

# Medical Cannabis Application Review

Applicant: Genesis Farms, LLC

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

*Reviewed & Approved by:*

<u>Steve Britzman</u> <i>City Attorney</i>	<u>5/30/2024</u> <i>Date</i>
<u>Mike Struck</u> <i>Community Development</i>	<u>5/28/2024</u> <i>Date</i>
<u>Michael J Drake</u> <i>Police Department</i>	<u>5/28/2024</u> <i>Date</i>
<u>Pete Bolzer</u> <i>Fire Department</i>	<u>5/28/2024</u> <i>Date</i>
<u>Paul Briseno</u> <i>City Manager</i>	<u>5/28/2024</u> <i>Date</i>
<u>Bonnie Foster</u> <i>City Clerk</i>	<u>5/30/2024</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)

Genesis Farms  
Business Name

2035 Orchard Dr, Suite 5, Brookings, SD  
Business Address  
57006

371 Americas Way, Box Elder, SD ~~57707~~ 57719  
Mailing Address

605-519-6371  
Business Phone

admin@genesisfarms.sd.com  
Primary Email

Emmett Reistoffer  
Applicant's Name (PLEASE PRINT)

605-906-3291  
Cell Phone

Jasmine Marrs  
Applicant's Name (PLEASE PRINT)

605-484-6642  
Cell Phone

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

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 \$5,000.00

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

Genesis Farms, 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:

2035 Orchard Dr, Suite 5, 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:

Name	Address	Title	Date of Birth
Justin Jack Johnson	1008 W Batcheller Ln	Owner	5-24-73
Marlyn Gilbert Erickson	7800 Elkhart Rd	Owner	1-15-46 → RC, SD 57102
Troy Marlyn Erickson	1180 Creek Dr	Owner	4-26-66 → RC, SD 57703

6) At least one principal officer must be a resident of South Dakota. The principal officer who is a resident of South Dakota is All of them, who resides at the following address:

Justin Johnson resides at 1008 W Batcheller Ln  
Sioux Falls, SD 57105

- 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 Business B-2 District, 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:		✓
12)	Are any of the principal officers or board members under twenty-one years of age?		✓
13)	Will the medical cannabis establishment employ any person who is under twenty-one years of age?		✓
14)	Will the medical cannabis establishment employ any person who was convicted of a disqualifying felony offense?		✓
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?	✓	
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?	✓	
17)	<b>For medical cannabis cultivation, testing, and manufacturing establishments,</b> will all cultivation, harvesting, manufacturing, and packaging of cannabis take place in a secure facility at the physical address of the medical cannabis establishment?	n/a	
18)	<b>For medical cannabis cultivation, testing, and manufacturing establishments,</b> 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?	n/a	
19)	<b>For medical cannabis manufacturing establishments,</b> will only cannabis product manufacturers produce cannabis concentrates, cannabis extractions and other cannabis products?	n/a	
20)	Will the medical cannabis establishment share office space with or refer a patient to a practitioner?		✓
21)	Will the medical cannabis establishment permit any person to consume cannabis on the property of a medical cannabis establishment?		✓
22)	Will the medical cannabis establishment allow inspection of the medical cannabis establishment by the City or Department of Health during business hours?	✓	

23)	<b>For medical cannabis dispensaries,</b> 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?	✓	
24)	<b>For medical cannabis dispensaries,</b> 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?	✓	
25)	<b>For medical cannabis dispensaries,</b> 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?	✓	
26)	<b>For medical cannabis dispensaries,</b> 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?	✓	
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 <b>medical cannabis dispensary</b> 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?	✓	
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?		✓
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?	✓	
30)	Will the prospective medical cannabis establishment conform to the prevailing building and fire codes adopted by the City of Brookings?	✓	
31)	Will all exterior entrances and exits and all parking areas of the prospective medical cannabis dispensary be lighted at all times after dark?	✓	
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?	✓	
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?	✓	
34)	Will any person be allowed entry into the medical cannabis dispensary without showing a valid picture identification?		✓
35)	<b>For medical cannabis dispensaries,</b> 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?	✓	
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?	✓	
37)	Will all sales of medical cannabis be made in person, directly to the purchaser, within the medical cannabis dispensary?	✓	
38)	Will all sales occur only in person, to the purchaser at the time of purchase within the medical cannabis dispensary?	✓	

39)	Will the medical cannabis dispensary utilize drive up windows or other similar delivery processes be allowed?		✓
40)	<b>For medical cannabis dispensaries,</b> will the dispensary distribute or allow the distribution of any medical cannabis without charge for purposes of promotion, advertising, or any other purpose?		✓
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?	✓	
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?	✓	
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?	✓	

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.

X [Signature] 5/2/24  
 Signature of each owner of the Applicant's establishment Date

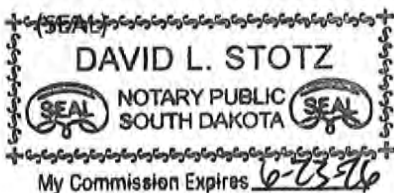
X [Signature: Marilyn Erickson] 5/7/24  
 Signature of each owner of the Applicant's establishment Date

[Signature] 5/9/24  
 Signature of each owner of the Applicant's establishment Date

\_\_\_\_\_  
 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 May, 2024.



[Signature]  
 Notary Public, State of South Dakota  
 My commission expires: 6-23-26

## MEDICAL CANNABIS ESTABLISHMENT LICENSE APPLICATION EXHIBITS / ATTACHMENTS

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- ✓ 1. Non-refundable application fee in the sum of \$5,000.00, 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.

## MEDICAL CANNABIS ESTABLISHMENT INDEMNIFICATION AGREEMENT

This MEDICAL CANNABIS ESTABLISHMENT INDEMNIFICATION AGREEMENT (hereafter the "Agreement") is entered into this 9<sup>th</sup> day of May, 2024, by and between Genesis Farms, 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.

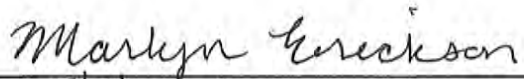


IN WITNESS WHEREOF, this Agreement has been entered into by the parties hereto. Each Owner of the Applicant's company must sign this Agreement.

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

X   
By: TROY ERICKSON  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

X   
By: 517124 Marilyn Erickson  
Its: Owner

MEDICAL CANNABIS ESTABLISHMENT APPLICANT

  
By: Justin Johnson  
Its: Owner

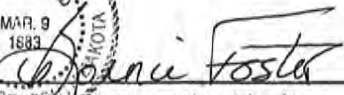
MEDICAL CANNABIS ESTABLISHMENT APPLICANT

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: Owner

CITY OF BROOKINGS, SD

  
Paul Briseno, City Manager



  
Bonnie Foster, City Clerk

THIS CHECK IS VOID WITHOUT A MULTICOLORED BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK. HOLD AT AN ANGLE TO VIEW.

**Genesis Farms, LLC**  
PO Box 2735  
Sioux Falls, SD 57101

Reliabank South Dakota  
608 W 86th St  
Sioux Falls, SD 57108

**2082**

78-803  
914

5/6/2024

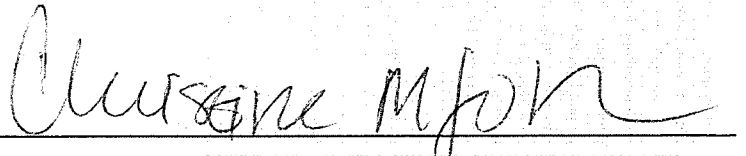
Pay to the  
Order of

City of Brookings

\$5,000.00

Five Thousand and 00/100\*\*\*\*\*DOLLARS

City of Brookings  
520 3rd St, Suite 230  
Brookings, SD 57006



SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

Application Fee

⑈0 208 2⑈ ⑆09 1408035⑆ 1100 1366 7⑈

Genesis Farms, LLC  
City of Brookings

Application Fee

5/6/2024

5,000.00

2082

Reliabank Checking Application Fee

5,000.00

# Background Check Medical Cannabis Application City of Brookings

Business Name: Genesis Farms  
Address: 2035 Orchard Dr, Suite 5, Brookings, SD  
57006  
Owner: Justin Jack Johnson  
Driver's License #: 00208563  
Date of Birth: 5-24-1973  
City / States Lived in for last ten (10) years: Sioux Falls, SD

Owner: Troy Erickson  
Driver's License #: 00071796  
Date of Birth: 4-26-1966  
City / States Lived in for last ten (10) years: Rapid City, SD

Owner: Marlyn Gilbert Erickson  
Driver's License #: 00057042  
Date of Birth: 1-15-1946  
City / States Lived in for last ten (10) years: Rapid City, SD

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)

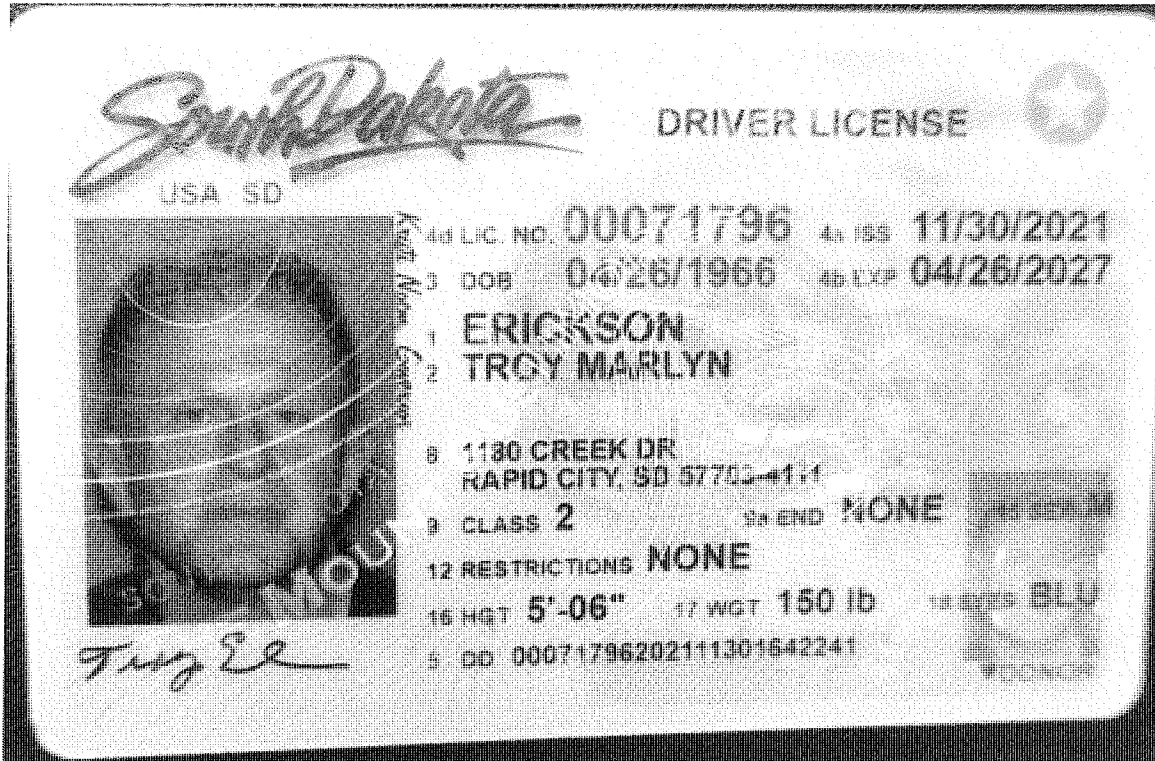
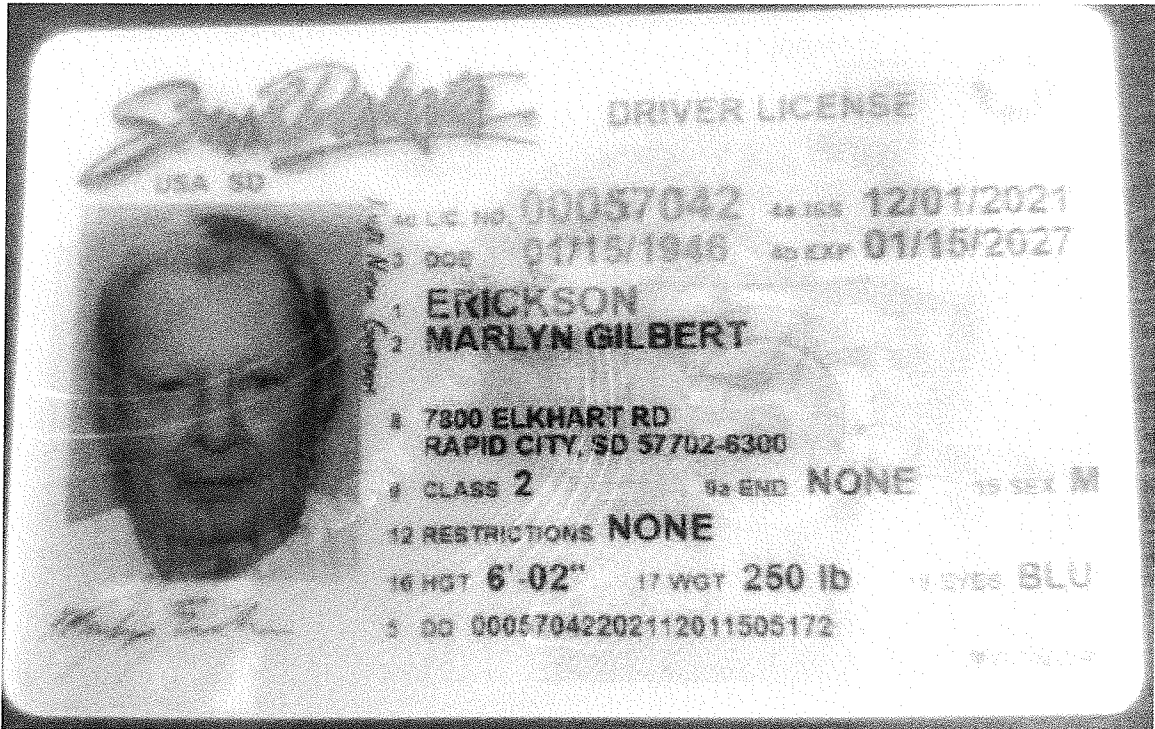
\_\_\_\_\_  
\_\_\_\_\_

*Michael J Drake*

5/28/2024

Brookings Police Department

Date



*South Dakota*  
USA SD

DRIVER LICENSE



*Justin Jack Johnson*

4d LIC. NO. **00208563** 4a ISS **03/31/2021**  
 3 DOB **05/24/1973** 4b EXP **05/24/2026**  
 1 **JOHNSON**  
 2 **JUSTIN JACK**  
 8 **1008 W BATCHELLER LN**  
**SIOUX FALLS, SD 57105-6720**  
 9 CLASS **1** 9a END **NONE** 15 SEX **M**  
 12 RESTRICTIONS **NONE**  
 16 HGT **5'-10"** 17 WGT **185 lb** 18 EYES **BLU**  
 5 DD **00208563202103310921571**

# Genesis Farms, LLC Retail Policies & Procedures

## Medical Cannabis Dispensary Operating Plan

### 2035 Orchard Dr, Suite 5, Brookings, SD 57006

This document contains all state and local required plans and operating procedures, including Operating Procedures as required by Section 7 of the City of Brookings Application, and a description of Safety and Security Measures as required by Section 10 of the City of Brookings Application. The following requirements are addressed in this plan:

- **City of Brookings requirements** (Ordinance 21-028)
- **Business Plan** (*required by SDCL 34-20G-72(3)(d) and ARSD 44:90:03:15(5)*)
- **Establishment Information** (including legal name, physical address, principal officers, and local compliance – *required by SDCL 34-20G-55*)
- **Management plan** (*required by ARSD 44:90:03:05(1)*)
- **Site plan** (*required by ARSD 44:90:03:05(2)*)
- **Operating days and hours** (*required by ARSD 44:90:03:05(3)*)
- **Workplace safety plan** (*required by ARSD 44:90:03:05(4)*)
- **Plans for compliance with all applicable safety standards** (*required by ARSD 44:90:03:05(5)*)
- **Security Plan** (*required by SDCL 34-20G-64 and required by ARSD 44:90:03:05(6)*)
- **Plan to ensure the safety of patrons and the community** (*required by SDCL 34-20G-72(3)(d) and required by ARSD 44:90:03:05(7)*)
- **Plans for preventing the diversion of cannabis to non-cardholders** (*required by ARSD 44:90:03:05(8)*)
- **Waste management plan** (*required by ARSD 44:90:03:05(9)*)
- **Wastewater plan** (*required by ARSD 44:90:03:05(10)*)
- **Pre-employment screening procedures** (*required by ARSD 44:90:03:05(11)*)
- **Access Control** (processes for limiting access by unauthorized persons - *required by ARSD 44:90:03:05(1)*)
- **Plans to obtain adequate supply of cannabis, cannabis extracts and cannabis products** (*required by ARSD 44:90:03:09(1)*)
- **Types of products offered** (*required by ARSD 44:90:03:09(2)*)
- **Verification of identification card and purchase limits** (*required by ARSD 44:90:03:09(3)*)
- **Advertising plan, including onsite signs** (*required by ARSD 44:90:03:09(4)*)
- **Training plan** (*required by ARSD 44:90:03:09(5)*)
- **Point-of-sale software to be used** (interoperability with the inventory tracking system - *required by ARSD 44:90:03:09(6)*)
- **Parking** (*required by ARSD 44:90:03:09(7)*)
- **Accessibility to individuals with disabilities** (*required by ARSD 44:90:03:09(8)*)
- **Suitability of location for maximizing access by cardholders** (*required by ARSD 44:90:03:09(9)*)
- **Plan for making cannabis available to low-income registered qualifying patients** (*required by SDCL 34-20G-72(3)(d)*)

## **Statement of Responsibility**

**This document was prepared, reviewed, and approved by the Executive Management Team, in consultation with legal counsel and industry/community advisors.**

## **Last Updated**

**This document was last updated on May 16<sup>th</sup>, 2024**

## **Contact Information**

**Questions about this document should be directed to:**

Emmett Reistroffer, Director of Retail Operations

O: (605) 519-6371

C: (605) 906-3291

[Emmett@genesisfarmssd.com](mailto:Emmett@genesisfarmssd.com)

PO Box 2735 Sioux Falls, SD 57101

**Contact information for the entire management team is provided in the Management Plan.**

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## Establishment Information

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### Legal Name and Business Entity Details

<b>Legal name of the prospective medical cannabis establishment:</b>	Genesis Farms, LLC <sup>1</sup>
<b>South Dakota Secretary of State Business ID:</b>	DL204971
<b>Registered agent:</b>	Justin J Johnson
<b>Registered agent address:</b>	1008 S. Batcheller Lane Sioux Falls, SD 57105
<b>Registered agent mailing address:</b>	PO Box 2735 Sioux Falls, SD 57101

### Location

<b>Physical address of the prospective medical cannabis establishment:</b>	2035 Orchard Dr, Suite 5, Brookings, SD 57006
<b>Jurisdiction with local licensing and zoning authority:</b>	City of Brookings

### Principal Officer Information

Name	Date of Birth	Residence Address	Title
Justin J Johnson	05/24/1973	1008 S. Batcheller Lane Sioux Falls, SD 57105	Founding Partner
Troy M Erickson	04/26/1966	4560 S. Glenview Place Rapid City, SD 57702	Founding Partner
Marlyn G Erickson	01/15/1946	7800 Elkhart Road Rapid City, SD 57702	Founding Partner
*All 3 principal officers residence addresses have been verified, and are residents of the State of South Dakota, satisfying the requirement set forth by SDCL 34-20G-55(4). <sup>3</sup>			

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<sup>1</sup> SDCL 34-20G-55(1)(b)(i)

<sup>2</sup> SDCL 34-20G-55(1)(b)(iii)

<sup>3</sup> SDCL 34-20G-55(4)



## Establishment Overview

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### Introduction

Genesis Farms, LLC (“Genesis Farms”) Business and Operations Plan for a Medical Cannabis Dispensary (“Dispensary Plan”, “Operating Plan” or “Plan”) ensures that all South Dakota Department of Health<sup>44</sup> (“Department”), Law Enforcement (“LE”), City of Brookings, and other state and local laws and requirements are satisfied. At the time of our application, Genesis Farms reviewed all requirements, ordinances and regulations set forth by the City of Brookings, and the State of South Dakota.

As such, Genesis Farms will continue to monitor and evaluate all legislative, regulatory and rulemaking processes and ensure this plan and any other plans related to the operation of our licensed medical cannabis establishment(s) in South Dakota are properly updated and incorporated to reflect the laws and rules in effect. Additionally, we shall promptly notify state and local licensing authorities of any proposed changes to this plan or related plans.

Genesis Farms’ Business and Operations Plan and corresponding policies and procedures detailed in this application illustrate Genesis Farms’ commitment to professionalism, education, compliance, and consistency. Above all, we will provide a high quality, reliable, and safe experience for persons authorized to use cannabis for medical purposes in South Dakota. In part, Genesis Farms’ primary objective through its licensed dispensary operations is to lawfully dispense cannabis and cannabis products for approved patient consumption, pursuant to South Dakota Codified Law Chapter 34-20G and other applicable state laws, Department Administrative Rules Article 44:90, and all subsequent regulations promulgated thereunder by the Department (“Rules”), or any other applicable licensing or regulatory authority. Specifically, Genesis Farms shall rely on its Executive Management Team, expert members, industry advisors and legal counsel to ensure the successful development and implementation of this Plan and to ensure all Genesis Farms policies and procedures pertaining to dispensary operations follow Department Rules (also referred to as “ARSD”) as well as state and local laws, regulations, and requirements.

This Plan shall be reviewed at least once annually and updated when necessary, as regulations and best practices evolve. In the event owners, officers or board members decide to make any changes to the Operating Plan or any corresponding policies and procedures detailed in this application, Genesis Farms shall notify the Department and local licensing authority and ensure

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<sup>44</sup> <https://medcannabis.sd.gov/>

any such changes are implemented in accordance with Department and local approval with strict compliance with the Regulations and all State and local requirements.

Genesis Farms maintains strong local community partnerships and relationships, while having the backing and support of its statewide parent organization based in Sioux Falls, South Dakota. Our Genesis Farms' partners have a combined background of more than fifty years in owning and operating businesses with alcohol and gaming licenses, as well as convenience stores that sell alcohol, tobacco, food, and beverage. In addition to fuel, our partners have extensive experience in real estate, construction, development, and other industries. One of our principal managers, Emmett Reistroffer, has nearly 10 years of experience working in the legal cannabis industry as a compliance consultant, general manager, and business development professional with a track-record for excellence in community engagement, government relations, product development and more.

Genesis Farms will benefit from its statewide vertically integrated holdings of cultivation, manufacturing, and retail licenses by having access to a wider range of resources to support staff training and industry best practices, professional development of operational policies and procedures, and ongoing expert consultation for the improvement and expansion of operations. A Genesis Farms Standard of Excellence will be implemented across all facilities, rooted in the best practices of each field of business, including but not limited to, current Good Laboratory Practices ("GLPs"), Good Clinical Practices ("GCP"), Good Handling Practices ("GHPs"), Good Manufacturing Practices ("GMPs"), Safe Quality Food Handling Standards ("SQF") and Good Pharmacovigilance Practices ("GPPs") as established by the FDA and USP (collectively "GxPs"). While not all aspects of each set of codes/best practices may be applicable to the cannabis industry and/or Genesis Farms facilities specifically, it is our intention to implement these practices and codes to the best of our ability within reason and applicability. Operational practices also incorporate, where applicable, practices as published in the most current version of the Cannabis Inflorescence Monograph by the American Herbal Pharmacopoeia. Such practices ensure product consistency, efficacy, purity, and safety. The policies and procedures described herein and those integrated into this Plan and all plans submitted with this application are designed to facilitate lawful and compliant dispensary operations led by qualified managers and supported by robust, compliant systems and tools, including the use of a reliable and secure inventory management system and electronic tracking system and integrated security systems.

Genesis Farms shall implement systems designed to monitor and report all aspects of dispensary operations, pursuant to SDCL 34-20G and Department Rules. Genesis Farms will update dispensing and retail management practices whenever necessary and will coordinate with industry partners and advisors who have developed best practices through years of experience managing cultivation, manufacturing, and dispensary operations in other state legal cannabis programs/markets. During the application process, or at any time during the permit period, Genesis Farms shall notify the Department in writing of any changes in facts or

circumstances, any proposed modifications of this Plan, any adverse events, and any changes in control or activities pursuant to Department Rules, or any other event that should prompt immediate notification. It is Genesis Farms' goal to assure the Department and local licensing authorities, that all aspects of dispensary operations are managed in accordance with industry best practices, in full compliance with state and local laws and regulations, and will exceed Department expectations, providing a model for effective retail cannabis operations in South Dakota.

### **Mission Statement**

Genesis Farms' mission is to be the most competitive and qualified cannabis enterprise in South Dakota, dedicated to civic engagement, corporate responsibility, and positive community relations - while working urgently to produce and dispense high quality and affordable medicine to qualifying patients. We are a vertically integrated cannabis business organization, to ensure a robust and efficient supply-chain of cannabis products of superior and consistent quality. We are also developing an affiliated non-profit organization, which is dedicated to raising public awareness about cannabis therapeutics and new developments in cannabis research and medicine and assisting with access to medical cannabis at a reduced price, available through participating licensed medical cannabis dispensaries.

### **Location Assessment for Safe Patient Access**

Genesis Farms dispensary location in Brookings is suitable for patient access as it is located near major highways, neighborhoods and other medical service providers.

At the outset, the proposed dispensary facility will maintain three (2) cash register and sales terminals but may add a third cash register and sales terminal depending on patient demand. According to local population and public health data, Genesis Farms is confident such a dispensary sales capacity is sufficient to provide adequate and timely access to qualifying patients in the area, and the facility space, size, location and layout is ideal to promote safe, convenient dispensing of medical cannabis to the projected local patient population. If patient projections reach high-end projections (see Patient Population Projections below), Genesis Farms is prepared to quickly increase the

number of sales terminals and maximize the sales area space inside the dispensary facility, allowing us to increase up to eight (3) sales terminals if needed.

In addition, this information shows the facility to be a prime location for proper product handling, security, and storage. Genesis Farms has developed and designed a floor and site plan to meet the needs of patients, as well as ensure staff and visitors are provided with convenient, safe access to the facility with appropriate safety and security features to guarantee compliance. Included in these plans is a security plan to guarantee the facility, staff and surrounding community are protected from criminal and undesirable behavior. The proposed location for dispensing provides sufficient space for serving a large patient base.

### *Security*

The dispensary floor plan features separate spaces, access points, and structural security features. Security features include an on-site staff with security training, restricted access policies and features, alarm activity monitoring, high-resolution surveillance cameras, motion detectors, sufficient interior and exterior lighting, and a designated security storage cabinet within the secure storage vault. The dispensary facility will include a secure entry/exit vestibule, a waiting area with a check-in station, restrooms for customers, an administrative office, employee break area, limited access sales area with an ADA-compliant sales counter, restricted access work area and storage rooms, and a restricted cannabis/cannabis product storage room also referred to as the secure storage vault.

**\*See more detailed information about security and safety measures in the Security Plan.**

### *Construction and Design*

The proposed site is a one-story building (multiplex) with adequate, well lit, off-street parking to satisfy the needs of patients and will be designed to not disrupt the area's normal traffic or parking patterns/demands. Upon licensure from the Department, Genesis Farms will initiate building permitting, site preparations and interior-construction in accordance with all applicable building codes and other state and local laws and regulations. Genesis Farms is contracting with Reynolds Construction Management Services<sup>5</sup> ("RCM") based in Sioux Falls, SD and will utilize other local contractors as needed and available to fulfill the needs for construction.

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Reynolds Construction Management is a commercial general contractor who offers innovative design-build & management services. RCM was founded by Paul and Linda Reynolds in 2007, where they successfully established a Genesis Farms culture where "Faith & Family come first." The RCM family not only consists of their employees and their relatives, but also clients and the local community. The RCM executive team has extensive experience in the design, development, and general contracting industries. They continue to incorporate new and innovative designs, development techniques, and standards to assist clients in adapting to the

constantly developing complexity of new projects. Environmentally, RCM thrives for sustainable efficiency in all projects to assist in enhancing the longevity of our construction projects. RCM listens to the client's requirements, searches for the best solutions, and builds a quality product that will meet or exceed the client's expectations.

**\*See attached floor plan.**

### *Aesthetics*

Despite the discreet aesthetics which will be similar to any typical medical-related clinic, i.e., a chiropractic, dental or vision office, the dispensary location will be easily identifiable by compliant and appropriate signage. Inside, there will be a minimum of two point-of-sale terminals and a large seating area, to reduce patient wait times and streamline the patient care experience. All aesthetics, landscaping and related exterior design aspects shall be provided to the local licensing/regulatory authorities, the landlord, adjacent neighbors, and any other interested parties, subject to approval.

### *ADA Compliance*

All design aspects shall be in accordance with Americans for Disability Act<sup>67</sup> ("ADA") requirements. The dispensary shall ensure adequate number of parking spaces designated for people with disabilities nearest to the entrance of the building. In addition to handicap accessible parking, the path of travel to the entrance and exit will be accessible by ramp within 100 feet of the entry way for wheelchair-bound patients. The facility will be designed in full compliance with ADA requirements, incorporating wide doorways, an accessible restroom, and lower counter heights at ADA-designated sales terminals, product menus available in braille, trained staff onsite to assist patients with a wide range of disabilities, including but limited to, visual, hearing and mobility impairment. This ensures the dispensary facility provides a comfortable, accessible, and functional environment for all patients. Our robust online pre-order system will be available to homebound and mobility impaired patients after visiting the dispensary for the first time and after verification of his/her patient registration/cardholder status, and we believe this service platform will expedite the patient care experience.

### **Patient Population/Participation Projections**

Upon analysis of the local population and related public health data and comparing local data to national data regarding patient participation rates in other state legal medical cannabis markets<sup>8</sup>, Genesis Farms is anticipating and planning for a patient participation rate equal to

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<sup>6</sup> Department Rule 44:90:03:09(8)

<sup>7</sup> <https://www.ada.gov/>

<sup>8</sup> <https://www.mpp.org/issues/medical-marijuana/state-by-state-medical-marijuana-laws/medical-marijuana-patient-numbers/>

the national average, which is 2.36% of the total population. This average is based on a total number of 231,574,153 people populating 35 states and U.S. territories with active medical cannabis programs/markets, and within those state programs/markets, there are 5,461,491 registered medical cannabis patients. The percentage of total registered patients among the total populations of states with those state programs/markets equals 2.28%. Genesis Farms recognizes that start program/market participation levels vary amongst states, as state eligibility criteria isn't consistent and may be more or less restrictive in other states. As such, although we are anticipating a **2.36% participation rate** in South Dakota, our organization is prepared to accommodate a patient participation rate as high as 10%. Some state markets with highly restrictive programs have participation rates lower than 1%, and Oklahoma has the highest participation rate at 9.31%. As such, Genesis Farms is also preparing for scenarios with patient participation rates as low as 1%, or as high as 10%. In addition to analyzing data to and projecting statewide patient participation, Genesis Farms also compiled the following local data and applied the same average, and low-end and high-end estimations for Brookings County which is a range between 344 and 3445 patients. See summary tables below.

*Statewide Patient Population Projections*

Total Population in MMJ States	Total # of patients in MMJ States	National Average	South Dakota Population	Projected Statewide Patient Population (2.36%)	Low-end Projection (1%)	High-end Projection (10%)
231,574,153	5,461,491	2.36%	884,659	20,878	8,847	88,466

*Local Area Patient Population Projections*

Projected Statewide Patient Population (2.36%)	Brookings County Population	Projected Brookings County Patient Population (2.36%)	Low-end Projection in Brookings County (1%)	High-end Projection in Brookings County (10%)
20,878	34,375	811	344	3445

## Legal Matters

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### Confidentiality Statement

The information furnished within this document is to be considered proprietary information of Genesis Farms, LLC. Such information is submitted with the restriction that it is to be used only for the evaluation of our application and is not to be disclosed publicly or in any manner to anyone other than those required to evaluate the application, without the express written permission of Genesis Farms.

### Legal Assessments

#### *Federal Law*

In terms of assessing risk, it is important to keep in mind that although 20 states and Washington D.C. have enacted medical cannabis laws and no intervention by federal authorities has been documented in these state markets for participants who are in compliance with their state and local laws and regulations, cannabis remains illegal under federal law and is classified as a controlled substance. This means the operation of a medical cannabis dispensary maintains inherent risk of legal action or penalty by the federal government, however it's the opinion and philosophy of our Executive Management Team that while the federal government retains its right to enforce federal law, the enforcement likelihood is minimal as long as our business maintains strict compliance with all applicable state and local laws and regulations.

With this in mind, the federal government has provided guidance about their interests and priorities in targeting cannabis industry participants. Formal guidance was first offered in 2009 with the U.S. Justice Department's "Ogden Memo" which stated it would not be a priority of the federal government to pursue state-legal cannabis businesses that are in "clear and unambiguous compliance with state laws." On August 29, 2013, in response to the legalization of cannabis in Washington and Colorado, the Department of Justice provided additional written guidelines to state regulators indicating that they would not prioritize the prosecution of state-legal cannabis businesses but would instead focus on the following enforcement priorities:

- preventing distribution to minors
- preventing benefit to criminal enterprises
- preventing diversion across state lines
- preventing state-authorized activity from covering other illegal activity
- preventing violence and use of firearms in operations
- preventing drugged driving and other public safety consequences

- preventing cannabis cultivation on federal land and cannabis possession on federal property

Historically, the federal government's cannabis interests have focused on operators who are not in clear and unambiguous compliance with relevant state law or those with very large operations. Recently, however, the government's statements have not focused on maligning large operations. In fact, the August 2013 memo from the Department specifically stated that the "primary question" with respect to cannabis-related operations is not the size of the operation, but whether one of the enforcement priorities listed above is implicated. This is a significant development and is seen by many as an unspoken endorsement of large state-sanctioned cultivation and retail facilities in several states where commercial cannabis activities have been legalized and licensed by state authorities. Areas with robust state laws and comprehensive state-level cannabis business regulations (such as South Dakota) are generally seen to have increased protection from federal intervention, as these laws and the state regulators that enforce them send a signal to the federal government that these are "controlled systems."

In conclusion, while serious federal concerns remain, the operating environment for medical cannabis businesses is now more clearly defined than ever. States have received direct guidance from the Department of Justice on relevant enforcement priorities for which the states to focus, and state regulators have crafted and are continuing to craft rules that directly address the specified federal concerns. Genesis Farms, LLC will not only comply with all state and local laws and regulations but will also exceed those minimum standards to prove best in class within the industry and to provide positive community impacts where we serve.

Going forward, Genesis Farms, LLC will monitor all proposed federal legislation that may have an impact on state licensed cannabis businesses and markets and will assess whether or not those impacts will require a change in operating plans or procedures, and if necessary, will communicate about any required changes in federal law with state and local licensing authorities in South Dakota.

#### *Labor Laws*

Under federal law, Genesis Farms, LLC shall comply with the requirements set forth in the Occupational Safety and Health Act, and related rules, regulations and guidelines established by the Occupational Safety and Health Administration (OSHA). Furthermore, Genesis Farms shall follow all federal, state and local laws applicable to labor and employment, including but not limited to worker's rights, worker benefits and protections, workers compensation, payroll taxes, employer registration and more.

#### *State Law*

Under state law, Genesis Farms shall comply with the requirements set forth in:



- South Dakota Codified Law 34-20G Medical Cannabis
- Department of Health Administrative Rules Article 44:90 Medical Cannabis
- South Dakota Codified Law Title 60 Labor and Employment
- South Dakota Codified Law Title 62 Workers Compensation
- Any other state laws or administrative rules applicable to the operation of a licensed medical cannabis dispensary

#### *Local Law*

Under local law, Genesis Farms, LLC shall comply with the requirements set forth by any jurisdiction, including municipalities and counties, where Genesis Farms conducts business as a state-licensed medical cannabis establishment. For the proposed dispensary location described herein, located in the City of Brookings, SD, Genesis Farms shall comply with the following:

- City of Brookings Ordinance No. 21-028 Licensing Procedures
- City of Brookings, Ordinance 21-025 Zoning Regulations
- City of Brookings, Resolution 21-075 Licensing Fees

\*Genesis Farms will monitor the City of Brookings's City Council's agendas, meeting minutes and any official notices, announcements, and correspondences from the City of Brookings to monitor, evaluate and respond to any changes in local ordinances and rules.

### State and Local Government Contact Information

Genesis Farms, LLC ownership and management team shall maintain accurate and up-to-date contact information for state and local government regulatory authorities at all times to ensure timely communications as necessary for the lawful and compliant operation of a medical cannabis establishment.

For the State of South Dakota Department of Health, Genesis Farms, LLC maintains the following contact information:

- [South Dakota's Medical Cannabis Website \(http://medcannabis.sd.gov\)](http://medcannabis.sd.gov)
- Department of Health, Medical Cannabis Program
- (605) 773-3361
- Emily Kerr, Program Director
- MCQuestions@state.sd.us

For the proposed dispensary location described herein, located in Brookings, SD, Genesis Farms, LLC maintains the following contact information for local licensing and regulatory authorities:

City of Brookings  
Bonnie Foster, City Clerk  
530 3<sup>rd</sup> St, Suite 230 Brookings, SD 57006  
(605) 692-6281  
[bfoster@cityofbrookings-sd.gov](mailto:bfoster@cityofbrookings-sd.gov)

## Legal Counsel

Genesis Farms, LLC has retained best-in-class legal counsel to advise our business planning and operations on all legal matters related to starting and operating a business in South Dakota, specifically a licensed cannabis business enterprise. In part, we have retained two separate law firms, Dewitt LLP, which our partners have worked with for a number of years on business matters for other industries, and with Robert Hoban of Clark Hill, the head of their cannabis industry practice group. Here is more information about our vetted and trusted legal counsel.

### *Dewitt LLP*

At DeWitt, we utilize our creativity to offer proactive and effective legal solutions to our clients. The success of our clients is our ultimate goal. Large corporations, family-owned businesses, employers, associations, individuals, municipalities, and others turn to our lawyers because we have a proven track record of legal accomplishments. Our attorneys are responsive, experienced, approachable, knowledgeable, focused, passionate, and cost-effective.

With experience in more than 30 areas of the law, our robust team of more than 130 attorneys embodies the important qualities one should consider when hiring a law firm. DeWitt has earned national recognition by the U.S. News Media Group and Best Lawyers®, where it was ranked as a First Tier Law Firm, the highest ranking, in nearly 20 areas of law. Our firm was also named “Best Law Firm” in Wisconsin by the readers of Corporate Report magazine. In addition, many of our lawyers in Wisconsin and Minneapolis are recipients of distinguished honors in their professions. We believe these recognitions reflect our commitment to providing top-notch legal advice to our clients.

Dewitt LLP Contact information:

[www.dewittllp.com](http://www.dewittllp.com)

2100 AT&T Tower

901 Marquette Avenue

Minneapolis, MN 55402

Ph: (612) 305-1400

### *Robert Hoban, Clark Hill*

Robert Hoban sits at the center of the world’s largest commercial cannabis industry network. As the cannabis industry commercialized, Bob was widely credited for creating the class of lawyers now known as “cannabis attorneys.” He has truly transcended the practice of law and is regularly involved in assembling and structuring large-scale cannabis industry M&A transactions. Above all else, Bob is a cannabis industry expert.

Since 2008, Bob deliberately constructed the Hoban Law Group (HLG) to become the world’s leading full-service commercial cannabis industry law firm. For more than a decade, HLG represented the cannabis industry’s titans in every aspect of the commercial cannabis industry

around the world. In June of 2021, HLG was acquired by international law firm, Clark Hill. Bob joined Clark Hill as a Member, Member-in-Charge of Clark Hill's new Denver Office, and the Co-Leader of its Cannabis Industry Practice Group.

From 2010-2016, Bob served as one of the Nation's first cannabis policy instructors at the University of Denver, where he regularly lectured regarding cannabis topics, and led a university-sanctioned research practicum concerning the efficacy of cannabis regulation. Given this academic background, Bob has been asked to work with the governments of more than thirty countries on crafting commercial cannabis public policy.

