

# Medical Cannabis Application Review

Applicant: Shangri-la SD, LLC – CHANGE IN LOCATION

**To be completed by City of Brookings Staff**

*Reviewed & Approved by:*

<u>Steve Britzman</u> <i>City Attorney</i>	<u>12/5/2022</u> <i>Date</i>
<u>Mike Struck</u> <i>Community Development</i>	<u>11/30/2022</u> <i>Date</i>
<u>Michael J Drake</u> <i>Police Department</i>	<u>12/5/2022</u> <i>Date</i>
<u>Pete Bolzer</u> <i>Fire Department</i>	<u>12/8/2022</u> <i>Date</i>
<u>Jacob Meslike</u> <i>Assistant City Manager</i>	<u>12/8/2022</u> <i>Date</i>
<u>Paul Briseno</u> <i>City Manager</i>	<u>12/5/2022</u> <i>Date</i>
<u>Bonnie Foster</u> <i>City Clerk</i>	<u>12/8/2022</u> <i>Date</i>

Additional restrictions imposed by the City of Brookings: \_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

\_\_\_\_\_

BRING YOUR DREAMS.



## Medical Cannabis Application Contact Information Form

(PLEASE PRINT)

Shangri-La SD, LLC

Business Name

1401 Creekwood Pkwy., Columbia, MO 65202

Business Address

1001 N. Splitrock Blvd., Brandon, SD 57005

Mailing Address

Business Phone

tj@slcann.com

Primary Email

TJ Cameron

Applicant's Name (PLEASE PRINT)

605-251-3704

Cell Phone

Todd Voss

Applicant's Name (PLEASE PRINT)

605-690-6900

Cell Phone

Cover Letter

From: Shangri-La SD, LLC dba Shangri-La Dispensary

To: City of Brookings

Attn: Bonnie Foster

By Hand Delivery on 11.10.22 by Katelyn Cameron

Enclosed are my License Application, attachments and check.

Per my discussions with Bonnie, we are enclosing the \$2,500 transfer fee for the dispensary license. Thank you for creating the transfer process so quickly. There is also a question on the Application regarding a drive-up window. There is a drive-up window on the building, but we are not going to be utilizing it.

TJ Cameron

605-251-3704

[tj@slcann.com](mailto:tj@slcann.com)

BRING YOUR DREAMS.



**MEDICAL CANNABIS ESTABLISHMENT LICENSE APPLICATION**

APPLICATION FOR:

- MEDICAL CANNABIS CULTIVATION FACILITY LICENSE
- MEDICAL CANNABIS TESTING FACILITY LICENSE
- MEDICAL CANNABIS MANUFACTURING FACILITY LICENSE
- MEDICAL CANNABIS DISPENSARY LICENSE

Return completed application to:  
 Bonnie Foster, City Clerk  
 520 3<sup>rd</sup> St., Suite 230  
 Brookings, SD 57006  
 605-692-6281 [bfoster@cityofbrookings-sd.gov](mailto:bfoster@cityofbrookings-sd.gov)

1) The non-refundable application fee in the sum of \$5,000.00 must accompany this application.

2) License Type Requested:

- 1. Medical Cannabis Cultivation Facility License \_\_\_\_\_
- 2. Medical Cannabis Testing Facility License \_\_\_\_\_
- 3. Medical Cannabis Manufacturing Facility License \_\_\_\_\_
- 4. Medical Cannabis Dispensary License \_\_\_\_\_ X

3) The legal name of the prospective medical cannabis establishment:

Shangri-La SD, LLC

4) The physical address of the prospective medical cannabis establishment that is not within one thousand feet of a public or private school existing before the date of this medical cannabis establishment application:

1010 6th Street, Brookings, SD 57006

5) The name, address, and date of birth of each owner, shareholder, LLC member, partner and manager, principal officer, and board member of the proposed medical cannabis establishment:

<u>Name</u>	<u>Address</u>	<u>Title</u>	<u>Date of Birth</u>
Kepal Patel	5100 Forum Blvd., Columbia, MO 65203	Partner -	12/29/1993
Nevil Patel	1401 Creekwood Parkway, Columbia, MO 65202	Partner -	04/16/1987
TJ Cameron	2821 E. Daybreak Cir., Brandon, SD 57008	Partner -	11/06/1980
Todd Voss	876 Regency Parkway, Brookings, SD 57006	Partner -	07/16/1963

6) At least one principal officer must be a resident of South Dakota. The principal officer who is a resident of South Dakota is TJ Cameron, who resides at the following address: 2821 E. Daybreak Cir., Brandon, SD 57005

- 7) A copy of the operating procedures consistent with rules for oversight of the proposed medical cannabis establishment established by the S.D. Department of Health must be attached, including procedures to ensure accurate record keeping and procedures to ensure adequate security measures are in place.
- 8) The prospective medical cannabis establishments will be located in Brookings Zoning District commercial, and must comply with all zoning regulations for that district.
- 9) A site plan reflecting the boundaries of the proposed licensed premises must be attached to this Application.
- 10) A description of safety and security measures reflecting compliance with the City and State’s operating requirements as required by Administrative Rule 44:90:03:02 must be attached to this Application.

**Other Information**

		<u>YES</u>	<u>NO</u>
11)	Have any of the principal officers or board members served as a principal officer or board member for a medical cannabis establishment that has had its registration certificate revoked? If yes, please provide the name of the officer and the name and address of the establishment:		X
12)	Are any of the principal officers or board members under twenty-one years of age?		X
13)	Will the medical cannabis establishment employ any person who is under twenty-one years of age?		X
14)	Will the medical cannabis establishment employ any person who was convicted of a disqualifying felony offense?		X
15)	Will the prospective medical cannabis establishment conduct a background check into the criminal history of each person who is or is seeking to become a principal officer, board member, agent, volunteer, or employee before the person assumes office or begins working at the medical cannabis establishment?	X	
16)	Does the medical cannabis establishment have appropriate security measures designed to deter and prevent the theft of cannabis and unauthorized entrance into any area containing cannabis?	X	
17)	For medical cannabis cultivation, testing, and manufacturing establishments, will all cultivation, harvesting, manufacturing, and packaging of cannabis take place in a secure facility at the physical address of the medical cannabis establishment?		
18)	For medical cannabis cultivation, testing, and manufacturing establishments, will the secure facility only be accessed by agents of the medical cannabis establishment, emergency personnel, and adults who are twenty-one years of age and older and who are accompanied by a medical cannabis establishment agent?		
19)	For medical cannabis manufacturing establishments, will only cannabis product manufacturers produce cannabis concentrates, cannabis extractions and other cannabis products?		
20)	Will the medical cannabis establishment share office space with or refer a patient to a practitioner?		X
21)	Will the medical cannabis establishment permit any person to consume cannabis on the property of a medical cannabis establishment?		X
22)	Will the medical cannabis establishment allow inspection of the medical cannabis establishment by the City or Department of Health during business hours?	X	

23)	For medical cannabis dispensaries, will the prospective medical cannabis dispensary make a diligent effort to verify that the registry identification card or registration presented to the dispensary is valid?	X	
24)	For medical cannabis dispensaries, will the prospective medical cannabis dispensary make a diligent effort to verify that the person presenting the documentation is the person identified on the document presented to the dispensary agent?	X	
25)	For medical cannabis dispensaries, will the prospective medical cannabis dispensary make a diligent effort to only dispense an amount of cannabis to a person that would not cause the person to possess more than the allowable amount of cannabis?	X	
26)	For medical cannabis dispensaries, will the prospective medical cannabis dispensary make a diligent effort to verify that the dispensary is the current dispensary designated by the cardholder or nonresident cardholder?	X	
27)	A dispensary may not dispense more than three ounces of cannabis to a non-resident cardholder or a registered qualifying patient, directly or via a designated caregiver, in any fourteen-day period. Will the prospective medical cannabis dispensary ensure compliance with this limitation by maintaining internal, confidential records that include records specifying how much cannabis is dispensed to a nonresident cardholder or registered qualifying patient and that it is a dispensed directly to a registered qualifying patient or to the designated caregiver?	X	
28)	Will the prospective medical cannabis dispensary be located within a dwelling unit or any building containing a pediatrician's office, hotel, motel, or lodging facility?		X
29)	Will the prospective medical cannabis dispensary have locked display cases only accessible to staff during business hours, and a locked vault or storage cage in which all cannabis and cannabis products be stored during hours the dispensary is closed?	X	
30)	Will the prospective medical cannabis establishment conform to the prevailing building and fire codes adopted by the City of Brookings?	X	
31)	Will all exterior entrances and exits and all parking areas of the prospective medical cannabis dispensary be lighted at all times after dark?	X	
32)	Will security cameras which comply with the South Dakota Administrative Rules for Medical Cannabis Dispensaries be utilized and the camera system securely store camera footage for no less than thirty (30) days?	X	
33)	Will the medical cannabis establishment have a functional commercial alarm system triggered by the press of a button, by the breaking of glass, and by forcing open a locked door?	X	
34)	Will any person be allowed entry into the medical cannabis dispensary without showing a valid picture identification?		X
35)	For medical cannabis dispensaries, will the facility be ventilated so that the odor of cannabis or cannabis products not be detected by a person with a normal sense of smell outside the medical cannabis dispensary or on any adjoining property?	X	
36)	Will all exterior signage associated with a medical cannabis dispensary comply with the zoning ordinances of the City and the Administrative Rules of the State of South Dakota?	X	
37)	Will all sales of medical cannabis be made in person, directly to the purchaser, within the medical cannabis dispensary?	X	
38)	Will all sales occur only in person, to the purchaser at the time of purchase within the medical cannabis dispensary?	X	

39)	Will the medical cannabis dispensary utilize drive up windows or other similar delivery processes be allowed?		X
40)	For medical cannabis dispensaries, will the dispensary distribute or allow the distribution of any medical cannabis without charge for purposes of promotion, advertising, or any other purpose?		X
41)	By accepting a license issued by the City of Brookings, will the licensee waive any claim and release the City of Brookings, its officers, elected officials, employees, attorneys, and agents from any liability for injuries or damages of any kind that results from any arrest or prosecution of business owners, operators, employees, clients or customers of the licensee for a violation of State or Federal Laws, rules or regulations?	X	
42)	By accepting a license issued by the City of Brookings, will the licensee agree to indemnify, defend, and hold harmless the City of Brookings and its officers, elected officials, employees, attorneys, agents, insurers against all liability, claims and demands on account of any injury, loss or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or in any manner connected with the operation of the medical cannabis establishment that is the subject of the license?	X	
43)	Have each of the owners of the prospective medical cannabis establishment signed the license application form and the indemnification and waiver and release forms?	X	

Under penalties of perjury, I declare that I have examined this Application, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

[Signature] 11/10/2022  
 Signature of each owner of the Applicant's establishment      Kopal Patel      Date

Signature of each owner of the Applicant's establishment      Nevil Patel      Date

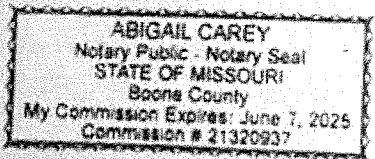
Signature of each owner of the Applicant's establishment      TJ Cameron      Date

Signature of each owner of the Applicant's establishment      Todd Voss      Date

Signature of each owner of the Applicant's establishment      Date

Subscribed and sworn to before me this 10<sup>th</sup> day of November, 2022.

(SEAL)



[Signature]  
 Notary Public, State of  
 My commission expires: 6/7/2025

39)	Will the medical cannabis dispensary utilize drive up windows or other similar delivery processes be allowed?		X
40)	For medical cannabis dispensaries, will the dispensary distribute or allow the distribution of any medical cannabis without charge for purposes of promotion, advertising, or any other purpose?		X
41)	By accepting a license issued by the City of Brookings, will the licensee waive any claim and release the City of Brookings, its officers, elected officials, employees, attorneys, and agents from any liability for injuries or damages of any kind that results from any arrest or prosecution of business owners, operators, employees, clients or customers of the licensee for a violation of State or Federal Laws, rules or regulations?	X	
42)	By accepting a license issued by the City of Brookings, will the licensee agree to indemnify, defend, and hold harmless the City of Brookings and its officers, elected officials, employees, attorneys, agents, insurers against all liability, claims and demands on account of any injury, loss or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or in any manner connected with the operation of the medical cannabis establishment that is the subject of the license?	X	
43)	Have each of the owners of the prospective medical cannabis establishment signed the license application form and the indemnification and waiver and release forms?	X	

Under penalties of perjury, I declare that I have examined this Application, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of each owner of the Applicant's establishment      Kepal Patel      Date

*[Handwritten Signature]*

Nov 10<sup>th</sup> 2022

Signature of each owner of the Applicant's establishment      Nevil Patel      Date

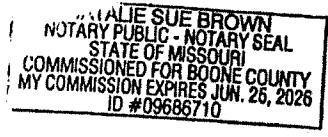
Signature of each owner of the Applicant's establishment      TJ Cameron      Date

Signature of each owner of the Applicant's establishment      Todd Voss      Date

Signature of each owner of the Applicant's establishment      Date

Subscribed and sworn to before me this 10<sup>th</sup> day of November, 2022

(SEAL)



*[Handwritten Signature]*

Notary Public, State of  
My commission expires: 6-25-2026



39)	Will the medical cannabis dispensary utilize drive up windows or other similar delivery processes be allowed?		X
40)	For medical cannabis dispensaries, will the dispensary distribute or allow the distribution of any medical cannabis without charge for purposes of promotion, advertising, or any other purpose?		X
41)	By accepting a license issued by the City of Brookings, will the licensee waive any claim and release the City of Brookings, its officers, elected officials, employees, attorneys, and agents from any liability for injuries or damages of any kind that results from any arrest or prosecution of business owners, operators, employees, clients or customers of the licensee for a violation of State or Federal Laws, rules or regulations?	X	
42)	By accepting a license issued by the City of Brookings, will the licensee agree to indemnify, defend, and hold harmless the City of Brookings and its officers, elected officials, employees, attorneys, agents, insurers against all liability, claims and demands on account of any injury, loss or damage, including without limitation claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any other loss of any kind whatsoever arising out of or in any manner connected with the operation of the medical cannabis establishment that is the subject of the license?	X	
43)	Have each of the owners of the prospective medical cannabis establishment signed the license application form and the indemnification and waiver and release forms?	X	

Under penalties of perjury, I declare that I have examined this Application, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

\_\_\_\_\_  
Signature of each owner of the Applicant's establishment Date

\_\_\_\_\_  
Signature of each owner of the Applicant's establishment Date  
*[Signature]* 11-7-2022

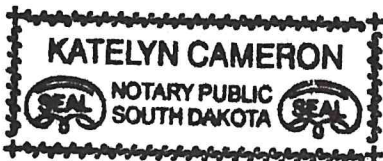
\_\_\_\_\_  
Signature of each owner of the Applicant's establishment Date  
*[Signature]* 11-7-2022

\_\_\_\_\_  
Signature of each owner of the Applicant's establishment Date

\_\_\_\_\_  
Signature of each owner of the Applicant's establishment Date

Subscribed and sworn to before me this 7<sup>th</sup> day of November, 2022.

