

Business Plan

Operations, Security, Odor Control, Waste Disposal Plan

AA Solutions, LLC

Proposed Designated Marijuana Consumption Facility

3860 Research Park Drive, Ann Arbor, MI 48108

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1 Introduction

AA Solutions, LLC ("AA Solutions") has received SEU approval for a marijuana dispensary in the City of Ann Arbor. AA Solutions now submits this Business Plan in support of its SEU application for a designated marijuana consumption facility to be added to the 2nd floor of its licensed facility at 3860 Research Park Drive, Ann Arbor, MI 48108.

2 Operations Plan

AA Solutions has developed inventory procedures that promote accountability, physical security, and traceability for all marijuana products at its facility. The inventory processes and procedures are performed in a manner intended to accomplish two goals: (1) conform to all regulations put forth in the MMFLA, MRTMA, and the City of Ann Arbor ordinances; and (2) demonstrate the ability to meet standards of excellence utilizing the best practices in the fields of Inventory Control and Supply Chain Management. This document specifically describes how AA Solutions will acquire, store, and transport its inventory, as well as how AA Solutions will maintain its inventory records.¹

We are committed to utilizing the Metrc statewide monitoring system for integrated marijuana tracking, inventory, and verification pursuant to the MMFLA and Emergency Rules. Metrc is a compliance management solution used by regulatory bodies for the oversight of the marijuana industry in each state where Metrc is deployed. Metrc is a cloud hosted on-line software reporting system used by licensed marijuana businesses to manage and report supply chain activities as required by state rules.

It is the intent of the applicant to utilize NetSuite inventory management and supply chain software in order to maintain a functional inventory system that is designed to first, prevent errors and second, to immediately identify and correct errors should they occur.

2.1 Purchasing

Inventory will be purchased by the Store Manager of the licensed facility. Purchases will only be made from a maintained list of approved vendors which will be composed only of state licensed Cultivators or Processors. Purchase Orders will be made to the vendor detailing quantity and SKU of ordered items or product. It is expected that an order confirmation will be sent by the vendor to the Store Manager containing communication of receipt of the Purchase Order and expected delivery date and time.

2.2 Deliveries

Deliveries will be received in a secure location, separate from any public accessible areas and under 24 hour Video Surveillance and Manager oversight. Communication of any changes to delivery date or time must take place before hand and is the responsibility of the Vendor.

2.3 Inventory Receiving Process

Upon delivery all items inspected for damage or defect. "Damaged" or "Defective" will include any items that do not have proper records of testing, non-compliant labeling, product past or

¹ Please refer to the Technology Plan included in Section 5 of this Business Plan for additional information on AA Solutions's inventory management system and METRC-integration.

too near expiration date, damaged in transport or otherwise, and any other criteria that fails to meet regulations set by the Board. All items recognized as "damaged" or "defective" will be refused delivery and recorded for reference and reconciliation of order. These refused items will be communicated to the Vendor.

All items will be counted and confirmed against Vendor issued packing or delivery slip. Discrepancies will be communicated to the Vendor immediately for redelivery or reimbursement. All items received and approved will be entered into the Statewide seed to sale tracking system (Metrc) and the NetSuite software.

2.4 Inventory Transferred to Vault

All received and approved items will be transported to the vault from the receiving area by a Store Manager or other Key Employee. Both locations are under 24 hour video surveillance and are restricted access areas controlled by key card access that also logs all entries and employee badge numbers.

The Vault meets all local, state and federal requirements for vault construction (methods, materials, surveillance equipment) All items received into the vault will be verified against receiving information and documentation.

2.5 Inventory from Vault

Inventory from the vault will be called on the Consultation Employees initiated via electronic inventory request. These requests will be recorded and logged through the communication system used to make the request.

These inventory requests will be dictated by set trigger numbers for individual items to both limit the amount of product on the consultation floor at any given time and to help track inventory movements. These trigger numbers will consist of Kanban cards placed physically with inventory items, determined by data analysis of sales numbers and product usage.