Bob has consistently been recognized as one of the most influential people in the global cannabis industry by a variety of organizations and publications over the course of the past ten-plus years. Since 2013, Bob has achieved the Martindale-Hubbell AV Preeminent Peer Review Rating, awarded to only those lawyers with the highest ethical standards and professional ability. He was recently named a "Cannabis Law Trailblazer" by the National Law Journal, and he has been consistently recognized as one of "Denver's Top Cannabis Lawyers" for nearly a decade.

Bob is a Forbes contributor and frequently appears in media coverage as a legal expert on cannabis and has been a keynote speaker at dozens of cannabis events around the world. He has conducted hundreds of interviews regarding cannabis policy for international, national, state, and local media outlets. Major media outlets like the New York Times, the Los Angeles Times, Chicago Tribune, CNN, Rolling Stone, Forbes, VICE, MSNBC, and Bloomberg all have called on Bob for his unique perspective on the cannabis industry.

Bob Hoban of Clark Hill Contact information:

Robert Hoban, Member  
Clark Hill

[www.clarkhill.com](http://www.clarkhill.com)

730 17th Street, Suite 420, Denver, CO 80202

+1 844.708.7087 (office)

[rhoban@clarkhill.com](mailto:rhoban@clarkhill.com)

## **Banking**

Genesis Farms, LLC has accounts approved and open for the purpose of depositing funds generated by its licensed cannabis operations in South Dakota, at BankWest and Reliabank, with the closest branch being Reliabank at 211 N Main St, Estelline, SD 57234, where cash revenues will be deposited no less than on a weekly basis in accordance with the company's accounting and cash-handling policies and procedures, to ensure accurate recordkeeping, auditing, and lawful handling of all money by the organization. Genesis Farms, LLC in coordination with its accounting department, financial controller, a third-party certified public accountant, and the financial institution where Genesis Farms, LLC banks, will continually review guidance provided from the State of South Dakota Banking Commission, South Dakota Bankers Association, trade organizations, and federal financial regulatory authorities, including the Internal Revenue Service, regarding developments in financial policy affecting cannabis businesses and related issues.

### Banking Contacts:

#### **BankWest**

Becky Hurst  
(605) 945-3758  
[Becky.Hurst@bankwest-sd.bank](mailto:Becky.Hurst@bankwest-sd.bank)

#### **Reliabank**

Jeremy Keizer  
(605) 306-2000  
[Jeremyk@reliabank.com](mailto:Jeremyk@reliabank.com)

## **Operating Days and Hours**

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### **Regular Schedule**

The following hours of operation are hereby established by the Executive Management Team, and may be adjusted if any limitations on hours of operation are imposed by the local government.

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
8am-10pm	8am-10pm	8am-10pm	8am-10pm	8am-10pm	8am-10pm	8am-10pm

### **Changes to Schedule**

All hours of operation and holiday schedules will be reviewed and approved by the Executive Management Team on an annual basis, and any changes to operating schedules must be submitted to the Department and local licensing authorities and must be in compliance with all applicable state and local laws and regulations.

### **Closures**

In events of dangerous weather or road conditions as declared by local public safety officials or staff observations, the Executive Management Team will approve store closures and provide adequate notice the Department and to patients on our website and social media pages, and if possible, post appropriate signage on the front entrance.

## Genesis Farms Policies

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### Patient Privacy

Genesis Farms shall ensure that any identifying information about a qualifying patient or caregiver is kept in compliance with the federal privacy and security rules of HIPAA (45 CFR 164<sup>9</sup>). The Health Information Portability and Accountability Act (HIPAA) is a federal and state mandate requiring healthcare entities to keep patient's data protected. Compliance applies to numerous privacy and security actions such as: password policy creation, patient data protection, and agent training. Genesis Farms takes the position that a Licensed Medical Cannabis Dispensary is a "Covered Entity" under HIPAA and must operate and conduct business as such. A Covered Entity is any business entity that must by law comply with HIPAA regulations, which include healthcare providers, insurance companies, and clearinghouses. In this context, health care providers include doctors, medical, dental, vision clinics, hospitals, medical cannabis dispensaries and related health caregivers including agents who work within medical cannabis dispensaries. Genesis Farms shall be fully HIPAA compliant and liable for the handling of protected patient information and privacy by its managers and agents at all times.

**\*See Patient Privacy Training in the Training Plan.**

### Patient Care

Genesis Farms shall operate its dispensary in a manner that maintains a professional and medical environment, with all aspects of operations and management developed and standardized specifically with maximizing patient care as the primary consideration for all plans, policies, procedures etc. As part of our mission to work urgently to produce and dispense high quality and affordable medicine to qualifying patients, Genesis Farms will dedicate resources and staff attention toward studying and monitoring the latest research about the treatment efficacies with cannabis, especially in clinical studies or trials. However, at no time shall any agent of the dispensary provide medical advice or recommendations to patients and the dispensary shall maintain a rigorous training standard to ensure staff compliance with this requirement. As such our training program strictly informs sales agents that our organization does not employ licensed medical professionals for the purpose of providing medical advice, and our agents must make that clear with patients who may seek actual medical advice from our staff. When patients ask for a suggestion or insight about the ways cannabis may assist them, staff must respond with "I'm not a doctor" and "Please check with your doctor or medical care provider." Of course, it is the responsibility of the agent is to provide reliable and

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<sup>9</sup> <https://www.ecfr.gov/cgi-bin/text-idx?SID=37f67534501b04896bf123b89a8c3309&mc=true&node=pt45.2.164&rgn=div5>

accurate information about medical cannabis and cannabis product types, including strain information, cannabinoid profiles, production methodologies, and other general information about products. Under no circumstances shall a dispensary agent make medical claims or medical assurances when consulting a qualifying patient/cardholder.

It is a priority of Genesis Farms to provide access to educational information about the development and use of cannabinoid-based medicines and therapies. In the dispensary waiting area, and on our website, Genesis Farms shall provide issues of Cannabis PatientCare Magazine by MJH Life Sciences<sup>10</sup>, and brochures with patient resource materials provided from Americans for Safe Access<sup>11</sup> for the benefit of patients and caregivers to access news, research, patient testimonials, medical perspectives, new products on the market, resource organizations and advocacy work.

Under no circumstance shall Genesis Farms or any agent of the organization share office space with or refer a patient to a practitioner, in accordance with SDCL 34-20G-67<sup>12</sup>.

### **Assisting Low-Income Patients**

First and foremost, Genesis Farms will seek to provide pricing for all products that will be affordable and reasonably priced for patients of all income levels to access. Genesis Farms staff will be trained to gather important feedback from patients regarding satisfaction with pricing, quality, and product types/options. This information will be relayed back to the Executive Management Team will monitor on an ongoing basis, the impacts of pricing on patient accessibility. If Genesis Farms deems necessary, it may establish an assistance program, in coordination with the Department and shall seek all necessary approvals and inform the Department of any changes this program may have on operating procedures. Under no circumstances will patient information about income or related financial records be retained by Genesis Farms or its staff.

### **Equal Opportunity Employer and Anti-Harassment and Non-Discrimination Policies**

Genesis Farms is committed to the principles of equal employment, including complying with all federal, state, and local laws providing Equal Employment Opportunities (EEO), and all other employment laws and regulations. It is our intent to maintain a work environment that is free of harassment or discrimination because of sex, race, religion, color, national origin, physical or mental disability, genetic information, marital status, age, sexual orientation, gender identity or

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<sup>10</sup> <https://www.cannapatientcare.com/>

<sup>11</sup> [https://www.safeaccessnow.org/patient\\_resources](https://www.safeaccessnow.org/patient_resources)

<sup>12</sup> [https://sdlegislature.gov/Statutes/Codified\\_Laws/2078908](https://sdlegislature.gov/Statutes/Codified_Laws/2078908)



expression, military service, veteran status, or any other status protected by federal, state or local laws. The company is dedicated to the fulfillment of this policy concerning all aspects of employment, including but not limited to recruiting, hiring, placement, transfer, training, promotion, rates of pay, and other compensation, termination and all other terms conditions and privileges of employment.

We are all responsible for upholding the company's Equal Employment Opportunity policy. It is the responsibility of all supervisors, managers and employees to report any claimed violations of this policy to Human Resources for a thorough investigation.

The company will conduct a prompt and thorough investigation of all allegations of discrimination or any violation of the company's Equal Employment Opportunity Policy in a confidential manner. Genesis Farms will take appropriate corrective action, if and where warranted. The company prohibits retaliation against any employee who provides information about, complains, or assists in the investigation of any complaint of discrimination or violation of the company's Equal Employment Opportunity Policy.

#### *Policy Against Workplace Harassment*

Genesis Farms has a strict policy against all types of workplace harassment, including sexual harassment, use of hate words and other forms of workplace harassment based upon an individual's sex, race, religion, color, national origin, physical or mental disability, marital status, age, sexual orientation, gender identity or expression or any other status protected by federal, state or local laws. All forms of harassment of, or by, employees, vendors, visitors, customers, and clients are strictly prohibited and will not be tolerated.

#### *Policy Against Sexual Harassment*

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when: (1) submission to such conduct is made either explicitly or implicitly as a term or condition of an individual's employment (2) submission to, or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

While it is not possible to identify each and every act that constitutes or may constitute sexual harassment, the following are some examples of sexual harassment are provided below: (a) unwelcome requests for sexual favors; (b) lewd or derogatory comments or jokes; (c) comments regarding sexual behavior or the body of another employee; (d) sexual innuendo and other vocal activity such as catcalls or whistles; (e) obscene letters, notes, emails, invitations, photographs, cartoons, articles, or other written or pictorial materials of a sexual natures; (f) repeated requests for dates after being informed that interest is unwelcome; (g) retaliating against an employee for refusing a sexual advance or reporting an incident of possible sexual

harassment to Genesis Farms or any government agency; (h) offering or providing favors or employment benefits such as promotions, favorable evaluations, favorable assigned duties or shifts, etc., in exchange for sexual favors; and (i) any unwanted physical touching or assaults, or blocking or impeding movements.

*Other Workplace Harassment*

Other workplace harassment is verbal or physical conduct that insults or shows hostility or aversion towards an individual because of the individual's sex, race, religion, color, national origin, physical or mental disability, marital status, age, sexual orientation, gender identity or any other status protected by federal, state or local laws, and that: (1) contributes to or has the effect of creating an intimidating, hostile or offensive working environment; (2) unreasonably interferes with an individual's work performance; or (3) otherwise adversely affects an individual's employment opportunities.

Again, while it is not possible to list all the circumstances that constitute other forms of workplace harassment, the following are some examples of conduct that may constitute workplace harassment: (a) the use of disparaging or abusive words or phrases, slurs, negative stereotyping, or threatening, intimidating or hostile acts that relate to the above protected categories; (b) written or graphic material that insults, stereotypes or shows aversion or hostility towards an individual or group because of one of the above protected categories and that is placed on walls, bulletin boards, email, voicemail or elsewhere on the company's premises, or circulated in the workplace; and (c) a display of symbols, slogans or items with themes of hate or intolerance towards any select group.

*Discrimination and harassment will not be tolerated in the workplace.*

Any employee who feels that he or she has witnessed, or been subject to, any form of discrimination or harassment is required to immediately notify Human Resources.

Genesis Farms prohibits retaliation against any employee who provides information about, complains, or assists in the investigation of any complaint of harassment or discrimination.

We will promptly and thoroughly investigate any claim and take appropriate action where we find a claim has merit. Discipline for violation of this policy may include, but is not limited to reprimand, suspension, demotion, transfer, and termination. If the company determines that harassment or discrimination occurred, corrective action will be taken to effectively end the harassment or discrimination. As necessary, the company may monitor any incident of harassment or discrimination to assure the inappropriate behavior has stopped. In all cases, the company will follow up as necessary to ensure no retaliation for making a complaint or cooperating with an investigation.

**\*See Employee Handbook for Additional Workplace Policies and Employee Protections.**

### **Verification of Patients VIA Secure Phone or Web-Based Verification System**

Pursuant to SDCL 34-20G-45; Genesis Farms shall utilize the required system for verifying all patients eligibility status prior to being admitted to the dispensary. Genesis Farms will use the verification system to ensure that the patient identification number corresponds with a current, valid registry identification card. Any patient identification number not validated through this system will be denied service.

Current online verification system provided by the Department:

<https://medcannabisverify.sd.gov/>

In addition, the Director of Retail Operations will coordinate with each Retail Manager and other designated staff to conduct quarterly patient registration audits, ensuring all patient records are accurate and properly reflect patient eligibility status, and if necessary, may institute the proper notifications/sales system suspensions when any patient's status is in question and must be re-verified prior to conducting sales or admitting access to the dispensary.

### **Duty to Report**

Genesis Farms shall maintain a duty to report criminal activity to the Department and Law Enforcement within one (1) business day upon any discovery of an unauthorized entry or theft of cannabis or any action of any person to steal cannabis and cannabis products, paraphernalia, equipment, or money from the Licensed Premises; to resell or unlawfully distribute cannabis or cannabis products, or cannabis paraphernalia to any unauthorized persons; to purchase or otherwise obtain cannabis, cannabis products or cannabis paraphernalia from unauthorized persons; falsify inventory records or transport manifests; or commit any other crime relating to the operation of the establishment. The General Manager, in consultation with the Executive Management Team, shall be responsible for the requirement of duty to report and for support any investigations, or for complying with any enforcement actions, and for keeping of records about any such incidents/reports that may occur.<sup>13</sup>

### **On-Site Consumption Prohibited**

Genesis Farms shall maintain a strict no on-site consumption policy and will not serve or provide access to any patients who consume (or attempt to consume) on the Licensed Premises. Any patient, caregiver person found consuming cannabis or cannabis products on-site shall be verbally instructed to leave the premises immediately, and if any person fails to follow such instructions or repeatedly violates this policy, he/she must be reported to the Security Manager and may be reported to Law Enforcement and/or banned permanently from the dispensary. Signage shall be clearly posted near the entryway and in the waiting room/lobby area to inform all visitors of this policy.

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<sup>13</sup> Department Rule 44:90:04:03

### **License Display and Audits**

Genesis Farms shall display the licenses issued by the City and the Department, in a prominent location within the licensed premises. The Executive Management Team and legal counsel will regularly audit all licenses, permits and registrations to ensure constant compliance at all times, and maintain processes for ensuring all renewals are completed in a timely and compliant manner.

### **Co-Location of Establishments**

It is not the intention or plan of Genesis Farms to co-locate any other cannabis license at the Licensed Premises for the proposed Licensed Medical Cannabis Dispensary<sup>14</sup>. The proposed dispensary location shall be a fully enclosed structure. Genesis Farms has established a relationship with the landlord of the proposed location with authorization to use the property for the purpose of operating a medical cannabis dispensary, and has confirmed approval of the site and floor plan, including review and approval the parking and traffic flow plan. IF in the future, the State of South Dakota and the City of Brookings provide licensing for recreational (or adult-use) cannabis sales and allows co-location of both medical and recreational licenses at the same dispensary location, Genesis Farms shall evaluate the opportunity and requirements and consider applying for additional licensure at that time.

### **Inventory Tracking and Point of Sale Software**

Genesis Farms will seek to utilize and implement Dutchie point-of-sale software, which is interoperable and integrated state-manded inventory management software. Dutchie has successfully integrated with METRC in a number of other state regulated markets and has confirmed with our management team that will be available to provide services to license-holders in South Dakota. Dutchie is expected to be fully compatible with either METRC, BioTrack or another seed-to-sale tracking system which may be selected by the Department. Genesis Farms is anticipating the Department to make an announcement regarding the selection of state-mandated seed-to-sale tracking software and will be prepared to begin implementing the required inventory tracking system as well as ensuring the point-of- sale system, Dutchie, is compatible and compliant with the state system.

Dutchie also has the necessary functionality to track patient purchase amounts and impose restrictions to block transactions that would exceed sale and purchase limits. Dutchie will also provide an enterprise-wide resource planning platform and allow for streamlining inventory

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<sup>14</sup> Department Rule 44:90:09:04

<sup>15</sup> <https://Dutchie.com/point-of-sale/>

data across the fully vertically-integrated operation, maximizing efficiency for production, planning and distribution – and will enhance the company’s capabilities to ensure an adequate supply of medical cannabis and medical cannabis products are made available at state licensed dispensaries across the state.

In the event the Department selects another software system or a system which Dutchie is not compatible, the Executive Management Team will review all software possibilities which are interoperable with the state-mandated software system, and will consult the Department on the selection process, as necessary to ensure compliance with the inventory tracking requirements.

### **Proof of Interoperability With State-Mandated Inventory Management Systems**

Dutchie has confirmed support and integration for all major state-mandated compliance and seed-to-sale software.

“Compliance is no longer an option. We are integrated with all regulatory compliance software providers. We can help you painlessly comply with your state(s)’ requirements, sending regulators what they need nightly, and automatically reconciling regulatory reports with your own internal inventory.”

*About Dutchie (from Dutchie website):*

Our user-friendly cannabis POS Product facilitates customer conversion and optimizes sales while automating compliance. Count on our stable & reliable system to keep up in high volume retail environments. Key features such as an intuitive touch screen design and multi-location management make Dutchie POS software a leader in the industry.

*Dutchie Interoperability Documentation (From Website)*

See attachment or visit: <https://support.dutchie.com/hc/en-us/articles/12882294265107-Dutchie-POS-Metric-overview>

### *Recordkeeping – Use of Inventory Tracking System-Training*

All Genesis Farms establishment agents will receive a minimum of two (2) hours of training in recordkeeping, track and trace and inventory control. Any dispensary agent that will enter data into the inventory tracking system will additionally receive a minimum of two (2) hours of hands-on training. One establishment agent at minimum will receive four (4) hours of training to act as a manager/administrator of the inventory tracking system. All training and position records for all dispensary agents will be documented and maintained for a minimum of (5) years.

### *Inventory Management*

Inventory management is a critical factor in every area of the dispensary. The tracking of all cannabis from seed-to-sale will be done through an advanced inventory control system with multiple checks and balances in place to allow our staff to have a complete awareness of all inventory including: pre-packaged cannabis flower, pre-packaged cannabis infused products, and waste. All data collected shall be recorded using template log sheets, computer systems, Dutchie, and state-approved tracking and point-of-sale systems (POS). Upon licensure Genesis Farms will establish an account with the State's verification system allowing for full transparency. Physical inventory counts will be done on a daily, weekly, and monthly basis at the Dispensary. In addition to scheduled inventory checks, random audits will be performed. Inventory control procedures shall be utilized as the primary way of determining whether there has been any product diversion and ensuring that all cannabis and cannabis-infused products are only being distributed to valid state approved cannabis patients. Physical inventory template log sheets will be filled out each morning before the start of business and again at the closure of business. All weekly inventory procedures shall be conducted in full compliance with state and local law. Data collected during daily, weekly, annual and random inventory procedures shall be logged and input into the State track and trace systems, Dutchie and POS systems which are web-based and updated in real-time. Inventory figures will be cross-referenced with the POS system inventories and data to determine that there are no quantity discrepancies. In the case of a discrepancy within inventory, we will investigate the root cause of the discrepancy to determine the cause. If the discrepancy is due to employee theft or diversion, we will act quickly to terminate the employment of the perpetrator and contact all necessary authorities for further action. All inventories, procedures, and other documents required by the department shall be maintained on the premises for five (5) years and made available to the department and law enforcement at all times.

### *Daily Records*

The General Manager, in coordination with the Executive Management Team and the Inventory Manager, shall ensure a daily inventory record is maintained and updated by midnight of each day of operation, in an electronic format, containing all required information for the entirety of the cannabis dispensary's inventory of cannabis and cannabis products, with the appropriate



indicators for packaging, labeling, units of measure, weights, quantities, net weights and appropriate equivalencies etc., and must also reflect any inventory that has been received, transported, sold, transferred, quarantined, destroyed, diverted, damaged or lost, removed for sampling or recall, pursuant to ARSD 44:90:11:03 and 44:90:11:04. Such records shall be maintained securely, accurately, and timely, and may not identify any cardholder other than by the cardholder's identification number. The inventory record of the licensed dispensary must include the type of product, the testing batch identifier, the number of marketing layers, and the quantity of cannabis in each marketing layer, as expressed according to the relevant labeling requirement for all cannabis and cannabis products. The inventory record shall be updated each day of operation to reflect<sup>16</sup>:

- Any cannabis, cannabis extracts, or cannabis products received from another establishment
- Sales to qualifying cardholders, including the cardholder's identification number
- Returns of merchandise from cardholders, whether to be resold, returned to another establishment, or destroyed
- Transfers to another establishment, including returns
- Destruction of cannabis

The Licensed Dispensary shall maintain and update by midnight each day of operation, a transaction record that must include<sup>17</sup>:

- The type of product, the testing batch identifier, and the number of marketing layers
- The quantity of cannabis in each marketing layer, as expressed according to the relevant labeling requirement, for each sale or return
- The cardholder identification number associated with each quantity
- The transaction record may not contain any other identifying information relating to a cardholder

### **Pre-Packaging of Cannabis Products Required**

Under no circumstances shall Genesis Farms accept cannabis inventory onto the premises, unless it is from a licensed cultivator or manufacturer, in accordance with the receiving inventory procedures, and completion of the product-intake checklist. In part, the dispensary staff shall review all incoming inventory and only accept inventory, that is provided to the dispensary in pre-packaged units, and must be verified before being accepted, that it is in the correct and compliant packaging and documented in the inventory control tracking software and on the transportation management, and of a weight/quantity/unit type that matches

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<sup>16</sup> Department Rule 44:90:11:09

<sup>17</sup> Department Rule 44:90:11:10

inventory records. The package may not be accepted if it appears altered, damaged, or spoiled in any way. All labels must be reviewed and verified for accuracy prior to any packages or products being accepted. Bulk cannabis shall not be accepted for the purposes of repackaging and selling at the dispensary.

#### *Health and Safety Standards For Storage (Cannabis Products)*

Genesis Farms shall store cannabis products:

- In secure, sealed containers that protect against damage from light, water, insects, or rodents.
- Under environmental conditions, including refrigeration of any perishable edible product, that will protect against physical, chemical, or microbial contamination and damage from temperature or humidity.

All cannabis product storage shall be in accordance with ARSD 44:90:04:24 and Genesis Farms will securely store all cannabis and cannabis products, unless on display for sale.

#### **Record Retention and Requests**

The General Manager, in coordination with the Executive Management Team, shall ensure that all point-of-sale records, transport manifests and daily inventory records, transfer records, testing sample records, and transportation records are securely stored and unaltered, labeled, dated and documented correctly, in an organized fashion, for a minimum of 18 months, pursuant to ARSD 44:90:11:02. Genesis Farms shall provide to the department agents access to all records during an inspection of an establishment or vehicle or upon request. This responsibility shall be maintained by the General Manager, in coordination with the Executive Management Team. No inventory record, transfer record, testing sample record, or transaction record may be altered after the date on which it was created.

#### **Online Access and Age Verification**

Genesis Farms will maintain a website in compliance with all state and local laws and regulations and will review industry best practices for maintaining an online presence for licensed cannabis businesses. Genesis Farms does not intent to publish or maintain any social media profiles, pages or platforms in addition to its website. The website, which shall be configured for both desktop and mobile viewing, will have an automated age-verification prompt which require the website viewer to confirm his or her age is at least 21 years of age or older, or is an age-restricted cardholder, and will require entry of the cardholder's registry identification number for verification before access is provided to any menus, product

information or pre-ordering features, and only patients who have made at least one purchase at the dispensary may be eligible for online preordering.<sup>18</sup>

### **Corrective Actions and Preventative Procedures**

Genesis Farms shall maintain procedures at all times to address preventative and corrective actions, as part of company-wide investments and focus on standardization and compliance. These efforts will include the employment of fulltime Compliance Agents, who will be registered agents at the Dispensary facility(ies) on behalf of Genesis Farms Executive Management Team, and will report directly to ownership, while coordinating and working with the entire management team and staff team to promote a company-wide culture of standardization and compliance. The compliance agent(s) will be responsible for overseeing procedures contained herein where compliance oversight is required, particularly procedures pertaining to quarantines and recall, inventory management and waste management. The compliance agent(s) in coordination with the management team shall audit and inspect all official company records no less than quarterly and if necessary or directed by the Executive Management Team or Department, more frequently as desired or required. These audits shall include<sup>19</sup>:

- (1) analysis of processes, work operations, reports, records, service records, complaints, returned product, and other sources of data to identify existing and potential root causes of nonconformance or other quality problems.
- (2) Identifying any actions needed to correct and prevent recurrence of nonconformance and other quality problems;
- (3) Verifying the corrective action or preventive action to ensure that such action is effective and does not adversely affect finished products or processes;
- (4) Implementing and recording changes in methods and procedures needed to correct and prevent identified quality problems;
- (5) Ensuring the information related to quality problems or nonconformance is disseminated to those directly responsible for assuring the quality of products or the prevention of such problems;
- (6) Submitting relevant information on identified quality problems and corrective action and preventive action documentation and confirming the result of the evaluation for management review; and
- (7) Ensuring that cannabis or cannabis products that are non-usable or otherwise do not meet safety standards established by this article are quickly identified and destroyed or remediated to prevent harm to patients.

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<sup>18</sup> Department Rule 44:90:08:02

<sup>19</sup> Department Rule 44:90:04:02

## Corrective Action Plans

The Compliance Agent(s) and Executive Management Team shall prepare, review and approve all corrective action plans. Corrective action plans will be required and completed any time an incident, event or discovery occurs related to any compliance deficiency, or deviation from any procedure, company policy or standard business operations. In part, Genesis Farms will maintain these corrective action plans, as well as a log recording the time, date, affected parties and details of each corrective action plan that is completed, and will make such records available to the Department upon request. In addition, the Executive Management Team will review all corrective actions for the specific purpose of analyzing and deciding where necessary, improvements or changes in operational plans may be necessary for the purpose of preventing reoccurring deficiencies, deviations or similar events or discoveries. The standards for corrective actions and prevention plans are demonstrated in the Quarantine and Recall plan, which is specifically designed to address the requirements of Department Rule 44:90:04:02, specifically regarding corrective and preventive actions related to cannabis products, inventory or related dispensary services.

**\*See Quarantine and Recall Plan below.**

## Service Animals Policy

It is policy to follow the Americans with Disabilities Act requirements to allow service animals on the premises.

- Only limited inquiries are allowed! Staff may ask two questions: (1) is the dog a service animal required because of a disability and (2) what work or task has the dog been trained to perform? Staff must not ask about the person's disability, require documentation, require a special identification card or training documentation for the dog, or ask the dog to demonstrate its ability to perform the work or task;
- Allergies and fear of dogs are not valid reasons for denying access or refusing service to people with service animals. When a person is allergic to dog dander and a person using a service animal must spend time in the same room, both should be accommodated by assigning them to different locations within the room or preferably different rooms in the facility; A person with a disability cannot be asked to remove his/her service animal from the premises unless: (1) the dog is out of control and the handler does not take effective action to control it or (2) the dog is not housebroken. When there is a legitimate reason to ask that a service animal be removed, staff must offer the customer with the disability an opportunity to obtain goods or services without the animal's presence;
- Establishments that sell or prepare food must allow service animals in public areas, even if state or local health codes prohibit animals on the premises;

- People with disabilities who use service animals cannot be isolated from other patrons, treated less favorably than other patrons or charged fees that are not charged to other patrons without animals. In addition, if a business requires a deposit or fee to be paid by patrons with pets, it must waive the charge for service animals;
- If a business such as a hotel normally charges guests for damage they caused, a customer with a disability may also be charged for damage caused by the customer or the service animal;
- Staff is not required to provide care for a service animal.

### **Assisting Hearing Impaired Customers**

The General Manager must create an informational pamphlet to be provided to hearing impaired customers. The General Manager will ensure each dispensary agent can easily access and provide a hard copy of the standard informational pamphlet and the current menu to hearing impaired persons upon check in. Any agent assisting hearing-impaired customers may also have to communicate by writing and reading.

### **Assisting Visually Impaired Retail Customers and Patients/Caregivers**

The General Manager and all agents under his or her supervision must hold doors and provide polite verbal directions as needed to help visually impaired customers navigate the store. Braille and audio-based menus will be provided upon request for the patients and caregivers.

### **Prohibited Items**

There are some items that cause a safety, security or health risk to dispensary staff and patients. These items are prohibited at all times within the dispensary:

- Cell phones (in the dispensing area)
- Weapons
- Illegal drugs
- Alcohol
- Non-service animals
- Outside food and drink

### **Good Neighbor Policy**

It is our policy to implement and execute a Good Neighbor Plan and respond to any reasonable complaint immediately with a proposed solution and within 7 days or as requested by state and

local authorities. All neighbor communications must be maintained as part of the company recordkeeping process. The intent is mutual respect between neighbors, to avoid adversarial positions, to treat others as one would like to be treated, to keep an open mind, and create a willingness to cooperate in order to create a safe and healthy neighborhood ecosystem.

### **Initial Inventory Documentation**

Prior to commencing business, the General Manager shall:

- Document that the Dispensary has commenced business with no cannabis on hand, and recorded this fact as the initial inventory.
- Establish ongoing inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cannabis, which shall enable the dispensary to detect any diversion, theft or loss in a timely manner.
- Develop and follow up on supply chain LOI from vetted vendors, cultivators and manufacturers.

### **Receiving Inventory**

Under direction of the General Manager, the Inventory Manager is responsible for ordering product, coordinating inventory intake and executing the procedure for receiving inventory. Only the Inventory Manager may confirm transportation manifest and order contents. Genesis Farms may only accept cannabis product deliveries into a secure restricted access area. Deliveries will not be accepted through the public access areas unless otherwise approved by management.

\*At this time, Genesis Farms does not carry any products from any other medical cannabis company, so all delivery agents will also be employees of Genesis Farms, approved for transporting and delivering cannabis products cultivated and manufactured by Genesis Farms licensed cultivation and manufacturing facilities in Box Elder, SD.

### **Receiving Orders**

The Delivery Agent must sign in as a visitor at the using the "Dispensary Visitor Log," is issued a visitor badge and the General Manager must escort the delivery agent back to the appropriate secure area for order verification;

The Inventory Manager must confirm the delivery agent is listed on the accompanying transportation manifest and in the state-mandated inventory management system in accordance with (44:90:04:19). The Inventory Manager must also confirm the following

information matches the transportation manifest:

- Arrival and departure times;
- Name, address, and license number of the receiving company;
- Name, address, and license number of originating company;

- Travel route delivery agent name, driver's license number, agent card number, vehicle make and model, and license plate number;
- Description of the product being delivered;
- Quantity or weight of product (based on the unit of measurement);
- Batch and lot number.

Along with a second agent to verify, the Inventory Manager must count all products and make sure the product information matches the transportation manifest.

The Inventory Manager and a second agent must verify each product is labeled with all of the required information listed in the "package examination log," including:

- Name, certification number and retail license number (if applicable);
- Strain name and product type (if applicable);
- Batch and lot number, harvest date and Final testing date;
- Packaged date, cannabinoid and terpene profile if applicable;
- Expiration date;
- Net weight;
- Production run number, ingredients, allergens, and extraction method and warning statements (if applicable.);
- If all the identifying information and counts are correct, accept and finalize the order.

If the counts are not correct, Genesis Farms will quarantine the order and follow-up with the supplier. Once all counts are confirmed and the paperwork is signed and completed, accept the order in the state-mandated software system, create or finish the purchase order in the POS system. Both the delivering and receiving agents must sign the transportation manifest. Make two copies: one for the vendor and one for Genesis Farms.

### **Annual Inventory Procedure**

A complete and accurate record of all cannabis and manufactured cannabis products on hand shall be prepared by the General Manager annually on the anniversary of the initial inventory, or other date that the General Manager may choose, so long as it is not more than (1) year following the prior year's inventory. All inventories, procedures and other documents required by the State shall be maintained on the premises and made available to the Department at all times. Genesis Farms will file an annual compilation report with the Department, including a financial statement that shall include, but not be limited to: an income statement, balance sheet, profit and loss statement, statement of cash flow, wholesale cost and sales, and any other documentation requested by the Department in writing. The financial statement shall include any other information the Department deems necessary. Statements required by this Section shall be filed with the Department within (60) days after the end of the calendar year.



The compilation report will include a letter authored by a licensed certified public accountant (CPA) that it has been reviewed and is determined accurate based on the information provided.

### **Inventory Methodology**

Genesis Farms will utilize the FIFO inventory model, or “First-In-First-Out—FIFO.” This implies that the dispensing organization’s oldest (age) inventory items are sold first. Dispensary management shall ensure that all employees are trained properly on the inventory methodology to ensure that the oldest products are being sold first and rotated accordingly. Genesis Farms shall track the physical location of all cannabis and manufactured cannabis products using Dutchie, in real time. The Department and law enforcement will be provided access to inventory data at all times.

### **Agent Identification Badges**

Genesis Farms shall provide an agent identification badge to each authorized agent, and only after all pre-employment screening procedures, including certification of a background check, have been completed. The agent identification badge shall include

- The agent's photograph that meets the requirements of § 44:90:02:05(3); and
- In a plain black font not less than 24-point:
  - The first and last name of the agent; and
  - The name of the licensed establishment.

Each agent shall display this badge whenever on the premises of the establishment or while transporting cannabis, or cannabis products on behalf of the licensed establishment<sup>20</sup>. Agents must notify the General Manager immediately upon any loss or damage to any agent identification badge, and if necessary, the General Manager will notify the Department, conduct an investigation, and make a determination to suspend or terminate the employee or to provide a replacement agent identification badge.<sup>21</sup>

Sample:

See attached copy of current Agent badges.

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<sup>20</sup> Department Rule 44:90:04:12

<sup>21</sup> Department Rule 44:90:04:11

**Site Plan (See Attached)**

*Location and Site Plan Compliance Points of Interest<sup>22</sup>:*

- The proposed dispensary location is within the jurisdictional limits of the City of Brookings.
- Genesis Farms shall not share space with a practitioner, nor will Genesis Farms ever under any circumstance, refer any person to a practitioner.
- Genesis Farms proposed medical cannabis dispensary shall not share its location with any other cannabis establishment.
- The proposed dispensary location shall meet all requirements set forth in the Security Plan and comply with Department and City of Brookings laws and regulations, including maintaining electronic video security recording system, a well-lit perimeter, and the facility shall be locked and fully enclosed, and maintain internal security (access control system – detailed in the Access Control Plan) which tracks all access to and within the facility, and additional security measures.
- Genesis Farms, if licensed to conduct a medical cannabis dispensary, shall only conduct business and activities within the respective facilities (as licensed and authorized by the City of Brookings and South Dakota Department of Health), and such activities shall be outside the view of the public.
- All cannabis stored on-site at the Licensed Medical Cannabis Dispensary shall be stored in the secure-storage vault, labeled on the Site Plan”, during non-business hours, and will be stored in the “SALES AREA” while conducting normal business operations during normal business hours. (We would like to review this provision along with our site plan with
- At no time will cannabis be cultivated, harvested, dried, manufactured or tested on-site at the Licensed Medical Cannabis Dispensary.
- Cannabis designated and quarantined for disposal shall be stored and labeled in the secured vault in a clearly labeled and segregated secure storage receptacle until the time of disposal, and in accordance with the Cannabis Waste Disposal Plan. **All cannabis designated for waste disposal shall be transferred back to Genesis Farms Cultivation facility in Box Elder, SD and will be in secure, quarantine storage in the vault while pending transfer.**
- Genesis Farms shall inspect their premises from lot line to lot line, all adjacent streets, sidewalks and alleys adjoining the ir premise, and sidewalks and alleys and remove any litter and debris found there on a daily basis to prevent the accumulation of litter and debris and the accidental or uncontrolled release of cannabis or cannabis products.

<sup>22</sup> Department Rule 44:90:03:05(2)

- All solid waste and recyclable materials shall be stored in refuse containers made of metal or approved plastic and shall be equipped with secure lids or covers, and such covers shall remain closed so as to prevent the intrusion of storm water or vermin.
- Refuse storage containers shall be enclosed on all four sides by screening compatible with the principal structure and not less than two feet higher than the refuse container or shall be otherwise effectively screened from the street and adjacent properties.
- Under no circumstance shall cannabis be permitted in the employee breakroom, lockers, rest room or adjacent hallways.
- The means of legal ingress onto the property from the closest maintained public right away is indicated on the site plan.
- Any gate or perimeter entry point of the dispensary shall have lighting sufficient for observers to see and cameras to record, any activity within ten feet of the gate or entry. A motion detection lighting system may be employed to light required areas in low-light conditions<sup>23</sup>.
- The proposed location is zoned in compliance with the City of Brookings zoning code and is not located within any prohibited setback areas according to local zoning requirements.
- The licensed premises shall remain in compliance with applicable federal, state, and local laws and building codes (including, but not limited to, the prevailing building, plumbing, electrical, mechanical, fuel, gas, and fire codes adopted by the City of Brookings at the time of licensure).<sup>24</sup>
- Genesis Farms shall ensure its security systems, including the camera recording system, is functional and compliant on a daily basis.
- The dispensary shall have signage informing patients that they are under video surveillance.

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<sup>23</sup> Department Rule 44:90:04:05

- Exterior must conform to the City's signage requirements and be approved by the local authorities.
- Signage shall be posted which includes the following:
  - A warning that the use of cannabis may impair a person's ability to drive a motor vehicle or operate machinery, and that it is illegal under state law to drive a motor vehicle or operate machinery when under the influence of or impaired by cannabis;
  - A warning that possession and distribution of cannabis is a violation of federal law;
  - A warning that consumption of cannabis on the property of a cannabis establishment is prohibited by law; and
  - A warning that smoking cannabis in public or on any form of public transportation is prohibited by law.
- Parking plan: the proposed dispensary site plan indicates the number of parking spaces and location of parking spaces, as well as designated handicap parking spaces. Genesis Farms shall review all plans with the City's building department and code compliance staff to ensure sufficient and adequate parking needs are met. Parking spaces designated for handicap usage and will be have adequate space markings and signage and separate by a checkered non-parking space in between the two handicap parking spaces designated for wheelchair/mobile loading and unloading of vehicles.<sup>25</sup>

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<sup>25</sup> Department Rule 44:90:03:09(7)

*Proposed Site Plan*

\*SEE ATTACHED

*Proposed Floor Plan*

\*SEE ATTACHED

*Existing Elevations*

\*SEE ATTACHED



## Management Plan

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### Management Team

#### Contact Information

Title	Name	Email	Phone
Owner	Justin Johnson	<a href="mailto:justin@ourbarssf.com">justin@ourbarssf.com</a>	(605) 728-6055
Owner	Troy Erickson	<a href="mailto:troy@mgoil.com">troy@mgoil.com</a>	(605) 390-2882
Owner	Marlyn Erickson	<a href="mailto:marlyn@mgoil.com">marlyn@mgoil.com</a>	(605) 484-5555
Director of Retail	Emmett Reistroffer	<a href="mailto:emmett@genesisfarmssd.com">emmett@genesisfarmssd.com</a>	(605) 906-3291

#### *Emmett Reistroffer, Retail Director*

Emmett Reistroffer will serve as the General Manager during the pre-operational and business planning/licensing phase of establishing, opening, and operating the dispensary. When necessary, Reistroffer will assist with the recruiting, vetting, selecting, and training of all candidates for key management positions at the dispensary. Reistroffer will have direct oversight of the day-to-day operation of the dispensary facility, and all other agents employed by Genesis Farms.

Emmett is an advocate, consultant and cannabis business development professional and is the Founder and Principal Consultant for Crosswinds Cannabis, based in Sioux Falls, SD. Upon establishing an exclusive management agreement with Genesis Farms founding partners, Emmett suspended his consulting Genesis Farms' operations (August 2021) in pursuit of a fulltime position with Genesis Farms, overseeing all licensing and operations of Genesis Farms' cannabis enterprise in South Dakota.

Emmett's breadth of experience in the cannabis industry includes: managing cannabis manufacturing operations, bringing to market a wide range of cannabis-infused products, including breaking ground for the world's first commercially-available cannabis-infused non-alcoholic beer; consulting and inspecting cultivation, processing and retail facilities across several states; and having successfully secured licenses for more than a dozen companies through highly competitive merit-based cannabis business application processes.

In addition, Emmett's background in public policy research, spearheading legalization campaigns, and serving as a municipal licensing official give Emmett a unique, well-rounded expert knowledgebase on the evolution of legal cannabis. Emmett has been instrumental in passing cannabis reform legislation in Colorado, Oregon, Washington DC, and Nevada, and most recently, successfully lobbied the South Dakota State Legislature to implement Initiated

Measure 26 (medical cannabis). With a broad range of non-profit, advocacy and political

experience, Emmett first formed a consulting firm in 2011, which served political candidates and ballot campaigns, but was later recruited to join Denver Relief Consulting, a premier boutique consulting firm as lead Policy Consultant from 2014 until 2018 in Denver Colorado.