(SEAL)



Katelyn Cameron  
Notary Public, State of South Dakota  
My commission expires: May 5, 2028

**MEDICAL CANNABIS ESTABLISHMENT LICENSE APPLICATION  
EXHIBITS / ATTACHMENTS**

Shangri-La SD, LLC

1. Non-refundable application fee in the sum of ~~\$5,000.00~~ <sup>\$2,500<sup>00</sup></sup>, payable to the City of Brookings.
2. Copy of Operating Procedures per Section 7 of the Application.
3. Site Plan per Section 8 of the Application.
4. Description of Safety and Security Measures per Section 10 of the Application.
5. Indemnification and Waiver Form.

*transfer  
of location*


## MEDICAL CANNABIS ESTABLISHMENT INDEMNIFICATION AGREEMENT

This MEDICAL CANNABIS ESTABLISHMENT INDEMNIFICATION AGREEMENT (hereafter the "Agreement") is entered into this 7<sup>th</sup> day of November, 2022, by and between Shangri-La SD, LLC (the "Medical Cannabis Establishment License Applicant"), and the City of Brookings, South Dakota, a South Dakota Municipal Corporation ("City of Brookings").

- 1. Purpose of this Agreement.** The Medical Cannabis Establishment Applicant has submitted an Application for a Medical Cannabis License to the City of Brookings. The purpose of this Agreement is to provide assurance that the Applicant agrees to provide indemnity protection for the City of Brookings, South Dakota, for any liability including, but not limited to, attorneys' fees arising out of or in any manner connected with the operation of a medical cannabis establishment that is the subject of the Medical Cannabis License Application.
- 2. Indemnity and Release.** To the fullest extent permitted by law, Application will indemnify and hold harmless the City of Brookings, and its officials, officers and employees, from and against liability, claims, damages, losses and expenses, including but not limited to attorneys' fees arising out of or in any manner that results from any arrest or prosecution of the Applicant's business owners, operators, employees, clients, or customers of the licensee for a violation of State or Federal laws, rules or regulations in the operation of a medical cannabis establishment the Applicant operates in the City of Brookings.
- 3.** The issuance of a medical cannabis license by the City of Brookings pursuant to this section shall not be deemed to create an exception, defense or immunity for any person in regard to any potential criminal liability the person may have under State or Federal law for the cultivation, possession, sale, distribution or use of marijuana.
- 4.** In the event there is a claim against the City of Brookings, South Dakota, or its officials, officers or employees who are indemnified under this Agreement brought by an employee of a Medical Cannabis Establishment Applicant, or its subcontractors, or anyone directly or indirectly employed by them or anyone for whose acts they may be liable, then this indemnification obligation shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Medical Cannabis Establishment Applicant or its subcontractors or employees under the workers' compensation laws.

IN WITNESS WHEREOF, this Agreement has been entered into by the parties hereto. Each Owner of the Applicant's company must sign this Agreement.

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

  
\_\_\_\_\_  
By: Kopal Patel  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

\_\_\_\_\_  
By: Nevil Patel  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

\_\_\_\_\_  
By: TJ Cameron  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

\_\_\_\_\_  
By: Todd Voss  
Its: Owner

CITY OF BROOKINGS, SD

\_\_\_\_\_  
Paul Briseno, City Manager

ATTEST:

\_\_\_\_\_  
Bonnie Foster, City Clerk

IN WITNESS WHEREOF, this Agreement has been entered into by the parties hereto. Each Owner of the Applicant's company must sign this Agreement.

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

By: Kepal Patel  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

*Natalie Sue Brown*

NATALIE SUE BROWN  
NOTARY PUBLIC - NOTARY SEAL  
STATE OF MISSOURI  
COMMISSIONED FOR BOONE COUNTY  
MY COMMISSION EXPIRES JUN. 25, 2028  
ID #09686710

*Nevil Patel*  
By: Nevil Patel  
Its: Owner

*11-10-2022*

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

By: TJ Cameron  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

By: Todd Voss  
Its: Owner

CITY OF BROOKINGS, SD

Paul Briseno, City Manager

ATTEST:

Bonnie Foster, City Clerk

IN WITNESS WHEREOF, this Agreement has been entered into by the parties hereto. Each Owner of the Applicant's company must sign this Agreement.

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

By: Kepal Patel  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

By: Nevil Patel  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

*TJ Cameron*  
By: TJ Cameron  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

*Todd Voss*  
By: Todd Voss  
Its: Owner

CITY OF BROOKINGS, SD

*Paul Briseno*  
Paul Briseno, City Manager

ATTEST:

*Bonnie Foster*  
Bonnie Foster, City Clerk



## Background Check Medical Cannabis Application City of Brookings

Business Name: Shangri-La SD, LLC - page 2  
Address: 1401 Creekwood Parkway, Columbia, MO 65202  
Owner: Todd Voss  
Driver's License #: 00078340 - South Dakota  
Date of Birth: 07/16/1963  
City / States Lived in for last ten (10) years: Brookings, South Dakota

Owner: \_\_\_\_\_  
Driver's License #: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_  
City / States Lived in for last ten (10) years: \_\_\_\_\_

Owner: \_\_\_\_\_  
Driver's License #: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_  
City / States Lived in for last ten (10) years: \_\_\_\_\_

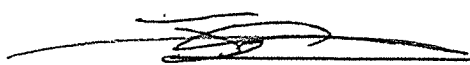
TO: Brookings Police Chief  
FROM: Brookings City Clerk  
RE: Background Check Form

The above individuals have applied for a Medical Cannabis License within the City of Brookings. In accordance with State Law and City Policy, please conduct a background report for felony convictions and advise of your findings.

Background Check Findings:

No Felony Convictions  
 Felony Convictions Reported (please identify)

\_\_\_\_\_  
\_\_\_\_\_

  
Brookings Police Department      11/10/22      Date

## Background Check Medical Cannabis Application City of Brookings

Business Name: Shangri-La SD, LLC

Address: 1401 Creekwood Pkwy., Columbia, MO 65202

Owner: Kepal Patel

Driver's License #: U211365005 - Missouri

Date of Birth: 12/29/1993

City / States Lived in for last ten (10) years: Columbia, Missouri

Owner: Nevil Patel

Driver's License #: N001358009 - Missouri

Date of Birth: 04/16/1987

City / States Lived in for last ten (10) years: Columbia, Missouri

Owner: TJ Cameron

Driver's License #: 00722989 - South Dakota

Date of Birth: 11/06/1980


City / States Lived in for last ten (10) years: Brandon, South Dakota

\*\*SEE ATTACHMENT FOR OWNER TODD VOSS

TO: **Brookings Police Chief**  
 FROM: **Brookings City Clerk**  
 RE: **Background Check Form**

The above individuals have applied for a Medical Cannabis License within the City of Brookings. In accordance with State Law and City Policy, please conduct a background report for felony convictions and advise of your findings.

Background Check Findings:  
 No Felony Convictions  
 Felony Convictions Reported (please identify)  
 \_\_\_\_\_  
 \_\_\_\_\_

  
 Brookings Police Department

11/14/23  
 Date



## Background Check Medical Cannabis Application City of Brookings

Business Name: Shangri-La SD, LLC - page 2  
Address: 1401 Creekwood Parkway, Columbia, MO 65202  
Owner: Todd Voss  
Driver's License #: 00078340 - South Dakota  
Date of Birth: 07/16/1963  
City / States Lived in for last ten (10) years: Brookings, South Dakota

Owner: \_\_\_\_\_  
Driver's License #: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_  
City / States Lived in for last ten (10) years: \_\_\_\_\_

Owner: \_\_\_\_\_  
Driver's License #: \_\_\_\_\_  
Date of Birth: \_\_\_\_\_  
City / States Lived in for last ten (10) years: \_\_\_\_\_

TO: Brookings Police Chief  
FROM: Brookings City Clerk  
RE: Background Check Form

The above individuals have applied for a Medical Cannabis License within the City of Brookings. In accordance with State Law and City Policy, please conduct a background report for felony convictions and advise of your findings.

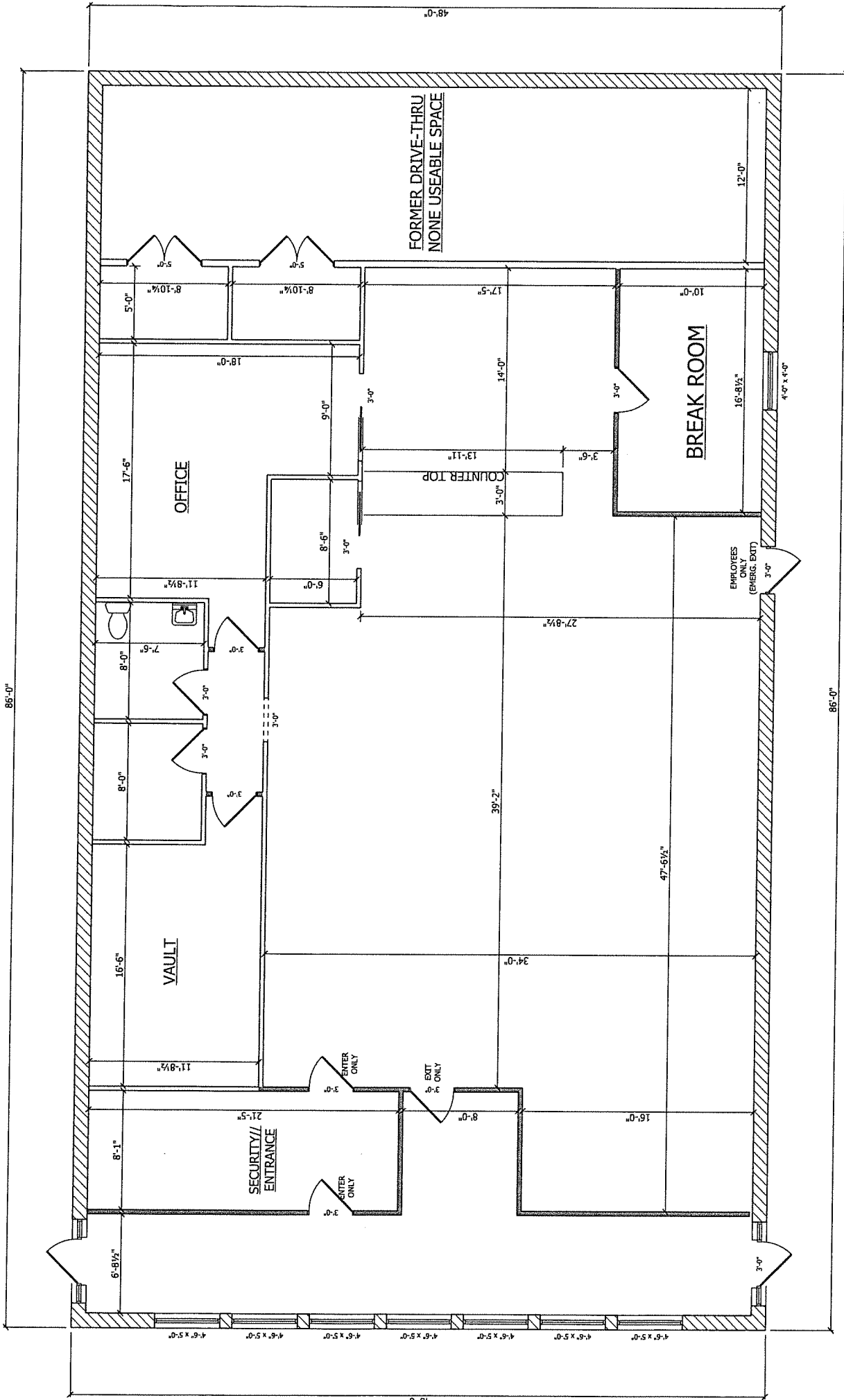
**Background Check Findings:**

No Felony Convictions  
 Felony Convictions Reported (please identify)

