MEDS CAFE Plans for City of Ann Arbor

March 18, 2024

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Operations Statement

This Operations Statement describes the procedures involved in the following activities:

- Cannabis Intakes;
- Cannabis Storage & Packaging;
- Cannabis Sales; and,
- Cash Handling.

Figures 1 and 2 show the layout of Meds Cafe's facility.

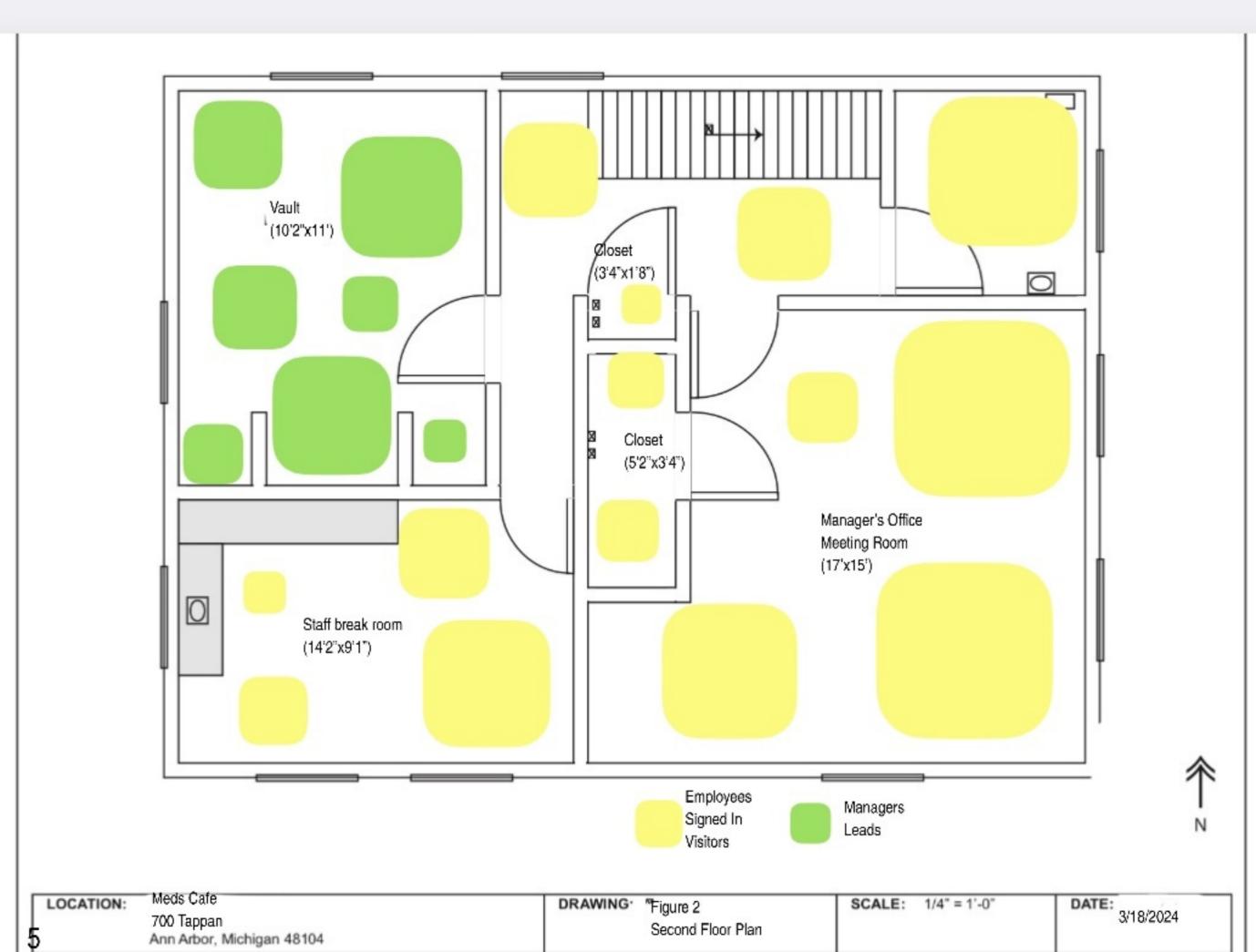
Cannabis Intakes

When a secure transporter arrives at Meds Cafe to transfer cannabis products, they should go to the reception desk to check in. The receptionist will notify the manager or a lead budtender. They will then greet the secure transporter in the lobby and escort them to the Inventory Room. The manager, or lead budtender, will then assist the secure transporter with the check in sheet and verify weights/counts. If there is something wrong with the transfer (e.g. incomplete documentation, wrong weight/count, etc.), the transfer must be rejected. When a transfer is completed, all documentation of the transfer must be immediately entered into the METRC statewide monitoring system and tracking/inventory POS software system. The manager, or lead budtender, must also make certain that the cannabis product taken-in is labeled properly and placed in the vault for storage.