2.6 Cash Drops

Cash drops from the Consultation Floor take place every two hours. These are accomplished by preparation of secondary cash drawers containing starting amount of cash by the Store Manager within the vault, these are carried out to cash registers on the Consultation Floor and exchanged by the manager for existing cash drawers. The traded-out cash drawers are returned to the Vault by the manager where money is counted and verified against sales information and point of sale records for the individual cash drawer. The drawer is then balanced to contain starting cash drawer amount in preparation for the next cash drop and placed within the safe contained within the Vault.

2.7 Beginning of Day & End of Day Processes

At the beginning of each day and the end of each day of operation, cash and inventory counts are conducted by the Store Manager and verified against Metrc and the POS system. Discrepancies, if any, are investigated internally to isolate the errors. If any true discrepancies exist these are immediately reported to the State, in the case that theft or loss has been determined, local law enforcement is notified.

At end of day all floor stock will be returned to vault for overnight, secure storage (manager, 24-hour video surveillance, restricted access) and at the beginning of the following business day, the floor is restocked on the Consultation Floor.

2.8 Prior to Facility Access

Video surveillance on exterior of building to identify customer before entry into the facility. A customer may be denied entry through primary entrance door via wireless electronic locking mechanism.

A customer may be denied entry if they have:

- Breached company policies previously and have been banned;
- Pose a physical threat to staff or patients; or
- Exhibits signs of intoxication or impairment that is not of a medical condition.

2.9 Customer Enters Facility

Internal and Cloud Based 24-Hour video surveillance captures all entries. A new customer must provide forms of identification to be presented to receptionist (driver's license or other State/Federal issued photo identification and third form of identification to verify). The customer information is entered into the digital recordkeeping system by receptionist. A Consultant is notified electronically of customer presence and the customer waits in lobby for next available consultant to escort customer to the consumption area. A customer is not permitted into the consumption area unsupervised and escorted by a registered, qualified consultant.

2.10 Consultation

The Consultant enters lobby and collects customer information, then escorts customer into a separate consulting room. The Consultant checks and confirms customer identification before returning identification to customer. The consultation consists of:

- Discussion of doctor recommendations/symptoms/desired relief;
- Customer education of products/usage/dosage/medication tracking;
- Order of product placed; and
- Verification of daily limit by Consultant.

The sale is entered into POS and Metrc system. The customer is then escorted into the consumption area and the ordered product is then delivered to customer by a Consultant.

2.11 Refusal

A customer may be refused service if:

- The Customer's daily limit is exceeded;
- It is reasonably apparent that signs of drug abuse or addiction are present and the sale of marijuana products may be detrimental to customer health or the general public;
- The Customer's photo identification is expired or otherwise invalid; or
- The Customer has otherwise violated company policies or other state and local regulations.

3 Safety & Security Plan

36 Security cameras have been installed and maintained in good condition and the camera and recording system consists of High-Definition quality, color rendition and resolution to allow the identification of an individual. The cameras are in use 24 hours a day, 7 days a week, and are also monitored by our security company, which covers the marijuana dispensing areas, storage areas, consumption areas, all doors and windows to the cannabis facility, parking areas and other areas as determined by the Chief of Police. The recordings are maintained at the facility for a period of thirty (30) days, as well as we will have copies of all video surveillance in a cloud based online service.

The facility maintains adequate exterior lighting in the parking areas and entry/exit points to help provide safety for qualified customers and employees.

Windows and roof hatches at the property are secured to prevent unauthorized entry and are also equipped with latches that may be released quickly from the inside to allow exit in the event of an emergency.

Panic buttons have also been installed behind the counters wherever an employee is assisting qualified customers. These panic alarms are silent and immediately dispatch the local police.

3.1 Additional Security Considerations

3.1.1 Cash & Payment Security

Cash payments are kept to a minimum; however, in the event of a cash transfer, each transport team member will be required to conduct the cash transaction in plain view of surveillance cameras and under direct visual oversight of a manager. The cash will be placed inside of a tamper-proof, unmarked, lockable tote for transport. All available cash will be kept in a safe meeting or exceeding the state required size, weight and fire rating. The safe will be housed in the vault, which meets or exceeds construction and size requirements by the State. The vault is a restricted access area, requiring key card for entry, twenty-four-hour surveillance and key card access records will log all movements and personnel in and out of the vault.