In 2015, Emmett served as a Municipal Liquor and Cannabis Licensing Authority; In 2016, served as Campaign Director and lead spokesperson for Denver's successful Initiative 300 campaign, which created the nation's first licensing process for business establishments and events that integrate adult cannabis consumption. In 2017, Emmett served on the City of Denver's Social Consumption Advisory Committee and has since advised other municipalities and businesses seeking to understand the legal and regulatory landscape for legal cannabis, particularly regarding product development and consumer safety, packaging and labeling, quality management systems, worker safety, odor control, extractions and manufacturing systems, community engagement, and cannabis consumption establishments/events.

Emmett recently launched a consulting firm, Crosswinds Cannabis, with clients in Massachusetts, Missouri, Montana, Nevada, and South Dakota, and soon likely many more states. In part, Emmett was also selected by a court-marshalled receivership entity to assist with restoring operations and ensuring compliance at a 50k+ SF production facility in Las Vegas, NV. Such selection required rigorous vetting and reputable references to validate Emmett's experience and qualifications to take on such a sensitive project under the microscope of community, regulatory and court officials. Piggybacking off this unique turn-around project, Crosswinds Cannabis launched its 'boost' program for cannabis businesses in the first quarter of 2021, offering a unique opportunity for distressed or under-performing cannabis businesses to retain Crosswinds Cannabis and affiliated consultants to investigate, advise and assist the businesses with implementing aggressive improvement/correction plans, addressing all aspects of business performance, such as compliance, administration, cultivation/production efficiencies, resource efficiencies, supply-chain management, proper selection and utilization of ERP, POS and other software systems, compliance with METRC and inventory management requirements, sales and retail practices, community engagement/relations and more.

Previously, Emmett worked at Lighthouse Strategies, serving as both the Director of Compliance and Licensing and General Manager at the flagship Nevada-based infused cannabis product manufacturing facility. As GM, Emmett oversaw the production and launch of several new products and oversaw manufacturing of nearly every product type at Nevada's largest and most active cannabis product manufacturing facility, producing confections (gummies), chocolates, bottled and canned beverages, topical lotions, creams, balms, transdermal patches, vaporizers and more. Emmett worked closely with corporate leadership to standardize operations across the enterprise, including a robust compliance and reporting program, SOPs, quarterly audits, an annual staffing plan, and GAAP-compliant accounting and recordkeeping processes. Emmett is credited for helping improve supply-chain reliability and leveraging new savings, hiring, and training inventory management staff, and improving target inventory levels (order fulfillment),

sales strategies, production planning and other processes, and ultimately expanding overall market capture and increasing revenue.

Emmett has worked with FDA consultants to develop and implement a state-approved Hazard Analysis and Critical Control Point (HACCP) Plan, as part of satisfying state regulators toward the launch of unique cannabis infused-products. Other experience areas include all aspects of planning and managing a cannabis business, including legal, finance, production, accounting, logistics/distribution, and sales. Having worked closely with cannabis businesses, government regulators and community stakeholders in a variety of capacities, Emmett is eager to be a role model representative for the legal cannabis industry and will continue to seek strong relations with policymakers and community leaders and promote a responsible cannabis industry that creates positive community impacts.

### **Management Positions**

Genesis Farms will seek to fulfill all necessary key management positions within thirty (30) days after receiving final approval for licensure and approval from the Department and local authorities. As such, the Executive Management Team, consisting of the founding partners and General Manager, will be responsible for the recruitment and fulfillment of all key management positions within the organization, including vetting, selecting, and training, to ensure the success of each key manager in his or her role.

### *Reporting Changes*

Genesis Farms shall remain under the direction of the individuals identified in its management plan and provide the department an updated management plan within seven days after any change in management personnel occurs, pursuant to 44:90:04:01 of the Department Rules. In addition, Genesis Farms shall notify the local licensing/regulatory authorities of the name, address, and date of birth of each owner, shareholder, LLC member and manager, principal officer, and board member of the proposed medical cannabis dispensary, as well as the name, address and date of birth of any employees, at the time the application is filed and upon future hires or changes in organization.

### *Key Management Positions*

- Retail Director – Emmett Reistroffer
- Inventory & Logistics Manager – Thomas Lund
- General Manager – Emmett Reistroffer (Interim)
- Assistant Manager – candidates currently under consideration

## **Position Descriptions**

### *General Manager*

The General Manager manages a wide variety of staff positions with a retail focus, analytically and socially intelligent, able to be responsible for the company while maintaining a problem-solving, vision-based attitude. The Manager should have legal and financial knowledge while simultaneously focusing on short and long-term goals. They shall also identify and respond to problems quickly and appropriately. The General Manager is responsible for day-to-day operations including personnel management, customer service, facility/equipment upkeep and all dispensary activities. The General Manager will be available on-site.

### *Assistant Manager*

Works with the General Manager to ensure dispensary operations are successful and compliant. The Assistant Manager will be available on-site.

### *Human Resources Manager*

Prepares Genesis Farms handbooks and job duties. Keeps all agent files and records and oversees all hiring, termination, and agent reviews. Ensures operations and staff are compliant with state and local regulations.

### *Compliance Manager*

Drafts and monitors all compliance procedures. Continually reconciles and monitors cannabis inventory to maintain full compliance with Department regulations. Maintains communication with all state and local law enforcement and regulatory agencies to ensure consistent material compliance. Must have extensive knowledge of Department regulations and structured compliance training. Possesses extensive knowledge of all Department regulations pertaining to cannabis and maintains relationships with local municipalities, law enforcement and state government agencies.

### *Security Manager*

Demonstrates experience in a security management role; able to develop and manage security protocols and operating procedures in accordance with Genesis Farms policies and able to identify and respond to breaches in security or dangerous situations. Must have knowledge of cannabis policy and law enforcement. Must be able to provide security for daily dispensary operations.

### *Inventory Manager*

Demonstrates experience managing agents and basic business operations; demonstrates experience in a position requiring critical-thinking, problem-solving, planning and assessment, computer literacy, word processing, Dutchie inventory and database management, and knowledge of cannabis compliance.

### *Dispensary Patient Care Manager*

The Dispensary Patient Care Manager manages all of the Patient Care Agents within the dispensary. They are responsible for providing superior patient care and educational guidance to registered patients and caregivers. The position is responsible for recording, arranging, packaging, and recording patient orders in point of sale (POS) system. The Dispensary Patient Care Agent is accountable for processing accurate cash, check, and credit card transactions. Additional duties include: answering phones, responding to patient and/or caregiver inquiries, maintaining a clean and organized work area, and ensuring the facility is kept clean and presentable at all times.

### *Recordkeeping Manager*

Demonstrates experience managing records and advanced documentation of business operations. Demonstrates experience in a position requiring critical-thinking, problem-solving, planning and assessment. Ensures operations and staff are compliant with state and local regulations regarding all records and documentation.

### *Marketing Manager*

The Marketing Manager promotes businesses, services, products and the Genesis Farms brand within state and local regulations. The Marketing Manager will develop marketing and pricing strategies, generate new business leads, and oversee marketing department staff and contractors.

## **Staffing Overview**

Genesis Farms staffing and training policies dictate the processes the company will use to manage human resources to provide the highest quality service and products for patients while acting in compliance with Department regulations. The General Manager in coordination with the Human Resources Manager is responsible for maintaining and updating the policies, which will ensure that Genesis Farms has sufficient staff possessing the correct skill-sets and experience needed to ensure the success of all dispensing operations. Genesis Farms encourages personal growth, development, and empowerment for its agents. All agents are encouraged to provide input and suggest new policies and processes.

Genesis Farms is expecting to hire an estimated 5 FTE (full-time equivalent) employee positions within one year of being licensed to dispense. During the pre-launch hiring process, we have identified potential FTE employees, mostly ownership, management, and upper-level positions.



## Pre-Employment Screening Procedures

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### Policy

Genesis Farms shall ensure proper vetting and verification of qualifications for all officers, managers, and agents employed by the organization, and as such, shall ensure proper pre-employment screening procedures are completed and documented so that the Licensed Medical Cannabis Dispensary does not employ any person (or have any owner, LLC member or manager, shareholder, principal officer or board member) who has been convicted of a disqualifying offense or is under twenty-one years of age, in accordance with SDCL 34-20G-62<sup>26</sup>.

At no time shall Genesis Farms have any owner, LLC member or manager, shareholder, principal officer, or board member who has served as an owner, LLC member or manager, shareholder, principal officer, or board member for a medical cannabis dispensary that has had its state registration certificate or any local, municipal, or county license revoked; and if upon any revocation occurs, the individual shall be immediately suspended from their involvement in Genesis Farms and the Department will be notified and consulted to determine an appropriate course of action. At the time of application, all owners and employees are residents of the State of South Dakota, and at all times Genesis Farms shall maintain and ensure at least one of the owners, LLC members, or shareholders shall be a resident of the State of South Dakota.<sup>27</sup>

For the purpose of this requirement, a disqualifying offense shall have the meaning as defined by SDCL 34-20G-1(11)<sup>28</sup> and ARSD 44:90:03:01(8):.

*"Disqualifying felony offense," a violent crime that was classified as a felony in the jurisdiction where the person was convicted.*

### Procedures

#### *Certification of Background Check*

Prior to officially offering a position of employment or issuing an Agent Identification Badge to any candidate for a position at the Licensed Medical Cannabis Dispensary, Genesis Farms must first complete an internal procedure for the verification of eligibility, which shall include obtaining certification that a background check has been completed for the candidate, and that the background check confirms the agent has not been convicted of a disqualifying offense in accordance with SDCL 34-20G-1(11) and ARSD 44:90:03:01(8). Genesis Farms shall consult the

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<sup>26</sup> [https://sdlegislature.gov/Statutes/Codified\\_Laws/2078903](https://sdlegislature.gov/Statutes/Codified_Laws/2078903)

<sup>28</sup> [https://sdlegislature.gov/Statutes/Codified\\_Laws/2078845](https://sdlegislature.gov/Statutes/Codified_Laws/2078845)



Department and local licensing/regulatory authorities and if necessary, the local Sheriff's Department, pertaining to the authenticity and legitimacy of all background checks conducted and certified. Genesis Farms shall require state background checks be completed within 30 days prior to hiring and onboarding of any new agent, which shall be completed and verified by the South Dakota Division of Criminal Investigation. The General Manager shall be responsible for maintaining a record of all agents including their certification of a background check. <sup>29</sup>

Under no circumstances shall Genesis Farms employ any person who has been convicted of a disqualifying felony offense. All employees of the dispensary must be over 21 years old. <sup>30</sup>

#### *I-9 Eligibility*

All new hires are required by federal law to verify their identity and eligibility to work in the United States by completing an I-9 Form by their first day of employment. If verification of employment eligibility is not completed during the first day of employment, we are required by law to terminate the employee.

#### *Physical Examination*

For certain positions or under certain circumstances and after an offer of employment, a physical examination may be required. When a physical examination is requested, it will be conducted by a Genesis Farms-appointed physician at the Genesis Farms' expense. Employment and assignment will be conditional pending the receipt of a satisfactory physician's report.

#### *Motor Vehicle Record Inquiry*

Prospective employees operating vehicles during the course of work may be required to provide the Genesis Farms with current and acceptable motor vehicle driving information. If required, employment and assignment will be conditional pending the receipt of a satisfactory report from the South Dakota Department of Revenue, Motor Vehicle Division.

#### *Notification to Department*

It shall be the responsibility of the General Manager to notify the Department and local licensing/regulatory authorities upon the completion and certification of a background check for any agent who is to be employed by and provided an Agent Identification Card for the purpose of working at the Licensed Medical Cannabis Dispensary. Under no circumstance shall any person be employed by, provided access to or otherwise permitted to work/volunteer/access/conduct duties at the Licensed Medical Cannabis Dispensary without

first completing certification of a background check and receiving approval from the General Manager to begin employment and official work duties.

## Training Plan

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### Overview

In accordance with State Laws, Department rules and other state and local regulations, all agents and employees will complete all state, local and Genesis Farms required training and certifications before beginning official duties at the Licensed Medical Cannabis Dispensary. Upon completion of training, the General Manager will be responsible for maintaining each employee file with current training documents and a training log, which may be provided to the Department and/or local licensing/regulatory authorities as requested.

**\*Please refer to the Organizational Chart below for a representation of our dispensary staffing structure.**

### Training Requirements

- Required training on use of the inventory tracking system, pursuant to ARSD 44:90:04:16, including but not limited to, a minimum of two hours of training in record-keeping.
- Any establishment agent who will enter data into the inventory tracking system required by the department shall additionally receive at minimum two hours of hands-on training.
- At least one establishment agent for each establishment shall receive at minimum four hours of training to act as an administrator of the inventory tracking system.
- Required training in all aspects of the establishment's security protocols, pursuant to ARSD 44:90:04:17, which must focus on the agent's role in deterring and preventing theft and preventing unauthorized access to the licensed premises.
- Required training, which must be completed before interacting with any cardholder, to determine the authenticity of registry identification cards, to ensure that the person presenting a registry identification card is the authorized cardholder, use of the verification system by phone, point-of-sale software, and mobile application, tracking the amount of cannabis dispensed for a patient's use and consolidating the amounts in sales to the patient and the patient's designated caregiver, and to verify that the dispensary has been designated to make sales to the patient or the patient's designated caregiver<sup>31</sup>.
- All Standard Operating Procedures ("SOP") required for the agents position to ensure consistency, accuracy, and effectiveness of dispensary operations (Please see SOP section below).

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<sup>31</sup> Department Rule 44:90:08:03

- Sell-SMaRT™ Certification by Cannabis Trainers, or a similar training curriculum addressing industry best practices, trends, and important information; and
- Any additional training as deemed necessary by Genesis Farms, the Department, and/or local licensing/regulatory authorities to ensure safety, security, risk mitigation, proper patient care, and the success of the Licensed Medical Cannabis Dispensary.

### **Sell-SMaRT™ by Cannabis Trainers**

Selling Cannabis involves many risks. Failure to act responsibly and proactively could result in fines, imprisonment, and suspension of licenses, increased insurance costs, or getting shut down. Cannabis Trainers invites savvy, professional operators to prepare their team to handle these potential risks with extensive, in-depth training programs.

Maureen McNamara is a Trainer, Facilitator and Coach. She has led hundreds of workshops and coaches' business professionals and entrepreneurs to create more success and joy in their lives. With 20+ years of professional training experience, Maureen has trained and certified 15,000+ employees, managers, and owners in national certification programs. She has facilitated classes for small locally owned businesses as well as international corporations. Maureen is the Founder and Chief Facilitator with Cannabis Trainers™; a corporation created to deliver training solutions for the Cannabis Industry. She has combined her skills and expertise into a comprehensive, engaging program to ensure the Responsible, Knowledgeable and Safe sale of cannabis: Sell-SMaRT™<sup>32</sup>.

Cannabis Trainers worked with the Colorado Cannabis Enforcement Division to design the Cannabis Responsible Vendor Program ("RVP") in 2014. The Sell-SMaRT™ program is the first approved RVP program in the country.

The Facilitators at Cannabis Trainers are professionals in the industry who complete a rigorous 20+ hour training program. They bring their wisdom of compliance to the industry to inspire Sales Associates and Dispensary Agents to sell safely. The team at Cannabis Trainers delivers highly interactive and compelling workshops with enthusiasm, humor, and professional facilitation. In addition to the Sell-SMaRT™ program, they are pleased to deliver the nationally recognized ServSafe® Food Safety training. They've created additional programs to enhance service excellence and professional development in the industry.

Cannabis Trainers is a Founding Member of Women Grow and a proud member of the National Cannabis Industry Association, California Cannabis Industry Association, and the Minority Cannabis Business Association. Committed to excellence, professionalism, and safety; Cannabis Trainers is a powerful partner to organizations and businesses in the Cannabis Industry.

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<sup>32</sup> <https://cannabistrainers.com/category/sell-smart/>

Learn more about Cannabis Trainers at <http://www.CannabisTrainers.com>

## **Patient Privacy Training**

Genesis Farms agents who are responsible for verifying, serving, and handling information on behalf of qualifying patients and caregivers, must be trained on the following provisions of HIPAA compliance prior to beginning official job duties:

### *1. What is HIPAA compliance?*

Health Information Portability and Accountability Act (HIPAA) is a federal and state mandate requiring healthcare entities to keep patient's data protected. Compliance requires a number of privacy and security actions such as: password policy creation, patient data protection, and agent training.

### *2. What is a Covered Entity (CE)?*

Any business entity that must by law comply with HIPAA regulations, which include healthcare providers, insurance companies, and clearinghouses. In this context, health care providers include doctors, medical, dental, vision clinics, hospitals, medical cannabis dispensaries and related health caregivers including agents who work within medical cannabis dispensaries.

### *3. What is a Business Associate (BA)?*

An entity that receives patient data from either a covered entity, or from another business associate. An example is a call center that handles patient calls for a medical licensed cannabis dispensary organization. The call center practices must be HIPAA compliant, if not, the medical licensed cannabis dispensary organization will be fully liable for the actions of the call center.

### *4. What is Personally Identifiable Information (PII)?*

Information that can be used to distinguish or trace an individual's identity, either alone or when combined with other personal or identifying information that is linked or linkable to a specific individual. PII includes common identifiers such as: name, address, social security number, date of birth, or any other information that can be used to identify the individual.

### *5. What is Protected Health Information (PHI)?*

Privacy Rule protects all "individually identifiable health information" held or transmitted or maintained by a covered entity or its business associate, in any form or media, whether electronic, paper, or oral. Information collected by a covered entity relating to the past,

present, or future health or condition of an individual and must be protected.<sup>33</sup> PHI is a subset of PII. Some PHI examples include medical records, facial photo, and cannabis allotment limits.

*6. Types of PHI include?*

Protected health information is information, including demographic information, which relates to<sup>34</sup>: the individual's past, present, or future physical or mental health or condition, the provision of health care to the individual, or the past, present, or future payment for the provision of health care to the individual, and that identifies the individual or for which there is a reasonable basis to believe can be used to identify the individual. Protected health information includes many common identifiers (e.g., name, address, birth date, Social Security Number) when they can be associated with the health information listed above.

*7. Who is responsible for HIPAA?*

Healthcare entities including medical cannabis dispensaries and its individual staff members who accesses PHI are responsible for HIPAA privacy and security. Entities are responsible to implement necessary safeguards to ensure HIPAA compliance for medical cannabis patients. Individuals and entities can face civil and/or criminal charges for mishandling PHI.

*8. Who is required to become HIPAA compliant?*

Any covered or business associate including medical cannabis dispensaries that stores, processes, transmits, maintains, or handles protected health information in any way must be compliant.

*9. Does HIPAA extend to medical cannabis?*

Yes. Any Licensed Medical Cannabis Dispensary or organization that works with a Licensed Medical Cannabis Dispensary, that collects, processes, stores, or transmits PHI about a customer is bound by HIPAA. Examples include: a medical cannabis dispensary who uses a website to process online orders (include 3rd party websites) or processes payments electronically through their point-of-sale system. At current time, Genesis Farms has no plans to utilize third-party organizations for online ordering or other patient support services.

*10. What's the difference between the HIPAA Security and Privacy rules?*

Privacy Rule addresses appropriate PHI use and disclosure practices by healthcare entities. Security Rule addresses safeguarding the systems that store and/or transmit PHI utilized by healthcare entities including Licensed Medical Cannabis Dispensaries.

*11. When is PHI required to be disclosed by a Licensed Medical Cannabis Dispensary:*

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<sup>33</sup> 45 CFR § 160.103

<sup>34</sup> [https://www.hhs.gov/hipaa/for-professionals/privacy/special-topics/de-identification/index.html#\\_edn2](https://www.hhs.gov/hipaa/for-professionals/privacy/special-topics/de-identification/index.html#_edn2)

A medical cannabis dispensary must disclose protected health information in only two situations: to individuals (or their personal representatives) specifically when they request access to, or an accounting of disclosures of, their own personal protected health information; and to the Department or a Law Enforcement Agency, when it is undertaking a compliance investigation or review or enforcement action.

*12. Can I disclose a medical cannabis patient PHI over the phone or email?*

Yes. If the medical cannabis patient or their designated caregiver(s) contact their medical dispensary and request information including their allotment, purchase history, or product information, the Licensed Medical Cannabis Dispensary must disclose the requested information directly pertaining to the patient. Communicating to a medical cannabis patient over the phone must require initial verification of the patient by asking him or her to verify his or her patient registry number and any other information that may be deemed necessary for proper verification. Communicating to medical cannabis patients via email must be encrypted.

*13. As a medical cannabis dispensary agent, can I discuss PHI to others including coworkers, other dispensaries or healthcare providers including designated caregivers?*

Yes. You are covered in sharing that information during the course of a patient's treatment, payment or operations exemption seen in the federal statute. If the sharing of PHI is not in the assistance for a patient's care or not covered under a federal exemption, then it is a HIPAA violation.

*14. As a medical cannabis dispensary agent, can I discuss PHI to the patient's family members?*

Yes. The patient does have the right to object with the information being shared, however, the medical cannabis dispensary may rely on their best judgement when sharing that information to family members or caregivers in the care of the medical cannabis patient.

*15. Is a medical cannabis dispensary required to distribute a "Notice of Privacy Practices for Protected Health Information"?*

Yes. The Privacy Rule provides that an individual has a right to adequate notice of how a covered entity may use and disclose protected health information about the individual, as well as his or her rights and the covered entity's obligations with respect to that information. Most covered entities must develop and provide individuals with this notice of their privacy practices.<sup>35</sup>

*16. What information is required for the "Notice of Privacy Practices for Protected Health Information"?*

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<sup>37</sup> 45 CFR § 164.520

Covered entities are required to provide a notice in plain language that describes:

- How the covered entity may use and disclose protected health information about an individual.
- The individual's rights with respect to the information and how the individual may exercise these rights, including how the individual may complain to the covered entity.
- The covered entity's legal duties with respect to the information, including a statement that the covered entity is required by law to maintain the privacy of protected health information.
- Whom individuals can contact for further information about the covered entity's privacy policies.

The notice must include an effective date. See 45 CFR 164.520(b) specifies the requirements for developing the content of the notice. A covered entity is required to promptly revise and distribute its notice whenever it makes material changes to any of its privacy practices. See 164.520(c)(2)(iv) for covered health care providers with direct treatment relationships with individuals.<sup>36</sup>

*17. When is the medical cannabis dispensary required to provide the "Notice of Privacy Practices for Protected Health Information"?*<sup>37</sup>

- A covered entity must make its notice available to any person who asks for it.
- A covered entity must prominently post and make available its notice on any website it maintains that provides information about its customer services or benefits.
- Provide the notice to the individual no later than the date of first service to the patient. The assisting agent must make a good faith effort to obtain the individual's written acknowledgment of receipt of the notice. If an acknowledgment cannot be obtained, the provider must document his or her efforts to obtain the acknowledgment and the reason why it was not obtained.
- When first service delivery to an individual is provided over the Internet, through e-mail, or otherwise electronically, the provider must send an electronic notice automatically and contemporaneously in response to the individual's first request for service. The provider must make a good faith effort to obtain a return receipt or other transmission from the individual in response to receiving the notice.

*18. How do I become HIPAA compliant?*

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<sup>36</sup> 45 CFR § 164.520

<sup>37</sup> 45 CFR § 164.520



Administer a comprehensive risk analysis (at least annually), conduct a risk management, conduct employee training (at least annually), and implement updated policies and procedures.

*19. When do Licensed Medical Cannabis Dispensaries need to be compliant with HIPAA regulations?*

For notice of Privacy Practices for Protected Health Information should be available for patients no later than the opening date of the dispensary. Complete security risk assessment and compliance with encryption of electronic devices and networks (computers, tablets, websites, etc.) should be no later than the opening date of the dispensary, and the General Manager should maintain a log documenting all related trainings, audits and assessments.

*20. Who enforces HIPAA compliance?*

The Health and Human Services Department (“HHS”) Office for Civil Rights is responsible for enforcing the Privacy and Security Rules.

*21. What are the penalties for HIPAA non-compliance?*

The penalties for noncompliance are based on the level of negligence and can range from \$100 to \$50,000 per violation (or per record), with a maximum penalty of \$1.5 million per year for violations of an identical provision. Violations can also carry criminal charges that can result in jail time. Penalties can be assessed on either the agent, dispensary, or both.

*22. What is a HIPAA violation?*

Each failure to follow one or more of the HIPAA standards, requirements, or implementation specifications is considered a violation. HIPAA violation examples seen in medical cannabis dispensaries include sharing computer passwords, discussing PHI to outside 3rd parties, not using an industry-standard firewall, not encrypting computers or networks where data is transmitted and/or stored, not encrypting emailed patient data, not disclosing PHI from requested patient. These are all separate violations and can lead to enforcement actions from the HHS.

*23. Am I expected to conduct a HIPAA audit?*

Yes. Genesis Farms expects the General Manager, in coordination with the Executive Management Team and dispensary agents, to actively work on their HIPAA compliance and to conduct internal tests and audits (at least annually). An entity could be chosen for a HIPAA compliance audit at random, or because of a reported breach by an agent or patient. Noncompliance can lead to enforcement from the HHS.

*24. How is a HIPAA Breach defined?*

A breach is, generally, an impermissible use or disclosure under the Privacy Rule that compromises the security or privacy of the protected health information.<sup>38</sup>

*25. Are there any exceptions to a HIPAA breach?*

Yes. There are three exceptions to the definition of “breach.”<sup>39</sup>

- The first exception applies to the unintentional acquisition, access, or use of protected health information by a workforce member or person acting under the authority of a covered entity or business associate, if such acquisition, access, or use was made in good faith and within the scope of authority.
- The second exception applies to the inadvertent disclosure of protected health information by a person authorized to access protected health information at a covered entity or business associate to another person authorized to access protected health information at the covered entity or business associate, or organized health care arrangement in which the covered entity participates. In both cases, the information cannot be further used or disclosed in a manner not permitted by the Privacy Rule.
- The final exception applies if the covered entity or business associate has a good faith belief that the unauthorized person to whom the impermissible disclosure was made, would not have been able to retain the information.

*26. If a HIPAA breach occurs at the Licensed Medical Cannabis Dispensary or with any of my business associates, am I required to notify my medical cannabis patients?*

Yes. Covered entities must notify affected individuals following the discovery of a breach of unsecured protected health information:<sup>40</sup>

Individual Notification 1-500 impacted patients:

- Covered entities must provide this individual notice in written form by first-class mail, or alternatively, by encrypted, secured e-mail if the affected individual has agreed to receive such notices electronically.
- If the covered entity has insufficient or out-of-date contact information for 10 or more individuals, the covered entity must provide substitute individual notice by either posting the notice on the home page of its website for at least 90 days or by providing the notice in major print or broadcast media where the affected individuals likely reside.
- The covered entity must include a toll-free phone number that remains active for at least 90 days where individuals can learn if their information was involved in the breach.

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<sup>38</sup> <https://www.hhs.gov/hipaa/for-professionals/breach-notification/index.html>

<sup>39</sup> 45 CFR § 164.402

<sup>40</sup> 45 CFR § 164.404

- If the covered entity has insufficient or out-of-date contact information for fewer than 10 individuals, the covered entity may provide substitute notice by an alternative form of written notice, by telephone, or other means.

Individual Notification over 500 impacted patients (include Media):

- Covered entities that experience a breach affecting more than 500 residents of a State or jurisdiction are, in addition to notifying the affected individuals, required to provide notice to prominent media outlets serving the State or jurisdiction within 60 calendar days following the discovery of a breach and must include the same information required for an individual notice.

*27. If a HIPAA breach occurs at a Licensed Medical Cannabis Dispensary or with any business associates, must licensing and regulatory authorities be notified?*

Not necessarily, as HIPAA compliance by Licensed Medical Cannabis Establishments is not yet explicitly addressed by South Dakota law at this time, however, it shall be the position of Genesis Farms to comply with federal HIPAA law and related requirements, as such, will notify the Department of breaches of protected health information.

*28. When must a medical cannabis dispensary notify its medical cannabis patients of a HIPAA breach?*

Notifications must be provided without unreasonable delay and in no case later than 60 calendar days following the discovery of a breach.<sup>41</sup>

*29. What information is required in HIPAA breach notifications to medical cannabis patients? Notifications, in plain language, must include, to the extent possible:<sup>42</sup>*

- a brief description of the breach
- a description of the types of information that were involved in the breach
- the steps affected individuals should take to protect themselves from potential harm
- a brief description of what the covered entity is doing to investigate the breach, mitigate the harm, and prevent further breaches
- contact procedures for individuals to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address

*30. Should the Department and any other authorities be notified when computers or official records are stolen from a Licensed Medical Cannabis Dispensary?*

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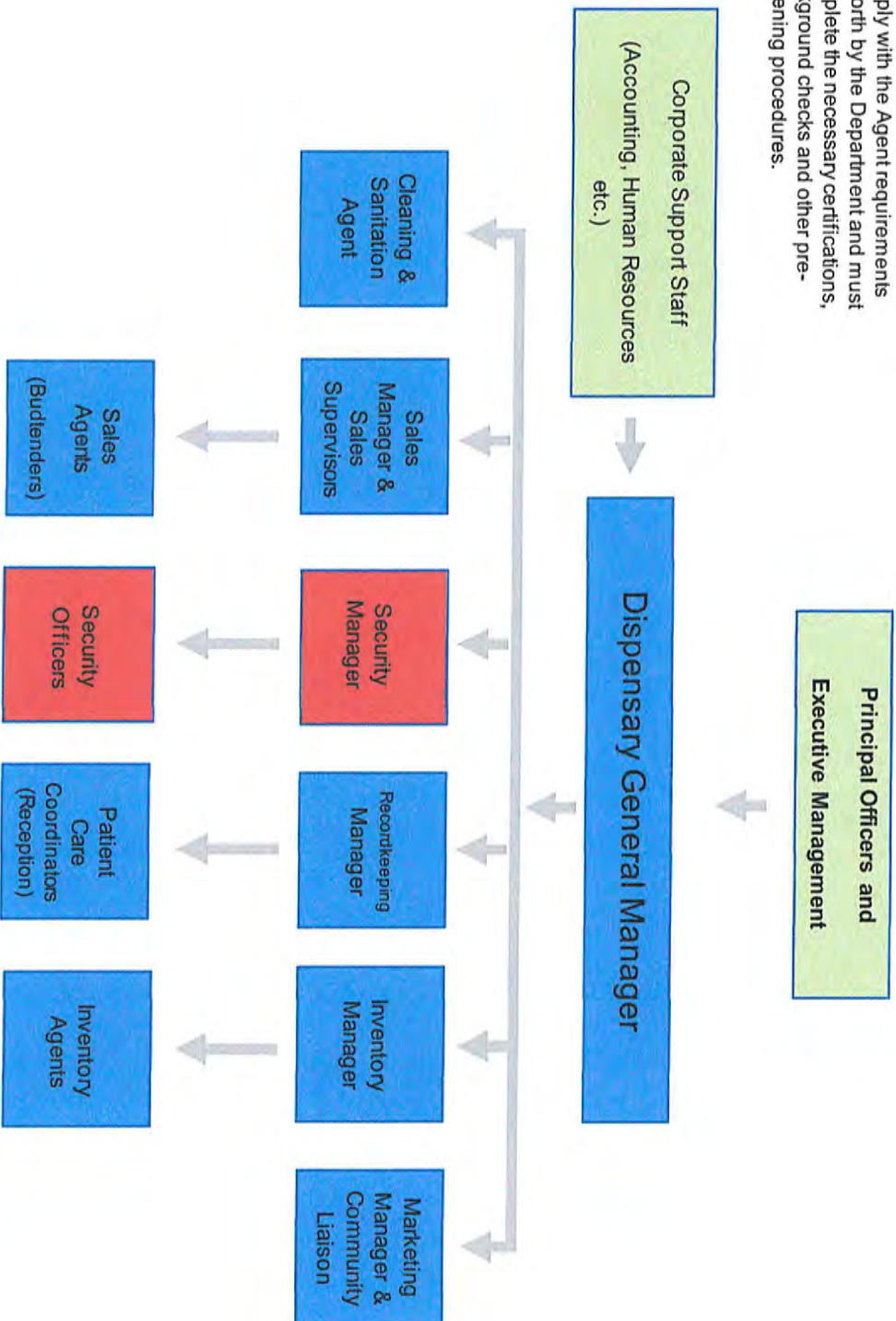
<sup>41</sup> 45 CFR § 164.404(b)

<sup>42</sup> 45 CFR § 164.402(c)

Yes. Contact the General Manager and Security Manager immediately, and the manager shall contact the Department and local licensing/regulatory authorities and the appropriate local law enforcement agency immediately. Log the incident with all relevant details in the appropriate security and incident report/log. All managers and agents must comply with any investigations or enforcement actions pursued by the Department or other authorities. The notification must indicate HIPAA Breach and include specific information about the incident, including but not limited to, time/date, location and items and inventory which are damaged, missing or were/are subject to breach.

### Organizational Chart

\*All positions reflected herein shall comply with the Agent requirements set forth by the Department and must complete the necessary certifications, background checks and other pre-screening procedures.



\*Security Officers may be third-party contractors, contingent on training certification and registration with the Department.

Genesis Farms, LLC Business Plan – Last Updated October 28<sup>th</sup>, 2021  
**CONFIDENTIAL – DO NOT DUPLICATE OR DISTRIBUTE WITHOUT PERMISSION FROM GENESIS FARMS, LLC**

## Training Standard Operating Procedure

<b>Genesis Farms SOP</b>	<b>Title: Training SOP</b>	
	<b>Last Updated:</b>	09/01/2021
	<b>Approved By:</b>	Emmett Reistroffer

### *Purpose*

The Training SOP is intended to provide a framework and detailed description of the training and continuing education opportunities that are provided to employees. Authorized Agents (“Agents”) on the licensed premises must follow all policies and procedures in accordance with Genesis Farms Standard Operating Procedures (“SOPs”) and in accordance with all state and local laws and applicable regulations.

### *Personal Protective Equipment (PPE)*

The following shall be clean or new prior to each use:

- Face covering (or disposable respirator when necessary)
- Company uniform

### *Supplies*

- PPE supplies
- Panic Button
- Safety Radio or 2-way Radio
- “Accident Investigation Report”
- “Employee Accident Report Form”

### *Responsibilities*

The General Manager (“GM”) is responsible for establishing general personnel policies and procedures, and all Authorized Agents are responsible for adhering to and complying with all related policies and procedures.

### *Procedures*

#### *Training and Supervision*

- The GM has ultimate accountability and responsibility for the entire team, but each Agent has an equally important role in being a team player and ensuring an overall cohesive, productive, and compliant work environment.
- The GM and designated facility manager will train and supervise all personnel on daily tasks and work with each position directly to help amend and update any policy or procedure documents as processes are refined for efficiency.

#### *Training & Specialized Education*

New hire orientation training is provided for all employees of Genesis Farms. The briefing and training include security and safety measures, inventory tracking, and training that covers prevention of diversion or theft, emergency responses, and patient privacy, and other protocols.

#### *Periodic Training*

Throughout the year, mandatory refresher courses are completed by all employees of Genesis Farms and are recorded. The purpose of periodic training is to re-familiarize employees with current standards. The following training is applicable to both new and seasoned employees and is meant to enhance overall safety and security, prevent or minimize potential incidents, and allow the staff to react confidently to crises or emergency situations.

As part of every training course, all trainees are required to pass a test demonstrating that they have learned the materials being presented.

Mandatory Subjects for All Employees Include:

1. Security systems and protocols
2. Workplace safety
3. Harassment
4. General Standards of Conduct
5. Property and Equipment Care
6. Facility Cleaning and Maintenance

7. Inventory Tracking
8. Basic Emergency Responses
9. Fire and Electrical Safety
10. Standard Operating Procedures
11. Any other area deemed necessary by the GM

Other Subjects That May Apply to Specific Agent Positions:

1. Receiving Inventory
2. Inventory Audits and Control
3. Effective Communication Procedures
4. Customer Relations
5. First-aid/ Cardio-Pulmonary Resuscitation (CPR) and Emergency Medical Response
6. Incident Reporting

The following table outlines the mandatory Safety & Security training for all staff:

Mandatory Training	Target group	Time Frame
Basic Safety and Security Course	All employees	Once a year
(In-Genesis Farms) Refresher Safety & Security Course (Obligatory)	All employees after following a safety & security training	Once a year
Review of Genesis Farms Policies; Customer Relations, Harassment, Basic Safety, Property and Equipment Care	All Employees	Once a year
Crisis Management	All employees	Once a year
First Aid and Emergency Medical Response	Select employees	Once a year



Fire and Electrical Safety	All employees	Once a year
Evacuation Procedures	All employees	Once a year
Security	Select employees	Once a year
Training For Receiving and Auditing Inventory	Select employees	Once a year

### *Basic Safety and Security*

A course schedule focused on the following areas:

1. Security Awareness
2. Proper Operation of Security Systems
3. Incident Reporting
4. Fire and Electrical Systems
5. Emergency First Response & Basic First Aid
6. Evacuation Procedures
7. Dealing with Employee or Customer Aggression
8. Standard Operating Procedures (SOP) Reviews
  - a. Wash hands after contact with any potential contaminant.
  - b. Keep fingernails trimmed, filed and cleanable
  - c. Keep long hair tied back
  - d. Wear clean clothing
9. Simulations
10. Incident Analysis

### *Refresher Safety and Security Course*

One-day on-site training courses are required to reinforce the knowledge and skills from previous Safety & Security training.

1. Emergency First Response / First Aid
2. Fire and Electrical Awareness
3. Dealing with Aggression
4. Evacuation

#### *Review of Genesis Farms Policies*

A course to reacquaint all employees with Genesis Farms policies relating to appropriate employee conduct focused on the following:

1. Customer Relations policy
2. Standards of Conduct policy
3. Harassment policy
4. Property and Equipment care policy
5. Any other policy or procedure as deemed by the GM

#### *Crisis Management*

A course focusing on the following areas:

1. To identify the responsibilities of a crisis management team
2. To identify the tools and security procedures for crisis management
3. To effectively function as a team when managing a crisis situation
4. Simulation training
5. Communication During a Crisis
6. Effective Response During a Crisis

#### *Dispensary Agents*

All Dispensary Agents are required to receive training in the following areas:

1. Strains of cannabis and cannabis product types
2. Methods of ingestion and types of effects
3. Signs of Drug Abuse

4. Packaging, Labeling and warning requirements
5. Authorized persons and visitors
  - a. Log
  - b. Escort
  - c. Visitor Badge

## Training Checklist

### HR:

- Review and complete certification of background check
- Review and complete I-9 eligibility
- Review and complete training on Genesis Farms policies
- Review employee handbook and agree to all employment policies
- Review and agree to drug, alcohol and tobacco policies
- Review and agree to anti-harassment policies
- Review and complete requirements to obtain an Agent Identification Card

### Operations:

- Tour facility and key introductions
- Review facility training presentation
  - o Security requirements (2 hours)
  - o Safety requirements (2 hours)
  - o Inventory tracking requirements (2 hours)
  - o Cleaning and sanitation
  - o Patient privacy
  - o Patient care
  - o Facility requirements
  - o General compliance
- Review cannabis training presentation
  - o Cannabis science
  - o Methods of consumption and types of products
- Review and agree to facility security policies (sign access card agreement form upon issuance)
- Review and agree to Good Manufacturing Practices (GMPs)
- Review and agree to job specific safety requirements
  - o Accident and hazard documentation
  - o Agent illness and exposure
  - o SDS locations
  - o Chemical storage/handling
  - o Foot, hand, eye, skin protection
  - o Emergency response procedures
  - o Foot, hand, eye, skin protection
  - o First aid kit and safety supply location
- Standard Operating Procedures relevant to each assigned position, provided by the General Manager
- Proper use and handling of records, provided by the General Manager
- Review and agree to compliance with laws and regulations, provided by the General Manager

### Agreement Forms:

- Agent Identification Card requirements
- Employee handbook agreement form
- Drug, alcohol, and tobacco policies agreement form
- Anti-harassment policies agreement form
- Facility security and access control agreement form
- GMP Agreement form
- Completed training checklist

**Training Log**

**Genesis Farms Agent Training Log<sup>43</sup>**

**(To be maintained by the General Manager)**

<b>Trainee Agent Name</b>	<b>Trainee Agent ID Number</b>	<b>Trainer Agent Name</b>	<b>Trainer Agent ID Number</b>	<b>Training Subject/Requirement</b>	<b>Time and Date of Training</b>	<b>Trainee Initials</b>	<b>Trainer Initials</b>

<sup>43</sup> Department Rule 44:90:04:16

## **Workplace Safety Plan (Including Description of Safety Measures and Plans for Compliance with all Applicable Safety Standards)**

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### **Purpose**

The creation and development of this plan and related procedures has been completed to ensure compliance with state and local laws and Department rules, and to promote patient, product, and public safety. As legal or rule changes occur and best practices evolve, the content of this document is reviewed and updated where appropriate. Each responsibility and function in our operations is carefully performed and controlled so that the resulting cannabis products possess the safety, quality, identity, purity, and potency (SQulPP) that patients deserve – and that the safety of all agents and members of the public is paramount to successful dispensary operations.