Cannabis Storage & Packaging

The access and operational use of each storage area is described below:





- Cash Safe and Vault Located on the second floor, the Cash Safe within the Vault stands as the pinnacle of secure storage within our facility. Accessible exclusively to the Management Team and Corporate Officers, it safeguards our most valuable assets with the utmost security measures. The Vault serves as the repository for bulk and/or package cannabis products, ensuring readiness for future use. Cannabis stored within this safe is meticulously monitored and transferred to the Sales Floor or Packaging Room as necessitated for restocking and packaging purposes. Maintaining stringent security protocols, both the Vault and Cash Safe remain securely locked at all time, with access strictly limited to storage-related activities.
- <u>Secure Storage Closet</u> This designated area functions as the pivotal hub for our comprehensive surveillance camera system, ensuring security measures across the premises. Additionally, it serves as the repository for essential networking equipment, facilitating seamless communication and operational efficiency within the establishment.
- <u>Sales Floor</u> Throughout the operational hours, cannabis products are securely stored
 within display cases and behind counters to ensure controlled access and adherence to
 regulatory requirements.
- Packaging Cannabis products are packaged and labeled in the designated Packaging Room. The primary responsibility for packaging lies with Management, who may also supervise trained staff members in this task.
- <u>Transfers</u> Cannabis transfers between the Vault, Sales Floor, or Packaging area occur
 periodically throughout the day in response to business demands such as packaging and
 restocking. Management or a trained staff member under Management's supervision may
 conduct packaging and restocking tasks as needed during operational hours.

Cannabis Sales

To shop at our dispensary, customers are required to present a valid for of identification, such as a State ID, Driver's License or Passport. Once their identification is verified, their information is updated in our Point of Sale (POS) system, and the are officially checked in.

When a budtender becomes available, the receptionist grants access to the locked Sales Floor door from the inside and accompanies the checked-in customer to the Sales Floor. Cannabis products on the Sales Floor are securely displayed in cases or positioned behind the counter to ensure controlled access.

Using our POS system, the budtender identifies the customer, which included viewing an image of their State ID and accessing a comprehensive transaction history. They then engage with the customer to discuss their needs, available options and any new offerings, addressing any queries the customer may have.

Upon selecting their desired products, the budtender retrieves them and scans each item into the POS system, ensuring compliance with the customer's limits. Once the transaction is finalized, the customer exits the Sales Floor through the unlocked Sales Floor door, which remains locked from the outside at all times for security purposes.

