

2019 CITY OF OAKLAND
SCORED DISPENSARY PERMIT APPLICATION

1. Applicant Information

a. Name: Authentic 510 LLC

b. Type of Corporate Structure:

☐ Corporation ☒ Limited Liability Company ☐ Partnership ☐ Individual

☐ Collective

Other: _____

c. Doing Business As: Authentic 510

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

e. Partner/Owner/Manager Information:

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

Last Name: Chandler	First Name: Abinette	Middle Initial: S
Alias(es): Abi		
Title: Owner		
Business Address: TBD		
City:	State:	Zip:

Last Name: Mitchell	First Name: Brian	Middle Initial: C
Alias(es): N/A		
Title: CEO		
Business Address: 728 E Commercial St.		
City: Los Angeles	State: CA	Zip: 90012

Last Name: Kim	First Name: James	Middle Initial: ST
Alias(es): N/A		
Title: Managing Director		
Business Address: 728 E Commercial St.		
City: Los Angeles	State: CA	Zip: 90012

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

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

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

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

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

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

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

Applicant has expert knowledge and appreciation of the Oakland Cannabis marketplace derived from owning and operating a 3500 sq. foot cultivation and 3500 sq. foot manufacturing facility in deep East Oakland on 98th Avenue, and from which Applicant sells its products to every licensed dispensary and numerous manufacturers in Oakland. Over the years we have cultivated relationships with equity and general owned Oakland cannabis companies through which we track and analyze the types of products and at what price points Oakland customers buy. Partners like our Equity Applicant, Abinette Chandler, and Equity incubatee, Marquin Chandler, both of whom are veterans of, and deeply tied into, the Oakland cannabis market. Our partners provide us with unique insights and knowledge of the Oakland market that we utilize to make informed market decisions, including pivoting from or investing in products which are in demand. Our expertise is not just colloquial to Oakland, we have a deep understanding of the larger California cannabis market place because we own and operate 7 dispensaries in San Francisco, Los Angeles, Davis, Palm Desert, San Bernardino, Modesto and Alameda. From these 7 dispensaries, we have been able to track and analyze the types of products, the most popular price points per type of product, the frequency of visits and various other purchasing preferences and habits of our customers. For example, in our Alameda store, the average age of our customer is 37, the most popular product is outdoor flower priced between \$25 - \$29 per 3.5 grams, 42% of our customers are female and 11% of our customers are medicinal customers.

Applicant will be able to utilize (1) the market data we have gathered through our business relationships with existing Oakland retail stores and distributors, (2) our current presence in Oakland, (3) Abinette Chandler and Marquin Chandler's cannabis experience in Oakland and (4) consumer habits we know what customers in Oakland are seeking. Oakland customers are seeking: (1) safe and premium quality products, (2) products from local manufacturers and cultivators at affordable prices and (3) a dispensary which reflects and is inclusive of the uniquely Oakland culture and people. More importantly we will utilize our statewide presence to help grow Oakland's market share of the statewide cannabis economy. We intend to utilize our network of operations to strengthen our Oakland brands and divisions, and the Equity partners we believe in. By placing our partners brands in stores statewide, our statewide presence, will afford the City a unique opportunity, through one entity to grow equity businesses beyond Oakland. Our intent is to grow our market share by growing Oakland's statewide share of the cannabis economy. Currently, our 7 existing stores average \$7,500,000 in revenue per year, which is more than 4 times the state average. By awarding us this permit our proposed partners, once operating, gain instant market shares in these stores.

Applicant captures market share as follows. Applicant will provide at our Oakland dispensary safe and premium quality products, more than 40% of which, will be cultivated and manufactured in Applicant's own cultivation and manufacturing facilities in Oakland which will then be distributed by Equity Distributors on Oakland to our store. This means that 40% of our products will have been within our control and custody until packaged and sealed. This is significant because (1) Applicant's state of the art facilities do not use pesticides or contaminants such as acetone or benzene and (2) while many products only undergo one level of testing prior to distribution, Applicant's products are tested two additional times in flower and then in distillate form. Additionally, manufacturers, including our equity partners, from which products are sourced will be inspected through site visits and vigorous testing of their products to ensure that third party products are also safe. For our equity partners we will share, educate, and teach them Good Manufacturing Practices (GMP) which we use to provide a wide variety of in-house products at affordable prices. As a vertically integrated operator we garner market share because we can place premium products at affordable prices for Oaklanders. As an example, while 3.5 grams of flower averages \$30 in Oakland, we are able to sell our most affordable flower at \$15 per 3.5 grams due to vertical integration. If we are awarded a permit will be able to sell the majority of our products from local equity partners and existing vertical infrastructure, and grow additional suppliers from our proposed Equity Applicant and Equity incubatees. Our store will also include the communities in which we operate by featuring local art, hiring at least 90% of our employees locally and partnering with local community organizations such as the Boys and Girls Club, United Playaz and Meals on Wheels, with which we have existing partnerships. By selling Oakland grown and sourced safe and premium quality products at affordable prices and giving back to the Oakland community, we believe we will be able to beat the black market and capture a large market share, in Oakland and statewide. We have a proven ability to achieve this, our products such as Stilizy, Bliit and Lliit are often ranked as the best brand(s) in cannabis which provide an instant customer base whenever we open new stores.

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

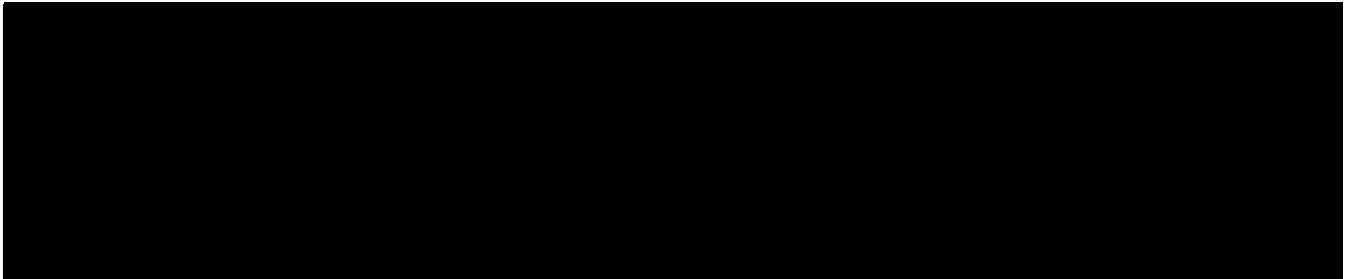
Applicant's CEO and Founder, Brian Mitchell, is a cannabis industry veteran and expert and he has been featured in numerous publications including Forbes, Green Entrepreneur and Cannabis Industry Journal, among others. See Appendix C for Forbes feature article on Brian. Spurred by his experience with medical marijuana when he had cancer, Brian has dedicated the previous 10 years of his life to cultivating, manufacturing and selling the safest premium quality products for medical patients, sufferers of physical ailments and recreational cannabis users. Prior to founding Authentic 510's parent company, the Shryne Group, Brian owned and operated La Corona Wellness, one of the first licensed cannabis dispensaries in San Francisco. Brian's belief in providing vigorously tested products without pesticides and other contaminants resulted in him sourcing much of the products sold at La Corona from the Humboldt cultivation farm he founded. In this way he could further his mission of offering the safest products to patients and customers. As the owner and manager of La Corona, Brian learned and gained hands on experience in every aspect of the business such as interacting with and educating customers on the science of cannabis, inventory tracking, compliance, proper accounting and payment of taxes and customer and product security. Brian has further deepened his cannabis dispensary experience by personally overseeing the opening and management of Applicant's sister stores in Los Angeles, Davis, Palm Desert, Alameda, San Bernardino and Modesto. Through the hands on experience he has gained, Brian has created over 70 Standard Operating Procedures used at all of our stores covering all aspects of the business from age verification and check-in procedures to waste management procedures. Brian's ability to create a safe and high end cannabis retail experience which is still inviting to customers of all demographics and income brackets is well known in the industry as is reflected by the fact that Applicant is regularly requested to manage and operate for other license owners (such as Main Street Supply in Alameda, which Applicant manages). If Applicant has the honor of being selected to open a cannabis dispensary in Oakland, Brian will directly oversee and manage the build-out, opening, and operations of the Oakland store.

In addition to Brian Mitchell, Applicant also employs some of the industry's foremost experts in areas such as accounting, compliance and security. Applicant's CFO, Marshall Minor, and his 12-person team of accountants and financial analysts manage all financial aspects of Applicant such as ensuring that proper taxes are reported and paid on time on the city, state and federal levels, ensuring that suppliers and other vendors are paid on time and balancing the budget to ensure the long term financial health of Applicant. Prior to joining Applicant, Marshall was the CFO for Aether Gardens, a cannabis cultivation and extraction company, and his combined 6 years as CFO of cannabis companies has led him to become an expert on 26 U.S. Code Section 280E, which prohibits deductions of ordinary business expenses from income derived from marijuana, and other industry specific financial rules and regulations. Marshall's financial expertise help ensure that all our stores are profitable.

Andrew Hopkins oversees all compliance functions of Applicant, including ensuring that every dispensary complies with all city, state and federal laws and regulations and also that the stores are complying with our robust SOPs. Andrew has over a decade of regulatory compliance experience with companies such as Dole and Monsanto (Bayer) and his expertise has resulted in 0 infractions to date across all of our cannabis operations.

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

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



A large empty rectangular box for the applicant to provide their response to the question.

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

REAL ESTATE AND ADMINISTRATIVE EXPENSES	\$ AMOUNT
Purchase or Rent	\$13,500
Construction or Remodeling	\$225,000
Utility Deposits	\$167
Legal and Accounting Fees	(In House)
Insurance	\$12,000
Prepaid Insurance	\$22,267
Pre-Opening Salaries and Benefits	\$329,316.00
Other (please provide detail) N/A	N/A

CAPITAL EQUIPMENT LIST	\$ AMOUNT
Furniture	\$25,000
Equipment	\$22,000
Fixtures	\$25,000
Machinery	\$5,000
Other (please provide detail) N/A	N/A

OPENING INVENTORY	\$ AMOUNT
Category 1: Flower/Bud	\$203,175.00
Category 2: Vapes/Concentrates	\$170,100.00
Category 3: Edibles/Pre Rolls	\$99,225.00
Category 4: N/A	N/A
Category 5: N/A	N/A

ADVERTISING AND PROMOTIONAL EXPENSES	\$ AMOUNT
Advertising	\$20,000
Signage	\$10,000
Printing	\$5,000
Travel/entertainment	N/A
Other/additional categories	N/A

OTHER EXPENSES	\$ AMOUNT
Reserve for Contingencies	\$94,500
Other Expense 1: N/A	N/A
Other Expense 2: N/A	N/A

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

2021

Position Title:	Salary Costs per Month	Benefit Costs per Month	Number Employed at this Position	Anticipated Month of Hiring
General Manager	\$5,000	\$1,500	1	1
Manager	\$3,640	\$1,092	2	1
Sales Associate	\$2,340	\$702	27	1
Security Guard	\$5,200	3rd Party Pays	4	1

2022

Position Title:	Salary Costs per Month	Benefit Costs per Month	Number Employed at this Position	Anticipated Month of Hiring
General Manager	\$5,500	\$1,650	1	1
Manager	\$4,004	\$1,201	2	1
Sales Associate	\$2,574	\$772	28	1
Security Guard	\$5,720	3rd Party Pays	4	1

2023

Position Title:	Salary Costs per Month	Benefit Costs per Month	Number Employed at this Position	Anticipated Month of Hiring
General Manager	\$6,050	\$1,815	1	1
Manager	\$4,404	\$1,321	2	1
Sales Associate	\$2,831	\$849	30	1
Security Guard	\$6,292	3rd Party Pays	4	1