\_\_\_\_\_

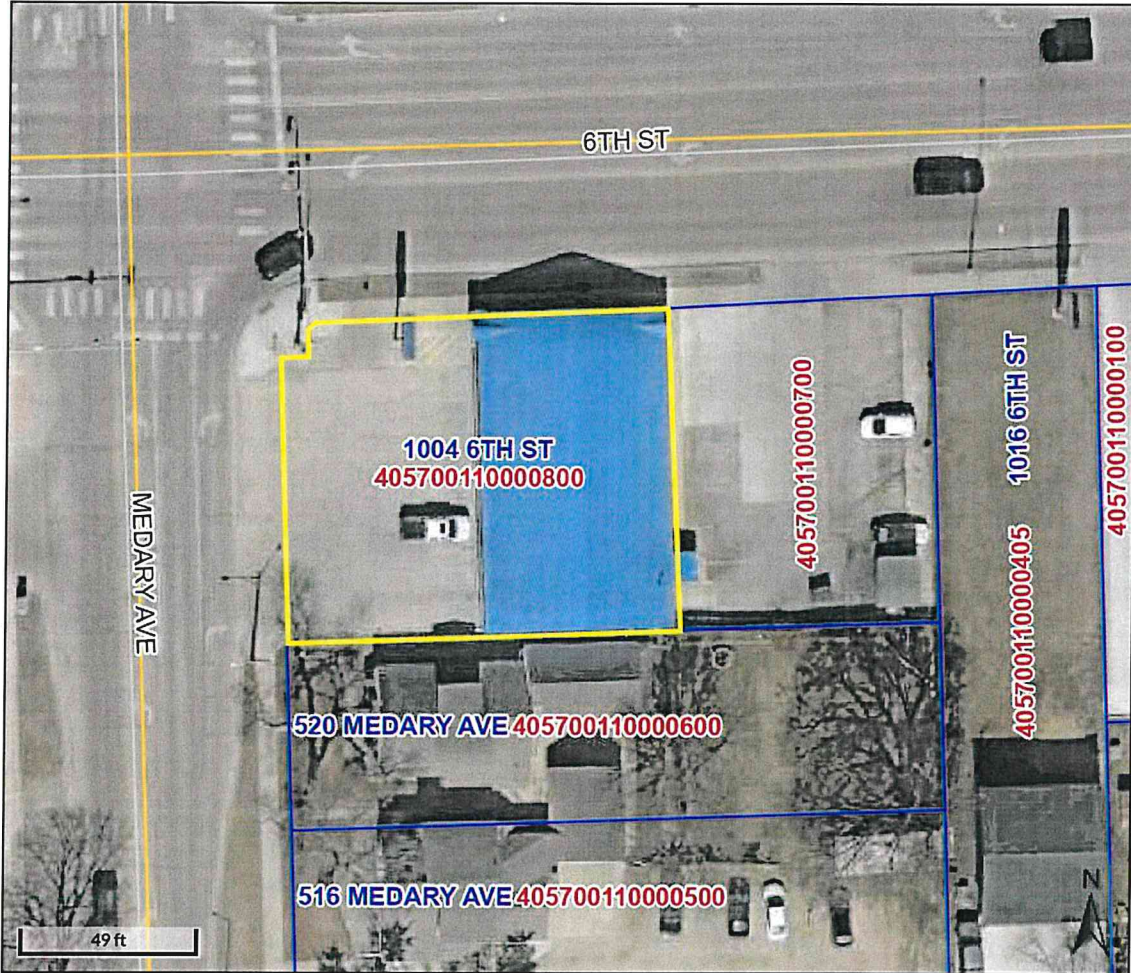
  
Brookings Police Department

11/14/22  
Date

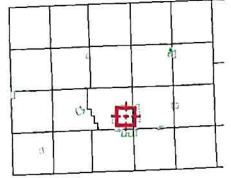


**MAIN FLOOR PLAN**

# Beacon™ Brookings County, SD



Overview



Legend

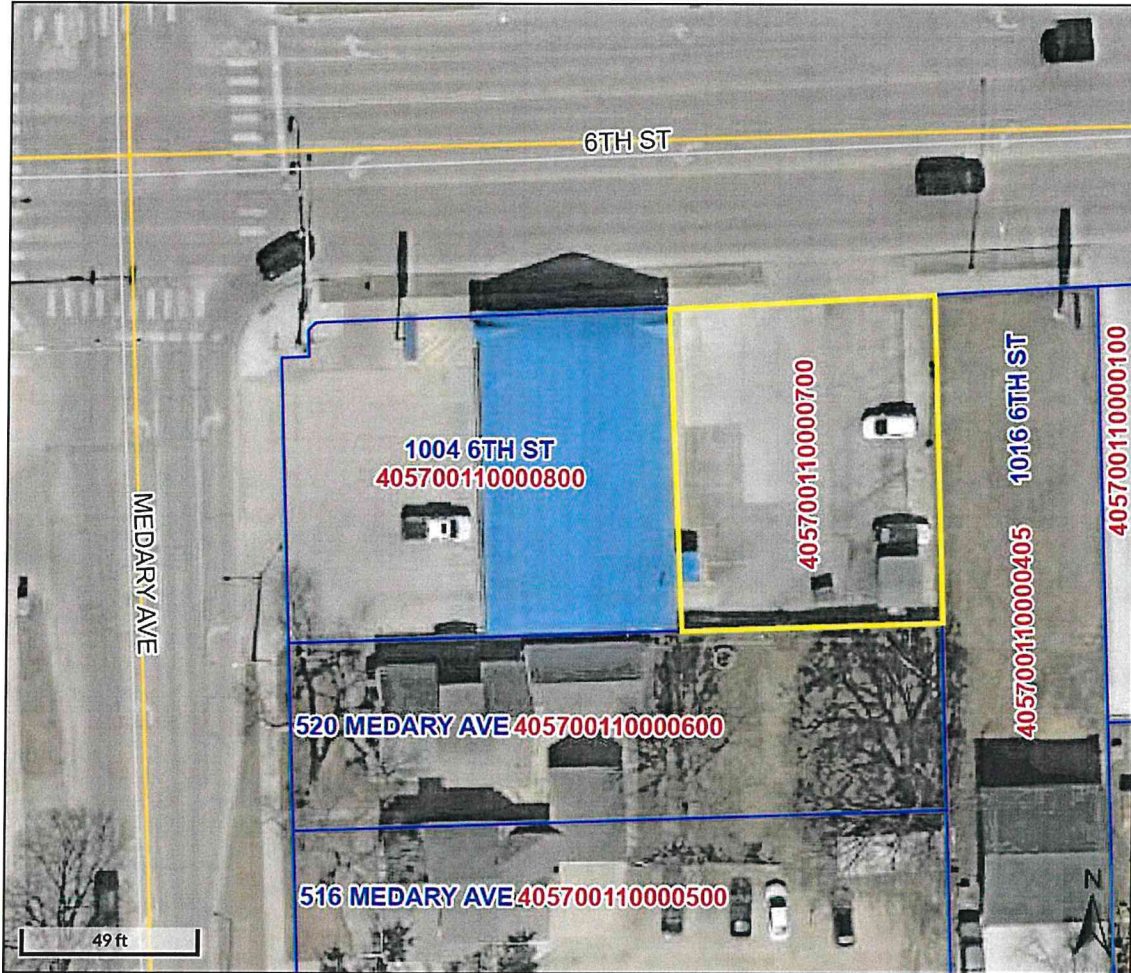
- Brookings City Limits
- City Limits
- Township Boundar
- Sections
- Parcels
- Roads

Parcel ID	405700110000800	Alternate ID	n/a	Owner Address	VOSS, TODD
Sec/Twp/Rng	--	Class	NADC		876 REGENCY CT
Property Address	1004 6TH ST	Acreage	n/a		BROOKINGS SD 57006
	BROOKINGS				
District	4001				
Brief Tax Description	SKINNERS SECOND ADDN, W 105' LOTS 7-8, BLK 11 & EXC LOT H-1 8,890 SF				
	(Note: Not to be used on legal documents)				

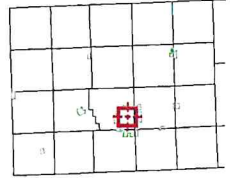
Date created: 11/30/2022  
 Last Data Uploaded: 11/30/2022 8:13:05 AM

Developed by Schneider  
 GEOSPATIAL

# Beacon™ Brookings County, SD



Overview



Legend

- Brookings City Limits
- City Limits
- Township Boundar
- Sections
- Parcels
- Roads

Parcel ID	405700110000700	Alternate ID	n/a	Owner Address	VOSS, TODD
Sec/Twp/Rng	--	Class	NADC		876 REGENCY CT
Property Address	1010 6TH ST	Acreage	n/a		BROOKINGS SD 57006
	BROOKINGS				
District	4001				
Brief Tax Description	SKINNERS SECOND ADDN, E 70' LOTS 7-8, BLK 11 & EXC LOT H-2 70 X 90				
	(Note: Not to be used on legal documents)				

Date created: 11/30/2022  
 Last Data Uploaded: 11/30/2022 8:13:05 AM

Developed by Schneider GEOSPATIAL

## **SHANGRI-LA DISPENSARY BUSINESS PLAN** **BROOKINGS, SD**

**A copy of the operating procedures consistent with rules for oversight of the proposed medical cannabis establishment established by the S.D. Department of Health must be attached, including procedures to ensure accurate record keeping and procedures to ensure adequate security measures are in place.**

### **EXHIBIT I - Inventory Monitoring and Recordkeeping Plan**

Inventory monitoring and recordkeeping is an integral part of running a compliant dispensary that is in line with, and exceeds, the regulations as stated in the *Cannabis Regulation*. As such, the applicant has developed extensive processes and procedures for inventory monitoring and recordkeeping as part of its standard operating procedures (SOPs).

To manage inventory and ensure compliance recordkeeping, the applicant will utilize the State Wide Track and Trace System inventory tracking software system capable of integrating with South Dakota.

All dispensing agents will be trained on Inventory Monitoring and Recordkeeping procedures upon hire and throughout their employment through refresher training. All training records will be available upon agency request and during the audit if requested. Violations of the procedure will be investigated and non-conformance to the established process will be issued. Based on the investigation, corrective action will be identified and will be completed.

Essential to inventory management is a clear, comprehensive, and perpetual recorded chain of custody from the time cannabis products are received by the dispensary until they are compliantly dispensed to users. To generate and maintain an unbroken chain of custody for all cannabis sales in our possession, State Wide Track and Trace System will be relied upon at every part of the ordering, receiving, dispensing, denials, recordkeeping, and SOPs.

### **Part 1: Monitoring Purchases and Denials of Sale**

All purchase transactions are done in accordance with state approved State Wide Track and Trace System, POS system, and under continuous video surveillance.

A denial of sale may occur in one of four instances:

1. Occurs when a sale is made but a patient, before leaving the dispensary, realizes they received the wrong product or the wrong number of products, as a result of human error, which is expected to happen from time to time despite our best efforts to train our staff and ensure inventory management.
2. As a result of the POS system accidentally running a sale multiple times, which results in the sale needing to be voided by an agent-in-charge. In this event, the agent-in-charge must maintain records of voided sales in the State Wide Track and Trace System and in our POS. These records are crucial in ensuring that an inspector is able to examine possible discrepancies in inventory.
3. Occurs when a patient attempts to acquire an unauthorized or non-compliant quantity of products. In this situation, staff must deny the attempted transaction and politely inform the patient of the reason for denial.

A denial of sale will always be utilized in the case of a minor wanting to buy a product, or in situations where a patient appears to be intoxicated.

The applicant has chosen not to accept returns for cannabis and cannabis products, especially after they have been consumed or the safety seal has been broken. In the event that a return of cannabis and cannabis products will be accepted, the applicant will acquire necessary approval. To process the denials of sale transactions, the State Wide Track and Trace System is designed to require an override authorization (unique credentials) from the dispensary agent-in-charge.

Upon each instance of denial of sale, staff will update the State Wide Track and Trace System as well as internal patient records on the POS system.

## **Part 2: Communication Strategy on Destruction and Disposal of Cannabis**

Given that the security committee will be responsible for building and maintaining relationships with local and state police, the applicant will implement a process through which communications of the destruction of cannabis can be made. Possible processes include sending reports to law enforcement through the State Wide Track and Trace System, holding quarterly meetings with law enforcement in regards to the destruction processes throughout that period, and annual reviews of destruction instances with the goal to reduce destruction of cannabis through ordering accuracy, thorough understanding of customer demand, and ensuring products purchased from cultivators and distributors are tested and verified in quality.

### **a. Destruction and Disposal**

The applicant will implement the following Policy for Destruction and Disposal of Cannabis, which includes a communication strategy to the local law enforcement agency:

- Agent-in-charge will make sure that all waste and the unusable product is weighed, recorded, and entered into the inventory system (State Wide Track and Trace System) before rendering it unusable.
- All waste, unusable cannabis concentrates, and cannabis-infused products shall be recorded and entered into the inventory system (State Wide Track and Trace System) before rendering it unusable. Verification of this event will be performed in an area with video surveillance.
- Electronic documentation of destruction and disposal will be maintained for a period of at least 5 years.
- Enact a communication strategy with the local law enforcement agency on the destruction and disposal of cannabis.
- Notification of local law enforcement, the county of Minnehaha, and the state prior to 24 hours for the destruction and disposal of cannabis.
- The originating grower/processor is to pick up the products for destruction and disposal procedures at their facility (rather than conduct the destruction and disposal by ourselves) within the timeframe provided.
- In the event this is not possible, the applicant will contract out to a cannabis waste destruction facility for the destruction and disposal of cannabis. The applicant will assure that the contract facility and their methods by which cannabis and cannabis-infused products will be destroyed by rendering them unusable are approved.
- The applicant will contract out the facility that can manage the solid waste that can comply with acceptable permitted solid waste facilities include, but are not limited to:

- i. Compostable mixed waste: Compost, anaerobic digester, or another facility with approval.
- ii. Non-compostable mixed waste: Landfill, incinerator, or another facility with approval.
- iii. All waste and the unusable product shall be weighed, recorded, and entered into the inventory system before rendering it unusable. Verification of this event will be performed by an agent-in-charge and conducted in an area with video surveillance.
- iv. Electronic documentation of destruction and disposal shall be maintained for a period of at least 5 years.
- v. All recalled products should be safely destroyed and logged in the State Wide Track and Trace System. Upon destruction of the product, any and all information pertaining to its destruction will be collected including, but not limited to, method of destruction, witness documentation, and an electronic PIN or biometric fingerprint scan signature from the person in charge. This will be considered the alternative end to the product life cycle, and true seed-to-sale traceability and reconciliation can be visibly achieved.