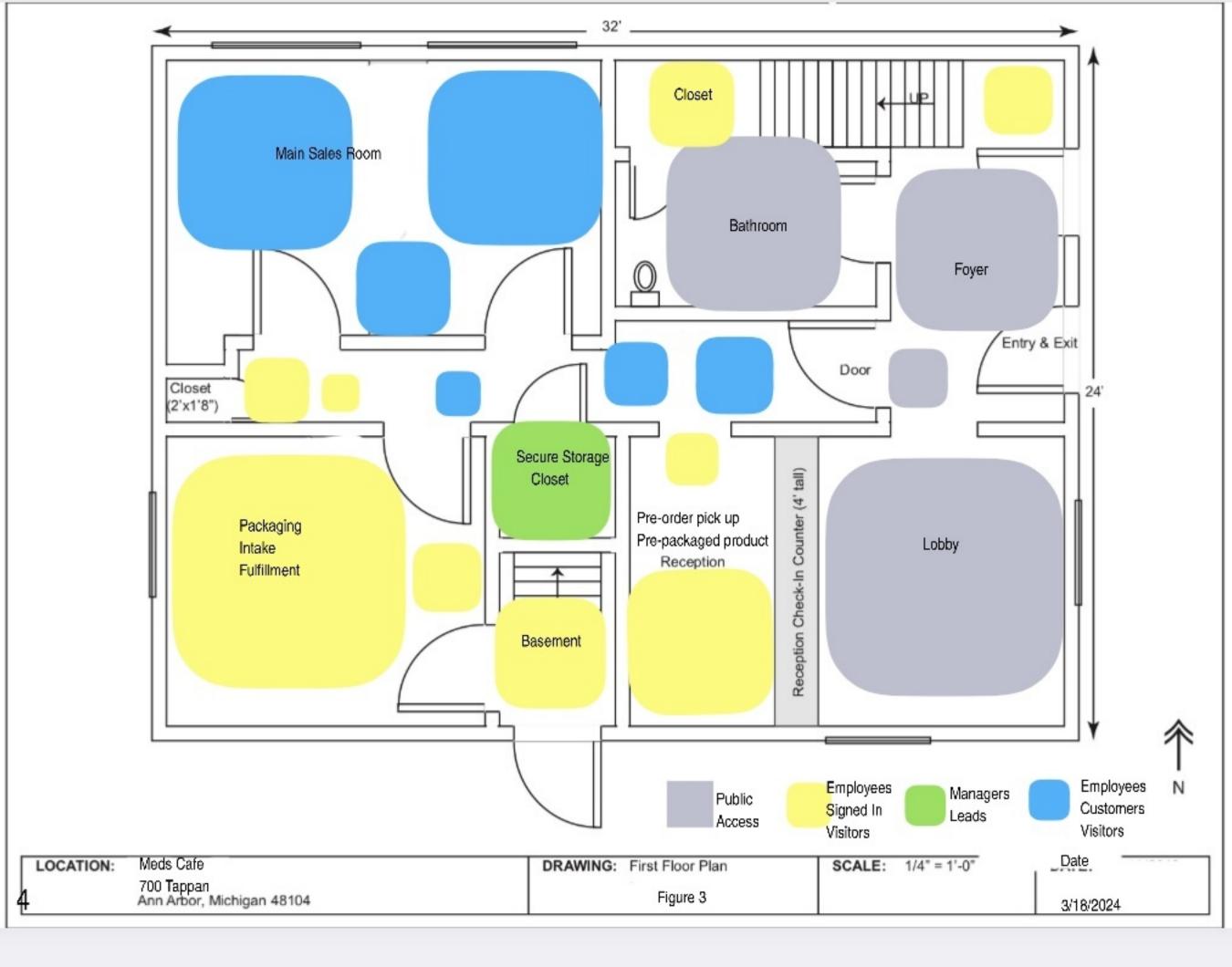
Cash Handling

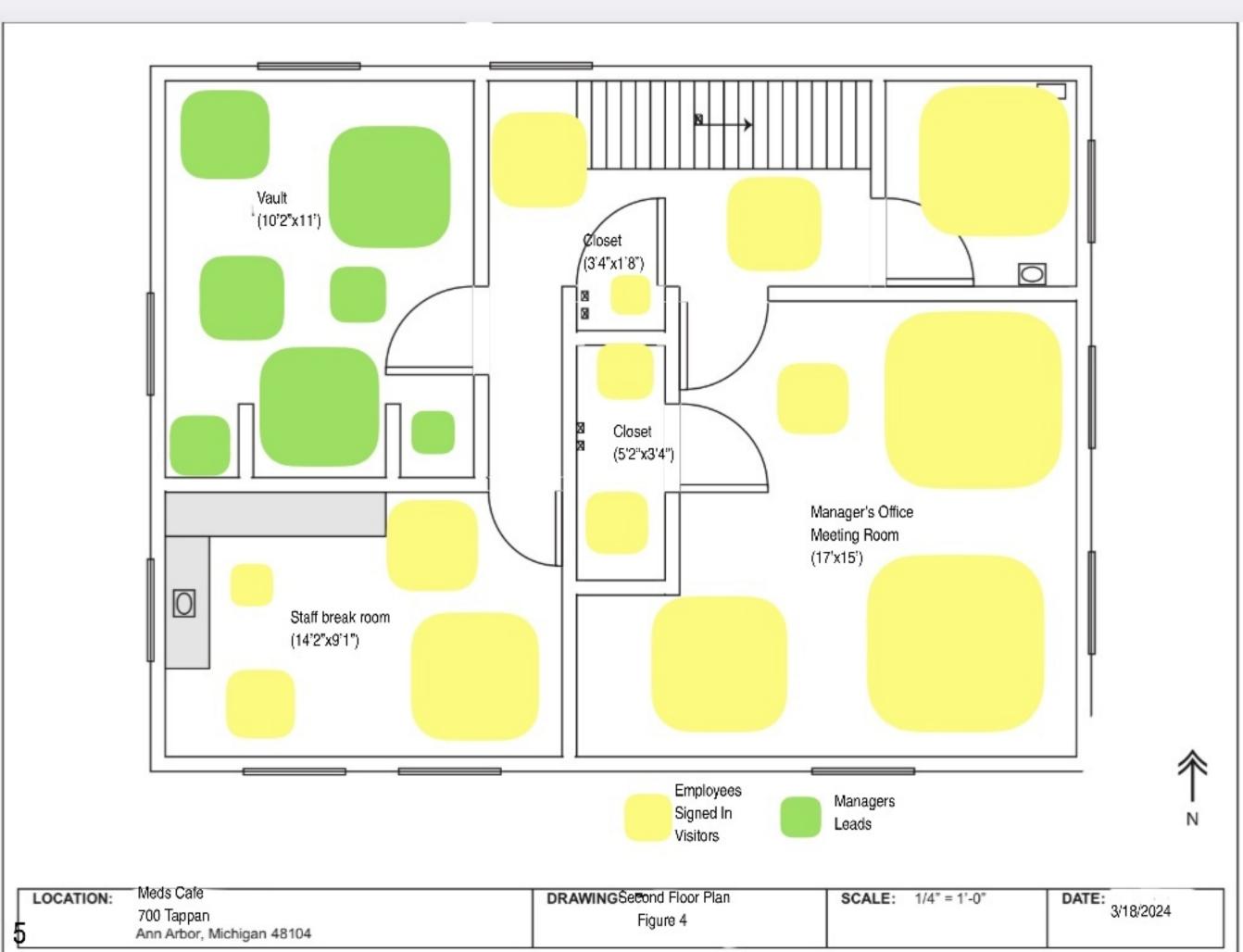
Cash is managed at the facility as described below:

• Cash Drawers – Each staff member has a designated Register with a cash drawer that automatically locks in between transactions. At the start of each shift, the budtender retrieves their cash drawer containing \$350.00 to facilitate change transactions. Throughout the shift, if the cash drawer accumulates over \$1,000.00, the budtender removes excess cash and requests a manager to perform a cash drop into the Cash Safe, documenting the amount and its source. At the shift's end, the budtender counts down the drawer and makes a cash drop into the Cash Safe, also documenting the amount and its

source. The budtender is responsible for replenishing the cash drawer with the appropriate starting amount for the next shift before securing the cash within the Cash Safe.

- Daily Cash Reconciliation Each morning before opening, either the manager or lead budtender retrieves the previous day's cash drops from the secure Cash Safe and consolidates them. These combined drops are then meticulously recounted by the manager and cross-referenced with the previous day's budtender POS software report. Any inconsistencies are promptly identified and resolved with the budtender, if possible. If a discrepancy exceeds an acceptable threshold, the Store Manager initiates disciplinary or other appropriate corrective measures. Once discrepancies are resolved, the reconciled daily drops are added to the cash reserves stored in the Cash Safe.
- <u>Cash Reserves</u> Weekly, all cash deposits are securely collected by a professional transport service for subsequent deposit into the business bank account. The manager meticulously maintains a record of daily cash counts on a dedicated sheet, providing both an internal record and a reference for the secure transport personnel for verification purposes. This rigorous practice empowers Meds Café to conduct comprehensive cash verification and reconciliation on a weekly basis, while simultaneously minimizing the amount of cash store on-site at the facility.
- Petty Cash Management A petty cash fund of \$2,500.00 is securely held within the Cash Safe. This fund is utilized intermittently to provide change for cash drawers, including banknotes and coins. The Manager is responsible for balancing and reconciling the petty cash reserve at least once a week to ensure accuracy and accountability.





Security & Safety Plan

Introduction

Meds Cafe's Security & Safety Plan is designed to:

- Proactively deter crime;
- Protect the safety & health of our neighbors, visitors, customers, and staff;
- Secure the facility and its business assets; and,
- Ensure the secure storage, access, and transfer of cannabis in strict compliance with the State.

Our plan consists of a comprehensive combination of Facility Access Design, Physical Barriers, Electronic Surveillance Systems and Operational Protocols. These designs, systems and protocols are described in detail in the following sections of the plan.

Facility Layout & Restricted Access Areas

The outdoor area of the facilities property is monitored 24/7 by four video surveillance cameras located on the four corners of the building. The video cameras are equipped with night vision technology to ensure visible recordings.

Outdoor lighting is located on the East, North and South sides of the building which automatically turn on in dim/night conditions to ensure that these areas are always well lit. In addition motion activated lights are located on the South side of the building which light up this side of the building whenever someone approaches.

The front door is only entrance/exit that is open during normal business hours. A second door on the front of the building is never used and kept locked at all times. The backdoor to the

building is a metal security door that is kept locked and secured with a deadbolt from the inside and is only used as an emergency exit or for owner/contractor access to the basement. A second interior door to the basement stairs and backdoor separates the facility from the basement access and is kept locked at all times and only used as an emergency exit or for contractor access to the basement. Meds Cafe's operations do not use the basement except for occasional contractor access to utilities.