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

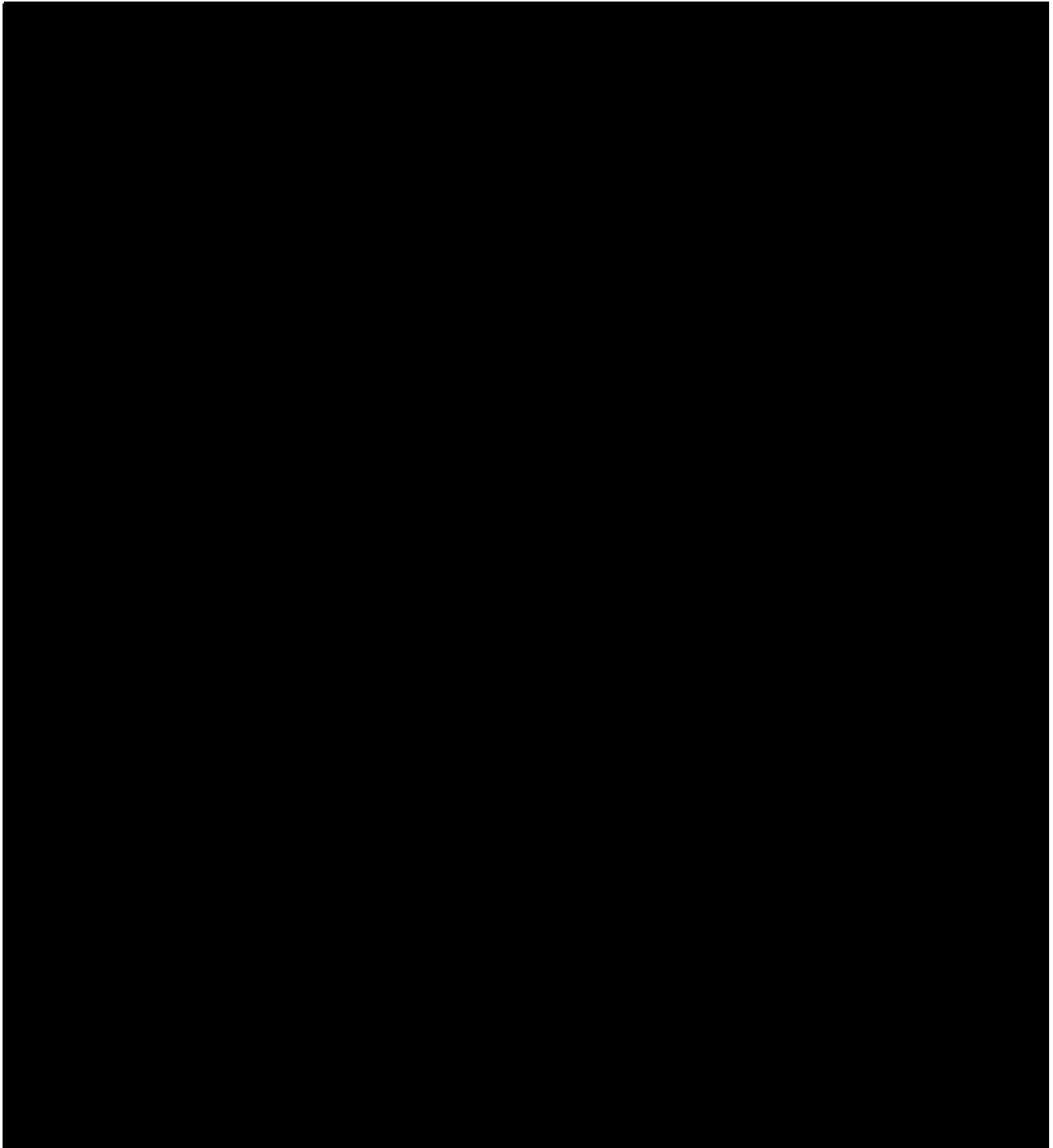
	2021	2022	2023
REVENUES			
Product/Service 1	\$4,841,128.13	\$5,567,297.34	\$6,124,027.08
Product/Service 2	4,053,037.50	4,660,993.13	5,127,092.44
Product/Service 3	2,364,271.88	2,718,912.66	2,990,803.92
Other Revenue			
TOTAL REVENUES	\$11,258,437.50	\$12,947,203.13	\$14,241,923.44
COST OF GOODS SOLD			
Product/Service 1	\$2,904,676.88	\$3,340,378.41	\$3,674,416.25
Product/Service 2	2,431,822.50	2,796,595.88	3,076,255.46
Product/Service 3	1,418,563.13	1,631,347.59	1,794,482.35
Salaries-Direct	68,440.00	77,000.00	90,362.80
Payroll Taxes and Benefits-Direct	20,532.00	23,100.00	27,108.84
Depreciation-Direct	(9,447.08)	(10,864.14)	(11,950.56)
Supplies	2,540.00	2,794.00	3,073.40
Other Direct Costs			
TOTAL COSTS OF GOODS SOLD	\$6,837,127.42	\$7,860,351.73	\$8,653,748.55
GROSS PROFIT (LOSS)	\$4,421,310.08	\$5,086,851.39	\$5,588,174.89
OPERATING EXPENSES			
Advertising and Promotion	\$168,876.56	\$194,208.05	\$213,628.85
Automobile/Transportation	24,768.56	28,483.85	31,332.23
Bad Debts/Losses and Thefts	6,837.13	7,860.35	8,653.75
Bank Service Charges	167,750.72	192,913.33	212,204.66
Business Licenses and Permits	39,500.00	39,895.00	40,293.95
Charitable Contributions	132,639.30	152,605.54	167,645.25
Computer and Internet	10,132.59	11,652.48	12,817.73
Continuing Education	13,510.13	15,536.64	17,090.31
Depreciation-Indirect	(6,564.92)	(7,549.66)	(8,304.62)
Dues and Subscriptions	1,420.00	1,562.00	1,718.20
Insurance	22,516.88	25,894.41	28,483.85
Meals and Entertainment	1,500.00	1,650.00	1,815.00
Merchant Account Fees	84,438.28	97,104.02	106,814.43
Miscellaneous Expense	2,251.69	2,589.44	2,848.38
Office Supplies	2,001.50	2,301.73	2,531.90
Payroll Processing	281,460.94	323,680.08	356,048.09
Postage and Delivery	2,251.69	2,589.44	2,848.38
Printing and Reproduction	18,013.50	20,715.53	22,787.08
Professional Services-Legal, Accounting	In House	In House	In House
Occupancy	136.00	149.60	164.56

	2021	2022	2023
Rental Payments	54,000.00	55,620.00	57,288.60
Salaries-Indirect	13,688.00	15,400.00	18,072.56
Payroll Taxes and Benefits-Indirect	4,106.40	4,620.00	5,421.77
Subcontractor	152,000.00	167,200.00	183,920.00
Telephone	3,377.53	3,884.16	4,272.58
Travel	450.00	495.00	544.50
Utilities	45,033.75	51,788.81	56,967.69
Website Development	1,000.00	300.00	325.00
TOTAL OPERATING EXPENSES	\$1,247,096.22	\$1,413,149.79	\$1,548,234.66
OPERATING PROFIT (LOSS)	\$3,174,213.86	\$3,673,701.60	\$4,039,940.23
INTEREST (INCOME), EXPENSE & TAXES			
Interest (Income)			
Interest Expense			
Income Tax Expense	\$801,800.00	\$991,800.00	\$1,086,800.00
TOTAL INTEREST (INCOME), EXPENSE & TAXES	\$801,800.00	\$991,800.00	\$1,086,800.00
NET INCOME (LOSS)	\$ 2,372,413.86	\$ 2,681,901.60	\$ 2,953,140.23

3. Security Plan (five points)

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

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



4. Compliance with State Law (four points)

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

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

Applicant's credentials, 7 existing retail locations, 3 cultivation facilities, 2 manufacturing facilities and 2 distribution facilities, establish that the Applicant has the experience and knowledge to ensure that Applicant's Oakland retail operation will also comply with all state and local laws. Our Director of Compliance, Andrew Hopkins, and his team are experts on California's Medicinal and Adult-Use Cannabis Regulation and Safety Act and the Bureau of Cannabis Control Regulations promulgated thereunder as California Code of Regulations Title 16 Section 5000 - 5905. Using his knowledge of California regulations and the experience from overseeing the compliance operation of our existing operations, Andrew has created the following system to ensure that all our operations are legally compliant and in compliance with our internal SOPs:

- 1) The Compliance Team conducts research on any new jurisdiction we are applying to and creates a compliance memorandum to ensure all teams are aware of city specific regulations such as Oakland Municipal Code Chapters 5.80 and 5.81.
- 2) A jurisdiction-specific Standard Operating Procedures will be created for each new jurisdiction we are entering and all managers and staff will be required to become experts on these SOPs.
- 3) A state and local compliance checklist will be created for each new store and the managers of the store will be required to check off each task every day.
- 4) Internal audits will be conducted at least once a month at each store to ensure that the retail team is diligently complying with all state and city requirements.

As noted above, approximately 40% of the products sold at our store will come from our own licensed cultivation and manufacturing facilities and then distributed through Oakland Equity Distributors. These in-house products will come 100% compliant operations. Products will be tested 3 times for pesticides, cannabinoid potency, microbial pathogens, moisture levels and any other impurities. The remaining 60% of product will be sourced through third-party cultivators, manufacturers and distributors and will be thoroughly vetted by our purchasing and compliance teams as follows: 1) we will confirm that every license in the supply chain is active and not suspended, 2) site visits will be conducted to ensure compliance and cleanliness and 3) products will be tested at random by our third party tester, CannaSafe, to confirm the potency amounts and that there are no pesticides or other contaminants. If any third party cultivator, manufacturer or distributor fails any of our diligence protocols, we will terminate our relationship with them and not sell any of their products. We have started to speak with and vet licensed equity businesses introduced to us from our Equity partner, Abinette Chandler, and those found on this website (<https://www.oaklandca.gov/topics/cannabis-equity-program>) for flower, trim, pre-rolls, cannabis oils, topical and tinctures so that our supply chain is fully compliant. We hold ourselves to GMP standards and will ensure that anyone we work with does the same.

Applicant's robust SOP on inventory tracking ensures that all products are tracked and traced. Applicant's third-party point of sale inventory program, Indicaonline, is integrated with the BCC required track and trace METRC system. All products distributed to the Applicant will initially be scanned when received and its location within the inventory room will be tracked by Indicaonline. The inventory received will be reconciled against the purchase order and shipping manifest to ensure the proper amount was received. Any time a product is moved out of the inventory room to the sales floor, the product will be scanned and that movement will also be registered. Finally, when a sale is made or if a product is recalled or returned to be destroyed, the product will be scanned again and Indicaonline and METRC will update such inventory as sold or returned and destroyed. Remaining inventory will be reconciled against the products sold or destroyed on a weekly basis to ensure that every single product within our custody is properly accounted for. In the event of a discrepancy, the compliance team will review Indicaonline, METRC, and camera footage to find the source of the discrepancy. Any discrepancy which is at least 3% of average monthly sales will be reported to the BCC in accordance with CCR § 5034(b). To date, there has not been a single incident of misplaced or unaccounted inventory. Indicaonline and METRC will also permit us to report every product sold and to retain all records of product movement in the event the BCC or any other agency requests to see our books and records.

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

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

i. Local Taxes:

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

Please see Ordinance No. 18-99 (as there is too much to include in this box). It starts off for all businesses with \$1.20 for each \$1,000 of gross receipts, or fractional part thereof for all businesses. It tiers up from there up to \$50 for each \$1,000 of gross receipts, or fractional part thereof, attributable to any Medical Cannabis Business; plus \$95 for each \$1,000 of gross receipts, or fractional part thereof, attributable to any Non-Medical Cannabis Business.

On tiers from 1) 0 <= \$500K (General); 2) 0 <= \$1.5M (Equity); 3) \$1.5M < \$5M (Equity); 4) \$500K < \$5M (General); 5) \$5M+ (All)

ii. State Taxes:

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

15%

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

9.25%

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

The Applicant will use Indicaonline as its POS software for recording of all transactions with customers. In addition, Cash Logs will be entered into Quickbooks.

6. Odor Mitigation (four points)

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

The first step of our air quality management and odor mitigation plan will be to employ adequate heating, ventilation, and air conditioning (HVAC) systems. Applicant will work with licensed engineers to assess and improve the existing HVAC system at the proposed location to ensure superior air quality and mitigate any odors that result from the proposed retail space.

Filters, including the highest quality carbon filters, will be replaced frequently and actively maintained to provide clean air for all employees and consumers. In addition to the HVAC system, Applicant will partner with a local mechanical engineering firm to assess the facility and identify opportunities for improvement and increase air quality and odor capture. Improvements include but are not limited to: (i) air handler selection so outside air can be conditioned and brought into the space without recirculation of smell into the occupied environment; (ii) dedicated systems for each area of the facility that engages in a different retail practice; (iii) air filtration and purification so exhaust and supply air does not negatively impact neighbors or customers; and (iv) the use of carbon air filters or scrubbers. This type of odor control has been successfully used in other businesses like cigar lounges and Shryne has updated and refined this method in its existing dispensaries.