#### **b. Onsite Disposal**

In the event where a waste disposal company is not able to provide the service for the destruction of cannabis product, the applicant will proceed with disposal on-site, taking the following measures:

- a. The agent-in-charge will schedule all onsite disposal procedures and provide the operations director with a minimum of 1 business day notice. The operation director will notify local law enforcement of such an event.
- b. The applicant will render cannabis waste unusable and unrecognizable through either thermal treatment or melting, shredding, grinding or tearing or incorporate the cannabis waste with other municipal waste, such as mulched cardboard, used plant soils or other non-toxic inert materials.

#### **c. Documentation of Disposal of Cannabis**

Inventory destruction can be initiated through State Wide Track and Trace System requiring documentation of destruction purpose and/or approved method as well as the employee performing the action.

Although the inventory can be adjusted or voided, at no time is any data ever fully deleted as State Wide Track and Trace System maintains a log of every action, including adjustments and voids, so that the entire history of the system may be reconstructed. The availability and reportability of the system data enable the said entity to produce any information necessary for an inspection.

### **Part 3: Inventory Control System**

#### **a. Receiving Products to be Input into State Wide Track and Trace System**

The applicant will implement SOPs compliant State and local regulations, which will assure the integrity of the inventory control and recordkeeping system in relation to product receiving. The applicant will only acquire or purchase cannabis and cannabis-infused products from a licensed cultivation center, grower, infuser, or transporter.

The following information about any product acquired by a licensed state approved cultivation center, infuser, or transporter will be collected and input into State Wide Track and Trace System:

- Name of originating cannabis establishment, registry identification number of the licensed cultivation center, or cannabis-infused product provider;
- Cannabis information, including batch number, original plant(s) the batch is derived from, if it was a cutting (clone) or seed, dates planted, yield reports, date of harvest, and all pesticides, herbicides, and fertilizers used to grow the plants;
- A description of the products, including the quantity, strain, variety, and batch number of each product received;
- Date of acquisition;
- The name and registry identification number of the dispensing organization agent receiving the product;

Instantaneously, upon generation of a wholesale, all of the information including name, strain, quantity, registry identification card, name of the establishment, and even associated tax is available on wholesale reports which can be run for any specified time period.

#### **b. Receiving Policies and Procedures**

All receiving and new product transfer procedures will be handled by a minimum of 2 authorized agents, including at least 1 security personnel and will be conducted within the view of our recording surveillance system.

Transport agents must provide a transport manifest identifying all products in the shipment, which will be used to verify the accuracy of the shipment as products are unpacked and inspected.

As products are unpacked, our receiving team must:

- Conduct a physical audit, on a line-item basis, against the transport manifest for accuracy.
- Inspect each unit for packaging and labeling integrity and compliance with *Cannabis Regulations* as well as our own quality assurance standards to ensure products are undamaged, unexpired, and qualified for dispensation.
- Verify and confirm that the product's name, strain name, weight, and identification number on the manifest matches the information on the cannabis product label and package.
- Verify and confirm that the product name listed and the weight listed in the State's verification system shall match the product packaging.
- Receiving agent needs to sign, date and record the time on the transport manifest and in the electronic system.

Once the above has been confirmed, dispensary receiving agents will re-enter the interior of the dispensary and immediately transfer all new products to the appropriate safe (or locking



refrigerator or freezer, as applicable) within the vault room for secure storage prior to dispensation.

The vault room will be customized for our purposes and will be UL-rated with DEA-Schedule 1 approved locks and alarm wiring to integrate into our security systems. Within the vault room will be an appropriate number of commercial-grade TL30 safes that meet DEA requirements for the storage of Schedule I and II drugs and locking refrigerators and freezers.

Only the minimum number of highly trained and trusted employees necessary for efficient operations will be authorized to access the vault room, and they will only be permitted access for the minimum amount of time necessary to perform their duties. Moreover, the vault room will be heavily monitored 24/7 by our recording surveillance system. A list of permitted employees will be prepared and posted.

### **c. Inventory Management During Dispensing**

Authorized staff members will be thoroughly trained in the use and functionality of the State Wide Track and Trace System software system to ensure the accuracy and integrity of our electronic record-keeping system.

The patient will be invited to check in with an authorized dispensary agent who will use a tablet or PC to update the State Wide Track and Trace System with relevant information related to the visit, including age verification and information on the date and time of visit.

Once verified and approved for dispensing, the patient will be invited to sit in our waiting room and review the day's product listings that are tied to the inventory management system so the patient can see what is in stock. Educational materials are offered until it's time to enter the service area. The patient will be assigned to a service agent within the dispensary and will be invited to consult on their purchase if needed.

After the consultation, the dispensing agent will ask the patient for their requested order and re-verify their identification and assure that the patient is qualified to purchase cannabis. At that time, the agent will re-confirm (a) that the products ordered are compliant with any requirements or limitations set forth by South Dakota and (b) the quantity ordered does not exceed state-mandated requirements. To keep the freshness of products, the dispensing agent will ensure that the oldest stock of a cannabis product is distributed first (FIFO = First In, First Out).

If the order is lawful, the agent will inspect each product's packaging and labeling to ensure integrity and compliance with *Cannabis Regulation* and our own quality assurance standards, then complete the dispensation process through the State Wide Track and Trace System and accept payment.

Upon the successful completion of the transaction, the agent will issue a receipt to the customer, then access and update the electronic tracking system with the quantity and type of cannabis dispensed, as well as the date and time of the transaction and any other required data (including all information found on the applicable transaction's receipt).

#### **d. Inventory Management During Dispensary Closing**

As part of the daily closing procedures, the agent in charge will enter the service area of the dispensary to remove and transfer all unsold cannabis products from the locking display case back to the appropriate safe (or locking refrigerator or freezer, as applicable) within the vault room. As products are removed, authorized agents will again:

- Inspect all products and product packaging to ensure:
  - The integrity of the containers
  - The legal compliance of all affixed labels
  - No products are expired, damaged, deteriorated, mislabeled, contaminated, or recalled
  - The containers or packaging have not been opened, breached, or otherwise tampered with
- Update our State Wide Track and Trace System inventory tracking system reflecting the transfer
- Update the electronic tracking system, if applicable

Once the above has been confirmed, the authorized agents will exit the service area and immediately transfer all unsold products to the secure vault room. All unsold product transfer procedures will be handled by a minimum of 2 authorized agents and will be conducted in the presence of security agents and within the view of our recording surveillance system. Once an unsold product transfer has been completed, authorized agents will:

- Exit the vault room ensuring the door has been fully closed, secured, and locked
- Update the State Wide Track and Trace System with all actions taken to the products
- Immediately notify the agent-in-charge and security manager that all unsold products have been safely transferred back to secure storage

The dispensary agent will perform daily inventory reconciliation to confirm that our physical inventory matches our digital records stored in the POS system and with the cannabis inventory at the State's verification system. If there is any discrepancy, the agent must notify the dispensary agent-in-charge.

Inventory adjustment functionality access will be limited to only the dispensary agent-in-charge. There will not be any adjustments performed to the inventory prior to approval. Upon approval, the agent-in-charge will document the detailed reason for the adjustment in the State Wide Track and Trace System system. Any documentation related to the inventory adjustment will be kept for a minimum of 5 years or longer from the date performed as required by the State.

#### **e. Inventory Imbalance Due to Mistake**

Upon investigation, if it identifies an imbalance in the amount of cannabis after the daily inventory reconciliation is due to a mistake:

- The applicant will determine how the imbalance occurred and immediately upon discovery take and document corrective action.
- If the applicant cannot identify the reason for the mistake, it will inform the controlling entity immediately in writing of the imbalance and the corrective action taken to date.
- The applicant will work diligently to determine the reason for the mistake.

If there is an inventory imbalance due to theft, criminal activity, or suspected criminal activity:

- Upon Investigation, if the dispensing organization identifies an imbalance in the amount of cannabis after the daily inventory reconciliation or through other means due to theft, criminal activity, or suspected criminal activity:
  - The applicant will immediately determine how the reduction occurred and take and document corrective action.
  - Within 24 hours after the first discovery of the reduction due to theft, criminal activity, or suspected criminal activity, the dispensing organization will inform the controlling entity and law enforcement in writing, in the processes determined through the relationship built between law enforcement and our security committee.

#### f. Recordkeeping for Management and Disposal of Cannabis

Inventory destruction can be initiated through the system requiring documentation of destruction purpose and/or approved method as well as the employee performing the action. Although the inventory can be adjusted or voided, at no time is any data ever fully deleted as the State Wide Track and Trace System maintains a log of every action, including adjustments and voids, so that the entire history of the system may be reconstructed. The availability and reportability of the system data enable the said entity to produce any information necessary for the controlling entity during an inspection or at the controlling entity's request.

### **Part 4: Compliance with Recordkeeping Per Section 15-110 of the Cannabis Regulation**

The applicant will utilize the State Wide Track and Trace System and other electronic mechanisms to create and maintain electronic records.

#### a. Overall Records Maintenance

In accordance with the *Cannabis Regulation*, the applicant will create, maintain and retain the following records for a minimum of 5 years at the dispensary location. These documents will be available for review and audit upon request from the department.

- Operating procedures
- Inventory records, policies, and procedures
- Financial Statement and associated documents
- Assets and liabilities
- Monetary transactions
- Security records
- Audit records
- Staff training plans and completion documentation
- Staffing plan
- Written or electronic accounts, including bank statements, journals, ledgers, and supporting documents, agreements, checks, invoices, receipts, and vouchers
- Policies and procedures for receiving, packaging, labeling, handling, tracking, transporting, storing, disposing of, returning, and recalling products containing cannabis
- Policies and procedures related to the controlling entity's electronic tracking system

- Inventory maintenance and reporting procedures
- Transaction and sales records
- Expenses and expenditures records
- Inventory audit records, both internally and independently produced
- List of all vendors, contractors, consultants, and grower/processors in the State
- All notices and written communications with the controlling entity

#### **b. Generating Compliant Reports**

To help us with compliant and regular reporting, the State Wide Track and Trace System is preloaded with over 140 industry-specific reports developed over years of feedback and experience from cannabis business operators in both the medicinal and state approved (recreational) cannabis markets.

The applicant will have the ability to create their own customized reports specific to their workflow or standard operating procedures. If needed the applicant will request that the State Wide Track and Trace System team build the custom reports that meet the requirements of the controlling entity. The reporting functionality from the system allows the license holder to pull reports regarding supply chain, employee actions, quality control, destruction, transportation, and various other events that take place within the processes of the cannabis industry.

The State Wide Track and Trace System's reporting module can generate daily reports for an establishment's inventory, acquisitions, sales, disbursements, and disposals. These records are kept indefinitely. Whether the establishment is harvesting or receiving the product from another establishment, the system can keep a full record of who is providing the Cannabis and/or Cannabis-infused products. The system will keep a record of the following, and much more; dates of transfers and transactions, batch numbers, quantity, product weight, the usable amount in each infused product, and the agent's registration card number. These records can be pulled up for any time period in the reporting module.

In the case that the dispensary closes due to insolvency, revocation, bankruptcy, or for any other reason, all records will be preserved at the expense of the applicant for at least 3 years in a form and location in South Dakota acceptable to the controlling entity. The applicant will keep the records longer if requested by the controlling entity. The applicant will notify the controlling entity of the location where the dispensary records are stored or transferred.

#### **c. Financial and Business Records**

The applicant will file an annual compilation report with the controlling entity, including a financial statement that shall include, but not be limited to

- Income statement
- Balance sheet
- Profit and loss statement
- Statement of cash flow
- Wholesale cost
- Sales
- Any other documentation requested by the controlling entity in writing
- Written or electronic accounts, including bank statements, journals, ledgers, and supporting documents, agreements, checks, invoices, receipts, and vouchers; and
- Any other financial accounts reasonably related to the dispensary operations.
- Storage and transfer of records.

The financial statements will include any other information the controlling entity deems necessary in order to effectively administer all rules, orders, and final decisions promulgated under the State and local regulations. Statements required by this Section will be filed with the controlling entity within 60 days after the end of the calendar year. The compilation report will include a letter authored by a licensed certified public accountant that has been reviewed and is accurate based on the information provided.

As applicable, the applicant's financial statements, and accompanying documents will be audited and the audited documents will be available upon request from the controlling entity.

#### **d. Inventory Audits**

Inventory audits will be used to determine the effectiveness of the implementation and maintenance of conformance to standards and regulations as directed by the State and adopted by the applicant.

Minimum training qualifications and requirements for Audit Team members, SMEs, Third-Party Auditors, and Lead Auditors will be outlined and will be executed.

Audits will be performed by independent personnel not having direct involvement in the area being audited and who have been trained and qualified to perform quality audits. Announced and unannounced audits from any external regulatory or notified body will be managed by the designated person.