Figures 3 and 4 illustrate the interior layout of Meds Cafe's facility including restricted access areas for the customers and staff.

Each level of access to the various areas in the building is described below.

- <u>Public</u> The public may enter Meds Cafe's foyer, first floor bathroom and lobby from the front door entrance. The public may make inquiries at the reception counter which is always staffed during business hours. All other areas are restricted.
- <u>Customers</u> Customers must check-in at the reception counter where they can register (new customer) or check in as a customer to browse the Sales Floor or pickup an online order.
 - New Customer New customers must provide a valid driver's license or State ID and provide a valid medical marijuana card to the receptionist. This information is then validated and entered into the customer database. Upon satisfactory completion, the customer becomes a checked-in customer.
 - <u>Existing Customer</u> An existing customer must present a valid driver's license, State ID or valid Passport to the receptionist to check-in for each visit. Once this information is validated, the customer's record is made current in the POS system and the customer is checked-in. When a Budtender is available, the receptionist opens the Sales Floor Door, which is always locked on the outside, and escorts the checked-in customer to Sales Floor. The Sales Floor room is staffed by a

budtender whenever a customer is present. Cannabis in the Sales Floor room is kept in locked display cases or behind the counter to ensure that the customer does not have direct access to it. The budtender then consults with the customer and supervises the labeling and transfer of any cannabis which is entered into the POS system at the time of transfer. Once the transaction is finalized, the customer exits the Sales Floor through the unlocked Sales Floor door, which always remains locked from the outside for security purposes.

- <u>Staff</u> Meds Cafe staff have different levels of access dependent upon their role in the company.
 - o Receptionist Reception staff have access to:
 - Reception Area (including customer records)
 - Staff Break Room, Staff Bathroom and Supply Closets.
 - Sales Floor.
 - o Budtender Budtender staff have access to:
 - Reception Area (including customer records)
 - Staff Break Room, Staff Bathroom and Supply Closets.
 - Sales Floor.
 - o Lead Budtenders Lead Budtender staff have access to:
 - Manager Office/Packaging Room
 - Secure Storage Closet & Cash Safe;
 - Sales Floor
 - Reception Area
 - Staff Break Room, Staff Bathroom and Supply Closets.
 - Store Manager & Corporate Officers Store Manager staff & Corporate Officers have access to:

All areas.

Physical Barriers

A variety of physical barriers exist within the facility to assist in restricting unauthorized access for security purposes. The physical barriers are described below:

- <u>Door & Window Locks</u> All windows and restricted access doors are equipped with commercial-grade, nonresidential door locks.
- Reception Counter The front desk reception counter is a permanently constructed
 four foot tall wall designed to prevent all physical access to the Reception Area and
 the Sales Floor except through the Sales Floor door. Visitors and customers can
 interact with the receptionist over the reception counter, but cannot enter the restricted
 access areas.
- <u>Sales Floor Door</u> This door provides the only access point for entering the
 Reception Area and Sales Floor Room. The door has a sign that reads "Staff Only"
 and is equipped with a lock that is always remains locked from the outside.
 The receptionist must open the door from the inside to provide access to the Sales
 Floor for staff and to escort customers.
- <u>Secure Storage Closet</u> This designated area functions as the pivotal hub for our
 comprehensive surveillance camera system, ensuring security measures across the
 premises. Additionally, it serves as the repository for essential networking equipment,
 facilitating seamless communication and operational efficiency within the
 establishment.
- Managers Office/Packaging Room Located on the second floor, the Cash Safe within the Vault stands as the pinnacle of secure storage within our facility.
 Accessible exclusively to the Management Team and Corporate Officers, it

safeguards our most valuable assets with the utmost security measures. The Vault serves as the repository for bulk and/or package cannabis products, ensuring readiness for future use. Cannabis stored within this safe is meticulously monitored and transferred to the Sales Floor or Packaging Room as necessitated for restocking and packaging purposes. Maintaining stringent security strictly limited to storage-related activities.

Electronic Surveillance Systems

Meds Cafe maintains an Alarm System and Video Surveillance System as part of its security plan. Both systems are described in detail below:

- <u>Alarm System</u> Meds Cafe's alarm system is designed to proactively deter criminal
 activity and protect from fire or carbon monoxide gas in a variety of ways including:
 - o <u>Signage</u> Signage on exterior windows notify potential intruders of its presence.
 - Audible Alarm When activated a loud audible alarm sounds; alerting intruders
 to its activation and alerting the attention of neighbors and others in the vicinity of
 the facility.
 - Notification Our Alarm Company remotely monitors the alarm system on a 24/7 basis. They promptly notify a Corporate Officer any time the alarm is activated, if the system is ever tampered with, or if there is a risk of deactivation due to power loss.

