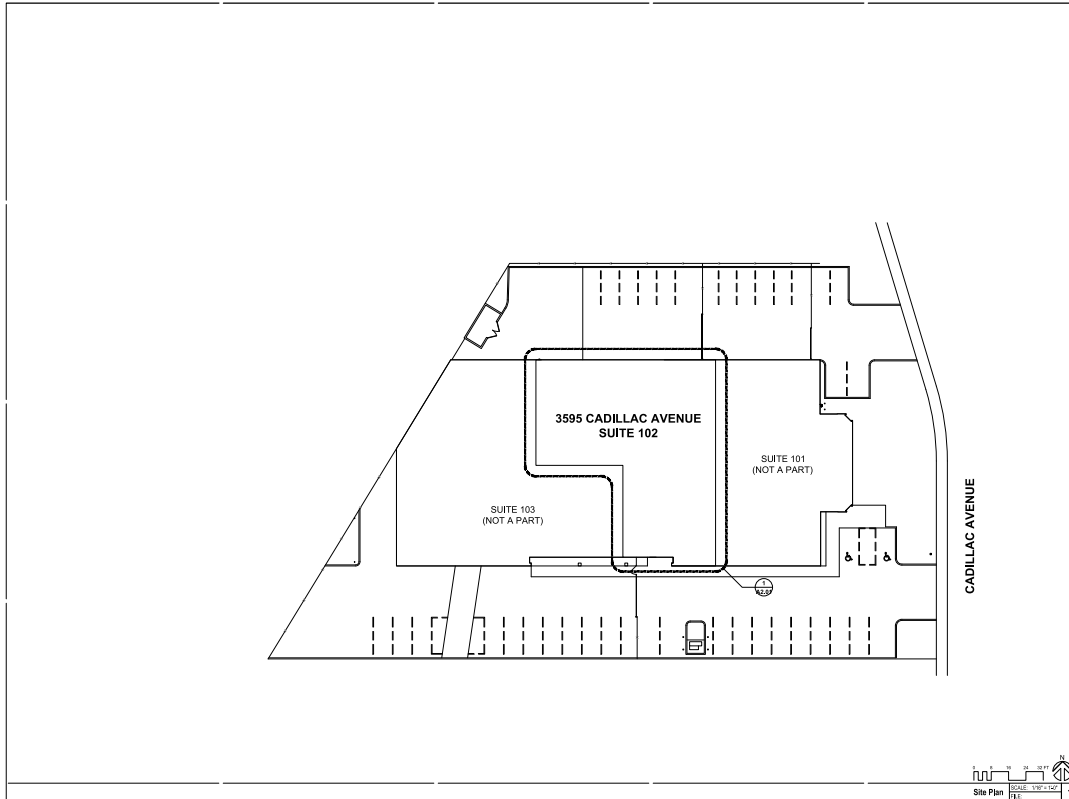
In addition to Dyrect adding an advanced and thorough level of security measures including, but not limited to, multiple outside surveillance cameras, it is located in a concentrated area of cannabis businesses allowing those businesses to work together as a group to increase the security in the Measure X Zone.



Property within Measure X Area: 3505 Cadillac Avenue Suite L5, Costa Mesa, CA (designated in red)



**Site Plan: 3595 Cadillac Avenue Suite 102, Costa Mesa CA**



3595 Cadillac Ave,  
Costa Mesa,  
CA 92626

**GIBBS**  
ARCHITECTURE & ENGINEERING

DAVID T. GIBBS  
Professional Engineer  
No. 50566  
Mechanical  
State of California

Revision	By	Date

Project Number: 31020078  
Date: 20 April 2021  
Scale: Scale As Noted  
Drawing Title: **Site Plan**  
Drawing Number: **A1.00**

Proper temperature control is an essential feature of all cannabis storing operations. Ideal temperatures for cannabis storage are between 55-65 degrees Fahrenheit. In order to adequately control the environment of our stored cannabis, Dyrect will upgrade the facility's existing heating ventilation and air conditioning (HVAC) system or install a central HVAC system, which will also include individual temperature regulators for each of its storage rooms.

## **2. Location of offsite warehousing (N/A)**

Dyrect's Warehousing activities will be limited to on-site warehousing. No offsite Warehousing is contemplated by Dyrect's current business plans.

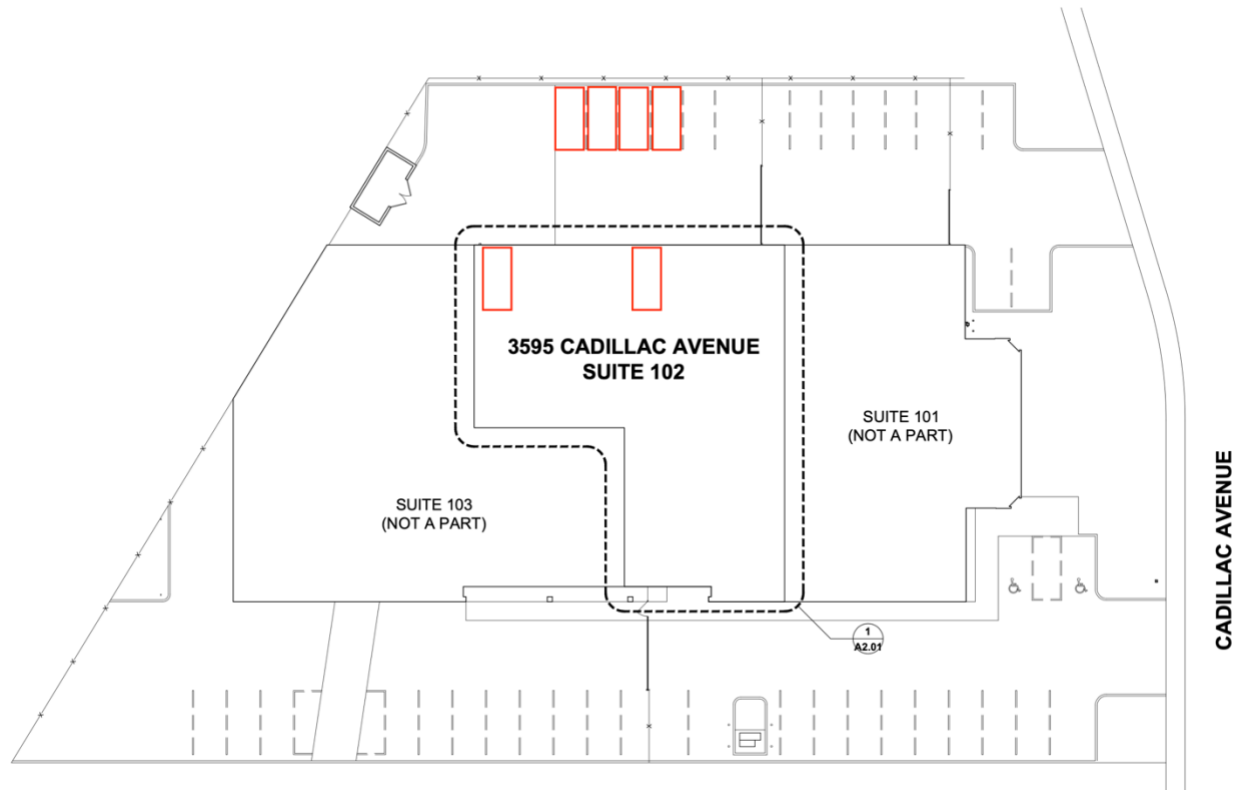
## **3. Number of Vehicles Utilized**

Dyrect plans on utilizing four (4) Ford Transit 350 vehicles at the start of our distribution operations. We also plan to acquire 2 vehicles for delivery operations. *(See Non-storefront Delivery Operations Plan's Equipment section for further Delivery Vehicle information)*

### **Parking Plan**

Dyrect has six reserved spaces for their distribution and delivery operations, two spaces inside the facility and four on the exterior. Four reserved spaces will be used for our distribution operations and two will be reserved for delivery operations. There are two parking spaces inside the facility. One parking space will be reserved for delivery vehicles and the other will be reserved for distribution vehicles during hours of operation. The four remaining exterior spaces will be used by both distribution vehicles and the additional delivery vehicle. When the business is not operating, two distribution vehicles will be parked on the inside of the facility while the remaining vehicles will take the exterior spaces. Below is a diagram indicating the reserved parking spaces for all of Dyrect's cannabis related activities.