The agent-in-charge will oversee and/or conduct routine scheduled as well as unannounced daily, monthly, and annual inventory audits to confirm that our physical inventory matches our digital records stored in the State Wide Track and Trace System. Internal inventory management processes will track and record all actions related to receiving, packaging, labeling, handling, transferring, transporting, storing, stocking, disposing, returning and recalling cannabis products in accordance with all applicable laws, rules, and regulations, in compliance with the *Cannabis Regulation*. To assist with audits, the applicant will maintain the following inventory data, among other information, in the State Wide Track and Trace System:

- Cannabis received from a grower/processor
- Cannabis dispensed to a patient or caregiver
- Damaged, defective, expired, or contaminated Cannabis awaiting return to a grower/processor or disposal

All audit reports will be recorded digitally and in hard copy. All electronic records will be securely stored onsite for a minimum of 5 years and backed up for secure offsite storage. Each inventory review record will include the date of the inventory audit, a summary of the findings, and the names, signatures, and titles or positions of the individuals who performed the check.

### **Part 5: Quality Control over Processes**

#### **a. Sanitation and Safety Plan**

The applicant has developed and will implement a set of written sanitation and safety standard operating procedures (SOPs) for contamination prevention, pest protection, handling

of cannabis products, and hand-washing facilities based on our real-world-tested SOPs, which will be adopted, and modified accordingly, from our Cannabis industry affiliates in other legalized states.

#### **b. Weekly and Daily Quality Control Inventory Audits**

Inventory audits serve as an evaluation tool to indicate needed corrective responses and identify procedures that require refinement or adjustment. To this end, the applicant will perform physical inventory audits of active inventory on a daily basis and on all inventory at least once per week that includes comparisons to inventory records on business management platforms and the State Wide Track and Trace System.

A detailed inventory audit will be conducted once monthly, to review comprehensive business and inventory records. Inventory records will be regularly analyzed by dispensary management, as part of the quality control program.

The analysis will also provide management with information on the work quality of dispensary employees, identify areas of diversion or unauthorized access, and ensure compliance with controlling entity.

#### **c. Environmental Controls**

Part of maintaining a compliant dispensary involves taking important processes from other industries and applying them to our quality control process. To this end, agents will be trained on Good Handling Practices as defined by the United States Department of Agriculture (USDA).

These practices include maintaining personal cleanliness, wearing proper clothing, using Personal Protective Equipment (PPE), such as gloves and washing hands thoroughly in an adequate hand-washing area during the handling, dispensing and labeling of Cannabis. Temperature sensors will be installed to monitor the temperatures in all storage areas including refrigerators to maintain the integrity of the product. An air purification system will be used to maintain clean air and reduce/eliminate cannabis odor throughout the facility.

Adequate protection against pests will be provided using a pest control company that is specialized and licensed, as part of an integrated pest management practice (IPM). The facility will be constructed in a manner that will prevent rodents, birds and other pest contaminations during product storage, handling, or dispensing. Employees will be trained to report possible sources of contamination in the same manner as other compliance issues, as outlined in the next section.

#### **d. Reporting Labeling Compliance Issues**

Employees will be trained to quickly identify compliance issues, including any product labels displaying "VOID" that show tampering, contamination or mislabeled products. They will be required to report their findings to the manager on duty immediately, using the approved method outlined in the Standard Operating Procedures (SOPs). Compliance signage throughout the

facility will provide constant reminders to employees to adhere to and report specific occurrences, as required by the controlling entity.

**e. Complaints & Adverse Event Reports from Patient**

Proper labeling of Cannabis products is important to public health and safety. The applicant will ensure that the patient possesses the ability to quickly and easily report any complaints or adverse events that may be caused by mislabeled or improperly labeled products to the agent-in-charge.

**f. Quarantined Area for Defective and Unsellable Products Storage**

The secure, locked room that will store all products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached, will only be accessible by the agent-in-charge with the appropriate electronic key card access.

All defective and unsellable products, once identified, will be clearly marked, placed in the predetermined area for this type of inventory, and made clearly distinguishable from sellable products to ensure that defective products will never be returned to regular inventory or dispensed to a patient.

Defective products will be wrapped in yellow caution tape and feature brightly colored alerts that clearly read in bold lettering, "QUARANTINED [NOT FOR SALE]." They will also feature additional individual brightly colored alert stickers when applicable. An agent-in-charge with permitted access rights will direct any relabeling of products to make them clearly identifiable as defective and unsellable and will accompany the movement of those products into or out of the secure quarantine product storage area.

Movement of unsellable products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached, into or out of the designated secure storage area will only occur during the following circumstances: When removing defective and unsellable products from their designated, secure storage area so that they may be properly destroyed or disposed of in accordance with controlling entity requirements.

When being returned to a transportation agent with the appropriate identification and electronic transport manifest, who represents the grower/processor that manufactured the defective products and have arrived on site to take custody of the unsellable items.

When removing any products that have been newly identified as expired, damaged, deteriorated, mislabeled, contaminated, recalled, or whose containers or packaging have been opened or breached, from the sellable inventory and moving them to the separate and specifically designated restricted-access storage area for unsellable products.

When the movement of Cannabis into or out of the quarantined secure unsellable product storage area occurs, the supervising agent-in-charge will immediately document the changes in the electronic inventory tracking system so that it accurately reflects current levels of inventory, in addition to quarantined unsellable inventory in storage.

### **G. FIFO Inventory System**

In order to ensure that the freshest product is provided to the patient, a first-in-first-out (FIFO) inventory system will be used. This means that the product that has been in storage the longest will be rotated into live inventory first, so it is sold to qualifying patients first, effectively guaranteeing that all products are rotating through inventory within a reasonable time frame. The intention of the FIFO system is to mitigate waste by ensuring that products do not expire and always ensuring that the patient receives the freshest product possible.

### **H. Climate and Odor Control**

The secure storage area, which will house the locked storage rooms, will be climate controlled, with specific temperature and humidity settings in place to ensure that the ideal storage environment for all Cannabis products is maintained and that the integrity and quality of all products are preserved.

This will include separate temperature-controlled areas within secure storage for products requiring dry storage (50°F to 70°F); products requiring refrigerated storage (41°F or below), and products requiring freezer storage (0°F or below). These measures will also prevent conditions in the room from becoming hospitable to potential bacteria or pests, which could potentially further compromise the integrity of the products in storage.

Even though all forms of Cannabis products compliant with state of South Dakota regulations, will be far less pungent and present much less of a risk for odor issues compared to raw cannabis flower, the storage area will be outfitted with activated carbon filters to mitigate any potential odor of cannabis that may emanate from cannabis products in storage.

### **I. Types of Storage Containers, Security Cages, and Lockable Shelving**

The applicant will utilize secure storage containers in a variety of applicable sizes that will properly accommodate and store different Cannabis products and specific packages in varying sizes. All containers that Cannabis products will be stored in must be tamper-evident, tamper-resistant, and intended for food storage to prevent mold. The containers will be secure, hard-sided, crush proof and fireproof. They will be clearly labeled and the specific products and accompanying amounts contained within will be easily identifiable by employees.

All product storage containers will be stocked on secure, lockable shelving within security cages, with the lowest shelf being at least six inches off the ground to prevent potential contamination, as mandated by the USDA's Good Manufacturing Practice (GMP).

### **k. Hand Washing Facilities, Lavatories, and Other Local Building Code Requirements**

The applicant will provide our employees, patients, caregivers, and visitors with adequate and convenient hand-washing facilities furnished with running water at a temperature suitable for sanitizing hands. Such hand-washing facilities will be located within adequate, readily



accessible lavatories that are maintained in a sanitary condition and in good repair. Effective non-toxic sanitizing cleansers and sanitary towel service or suitable hand drying devices will be provided. Additional hand-washing facilities will be located within the dispensary where good sanitary practices require employees to wash and sanitize their hands (e.g., in the employee break room). Notably, the applicant's dispensary will comply with all other applicable State and local building code requirements and will be ADA compliant.

### **I. Sanitation and Safety Training**

The applicant will require all dispensary agents to be thoroughly trained on our sanitation and safety policies and procedures. Initial training begins upon hire and will work under the supervision of the agent-in-charge. All new hires must complete initial training within the first 10 working days.

Our training program is comprehensive and comprised of a series of classes, videos, workbooks, manuals, and one-on-one sessions to ensure compliance with dispensary rules, policies and procedures, sanitation and safety measures, controlling entity law and regulations, job requirements and responsibilities. We will ensure trainees retain all pertinent information using multiple-choice, open-ended questions, and/or oral examinations upon the completion of each training session. Employees need to score at least 75% in each subject before being permitted to work. As each examination has been successfully passed, trainees will be issued a certificate verifying mastery of the subject, a copy of which will be retained in employee files by the Human Resources Department for safekeeping. This will be available in audit if requested.

At least annually, staff must attend refresher training courses, including at least 1 hour of refresher training on sanitation and safety protocol. Failure to attend annual refresher training will be grounds for suspension and possible termination.

### **Written policies, procedures, or plans that detail how unauthorized entrance to the prospective medical cannabis establishment will be prevented.**

The applicant's policy and procedure, in conjunction with oversight from controlling entity managers, will maximize the safety and security of our patients, staff, products, and premises and help to prevent unauthorized entrances into the establishment. Our team works with local architects and contractors to ensure that the physical building is built to prevent any break-ins during and after hours. The applicant's security team will work with local equipment providers who will professionally build and install state-of-the-art, commercial-grade security, and surveillance equipment and will also provide monitoring and equipment maintenance services.

Beyond physical and technological build outs, our experienced team has a history in working with seasoned consultants to place policy and procedures in place, which help prevent any unauthorized individuals from entering into the medical marijuana dispensary.

### **Measures and Procedures**

To ensure best practices in full compliance with the cannabis regulations, the applicant will implement standard operating procedures (SOPs), which will be adopted, and modified accordingly, from our expert security advisors and our cannabis industry affiliates. All security

measures and procedures will be further vetted and amended (if necessary) by our local commercial security service provider, local law enforcement leadership, and custom vault security consultant prior to implementation. At least annually, all security measures and procedures will be reviewed and updated to ensure the safest and most effective policies are in place.

### **Security and Surveillance Equipment Maintenance**

Our on staff security team will regularly inspect and test equipment to ensure security and surveillance system components are in good working condition. Our commercial security provider will conduct more thorough inspections and tests on at least a quarterly basis. Any outdated, inoperable, or malfunctioning equipment will be replaced or repaired immediately upon discovery. Staff will keep written logs of all maintenance activities performed, which record the dates, times, affected equipment, actions taken, and the name and Employee Identification badge number of the agent performing the maintenance.

### **Supportive Emergency Responder Relationships**

We will meet regularly with emergency responders, including local and State law enforcement representatives. Dispensary management will develop a supportive and collaborative relationship with local Fire and Police departments and will invite leaders to tour our facilities to provide input on how to enhance the safety and security of our dispensaries. Upon award of a permit, we will immediately schedule meetings with local emergency responders to open the lines of communication. We will welcome any valid suggestions and incorporate them into the security and surveillance plan.

### **Security and Crime Prevention Training**

The applicant will implement real-world-tested measures and procedures to ensure the prevention and detection of unlawful activity. A primary deterrent of crime at our dispensaries is a trustworthy, professional, and highly trained staff. The applicant will require all employees to be thoroughly trained on our security and surveillance plan. Initial training will begin upon hire. All staff must complete initial training prior to commencing work.

Security training topics include:

- Premises access control
- Patient verification and registration
- Protecting the service room and operations zone
- Record storage
- Product receiving protocol
- Product handling and storage
- Contacting the South Dakota controlling entity
- Diversion and theft prevention measures
- Conflict resolution techniques
- Basic crime prevention and detection
- Criminal and threatening incident response and situational awareness
- Recognizing suspicious behavior, including unusual purchasing habits

Dispensary agents will be trained to keep in mind that the safety of the patient and staff takes priority over all else. To reinforce training, staff will undergo regularly scheduled security breach drills to enhance preparation and response time in case of a criminal incident.

**Other Measures and Procedures - Incident Response**

Dispensary agents are tasked to spot signs of potential criminal activity, including the recognition of certain unusual behaviors and mannerisms. If the staff reasonably suspects crime in progress, they must report the situation to the dispensary agent-in-charge.

Only security personnel may engage the alleged offender, whether a patient or another employee, for safety reasons. Another staff member is expected to support the security team by ensuring an otherwise safe environment. Upon notification of an alleged criminal act, management will:

- Have staff immediately cease activities within the affected areas of the facility to allow an initial investigation to confirm the existence of a crime
- Conduct a formal, thorough internal investigation which will include, at a minimum, a review of all available surveillance recordings, a review of all relevant inventory records and a subsequent inventory audits (if applicable), and interviews with all staff who may be a witness
- Amend the dispensary's SOPs, if necessary, to prevent or mitigate future similar incidents
- Create accurate and detailed records of the entire investigation and submit reports of the investigation to the controlling entity, including but not limited to:
  - A written preliminary report within 24 hours of discovering the criminal act
  - A final written report of the investigation of discovering the criminal act will be sent to the government agency.

When appropriate, management will immediately report all findings or suspicions to the controlling entity either through a designated phone line or electronic communication as established by the controlling entity and to law enforcement.

If unlawful behavior is discovered, the offending person will be immediately reported to the controlling entity and to local law enforcement. If the offender is an employee, the person will be terminated immediately. If the offender is a patient or a visitor, the person will be expelled from the premises and banned from the dispensary in perpetuity.

**Surveillance and Alarm Systems**

The applicant dispensaries will be equipped with state of the art surveillance and alarm systems, utilizing commercial-grade equipment installed and maintained by professionals, to prevent unauthorized entry and to prevent and detect an adverse loss. The surveillance and alarm systems specific to all areas of our dispensaries will meet or exceed the requirements of the State and local government.

The applicant's 24/7, operational, professionally monitored cameras will be located both internally and externally and will have the ability to retain recordings for 180 days (or state's requirement, whichever is higher). The cameras will also produce a clear, color, still, photograph in a digital format that meets the requirements of the ACT. All images captured by each camera will be retained for a minimum of 180 days (or state's requirement, whichever is higher) in a format that may be easily accessed for investigative purposes.