Genesis Farms shall ensure the implementation of policies and procedures that ensure compliance with Occupational Safety and Health Administration (OSHA) regulations for workplace safety. Safety topics addressed herein include required quarterly inspections, required personal protective equipment (PPE), SDS review, safety training for employees, Genesis Farms' hazard communication policies/plan, general safety rules, and facility safety requirements. As a condition of employment, all employees must comply with all applicable safety policies, practices, and procedures, which are listed in Genesis Farms' Employee Manual and provided to each employee upon hire. Safety training is provided as often as necessary, and annually at a minimum. This plan demonstrates Genesis Farms' concern for the safety of our workers, products, and facility as well as our ability to establish and maintain a safe and OSHA-compliant workplace. Genesis Farms' is committed to:

- Providing a workplace free from serious hazards
- Promoting the overall health and safety of all employees
- Maintaining open communication between owners, managers, and employees about the potential risks and hazards associated with any work performed at the facility
- Providing clear safety policies and procedures intended to reduce the potential risks and hazards as much as possible
- Establishing mechanisms for evaluating and improving safety policies and procedures on an on-going basis

Genesis Farms holds the authority of OSHA in high regard and is therefore committed to upholding OSHA's safety standards and regulations. To do so, we will:

- Examine workplace conditions and requires regular, comprehensive inspections
- Provide OSHA compliant medical examinations and training

- Provide employees, former employees, and their representatives with access to the Log of Work-Related Injuries and Illnesses (OSHA Form 300)<sup>44</sup>
- Timely report all work-related fatalities, and all work-related in-patient hospitalizations, amputations, and losses of an eye to the nearest OSHA office within twenty-four (24) hours using the following toll-free numbers OSHA: 1-800-321-OSHA (6742); TTY 1-877-889-5627
- Not discriminate against employees who exercise their rights under the OSHA Act
- Posts at a prominent location within the workplace, the OSHA Job Safety and Health: It's the Law poster

### **Compliance**

In accordance with security related requirements and associated operations as described in Genesis Farms Workplace Safety Plan, and Security Plan, Genesis Farms shall implement facility standards and security policies and procedures that encompass all areas of operations and employee, patient and public safety. Genesis Farms requires the presence and implementation of an Emergency Management and Response SOPs (See below). All Emergency Response related procedures and policies implemented in the Licensed Medical Cannabis Dispensary are in full compliance with provisions set forth in SDCL 34-20G and the prevailing building, plumbing, electrical, mechanical, fuel gas and fire codes adopted by the City of Brookings at the time of licensure, including but not limited to, codes regarding accessibility, egress, and life safety. Furthermore, Genesis Farms shall comply with all applicable safety standard.

### **Building Codes and Safety Standards**

Genesis Farms has selected a construction contractor, Reynolds Construction Management ("RCM"), based in Sioux Falls, who has a successful track record of successfully completing construction projects big and small, with extensive experience complying with local building codes and safety standards. Genesis Farms and RCM shall review all construction, design and building plans with the City of Brookings to ensure full compliance with SDCL Chapter 11-10 and applicable City of Brookings Code of Ordinances, and related building codes, including the International Building Code, the International Mechanical Code, International Fuel Gas Code, National Electric Code, and other applicable codes and safety standards.

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<sup>44</sup> <https://www.osha.gov/recordkeeping/forms>

## **Part 1910 Occupational Safety and Health Standards**

Genesis Farms shall comply with Part 1910 and all OSHA requirements that are applicable to the general retail environment and for a Licensed Medical Cannabis Dispensary. This shall include but is not limited to, OSHA general requirements for all employers, adoption of federal standards, walking-working surfaces, use of ladders, facility design, exit routes and emergency planning, use of machinery and equipment (which shall be limited to the greatest extent possible), environmental control, ventilation, noise exposure, handling of hazardous materials and related hazard communications (SDS sheets, training etc.), emergency response procedures, use of personal protective equipment (PPE), fire protection, medical and first aid, materials handling and storage, electrical, COVID-19 precautions and protections, and other applicable requirements as set forth by OSHA<sup>45</sup>.

Genesis Farms shall maintain the facility in safe manner in compliance with Part 1910 OSHA requirements, including ensuring all dispensary workplace areas, including employee work areas, including the secured vault, receiving area, break room, rest rooms, the sale area, waiting rooms, adjacent passageways, and the secure entry vestibule – in clean, orderly, and sanitary condition. The floor of every work area shall be maintained in a clean and, so far as possible, a dry condition. To facilitate cleaning, every floor, working place, and passageway shall be kept free from protruding nails, splinters, holes, or loose boards. Where mechanical handling equipment may be used (however such equipment will not be used in day-to-day normal business operations), sufficient safe clearances shall be allowed for aisles, through doorways and wherever turns or passage must be made. Aisles and passageways shall be kept clear and in good repairs, with no obstruction across or in aisles that could create a hazard. Permanent aisles and passageways shall be appropriately marked, in compliance with both safety and security requirements. Covers and/ or guardrails shall be provided to protect personnel. The loads approved by the building official shall be marked on plates of approved design which shall be supplied and securely affixed by the owner of the building, or his duly authorized agent, in a conspicuous place in each space to which they relate. Such plates shall not be removed or defaced but, if lost, removed, or defaced, shall be replaced by the owner or his agent.

### *Facility Safety, Ladders and Fall Prevention*

There shall be only one level for the proposed dispensary facility and there is no intention to install stairways anywhere in the facility. In addition, the dispensary facility should rarely need to utilize an approved ladder for normal business operations, and when necessary, the use of a ladder shall only be performed by an approved agent under the supervision of the General

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<sup>45</sup> <https://www.osha.gov/laws-regs/regulations/standardnumber/1910>



Manager, and in compliance with Title 29, Part 1910, Section 1910.23 regarding walking-working surfaces, personal protective equipment (PPE), fall prevention and protection, use of ladders and handrails, and other provisions necessary to ensure safety and adequate and compliant facility safety features and design elements, workplace safety policies and procedures. The use of ladders shall be minimized at all times and likely only necessary for use by approved security or maintenance contractors in the process of repairing or servicing lighting, alarms, cameras and other related system components.

### **Safety Certifications and Third-Party Advisors**

Genesis Farms may retain a qualified and certified third-party safety advisor or OSHA expert for the purpose of reviewing all safety plans, processes, and procedures to ensure Genesis Farms maximizes the organization's ability to provide a safe workplace and ensure compliance with all OSHA requirements. Such a third-party vendor must demonstrate the necessary qualifications and be subject to Department approval, and may provide services related to safety audits, system inspections, training, emergency simulations, local crime updates, and other aspects of ensuring safety and compliance.

#### *Hazard Communications and SDS Sheets*

The General Manager is responsible for ensuring compliance with all OSHA requirements regarding hazard communications, container labeling, handling, and storage of cleaning chemicals, and establishing and monitoring the company Safety Data Sheets ("SDS"). Genesis Farms has no intention of using any cleaning chemical or material at the dispensary facility that is considered injurious or hazardous. The General Manager must obtain an SDS upon receiving any shipments of any cleaning chemicals or materials and ensure the SDS sheet is available in a prominently displayed and clearly labeled location immediately next to the designated storage area for any cleaning chemicals or materials. The Facility Manager or Agent must review the SDS and ensure all of the needed information is included on the SDS pursuant to HazCom 2012.

### **Emergency Response Overview**

The following section on emergency management and response establishes procedures for addressing any emergency including a natural disaster, fire, unauthorized facility access, theft, diversion of cannabis or manufactured cannabis products, and disclosure of sensitive information, in accordance with applicable legal and regulatory requirements. Provisions for emergency management, containment, and corrective measures are thoroughly detailed. The General Manager is assigned responsibility for confirming the occurrence of an emergency and for ensuring the appropriate response protocol is followed.

Genesis Farms will immediately notify the Department and appropriate law enforcement authorities after the discovery of a reportable emergency. Measures for emergency reporting in accordance with laws, regulations, and Genesis Farms policies are comprehensively detailed. All documentation related to a reportable emergency must be maintained for no less than eighteen (18) months and made available, upon request, to the Department to law enforcement authorities acting within their lawful jurisdiction.

The primary emphasis of activities described within this protocol is the return to a normalized (secure) state as quickly as possible, while minimizing the adverse impact to the Genesis Farms and/or surrounding community. This SOP addresses emergency identification, response protocols, containment activities, and corrective measures.

Genesis Farms shall provide to all employees of the Licensed Medical Cannabis Dispensary, access to all required safety related postings from the Department of Labor, OSHA and relative guidance memos/documents/materials from Ready.Gov.

#### *Types of Emergencies*

- internal theft or burglary
- unauthorized IT access or disclosure
- unauthorized access to confidential patient information or records
- criminal incidents
- threats of violence to the facility, employees, or visitors
- fires
- gas leaks
- weather-related emergencies
- chemical or hazardous materials emergencies
- medical emergencies

#### *Required Training*

All employees receive emergency management and response training as a part of comprehensive safety training upon hire and at least once annually thereafter. The General Manager ensures the adequate training of employees. Third-party trainers may be utilized as necessary. Training is comprehensively addressed in the Staffing and Training SOP.

General roles and responsibilities are contained in the contents of this SOP. Employees must know the location of alarms, utility cabinets, fire extinguishers, emergency exits, and first aid supplies. In the case of fire, if it is safe to do so, the nearest employee must extinguish the fire using a portable fire extinguisher in accordance with safety training. If a manager is not available to make an evacuation decision, a senior employee must attempt to contact the Executive Management Team or Security Manager. If none such person can be contacted and the situation is time sensitive, a senior employee must decide what to do, with the health and safety of employees and visitors as the primary consideration. A gas leak always requires an evacuation until the fire department clears the facility. Employees may not re-enter the

building or allow others to re-enter during an emergency. Employees must stay with other evacuated employees and any visitors until interviewed by the General Manager.

Each Genesis Farms facility manager must maintain and visibly post a current emergency contact list and evacuation plan. All employees should save emergency contact numbers in their Genesis Farms or personal cell phones. Genesis Farms facility managers must pre-plan an evacuation route and post said evacuation route in an easily accessible area in the facility. Employee must know the evacuation route and the location of the map. Regular review of facility floor plans and evacuation plan maps are completed by the facility manager, in coordination with the Executive Management Team, and updated as necessary.

#### *General Manager Responsibilities*

The General Manager (also referred to as the Facility Manager) is responsible for developing and maintaining this SOP by identifying potential hazards and developing mitigation strategies for those hazards. The facility manager must also maintain and update an emergency contact list of external sources, as well as an internal contact list for employee notification during an emergency. It is the duty of the facility manager to supervise and direct the consistent, timely, and appropriate response to an emergency should one occur. All employee emergency training programs and evacuation routes are updated as needed. Environmental detectors, alarms, emergency lighting, and exit signs are checked and maintained by the facility manager to ensure proper operation. Each facility is stocked with an emergency preparation kit which includes provisions for sequestration in the facility if required. The facility manager coordinates with the Executive Management Team to prepare emergency back-up systems to maintain operation of critical equipment during power outages.

Should an emergency occur, the facility manager must contact the Executive Management Team for conformation of the emergency requiring execution of this SOP, if time allows. The facility manager must secure all products following any verified or suspected instance of diversion, theft, or loss of cannabis and conduct an assessment to determine whether additional safeguards are necessary. The facility manager must also collect any evidence pertaining to an event, unless law enforcement collects the evidence, and offer support to employees and visitors as appropriate until the emergency is resolved. Following an emergency, a post-emergency review and report making any necessary adjustments to security and safety measures and procedures must be filled out.

#### *Guidelines for all Employees*

Reports of emergencies may come from outside parties, Genesis Farms employees, other licensees, media, local law enforcement, direct observation, or other sources. The primary objective is to determine if the problem being reported is an incident that constitutes an emergency. In most instances, the problem being reported do not constitute an emergency by Genesis Farms standards, and therefore does not require execution of this protocol. However,

the protocol provides useful guidelines for dealing with other minor issues as well. No set of protocols addresses every circumstance. All Genesis Farms employees must in good faith take all necessary and responsible actions, and follow the directions of supervisors, emergency responders, and other authority figures.

#### *Receiving External Reports*

Any employee who receives an external report is responsible for asking necessary questions about an emergency in accordance with training. The employee must make a reasonable attempt to determine if an emergency has occurred, record facts, respond to questions, and forward pertinent information to the facility manager immediately. If the employee is unable to reach management, the Executive Management Team or Security Manager must be contacted. If information received indicates that an emergency may have occurred, the employee receiving the report must:

1. Obtain and record the contact information for the individual reporting the problem (name, telephone numbers, and email address).
2. Record relevant information about the emergency (time and date of occurrence, type of information compromised, location of the compromise) in the appropriate internal log.
3. Inform the individual to expect contact from a member of management.
4. Request the individual treat the emergency as a confidential matter.
5. Notify the Executive Management Team immediately of the emergency.

#### *Assessment and Escalation*

Except in the case of an emergency needing immediate attention, the Executive Management Team determines the category and severity of the emergency and enters discussions and investigative activities to determine the best course of action. All discussions, decisions, and activities must be documented as described herein.

#### *Notification and Communication*

A facility manager shall notify the appropriate internal and external parties as necessary:

- Internal Notification - A facility manager will notify the Executive Management Team and Security Manager of an emergency as soon as possible and then notify the employees under the manager's supervision and other Genesis Farms managers, if appropriate for the emergency.
- External Notification - Unless emergency responders must be notified immediately, such as in the event of a fire or hazardous materials spill, all external notifications and communications must be approved by the Executive Management Team. External notifications depend on the type of emergency. External parties to be

notified may include the Department, vendors, patients, other licensees, law enforcement, media or other affected parties.

#### *Containment*

Each facility manager, in coordination with the Executive Management Team and the Security Manager (if appropriate), determine the appropriate activities and processes required to quickly contain and minimize immediate impact to personal safety, Genesis Farms, customers, and other affected parties. Each facility manager and the Executive Management Team is responsible for putting containment activities and processes into action. Containment activities are tailored to the character of the emergency. Containment activities are designed to:

- Minimize harm to persons, products, and the surrounding community
- Counteract the immediate threat
- Prevent proliferation or expansion of the emergency
- Minimize actual and potential damage
- Restrict knowledge of the emergency to authorized employees
- Preserve information relevant to the emergency for internal recordkeeping and external reporting purposes

#### *Corrective Measures*

The Executive Management Team and each facility manager determine and invoke necessary corrective measures in order to quickly restore a normalized and secure state of operation following an emergency. Corrective measures are designed to:

1. Secure the environment
2. Restore the environment to its normalized state
3. Continue operations if possible

#### *Damaged Product*

Some emergencies, such as natural disasters, fires, accidents, chemical spills, or equipment failures, may expose cannabis or manufactured cannabis products to extremes in temperature, humidity, smoke, fumes, and hazardous materials, thereby contaminating the product or otherwise rendering it unfit for medical use. Each facility manager, in coordination with the Inventory Manager and Security Manager, must ensure cannabis or manufactured cannabis products that have been subjected to improper storage conditions, including those related to an emergency, are not salvaged or returned to the marketplace and are disposed of in accordance with the Cannabis Waste Disposal SOP. If it is unclear whether products were exposed and are potentially contaminated, the Inventory Manager may quarantine the products and notify the General Manager to determine whether the products are safe for human consumption and meet quality standards of Genesis Farms. Measures pertaining to potential contamination as a result of improper storage conditions and the few conditions

under which salvaging operations may be appropriate are discussed in the Inventory Management and Control SOP. In general, products that may have been contaminated because of an emergency shall be disposed of in the interest of protecting patient health and safety.

#### *Notifications and Reporting Requirements*

All Genesis Farms employees are required to immediately report any of the following emergencies to the Executive Management Team and Security Manager. In addition, the Security Manager must report such emergencies to law enforcement, and the Executive Management Team must report to the STATE DEPARTMENT as necessary:

- Any alarm activation
- Any event that requires response by public safety employees
- Any failure or initiation of back-up power for an electronic security system due to loss of electrical power or mechanical malfunction
- Any discrepancies identified during inventory reconciliation that cannot be explained
- Any incidences of suspected or verified diversion, theft, or loss
- Any known or planned criminal action involving Genesis Farms or Genesis Farms employees
- Any unauthorized destruction of cannabis
- Any suspicious criminal act involving the sale or distribution of medical cannabis
- Any loss or theft of cannabis products or cannabis waste during transportation or receiving inventory procedures
- Any loss or unauthorized alteration of records
- Any unauthorized access to sensitive information, including electronic security system features, equipment placement, facility layout, private business documents, and other similar protected documents
- Any other unmentioned breach of security

#### *Internal Reporting Required*

Reporting must include a summary of the emergency including a general description of events, approximate timelines, parties involved, impact on parties involved, external notifications required, decisions and assignments made, problems encountered, resolution of the emergency, identification of policy gaps, and recommendations for prevention and remediation (short-term and long-term). All relevant documentation is retained by each facility manager for archive in a cloud-based storage space. Access to the documentation and repository is typically restricted to the Executive Management Team, and facility managers.

#### *Post-Emergency Review Required*

Once an emergency has been appropriately contained and remedial actions have been taken, final review of emergency-related activities is required. The affected facility manager must hold

a post-emergency review meeting after each emergency has been resolved. This discussion should be scheduled within 2-3 weeks of the emergency's remediation. All affected parties are recommended participants. The review is an examination of the emergency and all related activities and events. All activities performed relevant to the emergency should be reviewed with an eye towards improving the over-all emergency response process. Recommendations on changes to policy, process, safeguards are generated during these reviews. All discussion, recommendations, and assignments shall be documented for distribution to the Executive Management Team and follow-up by the affected facility manager.

#### *Emergency Closure*

The affected facility manager must stay actively engaged throughout the life of the emergency to assess the status of all containment and corrective measures and to determine at what point the emergency can be considered resolved.

#### *Weather-Related Emergency Preparedness Measures*

South Dakota has the potential to be impacted by severe storms, which can cause a variety of adverse effects that may impact Genesis Farms operations. Though Genesis Farms' proposed property is not located in an area that is at increased risk of experiencing weather-related emergencies, Genesis Farms has considered and developed plans for their mitigation. Based on the geographical location of the proposed Genesis Farms facilities, the primary concern in relation to weather-related emergencies is temporary power outage. Per federal and local sources, the property is not significantly at risk of flooding.

Genesis Farms does not expect to encounter any outages of a duration that would produce an adverse impact on operations as measures have been taken to ensure that critical equipment used to maintain the quality of products and security of the building are maintained during an outage. Genesis Farms will install a backup generator with an automatic transfer switch (ATS) at the dispensary facility that maintains operation of essential facility building systems and equipment in the event of an outage.

Essential air circulation and exhaust systems are present in the storage and sales areas, to mitigate the potential for the growth of mold and mildew and the development of microclimates. The entire building is fitted with electronic security systems and locking devices such as the access control system, surveillance system, alarm system, and magnetic locks to ensure the site is secured and recorded at all times. General purpose lighting as well as back-up generator powered emergency lighting will be installed in all work areas and hallways of the dispensary.

Genesis Farms has also installed an Uninterruptible Power Supply (UPS) which is connected to the generator and provides additional back-ups for all critical loads in the event that the generator fails. This is especially important for the ESS, as it ensures critical devices and systems maintain functionality and protect the facility, employees, and products in the event of an

extended power outage or unforeseen back-up system failure. The alarm system has a twenty-four (24) hour internal back-up but is additionally connected to the building generator and ATS as a prevention measure in case an outage extends beyond twenty-four (24) hours. These back-up systems are monitored periodically to ensure proper functioning and are maintained in accordance with manufacturer recommendations. All maintenance activities are recorded internally.



## **Emergency Management and Response Procedures**

### ***Responsible Parties***

The facility manager, in coordination with the Executive Management Team and Security Manager, determines and executes the appropriate activities and processes required to quickly contain and minimize immediate impact to the Genesis Farms, community, patients, stakeholders, and products we produce. The information below is a guideline for response and containment in various situations; however, management must use discretion when determining appropriate actions to contain an emergency. The facility manager and Executive Management Team, as well as the Security Manager, if applicable, identify and implement corrective measures to quickly restore circumstances to a normalized (secure) state as needed.

### ***Evacuation Guidelines***

General evacuation guidelines are as follows:

1. Keep calm---DO NOT PANIC
2. Know the location of all primary and secondary emergency exits
3. Exit by the designated and most practical means
4. Assist customers, visitors, and disabled individuals who need help
5. Walk rapidly---DO NOT RUN

If a fire evacuation occurs, drop everything, and leave. Check doors for heat prior to opening. If a bomb threat occurs, employees may take personal items that are with them. Do not go to your locker as there might be a bomb placed there. If applicable, preserve any and all evidence and remain accessible for discussion with law enforcement employees. Request witnesses to stay or provide their contact information. Do not touch any suspicious items, potential hazards, weapons, or suspected bombs.

All employees must ensure visitors do not:

- Gather in lobbies or administrative spaces
- Open a door without first checking for heat
- Run or panic
- Re-enter the building until authorized

### ***After Hours Alarm Activation***

If an alarm occurs during a time other than normal office hours, employees must call the appropriate number as directed during security and safety training. Each Genesis Farms facility has emergency numbers posted in a visible area. The contract alarm Genesis Farms has "call-out" lists of who to call during off hours. These lists cover serious security breaches such as fire

and burglary, as well as less serious problems that should be handled right away, such as water leakage and electrical problems.

### ***Internal Theft and Burglary***

In case of theft or burglary, the following containment and corrective measures should be applied.

#### **Containment Measures**

The following containment measures must be taken in the event of internal theft or burglary. All employees must report any suspected theft or diversion of products to a facility manager, Inventory Manager, or Security Manager immediately as a condition of employment:

- Use the ADP/POS system, ADP/POS SYSTEM, to identify missing or compromised assets.
- Gather, remove, recover, and secure sensitive materials to prevent further loss or access.
- Power down, recycle, or remove security equipment known to be compromised.
- Secure the premises for possible analysis by the Security Manager and law enforcement.
- Gather and secure any evidence of illegal entry for review by the Security Manager and law enforcement.
- Record identities of all parties who were a possible witness to events.
- Preserve video recordings and Visitor Logs for review by the Security Manager, facility manager, and law enforcement.
- Notify the Executive Management Team and Department of disposition of assets and any action taken.

#### ***Corrective Measures***

Perform the following to return conditions to a normalized and secure state following unauthorized product acquisition:

- Retrieve or restore assets where possible.
- Store all sensitive materials and products in a secure manner (lockable cabinets or storage areas etc.).
- Install or replace locks and issue keys only to authorized employees. Access control privileges should be modified.
- Restore security devices to working condition.
- Implement physical security devices and improvements (equipment cables, alarms, etc.) as deemed appropriate.
- Perform a security re-training as soon as possible.
- Notify Executive Management Team of status and any action taken.

## ***Off-Hours Theft or Property Damage***

### *Containment Measures*

- Notify law enforcement immediately upon discovery that a burglary has/is occurred/occurring or other form of theft or property damage at the facility during off-hours.
- Do not attempt to stop the criminal activity yourself, and do not confront the suspects!
- Do not clean the premises or any areas where the criminal activity occurred until law enforcement has completed its investigation and obtained any evidence.
- Contact the individuals and entities present on Genesis Farms emergency contacts list, inform them of the incident, and provide as much information as possible, including but not limited to:
  - internal emergency contacts (managers and owners)
  - security system contacts
  - alarm monitoring contact
  - local law enforcement
  - And state and city regulatory contacts
- Take note and inform law enforcement of any evidence left behind by the suspects.
- Take note and inform law enforcement of any areas where the suspect(s) may have left fingerprints.
- Secure the facility and place a notice that the business is closed due to an emergency. Maintain closure and emergency notice until all investigations are complete.
- Do not discuss the incident with any outside parties until police and management has given authority to do so.
- Do not estimate the amount of money or product that was taken until an inventory audit has been performed and reviewed by the Executive Management Team.
- Inform the internal emergency contacts of all cash or cannabis product stolen and any actions taken.
- Inform the state and city regulatory agencies of the incident, and if required, submit an incident report, including descriptions of lost, stolen or damaged inventory.

### *Corrective Measures*

Perform the following to return conditions to a normalized and secure state following off-hours theft or property damage:

- Retrieve or restore assets where possible.
- Immediately repair any security features damaged, then arrange for all other damage to be corrected.

- Install or replace locks and issue keys only to authorized employees. Access control privileges should be modified.
- Implement physical security devices and improvements (equipment cables, alarms, etc.) as deemed appropriate.
- Adjust the Genesis Farms security plan in response to damage caused to reduce likelihood of the incident reoccurring.
- Perform a security re-training as soon as possible.
- Notify Executive Management Team of status and any action taken.

### ***Unauthorized IT Access***

In case of unauthorized IT access, the following containment and corrective measures should be applied:

#### ***Containment Measures***

Perform the following activities to contain the threat presented to information technology (IT) systems and sensitive data where unauthorized access may have occurred. The Executive Management Team may engage a third-party IT specialist as needed:

1. Disconnect the affected equipment or appliance(s) from the network or access to other systems. Isolate the affected IP address from the network.
2. Power off systems, equipment, and appliance(s) as necessary.
3. Disable the affected IT application(s) and discontinue or disable remote access.
4. Stop services or close ports that are contributing to the emergency.
5. Remove equipment, drives, or media known or suspected to be compromised.
6. Capture and preserve system, stored data, logs, network flows, drives and removable media for review where possible.
7. Notify the Executive Management Team of status and any action taken.

#### ***Corrective Measures***

The following activities may be required to return conditions to a normalized and secure state following unauthorized access to information technology systems:

- Repair all physical damage and replace necessary equipment as soon as the proper permit is acquired.
- Change passwords on all local user and administrator accounts, or otherwise disable the accounts as appropriate.
- Rebuild systems to a secure state.
- Restore systems with data known to be of high integrity.
- Apply OS and application patches and updates.
- Modify access privileges as deemed appropriate.

- Implement IP filtering as deemed appropriate. Modify firewall rule sets as deemed appropriate.
- Ensure anti-virus is enabled and current.
- Perform security, emergency management, and operational re-training as soon as possible.
- Monitor and scan facilities and systems to ensure problems have been resolved.
- Notify Executive Management Team of status and any action taken.

### ***Unauthorized Confidential Information Access or Disclosure***

In case of unauthorized confidential information access or disclosure, the following containment and corrective measures should be applied.

#### ***Containment Measures***

Perform the following activities as required to contain a threat presented to patient confidentiality and privacy where unauthorized access or disclosure may have occurred. The Executive Management Team may engage a third-party specialist as needed:

1. Identify the source of the unauthorized access or disclosure. If a technological security breach is suspected or confirmed:
  - a. Power off potentially affected systems, equipment, and appliance(s).
  - b. Disable any affected application(s) or software and discontinue or disable remote access.
  - c. Stop services, transmissions, or close ports that are contributing to the incident.
  - d. Take appropriate measures to protect remaining confidential information or records. Appropriate measures depend on the source of the breach but may include securely relocating confidential data to a secure off-site storage location, encryption, or de-identification.
2. If an accidental disclosure is suspected or confirmed:
  - a. Identify the employees involved in the situation.
  - b. Interview each person involved.
  - c. Maintain records of investigation, activities, and findings.
3. Capture and preserve system, stored data, logs, network flows, drives, and removable media for review.
4. Identify affected qualified registered patients and ordering physicians, as well as the amount of confidential information disclosed or accessed.
5. Notify the Executive Management Team of status and any action taken.
6. Notify the Department of accidental disclosure or unauthorized access to confidential information.
7. Notify affected patients.

#### ***Corrective Measures***

Perform the following activities as needed to return conditions to a normalized and secure state following unauthorized access to or disclosure of confidential information:

- Take disciplinary action as necessary.
- Modify access privileges as deemed appropriate.
- Identify and implement necessary changes in policies and procedures.
- Perform a confidentiality re-training as soon as possible.
- Seek third-party assistance for securing electronic systems and execute applicable corrective actions listed for unauthorized IT access.
- Request a third-party HIPAA compliance audit.
- Notify Executive Management Team of status and any action taken.

### ***Criminal Incidents: Armed Robbery***

In the event of an armed robbery, the following containment and corrective measures should be applied.

#### ***Containment Measures***

Perform the following activities to contain the threat presented by armed robbery:

- Do not resist the robber or use or encourage the use of weapons or force against the robber.
- Inform the robber of any items that will risk his or her exposure (the Security Manager will arrive soon, or the building alarm is scheduled to be tested today).
- Keep employees and visitors calm during the robbery.
- Alert other employees of the situation using pre-determined signals, text messages or security systems.
- Attempt to contact law enforcement by any means available.
- Follow the robber's commands in order to shorten the time of the emergency, but do not volunteer to help or provide sensitive information, such as the location of the safe or the persons with access to controlled areas.
- Give the robber the amount of goods they demand, no more or less, and make a mental note of all items provided.
- Include "bait money" or product along with other items taken. This "bait money" could be a bundle of currency with recorded serial numbers (record the denomination, serial number and year of several tens and twenties on a piece of paper kept separate from the register) or concealed dye packs.
- Attempt to obtain the following information by being observant:
  - The number of robbers.
  - The physical characteristics of the robber(s) including height, weight, scars, tattoos, hair color, speech patterns, etc.
  - The clothing worn by the robber(s).

- Any names used by the robber(s).
- A description of any weapons shown. Try to notice the gun's barrel length and color, grip, revolver, and any other details.
- Try to place the robber's note, if one is used, out of sight to retain it as evidence.
- Suggest employees and visitors go into a back room or lie down after the robber obtains what he or she wants (rather than let the robber decide to tie people up or hold hostages).
- Secure the facility and place a notice that the business is closed due to an emergency. Do not follow the robber.
- Call the local law enforcement agency and any other necessary law enforcement (and ambulance as needed) immediately, if not already contacted, and request that witnesses stay or obtain their contact information.
- Provide aid to injured people.
- Do not discuss the robbery with any outside parties until police and the Executive Management Team have given authorization to do so.
- Do not estimate the amount of money or product that was taken until an inventory has been performed. If the amount of money or product taken is known by the person who provided it, write down those amounts and verify with inventory records and Genesis Farms books.
- Notify the Executive Management Team, Security Manager, and the General Manager of all cash or cannabis product stolen and any actions taken.
- The Security Manager or Executive Management Team will record the emergency in internal logs and other relevant recordkeeping systems. Employees must try to provide as much detail as possible about the emergency in order to facilitate detailed recordkeeping.

#### *Corrective Measures*

The following activities may be required of the Security Manager and facility manager in order to return operations to a normalized and secure state after unauthorized entry or robbery:

- Change all security codes. Install or replace locks and issue keys only to authorized employees.
- Ensure any video of the emergency is archived.
- Restore security devices to working condition.
- Repair any physical damage to the facility.
- Provide employee and visitor counseling as needed.
- Perform security re-training as soon as possible.
- Modify access control privileges as deemed appropriate.

#### *Criminal Incidents: Threats of Violence*

In case of a violent threat, the following containment and corrective measures should be applied.

#### *Containment Measures*

A serious threat is one that puts an employee in fear of harm to self or other employees. In any case where a member of the public makes a serious threat to an employee either by telephone, mail, or through direct confrontation, the threat should be reported immediately to the employee's Supervisor. Once the threat is made, the employee should make note of the time, date, and report to the General Manager, and any other relevant management. The manager will report the incident up the chain of command as appropriate for the reported threat. If the situation requires immediate detainment or arrest, the facility manager or employee shall contact the proper law enforcement agency. In all cases involving a threatening situation, which means the possibility of immediate bodily harm (such as being held at gunpoint) the threatened person should do exactly what the assailant wants until the threat is eliminated.

#### *Corrective Measures*

In any case where a non-employee assaults or threatens an employee, the employee shall report the assault or threat to the proper law enforcement agency immediately. The Supervisor shall advise the Manager and Human Resources of the assault or threat immediately. The Manager and Human Resources, in coordination with the proper law enforcement agency, shall determine the course of action the department should pursue.

### **Fire**

In case of fire, the following containment and corrective measures should be applied.

#### *Containment Measures*

Employees must report all fires immediately to the facility manager and abide by the following procedures.

Each Genesis Farms facility is equipped with smoke detectors that produce an audible siren if a fire may be present. If a smoke detector is triggered and the source is not immediately apparent, an employee must locate the smoke detector and investigate to determine whether a fire is present. If a small fire is present and does not present an immediate danger to personal safety, one employee may try to extinguish the fire while one other employee or the facility manager stands-by, calls 911, and directs others out of the facility. The first person that discovers a fire must:

- Use a fire extinguisher (if trained) if the problem can be handled easily and safely, such as a smoldering wastebasket.
- Call 9-1-1.
- Notify the facility manager and any other appropriate persons.



- Remain at the scene until a Genesis Farms or fire department representative arrives, then point out the specific location and problem. Be prepared to assist in any other way.
- Avoid running and yelling or loud voice inflections.
- Calm conduct is essential.
- Contact the fire department must be contacted any time a fire is present in the facility and all persons in the facility must be evacuated.

Fire evacuation procedures are as follows:

1. Stop working if you hear the fire alarm.
2. Close doors and windows in your area, as this will slow the spread of the fire.
3. Secure any obstructions out of the way of traffic.
4. Exit the building by designated routes.
5. Feel each door before opening, if it is hot, do not open.
6. Take short breaths through the nose if smoke is in the air. Crawl along the floor where the air is cooler. If forced to make a dash through smoke or flame, hold your breath.
7. Proceed outside the building for employee check.
8. Remain in assigned area until told to leave by authorized employees.
9. Do not re-enter the facility until the fire department has arrived, the fire has been contained, all necessary information has been collected, and fire department officials provide authorization to re-enter the building.

### *Corrective Measures*

If a fire causes damage within the facility, the Executive Management Team will consult with the fire department to determine the appropriate clean up measures and safety precautions.

### **Gas Leaks**

Gas leaks in any Genesis Farms facility require immediate evacuation of the room, and evacuation of the facility if the ventilation system cannot clear the enclosed space within the specified amount of time. Genesis Farms does not use gas in any of its cannabis dispensary operations. As such, a gas leak may be possible from natural gas lines, though highly unlikely, Genesis Farms has established policies and procedures for the gas detection, response and evacuation, and has installed ventilation systems that meet International Building Code standards and are adequate for clearing excess levels of gaseous solvents in any cannabis facility. The gas detection monitor in each space will notify any person present, via an audible alarm if CO<sub>2</sub> or natural gas content rises to a potentially hazardous level.

Any employee discovering a gas leak should shut off the gas source immediately, if it is safe to do so, and evacuate the room and securely shut the door. The ventilation system should clear

the room within five minutes, thereby deactivating the alarm. If the ventilation system does not clear the room within five minutes, the employee must notify the facility manager to begin evacuation procedures and contact the local fire department. No one may reenter the facility until the local fire department clears the facility.

### ***Chemical and Hazardous Material Emergencies***

It is Genesis Farms' policy to avoid using hazardous materials or toxic chemicals in any Genesis Farms operation. Hazardous materials will only be acquired as a last resort, if the product is operationally necessary, and no suitable non-hazardous alternative exists. If hazardous materials must be acquired, and a hazardous materials emergency, such as a spill or accidental release occurs, the Safety Data Sheet (SDS) for the hazardous material will be reviewed for direction. An ambulance will be called to the scene immediately if any person needs emergency medical care or may have been exposed to potentially harmful materials. If a hazardous materials emergency cannot be safely contained within the facility in accordance with the instructions on the SDS, the Executive Management Team will contact the Fire Department. If necessary, a third-party emergency management team will be hired on a contract basis for spill control, clean up, and decontamination. All persons involved in these activities must be appropriately trained to do so; Genesis Farms employees without proper training may not participate in spill clean-up or containment in any fashion. Once the spill is contained, it will be stopped at the source, cleaned up, and disposed of in accordance with State laws and regulations pertaining to hazardous waste. All employees will follow the directions of hazardous materials emergency responders. Refer to the Non-Cannabis Waste Disposal SOP for additional detail regarding hazardous materials handling and disposal.

Once the spill is contained and cleaned up, the Executive Management Team will collaboratively produce a report including details pertaining to the cause of the emergency, corrective actions taken, and measures taken to prevent future emergencies. Appropriate local, state, and federal authorities will be notified of any hazardous materials emergency, as required by law and regulation. The QCT will be responsible for determining the appropriate notification and reporting measures for any hazardous materials emergency. All Genesis Farms employees will follow the instructions of local officials in the event that an external spill or hazardous materials emergency has occurred that may impact operations.

### ***Medical Emergencies***

In case of a medical emergency, the following containment and corrective measures should be applied.

#### ***Minor Injuries***

If a minor injury occurs:

1. Stop work immediately.

2. Secure and stop applicable machinery.
3. Report to the facility manger.
4. Apply first aid or seek medical treatment.

#### *Major Injuries*

If a major injury occurs:

1. Evacuate the area.
2. Do not move the seriously injured person unless there is a life-threatening danger (falling debris, fire, explosion, etc.).
3. Notify a supervisor.
4. Dial 911 for injuries requiring immediate medical attention and designate yourself or assign another employee to do the following:
  - a. State your name, location, and telephone number. Give as much information as possible regarding the nature of the injury or illness, whether the victim is conscious, if any treatment is being given, etc.
  - b. State where in the building are the emergency exists.
  - c. Stay close to the phone until aid arrives or stay in line if asked and follow instructions.
  - d. Send a runner to meet and guide the emergency crew.
5. Remain with the victim until Emergency Crews arrive. Keep the victim as calm and comfortable as possible. Keep the environment under control.

## **Security Plan (Including Plans to Ensure Safety and Security of Patrons and the Community)**

### **Overview**

Genesis Farms Security Plan (Plan to ensure safety and security of patrons and the community, also referred to as “Security Plan”) ensures that all Department requirements, along with state and local laws and requirements are met or exceeded pertaining to the security of a Licensed Medical Cannabis Dispensary<sup>46</sup>. Genesis Farms’ Security Plan and corresponding policies and procedures detailed in this application illustrate Genesis Farms’ commitment to professionalism, education, compliance, consistency, and above all, a high quality, reliable and safe experience for qualifying patients and caregivers. In part, Genesis Farms’ primary objective through its licensed dispensary operations is to lawfully distribute medical cannabis and medical cannabis products, pursuant to SDCL 34-20G, Department Rules and local requirements and regulations. Specifically, Genesis Farms shall rely on its expert members and advisors to ensure the development and implementation of this Security Plan and related policies and procedures pertaining to security and surveillance, to ensure compliance and maximize the effectiveness of our security measures.

This Plan is constantly reviewed and updated where appropriate to reflect changes to the rules and evolution of best practices. Genesis Farms shall utilize the collective experience of its team members and is currently vetting and selecting a qualified security advisor who has experience developing industry leading security systems and implementing preventative measures.