 Central Station Alarm/Silent Alarm – The alarm system is registered with local emergency response personnel who are automatically notified in the event of a break-in, fire, or activation of a silent alarm panic button.

The alarm system includes security functions that are available during operational hours including:

- Audible Door Chime Alerts staff whenever someone enters or leaves the building.
- <u>Panic Buttons</u> Multiple silent alarm panic buttons connected to the police department are strategically located throughout the facility.
- Smoke & Carbon Monoxide Detectors An audible alarm alerts staff in the event of a problem.

The alarm system is activated every night at closing and monitors for activity at the facility through a variety of electronic devices including:

- Contact Points Contact Points are located on all exterior doors and windows,
 they set off the alarm if an exterior door or window is opened.
- Motion Detectors Motion Detectors are located throughout the facility, they set
 off the alarm if any physical motion is detected in the facility.
- Glass Break Detectors Glass Break detectors set off the alarm if the sound of breaking glass (e.g. a window) is detected.

- <u>Video Surveillance System</u> Meds Cafes's video surveillance system includes eleven
 (11) high resolution video cameras, a digital recorder, and monitoring system. Meds Café keeps record of at least 30 days of footage.
 - O Video Cameras The eleven (11) high-resolution color video cameras are equipped with night vision technology to ensure visible recordings, even in the dark. The resolution and ranges ensures clear and certain identification of any person, including facial features. The video cameras are all permanently mounted in fixed strategic locations throughout the facility to ensure recording of the following areas:
 - The entire outside property is monitored by four video surveillance cameras located on the four corners of the building;
 - Record all entrances/exits to building (interior & exterior) within 20 feet of entry/exit locations;
 - Record the Sales Floor Room (POS consultations and displays).
 - Record all cannabis intakes.
 - Record all access to cannabis and cash storage.
 - Record all weighing and packaging of cannabis.
 - Record all movement/transfer of cannabis with-in the facility.
 - Record all customers entering and leaving the facility.
 - Records all secure/restricted access areas.
 - Record access to the surveillance system storage device.

- O Video Monitoring A large 55" wall mounted video display in the manager's office displays a split view of the video camera displays in real time. This allows the manager to view all the activities of the entire facility simultaneously. Additional monitoring displays can be accessed through any computer monitor in the facility with a secure log-in. Off-site monitoring of all video cameras and recordings is also available through a secure log-in.
- Digital Recorder The digital recorder is kept in the Manager's Office to protect recordings from tamper and theft. The recorder operates 24/7 and stores 30 days of digital recordings. New digital recordings overwrite the oldest digital recordings, ensuring continuous operation without the need to change the storage media. The recorder allows digital transfer of archived recordings to a writable CD. The time and date are clearly visible on all recordings. Still shot views can be printed on a color printer. An automatic failure notification system will be used to notify a corporate officer in the event that there is an interruption or failure in the video surveillance system or video surveillance system storage device.
 - <u>Third Party Access</u> Copies of all digital recordings will be made available to State regulatory authorities and law enforcement upon request.
 - Log of Video Recordings A log, identifying the name of the employee responsible for monitoring and maintaining the video surveillance system will be maintained. The log will also document the identity of any employee who removes recordings from the digital recorder, including the time and date removed. The log will also document the identity of any employee who destroys recordings from the digital recorder, including the time and date destroyed.

Security & Safety Operational Procedures

Meds Cafe has implemented a variety of Operational Protocols to ensure that all security objectives are met on a continuous basis. Operational Protocols are standard operating procedures which are institutionalized through initial staff training as well as on-going management supervision and periodic refresher training.