We believe that the best air quality and odor control technology for cannabis retail facilities is carbon filtration. The vault and retail areas in our facility will be separated from other areas, allowing for odor control methods to be specific to the activity being performed. The vault room and the retail area will be negatively pressurized and have carbon-filtered ventilation using CamCarb Cylinders CFS-201, which is the best in the industry. Portable, carbon-filtered recirculating Can-Lite 14" x 40" (sku: 358598) fans will minimize or eliminate odors in the vault room and retail area, and will be placed near access points such as doors.

Applicant will also implement this state-of-the-art odor management system to ensure neighboring residents and businesses cannot detect cannabis odors outside the facility. All windows and doors will be kept closed at all times unless a customer is entering the facility. 90% of the inventory will be kept in the inventory room, which will not have any openings for odor to escape outdoors and which will be under negative air pressure so that odors generated inside will not emanate into the rest of the building. The proposed location will also contain an exhaust air filtration system with odor control that prevents internal odors from being emitted externally. The rest of the store will also contain an air system that creates negative air pressure between the store's interior and exterior so that the odors generated inside the business will not be detectable on the outside of the business or at any of the properties in the immediate surrounding area.

Finally, we will take every measure to ensure that none of our products are emanating any odor. The cannabis flower is the only product which we will carry which will have the potential to have any odor since the edibles, oils, tinctures and other products do not emanate any smell. The inventory team and the retail associates will regularly ensure that all jars that the flower is sold in is properly sealed so as not to emanate any smell from its inside content. Employees will also be trained to ensure that all cannabis goods are properly sealed, know how to control ventilation to minimize the risk of odors, the importance of closing all doors and windows and on how to evaluate and check for any odors.

When inventory shipments are received and are being taken into the inventory room, Applicant will utilize odor-neutralizing materials such as enzymatic catalysts which can degrade odorous compounds. These materials will be applied to surface areas throughout the store to reduce the risk of any odors. This comprehensive system ensures that no odors will be detectable in the store or outside of the store.

7. Neighborhood Beautification (five points)

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

Applicant will take various measures to reduce illegal dumping, littering, and graffiti as well as promote beautification of the adjacent community. During operating hours, one of the three security guards will patrol the perimeter around the store to prevent instances of loitering, vandalism and other similar activities around the vicinity of our store. A dedicated security guard will also guard the store when the store is closed and monitor the exterior cameras which blanket the store to minimize loitering, vandalism, illegal dumping, etc. Our security guards are trained to try to prevent such types of activity by themselves initially, but are trained to call the police in the event such prevention attempts pose a threat to them physically.

Applicant hires local artists to paint murals reflecting the local culture in every store which we operate. For example, our San Francisco store contains a mural of the Golden Gate Bridge and our Davis store contains a mural of a map of the City of Davis. If we have the opportunity to open a store in Oakland, we will also engage local artists to paint murals outside and inside of our stores of people, buildings and other objects which are important to the residents of Oakland.

We will also take the following measures to beautify the exterior of our store and the area surrounding it. First of all, the exterior of our store will be freshly painted with murals from local artists and with colors which fit into the existing neighborhood. All doors, windows and other aspects of the building which have been subjected to wear and tear will be replaced with new pieces which will improve the look of the building. If the City of Oakland permits, we will plant trees, bush and flowers around the store to add beauty to the neighborhood. Applicant will also re-pave any entranceways, sidewalks and other points of access around the store to improve the look of the area and also to promote safety for people walking in the neighborhood.

Jose Pecho will also be appointed as the community liaison of our store with his contact information noted on the store entrance. Residents and city officials will be able to contact him directly to address any concerns regarding littering, illegal dumping, loitering and any other activity around the store which. Jose will address such concerns within 48 hours, including any graffiti discovered around the store.

Applicant has also already started to participate in beautification efforts around Oakland at its cultivation and manufacturing operations. For example, 40 of our employees participated in Battle for the Bay on September 21, 2019 and assisted in the cleanup of Oakland Bay. Applicant will continue to volunteer and also provide monetary contributions to organizations such as the East Oakland Beautification Council to continue in the efforts to improve the City of Oakland.

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

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

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

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

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

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

☐ >5 to 1 ☐ ≤5 to 1 ☐ ≤3 to 1 ☐ ≤2 to 1 ☒ 1 to 1

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

Applicant believes in recruiting, hiring, and developing out staff from the communities in which we operate. As we work to open our dispensary we will focus on four key partners with whom we will work to recruit residents from the qualifying police beats and formerly incarcerated individuals in Oakland. Our partners will be faith groups, the City of Oakland, and local nonprofits. For our faith partners we will seek out partnerships with Acts Full Gospel, Allen Temple Baptist Church, and Saint Elizabeth to conduct job fairs, outreach events, education and training programs designed to help recruit from communities impacted by the war on drugs, and the under employed and unemployed. We will work to connect with the city's Oakland Work Force Development Board and the Oakland Police Department to identify key partners, programs, or methods of interacting with those same communities. While not a part of the City, we will also reach out to the Oakland Housing Authority as they have properties and programs that specifically touch the lives of individuals whom we would want to recruit. Finally, we will develop relationships with programs like Clinica de La Raza, the Unity Council, and the East Oakland Boxing association and other nonprofits all of whom have deeply enriched ties to Latino and black communities and have the credibility within the community to make sure we engage with the right groups of people to recruit. As with the faith leaders we will work to develop and conduct job fairs, outreach events, education and training programs designed to help recruit from communities impacted by the war on drugs, and the under employed and unemployed.

9. Ownership (fifteen points)

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

☒ yes

☐ no

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

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

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

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

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

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

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

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

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

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

Proof of Residency Chart

NAME OF EQUITY INDIVIDUAL Abinette Chandler		
CURRENT OAKLAND ADDRESS	DATES	

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

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

10. Product (forty points)

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

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

11. Distribution (forty points)

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

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

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

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

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

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

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

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

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

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

Dispensary Incubator Chart

NAME OF EQUITY APPLICANT	ADDRESS OF EQUITY BUSINESS	BUSINESS TYPE
1. Marquin Chandler		manufacturing
2. Marquin Chandler		non-storefront delivery
3. Marquin Chandler		distribution
4.		
5.		
6.		
7.		
8.		
9.		
10.		

12. Supporting Documents.

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

☒ Copy of State Registration for corporate structure

☒ Letter of Credit if applicable

For Oakland Owners Applicants Only:

☒ Proof of Oakland Residency

For Oakland Equity Applicants Only:

☒ Proof of Ownership

☒ Proof of Income

And either

☒ Proof of Residency

or

☐ Proof of Conviction

For Dispensary Incubators Only:

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

13. Oath of Application

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

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

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

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

APPLICANT NAME: Abinette Chandler
SIGNATURE: 
DATE: 2/27/2020

FOR OFFICE USE ONLY:

Application:

Received by: _____ Date: _____

Receipt #: _____

Authentic 510 RFP - General

Final Audit Report

2020-02-27

Created: 2020-02-27
By: Ellen Wysocki [REDACTED]
Status: Signed
Transaction ID: CBJCHBCAABAAYFv8LO6P4K-rDYL8Dq7OywgopmM3oJno

"Authentic 510 RFP - General" History

-  Document created by Ellen Wysocki [REDACTED]
2020-02-27 - 4:53:13 PM GMT- IP address: 174.50.183.221
-  Document emailed to Abinette Chandler [REDACTED] for signature
2020-02-27 - 4:53:54 PM GMT
-  Email viewed by Abinette Chandler [REDACTED]
2020-02-27 - 5:09:36 PM GMT- IP address: 172.126.70.134
-  Document e-signed by Abinette Chandler [REDACTED]
Signature Date: 2020-02-27 - 5:11:57 PM GMT - Time Source: server- IP address: 172.126.70.134
-  Signed document emailed to Abinette Chandler [REDACTED] and Ellen Wysocki
[REDACTED]
2020-02-27 - 5:11:57 PM GMT



Adobe Sign

Attachment B: Articles of Organization

Authentic 510 LLC



California Secretary of State
Electronic Certified Copy

I, ALEX PADILLA, Secretary of State of the State of California, hereby certify that the attached transcript of 1 page is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.



IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California on
this day of February 04, 2020

A handwritten signature in black ink, reading "Alex Padilla".

ALEX PADILLA
Secretary of State

Verification Number: XNLXZ3
Entity (File) Number: 202003510964

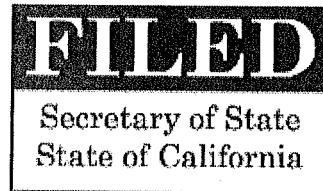
To verify the issuance of this Certificate, use the Verification Number above
with the Secretary of State Electronic Verification Search available at
bizfile.sos.ca.gov

Attachment B: Articles of Organization

Authentic 510 LLC



**California Secretary of State
Electronic Filing**



LLC Registration – Articles of Organization

Entity Name: Authentic 510 LLC

Entity (File) Number: 202003510964

File Date: 01/21/2020

Entity Type: Domestic LLC

Jurisdiction: California

Detailed Filing Information

1. **Entity Name:** Authentic 510 LLC
2. **Business Addresses:**
 - a. **Initial Street Address of Designated Office in California:** 728 East Commercial Street, 2nd Floor
Los Angeles, California 90012
United States
 - b. **Initial Mailing Address:** 728 East Commercial Street, 2nd Floor
Los Angeles, California 90012
United States
3. **Agent for Service of Process:** LEGALINC REGISTERED AGENTS,
INC. (C4249296)
4. **Management Structure:** One Manager
5. **Purpose Statement:** The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

Electronic Signature:

The organizer affirms the information contained herein is true and correct.

Organizer: Eric Lightman

Certificate Verification Number: XNLXZ3
Use bizfile.sos.ca.gov to verify the certified copy.

Use bizfile.sos.ca.gov for online filings, searches, business records, and resources.

Attachment C: Forbes Feature Article

12/19/2019

A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group

157 views | Dec 19, 2019, 04:20am

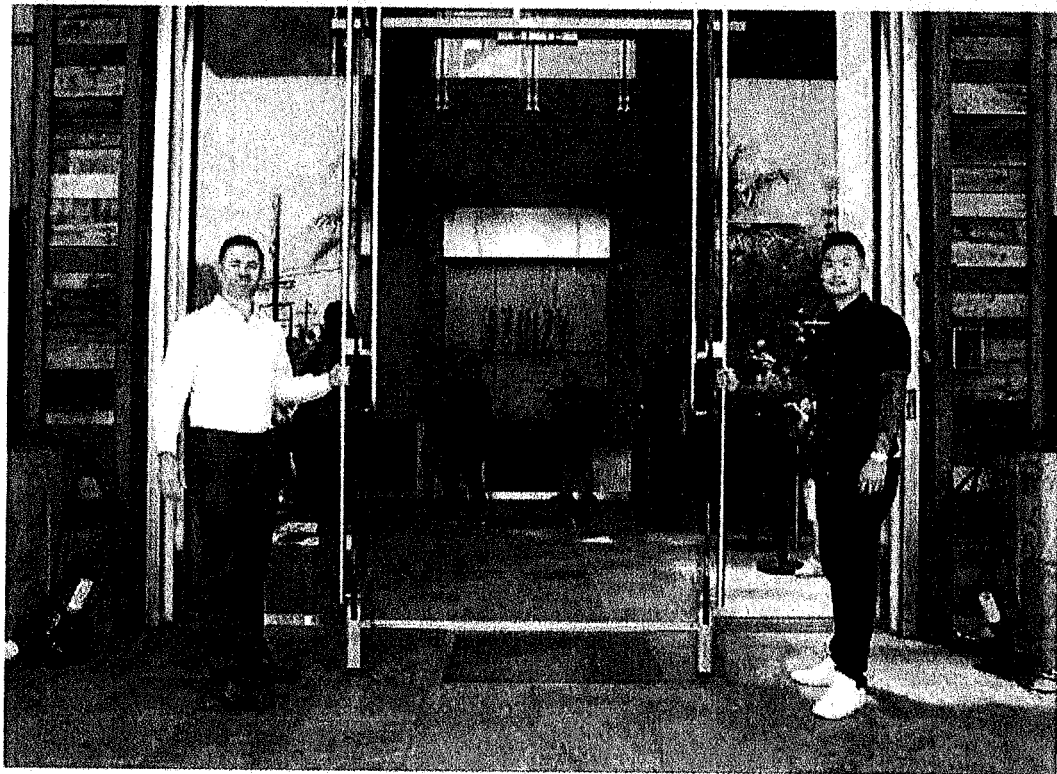
A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group



Warren Bobrow Contributor @

Vices

I work with cannabis and have done some wild things in life. cocktailwhisperer.com



Shryne Group's STILIZY Flagship Store Grand Opening 2019 TASIA WELLS

Cookies on Forbes

I'm glad to have spent some dining-time with Brian Mitchell and his Chief of Communications, Daniel Yi recently to learn that Brian is one of those people who you enjoy being with. Brian just has a way about him that creates happiness and ambitious thoughts. I wanted to spend hours listening to all the cool things he's already done and

<https://www.forbes.com/sites/warrenbobrow/2019/12/19/deep-dive-with-cannabis-entrepreneur-brian-mitchell-ceo-shryne-group/#462bf91d8e93>

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Attachment C: Forbes Feature Article

12/18/2018

A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group

the plans he has for global domination of the cannabis space. Ok, so maybe he doesn't want to conquer the entire globe just yet, but let me be the first person to say, Brian is going to do it out of sheer passion. He's the kind of man who has stories to tell. Some of these stories have manifested themselves in his high quality product line-up. Other stories are told by his deep humility. All these stories make up the man who I hope you enjoy learning a bit more about. It's my pleasure to share with you my lunch companion and one of the most interesting people in the cannabis world, Brian Mitchell, CEO of the Shryne Group. (I'll bet you've never heard of them, as I hadn't. Now I feel more worldly intellectual. Smart.) Enjoy!