### **Security Measures for Hiring**

A thorough and rigorous hiring process with security measures in place, will aid in the safe and lawful operation of the facility. To meet that goal, Genesis Farms will do the following:

1. Establish hiring criteria
2. Have all agents sign a release form for background checks
3. Conduct thorough background investigations (financial, personal, criminal, etc.) on the Executive Management Team, facility and department managers and other key personnel, and at minimum once every year
4. Conduct background checks on all employees prior to offering employment, and at minimum once per every year

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<sup>46</sup> Department Rule 44:90:03:02(6)

5. Establish clearance procedures with local LE for individual for criminal history checks, in accordance with Department regulations and State laws

### **Security Training**

Employees will receive security training in accordance with the Training Plan and are required to report suspicious activity or security concerns to their supervisor immediately as a condition of employment. Each establishment agent shall receive training in all aspects of the establishment's security protocol. The training must focus on the agent's role in deterring and preventing theft and preventing unauthorized access to the premises<sup>47</sup>. The following will also be implemented by Genesis Farms to enhance security:

1. Genesis Farms will train all agents on specific parts of the Laws and Rules regarding sale, handling, tracking and disposal of marijuana
2. Agents will be trained to notify LE if:
  - a. Suspicious activity is observed
  - b. Any observable anomalies exist
  - c. If incidents occur near the facility
  - d. Suspicious persons, vehicles, or packages near facility
  - e. Questioning of Genesis Farms agents by individuals not associated with the facility
3. Incorporate security measures into employee training programs for all agents; and
4. Conduct bi-annual security drills (evacuation plan, fires, chemical release, etc.) with LE or authorized security personnel.

### **Security and Surveillance Strategy and Principles**

The Plan developed by Genesis Farms details the steps, processes and procedures required for the creation of a site protection (security and surveillance) strategy, fully addressing deterrence, detection, delay, documentation, and diversion prevention related security protocols.

Genesis Farms shall utilize a combination of design features, security equipment, processes, surveillance and alarm detection to prevent and detect diversion, theft, or loss. Genesis Farms' protocols are comprised of the following three elements:

1. Architectural Security, including, but not limited to site and building perimeter protection, "Crime Prevention Through Environmental Design" ("CPTED"), lighting to

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<sup>47</sup> Department Rule 44:90:04:17

- ensure proper exterior and interior surveillance, critical building services, entry vestibule control, and loading and shipping areas within the Facility.
2. An Electronic Security System (“ESS”) comprised of an access control system, intrusion alarm system, and closed-circuit television (“CCTV”) surveillance system, all with remote monitoring and wireless notification capabilities.
  3. Organizational elements including policies and procedures such as visitor control, agent badge verification, security guard staffing, surveillance review, storage and record retention.

#### *Security Team Threat Assessment*

Genesis Farms’ operational threat assessment will reflect the spirit of the National Incident Management System (“NIMS”), which utilizes an “all threats and hazards” approach to high-risk emergency and security planning. NIMS components link together and work in unison to form a comprehensive incident management system that includes preparedness, communication, information management, resource management, command and ongoing management and maintenance. Once constructed and operational, a comprehensive vulnerability assessment (“VA”) shall be performed on the facility to ensure the appropriate level of security is present.

#### *Location Analysis*

Genesis Farms shall maintain a robust location analysis, to determine appropriate facility features and effective security system planning. The location analysis shall consist of the following, and made available to the Department upon request:

- Land Survey
- Proximity Report (Distance to LE, FD, Hospital)
- Crime Report
- Communication with LE

#### *LE Partnerships*

Procedures contained herein include measures to aid the development of strong partnerships with local LE agencies and other first responders to prevent unwanted individuals from entering or remaining within the facility and to improve emergency preparedness and response procedures. The CSO shall maintain a list of non-emergency police department contacts for Genesis Farms to maintain regular communication, and to advise of any changes in the security environment. The CSO will engage LE agencies to support Genesis Farms’ security mission through collaborative training and exercises, observation patrols, rapid response to incidents, and proactive meetings.

## Premises Security

Genesis Farms' Security Plan shall incorporate perimeter security measures, such as:

- A single entryway and exit for patient access, and a separate entrance/exit for employees.
- Exterior and interior intrusion detection sensors
- Intrusion alarm system with onsite and remote monitoring, with monitored sensors on all exterior doors, windows, and gates, and which will be monitored by a security company capable of contacting the Executive Management Team, General Manager, and if necessary, Law Enforcement. The alarm system will have an audible alarm capable of being disabled remotely by the security company and will alert the security company during a power failure and operate for a minimum of four (4) hours on backup power.<sup>48</sup>
- Secondary intrusion alarm system
- Duress Alarm
- Audible as well as Silent alarm(s)
- Smoke detectors and fire alarms
- CCTV
- Security training for on-site staff
- Robust security lighting
- Local law enforcement contact information

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<sup>48</sup> Department Rule 44:90:04:10

- All perimeter entry doors will have commercial grade locks, and any windows shall be in good condition and lockable.<sup>49</sup>
- Integrated ESS including alarm detection, monitoring and notification.
- The main entrance door will have external door hardware, while all others will not and instead be flat on the outside.
- The main entry vestibule will be a mantrap and visitors must be buzzed into the waiting room by staff.
- Access from the waiting room to restricted access areas (authorized agents only) are controlled by switch, based on agent cardholder access levels and such access will be tracked and stored.
- Additionally, the facility shall be equipped with commercial-grade smoke and fire detection and alarms systems throughout the facility and in compliance with local codes.

#### *Site Lighting*

Intruders shall be discouraged from attempts to gain access to the Facility through proper illumination at entry points, making detection much more likely. The perimeter and all entry points of the medical cannabis dispensary must have lighting sufficient for observers to see and cameras to record, any activity within ten feet of the gate or entry. A motion detection lighting system may be employed to light required areas in low-light conditions.

- Light glare shall be directed outward away from the guard force and toward the direction of a would-be intruder.
- Redundancy and lamp overlap shall be provided so a single lamp outage does not result in a dark spot vulnerable to intrusion.
- Security lighting will have power redundancy, shall be vandalism resistant and shall be installed high and out of reach of potential intruders.
- LED lights shall be used for security lighting due to their whiteness in color, aiding in clear identification.
- All exterior sites including entrances shall be illuminated.



## Security - Access Control (preventing unauthorized entrance/access to the facility)

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### Overview

Genesis Farms shall maintain the following policy in compliance with ARSD 44:90:04:13: Genesis Farms shall verify the age and identity of anyone entering the premises. Unless permitted by SDCL 34-20G-65 or ARSD 44:90:08:01, no person may enter the premises other than agents of the establishment, contractors 21 years of age or older hired by the establishment, employees or agents of the Department, law enforcement officers, or employees or agents of other local or state agencies with regulatory authority, including fire marshals, electrical inspectors, environmental inspectors, for the purpose of exercising such regulatory authority.<sup>50</sup> Verification shall occur upon entry to the facility by every person other than authorized agents on behalf of the licensed dispensary, at the SECURE ENTRY vestibule, by showing identification and proof of cardholder status through a security/bank window which shall be installed in the SECURE ENTRY vestibule, at which point, the entry door to the dispensary facility shall be unlocked upon verification and the security guard shall oversee both verification and entry of all persons<sup>51</sup>. There shall be at least two lockable doors and only security guard between the exterior of the facility and the cannabis sales areas.<sup>52</sup> See Verification SOP below.

Strict access controls will be maintained for all Restricted Access Areas and the Secure Storage Room "SECURED VAULT", including both security (programmable keycards, 24/7 video surveillance, passive infrared motion detectors, etc.) and procedural/systematic measures (user limitations within the inventory control tracking system, consistent inventory audits, maintenance of visitor and internal logs, etc.) to ensure all employees and products are accounted for at all times. All Restricted Access Areas will have the most rigorous security measures in the facility, with the goal to eliminate opportunity for potential contamination and diversion of any medical cannabis or cannabis products.

Within the Restricted Access Area, access is further restricted to the Secured Vault, and the Security Office, all of which will be locked at all times and not used for any other purpose or function, and access to such shall only be authorized for individuals approved by the Executive Management Team and only for those who are assigned job duties and responsibilities that require such access. Such sensitive areas are considered Restricted Access Areas and will have strict access control maintained by the Executive Management

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<sup>50</sup> Department Rule 44:90:04:13

<sup>52</sup> Department Rule 44:90:08:01

Team.

All security system equipment and video surveillance systems shall be stored in the Security Office to prevent theft, loss, destruction, or alterations. Genesis Farms shall limit access to the Security Office to only authorized Restricted Access Key Holders, including the Executive Management Team, an Authorized Security Manager or Service Contractors that are essential to security and surveillance operations. Genesis Farms shall provide access to law enforcement agencies, security system service employees, the Department, and others when approved by the Department or when conducting official duties and escorted by Genesis Farms management in accordance with the Visitor Access Policies and Department regulations.

Genesis Farms shall make available to the Department, upon licensure and subsequent request, a current list of all Restricted Access Key Holders who have authorized access from Genesis Farms' Executive Management Team. Genesis Farms shall keep the Secure Storage Room and Security Office locked at all times and shall not use such rooms for any other function. All areas of ingress and egress to Restricted Access Areas shall be clearly identified by the posting of a sign which must state "DO NOT ENTER – RESTRICTED ACCESS AREA – AUTHORIZED AGENTS ONLY".

### **Visitor Policy**

Only authorized agents, Department or LE representatives conducting official duties, approved and escorted vendors/contractors and Department approved visitors will be allowed access, beyond qualifying patients and caregivers who have been verified and permitted access to the waiting or sales area for the purpose of purchasing medical cannabis or cannabis products.

Genesis Farms shall not permit more than 10 non-employees in any secure area of the dispensary at any time.

No one under 21 years of age is permitted to enter the facility at any time. At each entrance of the site and facility Genesis Farms will post a sign in a conspicuous location that states ***"THESE PREMISES ARE UNDER CONSTANT VIDEO SURVEILLANCE. ONLY AUTHORIZED PERSONS MAY ACCESS THIS FACILITY"***

No personal affiliated with Genesis Farms in any way may receive any type of consideration or compensation for allowing a visitor to enter the site or facility.

To track all visitors, Genesis Farms will utilize **EasyLobby Solo**, a streamlined version of HID Global's Secure Visitor Management (SVM) software, which is an automated and secure, digital visitor management solution that provides easy registration, badge issuance, and efficient visitor activity reports.

## Visitor Procedures

1. Obtain visitor's name, reason for visit and point of contact at Genesis Farms. Any unannounced or unauthorized visitors are turned away and, if they refuse, law enforcement is contacted.
2. Confirm management approval for visitor access.
3. Obtain a government-issued photo ID and verify that the ID matches the person, that the ID is not expired, and verify the authenticity of the visitor's ID card. State officials will be asked to show an official identification card.
4. Scan ID into the system and require the visitor to sign into the system's visitor log. The visitor must fill in date, visitor badge #, full name, visitor signature, reason for visit, and time in.
5. Hand visitor the visitor badge (see example below), require visitor to wear the badge around neck in a manner that ensures that the badge is visible at all times. This shall apply to any temporary contractor whose scope of work will not involve the handling of cannabis or cannabis products, and may include a carpenter, electrician, plumber, engineer, or alarm technician. Such contractors shall work under the direct supervision of an authorized agent on behalf of the Licensed Medical Cannabis Dispensary.<sup>53</sup>
6. The General Manager must escort the visitor and document in Visitor Log.
7. The visitor's escort must accompany the visitor always while in the facility and onsite – maintaining that touching product is prohibited.
8. Sign visitor out, record the departure time, the areas of facility visited and the name of each employee visited in the EasyLobby system's Visitor Log and reclaim visitor badge from visitor.

Genesis Farms will maintain all visitor log entries and reports for a minimum of five (5) years<sup>54</sup> and make the log available to the Department, LE, and other State or local government officials immediately upon request.

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<sup>53</sup> Department Rule 44:90:04:14

<sup>54</sup> Section 121.002(b)(8)

Sample:



## **Security Systems and Equipment**

Genesis Farms shall implement a Unified Security Platform that will manage the Electronic Security and Surveillance requirements of centralized alarm management, consolidated reporting, Unified Access Control, photo printing, IP Video Surveillance, camera control, Web client viewing, video analytics, intrusion and perimeter detection, video archiving and related asset management. This system will be designed and deployed by a professional security contractor and maintained to exceed state regulations.

### *Electronic Security System*

The ESS is a state-of-the-art integrated intrusion detection system (IDS), coupled to a sophisticated access control system driven by smart technology and dual authentication pin identifier, which is tied into the surveillance system. The ESS is coupled with a video detection monitoring (VDM) system and anomaly detection software that incorporates smart analytics and provides an unparalleled situational awareness capability. These professionally monitored systems shall be operational twenty-four (24) hours a day, seven (7) days a week, including all national holidays.

### *Alarm Monitoring System*

A commercial-grade intrusion alarm monitoring system shall protect the facility. Restricted Access employees, including opening and closing managers, shall be trained by the Security Manager on the use of the intrusion alarm system, including arming and disarming the alarm system, the armed settings, the location of motion and wired door sensors, the location of fixed panic alarm buttons, and accidental activation procedures. The intrusion alarm system shall, at a minimum:

- Provide coverage of all entrances and exits; exterior windows, exterior walls, roof hatches and skylights; storage rooms, including those that may contain safes or cash, and sensitive interior spaces, including secure cannabis product storage.
- Allow for a secret distress/duress code, which is provided to employees and is programmed into the main security system. If used, the code shall notify law enforcement and the CSO via a silent security alarm system signal that someone at

the facility is under duress or being forced to turn off the system.

- Include an audible security alarm system signal known as a panic alarm, which is manually activated by a button, connected to the intrusion system, and signals a life threatening or emergency requiring LE response.
- Equip each emergency exit with an anti-pry multi-point locking device and shall produce an audible alarm any time the door is opened, whether the intrusion alarm system is armed or disarmed.
- Allow a silent alarm signal, known as a holdup alarm, generated by the manual activation of a device intended to signal a robbery in progress.
- Include a failure notification system, which provides an audible, text, and visual notification of facility power failure and alerts the Executive Management Team and Security Manager within five (5) minutes by call, text message and email.
- Include the ability to remain operational during a power outage and ensure all access doors and wired door sensors are not solely controlled by an electronic access panel, such that electro-mechanical locks and wired door sensors remain locked and don't release during a power outage.
- Install passive infrared motion sensors in all hallways and restricted access areas within Facility, including all areas related to the storage of medical cannabis, security systems and all required digital and physical records that will record movement within such areas.

The intrusion alarm system shall be subject to remote monitoring by the network control center, as described above, and shall allow remote monitoring by the Executive Management Team and Security Manager, whether the system is armed or not. Using an application integrated with the system, the Executive Management Team, Security Manager and designated Security Agents, can remotely monitor system arming and disarming, and all doors outfitted with wired door sensors in real-time, as well as remotely create and view custom event logs. The system shall be configured to notify the Executive Management Team, Security Manager and designated Security Agents via call, text and email automated notification of system events, including, but not limited to when any emergency exit door is opened (an audible alarm shall sound as well), when there is a power failure in the Facility, when the system is deactivated, and when an alarm is triggered.

### *Closed Circuit Television Video Surveillance System*

The facility shall be equipped with IP commercial-grade CCTV system, which is on a dedicated IP ESS network, and cannot be compromised via cyber threats. A combination of cameras are used throughout the facility, excluding the rest room, which allow for a clear image of all individuals and activities in all areas in and around the facility. Cameras shall be placed at each exterior door to allow identification of persons entering or exiting the premises; at each door separating non-public areas of the dispensary from areas in which sales to patients and designated caregivers are made, to allow identification of persons entering or exiting non-public areas; and in sufficient number to allow the viewing, in its entirety, of any area where cannabis, cannabis products, or cannabis waste is received, handled, processes, packaged, labeled, stored, destroyed, or prepared for transfer, sale, or testing.

CCTV cameras are located to clearly reveal facial and body detail quality and to avoid backlighting and physical obstructions, and cameras shall be permanently fixed at each exterior door and gate to allow identification of persons entering or exiting the premises, and at each door separating non-public areas of a dispensary from areas in which sales to patients and designated caregivers are made<sup>55</sup>. Genesis Farms augments overt camera placement with additional covert cameras in the Security Control room, and the Vault. Fixed entry and exit cameras are capable of producing alerts on the CCTV monitor, which displays a visual whenever exterior doors and sensitive area doors are opened.

Full perimeter CCTV coverage shall be installed, which includes parking lots, access drives, the exterior façade—as well as the site perimeter, where applicable. All exterior cameras are high-definition and low light (IR) capable with a high resolution. All cameras shall record with a minimum resolution of 720 pixels, at a minimum of 15 frames per second, with a clear and accurate display of time and date.<sup>56</sup>

The Security Manager and authorized personnel shall have remote access to the real-time surveillance feed, using an encrypted software application integrated with the system that allows remote access by PC, tablet, or smart phone. On-site equipment includes a LED display monitor connected to the system at all times.

### *Real Time Video Feed*

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<sup>55</sup> Department Rule 44:90:04:07

<sup>56</sup> Department Rule 44:90:04:08(1)(3)(5)

Genesis Farms implements a remote CCTV monitoring system that provides a real-time video feed of all cameras at the facility twenty-four (24) hours a day, seven (7) days a week via a secure web-based portal for LE, the Department, the Executive Management Team. The only exception is pursuant to ARSD 44:90:04:08, which states “Cameras set to record 24 hours a day at all establishments, except cameras placed at exterior doors used by patients to enter or exit the dispensary that must be set to record only outside of the dispensary’s operating hours to ensure patient privacy”.<sup>57</sup>

#### *Surveillance Records Management*

Image displays recorded or printed clearly shall display an accurate date and time stamp. The date and time shall be synchronized and set correctly and shall not significantly obscure the picture. All surveillance footage captured by each surveillance camera shall be stored for a minimum of one-hundred-eighty (180) days<sup>58</sup> in a format that shall be easily accessed for internal review and investigative purposes, and shall be stored on a surveillance system storage device which will be located in the Security Room (Restricted Access Area), in a lockbox cabinet within the security room, which is also described as a “security closet”, and will be alarmed with motion and seismic sensors to prevent from tampering or criminal theft; In addition, the video recordings will be stored on a secure third-party server, if approved by the Department.

Genesis Farms shall maintain a list of all persons with access to video surveillance recordings and maintain written procedures for controlling access to recordings and shall allow all recordings to be accessed for inspection by the Department and Law Enforcement upon request<sup>59</sup>. The recordings shall be kept onsite at the proposed facility in a lock box within the Restricted Access Security Room to protect from tampering or theft. Access to this room is limited to authorized individuals and secured by a security alarm system separate from the facility’s primary security system. The separate alarm system configuration will be equivalent to the facility’s primary security alarm system.

Additionally, images from the camera covering the security room are separately stored in a cloud-based storage system off-site, if approved by the Department. The surveillance system and all facility cameras will have internet protocol (IP) compatibility to support live viewing by the department over a secure internet connection<sup>60</sup>.

Within one (1) business days following a records request, Genesis Farms shall provide screen captures of an unaltered copy of a video surveillance recording to the Department, its authorized agents, LE, or other federal, state or local government officials if necessary to perform the governmental officials’ functions and duties. If Genesis Farms has been notified in writing by the Department, its authorized agents, law enforcement, or other federal, state or

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<sup>57</sup> Department Rule 44:90:04:08(5)

<sup>59</sup> Department Rule 44:90:04:09

<sup>60</sup> Department Rule 44:90:04:08(2)



local government officials of a pending criminal or administrative investigation for which a recording may contain relevant information, Genesis Farms shall retain an unaltered copy of the recording for five (5) years or until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the facility that it is not necessary to retain the recording, whichever is longer.

The CCTV system shall be capable of immediately exporting video data and producing DVDs and photographs, available offsite and upon demand using an installed media recording. DVDs shall be viewable on any standard computer operating system and required player software shall be included on the disc. The system shall allow for the exporting of still images using industry standard formats and an available video printer capable of immediately producing clear, color, still-photos from any video camera image. The system shall have the ability to archive exported data in a proprietary digital format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place.

#### *Maintenance and Backup Systems*

Genesis Farms shall require an annual security audit for the re-evaluation and analysis of all installed physical security and policies/procedures, which shall be conducted by the Security Manager, as well as approved alarm and surveillance system vendors. Additionally, all security systems shall be inspected, and all devices tested once every year by a Genetec Factory Certified security system integrator, as approved. Genesis Farms shall conduct maintenance inspections once every month and ensure that all necessary repairs, alterations and upgrades are made for the proper operation of the systems. Genesis Farms shall retain at the facility, for at least five (5) years, records of all inspections, servicing, alterations, and upgrades performed on the systems. The records shall be made available to the Department and its authorized agents immediately upon request.

#### *Back Up Power*

The facility shall be equipped with an onsite backup generator/auxiliary power system with an automatic transfer switch to maintain operation of all security systems, including CCTV cameras and the surveillance system, the alarm system and access control locks, within the facility for no less than four (4) hours following a power outage<sup>61</sup>. The Department shall be notified of any power outages and provided with documentation regarding the outage and course of action to enforce this security plan and to comply with the security requirements.

All alarm, access control, and surveillance systems shall remain operational in the event of a power failure. Each system has an internal battery backup that is immediately activated upon power loss and shall notify the facility manager and CSO via text, email or phone immediately upon loss of power. In the event of a mechanical malfunction of any security system that the

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<sup>61</sup> Department Rule 44:90:04:10

directory of security anticipates will exceed an 8-hour period, Genesis Farms shall notify the Department immediately and, with Department approval, provide alternative security measures that may include closure of the facility as necessary to remedy any defects or failures of the security systems.

**Security Diagram**

\*See attached.

Genesis Farms, LLC Business Plan – Last Updated October 28<sup>th</sup>, 2021  
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## **Diversion Prevention Plan (Plan for preventing the diversion of cannabis to non-cardholders and procedures used to prevent diversion)**

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### **Overview**

Genesis Farms Diversion Prevention Plan ensures that all Department requirements, and state and local laws and requirements are met or exceeded pertaining to the prevention of diversion of cannabis and cannabis products at and on behalf of the Licensed Medical Cannabis Dispensary. Genesis Farms' diversion prevention plan and corresponding policies and procedures detailed in this application illustrate Genesis Farms' commitment to professionalism, education, compliance, consistency, and above all, a high quality, reliable and safe experience for qualifying patients and caregivers. In part, Genesis Farms' primary objective through its licensed dispensary operations is to lawfully distribute medical cannabis and medical cannabis products, pursuant to SDCL 34-20G, Department Rules and local requirements and regulations. Specifically, Genesis Farms shall rely on its expert members and advisors to ensure the development and implementation of this Security Plan and related policies and procedures pertaining to security and surveillance, to ensure compliance and maximize the effectiveness of our security measures.

This Plan is constantly reviewed and updated where appropriate to reflect changes to the rules and evolution of best practices. Genesis Farms shall utilize the collective experience of its team members and is currently vetting and selecting a qualified security advisor who has experience developing industry leading security systems and implementing preventative measures, which will be critical in the prevention of diversion.

Genesis Farms' primary objective through its plan for prevention of diversion is to prevent and detect diversion, theft, or loss of any cannabis, cannabis products, cannabis paraphernalia, or other controlled assets of the licensed dispensary, including money, computers, hardware, cash registers and any other equipment, supplies or materials used in the normal conduct of dispensary operations. Genesis Farms' Diversion Prevention Plan shall ensure all cannabis waste generated at the facility is stored and disposed of in accordance with Department and local rules, and Genesis Farms Waste Disposal SOP.

### **Diversion Prevention Principles and Practices**

The below provisions include strict security measures to prevent employee or third-party theft or transfer of medical cannabis by an authorized entity to an unauthorized individual. Supply-chain security is designated as a primary job duty of all employees, reinforcing a company-wide culture of responsibility. The Executive Management Team is responsible for the development and implementation of the diversion prevention activities within this plan, while the Inventory Manager and General Manager are responsible for diversion prevention oversight.

Genesis Farms' diversion prevention plan includes the use of robust physical protections, access control, alarm monitoring and surveillance systems for greater product control and outlines methods for identifying, recording, and reporting diversion, theft, or loss, and correcting all errors and inaccuracies in inventories. Our diversion prevention plan was developed with four core objectives:

1. Deterrence — project the image of the Facility as well-protected and secure to potential intruders
2. Detection — detect any intrusion of perimeter points with full coverage alarm monitoring
3. Delay — delay intrusion at various levels within the Facility, navigating from the exterior perimeter to valued assets
4. Diversion Prevention Strategy — incorporate a comprehensive loss prevention strategy geared at insider threat and the prevention of theft or diversion of medical cannabis

Genesis Farms' facility, shall utilize a combination of design features, technologies, procedures, employees, and administrative strategies to deter, detect, monitor, and delay intrusion and prevent theft and diversion by persons employed by, associated with, or entirely independent of the licensed operations. Genesis Farms' protocols exceed security requirements established by the Department and are comprised of the following three elements:

1. Architectural Security, including, but not limited to site and building perimeter protection, Crime Prevention Through Environmental Design (CPTED), exterior lighting to ensure proper surveillance, physical barriers, and secure storage
2. An Electronic Security System (ESS), comprised of an access control system, intrusion alarm system, and closed-circuit television (CCTV) surveillance system, all with remote monitoring and notification capabilities
3. Organizational Security including, but not limited to policies, procedures, and protocols required of all employees and visitors, background checks for screening purposes, remote monitoring of employees using ESS, the use of internal and third-party security experts and resources and record retention

Genesis Farms' operation's threat assessment shall be in the spirit of the National Incident Management System (NIMS), which utilizes an "all threats and hazards" approach to high-risk emergency and security planning. NIMS components link together and work in unison to form a comprehensive incident management system that includes preparedness, communication, information management, resource management, command and ongoing management and maintenance. Genesis Farms shall implement baseline security measures in the engineering design phase of the build-out to ensure appropriate inter-system connectivity. Once constructed and operational, a comprehensive vulnerability assessment (VA) shall be

performed on the facility to ensure the appropriate level of security prior to the beginning of operations.

### **Security Protocols for Prevention of Diversion**

See the following sections in Genesis Farms' Security Plan pertinent to the prevention of diversion:

- Premises Security
- Electronic Security System
- Access Control
- Restricted Access Areas
- Alarm Monitoring System
- Closed Circuit Television Video Surveillance System

### **Culture of Diversion Prevention**

Genesis Farms distributes medical cannabis and cannabis products, which are controlled substances with many incentives for diversion, both internal, and external. Supply chain security is Genesis Farms' top priority and a primary job duty of all managers and employees. Diversion includes, but is not limited to, employee or third-party theft or transfer of medical cannabis by an employee or authorized customer to an unqualified individual. Best practices dictate that Genesis Farms demonstrate control and security over controlled substances inventory, create strict divisions of duties, and implement oversight procedures developed by management to prevent opportunities for diversion.

### **Exit Packaging**

All cannabis products must be contained and sealed within a compliant, child-resistant bag before exiting the store. The exit bag may need to be opaque, re-sealable, and ASTM approved. Patients may acquire an exit package from the dispensary or bring their own. If an agent is unsure if the package a customer has brought in is compliant, he/she must consult with the General Manager. The entire order is then packaged and sealed in order to deter the customer from opening it while on the premises.

### **Agents May Not Change Labels**

No Genesis Farms agent may alter, obliterate, or destroy any label attached to a cannabis or cannabis product container or package. The General Manager is required to make changes to any label and to approve of any label disposal.

### **Display of Product**

The dispensary will display samples of products offered for sale. These products will be displayed in sealed containers, protected by locked cases, behind the counter and will be inaccessible to patients.

Any product packaging displayed within reach of patients will not contain any cannabis or cannabis products within them.

### **Duties of Management and Employees**

The Executive Management Team and Security Manager are responsible for the development and implementation of Genesis Farms' diversion prevention plan. The Security Manager and General Manager are responsible for oversight of the diversion prevention plan effectiveness. All Genesis Farms' employees are responsible for ensuring a diversion prevention culture of responsibility and reporting. All employees are trained to identify indicators of diversion, suspicious behavior, suspicious parking lot activity, and other indications of planned diversion.

Any employee who participates in, allows, or fails to report diversion will be reported to the Department and Law Enforcement as necessary and terminated in accordance with Genesis Farms policy. All Genesis Farms employees involved in the handling of medical cannabis as part of their primary job duties shall be well versed in Department regulations. To foster a culture of responsibility surrounding diversion of medical cannabis, it is imperative that all operation managers embrace this diversion prevention plan and share in discrepancy-resolution and diversion- prevention responsibilities. Working together, all units of the operation shall make recommendations to the Security Manager regarding the policies and procedures for the handling of controlled substances in each unit.

#### *Denials of Sale:*

The General Manager and all agents must be familiar with signs of diversion of cannabis and appropriate reasons for refusing a sale.

- Risk to patient or the public – agents of the dispensary may refuse to dispense to a patient if in the opinion of the employee, the customer or the public could be placed at risk. In any instance of denial, the dispensary will notify the Department immediately and register the refusal in Dutchie and internal logs.
- Suspected diversion - agents must refuse to sell cannabis to a patient they suspect may be diverting product and notify the Dispensary Manager immediately. In any instance of denial, the dispensary will notify the Department immediately and register the refusal in Dutchie.
- Returns and incorrect sales – when an incorrect sale is made, multiple products are incorrectly rang up, a POS error occurs, a patient changes their mind or receives an incorrect product and has been purchased at the dispensary, agents are required to

notify the General Manger to perform an audit and correction for the incorrectly sold product. (product void) The voided sales receipts must be stored physically and digitally, on-site and off-site, for a minimum of five (5) years to ensure department inspectors are able to examine the discrepancies within the inventory.

### **Opening and Closing Procedures**

At least two (2) employees are required for opening, closing, and operation of the facility at all times. An employee shall inspect the facility for forcible entry before entering and shall survey the premises before admitting others. Security equipment shall be inspected after opening and prior to closing to ensure the necessary surveillance and alarm monitoring of all operating activities. At closing, employees shall survey the premises for someone hiding in the facility, near the building entrance or in the parking lot. One employee shall enter the parking lot first while the second watches him or her enter his or her vehicle before the second enters his or her vehicle when leaving for the day.

### **Suspicious Activities**

Every employee shall be responsible for reporting suspicious activities and persons to the Security Manager and/or General Manager. The Security Manager and/or General Manager shall notify LE when a potential risk is identified. Should the person leave before the LE officer's arrival, the Security Manager and/or General Manager shall note the time to retrieve surveillance records and record a description of the suspect and any vehicles for possible police use. Examples of suspicious activity could involve coworkers, patients, vendors, or unknown persons and include persons monitoring business operations; persons asking about closing times, volume of business, the amount of money on hand, etc.; persons who appear to loiter in the area examining the business layout and operations; and persons waiting for a lull in activity and fewer customers.

### **Communication with Law Enforcement**

Procedures contained herein include measures to aid in the development of strong partnerships with local LE and prevent unwanted individuals from entering or remaining within the facility. The Security Manager maintains a list of non-emergency police department contacts for Genesis Farms and maintains regular communication with each contact advising of any changes in the security environment or any suggested modifications to procedures. Genesis Farms aims to develop strong partnerships with local LE agencies. The Security Manager engages these agencies to support Genesis Farms' security and diversion prevention mission through:

- Collaborative training and exercises
- Observation patrols provided by the local county Sheriff's Department and Police Department
- Rapid response to incidents



- Proactive meetings

The Executive Management Team and Security Manager and/or General Manager shall review crime data for the area often. Although the probability of robbery and burglary are low due to the robust security systems and processes in place, they are not absent. However, prudent security measures based on risk analysis, threat, and vulnerability assessments will help negate any security threats.

### **Threat Assessment**

Genesis Farms actions for threat assessment shall use an all “threats and hazards” approach to high-risk security planning, consisting of gathering, evaluating, and analyzing information about individuals and groups that may present some level of threat to our operations. The assessment includes, personal and group capabilities and their past actions, and alliances. Open-source information, social media monitoring, geo-fencing, crime mapping indexing data, and frequent liaison with federal, state, and local LE employees form the foundation for completing the threat matrix. Genesis Farms shall seek to retain a security subcontractor who will also establish a digital footprint to track and trace all website use and data transfer within the facility to identify potential threats. In addition, a comprehensive employee’s security program includes manager communication with all of our employees at the facility. This information is jointly shared with our Security Manager who, based on his judgment, may in turn share the data with local LE agencies.

### **Required Reporting**

All employees must report any suspicion of theft or diversion to the facility manager or member of the executive management team immediately as a condition of employment. Any occurrence of diversion, theft, or loss of cannabis or cannabis products shall be handled in accordance with this diversion prevention plan. Pursuant to ARSD 44:90:04:03, Genesis Farms shall immediately notify the Department (within one business day) upon discovery of any criminal activity, and upon any system failures, breaches or interruptions in service to security surveillance systems and/or tracking system infrastructure and, with Department approval, provide alternative security measures that may include closure of the facility.

## Waste Management Plan

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### Overview

All waste, including waste composed of or containing finished marijuana and cannabis products shall be stored, secured, locked, and managed in accordance with State laws and Department Rules. Genesis Farms shall have separate locked limited access areas for storage of all medical cannabis and medical cannabis products, with separate storage and labeling in the secure storage area for any cannabis or cannabis products that are expired, damaged, deteriorated, mislabeled, contaminated, recalled or whose containers or packaging have been opened or breached until such inventory can be properly documented, destroyed or otherwise disposed of as required under Department Rules. "Cannabis waste" shall mean any solid, liquid, semi-solid or contained gaseous material that is generated, stored or received by Genesis Farms' facility and shall include unused, surplus, returned, recalled, contaminated, or expired medical cannabis or medical cannabis products; and if applicable, wastewater.

**Any cannabis waste designated for disposal shall not be disposed in the normal waste receptacle (dumpster) in the parking lot. Cannabis waste, which will be minimal at the dispensary, shall be labeled and quarantined in secure storage in the vault until it can be transferred to an authorized transportation agent on behalf of Genesis Farms, and returned to the Genesis Farms Cultivation Facility in Box Elder where it can be properly destroyed.**

### *Cannabis Wastewater Prevention*

At the time of application, Genesis Farms does not foresee any scenario where it would generate wastewater containing cannabis or cannabis products or cannabis related runoff, as that is not typically an issue for cannabis dispensaries but can be for cannabis cultivation and manufacturing facilities. Genesis Farms does not intend to co-locate any other cannabis license or facility at the proposed dispensary location. As such, Genesis Farms will utilize the public wastewater treatment option in the area, or if necessary, upon consultation with local water authorities, for the purpose of handling typical commercial sewage. Genesis Farms will seek a pretreatment industrial use permit and comply with chapter 74:53:01., If any such cannabis wastewater is generated, it would be disposed of by mixing the wastewater with a solid mass, such as dirt and sand, and rendered unusable via the waste disposal procedures described below. At the time of application, Genesis Farms has no intention of maintaining or selling any cannabis liquid products such as beverages, which if spoiled, could be considered 'wastewater'. Under no circumstances will cannabis liquids or liquid products be disposed of in the on-site plumbing, drainage or water lines.

### Waste Log, Weighing and Witnesses

All waste disposal activities shall be recorded in the Waste Disposal Log within the automated data processing/point-of-sale system (ADP/POS) with details pertaining to the date of disposal, type, and quantity of waste disposed, and the manner of disposal – in addition to being logged in a physical log on-site which is constantly monitored by the Security Manager and General Manager. Additional waste disposal provisions include detailed plans for excess product

disposal, liquid, and solid waste disposal based on guidelines from the Department, composting practices, and the disposal of expired, contaminated, or otherwise unusable medical cannabis. The Inventory Manager shall report any verifiable incident of unauthorized destruction of medical cannabis to the Department and LE. Genesis Farms shall ensure the number of damaged, defective, expired or contaminated medical cannabis amounts and number of medical cannabis products units, including quantities, servings, weights and other relative information, is recorded and tracked accurately at all times in the state-mandated inventory tracking system. All cannabis waste must be weighed and inventoried before leaving any cannabis establishment using a scale certified in accordance with measurement standards established in Article 14 of Title 35, C.R.S. Lastly, any waste disposal procedures, including logging, weighing and destruction, must be witnessed and logged by at least two (2) authorized agents, and must be completed with prior approval by the General Manager.

If Genesis Farms ceases operations, Genesis Farms shall dispose of any remaining medical cannabis and medical cannabis products, in coordination with the Department. If Genesis Farms is ordered to close a facility, it shall do so in accordance with state law and Department instructions and provide a plan to the Department as to how the Genesis Farms intends to dispose of any existing cannabis inventory at the time of the projected closure. Genesis Farms shall not remove or destroy any cannabis or cannabis products as a result of facility closure, until the Department has approved its submitted plan for closure and shall comply with all requirements regarding disposal of medical cannabis.

### **Medical Marijuana Waste Storage and Disposal Procedures**

Prior to disposal, medical cannabis waste shall be securely stored in a locked compartment located in an area under constant video surveillance and kept quarantined from all usable medical cannabis products, medical cannabis source material, or medical cannabis plants to prevent contamination. All medical cannabis waste shall be returned to the secure storage location immediately after being rendered unusable and unrecognizable in preparation for transportation from the facility for disposal.

Medical marijuana green waste shall be considered unusable and unrecognizable when all components of the waste are indistinguishable and incapable of being ingested, inhaled, injected, swallowed, or otherwise used for certified medical use. Genesis Farms acknowledges that acceptable methods of rendering the waste unusable and unrecognizable include thermal treatment or melting, shredding, grinding, or tearing and incorporating the medical cannabis waste with other municipal waste until it is certain the mixture contains more than 50% non-medical cannabis waste by weight and is therefore defined as unusable and unrecognizable.

All waste management operations shall take place on sanitized work surfaces, supervised by a manager, and performed utilizing a properly registered National Type Evaluation Program

(NTEP) Legal for Trade scale. Approved scales shall be integrated into the automated data processing and point-of-sale system (ADP/POS) for accurate data entry. The selected ADP/POS is ADP/POS SYSTEM. Genesis Farms shall render medical cannabis waste unusable and unrecognizable via the methods set forth below. The employee performing waste disposal activities shall:

1. Verify within the ADP/POS and other relevant internal logs to ensure the recordkeeping requirements for plant and product maintenance, plant harvest, trimming, and other production procedures were met with regard to the medical cannabis waste being disposed created, handled and stored.
2. Individually weigh each waste container holding medical cannabis, writing down the weight of each, and the number of units, servings, quantities, batch numbers and other relative information. All weights recorded will be verified with those entered into the ADP/POS, and the waste disposal log.
3. After weighing all medical cannabis green waste and confirming entries in the ADP/POS, immediately combine all waste into a secure waste container located within the secure waste storage area (inside the SECURED VAULT) physically segregated (room and HVAC systems) from all other usable medical cannabis and cannabis products within the facility.
4. Ensure all accumulated medical cannabis waste located in the secure waste container is rendered unusable each day by grinding very finely in an industrial grinder located within the waste storage area, and if necessary, consult the Department.
5. Ensure all medical cannabis waste that has been rendered unusable shall be rendered unrecognizable by thoroughly mixing with used media or other fine compostable product such as Bokashi, soil, sawdust or equivalent until it is certain the mixture contains more than 50% non-medical cannabis waste by weight<sup>62</sup>.
6. Place all medical cannabis waste that has been rendered unusable and unrecognizable in a secure waste container within the secure waste storage area until it is ready for pickup and disposal by an approved waste hauler.
7. Ensure all activities, data, and relevant notes related to rendering medical cannabis green waste unusable and unrecognizable are entered into the Waste Disposal Log within the ADP/POS, including the name and identification number of the employee carrying out the activities and the manager overseeing them. The records related to the destruction and disposal of all medical cannabis green waste will include all batch and lot identifiers from propagation to disposal.

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<sup>62</sup> Department Rule 44:90:03:05

8. Sanitize and clean all supplies and work surfaces used in the destruction and disposal of medical cannabis green waste.
9. Ensure all other internal logs and checklists are completed prior to the end of the day.

Genesis Farms shall appropriately revise all related procedures and comply with the Department approved methods of destruction and disposal as implemented. The secure area used for the storage and mixing of medical cannabis waste shall be securely locked and protected from unauthorized entry, other than during the time required to move or render medical cannabis waste unusable or prepare mixed waste for transport to the specified disposal facility. Genesis Farms shall ensure its facility design and function, as well as employee policies and procedures, ensure that all medical cannabis waste is:

- Stored and disposed of in a manner that minimizes the development of odors that could present a public nuisance
- Stored and disposed of in a manner that minimizes the potential for such waste to attract, harbor, or become a breeding place for pests
- Stored and disposed of in a manner that protects against contamination of medical cannabis, contact surfaces, and other Facility areas, water supplies, and grounds surrounding the facilities
- Stored and disposed of in a manner that prevents diversion, theft, or loss of medical cannabis plant material and medical cannabis products
- Stored and disposed of in a manner that ensures traceability through internal documentation and real-time electronic tracking in the ADP/POS
- Stored in a secured and locked waste container within an area covered by continuous video surveillance

Genesis Farms shall ensure all medical cannabis green waste that is non-hazardous and that has been rendered unusable and unrecognizable shall be removed from the secure storage site only by an approved waste hauler or composter to a permitted municipal waste landfill, recycling center, compost facility, or transported to a permitted waste-to-energy plant (permitted resource recovery facility) where the plant waste is combusted for renewable energy generation, if available and approved by the Department. The approved hauler will be on a regular schedule facilitating pickups on a weekly basis or more as needed to remove waste as quickly as possible from the facility in an effort to mitigate the potential for contamination.