Our standard protocols that involve security issues are described below:

- <u>Public</u> Members of the general public are allowed to enter Meds Cafe's lobby to
 make inquiries at the reception desk or wait for a customer during their consultation.
 Members of the general public are not allowed to enter any restricted areas at any
 time.
- Visitors On occasion, Meds Cafe has a visitor who is not a staff member or customer who may require access to various part(s) of the facility for a variety of business reasons including: a local or State regulatory official, police officer, contractor, consultant, or business associate. All visitors must be greeted by a manager and escorted to the facility location(s) requiring access. Visitors who need to work in a restricted area must be supervised by a staff person(s) at all times. If the area of work contains unsecured cannabis (not locked in a case or safe), the cannabis must be removed and secured prior to the work activity. Visitors are never allowed to handle or touch any cannabis stock. If a visitor is interested in purchasing cannabis, they must first register and check-in as a new customer.
- <u>New Customer</u> New customers provide a valid driver's license, State ID, or Passport to the receptionist. This information is then validated as follows:

- Closely examining the Driver's License, State ID or Passport to ensure that they
 are valid documents that have not been copied, faked or tampered with in any
 way.
- Closely examining the photo and Date of Birth to ensure that it matches the person at the counter.
- Closely examining the valid dates on the Driver's License, State ID or Passport to ensure that the cards are currently valid and not expired;
- If all information appears to be complete and valid; the receptionist scans the ID into the new customer's record in the POS software system.

Upon satisfactory completion, the new customer becomes an existing customer and is checked-in to the POS software system awaiting an initial consultation.

- <u>Customer Records</u> Customer records are maintained under strict confidence and are considered highly confidential. All physical records including IDs are scanned into the POS software; no physical records are maintained.
- Opening Facility Every morning staff arrive at Meds Cafe at least 15 minutes early.
 They must follow the following procedures each day:
 - Enter Unlock the front door and change the alarm system mode to unarmed.
 Ensure that the front door is locked from the inside;
 - Sales Floor Transfer the daily supply of cannabis from the Vault to restock
 cannabis product supply, ensuring that the room contains the appropriate amount
 of cannabis for the day's operation and a new cash drawer.

- <u>Vault/Cash Safe</u> Store Manage or Lead Budtender retrieves cash drawers from the Cash Safe from the Vault. Count and ensure amounts match what was recorded previously. Ensure cash drawers are set to \$350.00 and place in register.
- <u>Final Inspection</u> Walk through the entire facility, making certain that everything
 is in order, make certain that staff are at their work stations, and that all secure
 doors are locked and closed.
- Open to Public Turn on Open sign and unlock front door at 9:00 AM
- <u>Closing Facility</u> Every evening at closing time the following procedures must be followed:
 - Lock Front Door At 9:00 PM the front door must be locked from the inside and the Open sign turned off. No one else is allowed to enter the building after this time.
 - <u>Finish Consultations</u> Staff must remain at their workstations until all
 member customers complete purchases that may be in progress at that time
 and all the customers exit the building.
 - Manager or Lead Budtender Put everything away in Managers Office, log out and turn off computers and make certain everything is clean and in place for the next day's operations. Make certain that all cannabis is put in safes and that the safes are securely locked for overnight storage. After all customers have left building, assist budtenders with closing by providing access to the Cash Safe for final cash drops and overnight storage of cash drawers and cannabis stock from Sales Floor Rooms.

- Receptionist Put away any items remaining on the reception desk, log out and turn off the computer and do a final cleaning of the Reception, Bathroom, and Lobby area so that it is ready for the next day. Empty all wastebaskets and bag daily trash for disposal.
- <u>Budtenders</u> Count down cash drawer and make final cash drop in drop safe.
 Lock cash drawer and store in Secure Storage. Log out and turn off the computer.
 Make certain everything is put away and workspace is clean and orderly for the next day's operations.
- <u>Final Inspection</u> The manager or lead budtender must conduct a final walk through check of the facility when the staff have completed their closing duties. Ensuring that the lights are off, everything is put away, and all secure locations are closed and locked.
- All Staff Upon completion of duties, each staff member should gather any personal items and wait for other staff members in the Lobby.
- Exit Building All staff members are to exit the building at the same time when the manager sets the alarm and locks the front door.
- Incident Reports Staff are trained to document any out of the ordinary, unusual or suspicious activity that may occur on Meds Cafe's property. Any major incident (i.e. harmful/destructive) must immediately be reported to the Store Manager and a Corporate Officer. However, most incidents are minor in nature. The staff person writes a short description of the event, including the time and date of occurrence, and any action that was taken. Incidents may involve poor behavior issues, such as customer loitering, irate behavior, etc. The Incident Report is provided to the Store Manager for review and any follow-up. All Incident Reports and any follow-ups are

discussed at the weekly Managers Meeting with a Corporate Officer. This provides Meds Cafe the ability to review on-going issues and establish effective corrective actions in the event of future occurrences. Corrective actions may include having the manager speak to a customer on their next visit regarding acceptable behavior or it may involve implementing additional on-going staff training (e.g. how to deal with loitering).