#### 4. Type of Vehicles Utilized

##### Transport Vehicles

Transport vehicles shall be equipped with live GPS tracking, live audio/ video monitoring, on-board internet for network communications and transport route recording. In addition to monitoring and tracking, emergency equipment includes, but not limited to:

- 2x ABC Fire Extinguishers
- Fire Retardant Blankets
- Emergency LED Road Flares
- Spare Tires with change equipment
- Compartmented Secured Storage Units
- Medical Trauma packs
- Emergency LED High-Beam Torches

All vehicles will be equipped with internal/external cameras for remote viewing. The safe or security container will consist of a locked box that will be bolted, strapped, or otherwise securely fastened to the floor or wall in such a way that it cannot be readily removed.

The vehicle will be equipped with an alarm system which upon attempted unauthorized entry will transmit a signal directly to a central protection company, a local or state police agency which has a

legal obligation to respond, a 24-hour proprietary central station operated by the registrant, or such other protection as required to prevent theft of burglary. Each transport vehicle will also be outfitted with panic buttons in order to further protect against product theft. It is our intention to incorporate services from either Netwatch USA or a local security monitoring/response vendor.

All vehicles will have a motor carrier permit in compliance with Chapter 2 of Division 14.85 of the Vehicle Code. Vehicles will not be identifiable as cannabis transport carriers and all cannabis shall not be visible or identifiable from the outside of the vehicle.

### **Transport Vehicle Information**

Dyrect plans on utilizing two Ford Transit 350 vehicles at the start of operations. The vehicles have yet to be acquired but Dyrect will provide the Department of Cannabis Control and the City of Costa Mesa with the required information about each vehicle once they are obtained. The information provided to each will include the following:

- 1) Proof of ownership or a valid lease for any and all vehicle and trailers that will be used to transport cannabis goods;
- 2) Year, make, model, license plate number, and numerical Vehicle Identification Number (VIN) for any and all vehicles and trailers that will be used to transport cannabis goods; and
- 3) Proof of insurance for each vehicle and trailer used to transport cannabis goods.

The above listed information will be provided to the Department of Cannabis Control for all vehicles in use as well as any new vehicle that will be used to transport cannabis goods prior to using the vehicle for such transport. Dyrect will also provide the Department with any changes to vehicle information within 30 calendar days of any change.



### **Delivery Vehicle Information**

*See vii. Non-storefront Delivery Operations Plan's Equipment section for Delivery Vehicle Information*

## **5. Third-party Transport**

All Transport activities will be handled by Dyrect's staff and with Dyrect's transport vehicles. All drivers are required to maintain current insurance policies and clean driving records. Driver driving records will be check on a semi-annual basis with DMV H-6 records request, which shall be acknowledged and agreed to as a condition of employment.

## 7. Operating Equipment

Dyrect will utilize state of the art and highly automated commercial equipment to streamline the assembly processes at the manufacture facility. Although employees will be involved in the process, their primary role will be to make sure the equipment is functioning properly. The Manufacturing Site Manager will ensure that all employees are familiar with the standard operating procedures and the regular maintenance schedule for each piece of equipment.

Dyrects non-volatile manufacturing operations will involve the processing of cannabis into pre-rolls as well as infusing tinctures and filling vape cartridges with cannabis concentrate oil such as THC distillate or a full-spectrum concentrate. These operations can mostly be done by hand, but automated machines make the process a lot more efficient and consistent as there is little room for human error. Dyrect has a designated room for manufacturing which will house all of the manufacturing equipment. In addition to general equipment such as certified scales, grinders, sinks, a fridge and personal protective equipment, Dyrect is proposing to use the following manufacturing equipment for their cartridge and infused tincture production.

### Tabletop Electric Cooker-Mixer

Dyrect will use a Groen TDB-20 Tabletop mixer or similar model for preparation of their cannabis infused tincture. Tabletop mixers allow operators to mix ingredients for a variety of products with constant temperature and mixing to allow for complete homogenization of the solution. Operators simply must add ingredient according to the formulas recipe and the machine will mix the solution. The proposed tabletop mixer Dyrect intends to purchase will have a manual tilt mechanism, so the operator does not have to lift the vessel when pouring the solution into the filling container used for the automated filler machine.



### Cartridge & Bottle Automated Filler

For cartridge and tincture bottle filling we are looking at acquiring an ATG RoboCap Liquid filler or similar model. These machines allow for efficient and consistent filling of infused tinctures and THC oil into their respective bottle or cartridge. Our manufacturing agent will be responsible for operating and maintaining the machine. It simplifies the filling process by allowing the operator to fill a chamber with their desired product solution. Once the correct profile is selected the machine takes over the filling process. These machines can fill up to 25 cartridges per minute with incredible consistency.

### Homogenization Equipment

For homogenizing solutions required for gummy and cartridge production we plan to acquire a CAT Scientific X1740 high power homogenizer. This device allows the manufacturing agent to efficiently and consistently mix some of the solutions required for our operations.



### **CookTek Commercial Induction Cooktop**

The induction cooktop will be used for infusing cannabis oil with our gummy solution. The cooktop allows for both the gummy solution and cannabis oil to reach temperatures that make it more efficient for mixing and homogenizing so that we can produce a consistent product that meets all cannabis manufacturing regulations.

### **Solid Door Roll-in Refrigerator**

Dyrect intends to utilize a Solid Door Roll-In refrigerator to support its final stage of its gummies processing. These units are designed for high production bakeries, banquet facilities, educational institutions, cafeterias, and assisted living communities where roll-in pan racks need to be refrigerated – which makes it ideal for our operations.

### ***MACTEC MT125X***

Much of the production process is automated through the MT125X by MACTEC Packaging Technologies. MACTEC blister machines have been used in the pharmaceutical, health and beauty, R&D, and clinical spaces for decades and their technology was adapted for medical marijuana applications several years ago. The MT125X can be customized to create gummies, pills, liquid filling, and other unique dose solutions. Having been created primarily for the pharmaceutical industry, the MT125X meets and exceeds all requirements pertaining to cGMP and FDA guidelines.