Warren Bobrow=WB: What did you want to be originally? How did the route to cannabis take place for you? Do you prefer outdoor or indoor grown and why?

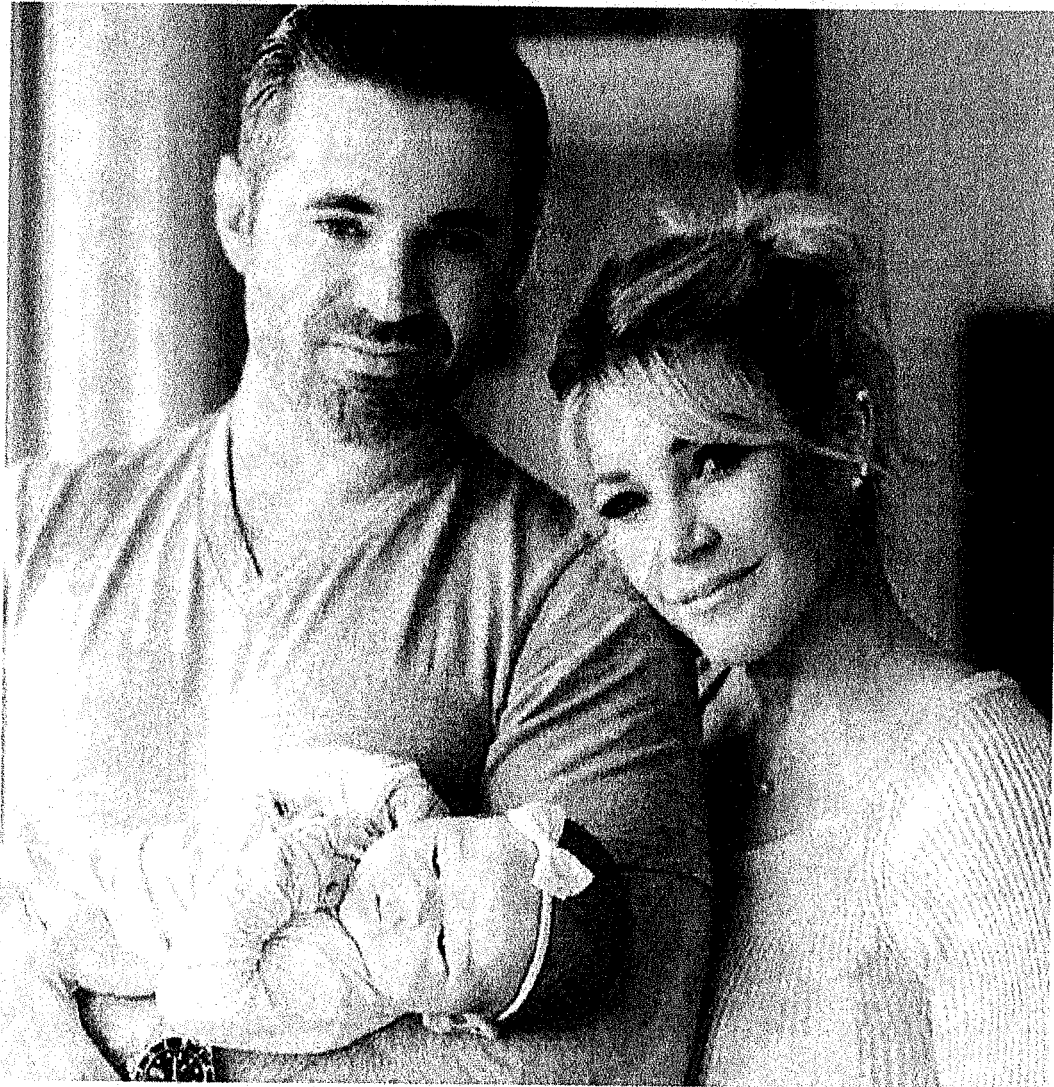
Brian Mitchell= BM: Growing up I thought I wanted to be a doctor. I was a pre-med at UC Davis for three years before switching to economics. Whether I realized it at the time or not, I have always been an entrepreneur at heart. During college, I worked full time with a company called College Works Painting. I learned a lot about business and it spurred me to attend the Sacramento Entrepreneurship Academy. I also saved up enough money to start investing in real estate. I had a few successful investments and soon after graduating I moved to San Francisco and formed Northstar Investments, LLC. I began aggressively buying distressed commercial real estate and non-performing notes, but a year later I got caught in the great recession of 2008. They say you learn more through adversity than through success and that was definitely the case. I was forced to get back into painting and construction to crawl my way back out of debt, and in the process I ended up building one of the largest HOA & Multi-Family painting companies in California, Signature Painting and Construction. With the profits from Signature, I continued to invest in real estate. Real estate is what got me into cannabis. That's the nature of entrepreneurship.

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Attachment C: Forbes Feature Article

12/19/2019

A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group



Brian and family (beautiful child!!) PHOTO COURTESY: BRIAN MITCHELL

You are always looking for value in opportunities. In 2012, I was presented with an opportunity to purchase a farm in Humboldt County. That led me to doing a lot of research on the cannabis industry. This was four years before Proposition 64, and calling it an "industry" is a bit of a stretch, but I immediately saw the value in the opportunity. All the trends pointed to adult use legalization being imminent in California and eventually the country. Colorado had just legalized it and the movement for full legalization was gaining momentum at virtually every level. In the years after that, I went on a buying spree securing real estate and getting entitlements for cannabis businesses throughout California. In the process, I also met a lot of the top operators in

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<https://www.forbes.com/sites/warrenbobrow/2019/12/19/deep-dive-with-cannabis-entrepreneur-brian-mitchell-ceo-shryne-group/#462bf91d6e93>

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Attachment C: Forbes Feature Article

12/19/2019

A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group

the industry and got an education that I couldn't get anywhere else. Over time, I had built a vertically integrated portfolio of cannabis assets that included retail, cultivation, manufacturing, and distribution.

Today In: Lifestyle



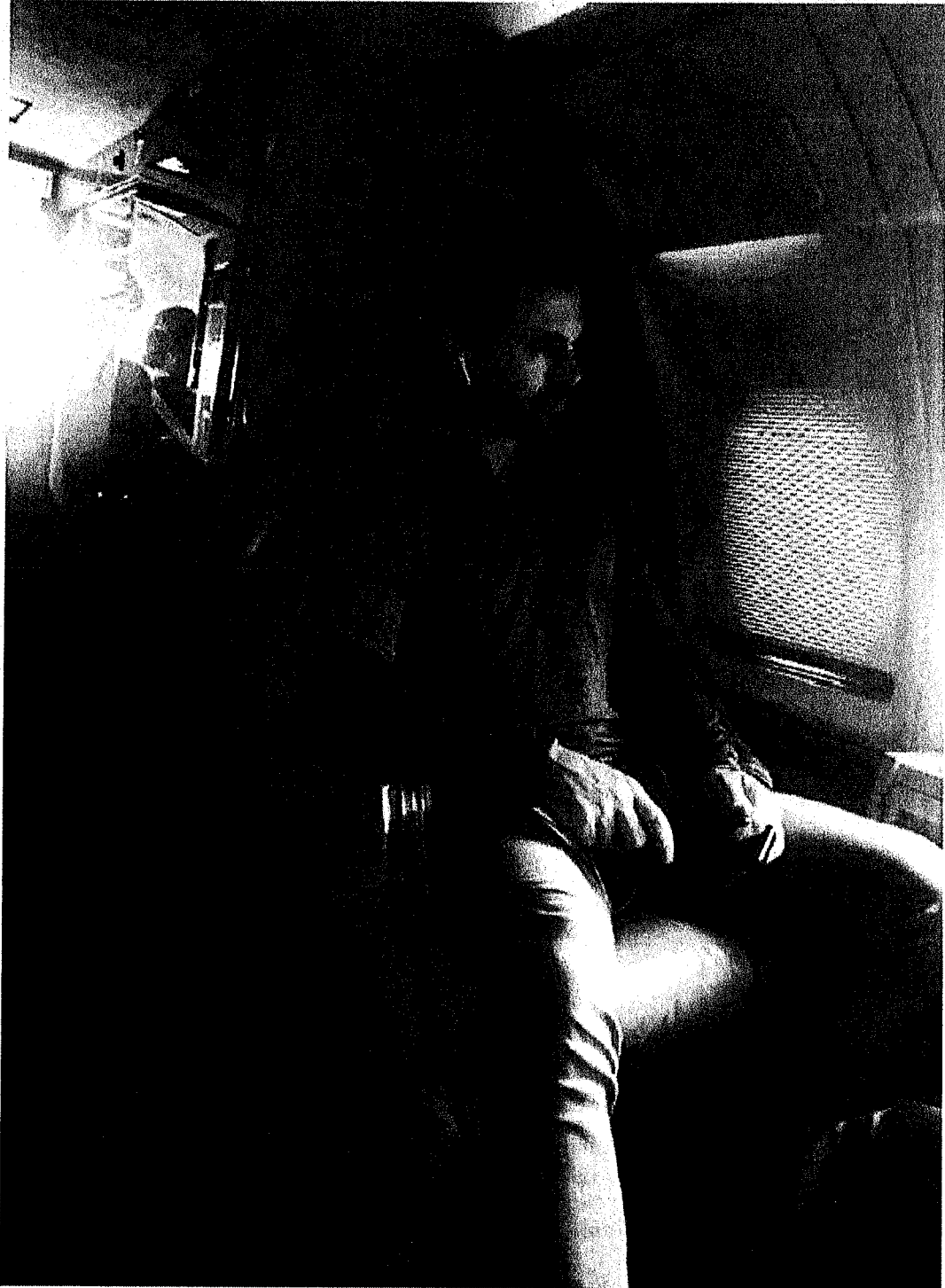
WB: Please tell me about your company? What is your six month plan? One year? What obstacles stand in your way? How do you anticipate removing those obstacles?

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A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group



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Brian Mitchell PHOTO COURTESY: BRIAN MITCHELL

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A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group

BM: Shryne Group was a natural progression for me after having spent years accumulating cannabis related assets and learning the business from some of the best in the industry, including my Shryne Group partners. I had already been doing business with them, but one day we sat down and looked at our combined asset footprint and realized we had something really special. California is the most important legal cannabis market in the world, not only because it is the oldest and the largest, but because it can influence what happens in the rest of the country and the world. California exports culture and lifestyle across the globe. It is home to Silicon Valley and Hollywood. California was the first to legalize medical marijuana in 1996, and the market has been developing since. Some of the most recognizable cannabis brands in the world are based here in California. Shryne Group has an asset footprint that covers the entire state and touches all aspects from seed to sale, and we are using it to build a house of brands. Our **STIIIZY** line is one of the best-selling brands in cannabis today, and we are going to leverage our know-how to expand our offerings. That's the plan for the next six-months to a year, to keep our heads down and execute on our plan with the ultimate goal of building iconic brands with authentic connections to California and its cannabis culture. We are at a pivotal moment in the industry with steep decline in valuations in the public markets, and a tightening of valuations on private companies looking to raise money. Cannabis companies can no longer live on hype and aspiration alone. We need to focus on sound business fundamentals, including top line revenue and positive **EDITDA**. We believe Shryne Group will be the most valuable cannabis company in the world when it is all said and done.