3.1.2 Security and Emergency Training for Employees

Basic security training is provided for all onsite based employees. This training will focus on awareness, applying the see-something-say-something model. Each employee is required to go through security and safety training, of which is high level and independent of each other.

3.1.3 Alarm System

The system provides coverage of all facility entrances and exits, rooms with exterior windows, rooms with exterior walls, roof hatches, skylights and storage rooms that contain safes.

Duress alarm, which means a silent security alarm system signal generated by the entry of a designated code into an arming station in order to signal that the alarm user is being forced to turn off the system.

Panic alarm, which means an audible security alarm system signal generated by the manual activation of a device intended to signal a life threatening or emergency situation requiring law enforcement response.

Holdup alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress.

A failure notification system that provides an audible, text or visual notification of any failure in the surveillance system. The failure notification system shall provide an alert to the designated consumption facility within five (5) minutes after the failure by telephone, email, or text message.

The ability to remain operational during a power outage and ensure all access doors are not solely controlled by an electronic access panel to ensure that locks are not released during power outage. The system shall be maintained and inspected annually by a qualified security vendor.

We employ a third-party alarm monitoring service to ensure that all records and monitoring equipment cannot be accessed or tampered with from within the facility by any staff member, visitor or intruder.

The alarm system and monitoring service also includes panic buttons placed at in the Reception area, Consultation room, Manager's office and a mobile unit worn by the Management employee on staff.

3.1.4 Video Surveillance System and Processes

Tradewinds will operate and maintain in good working order a 24 hour, seven days a week, closed-circuit television (CCTV) surveillance system on the premises. The design of the digital video recording system encompasses roughly 100TB of storage allowing for 90 days of onsite storage and 90 days of cloud-based storage.

The location of 24 total cameras interior and exterior are marked out on the security drawing. The storage capacity for the camera system onsite will be approximately 100TB and the cloud based storage is unlimited. The system can also store key events for an infinite number of days onsite or in the cloud . The connection for ISP to remotely access and view video is through a virtual private network (VPN).

The facility has a combination of fixed cameras, 1 pan tilt zoom camera with tracking capabilities. The security control center, located in the manager's office, will have one 40-inch LCD monitor that displays the cameras throughout the facility.

3.1.5 Identification Cards

Identification cards serve multiple purposes on the grounds and inside the facility. Any person that is an employee of the facility must always have his/her photo ID clearly visible on his or her lanyard.

All visitors to the facility must always wear his/her visitor ID badge in plain view and at all times be escorted throughout the facility. When gaining access to the grounds as an employee, the ID card grants permission to the grounds. It will also be used to access employee locker rooms. No employee shall start work until they have received their ID card.

3.1.6 Visitor & Visitor Identification

All visitors, technicians, maintenance personnel and any other persons not in possession of an employee identification card issued for the facility who requires access must be recorded in the Visitor Log.

Any person not in possession of an Employee Identification Card must receive authorization and a visitors badge in order to access the licensed facility.

To obtain a visitor identification badge, the visitor must provide a valid, government issued Identification with a photograph.

Once a Visitor's Badge has been issued the visitor will be escorted at all times while in the facility. The visitor is required to have their badge visible at all times while in or on facility premises and will return the badge to the facility security personnel before leaving.

3.1.7 Background Checks – upon hire and every 6 months

Before an employee can receive an Employee Identification Card, background checks by both the Michigan bureau of criminal identification and investigation and the Federal Bureau of Investigation must be conducted and submitted to the board for review. These background checks will include fingerprints via a "Web Check" provider agency and are to be sent directly to both bureaus as required by the state. The results of the criminal records check performed will be sent directly to the Board.

In addition to the initial background checks required for employment at the licensed facility, it will be the policy of Tradewinds to run background checks for all tier 2 and tier 3 employees on a repeating 6 month cycle to ensure that no disqualifying events have occurred in the previous 6 month period that the employer may not have been made aware of.

3.1.8 Recordkeeping & Digital Information Security

Internet Security - No department or PC (or MAC or workstation) is immune to compromise. A confidential high-level mitigation strategy has been developed to prevent the leaking of sensitive information through the web. It is an overall approach to reduce the risk impact severity and/or probability of occurrence.