Medical cannabis waste and waste disposal activities shall be recorded in Genesis Farms' ADP/POS and in the Genesis Farms' internal Waste Disposal Log. These records shall be maintained in an electronic format for a minimum four (4) year period and can be made available for inspection upon request by the Department, and when necessary for investigative purposes by law enforcement agencies.

## **Non-Medical Marijuana Waste Disposal**

### *Waste Water*

The facility will produce quantities of sewage waste consistent with any traditional business operation with a similar size staff. Genesis Farms shall not produce toxic wastewater or runoff during the dispensing of medical cannabis. Any wastewater that must be discharged shall be discharged into a permitted sewage treatment system in accordance with local, federal, and state laws.

No sewage waste shall leave the proposed facility through the plumbing system beyond that which is typical of any facility with a similar number of employees present. The adequacy of the plumbing system ensures that no sewage or other liquid waste contaminates areas surrounding the proposed facility or the potable water line. Backflow prevention devices are installed on all incoming water sources at the proposed facility to protect against contamination.

The General Manager, shall ensure any spills are cleaned up immediately, runoff is reduced, and waste generating activities are minimized. These water preservation efforts extend to ensure the safety of the environment, employees, and patients.

### **Liquid Waste Management (Non-Wastewater)**

Non-hazardous liquid waste may be transported to a wastewater treatment plant by a licensed wastewater hauler, or via sanitary sewer pipes, so long as the treatment plant knows about the waste and deems it acceptable. Alternatively, liquid waste may be solidified by mixing with soil or other absorbent material in order to be sent to a landfill. Genesis Farms shall contact the receiving landfill to confirm the resulting mixture can meet its waste acceptance criteria prior to disposal at the landfill. Depending on the type and quantity of wastewater generated, and established disposal regulations, other options may be available.

### **Solid Waste Management**

General guidelines that shall be implemented at the proposed facility to ensure:

- All solid wastes, including recyclables, shall be stored in a manner as to not constitute a fire, health, or safety hazard or provide a food or harbor for pest or vermin
- All solid waste containing food wastes shall be securely stored in covered or closed containers which are nonabsorbent, leak-proof, durable, easily cleanable, and designed for safe handling
- All waste containers used for storing solid waste or recyclables shall meet the American National Standards Institute (ANSI) standards for waste containers
- All solid waste is placed into recycling bins or trash bags within trashcans

- Employees shall securely tie up trash bags, and carry the recycling containers and trash bags to the site's external secure waste containers, and place the bags and recyclables into their appropriate container for pick up at the end of each day
- All external waste containers shall be installed in a manner that prevents spillage or leakage during on-site collection
- All solid wastes shall be collected at least once per week

Genesis Farms shall ensure all non-hazardous solid waste shall be removed from the site only by an approved waste hauler or composter to a permitted municipal waste landfill, recycling center, compost facility, or transported to a permitted waste-to-energy plant (permitted resource recovery facility) where the plant waste is combusted for renewable energy generation, if available and approved by the Department. The approved hauler will be on a regular schedule facilitating pickups on a weekly basis or more as needed to remove waste as quickly as possible from the facility to mitigate the potential for contamination.

### **Universal Waste**

Genesis Farms shall comply with Federal rules (40 CFR Part 273) for the identification and management of universal waste. Four potentially hazardous wastes may be managed as universal waste consisting of lamps, batteries, mercury-containing devices, and recalled, cancelled, suspended, or unusable cleaning chemicals or materials. Genesis Farms shall identify a recycler permitted to accept hazardous waste being managed as universal waste prior to any waste leaving a Genesis Farms facility.

Genesis Farms shall follow federal, state and local guidelines for the identification, management, and disposal of universal waste.

Genesis Farms shall most assuredly be classified as a Small Quantity Handler of Universal Waste, as defined in 40 CFR Part 273.9, which means the Genesis Farms' operations do not accumulate 5,000 kilograms or more of universal waste at any time and is therefore exempt from many universal waste management regulatory provisions.

### **On-Site Management of Hazardous Waste in General**

Hazardous waste shall be managed in accordance with Federal and state law, rules, and regulations related to hazardous waste. Genesis Farms shall actively avoid using hazardous materials by selecting non-hazardous options whenever possible and shall have measures in place to avoid generating hazardous waste altogether. When hazardous materials must be used or handled in the facility, they shall be used and handled in accordance with instructions on the SDS for that product and while using the appropriate personal protective equipment (PPE). Materials shall be returned to the hazardous materials storage area promptly after use.



Hazardous waste shall be secured in containers appropriate for the type of hazard, compatible with the contents, and appropriate for present amount of waste.

Employees who manage hazardous waste shall refer to the EPA's [Handbook, Hazardous Waste Containers](#) for guidance. Containers shall be kept in good condition free of dents, corrosion, leakage, and bulging. Containers that leak or show damage shall be carefully disposed of and contents shall be transferred to another secure container. The employee transferring the waste must wear PPE relevant to the hazardous characteristics of the waste inside. Lids to hazardous waste containers remain closed and secure when not actively adding waste to or removing waste from the container. Hazardous waste container labels shall contain the words "Hazardous Waste", a description of the contents, and EPA waste codes. They shall be stored in a climate-controlled area, so containers remain cool and dry. Hazardous waste shall be stored in appropriate containers on-site for no more than thirty (30) days before collection and transport for proper disposal. Container storage areas shall be inspected weekly. At a minimum, the inspection covers leaks, general container condition, labeling, and management practices.

### **Determining Generator Status**

Genesis Farms shall follow the guidelines presented in 40 CFR 261.5 for determining Genesis Farms' hazardous waste generator status. Genesis Farms anticipates achieving a Conditionally Exempt Small Quantity Generator (CESQG) status each month if any hazardous waste is generated at all. A generator is a CESQG in a calendar month if the entity generates no more than one hundred (100) kilograms (220 pounds) of hazardous waste in that month.

Genesis Farms shall avoid generating hazardous waste by implementing good environmental management practices. If hazardous waste is ever generated, generator status at each facility will be determined on a monthly basis by the Executive Management Team. Genesis Farms shall actively monitor waste quantities and take steps to minimize the amount of hazardous waste generated in order to ensure the Genesis Farms either avoids hazardous waste generation altogether or maintains CESQG status, if necessary. The Executive Management Team shall notify the Department of all changes in generator status using the EPA Form 8700-12, "Notification of Regulated Waste Activities". Provided Genesis Farms complies with the hazardous waste disposal requirements set forth, as a CESQG, the Genesis Farms' hazardous wastes, if any, are not subject to regulation under 40 CFR Parts 262-268, Parts 270 and 124.

### **Hazardous Waste**

Genesis Farms shall ensure all hazardous waste, if generated, is transported and disposed of pursuant to the rules and regulations of the Department and the EPA. Waste shall be classified as hazardous waste in three ways:

- If it is named so under definition of hazardous waste in the STATE

- If it is listed in 40 Code of Federal Regulations (CFR) 261 Subpart D as hazardous by the EPA
- If it is characterized in 40 CFR 261 Subpart C, as hazardous by exhibiting one of the four hazardous characteristics
  - a. Ignitability — Has a flash point of less than 140°F or could catch fire under certain circumstances. Examples include solvents, mineral spirits, paint waste. Ignitable hazardous wastes are assigned the EPA hazardous waste code of D001.
  - b. Corrosivity — Is aqueous and has a pH that is very low (two (2) or less) or very high (12.5 or higher) or can corrode metal. Examples include acids or alkali cleaning baths, battery acid. Corrosive hazardous wastes are assigned the EPA hazardous waste code of D002.
  - c. Reactivity — Is unstable, reacts violently, explodes, or produces toxic vapors under certain conditions. Examples include cyanide waste, sulfide waste, peroxides. Reactive hazardous wastes are assigned EPA hazardous waste code of D003.
  - d. Toxicity — Have specific toxic contaminants present in high enough concentrations to be harmful to humans or the environment. Toxic contaminants and their toxicity threshold levels are included in the federal hazardous waste regulations. Examples include wastes that contain heavy metals or certain chemicals (e.g., benzene, pesticides). Toxic hazardous wastes are assigned the EPA hazardous waste codes of D004 through D043, depending on the contaminant present.

Genesis Farms shall comply with all Federal, state, local preferred methods of waste disposal and only uses locally authorized waste disposal providers.

### **Waste Minimization Practices**

Genesis Farms aims to eliminate waste wherever possible. When waste cannot be eliminated, efforts shall be made to minimize waste output, reduce environmental harm, and reuse materials. Genesis Farms shall create annual waste projections to track the effectiveness of waste mitigation strategies and to review areas for improvement, which shall consider improvements in marijuana and traditional industry best practices.

### *Hazardous and Chemical Waste*

Genesis Farms aims to minimize or eliminate the use of hazardous substances and toxic chemicals wherever possible and shall dispose of such waste in accordance with state, federal, and local law as well as all relevant environmental regulations. Genesis Farms shall minimize

hazardous and chemical waste by incorporating antimicrobial building materials into designated sanitation areas, which reduces the need for chemical cleaning and sanitation and prevents environmental or groundwater contamination.

#### *Solid and Recyclable Waste*

Genesis Farms shall continually strive to produce zero waste at the proposed facility. Paper waste shall be typically minimal and will be recycled. The proposed facility is expected to produce average levels of plastic, glass, and aluminum waste, all of which are recycled. Genesis Farms shall provide recycling bins for assorted plastics, glass, aluminum, and paper products at through the facility. Genesis Farms shall engage with a local waste disposal Genesis Farms to schedule recycling services and regular pick-ups. Genesis Farms shall also implement proper resource disposal techniques for the removal of all regulated materials including lamps, nutrient waste, and applicable electronics.

#### *Paperless Communication*

Genesis Farms shall use email and other direct dialogue services as the primary channel of communication between management, employees, customers, and vendors, to reduce paper waste generated from internal communications. Genesis Farms shall utilize secure cloud-based tracking systems to store electronic forms of all compliance documents, allowing for mobile access and the reduction of wastepaper.

**Waste Disposal Log**

Date/Time	Agent ID #	Reason for Disposal	Lot, Batch, or Identifier	Type of Approved Disposal	Weight/Quantity of Cannabis Added to Disposal Container	Date of Disposal	Agent Signature (Verification #1)	Agent Signature (Verification #2)	Notes

ALL CANNABIS WASTE MUST BE DESTROYED IN ACCORDANCE WITH COMPANY SOP, STATE & LOCAL REQUIREMENTS AND MUST BE RENDERED UNUSABLE.

Genesis Farms, LLC Business Plan – Last Updated October 28<sup>th</sup>, 2021  
CONFIDENTIAL – DO NOT DUPLICATE OR DISTRIBUTE WITHOUT PERMISSION FROM GENESIS FARMS, LLC

## Recall and Quarantine Plan

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### Overview

The primary goal of a recall is to protect consumers from cannabis products that present a risk to public health by removing or correcting products and labels that have been deemed potentially harmful caused by defective quality, safety, efficacy, or information. Therefore, in accordance with federal safety standards and industry best practices, the purpose of this recall and plan is to assist in the execution of necessary quarantines, and to be prepared for the event of a recall by defining roles and responsibilities of key individuals, centralizing current contact information, and supplying prewritten templates for timely communication. Individuals participating in a company recall shall review the recall plan and be able to execute the plan in the event of a recall.

Genesis Farms shall establish, maintain and comply with the policies and procedures described in the operations, recordkeeping and storage plans approved by the Department, in regard to the production, security, storage, inventory, and distribution of cannabis products. The policies and procedures shall include methods for identifying, recording, and reporting diversion, theft, loss, and for correcting all errors and inaccuracies in inventories.

Furthermore, this plan will be executed annually in order to identify any problems within the recall procedure. Records of these mock recalls will be documented and recorded in training logs. This proactive approach will deliver high level efficiency and preparedness in the event of an actual recall.

If any product has been determined to be contaminated, spoiled, mislabeled, or has been found to be unsafe, poses a risk to public health or safety, or other reasons the Department may deem unfit, Genesis Farms shall initiate a voluntary recall. All affected products shall be quarantined and stored in secure storage containers placed within a designated location in the dispensary vault and all recalled products shall be prominently labeled with: "RECALLED – DO NOT TRANSFER."

All patients who have purchased any potentially contaminated, unsafe or recalled cannabis product will be informed to immediately:

- Discontinue use of any products in question or that have been recalled.
- Return the affected items to the dispensary.

Genesis Farms will comply with all Department requests for recalls and product quarantine.

## Procedures

A recall shall be initiated as a result of reports or complaints on quality, safety, or efficacy of the product(s). Reports or complaints shall be referred by cultivators, manufacturers, other dispensaries, testing laboratories and/or effected qualifying patients. A cultivator or may voluntarily initiate a recall at any time as they deem fit. Please refer to the Flow Charts on Complaint/Adverse Event Evaluation and Recall Process found below summarizing Genesis Farms' recall plan.

## Evaluation of Complaint

### *Complaint or Reported Adverse Event Received*

1. Complaint receipt, processing, and evaluation
  - a. Receive the complaint — Maintain a file with any product complaints received by the
    - i. Pertinent information that shall be maintained includes:
      - Complainant contact information;
      - Product along with reported problem;
      - Product identification;
      - Product storage;
      - Purchase date of product and location of product purchase;
      - Illness and injury details.
2. Complaint shall be forwarded to trained staff for initial evaluation. If primary assessment indicates recall may be necessary, the Recall Coordinator shall convene the Recall Committee for immediate evaluation.
3. Hazard and safety concerns associated with the product shall be determined.
4. A strategy for product removal (and disposal, if necessary) shall be determined based on the level of threat to health and safety as well as location in commerce.
5. Contact appropriate regulatory agency(ies).
6. Maintain a log of events of the recall (dates, actions, communications, and decisions)
7. Alert and consult with legal counsel.

## Initiation of a Recall

In summary, if a recall is company-initiated, the Executive Management Team, in coordination with the Department, will review the information provided. This includes reviewing and

suggesting changes to the firm's recall strategy, to its recall communication, and to its press release (if necessary).

The firm, as soon as possible, but preferably within 24 hours, after learning of a recall either planned or in progress, shall notify the appropriate agency overseeing product recall. The recalling firm shall scan and e-mail or fax a copy of the recalling firm's recall communication and press release, if any. The possibility for bilingual, multilingual or impaired communications should be explored.

All recall communications shall be written in accordance with the following guidelines:

- Be brief and to the point;
- Clearly identify the product(s) such as the product name, size, brand name, serial numbers, potency, dosage, type, model, lot number(s), UPC codes, administration route, and any other pertinent descriptive information to enable accurate and immediate identification of the product;
- contain a concise statement of the reason for the recall;
- State known or potential hazard(s), and instructions for consignees to follow in handling the recall. An example of a model recall letter is provided on page 60 of the FDA's Regulatory Procedures Manual:  
(<http://www.fda.gov/downloads/ICECI/ComplianceManuals/RegulatoryProceduresManual/UCM074312.pdf>).

If a firm has voluntarily initiated a recall of any product(s), then it is responsible for promptly notifying each of its direct accounts.

Recall communications shall be sent in the most expeditious manner and commensurate with the hazard of the product being recalled, and, where appropriate, sent with proof of receipt (e.g., by certified mail). All communication methods related to the firm's recall shall be documented accordingly.

Recall communication, particularly letters to direct accounts should include a postage-paid, self-addressed post card, envelope, or other arrangement to enable the consignee to report the amount of the product available and its disposition. Recall communications shall direct that the consignee submit a report regardless of whether or not any of the products are on hand. An example is provided on page 62 of the FDA' Regulatory Procedures Manual:

(<http://www.fda.gov/downloads/ICECI/ComplianceManuals/RegulatoryProceduresManual/UCM074312.pdf>)

## **Identification of Recalled Product**

It is the responsibility of our company to ensure identification of all recalled products and recalled quantities. A product intake list shall be maintained and kept on file in order to identify sources of the recalled product. At a minimum, the product intake list shall identify:

- a. Account name that produced the recalled product(s)
- b. Account addresses
- c. Contact names and telephone numbers
- d. Account type

Additional product information shall include:

- a. Amount of product received/shipped
- b. Product ship date(s)
- c. Amount of product used and returned
- d. Type of product recalled



### **Monitoring Recall Effectiveness**

It is the recalling company's responsibility to determine whether its recall is progressing correctly. It has an obligation to conduct effectiveness checks as part of its recall strategy. Effectiveness checks assist in the verification that all known, affected consumers and retailers have received notification about the recall and have taken appropriate action.

Genesis Farms will evaluate effectiveness checks as recommended below by the FDA:

Level A--100 percent of the total number of consignees to be contacted;

Level B--Some percentage of the total number of consignees to be contacted, which percentage is to be determined on a case-by-case basis, but is greater than 10 percent and less than 100 percent of the total number of consignees;

Level C--10 percent of the total number of consignees to be contacted;

Level D--2 percent of the total number of consignees to be contacted; or Level E--No effectiveness checks.

In some instances, a recalling company may be unable to check the effectiveness of its recall. This could occur when a recall extends to the consumer level, the confidential business records of a company's customers are not accessible, wholesalers, distributors, or retailers do not cooperate, or, because the urgency of the situation requires considerable effort. If the response from the recalling company is less than satisfactory, the recall shall be deemed ineffective and the recall strategy shall be reassessed. All verifications and discrepancies shall be documented. The recalling company will make its utmost efforts within control to complete effectiveness checks on all ongoing recalls.

### **Removal of Recalled Product**

**Removal:** All reasonable efforts must be made to remove affected products from commerce. Recalled products in commerce shall be detained, segregated, and managed in a manner determined by the recalling company and agency. Recalled products in our possession shall be detained and segregated. All quantities and identification codes shall be documented to assist in the reconciliation of product amounts.

**Control:** Recalled product control is another technique to assure recalled products have been removed from the market. This must occur to prevent re-entry of this recalled product to commerce. All recalled products shall be clearly marked "NOT FOR SALE OR DISTRIBUTION" and stored in an area that is segregated from other products. All quantities and identification codes shall be documented to assist in the reconciliation of product amounts.

**Disposition:** The final disposition of the recovered recall product(s) must be reviewed and approved by the regulatory agency. All quantities, identification codes, and disposition shall be documented. This includes:

- 1.) Redirection: Products may be redirected for other uses.
- 2.) Destruction: Products determined to be unsafe for intended use may be destroyed and disposed by appropriate means.
- 3.) Recondition: Qualified products may be reworked to remove the safety risk. (example: labeling)

### **Recall Termination**

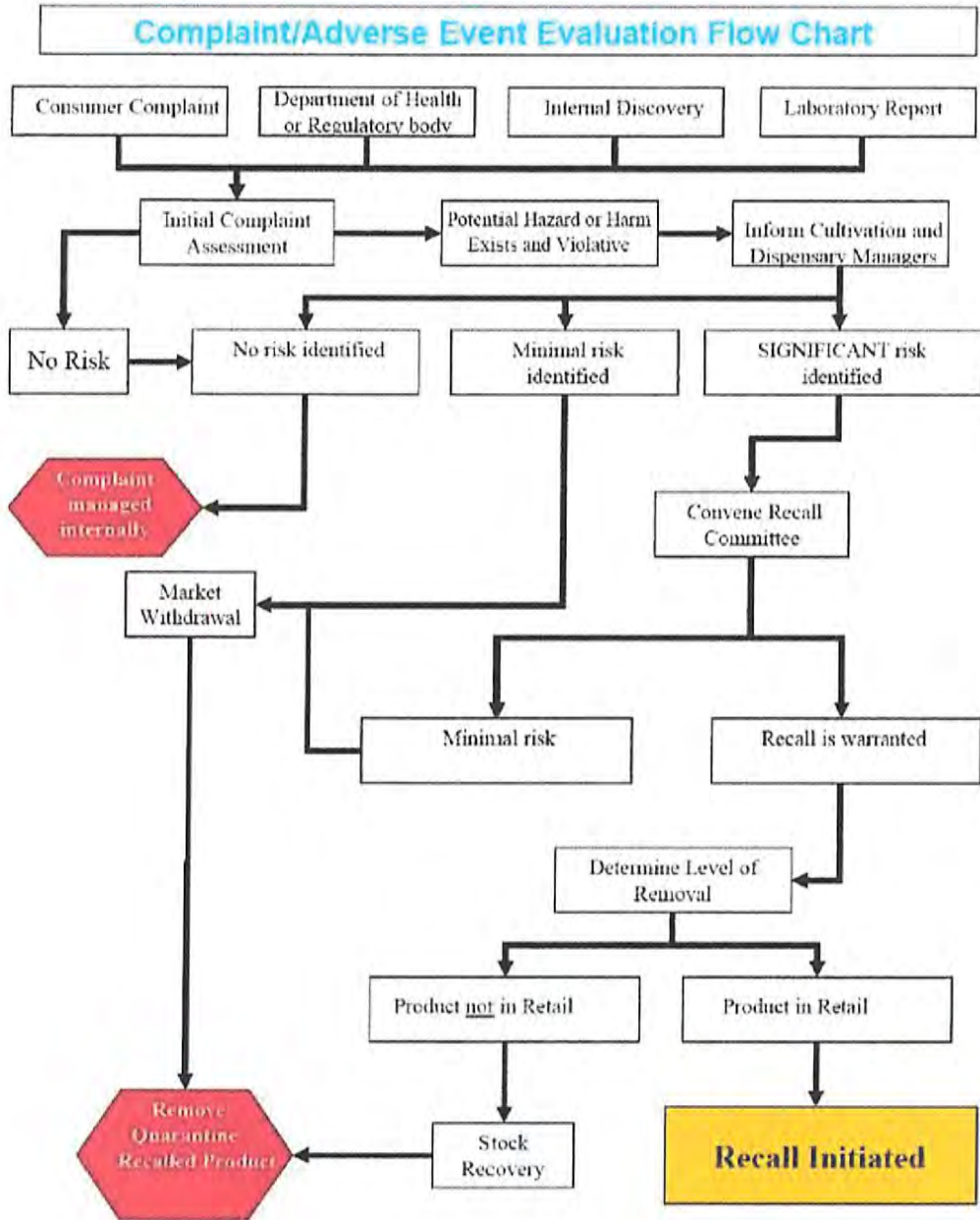
The monitoring regulatory agency determines when the recalling company has completed all recall activity. Recall Termination will take place after all reasonable efforts have been made to remove or correct the violative product in accordance with the recall strategy, and proper disposition has been made according to the degree of hazard...

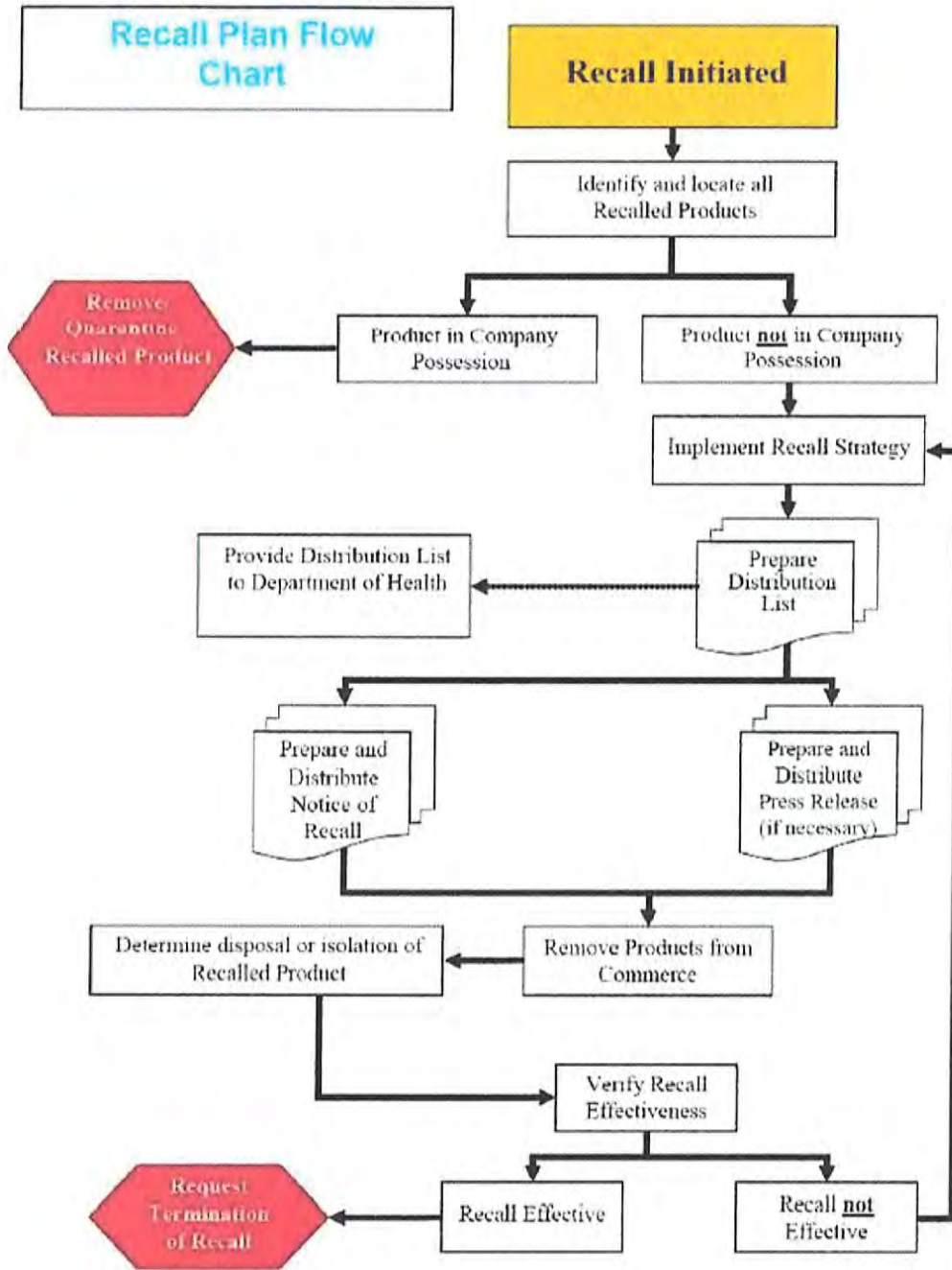
### **Roles and Responsibilities of Individuals Participating in a Recall**

The recall committee shall be managed by the Inventory Manager who is responsible for executing key activities in a recall. These may include, but are not limited to:

- 1.) Assuring documentation of all recall decisions and actions are recorded in a master recall file including recall number;
- 2.) Assemble a recall committee;
- 3.) Identify situations requiring priority assistance and acting accordingly;
- 4.) Make recall decisions;
- 4.) Implement product recall;
- 5.) Communicate with management of findings and decisions at all stages of a recall.

**Recall Flow Chart**





## Product Recall Plan

If the dispensary's cannabis or manufactured cannabis products prove to be non-conforming based on a result of reports or complaints on quality, safety, or efficacy of the product, the dispensary will initiate a recall in accordance with the guidelines put forth by the Department.

Manufacturers, importers, distributors and retailers of consumer goods are liable for the products they and face the potential of product recalls for possibly dangerous or hazardous products. The same is true for Genesis Farms as a manufacturer and/or retailer of consumer cannabis products. As a result, the company may need to conduct a product recall in the future. Firms often learn of potential product safety problems at an early stage.

For this reason, companies should develop a system for maintaining and reviewing information about their products that might suggest the possibility of a defect or poses an unreasonable risk of serious injury or death. Such information includes, but is not limited to, consumer complaints, reports of production problems, product testing, or other critical analyses of products. Experts have proven that one of the best ways to ensure that a product recall is effective is to have a recall plan already in place and to execute the plan as quickly as possible. A well thought out, well-executed recall plan can save lives and prevent injuries in addition to minimizing negative brand exposure and bottom line expenses.

The Consumer Product Safety Commission has developed a Recall Handbook that can be utilized in case a product recall needs to be ordered. The Recall Handbook details how to recognize potentially hazardous consumer products as soon as possible. The book explains how to develop and implement a "corrective action plan" (called a CAP) to address the hazards. The Recall Handbook also discusses how to effectively communicate recall information to consumers and how to monitor product recalls. The CPSC Recall Handbook will be a valuable tool utilized by Genesis Farms if the need for a product recall arises. The Recall Handbook should be referenced to determine exact protocol for recall and the requirements from the Consumer Product Safety Commission. The Recall Handbook can be obtained online from <http://www.cpsc.gov/PageFiles/106141/8002.pdf>.

Genesis Farms will carefully review the Recall Handbook in order to:

- Become familiar with their reporting requirements under sections 15(b) and 37 of the Consumer Product Safety Act (CSPA), and Section 102 of the Child Safety Protection Act, Pub.L. 103-267;
- Help learn how to recognize potentially hazardous consumer products as soon as possible;
- Develop and implement "corrective action plans" that address the hazards if we discover we have received, distributed, or retailed such products.

### *Product Corrective Action*

Genesis Farms has developed a corrective action plan, in preparation for any product recalls from manufacturers, cultivators or internally which complies with ARSD 44:90:12:02(03) and SDCL chapter 34-20G. Executive management may modify operating procedures to comply with all state and local rules, laws and recommendations. Genesis Farms shall halt the transfer of cannabis or cannabis products that are mislabeled or otherwise pose a threat to public health. Based on communication with the Department, Genesis Farms will destroy any batch of cannabis or cannabis products that pose a threat to public health. All products are subject to safety standards and may be withdrawn or destroyed per internal recall, quarantine, and corrective action plans.

### **Recall**

A dispensary must establish a policy for communicating a recall for cannabis or a cannabis-derived product that has been proven to present a reasonable or a remote probability that use of or exposure to the product will cause serious adverse health consequences. Genesis Farms policy will include:

- A mechanism to contact all customers who have, or likely have, obtained the product from the dispensary. The communication will include information on the policy for return of the recalled product;
- A mechanism to contact us; Communication with the department within 24 hours; and Outreach via media, as necessary and appropriate. Any recalled cannabis product will be disposed of by the dispensary. When to recall cannabis products as a manufacturer, distributor, and/or retailer of consumer products, Genesis Farms has a legal obligation to immediately report the following types of information to the Consumer Product Safety Commission: A defective product that could create a substantial risk of injury to consumers;
- A product that creates an unreasonable risk of serious injury or death;
- A product that fails to comply with an applicable consumer product safety rule or with any other rule, regulation, standard, or ban under the CPSA or any other statute enforced by the CPSC; An incident in which a child (regardless of age) chokes on a marble, small ball, latex balloon, or other small part contained in a toy or game and that, as a result of the incident, the child dies, suffers serious injury, ceases breathing for any length of time, or is treated by a medical professional;
- Certain types of lawsuits. (This applies to manufacturers and importers only and is subject to the time periods detailed in Sec. 37 of the CPSA.) Failure to fully and immediately report this information may lead to substantial civil or criminal penalties. Consumer

Product Safety Commission's staff advice is "when in doubt, report." Genesis Farms will ensure communication with the Division, the DOA and the DOH within 24 hours of becoming aware of the need for a product recall. Genesis Farms will then proceed to recalling protocol and how to recall the product.

### **How to Recall Cannabis Products**

Genesis Farms will develop a recall plan following guidance from the Recall Handbook provided by the CPSC. Once the need for a product recall has been determined, Genesis Farms will proceed with the product recall Corrective Action Plan (CAP). If the need for a product recall arises, Genesis Farms will have inventory management systems in place to determine and pinpoint which products to recall, how many of those products are in the supply chain, and exactly where those products are within the supply chain. The inventory management systems and procedures required by State Regulations will ensure a streamlined recall process if ever necessary. Corrective Action Plan (CAP) A corrective action plan is defined as improvements to an organization's processes taken to eliminate causes of non-conformities or other undesirable situations. The goal of a corrective action plan should be to remove as many hazardous products from the distribution chain and consumers as possible in the most efficient, cost-effective manner. The CAP will outline the procedures and steps Genesis Farms needs to take once a product recall is required.

#### **Step One: Industry Notification**

If Genesis Farms believes cannabis or manufactured cannabis products need to be recalled, Genesis Farms will contact all wholesale partners and dispensaries to make them aware of the situation and the need for product recall. Genesis Farms will also contact the department within 24 hours of obtaining reportable information. As the wholesaler of the product needing to be recalled, contacting the end users of the recalled product; cannabis customers, will prove difficult if not impossible. At this stage of the recall, dispensaries will need to ensure that they have a proper recall process in place to contact the end users of the product being recalled.

#### **Step Two: Public Notification**

Genesis Farms will post notifications about the product recall on its website as well as making co-owned or partnering dispensaries aware of the product recall. The actual recalling processes will be handled by the dispensaries with help and support from the dispensary. As the dispensary issuing a recall notice it will be important to reach the end users or the recalled product. Genesis Farms will post notification about the recall on Genesis Farms websites and social media as well as post written notices of the recall on location for patients and customers to view. The recall notice will include all pertinent information regarding the product being recalled, contact

information and other information relating to the recall. Information will include but not be limited to:

- Product name
- Product batch number
- Dispensing date range of recalled product
- Dispensing organization locations

Once the recall notification has been issued to all applicable dispensaries and customers, Genesis Farms will wait to receive recalled products from dispensaries and/or licensed medical cannabis patients. Once recalled products have been received, Genesis Farms will properly dispose of all recalled products.

### **Step Three: Procurement**

The dispensary issuing a product recall to cannabis customers will need to be ready to obtain and secure recalled products from customers. Customers should be able to bring in the products being recalled to the dispensary's location. It will be at the dispensary's discretion whether to issue a refund, replace the recalled product at no cost, or to take other measures.

### **Step Four: Documentation and Record Retention**

Genesis Farms will maintain all documentation and records regarding any and all product recalls ongoing, completed and terminated.

### **Step Five: Disposal**

Genesis Farms will ensure that any and all recalled cannabis products are disposed of according to all state and local regulations. Genesis Farms will follow waste destruction and disposal procedures outlined below for proper disposal of recalled cannabis and manufactured cannabis products.



### ***Withdrawal and Recall Training and Planning:***

#### **Training and Mock Withdrawal and Recall Drills Required:**

The Agent-in-Charge will implement all necessary withdrawal and recall training for all agents including mock recalls. Mock recalls are used to determine whether the withdrawal and recall procedure is capable of identifying and quickly controlling a batch of potentially affected product and reconciling the quantities produced, quantities in inventory and quantities distributed. A mock withdrawal or recall will identify potential problems and allow agents to become familiar with recall procedures. If problems are identified in the procedures, they will be corrected by the Agent-in-Charge and agents will be retrained on new procedures.

#### **Mock Recall Drills:**

The Agent-in-Charge, in coordination with the Executive Management Team, will carry out mock withdrawal or recall procedures at least annually by randomly selecting at least two items including accessories, cannabis or cannabis based products. The mock procedures will follow all standard procedures as defined in the Recall, Quarantine and Destruction Plan. However, no product will be retrieved from any dispensaries, customers or be removed from inventory or storage. All information obtained during a mock withdraw or recall drill will be documented on the Withdrawal and Recall Log component of the Incident Log. All parties involved in a mock withdrawal will be notified immediately that it is a mock procedure.

The mock recall records the lot tested, production records and the processing, inventory and distribution history of each lot involved. All recommended corrective actions and deficiencies will be documented in a mock withdrawal and recall report to be submitted to the Executive Management Team. Any corrective actions or deficiencies will be corrected by the manager, and all agents will be re-trained on new procedures.

Genesis Farms will rely on FDA provided details and information to effectively process each recalled product. The FDA will provide details including recall number, category and status which will be essential to execute Genesis Farms product recall plan. The recall number shall be documented on all logs and documents including the destruction file. The FDA places each recall in one of the following categories:

Class I - Dangerous or defective products that predictably could cause serious health problems or death. Examples include: food found to contain botulinum toxin, food with undeclared allergens, a label mix-up on a lifesaving drug, or a defective artificial heart valve.

Class II - Products that might cause a temporary health problem, or pose only a slight threat of a serious nature. Example: a drug that is under-strength but that is not used to treat life-threatening situations.

Class III - Products that are unlikely to cause any adverse health reaction, but that violate FDA labeling or manufacturing laws. Examples include: a minor container defect and lack of English labeling in a retail food.

Genesis Farms shall be responsible for informing all customers of recall class number and definition. The above FDA categories inform the public on the severity of the recall as well as what future actions should be considered to avoid or minimize health risk. Genesis Farms will also monitor the FDA status of each recall in order to proceed accordingly with Genesis Farms product recall plan in a timely manner.

Below is the FDA status guide for recalled products:

- Ongoing: The classification used to indicate that the recall action is in progress.
- Completed: The classification used to indicate that the recalling firm has retrieved and impounded all outstanding product that could reasonably be expected to be recovered, or Completed all product corrections.
- Terminated: The classification used to indicate that FDA has determined that all reasonable efforts have been made to remove or correct the violative product in accordance with the recall strategy, and
- Proper disposition has been made according to the degree of hazard.

## **Odor Control Plan<sup>63</sup>**

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### **Odor Control Technology**

The best control technology for cannabis dispensary facilities is carbon filtration in a negative pressure space. Although this technology is typically employed at cultivation facilities, we will adapt the equipment and procedures as a precautionary measure and good-faith effort to carry out our good neighbor policy. Carbon air filters are the premier technology for controlling cannabis-related odor; they neutralize air through activated carbon that is designed to chemically absorb odor and other impurities. Genesis Farms will use high-performance carbon filters to mitigate the smell associated with stocked cannabis products, thereby neutralizing all noxious odors. Carbon filters will be combined with Genesis Farms' heating ventilation and air conditioning (HVAC) system to eliminate all odors generated in our facility's various rooms. All rooms with cannabis product in them will have high-performance filters installed into the air return in addition to the general air system's exhaust having a filter attached.

**Genesis Farms shall use additional air purification systems as needed in areas where product is stored or sold, as well as an air freshener installed in the entry lobby area.**

**In addition, only pre-packaged cannabis products will be stocked at the dispensary in an effort to eliminate cannabis-related odors. At no time should bulk cannabis or unpacked cannabis be present.**

### **Administrative Controls**

#### *Procedural Activities*

Employees and management are responsible for maintaining the air lock at all times when within the dispensing areas and other odor-emitting rooms. All doors to odor-producing rooms must be closed off whenever possible to ensure proper functioning of the filtration system and ventilation returns.

#### *Staff Training Procedures*

All staff will be trained in upkeep protocol and troubleshooting for the ventilation system and carbon filters. Detailed service logs will be kept with respect to all HVAC and carbon filters so

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that staff is aware of how long a filter has been in use. Filters will be changed every six (6) months or more rapidly if staff becomes aware of any odor permeating the facility. The HVAC and ventilation system will be professionally monitored and maintained with quarterly service appointments. Any system failures will be immediately reported to management staff and any problems that cannot be dealt with internally will result in immediately contacting a professional service technician.

#### *Record Keeping*

Staff shall keep meticulous records with respect to the HVAC system and carbon filters. All of the following must be documented in Genesis Farms company database: (i) records of purchases of replacement carbon, (ii) performed maintenance tracking, (iii) documentation and notification of malfunctions, (iv) scheduled and performed training sessions, and (v) monitoring of administrative and engineering controls. Odor mitigation records shall be made available to the Department upon request.

#### *Engineering Controls & System Design:*

The dispensary will be designed for negative pressure to contain internal odors. This is accomplished by using a belt-driven exhaust fan to remove fresh air provided for the occupants and an additional amount to ensure negative pressure in the space. To prevent odor escaping the dispensary, an in-line exhaust fan equipped with a carbon filter will be used in a rack-mounted configuration. Activated carbon effectively absorbs and controls odor via absorption. Running systems will be air balanced to ensure design air flows for supply, fresh air, and exhaust air base values are met. A differential pressure gauge will be used to ensure a negative building static between 0.05" and a maximum of 0.15' building static. Initial testing with a calibrated sensor will establish the baseline of operations for odors in the outgoing airstream. The engineering control system and all components shall be reviewed and certified by a Professional Engineer or a Certified Industrial Hygienist as meeting professional expectations of competency and as sufficient to effectively mitigate odors from all odor sources.