The surveillance system will also have the ability to clearly and accurately display the date and time. The date and time will be synchronized and set correctly at the beginning of each day by the security manager, who will ensure the displayed information does not significantly

obscure the picture.

In order to obtain best visualization externally, we will ensure adequate lighting in the parking lot to obtain clear images even at night.

The applicant's alarm system will monitor and protect the facility through smoke and fire detectors, door alarms, motion detectors, etc., and the surveillance system will monitor and protect the facility using high resolution, motion-activated, day/night cameras.

### **Access-Control Measures**

Strict measures to control access to, and within, our facilities are another means to prevent the unlawful entry of unauthorized individuals and diversion or theft of cannabis products. Such technology will also help us to maintain absolute control over who may enter/exit the dispensary and restricted area at all times.

### **Dispensary Access**

#### **Patient Access**

Access to our dispensary will be strictly controlled. Patients will only be permitted entry through the main entrance. The applicant's dispensary will be equipped with an access control system internally and externally to maintain absolute control over who may enter/exit any area(s) of the premises. Upon arrival, the patient and visitors enter through our front door leading to a man-trapped security vestibule with security personnel who will check a person's identification documents and purpose for the visit. As such, we have complete control over access to the dispensary interior. Persons who do not provide the required identification documents (e.g., current government-issued identification card and medical marijuana card) will be asked to leave immediately. Those who provide the required documents will be granted access to the waiting room after security personnel verifies and authenticates the documentation.

To ensure the safety of our facility, patients, staff, and products, all persons who enter our facility are subject to security searches of their bags, purses and other personal effects, particularly upon reasonable suspicion of possession of illicit contraband or diverted product.

#### **Employee Access**

All facility entrances and exits and storage areas will be securely locked, alarmed, and monitored by our surveillance system during non-working hours. The applicant will create and maintain an electronic identification log of all persons who enter and exit each facility door using access-control technology with related software. This sophisticated security featured software system will automatically update the entry log with information pulled from any access cards swiped and/or passwords entered in the pin pad (note: cards and passwords will be unique for each employee). Agents will only be granted access to restricted areas within the dispensary depending on their particular job responsibilities and specific authorizations. Keys or key codes for all doors will remain in the possession of designated authorized individuals and may never be left unattended. Employees will be trained to protect their keys and key codes even when not at work.

#### **Delivery Access**

For product receiving, a designated, secure area out of public sight will be used for receiving product shipment deliveries and the loading and unloading of cannabis products to and from transport vehicles. During all hours, the receiving room will be securely locked, alarmed, and monitored by the surveillance system. The doors leading to the room will be commercial-grade,

non-residential doors. They will only be opened when allowing authorized entry. Only dispensary staff with the proper credentials will have access to the receiving room, which will be secured using an access-controlled pin pad and swiped-card reader. Previously authorized and designated individuals with specific job responsibilities and proper forms of identification will be the only employees granted access to the receiving and loading/unloading areas. Only properly vetted and verified transportation personnel carrying valid identification documents who are escorted by security personnel will be granted entry to our receiving room, and only for the limited time necessary to perform their duties. The dedicated receiving area will also function as a man-trap. As such, unauthorized individuals will be prevented from entering the facility through an entrance adjacent to the designated, secure area. Under no circumstances will such persons be granted access to any other areas of the dispensary.

### **Permitted Visitor Access**

Visitors will only be permitted entry through the main entrance. Generally, only authorized employees, patients, the controlling entity or its authorized agents, or other Federal, State, or local government officials performing their official functions and duties may enter our dispensaries. Pursuant to our SOPs, the applicant will require all visitors, including all persons who are not employees or patients (e.g., vendors and contractors requiring access to a limited access area in the dispensary) to present government-issued identification, sign a visitor log and wear a visitor identification badge that is visible to others at all times. The applicant will retain with the visitor log a photocopy of the visitor's government-issued identification.

When a visitor is approved for admission to the dispensary, he/she will first wait in the waiting room until a designated security personnel is available to escort and continuously visually supervise the visitor at all times while on the premises. The escort will be responsible to ensure the visitor is keenly aware of our prohibition against touching any cannabis.

When admitting a visitor to a limited access area, the applicant will:

- Require the visitor to sign a visitor log upon entering and leaving the limited access areas
- Check the visitor's government-issued identification to verify that the name on the identification provided matches the name in the visitor log. A photocopy of the identification will be retained with the log.
- Issue a visitor identification badge with the visitor's name and company, if applicable, and a badge number
- Escort the visitor while the visitor remains in a limited access area
- Ensure that the visitor does not touch any cannabis located in the limited access area

Dispensary agents and the commercial security monitoring service provider will be tasked to monitor all activities of visitors while on the premises.

The dispensary will maintain the visitor log in digital and hard copy and make the log available to the controlling entity, State or local law enforcement and other State or local government officials upon request if necessary to perform the government officials' functions and duties. The log will include the full name of each visitor, the visitor identification badge number, the time of arrival, the time of departure, and the purpose of the visit, the name and employee identification number of the assigned escort, a list of all areas visited, and the name of each employee visited.

Notably, a principal, financial backer, operator, or employee of a dispensary may not receive any type of consideration or compensation for allowing a visitor to enter a limited access area.

The applicant acknowledges the right of the controlling entity or its authorized agents, or other Federal, State or local government officials, to enter any area of a dispensary if necessary to perform the government officials' functions and duties.

### **Secure Facility Design**

Our dispensary will be constructed to prevent unauthorized entities through a combination of intelligent design and advanced security features. The applicant will adopt the best security practices developed by our national network of marijuana organization affiliates and our locally hired commercial security provider. Specifically, we will divide the premises between a "public zone" and an "operations zone." The applicant will prominently display appropriate signage above each door which clearly delineates the separate zones. Such signage (which will be at least 12" x 12", composed of letters at least 2" tall, and state: "Do Not Enter - Limited Access Area - Access Limited to Authorized Personnel and Escorted Visitors") be visible and obvious to all persons in the area separating the zones. Appropriate signage will also indicate all areas open to patients/caregivers.

The Public Zone includes:

- Entry vestibule
- Waiting room
- Private patient consultation room for consultations
- Restroom
- Service area

This service area is the ONLY access point between the zones. Utilizing a single operations zone will facilitate security measures designed to protect the dispensary, including monitoring access, managing patient flow, streamlining the creation and tamper-evident retention of an electronic identification log documenting the movement of any persons to and from the operations zone. The door will remain securely locked at all times except when an authorized and properly credentialed person enters their unique password in the pin pad or swipes their unique access card.

All core dispensary operations, other than purchase dispensation (which takes place in the service area), will be carried out in the access-controlled operations zone, without exception. Violators are subject to suspension or termination of employment. Dispensary agents will be specifically educated and trained on the security manual.

The Operations Zone includes:

- Vault room
- Receiving room (for accepting product shipments)
- Surveillance room (for security monitoring and record storage)
- Offices
- Breakroom

Notably, each room, aside from restrooms, will be access-controlled in order to maintain an efficient facility flow, manage crowds, and provide a safe and secure environment. Accordingly, every door will be locked at all times except when access is specifically authorized (such as when a dispensary agent buzzes a verified and approved patient or visitor into a public zone room).

The security features that secure the access point between the public and operations zones include:

- Systems will be inspected, and all devices tested at least once every month by staff and at least once every year by the security provider
- Staff will conduct maintenance inspections monthly (or more) to ensure that any necessary repairs, alterations, or upgrades to the security and surveillance systems are made for excellent functionality
- Staff will keep at the facility records of all inspections, servicing, alterations and upgrades performed on the systems and will make the records available to the controlling entity and its authorized agents as requested
- During a mechanical malfunction of the security or surveillance system that a dispensary expects will exceed a 4-hour period, staff will notify the controlling entity immediately and provide alternative security measures that may include closing the facility (with controlling entity approval)
- A designated security controlling entity agent will continuously monitor the security and surveillance systems at the facility.

Therefore, there are multiple plans, procedures, and policies in place at multiple levels to prevent unauthorized entry into the establishment.

**Written policies, procedures, or plans that detail the odor control plan at the prospective medical cannabis establishment**

As part of our Dispensary Operations System and Community Impact Plan, we have developed an Odor Control Plan to ensure that no odor exists at or beyond the property line or at or near places where people live or work.

As part of our Odor Control Plan, Shangri-La will request all cultivators and manufacturers to provide marijuana in a pre-packaged format. A flower should always be located within a child-resistant airtight mylar bag or a sealed glass container, which keeps over 95% of the smell within the container. Most other forms of products, such as oils, edibles, pre-rolls, vapes, drinks, etc., will be kept in sealed boxes, which will contain 98% of the smell within the container.

To eliminate the remaining odors, the Odor Control Plan includes a comprehensive set of technological and procedural solutions based on industry best practices and our team's experience. Once licensed, our plan will be reviewed by a certified engineer or industrial hygienist for efficacy towards mitigating odor, as required by the Department, and we will implement any recommendations they may have.

The Director of Retail Operations (DRO) will implement and audit the elements of this plan including the regular maintenance of odor control equipment, regular filter changes, and the development of integrated odor prevention procedures.

Our odor control applications utilize dry vapor systems, where Metazene and the Surco Odomaster Reodorants Series would be dispersed into the exhaust ports of

the facility. The familiar mercaptan (skunk odor) and other malodorous terpene odors produced by the cannabis plants would be neutralized at the facility exhaust points.

Our facility will also be equipped with a Mini-Vapor Screen: an odor-fighting diffuser that provides state-of-the-art odor neutralization. It does this by controlling the rate of diffusion via its precise and unique Fragrance Variation Controller. This screen will be placed directly into a dispensary area for immediate odor control. It utilizes nano particle-sized molecules, which convert into a vaporous state and blend with high pressure air volume, which via a series of horizontal piping, is dispersed evenly throughout the Vapor Phase System. Its advantage over existing technology lies in its innovative approach to the fact that not all malodors are created equally.

The Vault will store all marijuana at the dispensary, not on the Sales Floor, during non-operational hours. The Vault will be equipped with an AgriAir 2200 PG air purifier with 0.03-micron HEPA Filters and PCO Generator to eliminate even sub-micron particulates in the air and prevent microbial contamination of ambient air. Strong odors associated with marijuana have been shown to be reduced by 85% with this system.

The Community Outreach Director will also maintain close relationships with individuals and businesses in the surrounding community to continuously assess that no odor ever exists beyond the property line. Our odor control plan has been proven successful at our Missouri cannabis retail locations, and we are confident that by following the above protocol, no odor will exist at or beyond the property line of the medical cannabis establishment or at or near places where people live or work.

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**SHANGRI-LA DISPENSARY BUSINESS PLAN**  
**BROOKINGS, SD**

**A description of safety and security measures reflecting compliance with the City and State's operating requirements as required by Administrative Rule 44:90:03:02 must be attached to this Application.**

The applicant's security and surveillance systems will maximize the safety and security of our patients, staff, products, and premises. Our local commercial security equipment provider will professionally install state-of-the-art, commercial-grade security and surveillance equipment as well as provide monitoring and equipment maintenance services.

**Measures and Procedures**

To ensure best practices in full compliance with the cannabis regulations, the applicant will implement standard operating procedures (SOPs), which will be adopted and modified accordingly per our expert security advisors and our cannabis industry affiliates. All security measures and procedures will be further vetted and amended (if necessary) by our local commercial security service provider, local law enforcement leadership, and custom vault security consultant, prior to implementation. At least annually, all security measures and procedures will be reviewed and updated to ensure that the safest and most effective policies are in place.

**Security Controlling Personnel**

Security personnel will be highly trained by law enforcement, military, or other qualifying security experienced personnel. Our facilities, including adjacent parking areas under our control, will be patrolled during all operational hours. Security personnel will also monitor our surveillance system in accordance with South Dakota law. Notably, all facility entry/exits will be armed with dual control digital locks. If suspected criminal behavior is detected, our team will react immediately to address the situation with timeliness and professionalism, always keeping in mind the safety and security of all persons and products on the site.

**Security and Surveillance Equipment Maintenance**

Our on-staff security team will regularly inspect and test equipment to ensure security and surveillance system components are in good working condition. Our commercial security provider will conduct more thorough inspections and tests on at least a quarterly basis. Any outdated, inoperable, or malfunctioning equipment will be replaced or repaired immediately upon discovery. Staff will keep written logs of all maintenance activities performed, which record the date, time, affected equipment, action taken, and the name and Employee Identification badge number of the agent performing the maintenance.

**Supportive Emergency Responder Relationships**

We will meet regularly with emergency responders, including local and state law enforcement representatives. Dispensary management will develop a supportive and collaborative relationship with local Fire and Police departments. Additionally, we will invite law enforcement leaders to tour our facilities to provide input on how to enhance the safety and security of our dispensaries. Upon award of a permit, we will immediately schedule meetings with local emergency responders to open the lines of communication. We will welcome any valid suggestions and incorporate them into the security and surveillance plan.

**Inventory Controls**

One of the greatest tools to prevent and deter criminal activity is to keep accurate and detailed inventory records to maintain an unbroken chain of custody. This facilitates the detection and investigation of an alleged diversion. The applicant will use established inventory controls and procedures to track all cannabis onsite and conduct monthly inventory reviews and annual comprehensive inventories. We will create and maintain written reports of each inventory, which report the date of the inventory, a summary of the findings, and the names, signatures, and titles of the individuals who conducted the inventory.

**Security and Crime Prevention Training**

The applicant will implement real-world-tested measures and procedures to ensure the prevention and detection of unlawful activity. A primary deterrent of crime at our dispensaries is a trustworthy, professional, and highly trained staff. The applicant will require all employees to be thoroughly trained on our security and surveillance plan. Initial training will begin upon hire. All staff must complete initial training prior to commencing work.