All records will be kept in a manner that is pursuant to regulations pertaining to the administrative rules. All hard copy documents and records required by the board to be kept on premises are located in a restricted access area, accessible only to Tier 1 or Key employees. Backups of these records are kept digitally on an offsite cloud storage facility, one of the most protected digital storage systems currently available.

3.1.9 General Compliance

To maintain 100% compliance to the State of Michigan guidelines, all policies and procedures are treated as living documents. The realistic fact that some security and safety scenarios

cannot be foreseen allows for the documents to be modified as needed to adjust to certain situations.

End of day operations at the facility include setting of the alarm system and locking of all points of entry or exit including all doors and windows. Both the setting of the alarm and lockdown procedures are conducted by a manager and confirmed through a double check system and sign off by a secondary member of staff. This activity is guided by a step-by-step checklist procedure that acts as a record of the activity and retained in accordance with the recordkeeping and control plan put forth in this application.

4 Odor Control Plan

4.1 Air Purification & Odor Mitigation

One of the most voiced concerns in relation to the Michigan Marijuana Program for the various facility types is air purification and odor control. Therefore, we believe that in order to act responsibly within the program and our community, we must treat this issue very seriously and respond with planning and investment to ensure that proper systems are in place to mitigate impact. The four main considerations that we address are air management, purification/reclamation, odor mitigation, and noise.

4.1.1 Air Management

Air management through the facility is handled by two 5 ton rooftop HVAC units with activated charcoal feed return that pulls air into the facility and delivers continuous ventilation. These filters are checked according to designated maintenance schedules and replaced regularly to ensure optimal functioning. The air returns are also outfitted with special odor/mold control UV lighting systems. These UV lights assist in the mitigation of odor as well as kill any bacteria or mold spores within the spaces. We maintain negative pressure in the building so no air escapes the building at all.

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5 Marijuana Waste Disposal Plan

The State of Michigan is defining marijuana waste as anything that is not "Usable marijuana" such as the seeds, stalks and roots of the plant. We would also include any returned, expired or otherwise determined non-usable product also in this definition of "waste."

The prevailing methods for disposal all start with the act of rendering the waste material as unusable. This is accomplished by first grinding up the waste material to a fine particulate

then mixing to a minimum of a 50-50 mixture of ground material and other organic or inorganic materials.

If the mixing material is organic then it is recommended that composting through either continuous methods or batch methods be the disposal method either on-site or at an approved disposal facility.

If the mixing material is inorganic or inert then it can be disposed of in a landfill, incinerator or other approved facility.

Our proposed marijuana waste disposal method is performed as follow:

1. All materials intended for destruction and/or rendered unusable shall be weighed and recorded.
2. Material awaiting destruction and/or rendered unusable shall be stored in a locked, restricted access area under constant video surveillance.
3. All waste is rendered into unusable and unrecognizable form by grinding and incorporating the waste product with non-consumable solid wastes so that the resulting mixture is at least 51% non-marijuana waste, which shall be performed under the direct supervision and surveillance.
4. After marijuana waste is made unusable and unrecognizable, the rendered waste shall be:
 - a. Disposed of at a solid waste site and disposal facility that has all necessary licenses and legal approvals authorizing it to operate in Michigan; or
 - b. Deposited at a compost facility that has all necessary licenses and legal approvals authorizing it to operate in Michigan; or
 - c. Composed on-site at an establishment owned by the generator of the waste and operated in compliance with Michigan's DEQ.

The designated consumption facility will maintain a log of all marijuana product that is considered waste, and marijuana plant waste, which will include a description of the waste and the amount and the manner in which it was disposed. The log of this waste will be available to the CRA and all local authorities upon request.

6 Days & Hours of Operations

The proposed days and hours of operation for the designated consumption facility are as follows:

- Monday through Saturday – 11:00am to 8:00pm
- Sundays – 12:00pm to 7:00pm

Employees are expected to be present at the facility one hour prior to opening and one hour after closing of the facility daily for preparation, maintenance, closing and reporting functions. Exceptions for the following holidays on which the facility will be closed:

- New Year's Day
- Independence Day
- Thanksgiving Day
- Christmas Day