### **Knockbox Pre-Roll Filling Machine**

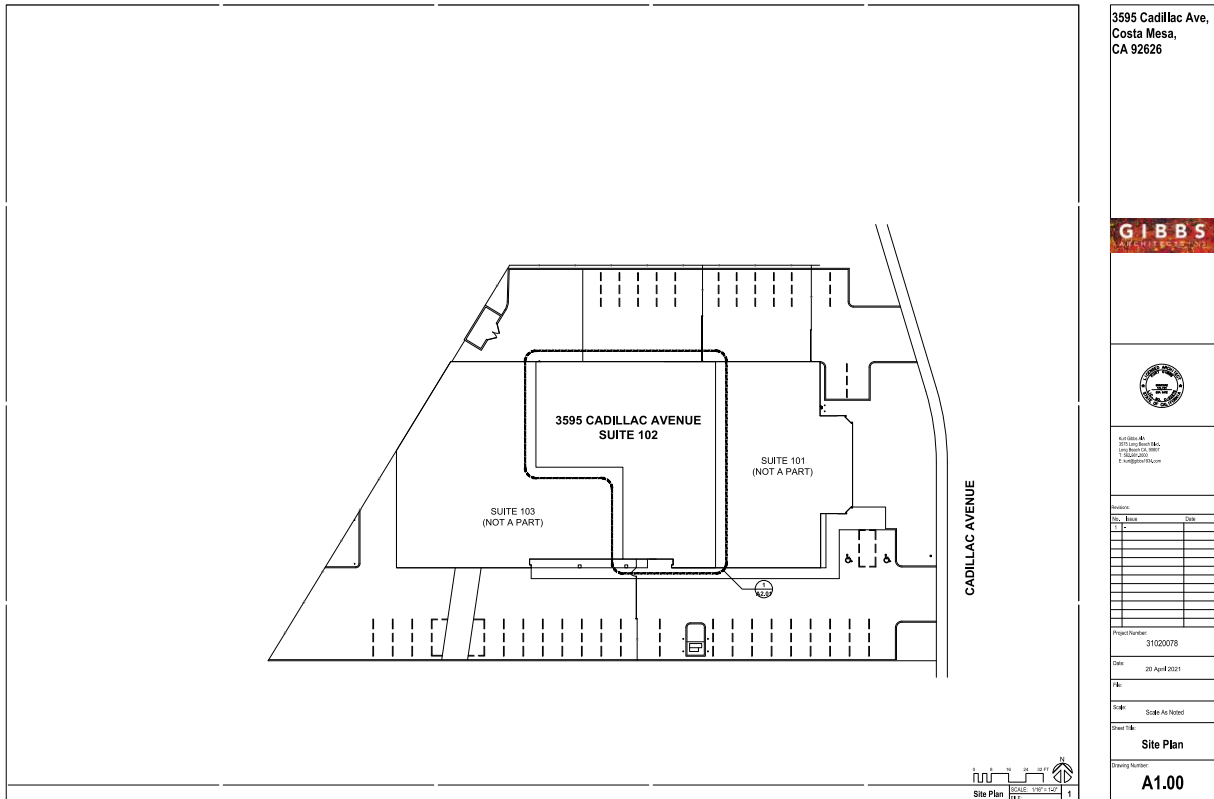
Dyrect will employ the Futurola Knockbox 3/300 Pre-roll Cone Filling Machine. The equipment is designed to create up to 300 pre-rolled joints in under two minutes. The Knockbox 3/300 has a two-way density control, providing the option for tight or looser rolled joints. The machine is easy to use and can be conveniently cleaned in order to ensure compatibility with Good Manufacturing Practices.



## 8. DYRECT SAFETY PLAN

### 1. PROJECT LOCATION

- a. **Location:** 3595 Cadillac Avenue, Suite 102, Costa Mesa, CA
- b. **Description:** Single-story industrial warehouse building located in MP industrial Park zone. The 20,226 ft<sup>2</sup> facility was built in 1978 and is Measure x compliant.
- c. **Site Plan:**



3595 Cadillac Ave,  
Costa Mesa,  
CA 92626

**GIBBS**  
CONSULTANTS



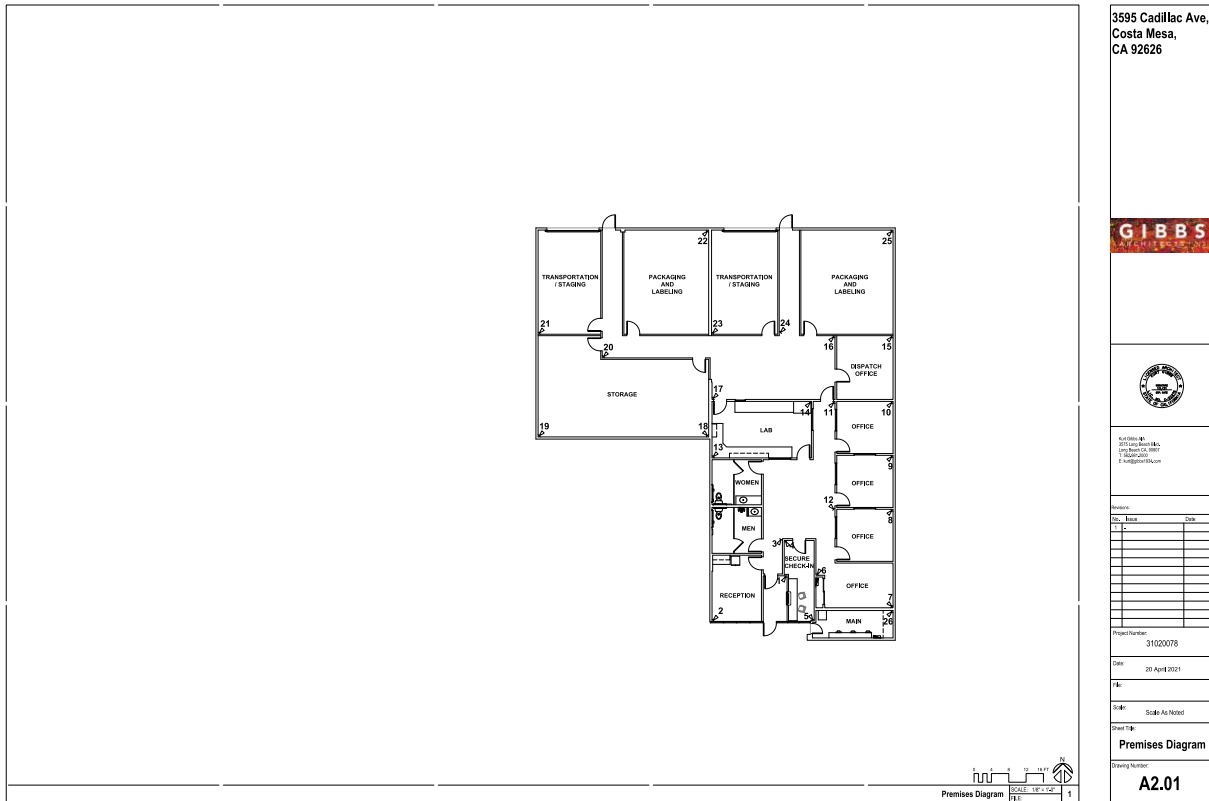
Author: DMG  
Title: Senior Engineer  
Date: 20 April 2021  
Project: 31220078

Rev.	By	Date

Project Number: 31220078  
Date: 20 April 2021  
Title: Site Plan  
Scale: As Noted  
Drawing Title: Site Plan

Drawing Number:  
**A1.00**

**d. Building Layout:**



**2. BUILDING INFORMATION**

- a. **Construction Type:** Type IIIB, Non-Rated, One-Story Building, Non-Sprinklered
- b. **Proposed Use:** Cannabis Non-Volatile Manufacturing and Distribution

**c. Description of use and extraction type:**

Dyrect’s non-volatile manufacturing operations will involve the processing of cannabis into pre-rolls as well as infusion activities which involved mixing cannabis concentrate oil such as THC distillate or a full-spectrum concentrate with pre-determined mixtures for gummy, vaporizer cartridges, or tinctures. These operations can mostly be done by hand, but automated machines make the process a lot more efficient and consistent as there is little room for human error. Dyrect has a designated room for manufacturing which will house all of the manufacturing equipment. Since our proposed activities do not include extractions, there will be no extraction equipment utilized during our operations (see Proposed Equipment in Extraction Process for infusion equipment and filling machine).

- d. **Occupancy Classification:** F-1, Manufacturing & Distribution
- e. **Number of Stories:** One-Story
- f. **Fire Protection Features:**

**FIRE ALARM SYSTEM**

- a. Overview
  - i. The facility has a temporal-3, horn/strobe fire alarm system for the tenant space.

- a. Equipment
  - i. The main fire alarm control panel is located within the security room at the back of the store.
- b. Initiation
  - i. Duct-mounted smoke detection will be on the return side of required units over 2,000 CFM, in accordance with the California Mechanical Code Chapter 6. Duct-detectors will be on supervisory signal only.
  - ii. Manual pull stations (dual action) will be provided at every exit.
- c. Notification
  - i. Audibility is to be provided throughout the tenant space in accordance with NFPA 72.
  - ii. Retail areas, the restroom and corridor will be served with strobe coverage in accordance with NFPA 72.