WB: Who is your mentor? Did you study business? What was the moment in your career that stands out the most? Why?

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A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group



Shryne Group's STIIIZY Flagship Store Grand Opening 2019 TASIA WELLS

BM: I've had a few mentors over the years, the first being my first boss, Mike Bohnett, who remains a close friend. I am constantly learning from everyone around me. I have two close friends who are also my neighbors and from them I am learning how to balance a successful business and family life for example. I think being an entrepreneur means you never stop learning or exploring. UC Davis did not offer a business degree, but that's why I attended Sacramento Entrepreneurship Academy. The opportunities to learn are always there, but you have to seize them.

WB: Do you cook? If so, who taught you? What is your favorite restaurant? Where? What kind of food?

BM: I love to cook, but I haven't had as much time to do so the past couple of years. Both of my parents are really good cooks, growing up with an Italian mom mean we always had good food around. Italian Restaurant in Berkeley called Lo Coco.

WB: What is your passion?

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A Deep Dive With Cannabis Entrepreneur Brian Mitchell CEO Shryne Group

BM: My life is currently fully consumed with work and raising our two young children. When I have some free time I love to travel, and spend time at our cabin in Tahoe. I also love golf, wakeboarding and surfing, but there hasn't been much time for that lately.

Follow me on Twitter or LinkedIn. Check out my website or some of my other work here.



Warren Bobrow

Warren Bobrow, the Cocktail Whisperer, is the multi-published author of six books. Apothecary Cocktails: Restorative Drinks from Yesterday and Today, Whiskey Cocktails:.... [Read More](#)

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Attachment E: Ownership

Operating Agreement

LIMITED LIABILITY COMPANY AGREEMENT OF AUTHENTIC 510 LLC

This Operating Agreement of AUTHENTIC 510 LLC (the "LLC") is made as of February 1, 2020, by and between the persons identified as the Manager and Members on Schedule A attached hereto (such persons and their respective successors in office or in interest being hereinafter referred to individually as a "Manager" or "Member" or collectively as the "Managers" or "Members").

WHEREAS, the LLC was formed as a limited liability company pursuant to the California Revised Uniform Limited Liability Company Act, codified in the California Corporations Code, Section 17701 *et seq.*, (as amended from time to time, the "Act") by the filing of the Articles of Organization (the "Certificate") for the LLC with the Secretary of State of California on February 4, 2020;

WHEREAS, the Manager and the Members wish to set out fully their respective rights, obligations and duties regarding the LLC, its assets and liabilities, and its business, management and operations;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants expressed herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged and confirmed, the parties hereby as follows:

Definitions

The following capitalized terms used in this Agreement shall have the respective meanings ascribed to them below.

"Adjusted Capital Account" means, for each Member, such Member's Capital Account balance increased by such Member's share of "minimum gain".

"Affiliate" shall mean, with respect to any specified person or entity, (i) any person or entity that directly or indirectly controls, is controlled by, or is under common control with such specified person or entity; (ii) any person or entity that directly or indirectly controls 50 percent or more of the outstanding equity securities of the specified entity or of which the specified person or entity is directly or indirectly the owner of 50 percent or more of any class of equity securities; (iii) any person or entity that is an officer of, director of, manager of, partner in, or trustee of, or serves in a similar capacity with respect to, the specified person or entity or of which the specified person or entity is an officer, director, partner, manager or trustee, or with respect to which the specified person or entity serves in a similar capacity.

"Agreement" means this Operating Agreement as it may be amended, supplemented or restated from time to time.

"Bankruptcy" means the occurrence of any of the following events:

Attachment E: Ownership

Operating Agreement

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- (i) a Member makes an assignment for the benefit of creditors;
- (ii) a Member files a voluntary petition in bankruptcy;
- (iii) a Member is adjudged a bankrupt or insolvent, or has entered against it an order for relief, in any bankruptcy or insolvency proceeding;
- (iv) a Member files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;
- (v) a Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;
- (vi) a Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Member or of all or any substantial part of his or her properties; or
- (vii) 120 days after the commencement of any proceeding against a Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or if, within 90 days after the appointment without its consent or acquiescence of a trustee, receiver, liquidator, of the Member or of all or any substantial part of its properties, the appointment is not vacated or stayed, or within 90 days after the expiration of any such stay, the appointment is not vacated.

"Capital Account" means a separate account maintained for each Member and adjusted in accordance with the Treasury Regulations under Code §704. To the extent consistent with such Treasury Regulations, the adjustments to such accounts shall include the following:

- (i) There shall be credited to each Member's Capital Account the amount of any cash (which shall not include imputed or actual interest on any deferred contributions) actually contributed by such Member to the capital of the LLC, the fair market value (without regard to Code §7701(g)) of any property contributed by such Member to the capital of the LLC, the amount of liabilities of the LLC assumed by the Member or to which property distributed to the Member was subject, and such Member's share of the Net Profits of the LLC and of any items in the nature of income or gain separately allocated to the Members, and there shall be charged against each Member's Capital Account the amount of all cash distributions to such Member, the fair market value (without regard to Code §7701(g)) of any property distributed to such Member by the LLC,

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Operating Agreement

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the amount of liabilities of the Member assumed by the LLC or to which property contributed by the Member to the LLC was subject, and such Member's share of the Net Losses of the LLC and of any items in the nature of losses or deductions separately allocated to the Members.

- (ii) In the event any interest in the LLC is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

"Capital Transaction" means a sale or other disposition of all or a portion of the LLC's property in a single transaction or in a series of related transactions, other than such a sale or disposition in the ordinary course of the LLC's business and any refinancing.

"Carrying Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes; provided, however, that (i) the initial Carrying Value of any asset contributed to the LLC shall be adjusted to equal its gross fair market value at the time of its contribution and (ii) the Carrying Values of all assets held by the LLC shall be adjusted to equal their respective fair market values (taking Code §7701(g) into account) upon an election by the LLC to revalue its property in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and upon liquidation of the LLC. The Carrying Value of any asset whose Carrying Value was adjusted pursuant to the preceding sentence thereafter shall be adjusted in accordance with the provisions of Section 1.704-1(b)(2)(iv)(g).

"Code" means the Internal Revenue Code of the United States, as amended from time to time.

"Distributable Cash" means, with respect to any fiscal period, the excess of all cash receipts of the LLC from normal operations and sales of assets over the sum of the following amounts:

- (i) cash disbursements for advertising and promotion expenses, salaries, employee benefits (including profit-sharing, bonus and similar plans), fringe benefits, accounting and bookkeeping services and equipment, costs of sales of assets, utilities, rental payments with respect to equipment or real property, management fees and expenses, insurance, real estate taxes, legal expenses, costs of repairs and maintenance, and any and all other items customarily considered to be "operating expenses;"
- (ii) payments of interest, principal and premium, and points and other costs of borrowing under any indebtedness of the LLC;
- (iii) payments made to purchase inventory or capital assets, and for capital construction, rehabilitation, acquisitions, alterations and improvements;
- (iv) taxes of any kind which have accrued; and

Attachment E: Ownership

Operating Agreement

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- (v) amounts set aside as reserves for working capital, contingent liabilities, replacements or for any of the expenditures described in clauses (i), (ii) and (iii), above, deemed by the Manager to be necessary to meet the current and anticipated future needs of the LLC.

"Invested Capital" means, at any point in time, for any Member, the excess of (i) the aggregate amount of the capital contributed to the LLC by such Member over (ii) the aggregate amount distributed (or deemed distributed) to such Member pursuant to Section 4.01(b) below.

"Legal Representative" means with respect to any individual, a duly appointed executor, administrator, guardian, conservator, personal representative or other legal representative appointed as a result of the death or incompetency of such individual.

"Management Fee" is 35% of the gross revenue received by the LLC which shall be paid to Shryne on a monthly basis.

"Manager" refers to Shryne Group Inc. or its designee.

"Member" refers severally to any person named as a Member in this Agreement and any person who becomes an additional, substitute or replacement Member as permitted by this Agreement, in such person's capacity as a Member of the LLC. "Members" shall refer collectively to all such persons in their respective capacities as Members.

"Net Profits" and "Net Losses" mean the taxable income or loss, as the case may be, for a period as determined in accordance with Code § 703(a), computed with the following adjustments:

- (i) Items of gain, loss and deduction shall be computed based on the Carrying Values of the LLC's assets (in accordance with Treasury Regulations Sections 1.704(b)(2)(iv)(g) and 1.704-3(d)), rather than on the assets' adjusted bases for federal income tax purposes;
- (ii) Any tax-exempt income received by the LLC shall be included as an item of gross income;
- (iii) The amount of any adjustment to the Carrying Value of the LLC asset pursuant to Code § 734(b) or Code § 743(b) that is required to be reflected in the Capital Accounts of the Members pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m) shall be treated as an item of gain (if the adjustment is positive) or loss (if the adjustment is negative), and only such amount of the adjustment shall thereafter be taken into account in computing items of income and deduction;
- (iv) Any expenditure of the LLC described in Code § 705(a)(2)(B) (including any expenditures treated as being described in Section 705(a)(2)(B) pursuant to Treasury Regulations under Code § 704(b)) shall be treated as a deductible

Attachment E: Ownership

Operating Agreement

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expense;

- (v) The amount of items of income, gain, loss or deduction specifically allocated to any Members pursuant to Section 5.02 shall not be included in the computation;
- (vi) The amount of any unrealized gain or unrealized loss attributable to an asset at the time it is distributed in-kind to a Member shall be included in the computation as item of income or loss, respectively, and
- (vii) The amount of any unrealized gain or unrealized loss with respect to the assets of the LLC that is reflected in an adjustment of the Carrying Values of the LLC's assets pursuant to clause (ii) of the definition of "Carrying Value" shall be included in the computation of items of income or loss, respectively.

"Percentage Interest" or "Membership Interest" shall be the ownership percentage interest of the LLC of a Member set forth in Schedule A, as amended from time to time.

"Securities Act" means the Securities Act of 1933, as amended.

"Transfer" and any grammatical variation thereof shall refer to any sale, exchange, issuance, redemption, assignment, distribution, encumbrance, hypothecation, gift, pledge, retirement, resignation, transfer or other withdrawal, disposition or alienation in any way (whether voluntarily, involuntarily or by operation of law) as to any interest as a Member. Transfer shall specifically, without limitation of the above, include assignments and distributions resulting from death, incompetency, Bankruptcy, liquidation and dissolution.

ARTICLE I - Organization and Powers

1.1. Organization. The name of the LLC is Authentic 510 LLC. The LLC was formed by the filing of the Certificate. The address of the registered office of the LLC is 728 E Commercial, Los Angeles, CA 90012. The Manager may cause the LLC to change, from time to time, its name, its resident agent for service of process, or the location of its registered office in California, provided, however, that the Manager shall promptly notify all Members in writing of any such change.

1.2. Purposes and Powers. The principal business activity and purpose of the LLC is to apply for and obtain all necessary state and local licenses, permits, and other authorizations required to operate a cannabis dispensary (the "Dispensary") located in Oakland, CA, and to conduct any other business activities which are legally permissible at the discretion of the Manager.

1.3. Fiscal Year. The fiscal year of the LLC shall end on December 31 in each year.

ARTICLE II - Members

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2.1. Members: Initial Contribution. The initial Members of the LLC shall be Shryne Group Inc. ("Shryne") and Abinette Chandler ("Chandler"). Schedule A shall be amended from time to time by the Manager to reflect the withdrawal of Members or the admission of new or additional Members pursuant to this Agreement. Schedule A shall set forth the percentage interest that each Member holds in the profits and losses of the LLC (the "Membership Interests"). Shryne shall make an initial capital contribution for the design, buildout and purchase of all other assets required to build and open a cannabis dispensary (the "Capital Expenditure Contribution") which amount shall be updated on a periodic basis in Schedule A.

2.2. Admission of New Members

(a) In no event may any person obtaining a Membership Interest in the LLC by assignment, transfer, pledge or other means from an existing Member be admitted as a successor Member without the consent of the Manager.

(b) If the transferee is admitted as a Member or is already a Member, the Member transferring its Membership Interest shall be relieved of liability with respect to the transferred Membership Interest arising or accruing under this Agreement on or after the effective date of the transfer, unless the transferor affirmatively assumes such liability; provided, however, that the transferor shall not be relieved of any liability for prior distributions and unpaid contributions unless the transferee affirmatively assumes such liabilities.