#### *Maintenance Plan*

The odor-emission maintenance plan will include monthly systemic checkups to ensure that the odor control system is operating to maintain the baseline. Maintenance will include checking the company records to see how long each filter has been in use and analyzing whether or not a given filter should be changed. Replacement filters will be required as determined by the calibrated sensor on the test equipment. While high-performance carbon filters can work for up to 24 months, all filters will be assessed monthly in order to ensure the filter is still functioning properly. High-performance carbon filters feature indicators that allow staff to analyze filter viability and assess the need to change filters out.

Testing will be done in accordance with Standardized Odor Measurement Practices for Air Quality Testing or any other state-established testing standards for cannabis businesses. Testing

will be done with a field olfactometer, calibrated in accordance with ASTM E544-75 and AWMA odor control standards, using the scheduled monitoring protocol. Daily monitoring will include walkabouts near the exhaust system. Data will be compared using a 5-point OIRS (Odor Intensity Reference Scale) for daily readings. When values are 3 on the 5-point scale the carbon-filtration exhaust system will be evaluated and repaired as required. Evaluations will include fan operation, distribution system integrity, and carbon filter effectiveness. All maintenance and testing activities are designed to ensure maintenance of the odor mitigation system and optimize performance. Service technicians will minimally be scheduled to make a quarterly system maintenance analysis.

#### *Complaint Tracking System*

Odor complaints will be processed in the same manner as product complaints. The manager on duty is in charge of all odor complaints and will receive reports of any nuisance complaints related to odor emission. All complaints will be dealt with immediately by analyzing the records kept with regard to the filtration system to identify any potential sources of odor. The exhaust filter will be replaced and closely monitored to ensure proper functioning. If internal troubleshooting is unable to remedy a given odor complaint, Genesis Farms will immediately contact its service technician to ensure the problem is properly identified and remedied. All complaints will be logged internally with the details of the complaint and response procedures.

#### *Compliance*

Upon modifying facility operations that may affect odor control systems Genesis Farms will submit an updated Odor Management Plan to the Department within 30 days of the modification. Odors will be controlled as to prevent any odor from being detected outside the licensed premises, including any adjacent property, public right-of-way, common area walkway, hallway, breezeway, foyer, lobby, or any other area available for use by common tenants or visiting public, or within any other unit located inside the same building, if applicable.

#### **Odor Control Procedures**

Genesis Farms ownership team has a clear understanding of cannabis odor control measures, and we have employed effective odor control systems in all of the retail locations we currently own and operate. To reduce offensive odors and purify air, Genesis Farms' facility will be equipped with robust odor control and ventilation equipment.

#### *Cannabis Odor Sources*

Genesis Farms permits only prepackaged cannabis products to be received and inventoried by the dispensary, rather than bulk cannabis flower, greatly reducing cannabis odors. In addition, manufacturers and distributors commonly utilize nitrogen sealing in packaging their products to prevent odor emissions.

### *Odor Mitigation Practices*

Genesis Farms will include mechanical, chemical, and biological odor filtration systems to ensure odor generated inside our retail facility (no matter how minimal) is not detected outside of the facility, anywhere on adjacent property, or on public rights-of-way. Additionally, no odor will be detected on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public.

### *Odor Control System Specifications (See Figure Below)*

Genesis Farms' mechanical air purification system is comprised of a series of plenums, arranged side by side, covering the entire ceiling. The large size of the registers allows for air intake at an astounding rate with minimal noise. The mechanical equipment is equipped with a battery to provide uninterruptible power supply in case of a power disruption.

The system works by allowing air to flow through return ducts equipped with HEPA filters and Carbon Filters. The HEPA (high-efficiency particulate air) filters remove 99.97% of air particles that are 3 micrometres in diameter. The carbon filters use active carbon treated with oxygen, to give the carbon a porous surface, allowing air to pass through but trapping unwanted smells and fragrances. Smells and fragrances bind to the carbon. The air then reenters the retail store through supply ducts also equipped with HEPA and carbon filters creating a dual filtering process. The rapid air room change rate ensures the room is filtered over and over again.

Genesis Farms will also place bio-media filters beyond exhaust fans to filter air before it exits the building envelope to the exterior. Bio-media filters house beneficial bacteria which break down dust, allergens, and cannabis pollutants. The bio-media filters supplement the mechanical and chemical odor control system.

Genesis Farms odor control system adheres to the following odor control practices, including but not limited to:

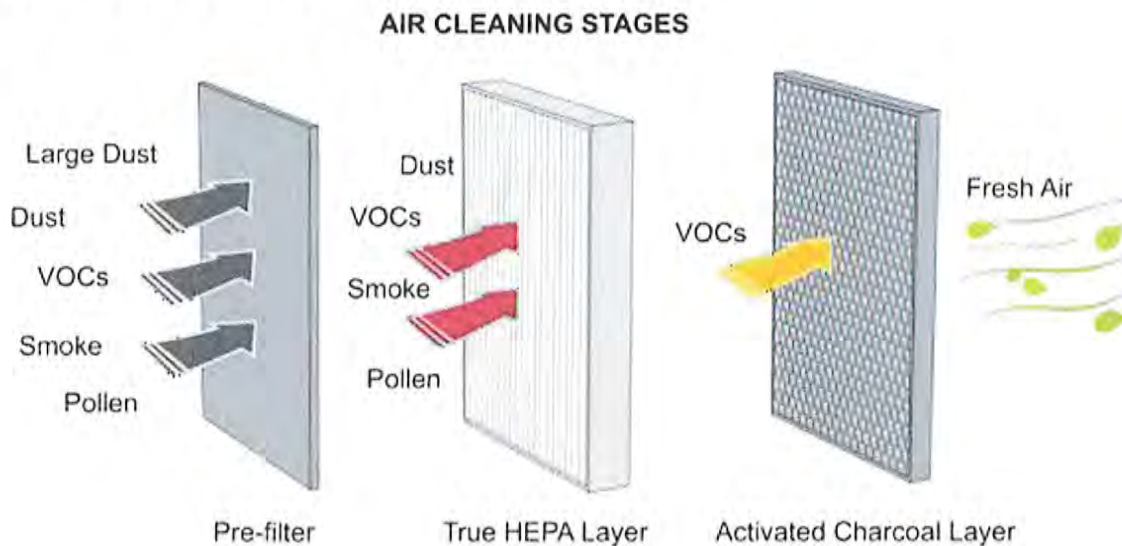
- Carbon filters that prevent internal odors from being emitted externally and that effectively “scrub” the odor from the air before it is exhausted out;
- An air system that creates negative air pressure between our retail store’s interior and exterior, so that the odors generated inside the business are not detectable on the outside of the business; and
- An uninterruptible power supply (UPS) that provides for critical needs in the event of a power failure.
- Genesis Farms also stocks a variety of commercially available cannabis odor control products in our stores, including Ona Odor Control, Odor Free Ozone Generators, Ozium

Spray and Odor X. We do not anticipate these will be necessary but they will be on hand in our retail store providing a fourth emergency odor control system.

*Management Oversight of Odor Control Plan*

Genesis Farms' General Manager will monitor the Odor Control Plan, ensuring strict compliance to local and state requirements, and will maintain a record of any and all odor complaints. Problems with HVAC and odor control systems are generally the result of poor maintenance. Genesis Farms' General Manager will ensure regular maintenance of the HEPA filters, active carbon, and bio-media filters. TAT will provide odor control records to the City upon request, including system installation, maintenance, and any deviations from the implemented plan. Should the City suggest improvements to our plan, Genesis Farms will implement them immediately, update our Odor Control Plan, and provide the new plan to the City within 30 days.

*Odor Control System Figure*



### **Plans to obtain adequate supply of cannabis, cannabis extracts and cannabis products**

At the time of application, Genesis Farms is intending to submit additional applications for cultivation and manufacturing licenses in the state of South Dakota, and as such, Genesis Farms seeks to establish a fully vertically integrated enterprise, allowing the organization to control its supply chain and better respond to patient needs in the community. The vertically integrated model, whereas Genesis Farms maintains all Medical Cannabis Establishment license types, other than Testing Lab, will allow our organization to source cannabis, cannabis extracts, and cannabis products from our own internally licensed and controlled supply chain (cultivation and manufacturing establishments owned and operated by Genesis Farms).

It is the intention and policy of Genesis Farms to ensure that all cannabis and cannabis products maintained in its inventory and made available for sale to cardholders, must be verified by the Executive Management Team and/or designated Inventory Agent or Compliance Agent, for compliance with the lab testing requirements and other quality control measures (such as inspecting product packaging for defects, accurate labels etc.) in accordance with standard operating procedures and Department Rules.

In the event that Genesis Farms desires or needs to obtain cannabis, cannabis extracts and cannabis products from another source other than its own internally licensed and controlled supply chain (cultivation and manufacturing establishments owned and operated by Genesis Farms), it shall be the policy of Genesis Farms to verify the validity of the license of any other establishment, and to ensure the establishment maintains good standing with all applicable state and local licensing and regulatory authorities. In addition, Genesis Farms will obtain and verify documentation from all approved suppliers of the necessary lab testing results, product information and records in the seed-to-sale inventory tracking system for validity, accuracy and compliance.

Genesis Farms will provide timely notice to the Department and Local Licensing Authorities upon selecting any suppliers for the purpose of obtaining an adequate supply of cannabis, cannabis extracts, and cannabis products.



## **Types of Products Offered**

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At the time of application, Genesis Farms is intending to submit additional applications for cultivation and manufacturing licenses in the state of South Dakota, and as such, Genesis Farms seeks to establish a fully vertically integrated enterprise, allowing the organization to control its supply chain and better respond to patient needs in the community.

Genesis Farms intends to cultivate and manufacture the following product types:

**Smokable Flower** – various strains which will be pre-packaged and available in small quantities.

**Smokable Pre-Rolled Cannabis** – various strains which will be pre-rolled and pre-packaged and available in small quantities.

**Concentrates** – various forms of concentrated cannabis which are intended to provide stronger doses, and will only be available in limited quantities and potencies in compliance with ARSD 44:90:10:14(4).

**Tinctures** – also known as “dropper” is a pre-filled container with cannabis oil. They are taken sub-lingually, placing the desired amount under your tongue for 10-20 seconds.

**Pre-Filled Vape Cartridges** - A vaporizer is a device that heats up marijuana (either in dry herb or concentrate form) enough to transmit its active ingredients (THC) without any burning. High-quality devices deliver vapor that accentuates the flower's natural aroma.

**Edibles** – These are food products intended for eating, which may be in form of a chocolate bar, granola bar or gummy or similar confectionary food item. The item is infused with cannabis oil with specific recipes for desired cannabinoid profiles (THC, CBD, CBN etc.).

## Advertising Plan

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At the time of application, Genesis Farms does not intend to advertise beyond approved and affixed signage at the proposed dispensary facility, in accordance with Department Rules and the City of Brookings Code of Ordinances signage requirements.

At no time shall Genesis Farms advertise<sup>64</sup>:

- On a sign or billboard, except that a dispensary may advertise on signs on its own premises
- By distributing handbills in public areas or on publicly owned property
- Through direct mail, phone, text, website, social media, mobile applications or email without verifying the recipient is a cardholder or medical cannabis establishment and offering a permanent opt-out feature
- Through publication and radio, television, and other media
- Through a practitioner or health care facility, by placing advertising material at a practitioner's office or health care facility, or by targeting the practitioner's or health care facility's patients through direct mail, phone, text, or email.

If at any time the Executive Management Team decides to pursue advertising opportunities, it shall review the Department Rules and consult the Department, and any locality where such advertising may occur or be displayed, as necessary to determine compliance and be subject to approval.

Genesis Farms shall not at any time:

Make deceptive, false or misleading statements; Make claims related to potency beyond listing the cannabinoid content of the cannabis or cannabis product advertised, as verified by a testing facility; Depict consumption of cannabis or cannabis products; Depict pregnancy, breastfeeding, or operating a motorized vehicle, boat or machinery; Depict or refer to candy or a specific type of candy; Use a trademark associated with a non-cannabis product; Use a parody or other use that has similarity to the original; Encourage the transportation of cannabis across state lines or otherwise encourage illegal activity; Assert that cannabis is safe because it is regulated by the department, tested by a testing facility, or otherwise endorsed by any government agency; Make claims that cannabis has curative or therapeutic effects; Claim any health or physical benefits; or Encourage excessive or rapid consumption per ARSD 44:90:10:17.

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<sup>64</sup> Department Rule 44:90:10:17

## **Signage**

**\*See proposed Site Plan and Floor Plan to see example of proposed on-site signage.**

A small sign will be posted on the front door entrance of the dispensary stating the operating days and hours and shall be of a size and font type that is clearly visible to the parking lot. No other exterior signs shall be posted unless directed or required by the Department or local licensing authorities, such as required legal disclosures. No signage will be posted within the sales area other than an accurate daily menu of product offerings.

**\*Genesis Farms shall apply for a sign permit with the public works department. All exterior signage associated with a cannabis establishment must meet the standards established in the city code. In addition, no exterior signage shall use the word "marijuana," "cannabis," or any other word, phrase, or symbol commonly understood to refer to cannabis.**

### **Possession Limitations and Equivalency Standards**

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Subject to the limits in ARSD 44:90:02:18, under SDCL 34-20G-1(1)(b), cardholders and nonresident cardholders may possess cannabis products if the equivalent cannabis weight of the products plus the amount of cannabis flower and trim possessed does not exceed three ounces pursuant to SDCL 34-20G-1(1)(a).

- The equivalent cannabis weight of cannabis products shall be:
- Type of cannabis Amount equivalent to one ounce of cannabis
- Concentrated cannabis in smokable form 8 grams (net weight)
- Vaporizer pens or cartridges 8 grams (net weight)
- Oils in oral dosage syringe or capsule form 5 grams (net weight)
- Edibles (excluding oils) 800 milligrams THC
- Topical (ointment, cream, or lotion) 12 fluid ounces
- Topical (dried plant material or powder) 1 ounce
- Transdermal patches 800 milligrams THC

All cannabis and cannabis products that are dispensed and sold by Genesis Farms will be precisely recorded in internal, confidential records that specify exactly how much cannabis is dispensed to the registered cardholder patient or caregiver. These records shall also include the date, time, exact amount(s) and is the cannabis or cannabis products were dispensed directly to the registered cardholder patient or to the designated caregiver.

Genesis Farms shall not dispense more than three (3) ounces of cannabis to a nonresident cardholder or a registered qualifying patient, directly or via a designated caregiver, in any fourteen (14) day period.

Genesis Farms shall ensure compliance with the limitation per SDCL 34-20G-71 by maintaining internal, confidential records that include records specifying how much cannabis is dispensed to a nonresident cardholder or registered qualifying patient and whether it is dispensed directly to a registered qualifying patient or to the designated caregiver using confidential track and trace/POS software. Sales and dispensing records shall be maintained for a minimum of five (5) years.

### **Product Limitations**

Genesis Farms will not sell or provide inhalable cannabis or inhalable cannabis products to any cardholder or caregiver or caregiver of anyone who is under the age of twenty-one (21). Except as permitted by SDCL 34-20G-1(1)(d).

## **Standard Operating Procedures**

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\*The following SOPs are included to demonstrate compliance with the Department Rules and required plans for application submission to the Department of Health and the City of Brookings. A full set of SOPs and related logs and forms and reference materials, including the Employee Handbook, is available upon request.

**Patient Verification Procedure<sup>65</sup>**

<b>Genesis Farms SOP</b>	<b>Title: Patient Verification SOP</b>	
	<b>Last Updated:</b>	09/01/2021
	<b>Approved By:</b>	Emmett Reistroffer

**1.0 Purpose**

To ensure qualifying patients and caregivers (cardholders) are properly verified before being permitted access to the dispensary or being sold cannabis.

**2.0 Responsible Positions**

- Dispensary Manager or MOD
- Dispensary Agents, as authorized by the Dispensary Manager
- Security Manager and Security Agents

**3.0 Preparation**

- All registered Dispensary Agents must display their unexpired, Agent Identification Card on their person at all times while on the licensed premises of the dispensary facility or while conducting off-site responsibilities on behalf of the dispensary.
- All registered Dispensary Agents must maintain a sharp awareness when arriving and entering the dispensary facility and must immediately check in with the Manager on Duty (MOD) and clock-in at the employee time clock at the beginning of their scheduled shift.

**4.0 Procedures**

- 4.1 The Security Agent in charge of authorizing access at the SECURE ENTRY VESTIBULE shall first verify the person seeking admission for their identity, by reviewing their state-issued ID and scanning it into the ID reader or checking the ID verification handbook. Once verified for identity and age, ensuring the person is over 21 years of age, the Security Agent shall ask the person if they possess their necessary documentation for proof of verification of cardholder status. If

the person shows documentation, they may be admitted and proceed to the waiting room, where they will be greeted by the Patient Care Coordinator.

- 4.2 In the waiting room, the Patient Care Coordinator shall obtain the patient or caregiver's documentation and review it for compliance and authenticity. If it is the patient's first time visiting the dispensary, the coordinator shall contact the Department, if available, through the department's verification system, to verify the legitimacy of the patient's certificate/registration.
- 4.3 If the patient cannot be verified, they will be asked to leave, and can be contacted at a later time upon final verification with the Department.

### **Verification Policy**

Genesis Farms, LLC shall not issue cannabis to anyone who is not a qualifying patient or a designated caregiver with a current and valid registry identification card issued by the Department.

## Opening Standard Operating Procedure

<b>Genesis Farms SOP</b>	<b>Title: Opening SOP</b>	
	<b>Last Updated:</b>	09/01/2021
	<b>Approved By:</b>	Emmett Reistroffer

### 5.0 Purpose

To ensure the dispensary is open on time and fully prepared for a successful day of operations, providing consistent excellent customer service to retail customers and medical patients alike. In addition, the store must be opened and operated in a safe, secure, and compliant manner, following all policies and procedures set forth in this Dispensary Operating Manual, and in accordance with all state and local laws and regulations. Shift change responsibilities shall incorporate the same responsibilities, policies, and procedures as store opening, ensuring each shift change maintains the same standards of timeliness and preparedness.

### 6.0 Responsible Positions

- Dispensary Manager or MOD
- Dispensary Agents, as authorized by the Dispensary Manager

### 7.0 Preparation

- All registered Dispensary Agents must display their unexpired, Agent Identification Card on their person at all times while on the licensed premises of the dispensary facility or while conducting off-site responsibilities on behalf of the dispensary.
- All registered Dispensary Agents must maintain a sharp awareness when arriving and entering the dispensary facility and must immediately check in with the Manager on Duty (MOD) and clock-in at the employee time clock at the beginning of their scheduled shift.

### ***Equipment/Supplies Needed:***

- Agent Registration Card
- Computers and related equipment, software, and online platforms
- Barcode scanners
- Office supplies and label maker



- Facility keys
- Authorized access card
- Cleaning supplies

**Resources Needed:**

- Dispensary Opening Checklist

**Public Health Protections:**

Genesis Farms staff, customers and authorized visitors must work together to ensure strict public health protection efforts are implemented at all times, in accordance with CDC guidelines. These requirements include maintaining social distancing on the dispensary premises (at least 6 feet space between each person); and wearing face coverings at all times while on the dispensary premises, and while conducting official work duties off-site on behalf of the dispensary. Agents must also wash their hands immediately upon beginning their shift, in between changing work assignments or work areas, after using the restroom, after break times and must wear gloves at all times when handling cash or cannabis products. Genesis Farms will provide information about public health protection efforts online and in the store to promote compliance and participation by customers. Genesis Farms will provide courtesy face coverings to customers as needed. Under no circumstances is any person allowed access to the dispensary facility if exhibiting signs or symptoms of illness.

Wear Face Covering	Wear Gloves	Wash Hands & Practice Good Hygiene	Maintain Social Distancing
✓	✓	✓	✓

**8.0 Opening Tasks**

\*These tasks may be completed by the Manager and delegated/assigned to agents.

- 8.1 Secure and display Agent Registration Card on yourself at all times while on premises
- 8.2 Confirm panic buttons are located under each cash register, and one in the vault
- 8.3 The Manager, or Manager on Duty ("MOD"), shall supervise and oversee scheduled agents and ensure each agent clocks-in on time, displays his/her

- Agent Registration Card, and arrives in acceptable, clean attire and adheres to good hygiene requirements
- 8.4 Create a shift plan, including completing the “Dispensary Opening and Shift Checklist” and providing assignments/tasks/work areas to each scheduled agent
- 8.5 Inspect, and if necessary, stock PPE supplies in all work areas and the front entry
- 8.6 Inspect, and if necessary, stock office supplies in all work areas
- 8.7 Inspect, and if necessary, stock cleaning supplies in all work areas
- 8.8 If necessary, clean all lobby, sales and work area surfaces, clean windows, shelves, workstations and common areas in accordance with “Cleaning, and Sanitation SOP”
- 8.9 Turn on TV’s and other digital display boards
- 8.10 Test all computers, point-of-sale systems, barcode scanners and printers
  - 8.10.1 Test at least one receipt and one label at each sales station to ensure computers, scanners and printers are working properly
- 8.11 Set up curbside pickup parking and service area
- 8.12 Sweep debris on outside sidewalk area
- 8.13 Remove trash, old boxes or other non-cannabis waste as necessary
- 8.14 Pick up litter/trash
- 8.15 Complete the “Dispensary Opening and Shift Checklist”
  
- 9.0 Stock and Prepare Inventory
  - 9.1 Update the Customer Care Agent (Front Desk) or designated agent responsible for updating the in-store (digital) and online menus
  - 9.2 Verify menus, review any new discounts, sales, or specials
    - 9.2.1 If necessary, print and distribute information to each Dispensary Agent or post needed information and instructions in Slack
  - 9.3 Fill product display jars from the vault in consultation with the Inventory Manager and in accordance with the [Inventory Control policies and procedures](#)

- 9.4     Oversee Agent stocking of pre-packaged products on shelves and hangers (patches, vaporizers, edibles, etc.) in coordination with the Inventory Manager and in accordance with the [Stocking and Restocking SOP](#)
  - 9.5     Check infused product expiration dates; bring older products to the front of the shelf, and look for any anomalies, discrepancies or inaccuracies in product listings
  - 9.6     Notify the Inventory Manager if any products appear to be damaged, spoiled, adulterated, mislabeled, and/or are going to expire within the next week
- 10.0    Pricing and Discounts
- 10.1    Agents must stay informed of current prices and discounts by communicating with the MOD and/or Inventory Manager at the start of each shift

## Closing Standard Operating Procedure

<b>Genesis Farms SOP</b>	<b>Title: Closing SOP</b>	
	<b>Last Updated:</b>	09/01/2021
	<b>Approved By:</b>	Emmett Reistroffer

### 1.0 Purpose

To ensure the dispensary is open on time and fully prepared for a successful day of operations, providing consistent excellent customer service to retail customers and medical patients alike. In addition, the store must be opened and operated in a safe, secure, and compliant manner, following all policies and procedures set forth in this Dispensary Operating Manual, and in accordance with all state and local laws and regulations.

### 2.0 Responsible Positions

- Dispensary Manager or MOD
- Dispensary Agents, as authorized by the Dispensary Manager

### 3.0 Preparation

- All registered Dispensary Agents must display their unexpired, Agent Identification Card on their person at all times while on the licensed premises of the dispensary facility or while conducting off-site responsibilities on behalf of the dispensary.
- All agents must maintain a sharp awareness when arriving and entering the dispensary facility and must immediately check in with the Manager on Duty and clock-in at the employee time clock at the beginning of their scheduled shift.

#### ***Equipment/Supplies Needed:***

- Agent Registration Card
- Computers and related equipment, software, and online platforms
- Barcode scanners
- Label maker
- Office supplies
- Facility keys

- Authorized access card
- Cleaning supplies

#### 4.0 Pending and Incomplete Orders

- 4.1 By no later than before closing, the MOD or Dispatch Agent must review all orders in the que in the online order management platform, and ensure pending orders will be completed, or if cannot be completed, proceed to cancel the order.
- 4.2 Confirm each order is properly moved or updated in the que, so that no pending orders are unresolved or inaccurately tracked, and if necessary, consult the Dispensary Agent(s) responsible for preparing or processing the orders.
- 4.3 If a pre-order cannot be confirmed for next day, it must be cancelled and processed in accordance with the Order Cancellation SOP.

#### 5.0 Closing Cash Registers

- 5.1 After all orders are completed or cancelled, the MOD shall authorize the closing of cash register(s) and consult the authorized Dispensary Agent responsible for processing transactions on each register, to review any issues, discrepancies, adjustments, or cancelled orders.
- 5.2 The MOD shall remove the cash drawer from the register and bring it into the Manager's office for verification and closing. The MOD shall ensure all cash associated with the register is in clear unobstructed view of the surveillance cameras and shall restrict access to the Manager's office while closing the cash register.
- 5.3 For in-store orders, the MOD must count the total cash in the drawer and verify the register total in Dutchie, and separate the cash into 2 designated envelopes, (1) the original drawer bank, (2) the exact cash total for sales. No tips are permitted or accepted. On each envelope (or on a cash card insert slip) the MOD shall correctly label each envelope as either "bank" or "total cash", and include the MOD's name, the Dispensary Agent's name and register number, total amount of cash enclosed and the date.
- 5.4 End of day/store closing: the MOD shall complete an audit of all register closings, including inspecting and verifying each register closed during their shift has been closed correctly and accurately. After all registers are closed, the MOD shall

place all sealed and labeled cash envelopes inside the secure cash bag, rip off the bag number tag and staple it to the daily closing report, and add it to the daily closing report binder.

- 5.5 After all cash registers are closed and all cash is accounted for, verified, processed and securely placed in the vault, the MOD shall send a notification to the General Manager.

- 5.5.1 The closing notification or “daily closing report” should include the total amount of cash counted for all closed registers, and written confirmation that the cash total matches in Dutchie.

## 6.0 Closing Tasks

\*These tasks may be completed by the Manager and delegated/assigned to agents.

- 6.1 Review the shift plan and complete the “Dispensary Closing Checklist”; add any notes or other documentation if necessary
- 6.2 Inspect, and if necessary, stock PPE supplies in all work areas and the front entry
- 6.3 Inspect, and if necessary, stock office supplies in all work areas
- 6.4 Inspect, and if necessary, stock cleaning supplies in all work areas
- 6.5 If necessary, clean all lobby, sales and work area surfaces, clean windows, shelves, workstations and common areas in accordance with “Cleaning, and Sanitation SOP”
- 6.6 Turn off TV’s and other digital display boards
- 6.7 Turn off computers, point-of-sale systems, barcode scanners and printers
- 6.8 Remove trash, old boxes or other non-cannabis waste as necessary

## 7.0 Secure Inventory

- 7.1 Remove inventory bins from the sales area or display shelves and move to the designated secure storage area in vault as directed by the MOD or Inventory Manager. Keep all inventory in the correct storage bins, correctly labeled and in an orderly fashion, in accordance with the [Inventory Control policies and procedures](#).
- 7.2 Remove product display jars from the vault in consultation with the Inventory Manager and in accordance with Inventory Control SOPs.

- 7.3 Dispensary Agents assisting with securing inventory must inform the MOD immediately after moving and securing inventory.

## 8.0 Secure Facility

- 8.1 After completing all closing duties and responsibilities and all agents have clocked-out to end their shift and exit the dispensary, the MOD shall lock the Manager's office, the secure storage vault and all exterior doors and set the alarm to 'ARMED' mode upon exiting the facility.
- 8.2 The MOD shall ensure that a minimum of two agents lock and exit the facility together at store closing. Under no circumstances can one individual be responsible for locking the facility and being the last person to leave the facility alone.
- 8.3 The MOD shall confirm the locking of the dispensary facility with the on-site Security Agent assigned to 24-hour security monitoring in the parking lot.

### Assisting Patients and Processing Transactions Standard Operating Procedure

<b>Genesis Farms SOP</b>	<b>Title: Assisting Patients and Processing Transactions SOP</b>	
	<b>Last Updated:</b>	09/01/2021
	<b>Approved By:</b>	Emmett Reistroffer

#### 1.0 Purpose

To ensure the dispensary provides retail customers with safe, efficient, and satisfactory service and to ensure all sales and transactions are conducted lawfully and in compliance with all applicable state and local laws and regulations.

#### 2.0 Responsible Positions

- Dispensary Agent

#### 3.0 Preparation

- All registered Dispensary Agents must display their unexpired, Agent Identification Card on their person at all times while on the licensed premises of the dispensary facility or while conducting off-site responsibilities on behalf of the dispensary.
- All registered Dispensary agents must maintain a sharp awareness when working at the dispensary facility.
- Login to the ADP/POS system.

#### ***Equipment/Supplies Needed:***

- Agent registration card
- NTEP certified scale
- Computer with ADP/POS software
- Barcode scanner
- Facility keys and/or access codes
- Cleaning supplies

#### ***Resources Needed:***



- [Strategies for Superior Customer Service and Tips for Handling Customers](#)

**Public Health Protections:**

Genesis Farms staff, customers and authorized visitors must work together to ensure strict public health protection efforts are implemented at all times, in accordance with CDC guidelines. These requirements include maintaining social distancing on the dispensary premises (at least 6 feet space between each person); and wearing face coverings at all times while on the dispensary premises, and while conducting official work duties off-site on behalf of the dispensary. Agents must also wash their hands immediately upon beginning their shift, in between changing work assignments or work areas, after using the restroom, after break times and must wear gloves at all times when handling cash or cannabis products. Genesis Farms will provide information about public health protection efforts online and in the store to promote compliance and participation by customers. Genesis Farms will provide courtesy face coverings to customers as needed. Under no circumstances is any person allowed access to the dispensary facility if exhibiting signs or symptoms of illness.

Wear Face Covering	Wear Gloves	Wash Hands & Practice Good Hygiene	Maintain Social Distancing
✓	✓	✓	✓

4.0 Greeting

- 4.1 The Dispensary Agent shall signal to the customer when the Agent is ready to assist the customer and greet the customer by introducing themselves.
  - 4.1.1 Be enthusiastic and welcoming. Facilitate a positive atmosphere and create a warm and inviting environment for each customer.
- 4.2 The Dispensary Agent shall direct the customer to stand at the designated social distancing floor mat.
- 4.3 The Dispensary Agent may begin assisting the customer by asking them if they already know what they would like to order or if they need consultation/assistance to select products. If the customer is prepared to make their selections, the Agent can proceed to the steps for 'Processing Transactions' below. If the customer needs consultation/assistance to select products, the Agent should proceed to the steps for 'Consultation' below.

4.4 The Dispensary Agent should also confirm with each customer that they only cash payments are accepted, and if necessary, pause the transaction and allow the customer to access the in-store ATM.

4.4.1 Medical patients: if the customer is a confirmed medical patient, the Agent must verify the patient has been set up in Dutchie and verified by the Customer Care Coordinator before beginning the transaction. The Agent must select the patient in Dutchie to permit a transaction with medical products and purchasing restrictions and may proceed to the next steps.

## 5.0 Processing Transactions

5.1 After the customer has made their selections, The Dispensary Agent shall retrieve the selected products from the secure product storage bins/shelves behind the sales counter.

5.2 The Dispensary Agent must review the product selections at least one time with the customer and receive the customer's confirmation the order is correct, pointing out quantities, weights, strain or product name(s) and other relevant information.

5.3 The Dispensary Agent must verify the order does not exceed the amounts for Purchase Restrictions. These restrictions will be pre-programmed into the point-of-sale software system but agents are expected to double-check purchase limits and will be provided a printed copy of the latest restrictions as published by Department Rules.

5.4 The Dispensary Agent may inquire if the customer qualifies for a discount, and if so, must notify a manager to authorize any discounts applied.

5.4.1 See Genesis Farms' policy for discounts.

5.5 The Dispensary Agent must scan each product and verify in Dutchie that the correct product is scanned, reviewing both the product name and the seed-to-sale tracking number, to ensure the product is labeled correctly and tracked in Dutchie accurately.

5.5.1 If the Dispensary Agent discovers a discrepancy or error in the inventory management system, the Agent must apologize for the delay, and immediately notify the MOD or Inventory Manager. The Dispensary Agent cannot complete the sales transaction unless the product(s) can be verified and processed correctly in Dutchie.

- 5.6 After the Dispensary Agent has reviewed the order with the customer, scanned and verified each item in Dutchie, and applied any applicable discounts, the Agent must inform the customer of their total, collect the required cash payment, provide the correct change and/or allocate any tips provided by the customer to the tip jar/envelope.
  - 5.6.1 The Dispensary Agent shall follow the prompts in the order dashboard in Dutchie, selecting 'exact change' or typing in the amount of cash collected, and if necessary, provide the correct amount of change owed to the customer.
- 5.7 The Dispensary Agent must place the products inside an approved Remedy exit-bag, ensuring compliance with child-proof exit bag requirements.
- 5.8 The Dispensary Agent must print the required compliance labels and order receipt and provide it to the customer or place inside the exit-bag.
- 5.9 After completing the transaction and providing the sealed exit-bag including compliance labels and order receipt to the customer, the Dispensary Agent should thank the customer for their business and end the interaction on a positive note, pointing the customer toward the exit door.

**Ongoing Duties Standard Operating Procedure**

<b>Genesis Farms SOP</b>	<b>Title: Ongoing Duties SOP</b>	
	<b>Las Updated:</b>	09/01/2021
	<b>Approved By:</b>	Emmett Reistroffer

**1.0 Purpose**

To ensure the dispensary is opened in a safe, secure, timely and compliant manner and prepare the business for a successful day of operations.

**2.0 Responsible Positions**

- Dispensary Manager
- Dispensary Agent

### 3.0 Preparation

- All agents must display their agent registration card on their person at all times while at the licensed premises of the dispensary facility.
- All agents must maintain a sharp awareness when arriving and entering the dispensary facility and must immediately check in with the Manager on Duty and clock-in at the employee time clock at the beginning of the shift.

#### ***Equipment/Supplies Needed:***

- Agent registration card
- NTEP certified scale
- Computer with ADP/POS software
- Barcode scanner
- Facility keys and/or access codes
- Cleaning supplies
- "Dispensary Agent Daily Checklist"

### 4.0 Opening Tasks

- 4.1 Secure agent registration card on yourself at all times while on premises
- 4.2 Clock in and check in with the Dispensary Manager
- 4.3 Check out panic button
- 4.4 Tare scale(s)
- 4.5 Clean windows, shelves and common areas in accordance with "Cleaning, Sanitation and Hygiene"
- 4.6 Turn on TV's and other electronics as needed
- 4.7 Water plants
- 4.8 Set up curbside pickup parking and service area
- 4.9 Sweep debris outside sidewalk area
- 4.10 Pick up litter/trash
- 4.11 Complete the "Dispensary Agent Daily Checklist"

### 5.0 Stock and Prepare Inventory

- 5.1 Update the Patient Coordinator on inventory
  - 5.2 Verify menus, review any new discounts, sales, or specials
  - 5.3 Fill product display jars from the vault according to manager instructions
  - 5.4 Stock pre-packaged products on shelves and hangers (patches, vaporizers, edibles, etc.)
  - 5.5 Check infused product expiration dates; bring older products to the front of the shelf
  - 5.6 Notify the Dispensary Manager if any products are going to expire within the next week
- 6.0 Pricing and Discounts
- 6.1 Agents must stay informed of current prices and discounts by communicating with the Dispensary Manager
  - 6.2 All prices should include state and local taxes



**PROPERTY OWNER AUTHORIZATION FOR MEDICAL CANNABIS ESTABLISHMENT**

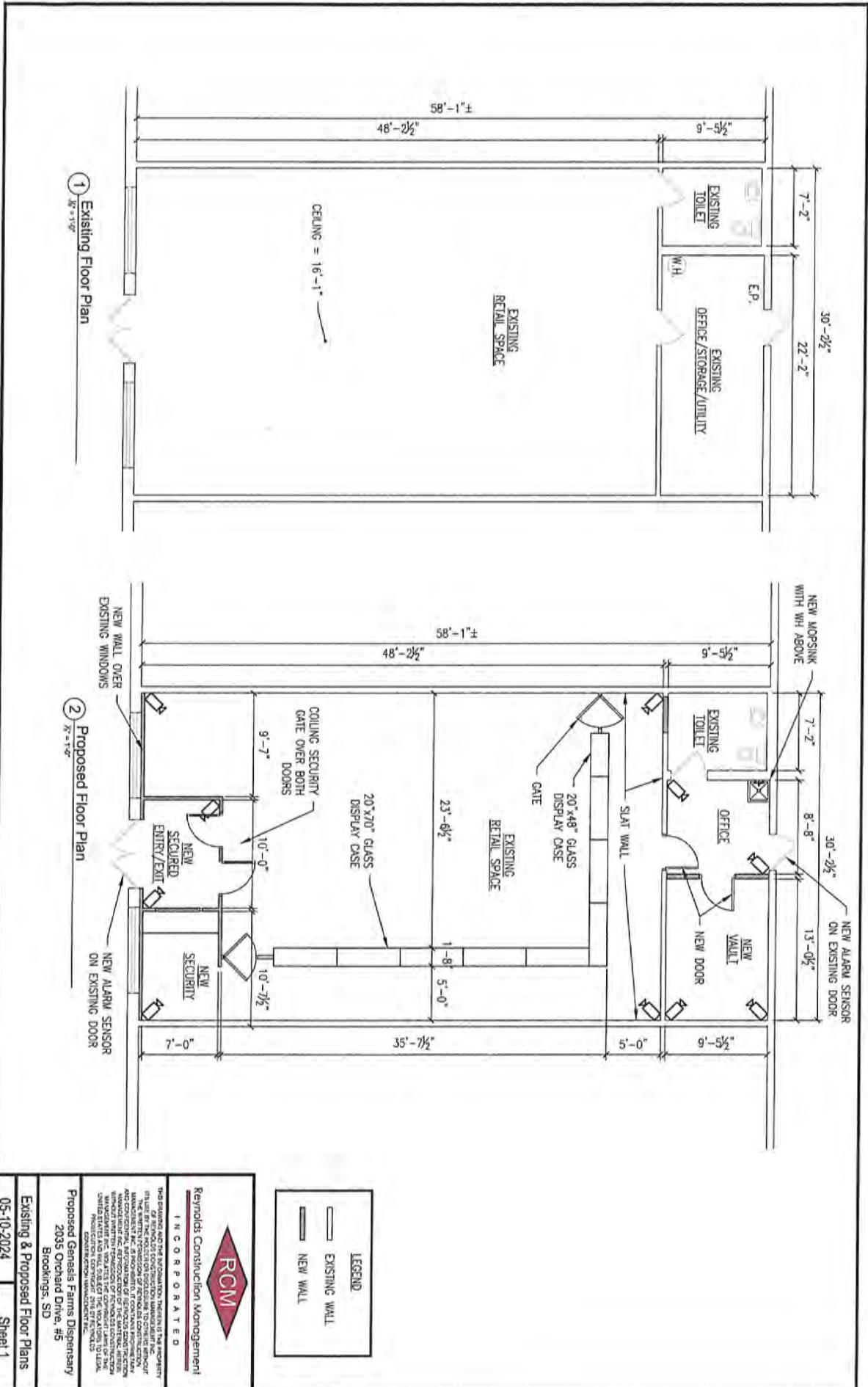
I, Kara Grayson, Property Owner and authorized representative for KMG ENTERPRISES LLC, the owner of the property located at **2035 Orchard Dr, Suite 5, Brookings, SD 57006**, consent to the use of this property for the operation of a licensed Medical Cannabis Dispensary by Genesis Farms, LLC.