In addition to Smoke Detector and Carbon Monoxide units in each of the facility's primary areas, fire alarm, fire extinguisher, and comprehensive air handling systems, the facility will have a designated alarm monitoring company. The name of the entity providing security alarm installation, monitoring and testing is Bay Alarm Company. The alarm system will send a daily communication test signals to Bay Alarm Company. Maintenance and service requests can be made at any time by Bay Alarm Company. Bay Alarm Company can provide emergency, same day service for any emergency repair requests. The alarm system includes alarm contacts on all accessible entry points. Motion detectors near every entry point and a 360 degree motion detector installed in the main room of the premise.

If an intrusion signal is received by Bay Alarm's central station, the procedure is as follows:

1. Call the first 2 numbers associated with the account.
2. Dispatch Police Department.
3. Call the remaining numbers on the emergency contact list.

The facility will also feature air purification technology for the health and safety of its employees and patrons. Dyrect's air quality equipment includes HEPA filtration and activated carbon as a two-pronged solution to achieve indoor air purity and the elimination of noxious odors escaping the site. Dyrect's dispensary utilizes the HealthMate Plus, which is a four-stage filtration system to ensure indoor air purity and odor reduction. The first filter is a Large Particle Pre-filter, which removes dust, hair and pet dander. The second filter is a Medium Particle Pre-filter, which removes molds, spores and pollen. The third filter is a combination of activated carbon and zeolite, which removes VOCs, formaldehyde, benzenes, chemicals, gases and odors. The final filter is a Medical Grade HEPA filter that removes 99.97% of all particles larger than 0.3 microns and 95% of all particles larger than 0.1 microns. The HealthMate Plus not only removes odors but will ensure that viruses and bacteria are not present within the dispensary.

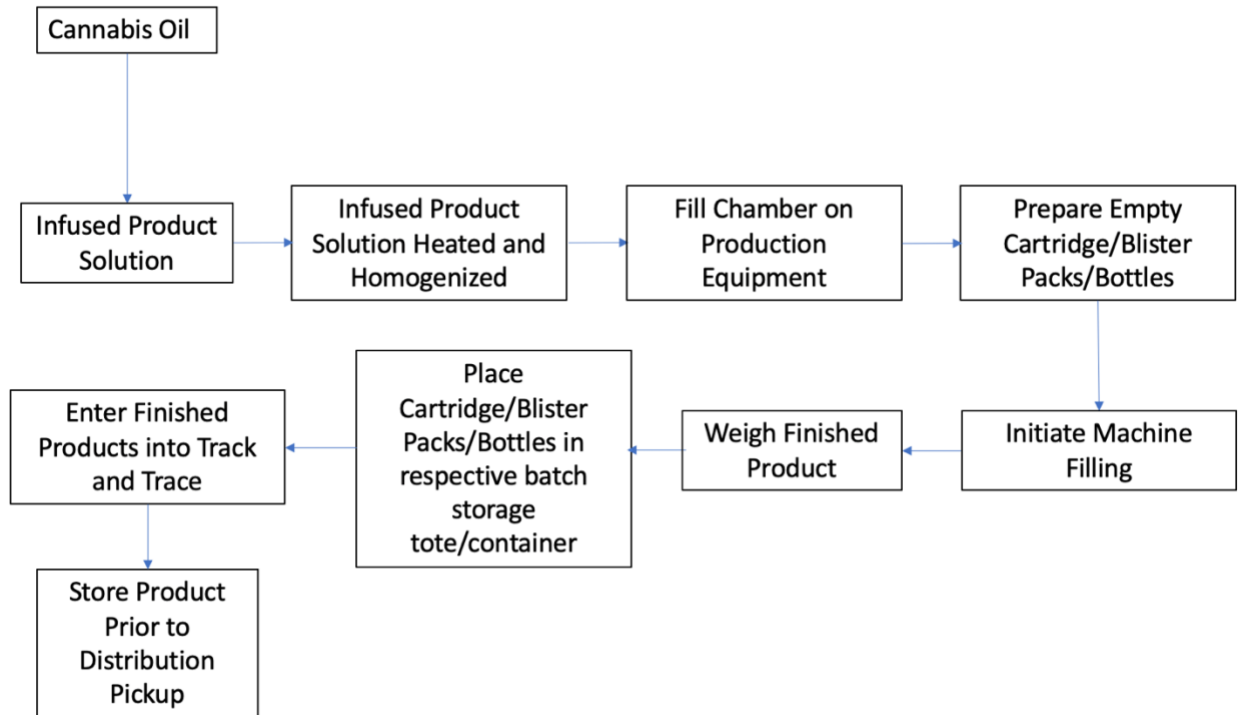
The facility features fourteen (14) Indoor CCTV Surveillance Cameras, five (5) Outdoor CCTV Surveillance Cameras, one (1) 360° CCTV Surveillance Camera, five (5) Ceiling Motion Detection units, two (2) Wall Mounted Motion Detection Units, nine (9) Door Contact Intrusion Detection devices, two (2) Under Desk Duress Buttons, one (1) Security Keypad Intrusion Detection system, three (3) Access Control Card Readers, one (1) Security System Alarm Control Panel, two (2) Wall Mounted Horn and Strobe systems, one (1) Closed Circuit Digital Recorder, and one (1) Access Control Panel. Security systems are backed up by an uninterruptable power supply, which is a high capacity battery housed in the Secured Office. One KnoxBox device will be mounted in front of the entrance for emergency responders (Master Key to be provided to Costa Mesa Fire Department and Costa Mesa Police Department). (Ord No. 2960 §11.437(a)(2)) (See: Security Plan)

**Fire Sprinkler System:** This facility does not currently have and is not required to have a fire sprinkler system. However, Dyrect will work with its Professional Fire Prevention and Suppression Consultant, the Costa Mesa Office of Code Compliance, Building Safety and Engineering Services, and Fire Department to design and implement a sprinkler system during its Special Use Permit process and building and planning review for proposed tenant improvements. If awarded a Dispensary license, Dyrect is committed to working with the above-mentioned city departments, as well as its fire prevention and suppression specialist to obtain the required permits



and install a fire sprinkler system as an additional fire safety and suppression mechanism that will provide further safety mechanisms for its staff and clients.

### 3. FLOW DIAGRAM OF PROCESS



### 4. FIRE SAFETY ASSESSMENT

Dyrect is committed to developing and maintaining a safe accident-free workplace for its employees and the general public. All of our employees will be responsible for safety and good hygiene practices. The existing two-story facility is outfitted with fire sprinklers. Fire Protection will be in strict compliance with all applicable National Fire Alarm and Signal Code as well as the Costa Mesa Fire Department Regulations for the occupancy of the business. The fire safety plan will include a UL listed central station monitored fire alarm system consisting of NFPA approved smoke detectors and manual pull stations in compliance with NFPA fire code.

**Suppression:** Portable fire extinguishers are provided in accordance with NFPA 10. Each fire extinguisher shall be located within 75-linear feet from each other. Management and employees are trained on when to utilize fire extinguishers and proper usage techniques. Extinguishers are located in each main area of the facility. The ABC Extinguisher and signage use safety messages for emergency response protocol and compliance. It is a useful tool to protect the health and safety of personnel but is not an alternative for required protective measures for eliminating or abating hazards.



Dyrect complies with NFPA 10 requirements for inspection/maintenance of its portable fire extinguishers. Monthly Inspections are performed to ensure extinguishers are ready for use and include verification that: (a) extinguisher is properly located and freely accessible; (b) operating instruction and manufacturers' information is legible; (c) all seal and inspection tags are in place; (d) all hardware is secure and free from burrs, rust and abrasion; (e) the discharge hose is firmly attached and free from obstructions; (f) the gauge reads full and full charge is verified by weight; (g) the body of the extinguisher is free from damage.