Our training program comprises a series of classes, videos, workbooks, manuals, and one-on-one sessions to ensure compliance with dispensary rules, company policies and procedures, security measures, South Dakota law and regulations, and job requirements and responsibilities.

At least annually, all staff must attend refresher training courses to continue working at our dispensaries, including at least 1 hour of refresher training on security and surveillance measures and procedures. Failure to attend annual refresher training will be grounds for suspension and possible termination.

Initial training begins with the general security layout of the facility, reviewing the major differences and security measures associated between the dispensary's public and the operations zones (described below). Although only a select few will actually operate the security equipment, all staff are required to know the location and proper use/maintenance of the equipment, particularly the surveillance system, alarm system, and controlled-access locking mechanisms.

Additional security training topics include:

- Premises access control
- Patient verification and registration
- Protecting the service room and operations zone
- Record storage
- Product receiving protocol
- Product handling and storage
- Contacting the South Dakota controlling entity of health, law enforcement, and other emergency responders
- Diversion and theft prevention measures
- Conflict resolution techniques
- Basic crime prevention and detection
- Criminal and threatening incident response and situational awareness
- Recognizing suspicious behavior, including unusual purchasing habits

Dispensary agents will be trained to keep in mind that the safety of the patient and staff takes priority over all else. To reinforce training, staff will undergo regularly scheduled security breach drills to enhance preparation and response time in case of a criminal incident.

### **Product Storage**

#### **Vault Storage**

At the opening of business each day, a limited amount of cannabis products will be transferred from the vault room to the dispensing room for stocking purposes. At the closing of business each day, all cannabis products will be transferred back to the vault. The only cannabis products not stored in the vault will be those stored in the quarantine room.

#### **Quarantine Storage**

Applicant's dispensaries will ensure the security of quarantined products by maintaining a dedicated quarantine room. Each dispensary's quarantine room will be locked, alarmed, and monitored in a limited-access area, used solely for the storage of cannabis products that are deemed unsafe for sale. Examples include expired, damaged, deteriorated, mislabeled, contaminated, or recalled products, and any products whose containers or packaging have been breached. Unsafe products will be securely stored in quarantine rooms until they are returned to the grower/processor or until such products are destroyed or otherwise disposed of.

Both secure storage rooms (vault and quarantine room) will have a single entrance door describing the secure vault entry.

We will maintain all storage areas in a clean and orderly condition and free from infestation by insects, rodents, birds, and pests of any kind. Both the vault and quarantine rooms will be locked, secured, and alarmed at all times except when accessed for operational needs. Only the minimum number of highly trained and trusted employees necessary for efficient operations will be authorized to access these restricted-access rooms, and they will only be permitted access for the minimum amount of time necessary to perform their duties. Moreover, both rooms will be heavily monitored 24/7 by our recording surveillance system.

#### **Recording Capability**

The applicant's 24/7, operational, internal and external, professionally monitored cameras will have the ability to retain recordings for 180 days (or state's requirement, whichever is higher). The cameras will also produce a clear, color, still, photograph in a digital format that meets the requirements of the State and local government. All images captured by each camera will be retained for a minimum of 180 days (or state's requirement, whichever is higher) in a format that may be easily accessed for investigative purposes.

The surveillance system will also have the ability to clearly and accurately display the date and time. The date and time will be synchronized and set correctly at the beginning of each day by the security manager, who will ensure the displayed information does not significantly obscure the picture.

In addition, parking lots will be well-lit to allow clearer views on recordings.

#### **Dispensary Access**

The applicant's dispensary will be equipped with an access control system internally and externally to maintain absolute control over who may enter/exit any area(s) of the premises. Upon arrival, the patient and visitors enter through our front door leading to a security person

who will check a person's identification documents and purpose of the visit. As such, we have complete control over access to the dispensary interior. Persons who do not provide the required identification documents (e.g., current government-issued identification card and South Dakota issued medical marijuana card) will be asked to leave immediately. Those who provide the required documents will be granted access to the waiting room after security personnel verifies and authenticates the documentation.

A designated secure fenced area, out of public sight, for the loading and unloading of cannabis products to and from transport vehicles, will be utilized. Only properly vetted and verified transportation personnel carrying valid identification documents who are escorted by security personnel will be granted entry to our receiving room, and only for the limited time necessary to perform their duties. Under no circumstances will such persons be granted access to any other areas of the dispensary.

Keys or key codes for all doors will remain in the possession of designated authorized individuals and may never be left unattended. During all non-working hours, all entrances to and exits from the facility will be secured and locked.

To ensure the safety of our facility, patrons, staff, and products, all persons who enter our facility are subject to security searches of their bags, purses, and other personal effects, particularly upon reasonable suspicion of possession of illegal cannabis or diverted products. Moreover, our alarm system will monitor and protect the facility through connection with smoke and fire detectors.

#### **Permitted Visitor Access**

Generally, only authorized employees, patients, the controlling entity or its authorized agents, or other Federal, State, or local government officials performing their official functions and duties may enter our dispensaries. Pursuant to our SOPs, the applicant will require all visitors, including all persons who are not employees or patients (e.g., vendors and contractors requiring access to limited access areas in the dispensary) to present government-issued identification, sign a visitor log and wear a visitor identification badge that is visible to others at all times. The applicant will retain with the visitor log a photocopy of the visitor's government-issued identification.

When a visitor is approved for admission to the dispensary, he/she will first wait in the waiting room until a designated security guard is available to escort and continuously visually supervise the visitor at all times while on the premises. The escort will be responsible to ensure the visitor is keenly aware of our prohibition against touching any cannabis.

When admitting a visitor to a limited access area, the applicant will:

- Require the visitor to sign a visitor log upon entering and leaving the limited access areas
- Check the visitor's government-issued identification to verify that the name on the identification provided matches the name in the visitor log. A photocopy of the identification will be retained with the log.
- Issue a visitor identification badge with the visitor's name and company, if applicable, and a badge number
- Escort the visitor while the visitor remains in a limited access area
- Ensure that the visitor does not touch any cannabis located in the limited access area

Dispensary agents and the commercial security monitoring service provider will be tasked to monitor all activities of visitors while on the premises.

The dispensary will maintain the visitor log in digital and hard copy for 5 years and make the log available to the controlling entity, State or local law enforcement and other state or local government officials upon request if necessary to perform the government officials' functions and duties. The log will include the full name of each visitor, the visitor identification badge number, the time of arrival, the time of departure, the purpose of the visit, the name and employee identification number of the assigned escort, a list of all areas visited, and the name of each employee visited.

Notably, a principal, financial backer, operator or employee of a dispensary may not receive any type of consideration or compensation for allowing a visitor to enter a limited access area.

The applicant acknowledges the right of the controlling entity or its authorized agents, or other Federal, State or local government officials, to enter any area of a dispensary if necessary to perform the government officials' functions and duties.

### **Delivery Access**

Deliveries to the applicant's receiving room will only be accepted from properly verified transport personnel carrying valid identification documents. They will be granted entry to the receiving room only when escorted by security personnel, and only for a limited time necessary to perform their duties. Shipments will be received in the dedicated receiving area, which will also function as a man-trap. As such, unauthorized individuals will be prevented from entering the facility through the back entrance adjacent to the enclosed, secure area, out of public sight for the loading and unloading of cannabis into and from a transport vehicle. Under no circumstances will such persons be granted access to any other areas of the dispensary.

### **General Access**

All facility entrances and exits will be securely locked during non-working hours. The applicant will create and maintain an electronic identification log of all persons who enter and exit each facility door using access-control technology with related software. This sophisticated security features software system will automatically update the entry log with information pulled from any access cards swiped and/or passwords entered in the pin pad (note: cards and passwords will be unique for each employee). Keys or key codes for all doors will remain in the possession of designated authorized individuals and may never be left unattended. Additionally, all persons who enter our facility are subject to security searches of personal belongings, particularly upon reasonable suspicion of possession of illicit contraband or diverted product. The applicant's alarm system will monitor and protect the facility through smoke and fire detectors, door alarms, motion detectors, etc., and the surveillance system will monitor and protect the facility using high resolution, motion-activated, day/night cameras.

### **Secure Facility Design**

Our dispensary will be constructed to prevent unauthorized entities through a combination of intelligent design and advanced security features. The applicant will adopt the best security practices developed by our national network of marijuana organization affiliates, and our locally hired commercial security provider. Specifically, we will divide the premises between a "public zone" and an "operations zone." The applicant will prominently display appropriate signage above each door which clearly delineates the separate zones. Such signage (which will be at

least 12" x 12", composed of letters at least 2" tall, and state: "Do Not Enter - Limited Access Area - Access Limited to Authorized Personnel and Escorted Visitors") be visible and obvious to all persons in the area separating the zones. Appropriate signage will also indicate all areas open to patients and caregivers.

The public zone includes:

- Entry vestibule
- Waiting room
- Private patient consultation room for consultations
- Restroom
- Service area

The service area is the ONLY access point between the zones. Utilizing a single operations zone will facilitate security measures designed to protect the dispensary, including monitoring access, managing patient flow, streamlining the creation and tamper-evident retention of an electronic identification log documenting the movement of any persons to and from the operations zone. The door will remain securely locked at all times except when an authorized and properly credentialed person enters their unique password in the pin pad or swipes their unique access card. All core dispensary operations, other than purchase dispensation (which takes place in the service area), will be carried out in the access-controlled operations zone, without exception. Violators are subject to suspension or termination of employment. Dispensary agents will be specifically educated and trained on the security manual.

The operations zone includes:

- Vault room
- Receiving room (for accepting product shipments)
- Surveillance room (for security monitoring and record storage)
- Offices
- Breakroom

Notably, each room, aside from restrooms, will be access-controlled in order to maintain an efficient facility flow, manage crowds, and provide a safe and secure environment. Accordingly, every door will be locked at all times except when access is specifically authorized (such as when a dispensary agent buzzes a verified and approved patient or visitor into a public zone room).

### **Inspection/Servicing/Alteration Protocols**

The following protocols apply in the case of inspection, servicing, or alteration of, and the upgrade to, a facility's security and surveillance systems:

- The systems will be inspected and all devices tested at least once every month by staff and at least once every year by a qualified alarm system vendor and a qualified surveillance system vendor, as approved by the controlling entity
- Staff will conduct maintenance inspections at least once every month to ensure that any repairs, alterations or upgrades to the security and surveillance systems are made for the proper operation of the systems
- Staff will retain at the facility, for at least 4 years, records of all inspections, servicing, alterations, and upgrades performed on the systems and will make the records available to the controlling entity and its authorized agents within 24 hours following a request

- In the event of a mechanical malfunction of the security or surveillance system that a dispensary anticipates will exceed a 4-hour period, staff will notify the controlling entity immediately and, with controlling entity approval, provide alternative security measures that may include the closure of the facility
- We will designate a security controlling entity agent to continuously monitor the security and surveillance systems at the facility

### **Dispensary Receiving Room Access-Control**

The applicant will guarantee that each facility has a reserved and secure area for the receiving of all product shipment deliveries. There will also be an enclosed area dedicated to transport vehicles to secure the safe loading and unloading of cannabis out of the public view. Both areas will be access-controlled to prevent unauthorized persons from entering the facility. To maintain the utmost levels of security, strict measures to control access to the receiving area will be implemented and strictly followed within the applicant's facilities. During all hours, the receiving room will be securely locked, alarmed, and monitored by the surveillance system. The doors leading to the room will be commercial-grade, non-residential doors. They will only be opened when allowing authorized entry. Only dispensary staff with the proper credentials will have access to the receiving room, which will be secured using an access-controlled pin pad and swiped-card reader. Employees will maintain their own access card and password, which will be unique to the individual and will help us maintain an accurate digital record of who has entered the room as well as the specific date and time. Cards and keys may never be left unattended. This type of access control technology will allow the applicant to maintain absolute control over who may enter and exit the area. The access software system will use the information provided by the access cards or passwords to automatically update a digital entry log. Previously authorized and designated individuals with specific job responsibilities and proper forms of identification will be the only employees granted access to the receiving and loading/unloading areas. All visitors (such as transport agents not employed by our organization) must be escorted by security personnel throughout the entire receiving process and will only remain in the dispensary for the minimum time necessary to efficiently perform their specific duties. Under no circumstances will transport agents who are not authorized employees of the applicant be granted access to any other areas of our dispensary.

### **Product Receiving Procedures**

Below are the basic policies and procedures for receiving marijuana from permitted grower/processors:

1. Transport manifests must be received at least 1 day in advance of any scheduled shipment.
2. Deliveries will only be accepted between the hours of 11 a.m. and 8 p.m. without exception.
3. At least 2 dispensary agents, including at least 1 security personnel, must participate in all receiving procedures, which must be conducted within the view of our recording surveillance system.
4. Either the dispensary agent-in-charge or security manager will oversee all receiving procedures.
5. The grower/processor transport team must call in advance of arrival to indicate an accurate 10-minute window of time for their expected arrival and provide an accurate description of the transport vehicle (e.g., make, model, color, license plate number) and basic identifying information of the transport team (e.g., name, physical description).

This will allow staff to be prepared for receiving procedures, including proper security measures are in place.