(c) Any person who acquires in any manner a Membership Interest or any part thereof in the LLC, whether or not such person has accepted and assumed in writing the terms and provisions of this Agreement or been admitted as a Member, shall be deemed by the acquisition of such Membership Interest to have agreed to be subject to and bound by all of the provisions of this Agreement with respect to such Membership Interest, including without limitation, the provisions hereof with respect to any subsequent transfer of such Membership Interest.

2.3. Meetings of Members.

(a) Meetings of Members may be called for any proper purpose at any time by the Manager. The Manager shall determine the date, time and place of each meeting of Members, and written notice thereof shall be given by the Manager to each Member not less than two days or more than 60 days prior to the date of the meeting. A written waiver of notice, executed before or after a meeting by a Member or its authorized attorney and delivered to the Manager, shall be deemed equivalent to notice of the meeting.

(b) Persons holding a majority of the Membership Interests shall constitute a quorum for the transaction of any business at a meeting of Members. Members may attend a meeting in person or by proxy. Members may also participate in a meeting by means of conference telephone or similar communications equipment that permits all Members present to hear each other.

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(c) The Manager shall determine the order of business and the procedures to be followed at such meeting.

2.4. Action Without a Meeting. There is no requirement that the Members hold a meeting in order to take action on any matter. Any action required or permitted to be taken by the Members may be taken without a meeting if one or more written consents to such action shall be signed by Members holding a majority of the Membership Interests. Such written consents shall be delivered to the Manager at the principal office of the LLC.

2.5. Voting Rights. Unless otherwise required by the Act or this Agreement, all actions, approvals and consents to be taken or given by the Members under the Act, this Agreement or otherwise shall require a majority affirmative vote or majority written consent of the Members.

2.6. Limitation of Liability of Members. The liability of the Members for the losses, debts and obligations of the LLC shall be limited to the Members' capital contributions, provided, however, that under applicable law, the Members may, under certain circumstances, be liable to the LLC to the extent of previous distributions made to them in the event that the LLC does not have sufficient assets to discharge its liabilities. Without limiting the foregoing, (i) no Member in his, her or its capacity as a Member (or, if applicable, as a Manager) shall have any liability to restore any negative balance in his, her or its Capital Account; and (ii) the failure of the LLC to observe any formalities or requirements relating to exercise of the LLC's powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Members or Manager for liabilities of the LLC.

2.7. Addition Capital Contributions. The Manager may permit the Members to make additional capital contributions in cash or property, subject to the terms of this Agreement. If pursuant to the preceding sentence one Member (the "Contributor") makes capital contributions which are proportionately greater than the other Member's ("Non Contributor") capital contribution based on each Member's respective Membership Interest, such Contributor's contribution shall be treated as Capital Expenditure Contributions. The Non Contributor's Percentage Interest shall not be reduced despite the failure to make capital contributions.

2.8. Authority. Unless specifically authorized by the Manager, no Member that is not a Manager shall be an agent of the LLC or have any right, power or authority to act for or to bind the LLC or to undertake or assume any obligation or responsibility of the LLC or of any other Member.

2.9. Rights to Withdraw. Unless determined otherwise by the Manager, upon a Member's resignation or withdrawal from the LLC, such member shall have no right to receive any distribution or the repayment of its capital contribution except as provided in Section 7.2 and Article IX upon dissolution and liquidation of the LLC. No Member shall have any right to have the fair value of its Membership Interest in the LLC appraised and paid out upon the resignation or withdrawal of such Member or any other circumstances.

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2.10. Rights to Information. Members shall have the right to receive from the Manager upon request a copy of the Certificate and of this Agreement, as amended from time to time, and such other information regarding the LLC as is required by the Act, subject to reasonable conditions and standards established by the Manager, as permitted by the Act, which may include without limitation withholding or restricting the use of confidential information.

2.11 Investment Representations. Each Member, by execution of this Agreement or an amendment hereto reflecting such Member's admission to the LLC, hereby represents and warrants to the LLC the following:

(a) It is acquiring an interest in the LLC for its own account for investment only, and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act, or any rule or regulation thereunder;

(b) It understands that (i) the interest in the LLC it is acquiring has not been registered under the Securities Act or applicable state securities laws and cannot be resold unless subsequently registered under the Securities Act and such laws, or unless an exemption from such registration is available; (ii) such registration under the Securities Act and such laws is unlikely at any time in the future and neither the LLC nor the Members or Managers are obligated to file a registration statement under the Securities Act or such laws; and (iii) the assignment, sale, transfer, exchange or other disposition of the interests in the LLC is restricted in accordance with the terms of this Agreement;

(c) It has had such opportunity as it has deemed adequate to ask questions of and receive answers from representatives of the LLC concerning the LLC, and to obtain from representatives of the LLC such information that the LLC possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate the merits and risks of an investment in the LLC;

(d) It has, either alone or with its professional advisers, sufficient experience in business, financial and investment matters to be able to evaluate the merits and risks involved in investing in the LLC and to make an informed investment decision with respect to such investment; and

(e) It can afford a complete loss of the value of its investment in the LLC and is able to bear the economic risk of holding such investment for an indefinite period.

2.12 Contracts with Members. With the approval of the Manager, the LLC may engage in business with, or enter into one or more agreements, leases, contracts or other arrangements for the furnishing to or by the LLC of goods, services or space with any Member, and may pay compensation in connection with such business, goods, services or space, provided in each case that the amounts payable thereunder are determined to be reasonably comparable to those that would be payable to unaffiliated persons under similar agreements and, if the Manager determines in good faith that such amounts are so comparable, such determination shall be conclusive absent manifest error.

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ARTICLE III – Management

3.1 Manager. The business and affairs of the LLC shall be exclusively managed by and under the direction of the Manager who shall be Shryne, who may exercise all of the powers of the LLC. There shall only be one Manager which shall be Shryne or its designee unless an increase or other Manager is approved in writing by Shryne.

3.2. Qualification. The Manager shall devote such time to the business and affairs of the LLC as is reasonably necessary for the performance of the Manager's duties, but shall not be required to devote full time to the performance of such duties and may delegate its responsibilities as provided in Section 3.3.

3.3 Powers and Duties of the Managers. All management and other like responsibilities of the LLC shall be vested in the Manager. The Manager shall have and may exercise on behalf of the LLC all of its rights, powers, duties and responsibilities under Section 1.2 or as provided by law, including without limitation the exclusive right and authority:

(a) to manage the business and affairs of the LLC and for this purpose to employ, retain or appoint any employees, consultants, agents, brokers, professionals or other persons in any capacity for such compensation and on such terms as the Manager deems necessary or desirable and to delegate to such persons such of their duties and responsibilities as the Manager shall determine;

(b) to enter into, execute, deliver, acknowledge, make, modify, supplement or amend any documents or instruments in the name of the LLC, including any management agreements with Shryne;

(c) to borrow money or otherwise obtain credit and other financial accommodations on behalf of the LLC on a secured or unsecured basis as provided in Section 1.2(c), and to perform or cause to be performed all of the LLC's obligations in respect of its indebtedness and any mortgage, lien or security interest securing such indebtedness;

(d) to make elections and prepare and file returns regarding any federal, state or local tax obligations of the LLC;

(e) to acquire by purchase, lease, exchange or otherwise; and to sell, finance, refinance, encumber and otherwise deal with, any real or personal property;

(f) to employ executive, administrative and support personnel in connection with the business of the LLC; and to pay salaries, expense reimbursement, employee benefits, fringe benefits, bonuses and any other form of compensation or employee benefit to such persons and entities, at such times and in such amounts as may be determined by the Manager in its sole discretion, to provide executive, administrative and support services in connection with the business of the LLC;

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(g) to pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend or compromise, on such terms as it may determine and on such evidence as it may deem sufficient, any obligation, suit, liability, cause of action or claim, including taxes, either in favor of or against the LLC;

(h) to determine the appropriate accounting method or methods to be used by the LLC;

(i) to establish and maintain reserves for such purposes and in such amounts as it deems appropriate from time to time;

(j) to pay all organizational expenses, and general and administrative expenses of the LLC;

(k) to deal with, or otherwise engage in business with, or provide services to and receive compensation therefor from, any person who has provided or may in the future provide any services to, lend money to, sell property to, or purchase property from the LLC, including, without limitation, any Member or Manager;

(l) to engage in any kind of activity, and to perform and carry out contracts of any kind necessary to, in connection with or incidental to the accomplishment of the purposes of the LLC;

(m) to pay any and all fees and to make any and all expenditures that the Manager, in its sole discretion, deems necessary or appropriate in connection with the organization of the LLC, the offering and sale of membership interests in the LLC, the management of the affairs of the LLC, and the carrying out of its obligations and responsibilities under this Agreement, including, without limitation, fees, reimbursements and expenditures payable to a Member or Manager;

(n) to exercise all powers and authority granted by the Act to managers, except as otherwise provided in this Agreement;

(o) to cause the LLC and its properties and assets to be maintained and operated in such a manner as the Manager may determine, subject, however, to obligations imposed by applicable laws or by any mortgage or security interest encumbering the LLC and such properties and assets from time to time, and by any lease, rental agreement or other agreement pertaining thereto;

(p) to cause to be obtained and continued in force all policies of insurance required by any mortgage, lease or other agreement relating to the LLC's business or any part thereof, or determined by the Manager to be in the best interests of the LLC;

(q) to cause to be paid any and all taxes, charges and assessments that may be levied, assessed or imposed on any of the assets of the LLC unless the same are contested by the LLC;

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- (r) to perform any other act that the Manager may deem necessary, convenient or desirable for the LLC or its business;
- (s) to enter into oral agreements on behalf of the LLC;
- (t) to take any action or fail to take any action which would cause the LLC to incur liabilities of any kind; and
- (u) to sell all or substantially all of the Company's assets.

Unless otherwise provided in this Agreement, any action taken on behalf of the LLC shall not bind the LLC unless such agreement, contract, instrument or document has been previously authorized by the Manager.

3.4. Tax Matters Partner. A Member so designated by the Manager from time to time shall serve as the "Tax Matters Partner" of the LLC for purposes of Section 6231(a)(7) of the Code, with power to manage and represent the LLC in any administrative proceeding of the Internal Revenue Service. The Tax Matters Partner of the LLC shall be Shryne.

3.5. Reliance by Third Parties. Any person dealing with the LLC, the Manager or any Member may rely upon a certificate signed by the Manager as to (i) the identity of any Manager or Member; (ii) any factual matters relevant to the affairs of the LLC; (iii) the persons who are authorized to execute and deliver any document on behalf of the LLC; or (iv) any action taken or omitted by the LLC, the Manager or any Member.

3.6. Execution of this Agreement by Manager. Each person elected to serve as a Manager of the LLC shall sign this Agreement, or a counterpart hereof or amendment hereto, or other writing pursuant to which such person (i) acknowledges receipt of a copy of this Agreement, as amended and in effect as of the date of such writing; (ii) agrees that he or she is a party to and is bound by this Agreement; (iii) agrees to perform the duties of a Manager hereunder; and (iv) agrees to execute and deliver such additional agreements, instruments, certificates and documents, including, without limitation, an amendment to the Certificate, which may be necessary, appropriate or convenient to reflect the foregoing matters and the election of such person as a Manager of the LLC.

3.7. Resignation. Any Manager may resign upon at least 10 days' notice to the Members and the other Managers (unless notice is waived by them).

3.8. Meetings and Action of the Manager. Unless otherwise determined by the Manager or as otherwise provided in this Agreement, all action to be taken by the Manager shall be taken by the vote or written consent of the Manager then in office. There is no requirement that the Manager holds a meeting in order to take action on any matter. Meetings of the Manager may be called by the Manager without notice to any Member or any other Person.

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3.9. Limitation of Liability of Manager. No Manager shall be obligated personally for any debt, obligation or liability of the LLC or of any Member, whether arising in contract, tort or otherwise, solely by reason of being or acting as Manager of the LLC. No Manager shall be personally liable to the LLC or to its Members for breach of any fiduciary or other duty.

3.10. Managers as Members. Any Manager, or any entity under the Manager's control or ownership, may hold an interest in the LLC as a Member, and such person's rights and interest as a Manager shall be distinct and separate from such person's rights and interest as a Member.