Maintenance, service and recharging will be performed by a person certified by a recognized organization through a formal certification program or by an equipment manufacturer that has a certification program. Regular maintenance requirements include: (a) Annual detailed physical inspection; (b) annual conductivity tests; (c) hydrostatic tests performed every 5 years; (d) internal examination of extinguisher following inspection cycles provided in Table 7.3.1.1.2 of NFPA 10. Record of extinguisher inspection and maintenance efforts will be kept onsite. Records will show at least the previous 24 months inspections, in addition to the annual and 5-, 6-, and 12- year maintenance schedule.

**Compliance:** NFPA 10 Portable Fire Ext.; OSHA Fire Protection; OSHA 1910.1200(c).

Dyrect will ensure their facility is equipped with approved Class 2A portable fire extinguishers. Each fire extinguisher shall be located within 75-linear feet from each other and undergo a yearly inspection certification to ensure proper functioning. While Dyrect is not involved in volatile manufacturing and do not anticipate any fire hazards in the manufacturing area, we will keep an additional fire extinguisher in the room dedicated to manufacturing procedures.

**HVAC:** The proposed location is outfitted with a relatively new rooftop Heating Ventilation Air Conditioning System. If Dyrect anticipates any upgrades or renovations to the HVAC system we will ensure all upgrades are done in compliance with City Code.

**Odor Control:** Dyrect's cannabis odor sources include unpackaged cannabis (flower and trim) and bulk concentrates, although to a lesser degree. During transport of all cannabis and concentrates products shall be enclosed into a smell proof container before transport to Dyrect. These products will be directly put into the cannabis storage area dedicated for manufacturing purposes. Dyrect will install Carbon Air Filters throughout the facility to mitigate the permeation of odors from the premises. Carbon Filters are made exclusively with top quality carbon granulated into the smallest pieces to reduce air pockets between the granules, which leads to a better filtration performance. The overall-efficiency and wide-use of these filters throughout the facility will ensure no offensive or noxious odors escape the facility. This will accomplish the most effective option for controlling marijuana related odors.

**Alarm:** Dyrect will install and maintain fire/smoke and carbon monoxide alarms throughout the facility. 24-hour constant access and fire alarm system shall be provided with constant off-site monitoring service

**Fire Hazardous Material:** Dyrect's operations do not involve the handling or storage of any fire hazardous materials.

## 5. CHEMICAL CLASSIFICATION DISCLOSURE FOR HAZARDOUS MATERIALS:

Dyrect's operations do not involve the handling or storage of any fire hazardous materials.

## 6. VOLATILE GAS STORAGE AND SAFETY PROCEDURES:

Dyrect will not utilize any volatile gases in the production of their cannabis goods.

## 7. PROPOSED EMPLOYEE TRAINING:

### EMERGENCY PREPAREDNESS TRAINING

Dyrect's Security manager is responsible for training all employees, owners and managers on security and safety. The Company has completed a detailed security plan and emergency action plans, which includes both Emergency Medical and Fire Response Processes, which all persons must be familiar with before working at the facility. Training will occur in two phases, as follows:

The first phase of training will occur off site in the classroom and will be a minimum of 8 hours, or longer as needed. Attendees will be trained on Company policies and procedures in the security plan and the Emergency action plan, such as: Preventing Diversion, Inversion, theft and loss of marijuana; reporting requirements for disqualifying offenses; Pocketless uniforms; random pat down searches; Serious injury or death of an employee; Employee abduction; Employee assault; Employee theft, fraud or embezzlement; Suspicious activity protocols; access control protocols; Main facility entrance procedures; ID Sign in-log procedures; confidential passwords; Identification badges, Facility Agent identification procedures; Emergency exits and evacuations; Video surveillance system; data security; vulnerability and threat assessment training; sexual harassment prohibitions; workplace violence prohibitions, seed to sale and inventory management; reporting potential violations and security issues. Upon completion of this training, all participants must pass a written examination prior to graduating to phase two.

The second phase of training will occur at the facility where all staff will physically demonstrate their ability to apply what they learned in the classroom in phase one. All persons will demonstrate how to follow established procedures to the main entrance using their badge and employee PIN; gaining access through the security pass through by electronic means to enter the limited access area; properly displaying their badge; emergency evacuation procedures for fire, bomb threats, chemical spills, active shooters and severe weather.

The Facility Manager shall present basic fire prevention training to all employees upon employment, and shall maintain documentation of the training, which includes:

- Review of 29 CFR 1910.38, including how it can be accessed;
- This Safety and Fire Prevention Plan, including how it can be accessed;
- Good housekeeping practices;
- Proper response and notification in the event of a fire;
- Instruction on use of portable fire extinguishers (as determined by Dyrect policy in Emergency Action Plan); and
- Recognition of potential fire hazards.

Management shall train employees about the fire hazards associated with the specific materials and processes to which they are exposed and will maintain documentation of the training. Employees will receive this training: (1) At their initial assignment; (2) Annually; and (3) When changes in work processes necessitate additional training.

**Safety Training:** Safety Training is essential to prepare employees for potential dangers that may occur in the workplace. All employees undergo safety training, supplemented with additional monthly training. In addition, semi-annual scripted training courses will be provided with group and individual evaluations. Each employee will be evaluated on several objectives, including their understanding and execution of required protocols, attention to detail, verbal communication and ability to demonstrate restraint and control in complex and ever-changing circumstances.

Given the amount of cash involved within the cannabis industry due to unresolved banking issues, dispensary owners and employees must be prepared for a wide array of circumstances. Safety Training focuses on the following areas: Cash Handling, Robbery/Burglary Protocol, General Safety Protocol, Product Handling, Driver Safety, OSHA, Customer Service, and Confidentiality training. Random training evaluations will be implemented with training records kept on-site. In conjunction with the training syllabus, additional topics include Sexual Harassment, Workplace Injury, Hygiene Practices, Site-Security and Personal Safety. We invite local law enforcement and Fire Rescue to offer feedback and guidance.

**General Safety Protocol:** is to include earthquake, fire and evacuation safety that teach employees how to manage varying circumstances. All employees are made aware of exits and standard safety protocol. The location of fire hydrants and manual fire sprinkler valves will be addressed in training as well as how to properly coordinate evacuation efforts relating to limited access evacuation considerations. General safety training includes chemical safety, office furniture and equipment safety, and safe work practices. This training will be supplemented by the employee handbook safety rules and safe work practices. Finally, a list of safety rules will be provided to all employees and posted on the premises.

**Occupational Safety and Health Agency (OSHA) Training:** Operational procedures and standards for site maintenance and discrepancy reporting will follow OSHA guidelines. Concepts instructed include Hazardous Materials, Personal Protective Equipment (PPE), Medical/First Aid, Hygiene/Sanitary Practices and reporting procedures. Applicant will require at least one employee and supervisor to complete a 30-hour Cal-OSHA general industry training course offered by an authorized OSHA training institute within one year of obtaining the dispensary license (BPC §26051.5(a)(11)).

**Fire Drills:** The procedure for conducting fire drills shall be determined by the Facility Manager and Security Manager, taking into consideration:

- the building occupancy and its fire hazards;
- the safety features provided in the building;
- the desirable degree of participation of occupants other than supervisory staff;
- the number and degree of experience of participating supervisory staff;
- the features of fire emergency systems installed in buildings within the scope of 29 CFR 1910.39; and
- the requirements of the fire department.