6. Upon arrival, the transport team must provide identifying documents (e.g., current government-issued identification card, controlling entity-issued agent registration card, and grower/processor-issued identification badge, all with matching information) to security personnel awaiting their arrival. Those who do not provide the required documents will be prohibited from entering our dispensary.
7. Once security has authenticated and verified the transport team's identification and credentials, the dispensary will open the secured, monitored, and alarming rolling door to allow the vehicle entry into the garage area. The transport team must remain in their vehicle until the rolling door is fully closed and secured.
8. Once the garage area is secured, security will permit the transport team to exit the vehicle and proceed with the remaining authorized visitor access procedures, including signing our visitor log (which will be maintained and stored with a photocopy of all identification documents provided to security), and obtaining a visitor identification badge which must be visibly worn while on the premises. Notably, the transport team must be escorted by security at all times while on-premises and conduct all activities within view of the surveillance system.
9. Once visitor registration procedures have been completed, the transport team must provide security with the transport manifest, which must then be compared against the advanced copy to verify the information matches exactly.
10. Once the manifest has been verified as accurate, the transport team will be invited to unload the product shipment from their vehicle and approach the access-controlled door leading to the secured and monitored receiving room. Security will facilitate transport team entry.
11. Once inside the receiving room, transport agents may not unpack the shipment until authorized by security after the access door to the room is fully closed and secure.
12. Once authorized, transport agents will unpack the shipment while our receiving team conducts a physical audit, on a line-item basis, against the transport manifest to ensure the shipment matches the manifest. Items will also undergo quality assurance inspections for packaging and labeling compliance to ensure products are undamaged, unexpired, and otherwise qualified for dispensation. All inspections and confirmations will be recorded in our electronic inventory and recordkeeping system.
13. Cannabis may not be mishandled or mistreated. Unfit and unsafe items must be rejected.
14. Once all items are unpacked, receiving agents will conduct a second review to verify shipment accuracy. Once re-verified, receiving agents may accept the approved items, request the transport team to sign/date audit records attesting to shipment accuracy, and take full custody of the shipment. A compliant transaction receipt will then be issued. Notably, no cash may be exchanged during this process; all payments will be made directly with the grower/processor so that transporters are not given large amounts of cash.
15. If a discrepancy is discovered, staff will refuse acceptance of the entire delivery and immediately report the discrepancy to appropriate law enforcement authorities and to the controlling entity either through a designated phone line established by the controlling entity or by electronic communication in a manner prescribed by the controlling entity. See below for additional diversion response procedures.
16. Upon acceptance of an entire delivery, transport agents will be escorted from the receiving room back to their vehicle.

Once the transport team has safely exited the receiving room, our receiving team will immediately enter all products into State wide track and trace system, our electronic inventory tracking system (or a similar system capable of integrating with the controlling entity's electronic tracking system) and confirm for a third time the accuracy of the delivery against the transport manifest.



State wide track and trace system is a widely-utilized seed-to-sale inventory tracking system that has the capability to track products from receipt through the entire dispensing process, allowing for accurate real-time inventory assessment and the greatest level of control over our inventory. Upon entering a product into the system, a unique product number will be issued for tracking and recordkeeping purposes. State wide track and trace system allows us to create precise inventory records at a moment's notice, so any discrepancies or breaks in the chain of custody will become immediately apparent, igniting swift collective action measures to investigate and resolve issues.

All entries into the State wide track and trace system will include the unique employee identification number of the staff member taking the relevant action so that we know who is/was responsible for each step in our integrated processes. All appropriately authorized staff members will be thoroughly trained in the use and functionality of the State wide track and trace system to ensure the accuracy and integrity of our inventory program.

Once each item has been entered into the tracking system, staff will immediately transfer the products to the vault room for secure storage prior to dispensation.

### **Diversion Response**

Generally, if staff discovers evidence of, or reasonably suspects, a theft or diversion of cannabis during the transport or receiving process (including a discrepancy in the transport manifest), the dispensary management will immediately report its findings or suspicions to law enforcement and the controlling entity either through a designated phone line established by the controlling entity or by electronic communication with the controlling entity in a manner prescribed by the controlling entity.

According to our SOPs, upon discovering or reasonably suspecting any diversion (including a discrepancy in the transport manifest or during transport), staff must immediately notify both the dispensary agent-in-charge and the security manager. At that time, management will:

- Have staff immediately cease all activities within the likely affected areas of the facility to allow an initial investigation to confirm the existence of a diversion or inventory discrepancy
- Conduct a formal, thorough internal investigation which will include, at a minimum, a review of all available surveillance recordings, a review of all relevant inventory records and a subsequent comprehensive audit checking physical inventory against electronic inventory records, and interviews with all staff who may be a witness to the crime.
- Amend the dispensary's SOPs, if necessary, to prevent or mitigate future diversions, including but not limited to discrepancies between the quantity or description of inventory identified in our electronic inventory tracking system and the quantity or description of physical inventory in the dispensary.
- Create accurate and detailed records of the entire diversion/discrepancy investigation and submit reports of the investigation to the controlling entity, including but not limited to:
  - A written preliminary report of the investigation submitted to the controlling entity within 7 days of discovering the diversion or inventory discrepancy
  - A final written report of the investigation submitted to the controlling entity within 30 days of discovering the diversion or inventory discrepancy.

All dispensary agents will be trained on relevant diversion prevention protocols. Failure to timely and accurately report discoveries or reasonable suspicions of diversion will be grounds for suspension or termination.

If unlawful behavior is discovered, the offending person will be immediately reported to the controlling entity and to local law enforcement. If the offender is an employee of the applicant, the person will be terminated immediately. If the offender is an agent of a grower/processor, the person will be expelled from the premises, banned from the dispensary in perpetuity, and reported to the management of the applicable grower/processor.

### **Storage Plan**

To ensure the safe and secure storage of cannabis products at our dispensaries, the applicant will implement our real-world-tested standard operating procedures (SOPs), which will be adopted, and modified accordingly, from our cannabis industry consultants. Our product storage SOPs will establish a clear protocol for:

- Vault room storage
- Quarantine room storage
- Storage area access-control measures
- Transfer of new products to secure storage
- Stocking the service area
- Additional storage plan policies

As a general concept, the applicant will maintain all dispensary storage areas in a clean and orderly condition and free from infestation by insects, rodents, birds, and pests of any kind. Both the vault room and the quarantine room (described below in detail) will be locked, secured, and alarmed at all times except when accessed for operational needs. Only the minimum number of highly trained and trusted employees necessary for efficient operations will be authorized to access these restricted-access rooms, and they will only be permitted access for the minimum amount of time necessary to perform their duties. Moreover, both rooms will be heavily monitored 24/7 by our recording surveillance system.

### **Storage Area Access-Control Measures**

Strict measures to control access to, and within, the storage areas in our facilities are a means to prevent the unlawful diversion or theft of our cannabis inventory. Both the vault room and the quarantine room will remain locked for historical record-keeping purposes, which will be particularly useful in any investigation into an actual or suspected diversion or theft incident. Such technology will also help us to maintain absolute control over who may enter/exit the storage areas at all times.

Keys, entry cards, or key codes for all doors must remain in the possession of designated authorized individuals at all times while on the premises and may never be left unattended. Employees will be trained to protect their keys, identification cards, or key codes even when not at work. During all non-working hours, all storage areas will be securely locked, alarmed and monitored by our surveillance system.

### **Additional Storage Plan Policies**

#### **Inventory Tracking Software**

Essential to preventing diversion or theft of stored products is a clear, comprehensive, and perpetual recorded chain of custody from the time cannabis products are received by the dispensary until they are compliantly dispensed to the certified patient, returned to the

grower/processor who manufactured the products, or destroyed or otherwise disposed of in accordance with the state and local regulations. To generate and maintain an unbroken chain of custody for all cannabis in our possession, the applicant will utilize the State wide track and trace system inventory tracking software system (or a similar system capable of integrating with the controlling entity 's electronic tracking system). State wide track and trace system is a widely utilized, proprietary seed-to-sale inventory tracking system.

State wide track and trace system has the capability to track products from receipt from a grower/processor through the entire dispensing process, allowing for accurate real-time inventory assessment and the greatest level of control over our inventory. Upon entering a product into the system, a unique product number will be issued for tracking and recordkeeping purposes. All actions taken to inventory as a whole, by grouping, or by the individual product will be digitally recorded for instant and long-term analysis purposes. Moreover, detailed sales records can be stored for several years, allowing us the capabilities to facilitate a large-scale voluntary or involuntary recall, if need be. State wide track and trace system also allows us to create precise inventory records at a moment's notice, so any discrepancies or breaks in the chain of custody will become immediately apparent, igniting swift corrective action measures to investigate and resolve issues.

All entries into the State wide track and trace system system will include the unique employee identification number of the staff member taking the relevant action so that we know who is/was responsible for each step in our integrated processes. All appropriately authorized staff members will be thoroughly trained in the use and functionality of the State wide track and trace system software system to ensure the accuracy and integrity of our inventory program.

### **Surveillance and Alarm Systems**

The applicant dispensaries will be equipped with state of the art surveillance and alarm systems, utilizing commercial-grade equipment installed and maintained by professionals, to prevent unauthorized entry and to prevent and detect an adverse loss. The surveillance and alarm systems specific to the storage areas of our dispensaries will meet or exceed the requirements of state and county of Minnehaha.

All storage areas will be recorded 24/7 by our comprehensive motion-activated video surveillance system that will be monitored by onsite security controlling entity staff and our third-party security service providers. The surveillance system will facilitate the close monitoring of product shipment receiving activities, inventory stocking and storage activities, and activities taking place in proximity to the storage areas given the anticipated full security coverage of our dispensaries.

### **Employee Training**

The applicant will implement real-world-tested policies and procedures to ensure the safe, secure, and proper storage of cannabis products. A primary tool in the adequate and compliant storage of products is a professional and highly trained staff. All appropriate staff authorized to handle product storage activities at any stage of the dispensing process will be thoroughly trained on our SOPs upon hire and again during mandatory annual refresher training. All dispensary staff will undergo group and one-on-one storage-related training, including ideal product storage conditions, proper quarantine inspection, investigation, and testing protocol, and diversion prevention and detection techniques.

This training ensures all appropriate dispensary staff are prepared for their individual roles in product storage procedures. Training topics in support of our product storage plan will include, but not be limited to, our product return policies, voluntary and involuntary product recall

procedures, product receiving and shipping procedures, product destruction, and disposal procedures, proper use and functionality of our vault room environmental control system, proper use and functionality of the electronic tracking system, proper use and functionality of the applicant's inventory tracking and recordkeeping software systems, and security equipment and features of the facility. Failure to strictly follow protocol will be grounds for immediate suspension or termination.

In addition to comprehensive criminal background checks and thorough interviews prior to hiring, each employee will be required to sign a company Code of Conduct affirming each person's commitment to the safe, secure, and proper storage of cannabis products. Staff will reaffirm such commitment on a yearly basis.

### **Diversions Prevention**

To ensure the prevention of the unlawful diversion, the applicant will implement standard operating procedures (SOPs), which will be adopted, and modified accordingly, from our cannabis industry consultants. All SOPs have been vetted and approved by our security expert consultants, including FOP leadership, law enforcement veterans, and US military veterans. Our diversion prevention SOPs will establish a clear protocol for:

- Dispensary access
- Patient check-in procedures
- Visitor policies
- Security measures and systems
- Inventory control policies
- Employee training, and
- Diversion response

### **Dedicated Surveillance Area and Surveillance Record Storage**

The applicant will adopt the best security practices developed and implemented by our cannabis industry consultants in regard to security records storage. Recordings of all images captured by each surveillance camera will be stored onsite on password-protected hard drives, which will be securely locked in a commercial-grade safe within a dedicated, single-purpose and limited-access surveillance room to protect recordings from tampering or theft. Our dispensaries will have an electronic back-up system for all electronic records, including surveillance recordings. In accordance with the regulation, the applicant will provide up to 4 screen captures of an unaltered copy of a video surveillance recording to the controlling entity or its authorized agents, law enforcement or other Federal, State, or local government officials if necessary to perform the government officials' functions and duties.

To ensure redundancy of protection, we will install a secondary security alarm system (separate from the facility's primary security system) covering the limited-access surveillance room where surveillance recordings are stored. This separate security alarm system will meet all of the same specifications and standards as the facility's primary security alarm system.

### **Access-Control Measures**

Strict measures to control access to, and within, our facilities are another means to prevent the unlawful diversion of cannabis products.

Agents will only be granted access to restricted areas within the dispensary depending on their particular job responsibilities and specific authorizations. Our proposed access-control technology will keep a digital record of the dates/times and identities of those who entered the

room and allow us to maintain absolute control over who may enter/exit any area(s) of the premises. Only specifically authorized persons, based on job function or purpose of visit, will be permitted into sensitive areas (especially those areas containing cannabis products), thereby reducing exposure to potential diversion or disrupted inventory control. Patients and visitors will only be permitted entry through the main entrance at the front of the premises. All deliveries of product shipments must be received in the dedicated area, out of public sight, for the loading and unloading of cannabis into and from a vehicle. Keys or key codes for all doors will remain in the possession of designated authorized individuals and may never be left unattended. During all non-working hours, all entrances to and exits from the facility will be securely locked.

### **Inventory Control Policies**

One of the greatest tools to prevent and deter diversion is to keep accurate and detailed inventory records in an effort to maintain an unbroken chain of custody. This will facilitate the detection and investigation of any alleged diversion. In compliance with the state and local regulations, the applicant dispensaries will maintain the following inventory data in our internal electronic tracking system:

- Cannabis received from a grower/processor
- Cannabis dispensed to a patient
- Damaged, defective, expired, or contaminated cannabis awaiting return to a grower/processor or disposal

### **Inventory Audits**

The applicant will establish inventory controls and procedures to conduct routine scheduled as well as unannounced daily, monthly, and annual inventory audits to confirm that our physical inventory matches our digital records stored in the State wide track and trace system. A written record will be created and maintained for each inventory audit which will include the date of the inventory audit, a summary of the inventory findings, and the names, signatures, and titles or positions of the individuals who conducted the inventory. All audit reports will be recorded digitally and in hard copy. All electronic records will be securely stored onsite and backed up for secure offsite storage.

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