- <u>Criminal Activities (e.g. theft, break-ins & robberies)</u> The following procedures must be followed in response to any criminal activity:
 - Theft or Break-in If evidence of a possible theft or break-in is brought to the attention of a manager, they must immediately report the incident to the Store Manager and a Corporate Officer. Upon confirmation of the incident facts:
 - The Corporate Officer, or Store Manager in their absence, will immediately notify local law enforcement of the incident and provide coordination to the on-site staff, while in route if they are not on-site.
 - The scene of the crime including any evidence (e.g. broken window, shattered display case, open doorway, tampered alarm system, video recordings) should be left untouched as discovered for law enforcement investigation. If there are any witnesses, they should remain at the scene.
 - Facility operations should be temporarily suspended and/or closed, as necessary. Staff should wait at the facility where they will not enter, disturb or interfere with the crime scene.
 - Upon completion of the on-site law enforcement investigation, the
 Corporate Officer, or Store Manager in their absence, shall implement a
 plan to re-secure the facility and restore normal operations.

- Robbery/Threat of Bodily Injury In the event of a robbery or threat of bodily injury, local law enforcement must be notified as quickly as possible call 911 if feasible.
 - Silent alarm panic buttons are located throughout the facility which can also be used to alert local law enforcement of potential endangerment when used.
 - When bodily injury is threatened, staff should not disobey, argue with,
 physically resist or attack the perpetrator.
 - The shift manager should immediately notify the Store Manager and a Corporate Officer, when it is safe to do so.
 - The scene of the crime including any evidence (e.g. broken window, shattered display case, open doorway, tampered alarm system, video recordings) should be left untouched as discovered for law enforcement investigation. Any witnesses should remain at the scene.
 - Facility operations should be temporarily suspended and/or closed, as necessary. Staff should wait at the facility where they will not enter, disturb or interfere with the crime scene.
 - Upon completion of the on-site law enforcement investigation, the
 Corporate Officer, or Store Manager in their absence, shall implement a
 plan to re-secure the facility and restore normal operations.

Fire/Carbon Monoxide Safety

Smoke alarms and carbon monoxide monitor detectors are centrally located on the first and second floors of the building. They sound an audible alarm if activated and are monitored by our security company 24/7. The security company will call and notify a Corporate Office if they are not re-set within a short amount of time. The security company will also notify local emergency responders either at the request of the Corporate Officer or if they can't reach a Corporate Officer when the alarm is activated.

Two portable fire extinguishers are in the facility: one under the counter of the reception area and one under the sink of the Staff Break Room on the second floor. Staff would use the extinguisher(s) in the event of a small fire. In the event of a large fire, staff would immediately exit the building and call 911.

First Aid Kit

A large first aid kit is kept stocked in the hallway closet on the first floor. It is used by staff to treat minor cuts or scrapes.

Evacuation

In the event of power failure, an emergency egress light is located adjacent to the front door in the foyer of the first floor. It is designed to provide emergency lighting so that any customers and staff can see their way to the exit of the building.

Odor Control Plan

Meds Cafe stores all cannabis at its facility in sealed air-tight containers and packages.

Periodically, bulk cannabis is re-packaged into smaller containers in the Inventory Handling Area. This room is also the location where the cannabis intake takes place. Other than display cases and a limited amount of stock on the sales floor, the rest is stored in the vault.

Waste Management Plan

Storage & Disposal of Medical Marijuana Waste

All cannabis waste and/or products to be destroyed, or that the State of Michigan orders destroyed, will not be sold or transferred. The waste materials will be collected by the Manager and processed as follows:

- Reporting Waste All cannabis that will be treated as waste will first be weighed/counted, documented and recorded in the State of Michigan's statewide cannabis monitoring system (METRC) by the Manager.
- Rendered Unusable Upon reporting, the waste will be rendered into an unusable and unrecognized form. The cannabis (bulk or product) will be ground into a fine particulate and mixed with an equal amount (i.e. 50-50 mixture) of inorganic material (e.g. clay particulate).
- <u>Disposal of Waste</u> Periodically when the waste container reaches half full or more, the
 Manager will mix the waste with an equal amount, or more, of general office waste in a
 trash bag. The sealed non-descript trash bag will then be put in the commercial dumpster
 for landfill disposal with general refuse.

Statement of Days and Hours of Operations

Normal Business hours are:

- Monday through Sunday: 9:00 AM to 9:00 PM
- Staff typically arrive at the facility up to a half hour prior to opening to set up the daily operations.
- Staff typically leave the facility 20 to 40 minutes after closing to shut down operations and secure the facility.

Meds Cafe is closed on the following holidays:

- Thanksgiving Day
- Christmas Day