In addition to Direct training for security and safety, all staff will complete the following courses:

- FEMA IS-906: Workplace Security Awareness
- FEMA IS-907: Active Shooter
- FEMA IS-912: Retail Security Awareness

Management shall also complete:

- FEMA IS-37.19: Managerial Safety and Health
- FEMA IS-200: Basic Incident Command System for Initial Response
- FEMA IS-916: Theft and Diversion

**POSTED EMERGENCY CONTACT INFORMATION (IF YOU CANNOT REACH A 911 OPERATOR)**

Costa Mesa Police/Fire Dispatch: (714) 754-5252

**POSTED NON-EMERGENCY CONTACT INFORMATION**

Costa Mesa Fire Administration: (714) 754-5106

Costa Mesa Police Headquarters: (714) 754-5280

Poison Control: (800) 222-1222

***Emergency & Disaster Protocol Pamphlet:*** Lastly, all employees of Dyrect shall be given a hard copy of Costa Mesa's twenty-six (26) page Disaster Preparedness booklet to keep at home. The pamphlet has been incorporated into Dyrect's overall Fire, Medical, and Hazardous Situation Safety Plan and will be integrated into Dyrect's employee training for Fire and Safety procedures. The materials, intended for Costa Mesa residents, cover city and governmental alerts and warnings; emergency kits and plans; special needs, children, and pets; shelter in place versus evacuation; utilities; hazardous materials; earthquake preparedness; tsunami preparedness and storm, flood and evacuation routes; public health emergencies; terrorism; radiological emergencies; active shooters; emotional impacts and available resources.

## **ii. BUILDING INGRESS AND EGRESS**

The interior layer will also consist of a comprehensive, integrated camera system which will exceed the state standard and will cover any and all “access areas” to include but not limited to segregated areas relating to the various stages of cannabis retail, distribution and manufacturing.

### **1. Sensors: Secure Areas & Entry/Exit**

The intrusion alarm system is comprised of door and window contacts, glass breaks, silent panic alarms, and motion detectors. Dyrect’s security system will electronically monitor all perimeter access points, and all perimeter doors will be secured by electronic and manual locking features. All facility windows will be fixed / un-openable and will have glass break sensors. It is our intention to incorporate services from either Netwatch USA or another local security monitoring / response vendor for third-party monitoring of alarms and surveillance equipment.

### **2. Security Bars / Window Security**

Dyrect will incorporate Security Bars into all Windows and/or Glass that is exterior facing. Security Bars will be featured in the following areas of the facility: (1) Front Façade; (2) Rear windows above both rear facility access doors; (3) skylights; and (4) any penetrations that are made for the purposes of the HVAC system.

### **3. Exterior Doors and Limited Access Doors**

All exterior doors and limited access doors will be security grade metal doors that will feature RFID access requirements and/or other secure access measures to prevent unauthorized entry. In addition to the controlled access features of these doors they will also feature door contact sensors that monitor use, time and authorized personnel’s entry into limited access area. Exterior doors and Limited Access doors will also be self-closing and self-locking.

## **iii. PRODUCT SECURITY**

The various access areas within the interior of the facility will be securely separated from one another and only accessible by those employees whose job necessitates their entry into specific designated areas and who display proper identification. The main entrance will be equipped with electronic card access, traditional key back-up in the event of a power outage, with keys being stored in the security office in locked cabinets. This door will be supported by the recorded system and have the ability to integrate, upgrade, and add components of enhanced security technology.

Access to the vaults will be limited to authorized Managers, Principal Officers and authorized employees. Access will be granted through EACS lock, which records the time, date, and agent entering the vault which is located in a room with no exterior doors or windows. The PIN combination will be changed quarterly and will never be shared with unauthorized individuals.

Ultra-high definition surveillance cameras will be positioned within and directly outside the vault with motion-detection capabilities which will immediately notify the Security Manager upon any after-hours motion. The vault will be equipped with electronically locking doors that can maintain security in the event of power failure and will be equipped with motion-detecting sensors, notifying the Security Manager and local authorities of suspicious activity. The vault will be located on the interior of the facility in a room containing no exterior windows or doors.

Dyrect will ensure all waste is handled per SOP and held in secure containers stored in LAA while awaiting ultimate disposition. The facility has a policy for loss of access cards which will be the requirement of immediate notification and subsequent deactivation of card. If cards are not used for a set period (Employee out sick on vacation) or for whatever reason the employee cannot notify of the loss of the card it should be automatically deactivated after a period determined by Dyrect to prevent misuse. Circumstances regarding reasons not listed will be evaluated and restricted/or terminated on a case to case basis. Any employee terminated, who separates, or losses their ability to possess a card per state regulations will have their card stripped and deactivated upon receipt of notification or action.

### 1. Secured Storage

All access areas that house any cannabis products for any reason, and in quantity will be secured by controlled access with mechanical/key lock back-up, viewed by the system of cameras. Each access area, and the hallways in between shall be equipped with real-time electronic video cameras placed to ensure visibility of employees and escorted visitors working/visiting inside the facility. The ability to view cameras remotely by screens will be available in the security office, along with several licensed/authorized mobile devices which will ensure the capability to monitor while patrolling/responding to emerging or actionable security events. Cameras will also be situated in and around the sensitive areas of the facility to deter/prevent the theft, loss or diversion of cannabis/cannabis infused products.

#### iv. INTERNAL SECURITY FOR ACCESS

Dyrect will implement best-in-class equipment and procedures for interior non-public spaces of the facility, designated herein as Limited Access Areas (LAA). Employees will be granted varying access and will only be permitted to enter LAA necessary to their job description. Employees must individually scan their keycards when entering LAA in a group, so security can identify and record individual access, which will be maintained for 5 years. Dyrect will install surveillance cameras in LAA that provide no blindspots of all interior spaces and cover entrances/exits.

Dyrect's floor plan is designed so that cannabis materials are only present in a limited number of areas, which are labeled Limited Access Areas both physically, and in Dyrect's Electronic Access Control System (EACS). EACS is comprised of electronic access keycards issued to employees who enter LAA in fulfilling their daily responsibilities. Employees whose jobs do not require the handling of cannabis materials or access to rooms containing cannabis product will not have keycard.

### 1. Limited Access

Electronic access card systems will control/restrict entry to Limited Access Areas (LAAs), using doors that work during power failures. Persons who are essential to surveillance operations, law enforcement agencies, security system service personnel, the Department, and others when authorized are permitted in LAAs and must be signed-in by Security Agents (SAs), who will verify credentials. Employees will always display their identification cards.



**v. POWER OUTAGE CAPABILITY**

A battery backup (“Uninterruptable Power Source”) which enables the system to record in the event of a power outage will be utilized and manual locking systems to required external access doors will be installed in the event any and all controlled access is disabled. The backup battery provides approximately six (6) hours of backup power, sufficient to implement a generator in the event that power is not restored within the typical timeframe. All cameras will be strategically placed in a manner which will prevent the destruction or manipulation and will be layered with several devices that prevent and detect unauthorized intrusion interconnected cellular and/or electronically as applicable. Security footage will be retained on-site for a minimum of 90 days and a backup battery system will keep the surveillance system operating for at least 6 hours.

**vi. DELIVERY SPECIFIC SECURITY PROCEDURES**

**A. GENERAL SECURITY MEASURES: DELIVERY SAFETY**

Dyrect complies with all safety regulations and takes further measures to protect its employees and the community. Our no chase policy and robbery management training teach de-escalation techniques and emphasize safety. Drivers always keep cannabis goods in the vehicles’ Tuffy Tactical Security Lockboxes, which are not visible to the public (4 CCR §15417(b)). At no time will a delivery employee leave cannabis goods in an unattended vehicle unless the vehicle is locked and equipped with an active alarm system (4 CCR §15417(c)).

Vehicles are outfitted with a digital panic button, which Delivery Drivers can deploy in the event they feel their safety is threatened. This function notifies Dispatchers, Managers and local authorities of the driver’s location.