ARTICLE IV - Indemnification

4.1. Definitions. For purposes of this Article:

"Expenses" means all expenses, including attorneys' fees and disbursements, actually and reasonably incurred in defense of a proceeding or in seeking indemnification under this Article, and except for proceedings by or in the right of the LLC or alleging that a Manager received an improper personal benefit, any judgments, awards, fines, penalties and reasonable amounts paid in settlement of a proceeding; and

"Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and any claim which could be the subject of a proceeding.

4.2. Right to Indemnification. Except as limited by law and subject to the provisions of this Article, the LLC shall indemnify each of its Managers against all expenses incurred by them in connection with any proceeding in which a Manager is involved as a result of serving in such capacity, except that no indemnification shall be provided for a Manager regarding any matter as to which it shall be finally determined that such Manager did not act in good faith and in the reasonable belief that its action was in the best interests of the LLC. Subject to the foregoing limitations, such indemnification may be provided by the LLC with respect to a proceeding in which it is claimed that a Manager received an improper personal benefit by reason of its position, regardless of whether the claim arises out of the Manager's service in such capacity, except for matters as to which it is finally determined that an improper personal benefit was received by the Manager.

4.3. Award of Indemnification. The determination of whether the LLC is authorized to indemnify a Manager hereunder and any award of indemnification shall be made in each instance (a) by a majority of the Managers who are not parties to the proceeding in question, or (b) by independent legal counsel appointed by the Managers or the Members. The LLC shall be obliged to pay indemnification applied for by a Manager unless there is an adverse determination (as provided above) within forty-five (45) days after the application. If indemnification is denied, the applicant may seek an independent determination of its right to indemnification by a court, and in such event, the LLC shall have the burden of proving that the applicant was ineligible for indemnification under this Article. Notwithstanding the foregoing, in the case of a proceeding by

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or in the right of the LLC in which a Manager is adjudged liable to the LLC, indemnification hereunder shall be provided to such Manager only upon a determination by a court having jurisdiction that in view of all the circumstances of the case, such Manager is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

4.4. Successful Defense. Notwithstanding any contrary provisions of this Article, if a Manager has been wholly successful on the merits in the defense of any proceeding in which it was involved by reason of its position as Manager or as a result of serving in such capacity (including termination of investigative or other proceedings without a finding of fault on the part of the Manager), the Manager shall be indemnified by the LLC against all expenses incurred by the Manager in connection therewith.

4.5. Advance Payments. Except as limited by law, expenses incurred by a Manager in defending any proceeding, including a proceeding by or in the right of the LLC, shall be paid by the LLC to the Manager in advance of final disposition of the proceeding upon receipt of its written undertaking to repay such amount if the Manager is determined pursuant to this Article or adjudicated to be ineligible for indemnification, which undertaking shall be an unlimited general obligation but need not be secured and may be accepted without regard to the financial ability of the Manager to make repayment; provided, however, that no such advance payment of expenses shall be made if it is determined pursuant to Section 4.3 of this Article on the basis of the circumstances known at the time (without further investigation) that the Manager is ineligible for indemnification.

4.6. Insurance. The LLC shall have power to purchase and maintain insurance on behalf of any Manager, agent or employee against any liability or cost incurred by such person in any such capacity or arising out of its status as such, whether or not the LLC would have power to indemnify against such liability or cost.

4.7. Heirs and Personal Representatives. The indemnification provided by this Article shall inure to the benefit of the heirs and personal representatives of each Manager.

4.8. Non-Exclusivity. The provisions of this Article shall not be construed to limit the power of the LLC to indemnify its Managers, Members, employees or agents to the full extent permitted by law or to enter into specific agreements, commitments or arrangements for indemnification permitted by law. The absence of any express provision for indemnification herein shall not limit any right of indemnification existing independently of this Article.

4.8 Amendment. The provisions of this Article may be amended or repealed in accordance with Section 12.4; however, no amendment or repeal of such provisions that adversely affects the rights of a Manager under this Article with respect to its acts or omissions at any time prior to such amendment or repeal shall apply to such Manager without its consent.

4.9. Limitations. Any indemnity under this Section 4.2 shall be paid from, and only to the extent of, LLC assets, and no Member shall have any personal liability on account thereof. The LLC shall not incur the cost of that portion of any insurance, other than public liability

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insurance, which insures any party against any liability as to which such party is herein prohibited from being indemnified.

V - Officers

5.1. CEO. Brian Mitchell is hereby appointed the Chief Executive Officer of the LLC.

5.2. Other Officers/Authority. The Manager shall appoint other officers of the LLC from time to time in its sole discretion. The officers of the LLC shall have the authority granted to such officers in the Act, subject to the Manager's exclusive authority and power pursuant to Article III of the Agreement.

ARTICLE VI - Capital Accounts

6.1. Capital Accounts.

(a) There shall be established on the books of the LLC a separate capital account (a "Capital Account") for each Member.

(b) The Capital Account of each Member (regardless of the time or manner in which such Member's interest was acquired) shall be maintained in accordance with the rules of Section 704(b) of the Code, as amended, from time to time (the "Code"), and Treasury Regulation Section 1.704-1(b)(2)(iv). Adjustments shall be made to the Capital Accounts for distributions and allocations as required by the rules of Section 704(b) of the Code and the Treasury Regulations thereunder.

(c) If there is a transfer of all or a part of an interest in the LLC by a Member, the Capital Account of the transferor that is attributable to the transferred interest shall carry over to the transferee of such Member.

(d) Subject to Section 7.2, notwithstanding any other provision contained herein to the contrary, no Member shall be required to restore any negative balance in its Capital Account.

ARTICLE VII - Profits, Losses and Distributions

7.1. Profits, Losses and Distributions.

- (a) Any Distributable Cash shall be allocated or distributed to the Members in the following order and shall be made at the Manager's discretion:
- i. To Shryne towards its Management Fee.
 - ii. To Shryne for its outstanding Capital Expenditure Contribution which shall accrue interest at an annual rate of 15%;
 - iii. To repay any loan obligations which the LLC may have outstanding;
 - iv. To the Members pro rata based on their Membership Interests.

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(b) All profits and losses allocated to the Members shall be credited or charged, as the case may be, to their Capital Accounts. The terms "profits" and "losses" as used in this Agreement shall mean income and losses, and each item of income, gain, loss, deduction or credit entering into the computation thereof, as determined in accordance with the accounting methods followed by the LLC and computed in a manner consistent with Treasury Regulation Section 1.704-1(b)(2)(iv). Profits and losses for Federal income tax purposes shall be allocated in the same manner as profits and losses for purposes of this Article VII, except as provided in Section 7.3(a).

7.2. Distributions Upon Dissolution or From Capital Transactions. In the event of a Capital Transaction or liquidation of the LLC, all assets shall be distributed pro rata in the amount of each Member's capital contribution to the LLC.

7.3. Regulatory Allocations. Notwithstanding the provisions of Section 7.2 above, the following allocations shall be made in the following order of priority:

(a) Items of income or gain (computed with the adjustments contained in paragraphs (i), (ii), (iii), (vi) and (vii) of the definition of "Net Profits and Net Losses") for any taxable period shall be allocated to the Members in the manner and to the minimum extent required by the "minimum gain chargeback" provisions of Treasury Regulation Section 1.704-2(f) and Treasury Regulation Section 1.704-2(i)(4).

(b) All "nonrecourse deductions" (as defined in Treasury Regulation Section 1.704-2(b)(1)) of the LLC for any year shall be allocated to the Members in accordance with their respective Percentage Interests, provided, however, that nonrecourse deductions attributable to "partner nonrecourse debt" (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated to the Members in accordance with the provisions of Treasury Regulation Section 1.704-2(i)(1).

(c) Items of income or gain (computed with the adjustments contained in paragraphs (i), (ii), (iii), (vi) and (vii) of the definition of "Net Profits and Net Losses") for any taxable period shall be allocated to the Members in the manner and to the extent required by the "qualified income offset" provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d).

(d) In no event shall Net Losses of the LLC be allocated to a Member if such allocation would cause or increase a negative balance in such Member's Adjusted Capital Account (determined, for purposes of this Section 7.3 only, by increasing the Member's Adjusted Capital Account balance by the amount the Member is obligated to restore to the LLC pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) and decreasing it by the amounts specified in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6)).

(e) In the event that items of income, gain, loss or deduction are allocated to one or more Members pursuant to subsections (c) or (d) above, subsequent items of income, gain, loss or deduction from operations will first be allocated (subject to the provisions of subsections (c)

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and (d)) to the Members in a manner designed to result in each Member having a Capital Account balance equal to what it would have been if the original allocation of items pursuant to subsections (c), or (d) had not occurred.

7.4 Distribution of Assets in Kind. No Member shall have the right to require any distribution of any assets of the LLC to be made in cash or in kind. If the Manager determines to distribute assets of the LLC in kind, such assets shall be distributed on the basis of their fair market value as determined by the Manager. Any Member entitled to any interest in such assets shall, unless otherwise determined by the Manager, receive separate assets of the LLC, and not an interest as tenant-in-common with other Members so entitled in each asset being distributed. Distributions in kind need not be made on a pro-rata basis but may be made on any basis which the Manager determine to be reasonable under the circumstances.

7.5 Withholding and Other Taxes. If the Manager determines in good faith that there is a material possibility that the LLC may be obligated to pay (or collect and pay over) the amount of any tax with respect to any Member's share of any income or distributions from the LLC, the LLC shall pay (or collect and pay over) the amount of such tax to the appropriate taxing authority. Any amount so paid with respect to a Member shall reduce the amount of any distribution that the Member would otherwise be entitled to receive at the time of the payment. If the amount paid with respect to a Member exceeds the amount of distributions then payable to such Member, such excess shall be treated as a loan to the Member from the LLC, payable with interest at the rate of the prime rate of interest announced from time to time within ten (10) days after such time that the LLC makes payment to the appropriate taxing authority. If for any reason the amount of such loan is not timely paid, then such unpaid amount shall be set off against any future distributions to which such Member otherwise would have been entitled.

ARTICLE VIII - Death or Incompetence of a Member

8.1. Death or Incompetence of a Member. If a Member dies, the surviving Member shall have the right but not the obligation to purchase such Member's Membership Interest at fair market value determined by the Manager.

ARTICLE IX - Dissolution, Liquidation and Termination

9.1. Dissolution. The LLC shall dissolve and its affairs shall be wound up upon the first to occur of the following:

- (a) the written consent of the Members;
- (b) the entry of a decree of judicial dissolution under the Act;
- (c) the consolidation or merger of the LLC in which it is not the resulting or surviving entity; or

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(d) the sale or other disposition of all or substantially all of the assets of the LLC, unless the disposition is a transfer of assets of the LLC in return for consideration other than cash and the Manager determines not to distribute all or substantially all of such non-cash items to the Members.

9.2. Liquidation. Upon dissolution of the LLC, the Manager shall act as its liquidating trustees or the Manager may appoint one or more Managers or Members as liquidating trustee. The liquidating trustees shall proceed diligently to liquidate the LLC and wind up its affairs and shall dispose of the assets of the LLC as provided in Section 7.2 hereof. Until final distribution, the liquidating trustees may continue to operate the business and properties of the LLC with all of the power and authority of the Manager. As promptly as possible after dissolution and again after final liquidation, the liquidating trustees shall cause an accounting by the accounting firm then serving the LLC of the LLC's assets, liabilities, operations and liquidating distributions to be given to the Members.

9.3. Certificate of Cancellation. Upon completion of the distribution of LLC assets as provided herein, the LLC shall be terminated, and the Manager (or such other person or persons as the Act may require or permit) shall file a Certificate of Cancellation with the Secretary of the State of California under the Act and take such other actions as may be necessary to terminate the existence of the LLC.

9.4. Procedures on Dissolution. Dissolution of the LLC shall be effective on the day on which occurs the event giving rise to the dissolution, but the LLC shall not terminate until the Certificate shall have been canceled and the assets of the LLC shall have been distributed as provided herein. Notwithstanding the dissolution of the LLC, prior to the termination of the LLC, as aforesaid, the business of the LLC and the affairs of the Members, as such, shall continue to be governed by this Agreement. The Manager or a liquidator appointed by the Manager, shall liquidate the assets of the LLC, apply and distribute the proceeds thereof as contemplated by this Agreement and cause the cancellation of the Certificate.

ARTICLE X – Books and Records

10.1 Books and Records. The LLC shall provide to the Members yearly financial statements together with a separate statement showing receipt, use of, and repayment of the Capital Expenditure Contribution, together with schedules for any additionally expected Capital Expenditure Contributions.