Delivery drivers are instructed to utilize hands free calling via voice command technology and to obey California traffic regulations – always maintaining awareness of road and traffic conditions. We believe our equipment and safety protocols are in the best interest of the employees, the company, and the community. Dyrect implements a zero-tolerance hands-free and distracted driving policy for its delivery drivers and other employees. Employees are not permitted to operate a motor vehicle while performing tasks that may cause distractions. This includes using a wireless communications device to text, compose, read, or send an electronic message, when the motor vehicle is in motion and while in traffic. This prohibition is effective during employees’ work schedule including when the employee is conducting business on behalf of Dyrect. If an employee must make a call, including an emergency call (911), the motor vehicle should first be parked in a safe location. All Dyrect employees and motor vehicles are covered under the Federal Motor Carrier Safety Administration (FMCSA) rules specifically prohibiting drivers of commercial motor vehicles (CMVs) from texting or using hand-held mobile phones while operating their vehicles. Each vehicle is equipped with hands free Bluetooth calling and integrated voice command technology to reinforce this policy.

Dyrect will comply with all safety regulations and take further measures to protect employees and the community. Dyrect’s no chase policy and robbery management training teach de-escalation techniques and emphasize employee safety. Delivery employees will be instructed to comply with state regulations involving safety; drivers shall not travel with cannabis goods worth in excess of \$5,000 at any time and



cannabis goods in the vehicle shall not be visible to the public (CCR §§ 15418; 15417(b)). At no time will a delivery employee leave cannabis goods in an unattended delivery vehicle unless the vehicle is locked and equipped with an active vehicle alarm system (4 CCR §15417(c)). Delivery vehicles are outfitted with a digital panic button, which can be employed by drivers in the event the driver feels their safety is threatened. This function notifies the Manager and local authorities of the driver's location. Dyrect adheres to a strict no tolerance policy with respect to non-consumption rules for drivers, and each delivery employee is duly aware of the provision and must provide a signed acknowledgement (4 CCR §15419). Delivery drivers are instructed to utilize hands free calling via voice command technology and to obey California traffic regulations – always maintaining awareness of road and traffic conditions. We believe our equipment and safety protocols serve the best interest of employees, the company, and the community.

We adhere to a strict no tolerance policy with respect to cannabis consumption prohibition for Delivery Drivers. Each delivery employee is made duly aware of the provision and provides a signed acknowledgement during onboarding (4 CCR §15419).

## **B. AGE VERIFICATION PROCEDURES & PROCESS**

### **Pre-Registration of Delivery Customers**

Dyrect will preregister delivery clients prior to delivery. Dyrect will receive orders through online (automated) and telephone (manual input) using Blaze POS. Dyrect anticipates processing Adult-Use and Medical orders. Preregistration procedures for different types of orders mostly vary with regard to additional medical recommendation and patient info necessary to preregister medical orders. Age identification and address verification are two necessary preregistration steps for all clients, medical patients must also submit a doctor's recommendation. All protocol outlined under records protocol will be strictly followed with regard to client information.

### **Delivery Age Identification**

Delivery orders will need to be submitted with government-issued ID that proves the ordering party is over 21 years of age, or 18 years of age for medical patients. Online orders will require a scanned copy of the client's government-issued ID. Phone orders will not be processed until customers send proof of ID to a secured email address or via SMS message. Upon receiving the party's government-issued ID, Dyrect employees will verify documentation through Blaze, which immediately compares a data entry for instant age verification. After a customer's age is verified, staff will verify the patient's doctor recommendation and delivery address, or, for adult-use customers, verify delivery address.

### **Delivery Medical Recommendation Verification**

For new patients, Dyrect staff will electronically verify the medical recommendation or contact the physician to confirm patient status. Staff will print a copy of the recommendation, State issued Medical Marijuana ID Card, and current ID to be retained for company records. Additional medical documents, such as permission for usage in excess of State limits, will be requested from new patients ordering online, copied into patient records, with a printed copy filed on-site. All documentation will be verified when delivery is made with delivery drivers being tasked with capturing in-person photographic proof of recommendation and ID upon delivery. All delivery processes and procedures comply with laws pertaining to confidential medical information (BPC §26162.5).

### **Confirmation of Documentation at Delivery**

Delivery drivers must verify registration documentation at delivery. Drivers are equipped with Blaze's compatible ID Scanner for authentication purposes. Additionally, for medical deliveries, the manifest includes a copy of patients' recommendation and drivers must verify the patient's original physical copy of their recommendation matches the scan sent with the delivery request. Drivers must capture photographic proof of patients' original documentation at delivery. Blaze POS has the capability of storing a log of scans that include customer age, date and time of transaction and all other required data points for a minimum of 180 days. These logs are available to City or State officials for review and analysis at any point in time. The Delivery Driver accepts payment, processes the transaction and hands the customer their order only after confirming age and identification validity with Blaze POS hardware. Drivers will be instructed to cancel orders where the receiving party fails to provide matching/verifiable documentation. Cancelled orders will be recorded, and product re-inventoried. Orders that are not delivered are treated as cancelled; employees will update this information in Blaze and Metrc thereby notifying the DCC.

### **Patient/Client Record Protocol – HIPAA**

Before transactions occur, clients submit a valid government-issued ID and/or a recommendation from a doctor to use cannabis and fill out an online Patient Intake Form, a Membership Agreement, a Health Insurance Portability and Accountability Act "HIPAA" Privacy Authorization Form and initial the Rules for Membership. Caregiver records are attached to patient profile for patients in their care. All Dyrect employees will be provided HIPAA-compliant confidentiality training and are responsible for exercising care and caution when addressing client medical conditions and personal information. Confidentiality training includes methods and concepts designed to protect staff (such as work schedule, phone number, home addresses, vehicle information and other personal information) and facility information (Operational procedures, response protocols, primary network passcodes and other restricted information).

### **Data Storage and Recall**

Dyrect's use of both Headset and Blaze, which links with Metrc, provide us with the ability to instantaneously retrieve all records and logs of customer identification scans that include date, time, purchase, and age of customer. All records are stored for a period of no less than seven years, and our contract with Blaze includes the transfer and consolidation of data to any new POS system if Dyrect decides to change POS providers in the future.

### **Delivery Address Verification**

Dyrect staff will be responsible for verifying delivery addresses. Deliveries are not permitted on sensitive uses designations such as schools, daycares, churches, government property, whether state or federal, or on publicly owned land/property leased by a public agency (4 CCR §15416(c)). Staff will input the delivery address to verify it does not fall on any such designations. The company will seek approval and necessary permitting from cities that fall within the delivery area prior to operating in other jurisdictions. Any order from an address that does not comply with the government property prohibition or is not within the delivery radius will be cancelled and notification will be sent to the ordering party.

### **Scope of Delivery**

The delivery process begins when an authorized delivery agent exits a licensed premises with cannabis goods for delivery and concludes when that agent returns to the premises after delivering the cannabis goods to the customer(s) (4 CCR §15415(d)). Delivery Drivers only travel from our licensed premises to the delivery address, from one delivery address to another, or from a delivery address back to the licensed premises. Delivery Drivers do not deviate from the provided course except for necessary rest, fuel, vehicle repair stops, or because road conditions make continued use of route unsafe, impossible, or impracticable (4 CCR §15421). Dyrect institutes a no tolerance policy for deviating from GPS generated routes absent valid explanation, which is confirmed by reviewing GPS data. OnFleet consolidates reports on driver activity and performance to provide the most current information on our drivers. All Delivery employees are adequately trained in delivery logistics compliance and provided are with fair warning as to the no tolerance policy.

### **C. POINT-OF-SALE TRACKING**

Procedures for receiving inventory through Blaze and Metrc include the following steps: (1) Accept new manifests in Metrc; (2) Navigate to Incoming Inventory on Blazes to ensure transfer manifest was properly synced; (3) Assign each package to a pre-programmed product name or create a new product name in Blaze for assignment; (4) Enter the wholesale cost of each unit and ensure the Quantity and Barcode fields have been properly synced; (5) Save the manifest after reviewing total cost and quantity; (6) Fill in additional package details included on package labels; and (7) Review manifest status for completion.