ARTICLE XI - Transfers of Interest

11.1 General Restrictions on Transfer of Interests by Members.

(a) No Member may Transfer some or all of his, her or its interest in the LLC unless the Manager shall have previously approved such Transfer unanimously in writing, the granting or denying of which approval shall be in the Manager's absolute discretion.

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(b) No assignment of the interest of a Member shall be made if, in the opinion of counsel to the LLC, such assignment (i) may not be effected without registration under the Securities Act; (ii) would result in the violation of any applicable state securities laws; (iii) unless approved by the Manager, would result in a termination of the LLC under Code § 708; or (iv) unless approved by the Manager, would result in the treatment of the LLC as an association taxable as a "publicly traded limited partnership" for tax purposes. The LLC shall not be required to recognize any such assignment until the instrument conveying such interest has been delivered to the Manager for recordation on the books of the LLC. Unless an assignee becomes a substituted Member in accordance with the provisions of Section 11.1(b), the assignee shall not be entitled to any of the rights granted to a Member hereunder, other than the right to receive all or part of the share of the Gross Income, Net Profits, Net Losses, Nonrecourse Deductions, cash distributions or returns of capital to which his or her assignor would otherwise be entitled.

(c) An assignee of the interest of a Member, or any portion thereof, shall become a substituted Member entitled to all the rights of a Member if, and only if:

(i) the assignor gives the assignee such right;

(ii) the Manager approves the transfer;

(iii) the assignee pays to the LLC all costs and expenses incurred in connection with such substitution, including specifically, without limitation, costs incurred in the review and processing of the assignment and in amending the LLC's then current Certificate and/or Operating Agreement, if required; and

(iv) the assignee executes and delivers an Instrument relating to this Agreement (and to the Certificate, if required), which Instrument shall be executed by a person authorized by the Manager and by such assignee, and such other instruments, in form and substance satisfactory to the Manager, as may be necessary, appropriate or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by the terms and provisions of this Agreement.

(d) The LLC and the Manager shall be entitled to treat the record owner of any LLC interest as the absolute owner thereof in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such interest has been received and accepted by the Manager and recorded on the books of the LLC. The Manager may refuse to accept an assignment until the end of the next successive quarterly accounting period. In no event shall any membership interest, or any portion thereof, be sold, transferred or assigned to a minor or incompetent, and any such attempted sale, transfer or assignment shall be void and ineffectual and shall not bind the LLC or the Manager.

11.2. Redemption Right. Shryne shall have the right at any time to purchase Chandler's Membership Interests for an aggregate purchase price of One Hundred Twenty Thousand Dollars (\$120,000.00) plus any amount of Chandler's capital contributions (the

Attachment E: Ownership

Operating Agreement

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"Redemption Price"). The Redemption Price shall either be paid in cash, cancellation of loans or the cancellation of other liabilities owing from Chandler to Shryne at Shryne's sole discretion. Shryne shall exercise its redemption right pursuant to this Section 11.2 by providing written notice to Chandler of its intention to exercise such right and the form of payment it has elected for the Redemption Price. Chandler shall sign any documents requested by Shryne to effectuate and evidence the transfer of his Membership Interests pursuant to this Section 11.2.

ARTICLE XII - General Provisions

12.1. Offset. Whenever the LLC is obligated to make a distribution or payment to any Member, any amounts that such Member owes the LLC may be deducted from said distribution or payment by the Manager.

12.2. Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests, or consents required or permitted to be given under this Agreement must be in writing and shall be deemed to have been properly given if sent by registered or certified mail, postage prepaid, by commercial overnight courier, by facsimile, by email or if delivered in hand to Members at their addresses on Schedule A, or such other address as a Member may specify by notice to the Manager. Whenever any notice is required to be given by law, the Certificate or this Agreement, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

12.3. Entire Agreement; Binding Effect. This Agreement constitutes the entire agreement of the Members and the Manager relating to the LLC and supersedes all prior oral or written agreements or understandings with respect to the LLC. This Agreement is binding on and inures to the benefit of the parties and their respective successors, permitted assigns and legal representatives.

12.4. Amendment or Modification. Except as specifically provided herein, this Agreement may be amended or modified from time to time only by a written instrument signed by all Members.

12.5. Governing Law; Severability. This Agreement is governed by and shall be construed in accordance with the law of the State of California, exclusive of its conflict-of-laws principles. In the event of a conflict between the provisions of this Agreement and any provision of the Certificate or the Act, the applicable provision of this Agreement shall control, to the extent permitted by law. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision shall be enforced to the fullest extent permitted by law. The exclusive jurisdiction and venue for any proceedings brought under this Agreement shall be the courts of Los Angeles County, CA, and the parties expressly consent to such jurisdiction and venue.

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Operating Agreement

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12.6. Waiver of Certain Rights. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

12.7. Third-Party Beneficiaries. The provisions of this Agreement are not intended to be for the benefit of any creditor or other person to whom any debts or obligations are owed by, or who may have any claim against, the LLC or any of its Members or Manager, except for Members or Manager in their capacities as such. Notwithstanding any contrary provision of this Agreement, no such creditor or person shall obtain any rights under this Agreement or shall, by reason of this Agreement, be permitted to make any claim against the LLC or any Member or Manager.

12.8. Interpretation. For the purposes of this Agreement, terms not defined in this Agreement shall be defined as provided in the Act; and all nouns, pronouns and verbs used in this Agreement shall be construed as masculine, feminine, neuter, singular, or plural, whichever shall be applicable. Titles or captions of Articles and Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

12.9. Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document, and all counterparts shall be construed together and shall constitute the same instrument.

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Operating Agreement

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IN WITNESS WHEREOF, the parties hereto have executed this Operating Agreement under seal as of the date set forth above.

MANAGER:

Shryne Group Inc.

Name: Tak Sato
Its: Chief Development Officer

MEMBERS:

Shryne Group Inc.

Name: Tak Sato
Its: Chief Development Officer

Abinette Chandler

Attachment E: Ownership

Operating Agreement

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SCHEDULE A

MEMBERS

<u>Name and Contact Information of Members</u>	<u>Contribution</u>	<u>Membership Interest</u>
Shryne Group Inc.	\$1,000,000	49%
Abinette Chandler	\$0	51%

Attachment H: Dispensary Incubator

Manufacturing – Marquin Chandler

INCUBATION AGREEMENT (MANUFACTURING)

THIS INCUBATION AGREEMENT is made as of February 18, 2020, by and between Shryne Group Inc., a California corporation (the “Company”) and Marquin Chandler (the “Incubatee”).

WHEREAS, the Incubatee seeks a space to operate its cannabis manufacturing business in the City of Oakland;

WHEREAS, the Company desires to incubate the Incubatee by providing free rent to Incubatee.

The parties hereby agree as follows:

1. Incubation. The Company shall incubate the Incubatee as follows:

(a) The Company shall provide free rent for Incubatee to operate its business for a period of at least 3 years at 1031 98th Avenue, Oakland CA 94603 (the “Property”) or another property mutually agreed to between the parties.

(b) The Incubatee shall have exclusive access to a minimum of 1000 feet on the Property.

(c) The Company shall provide the Incubatee all security requirements as required by the City of Oakland, including camera systems, safes and alarm systems.

(d) Providing Incubatee with legal, accounting and operational assistance as reasonably requested by the Incubatee.

2. Representations and Warranties of Incubatee. The Company hereby represents and warrants as follows:

(a) Incubatee qualifies as an Equity Applicant as defined by the City of Oakland’s Equity Permit Program.

(b) Incubatee has never been incubated under the City of Oakland’s Equity Program since it was established in 2011.

3. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by the internal law of the State of California, without regard to conflicts of laws principles.

(b) Dispute Resolution. The parties hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of California and to the jurisdiction of the United States District Court for the Northern District of California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement.

Attachment H: Dispensary Incubator

Manufacturing – Marquin Chandler

(c) Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

Attachment H: Dispensary Incubator

Manufacturing – Marquin Chandler

IN WITNESS WHEREOF, the parties have executed this Incubation Agreement as of the date first written above.

COMPANY:

SHRYNE GROUP INC.

By: Tak Sato
By: Tak Sato (Feb 20, 2020)
Name: Tak Sato
Title: Chief Development Officer

INCUBATEE

Marquin Chandler
Marquin Chandler (Feb 20, 2020)
Marquin Chandler

Attachment H: Dispensary Incubator

Non-Storefront – Marquin Chandler

INCUBATION AGREEMENT (NON-STOREFRONT DELIVERY)

THIS INCUBATION AGREEMENT is made as of February 18, 2020, by and between Shryne Group Inc., a California corporation (the “Company”) and Marquin Chandler (the “Incubatee”).

WHEREAS, the Incubatee seeks a space to operate its cannabis non-storefront delivery business in the City of Oakland;

WHEREAS, the Company desires to incubate the Incubatee by providing free rent to Incubatee.

The parties hereby agree as follows:

1. Incubation. The Company shall incubate the Incubatee as follows:

(a) The Company shall provide free rent for Incubatee to operate its business for a period of at least 3 years at 1031 98th Avenue, Oakland CA 94603 (the “Property”) or another property mutually agreed to between the parties.

(b) The Incubatee shall have exclusive access to a minimum of 1000 feet on the Property.

(c) The Company shall provide the Incubatee all security requirements as required by the City of Oakland, including camera systems, safes and alarm systems.

(d) Providing Incubatee with legal, accounting and operational assistance as reasonably requested by the Incubatee.

2. Representations and Warranties of Incubatee. The Company hereby represents and warrants as follows:

(a) Incubatee qualifies as an Equity Applicant as defined by the City of Oakland’s Equity Permit Program.

(b) Incubatee has never been incubated under the City of Oakland’s Equity Program since it was established in 201.

3. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by the internal law of the State of California, without regard to conflicts of laws principles.

(b) Dispute Resolution. The parties hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of California and to the jurisdiction of the United States District Court for the Northern District of California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement.

Attachment H: Dispensary Incubator

Non-Storefront – Marquin Chandler

(c) Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

Attachment H: Dispensary Incubator

Non-Storefront – Marquin Chandler

IN WITNESS WHEREOF, the parties have executed this Incubation Agreement as of the date first written above.

COMPANY:

SHRYNE GROUP INC.

By: Tak Sato
Tak Sato (Feb 20, 2020)
Name: Tak Sato
Title: Chief Development Officer

INCUBATEE

Marquin Chandler
Marquin Chandler (Feb 20, 2020)
Marquin Chandler

Attachment H: Dispensary Incubator

Distribution – Marquin Chandler

INCUBATION AGREEMENT (DISTRIBUTION)

THIS INCUBATION AGREEMENT is made as of February 18, 2020, by and between Shryne Group Inc., a California corporation (the "Company") and Marquin Chandler (the "Incubatee").

WHEREAS, the Incubatee seeks a space to operate its cannabis distribution business in the City of Oakland;

WHEREAS, the Company desires to incubate the Incubatee by providing free rent to Incubatee.

The parties hereby agree as follows:

1. Incubation. The Company shall incubate the Incubatee as follows:

(a) The Company shall provide free rent for Incubatee to operate its business for a period of at least 3 years at 1031 98th Avenue, Oakland CA 94603 (the "Property") or another property mutually agreed to between the parties.

(b) The Incubatee shall have exclusive access to a minimum of 1000 feet on the Property.

(c) The Company shall provide the Incubatee all security requirements as required by the City of Oakland, including camera systems, safes and alarm systems.

(d) Providing Incubatee with legal, accounting and operational assistance as reasonably requested by the Incubatee.

2. Representations and Warranties of Incubatee. The Company hereby represents and warrants as follows:

(a) Incubatee qualifies as an Equity Applicant as defined by the City of Oakland's Equity Permit Program.

(b) Incubatee has never been incubated under the City of Oakland's Equity Program since it was established in 201.

3. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by the internal law of the State of California, without regard to conflicts of laws principles.

(b) Dispute Resolution. The parties hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of California and to the jurisdiction of the United States District Court for the Northern District of California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement.

Attachment H: Dispensary Incubator

Distribution – Marquin Chandler

(c) Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

Attachment H: Dispensary Incubator

Distribution – Marquin Chandler

IN WITNESS WHEREOF, the parties have executed this Incubation Agreement as of the date first written above.

COMPANY:

SHRYNE GROUP INC.

By: Tak Sato
Tak Sato (Feb 20, 2020)

Name: Tak Sato

Title: Chief Development Officer

INCUBATEE

Marquin Chandler
Marquin Chandler (Feb 20, 2020)

Marquin Chandler