Procedures for customer sales through Blaze and Metrc include the following steps: (1) age verification and customer profile creation; (2) documentation of employee making the sale including first name and employee number; (3) compiling a list of products purchases, including quantity, price, and SKU#; (4) documenting total amount of sale, including the price paid for each product, amounts paid for taxes and any discounts applied; (5) Quantity and Barcode fields syncing; (6) a completed purchase receipt that contains the information obtained in steps (1)-(5).

### **BLAZE POS**

Dyrect utilizes Blaze POS software to assist with sales processing and inventory management. Blaze and Metrc integrate and sync with one another, automating processes that otherwise need to be performed manually. Blaze is automated to update when Metrc receives new inventory, sets a package's unit of measure prior to acceptance, and creates transfer manifests for vendor returns, customer deliveries, or transfer to another location. Inversely, Blaze pushes the following information into Metrc for automated updates:

- Sales and associated package IDs
- Price of product
- All changes in quantity/inventory lists
- Closed packages

Whereas Metrc tracks products by package ID, Blaze provides the additional benefit of automating stock keeping units (SKUs). The software assists with creating a strong product naming convention consistent with Metrc's pre-set product profile categories, which allows packaged units to be micromanaged within the vendor's internal network while maintaining Metrc compatibility. Since California doesn't permit "deli-style" marijuana sales, standardized units are uncomplicated to monitor and inventory. Additionally, Blaze's automatic compliance detection tools prevent:

- Selling to underage customers
- Selling below cost of acquisition
- Negatives in company inventory
- Over-selling daily customer limits
- Selling from incorrect package / lot ID

Blaze also syncs Dyrect's sales receipts with Metrc through real-time sales data functionality and direct CSV file uploading. All sales must be recorded with the following: (1) name/employee number; (2) name/customer number; (3) date/time of transaction; (4) list of purchased goods and quantity; (5) package number and unit of measure; and (6) amount paid including taxes. Blaze's software makes internal inventory adjustments and reports sales receipts and inventory updates to Metrc automatically. Blaze simplifies usage by providing easy to use tablets outfitted with its POS software, receipt printers, label printers and labeling materials, barcode scanners, weigh stations, as well as ongoing training and other equipment and logistical support.

Dyrect's designated inventory manager will keep an active roster of all employees using the Metrc system and will notify the DCC within three days if a compliance notification is not fully resolved (4 CCR §15048(e)(2)). All required data points will be entered into the Blaze program and automatically updated in the company's Metrc account; all transactions will be accounted for within 24 hours and any discrepancies will be reported to the Department immediately (4 CCR §15049(c)). Blaze is used for both on-site and delivery transactions.

#### **D. ONFLEET TRANSPORTATION & LOGISTICS SOFTWARE**

Our entire fleet is integrated into our OnFleet transportation and logistics platform. OnFleet links each vehicle to a Global Positioning System (GPS) and works in conjunction with Blaze POS to track and record the following information:

- 1) The time that our Delivery Driver leaves our facility
- 2) The time that our Delivery Driver completes a compliant transaction
- 3) The time that our Delivery Driver returns to our facility
- 4) Our Delivery Driver's travel route between departing our facility, traveling between delivery locations and returning to the premises
- 5) The identification of our Delivery Driver
- 6) The vehicle used to conduct the compliant delivery
- 7) The identity of the receiving customer or medical patient
- 8) The type and quantity of cannabis goods included as part of each order being delivered
- 9) The dollar amount we are charging for the delivery (4 CCR § 15417(d)).

OnFleet's program and equipment provide real-time location monitoring, electronic logging capabilities, and reports for fuel consumption and driver route performance. Any information requested by the DCC regarding location and delivery routes will be immediately accessed through the system and dutifully supplied. All Delivery Vehicles are outfitted with Tuffy Tactical Security Lockboxes for added security (4 CCR §15417(b)). Lockboxes are installed and secured into the trunk of each car. Lockboxes are also outfitted with climate control technology that maintain the quality and integrity of perishable cannabis goods. Each driver is required to put products and cash from transactions in the lockbox while driving. Products will only leave the safe when a Delivery Driver performs a delivery at a verified private location

or when restocking. Cash remains in the lockbox until the driver gets back to the dispensary and is ready for transfer.

### **SECURING INVENTORY DURING NON-BUSINESS HOURS**

Our security measures protect the premises and our product during both operational and non-operational business hours. We incorporate guidelines from the United States Drug Enforcement Agency into all product security protocols for the implementation, inspection and maintenance of product security systems.

All pre-sale bulk cannabis goods are stored in the Secure Storage Room, which complies with Federal Specification AA-V-2737 and DEA 21 CFR 1301.72 and meets the following specifications from the DEA Controlled Substances Security Manual-Minimum Standards: Handlers of CI&II Controlled Substances: (1) Walls, floor, ceiling constructed of at least 8" of reinforced concrete or other masonry reinforced vertically and horizontally with #4 (½") steel rods tied 6" on center, or UL listed modular vault panels; (2) Door and frame unit are UL listed burglary-resistant, GSA Class V rated or equivalent, i.e. multiple position Group 1-R combination lock, relocking device, special metal alloy that resists carbide drilling and affords overall security protection set forth above for safes and security containers; (3) Interior and exterior equipped with alarm system which upon attempted unauthorized entry transmits a signal directly to Dyrect, Bay Alarm, and local law enforcement; and (4) Door is equipped with contact switches to ensure optimal electrical lacing of walls, floors and ceiling, sensitive ultrasonic or infrared sensors, sensitive sound accumulator system designed to detect unauthorized entry. The Secure Storage Room's exterior is composed of a material that has a Class 125 2-Hour rating for up to 2000 degrees Fahrenheit and a Class A Flame Spread Rating. The interior and associated floors, walls, and ceilings are composed of a material that is easily cleaned to ensure maximum quality assurance. The Secure Storage Room is designed to incorporate scalability for surveillance technology and storage capacity to account for operational expansion.

We keep the Secure Storage Room and other areas containing cannabis securely locked and protected from unauthorized entry. Electronic access controls maintain an electronic daily log of employee with access to the Secure Storage Room and knowledge of access code or combination along with entry and exit logs with associated time stamps. Access to the Secure Storage Room and any currency storage vaults requires input into a biometric access system with specific authorization for internal operations. We create different access level tiers and assign employees of varying responsibility different access control levels for cannabis and currency access respectively.

All inventoried product is kept in limited access areas during operational and non-operational business hours, which is separate from areas where cannabis products are prepared for delivery. Only Managers, inventory and cannabis specialists have access to these areas. Inventory withdrawals and submissions are recorded in electronic records software and in a physical logbook located in the limited access office. Access to products and cash is determined by facility management and controlled via employee RFID access cards. Electronic and physical records of all successful and failed access attempts are maintained for a period of 7 years. Access record contain information including occurrence date, time, access location, employee name and facility manager on duty.

We utilize Blaze's POS software to assist with sales processing and inventory management throughout our internal supply chain. Blaze and Metrc integrate and provide live syncing with one another. Blaze automatically updates when Metrc receives incoming inventory, sets a package's unit of measure prior to acceptance, and creates manifests for returns, customer deliveries, and transfers. Inversely, Blaze pushes automated updates to Metrc for: sale and associated package IDs; product price; changes in quantity/inventory, and; closed packages. Direct's designated inventory manager maintains an active roster of all employees using the Metrc system and notifies the DCC (Form DCC- LIC-027) within three days if a compliance notification is not fully resolved (4 CCR §15048(e)(2)). All required data points are entered into the Blaze program and automatically updated in the company's Metrc account; all transactions are accounted for within 24 hours and any discrepancies are reported to the Department and City immediately (4 CCR §15049(c)). This rigorous recordkeeping platform gives us knowledge of every cannabis product's location in our facility and maximizes product security at every stage of the delivery process.