Kara Grayson

**Signature**

5.10.24

**Date**



**LEGEND**

— EXISTING WALL

— NEW WALL

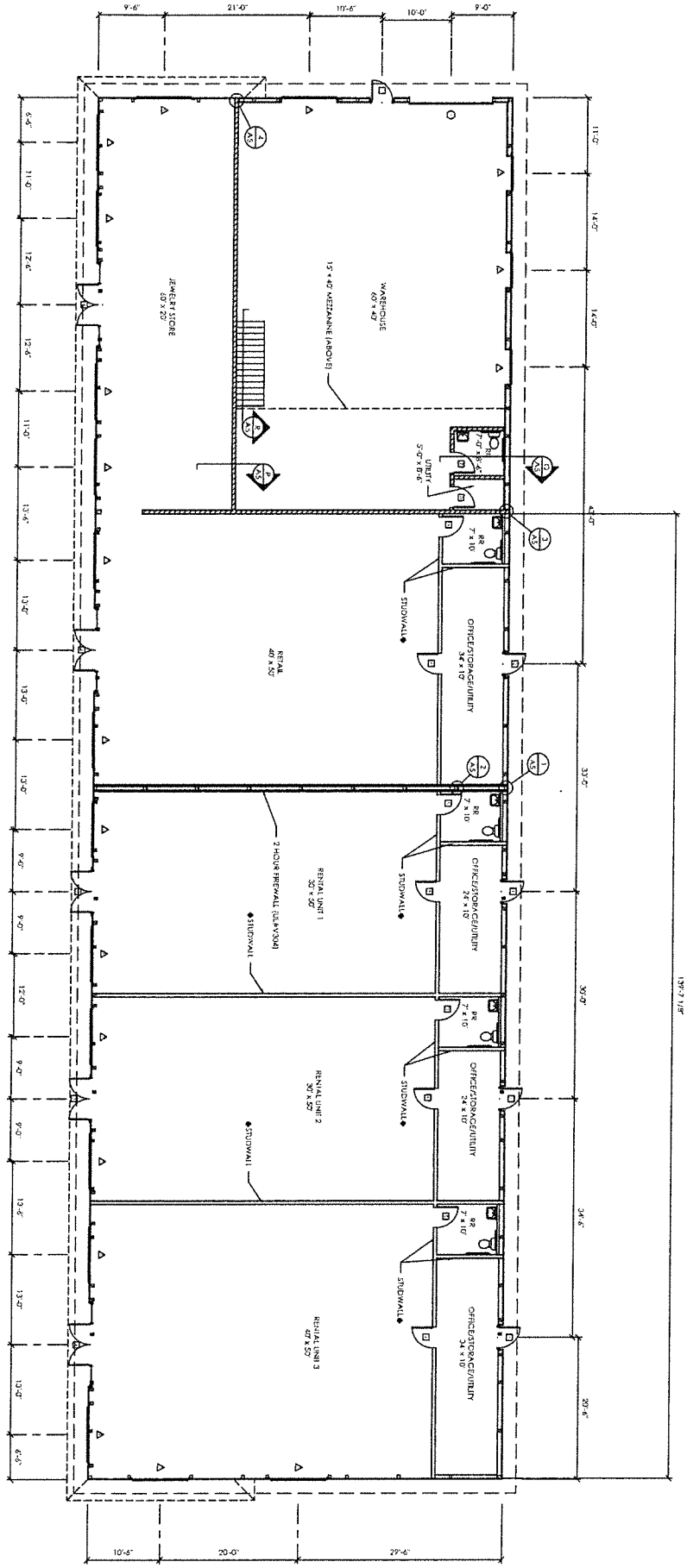
**RCM**  
 Reynolds Construction Management  
 INCORPORATED

THIS DRAWING AND THE INFORMATION THEREON IS THE PROPERTY OF RCM. IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREON. NO PART OF THIS DRAWING OR INFORMATION THEREON IS TO BE REPRODUCED, COPIED, STORED, RETRIEVED, TRANSMITTED, OR OTHERWISE DISCLOSED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF REYNOLDS CONSTRUCTION MANAGEMENT, INC. ANY REUSE OR MODIFICATION OF THIS DRAWING OR INFORMATION THEREON WITHOUT THE WRITTEN PERMISSION OF REYNOLDS CONSTRUCTION MANAGEMENT, INC. IS STRICTLY PROHIBITED. ANY VIOLATION OF THIS NOTICE SHALL BE AT THE USER'S SOLE RISK AND WITHOUT LIABILITY TO RCM.

Proposed Genesis Farms Dispensary  
 2035 Orchard Drive, #5  
 Brookings, SD

Existing & Proposed Floor Plans  
 05-10-2024  
 Sheet 1

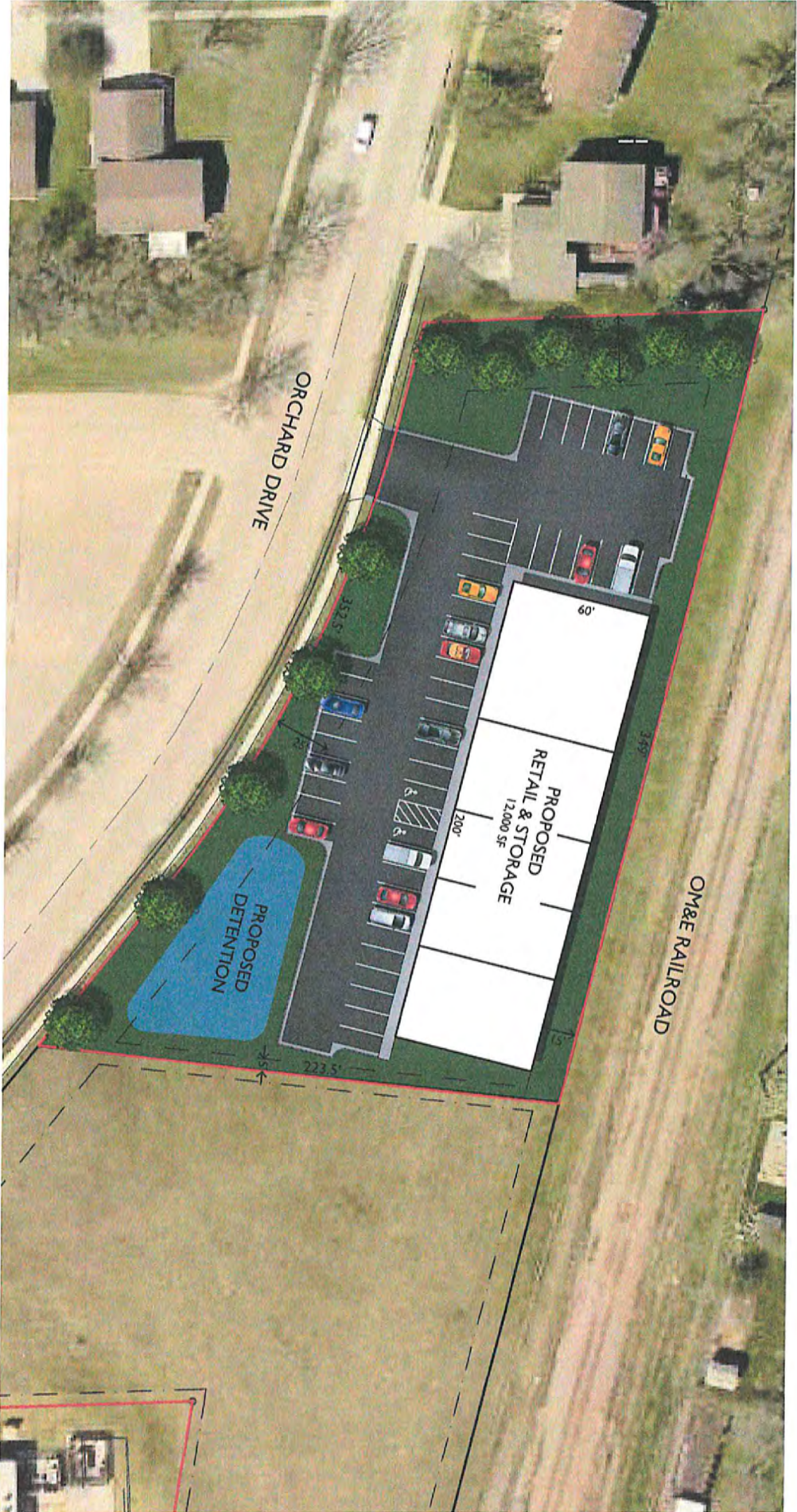




**INTERIOR LAYOUT**

**INTERIOR LAYOUT LEGEND**

- (1) 3'-0" x 7'-0" WALK DOOR
- (2) 6'-0" x 7'-0" WALK DOOR
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- (100) 3'-0" x 7'-0" WALK DOOR



# SITE PLAN CONCEPT

**GRAYSON DEVELOPMENT**  
ORCHARD DRIVE | BROOKINGS, SD | FEBRUARY 4, 2020



**NORMAN**  
ENGINEERING + SURVEYING

# State of South Dakota

Office of the Secretary of State

## Certificate of Good Standing

Domestic Limited Liability Company

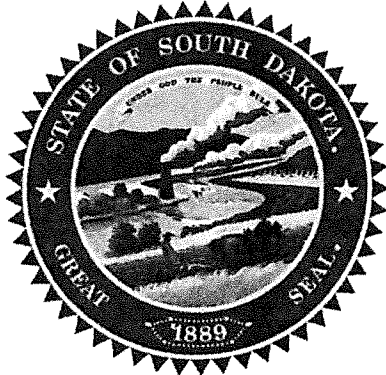
I, **Monae L. Johnson**, Secretary of State of the State of South Dakota, hereby certify that

**Genesis Farms, LLC**

Business ID: DL204971

was authorized to transact business in this state on: June 18, 2021.

I, further certify that **Genesis Farms, LLC** has complied with the laws of this State relative to the formation of Certificate of Good Standing/Authorizations of its kind and is now regularly and properly organized and existing under the laws of this State and is in Good Standing, as shown by the records of this office. This certificate is not to be construed as an endorsement, recommendation or notice of approval of its financial condition or business activities and practices. Such information is not available from this office.



IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of South Dakota, in Pierre, the Capital City, this day, March 5, 2024.

A handwritten signature in cursive script that reads "Monae L. Johnson".

**Monae L. Johnson**  
Secretary of State

03/05/2024 11:09 AM

Verification #: 017448735



DL204971

### ARTICLES OF ORGANIZATION

DOMESTIC LIMITED LIABILITY COMPANY  
SDCL 47-34A-203, 212

Secretary of State  
500 E. Capitol Ave  
Pierre, SD 57501-5070  
(605) 773-4845

Filing Fee: \$150  
  
Total Fee: \$150

Please Type or Print Clearly in Ink  
Please submit one Original  
Make payable to the SECRETARY OF STATE

#### Article I

The name of the Company: **Genesis Farms, LLC**

#### Article II

The address of the initial designated office in or out of the State of South Dakota where the company conducts its business:

Actual Street Address  
**1002 SOUTH MINNESOTA AVENUE  
SIOUX FALLS, SD 57105**

Mailing Address  
**1002 SOUTH MINNESOTA AVENUE  
SIOUX FALLS, SD 57105**

#### Article III

SDCL 59-11-6

The South Dakota Registered Agent's Name:

South Dakota law permits the registered agent to be either (a) a noncommercial registered agent or (b) a commercial registered agent.

(a) The South Dakota Noncommercial Registered Agent's name

Name **Justin J Johnson**

Actual Street Address in this State  
**1008 S BATCHELLER LANE  
SIOUX FALLS, SD 57105**

Mailing Address in this State  
**PO BOX 2735  
SIOUX FALLS, SD 57101**

#### Article IV

The name and address of each organizer

Name	Address
<b>William J. O'Brien</b>	<b>2100 AT&amp;T Tower, 901 Marquette Avenue, Minneapolis, MN 55402</b>

#### Article V

The duration of the company if other than perpetual is: **Perpetual**

If the document is not to be effective upon filing by the Secretary of State, the delayed effective date is: \_\_\_\_\_

B0184-5741 06/18/2021 12:38PM Rec'd by SD SOS



B0184-5742 06/18/2021 12:38PM Rec'd by SD SOS

**Article VI**

Member-Managed     Manager-Managed

Name	Address
Justin J. Johnson	1008 Batcheller Lane, Sioux Falls, SD 57105
Marlyn Erickson	1180 Creek Drive, Rapid City, SD 57703
Troy Erickson	1180 Creek Drive, Rapid City, SD 57703

**Article VII**

Beneficial Owners (optional): A beneficial owner is a person who has or in some manner controls an equity security. Please consult an attorney for legal advice if you have any questions concerning this entry. Any question under this heading is considered a request for legal advice and the secretary of state's office is, by statute, not permitted, to provide legal advice.

**Signature/Authorization**

The Articles of Organization must be executed by the organizers.

No person may execute this report knowing it is false in any material respect. Any violation may be subject to a criminal penalty (SDCL 22-39-36).

William J. O'Brien	<i>William J. O'Brien</i>	Esq.	06/18/2021
PRINTED NAME	SIGNATURE	TITLE	DATED

GENESIS FARMS, LLC  
GENESIS FARMS  
PO BOX 2735  
SIOUX FALLS, SD 57101

May 06, 2024

Dear GENESIS FARMS, LLC

Below is your current South Dakota tax license. It is non-transferable and shall be valid only for the person or entity named on the license. The license is for the transaction of business at the place designated on the license. The license is to be conspicuously displayed at the place of business.

Please review your information and contact our department if there are any changes in ownership, names, or addresses. If you have a Streamlined sales tax license any changes must be made through the Streamlined Registration System at [www.streamlinedsalestax.org](http://www.streamlinedsalestax.org).

For more information, visit our website at <http://dor.sd.gov>, call the Department of Revenue at 1-800-829-9188 weekdays from 8:00 am to 5:00 pm Central Time or e-mail us at [bustax@state.sd.us](mailto:bustax@state.sd.us). Thank you.

**Website:** <http://dor.sd.gov>

**SD EPath:** <http://dor.sd.gov/EPath>



This license is issued to the below named. This license remains the property of the State of South Dakota and, while in possession of the person to whom issued, entitles the licensee to transact the business or activity specified on this license until this license expires or is cancelled. This license makes no representation about the legality of products or services sold.

<http://dor.sd.gov>

ISSUE DATE: 05/06/2024  
EXPIRATION DATE:  
LICENSE NUMBER: 1041-2348-ST  
LICENSE TYPE: Sales Tax

GENESIS FARMS  
2035 ORCHARD DR STE 5  
BROOKINGS, SD 57006-3528

ISSUED TO:  
GENESIS FARMS, LLC  
225 E 11TH ST STE 112  
SIOUX FALLS, SD 57104-6334

Mike Houdyshell  
Secretary of Revenue

NON-TRANSFERABLE

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**OPERATING AGREEMENT  
FOR  
GENESIS FARMS, LLC  
A SOUTH DAKOTA LIMITED LIABILITY COMPANY**

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**OPERATING AGREEMENT  
FOR  
GENESIS FARMS, LLC  
A SOUTH DAKOTA LIMITED LIABILITY COMPANY**

**THIS OPERATING AGREEMENT** is made effective as of June 18, 2021, by and among the parties listed on the signature pages hereof expressly including Justin J. Johnson, Troy M. Erickson, and Marlyn G. Erickson (sometimes referred to herein individually as a “**Class A Member**” or collectively as the “**Class A Members**”), and Justin J. Johnson, Troy M. Erickson and Marlyn G. Erickson in their capacities as Co-Managers, with reference to the following facts:

- A. On June 18, 2021, Articles of Organization for the Company (as hereinafter defined) were filed with the South Dakota Secretary of State;
- B. S.D. Codified Laws § 47-34A-103 authorizes the members of a limited liability company to enter into an Operating Agreement; and
- C. The parties desire to adopt and approve an Operating Agreement for the Company.

**NOW, THEREFORE**, the parties by this Agreement set forth the Operating Agreement for the Company under the laws of the State of South Dakota upon the terms and subject to the conditions of this Agreement.

**ARTICLE I  
DEFINITIONS**

When used in this Agreement, the following terms shall have the meanings set forth below (all terms used in this Agreement that are not defined in this Article I shall have the meanings set forth elsewhere in this Agreement):

1.1 “Act” shall mean the South Dakota Uniform Limited Liability Act, as contained in South Dakota Codified Laws Chapter 34A.

1.2 “Affiliate” of a Member or Manager shall mean any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with a Member or Manager, as applicable. The term “control,” as used in the immediately preceding sentence, shall mean with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than ten percent (10%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

1.3 “Agreement” shall mean this Operating Agreement, as originally executed and as amended from time to time.

1.4 “Articles” shall mean the Articles of Organization for the Company originally filed with the South Dakota Secretary of State and as amended from time to time.

1.5 “Bankruptcy” shall mean: (a) the filing of an application by a Member or Manager for, or his or her consent to, the appointment of a trustee, receiver, or custodian of his or her other assets; (b) the entry of an order for relief with respect to a Member or Manager in proceedings under the United States Bankruptcy



Code, as amended or superseded from time to time; (c) the making by a Member or Manager of a general assignment for the benefit of creditors; (d) the entry of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of a Member or Manager unless the proceedings and the person appointed are dismissed within ninety (90) days; or (e) the failure by a Member or Manager generally to pay his or her debts as the debts become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of his or her inability to pay his or her debts as they become due.

1.6 “Capital Account” shall mean with respect to any Member the capital account that the Company establishes and maintains for such Member pursuant to Section 3.3.

1.7 “Capital Call” shall have the meaning ascribed to it in Section 3.2.

1.8 “Capital Contribution” shall mean the total amount of cash and fair market value of property or services contributed to the Company by Members.

1.9 “Capital Proceeds” means net funds of the Company arising from a Capital Transaction.

1.10 “Capital Transaction” means the sale, financing, refinancing or similar transaction of or involving any part or all of the Property (including the receipt by the Company of condemnation awards, payment of title insurance proceeds or casualty loss insurance proceeds, other than business interruption or rental loss insurance proceeds, to the extent such awards and proceeds are not applied to mortgage indebtedness of the Company and not used to repair damage caused by a casualty or taking or in alleviation of any title defect).

1.11 “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

1.12 “Company” shall mean GENESIS FARMS, LLC, a South Dakota limited liability company.

1.13 “Company Minimum Gain” shall have the meaning ascribed to the term “Partnership Minimum Gain” in the Regulations Section 1.704-2(d).

1.14 “Company Representative” shall mean the Person designated in Section 9.8 hereof as such, which Person shall act as “partnership representative,” as defined in Section 6223(a) of the Code (or any similar position under any corresponding provisions of applicable state, local, or foreign law).

1.15 “Distributable Cash” shall mean the amount of cash which the Managers deems available for distribution to the Members, taking into account all debts, liabilities, and obligations of the Company then due, and working capital and other amounts which the Managers deem necessary for the Company’s business or to place into reserves for customary and usual claims with respect to such business.

1.16 “Financial Rights” shall mean the right to receive distributions of the Company’s assets and allocations of income, gain, loss, deduction, credit and similar items from the Company pursuant to this Agreement and the Act, but shall not include any other rights of a Member, including, without limitation, the right to vote or participate in the management of the Company, or any right to information concerning the business and affairs of the Company.

1.17 “Fiscal Year” shall mean the Company’s fiscal year, which shall begin January 1 of each year.

- 1.18 “Governance Rights” shall mean all of a Member’s rights as a Member in the Company except for Financial Rights or any right to assign Financial Rights.
- 1.19 “Major Decisions” shall mean those items described in Section 5.2(A), which require the affirmative consent of the Voting Interest.
- 1.20 “Majority Voting Interest” shall mean the affirmative vote by the holder(s) of more than fifty percent (50%) of the outstanding Units having Governance Rights of the Company.
- 1.21 “Manager or Managers” shall mean, initially, Justin J. Johnson, Troy M. Erickson, and Marlyn G. Erickson, or their successors as manager of the Company. A Manager need not be a Member of the Company.
- 1.22 “Member” shall mean each Person who (a) is an initial signatory to this Agreement, has been admitted to the Company as a Member in accordance with the Articles or this Agreement; or (b) is a substitute Member in accordance with Article VII.
- 1.23 “Member Loan” shall have the meaning ascribed to it in Section 3.5.
- 1.24 “Member Nonrecourse Debt” shall have the meaning ascribed to the term “Partner Nonrecourse Debt” in Regulations Section 1.704-2(b)(4).
- 1.25 “Member Nonrecourse Deductions” shall mean items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures that are attributable to Member Nonrecourse Debt.
- 1.26 “Membership Interest” shall mean a Member's entire interest in the Company. Membership Rights are of two classes, Class A Membership Interest (also referred to as Class A Units) and Class B Membership Interest (also referred to as Class B Units), and shall have the rights provided by law, subject to any statement in this Agreement of the specific rights or terms of such Membership Rights. Class A Units shall have Financial Rights, including certain preferences set forth herein, and Governance Rights. Class B Membership Rights have no Governance Rights but shall have Financial Rights.
- 1.27 “Membership Unit” means the manner into which the Members’ Membership Interests in the Company are divided. Class A Units shall have Financial Rights, including certain preferences set forth herein, and Governance Rights. Class B Units have no Governance Rights but shall have Financial Rights.
- 1.28 “Net Profits” and “Net Losses” shall mean the income, gain, loss and deductions of the Company in the aggregate or separately stated, as appropriate, determined in accordance with the method of accounting at the close of each Fiscal Year on the Company’s information tax return filed for federal income tax purposes.
- 1.29 “Nonrecourse Liability” shall have the meaning set forth in Regulations Section 1.752-1(a)(2).
- 1.30 “Percentage Interest” shall mean the percentage of a Member set forth opposite the name of such Member under the column “Member’s Percentage Interest” in Exhibit A hereto; as such, percentage may be adjusted from time to time pursuant to the terms of this Agreement.
- 1.31 “Person” shall mean an individual, partnership, limited partnership, limited liability company, corporation, trust, estate, association, or any other entity.

- 1.32 “Purpose” shall have the meaning ascribed to it in Section 2.6.
- 1.33 “Regulations” shall, unless the context clearly indicates otherwise, mean the regulations in force as final or temporary that has been issued by the U.S. Department of Treasury pursuant to its authority under the Code, and any successor regulations.
- 1.34 “Removal Event” shall have the meaning ascribed to it in Section 5.3C.
- 1.35 “Super Majority Interests” or “Super Majority Interest” shall mean the affirmative vote by the holder(s) of more than **Ninety Percent (90%)** of the outstanding Units having Governance Rights of the Company.
- 1.36 “Super Majority Decisions” shall mean those items described in Section 5.2(B), which require the affirmative consent of the Super Majority Interests.
- 1.37 “Unit” means the manner into which a Member’s Membership Interests in the Company are represented.
- 1.38 “Voting Interests” or “Voting Interest” shall mean the holder(s) of Units having Governance Rights of the Company.

## ARTICLE II ORGANIZATIONAL MATTERS

- 2.1 Formation. The Members have formed a South Dakota limited liability company under the laws of the State of South Dakota by filing the Articles with the South Dakota Secretary of State and entering into this Agreement, which Agreement shall be deemed effective as of the date the Articles were so filed. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.
- 2.2 Name. The name of the Company shall be “Genesis Farms, LLC.” The business of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Managers deem appropriate or advisable. The Managers shall file any fictitious name certificates and similar filings, and any amendments thereto, that the Managers consider appropriate or advisable.
- 2.3 Term. The term of this Agreement shall commence on the date hereof and shall continue until the Company is dissolved and liquidated pursuant to Article X.
- 2.4 Office and Agent. The Company shall continuously maintain an office and registered agent in the State of South Dakota. The principal office of the Company shall be at 1002 South Minnesota Avenue, Sioux Falls, SD 57105, or such other address as the Managers may determine. The Company may also have such offices, anywhere within and without the State of South Dakota, as the Managers may determine from time to time, or the business of the Company may require. The registered office and the registered agent shall be as stated in the Articles or as otherwise determined by the Managers.
- 2.5 Addresses of the Members and the Managers. The respective addresses of the Members and the Managers are set forth on Exhibit A. A Member may change his or her address upon notice thereof to the Managers.

2.6 Purpose and Business of the Company. Initially, the primary business purpose of the Company (the "Purpose"), is to engage in the business of: (i) acquiring, owning, holding, operating, managing and leasing agricultural real property engaged in the cultivation of cannabis and its derivatives (collectively, the "Property") or owning direct or indirect ownership interests in entities that engage in such activities; (ii) providing capital, financing or other indirect or passive investment in the Property, on commercially reasonable terms and conditions; (iii) borrowing funds, mortgaging or otherwise encumbering any of the Property; (iv) renewing, refinancing or replacing any existing mortgages or encumbrances with respect to the Property; (v) selling, exchanging or otherwise disposing of any of the Property; (vi) selling, conveying, or otherwise transferring cannabis and cannabis products as a wholesaler to entities and other third parties engaged in the sale of cannabis and cannabis products to the general public or owning direct or indirect ownership interests in entities that engage in such activities; (vii) selling cannabis to the general public or owning direct or indirect ownership interests in entities that engage in such activities, (viii) performing all other activities reasonably necessary or incidental to the furtherance of such purposes described in (i) – (viii) herein; and (ix) any other business the Managers determine to pursue by passage of a Super Majority Decision. The business purpose of the Company (including all matters concerning the Property) may be carried on directly or indirectly by the Company, alone or in conjunction with other Persons.

2.7 Duties and Indemnification.

2.7.1 Duty of Loyalty. Notwithstanding anything to the contrary in Section 47-34A-409 of the Act, the Members acknowledge and agree as follows:

(a) Consideration of Interests. The Members have formed the Company and entered into this Agreement and become Members without any expectation that the any Member (or any of their respective Affiliates) would forgo any other opportunity available to any Member in the future or any Member (or any of their respective Affiliates) would be required to consider the interests of the Company or any other Officer, Member or Person in any matter. More specifically, each Member recognizes that each other Member is, as of the date of this Agreement, engaged as an equity owner, contractor, consultant and/or agent in the competing businesses described on the attached Exhibit 2.7.1(a). The Members record that their mutual expectation is that when taking any action, the Officers, Managers and Members are free to consider their own interests exclusively without considering whether such action serves the interests or is in the best interest of the other Members, the Company, or any other Person. The Members also record that their mutual expectation is that, when taking any action, the Members and Managers are free to consider the interests of any Member exclusively over the interests of any other Member without considering whether such action serves the interests or is in the best interest of the other Managers, Members, the Company, or any other Person. Accordingly, when the Managers or Members cause the Company to take any action, when the Members are voting on any matter under this Agreement, or when a Member is otherwise permitted or required to make a decision (including a decision that is in such Member's "discretion" or under a grant of similar authority or latitude), the Managers and each Member shall be entitled to consider only such interests and factors as the Officer or such Member desires, including its own interests (or the interests of any of their respective Affiliates), and shall have no duty or obligation to give any consideration to any interest of or factors affecting the other Managers, Members, the Company, or any other Person. Whenever in this Agreement the Managers or any Member are permitted or required to make a decision in "good faith," the Managers and each Member shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or any other applicable law.

**EACH MEMBER WAS ADVISED BY COUNSEL, OR HAD THE OPPORTUNITY TO BE ADVISED BY COUNSEL, IN ENTERING INTO THIS AGREEMENT AND IS FULLY**

**APPRISED AND AWARE OF ALL IMPLICATIONS AND CONSEQUENCES OF ENTERING INTO THIS AGREEMENT. THE MEMBERS AGREE THAT THIS SECTION 2.7.1(a) IS NOT MANIFESTLY UNREASONABLE.**

(b) Dealings with the Company; Company Opportunities. The Members have no expectation that (i) the Managers or any Member will be prohibited, by virtue of the Member's status as a Member of the Company, from pursuing and engaging in any activities and (ii) the Managers or any Member will be not obligated to inform the Company or any Member of any such opportunity, relationship or investment (a "Company Opportunity") or to present to the Company any Company Opportunity. Further, the Company hereby renounces any interest in any Company Opportunity and any expectancy that any Company Opportunity will be offered to it.

**EACH MEMBER WAS ADVISED BY COUNSEL, OR HAD THE OPPORTUNITY TO BE ADVISED BY COUNSEL, IN ENTERING INTO THIS AGREEMENT AND IS FULLY APPRISED AND AWARE OF ALL IMPLICATIONS AND CONSEQUENCES OF ENTERING INTO THIS AGREEMENT. THE MEMBERS AGREE THAT THIS SECTION 2.7.1(b) IS NOT MANIFESTLY UNREASONABLE.**

2.7.2 Duty of Care of Members and Managers. The duty of care of a Manager, Member or an Officer in the conduct of the Company's activities is to act with the care that a person in a like position would reasonably exercise under similar circumstances and in a manner the Manager, Member or an Officer reasonably believes to be in the best interests of the Company. In discharging this duty, the Manager, Member or an Officer may rely in good faith on opinions, reports, statements, or other information provided by another person that the Manager, Member or an Officer reasonably believes is a competent and reliable source for the information. With respect to the duty of care set forth in this Section 2.7.2, in accordance with Section 47-34A-303 of the Act, no Manager, Member or an Officer of the Company shall be liable for any money damages to the Company or to any Member, unless the Manager, Member or an Officer has engaged in intentional misconduct or a knowing violation of the law. **EACH MEMBER WAS ADVISED BY COUNSEL, OR HAD THE OPPORTUNITY TO BE ADVISED BY COUNSEL, IN ENTERING INTO THIS AGREEMENT, AND IS FULLY APPRISED AND AWARE OF ALL IMPLICATIONS AND CONSEQUENCES OF ENTERING INTO THIS AGREEMENT. THE MEMBERS AGREE THAT THIS SECTION 2.7.2 IS NOT MANIFESTLY UNREASONABLE.**

2.7.3 Prescribing Standards of Good Faith and Fair Dealing. The Manager, Member or an Officer shall exercise their rights and discharge their duties under this Agreement and the Act in a manner consistent with the contractual obligation of good faith and fair dealing, including by acting in a manner, in light of this Agreement, that is honest, fair and reasonable. Any right exercised or duty discharged by a Manager, Member or an Officer pursuant to the written advice of the Company's attorneys, accountants, investment bankers, appraisers or other professional advisors shall be deemed to satisfy such contractual obligation. **EACH MEMBER WAS ADVISED BY COUNSEL, OR HAD THE OPPORTUNITY TO BE ADVISED BY COUNSEL, IN ENTERING INTO THIS AGREEMENT AND IS FULLY APPRISED AND AWARE OF ALL IMPLICATIONS AND CONSEQUENCES OF ENTERING INTO THIS AGREEMENT. THE MEMBERS AGREE THAT THIS SECTION 2.7.3 IS NOT MANIFESTLY UNREASONABLE.**

2.7.4 No Personal Liability. No Manager, Member or an Officer, solely by reason of being a Manager, Member or an Officer, will be liable, under a judgment, decree or order of a court, or in any other manner, for a debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other Manager, Member, Officer, agent, or employee of the Company.

2.7.5 Intentionally Deleted.

2.7.6 Limitation of Liability.

(a) Limitation. In accordance with Section 47-34A-407 of the Act, no Person will be liable to the Company or its Members for any loss, damage, liability, or expense on account of any action taken or omitted to be taken by such Person as an Officer or Member, other than for: (i) breach of the duty of loyalty in contravention of this Agreement; (ii) a financial benefit received by the Member or Officer to which the Member or Manager is not entitled; (iii) a breach of a duty under Section 47-34A-407 of the Act; (iv) intentional infliction of harm on the Company or a Member; or (v) an intentional violation of criminal law. If the Act is hereafter amended to authorize the further elimination or limitation of the liability of an Officer then, without requiring any action by the Members, the liability of each Officer shall be further limited to the fullest extent permitted by the amended Act. Any repeal of this provision as a matter of law or any modification of this subpart by the Members shall be prospective only, and shall not adversely affect any limitation on the personal liability of any Officer existing at the time of such repeal or modification.

(b) Additional Limitation on Indemnification. Except as otherwise determined by the Members, the Company shall not be required to indemnify a Person or advance expenses in connection with a proceeding (or part thereof) covered by Section 47-34A-407 of the Act if such proceeding (or part thereof) was commenced by such Person.

(c) Right to Indemnification and Advancement. Subject to Section 2.7.6(b), the Company shall indemnify and advance expenses to the Members and Managers to the fullest extent required by Section 47-34A-407 of the Act for actions thereafter.

2.7.7 Insurance. The Company may purchase and maintain insurance on behalf of any person in such person's official capacity against any liability asserted against and incurred by such person in or arising from that capacity, whether or not the Company would otherwise be required to indemnify the person against the liability.

### ARTICLE III CAPITAL CONTRIBUTIONS

3.1 Initial Capital Contributions. Each Member has contributed or shall contribute such amount as is set forth on Exhibit A as his, her, or its initial Capital Contribution, which Exhibit A shall be revised to reflect any additional contributions made in accordance with Section 3.2.

3.2 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. Notwithstanding the foregoing, in the event the Members, upon the passage of a Major Decision or Super Majority Decision, as the case may be, determine that additional capital is advisable and in the best interests of the Company (a "Capital Call"), then the Members shall have the opportunity, but not the obligation, to participate in such additional Capital Contributions on a pro rata basis in accordance with their Percentage Interests. Each Member shall receive a credit to his or her Capital Account in the amount of any additional capital that he or she contributes to the Company. Immediately following such Capital Contributions, the Percentage Interests shall be adjusted by the Managers to reflect the new relative proportions of the Capital Accounts of the Members. In the event the Majority Voting Interest do not approve a Capital Call, then no Capital Call shall be issued; provided, the Managers may raise such additional funds through one or more Member Loans.

3.3 Capital Accounts. The Company shall establish and maintain an individual Capital Account for each Member in accordance with Regulations Section 1.704-1(b)(2)(iv). If a Member transfers all or a part of his or her Membership Interest in accordance with this Agreement, such Member's Capital Account attributable to the transferred Membership Interest shall carry over to the new owner of such Membership Interest pursuant to Regulations Section 1.704-1(b)(2)(iv)(1).

3.4 Class of Membership Interests / Capitalization. The Company shall have two classes of Membership Interests, Class A Membership Interests and Class B Membership Interests as defined in Section 1.26 and as otherwise provided for in this Agreement. The Company is authorized to issue the following Membership Interests:

10,000 Class A Membership Units; and  
10,000 Class B Membership Units.

3.4 No Interest. No Member shall be entitled to receive any interest on his or her Capital Contributions.

3.5 Member Loans. In the event the Managers determine additional funds are necessary for the Company (other than Initial Capital Contributions or Additional Capital Contributions), then the Managers may authorize any of the Members to make loans to the Company to the extent so approved by the Managers for such additional funds required for the Company (a "Member Loan"). Any Member Loan shall accrue interest at an annual rate equal to the then-current prime rate, as published by Wells Fargo Bank, N.A. or another similarly situated institution, plus two percent (2%). Any such Member Loans shall not be treated as Capital Contributions to the Company for any purpose under this Agreement nor entitle such lending Member to any increase in his or its share of the profits and losses and distributions of the Company, but the Company shall be obligated to such Member for the amount of any such loans pursuant to the terms thereof (including reasonable interest).

3.6 Bank Accounts. The Managers shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

#### ARTICLE IV MEMBERS

4.1 Limited Liability. Except as expressly set forth in this Agreement or required by law, no Member shall be personally liable for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise.

4.2 Admission of Additional Members. The Managers, upon the passage of a Super Majority Decision, may admit as additional Members to the Company transferees who satisfy the criteria set forth in Article VII or other Persons so approved by the Managers.

4.3 Remuneration to Members. Except as otherwise specifically provided in this Agreement, no Member is entitled to remuneration for acting in the Company business.

4.4 Members Are Not Agents. Pursuant to Section 5.1, the management of the Company is vested in the Managers. The Members shall have no power to participate in the management of the Company except as expressly authorized by this Agreement. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by

the Managers, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose

4.5 Members Voting Rights. Each Member shall have one vote for each Unit having Governance Rights entitled to vote that is reflected in the name of such Member in the required records of the Company. It is intended that the method of voting by Members provided in this Section and throughout this Agreement is intended to override the Act. At each meeting of the Members, every Member owning Units having Governance Rights entitled to vote shall be entitled to vote in person or by proxy duly appointed by an instrument in writing subscribed by such Member.

4.5.1 Voting on Major Decisions. The Major Decisions described in Section 5.2(A) shall require the affirmative vote of the Majority Voting Interest.

4.5.2 Voting on Super Majority Decisions. The Super Majority Decisions described in Section 5.2(B) shall require the affirmative vote of the Super Majority Interest.

## ARTICLE V MANAGEMENT AND CONTROL OF THE COMPANY

5.1 Management of the Company by Managers, Powers and Limitations.

A. Exclusive Management by Managers. Except as expressly provided otherwise, the Company shall be “manager-managed” pursuant to South Dakota Codified Laws § 47-34A-404.1(b). The Managers shall have full, complete and exclusive authority, power, and discretion to manage and control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company’s business, property and affairs. Managers may also be referred to as chief manager, co-chief manager, or co-manager of the Company. **Except for a Major Decision as defined in Section 5.2(A) and Super Majority Decisions defined in Section 5.2(B) of this Agreement, when as is initially the case, there are co-Managers acting as Manager, any Manager may authorize an action and the signature of such Manager acting alone shall legally bind the Company.** Notwithstanding the foregoing, in the event any Manager takes an action involving a capital or non-recoverable expenditure or incurrence of any obligation by or for the Company in excess of \$10,000 but below the dollar amounts which require the passage of a Major Decision or Super Majority Decision, then such Manager shall provide written notice of such non-refundable expenditure or incurrence, which written notice shall including the purpose and recipient of such expenditure, no later than five (5) business days following the taking of such action.

B. Agency Authority of Managers. The Managers, acting alone, are authorized to endorse checks, drafts, make deposits, and other evidences of indebtedness made payable to the order of or by the Company. The signing of contracts and obligations on behalf of the Company requires the signature of only one Manager for approval, unless such action constitutes a Major Decision or Super Majority Decision.

C. Written Action of Managers. Any action required or permitted to be taken by the Managers may be taken by the Managers without a meeting, if a majority of the Managers individually or collectively consent in writing to such action, unless the action requires more than a Majority Voting Interest of the Managers, in which case the number of Managers required to approve such action must consent in writing. Such action by written consent shall have the same force and effect as a majority vote or unanimous vote, as applicable, of such Managers. Nothing in this Section 5.1C or in this Agreement is intended to require that meetings of Managers be held, it being the intent of the Members that meetings of Managers are not required.

5.2 Major Decisions and Decisions Requiring Super-Majority Interest.



A. Major Decisions. Notwithstanding any other provisions of the Act or this Agreement, no Manager acting jointly or severally nor any other Person shall have authority hereunder to cause the Company to take any of the following actions (each, a “**Major Decision**”) without first obtaining the affirmative consent of the Majority Voting Interest:

- (a) The determination of the terms and conditions of all Company borrowings in excess of \$100,000 but below or equal to \$250,000 and the identity of the lender thereof;
- (b) The making of any capital or non-recoverable expenditure or incurrence of any obligation by or for the Company in excess of \$100,000 but below or equal to \$250,000;
- (c) Any release, settlement, assignment or transfer of any claims, rights or benefits of the Company in excess of \$100,000 but below or equal to \$250,000;
- (d) Any call for additional Capital Contributions which, in the aggregate, are under \$1,000,000 as to Justin J. Johnson or \$500,000 as to each of Troy M. Erickson and Marlyn G. Erickson ; and
- (e) The approval of any Member Loan.

B. Decisions Requiring Super-Majority Interest. Notwithstanding any other provisions of the Act or this Agreement, no Manager acting jointly or severally nor any other Person shall have authority hereunder to cause the Company to take any of the following actions (each, a “**Super Majority Decision**”) without first obtaining the affirmative consent of the Super Majority Interest.

- (a) The purchase, sale or offering by the Company of any Units or an agreement to do so;
- (b) The formation of any subsidiary of the Company;
- (c) Any acquisition, sale, transfer, exchange, mortgage, financing (including, without limitation, obtaining lines of credit for working capital), hypothecation or encumbrance of all or any part of all or substantially all of the assets of the Company or any real property utilized in furtherance of the Purpose of the Company, provided, however, that a Manager may, without the consent of the Majority Voting Interest, make any lease of agricultural real property, in addition to exchanges, conveyances or transfers of personalty, or fixtures in the ordinary or customary course of business;
- (d) The determination of the terms and conditions of all Company borrowings in excess of \$250,000;
- (e) The making of any capital or non-recoverable expenditure or incurrence of any obligation by or for the Company in excess of \$250,000;
- (f) Any release, settlement, assignment or transfer of any claims, rights or benefits of the Company in excess of \$250,000;
- (g) The admission of any additional Members to the Company;
- (h) The authorization or issuance of any additional Units of the Company;

- (i) The decision to proceed with any proposed opportunity for the Company outside of its Purpose;
- (j) Any call for additional Capital Contributions which, in the aggregate, exceed \$1,000,000 as to Justin J. Johnson or \$500,000 as to each of Troy M. Erickson and Marlyn G. Erickson;
- (k) The amendment of the Articles of Organization of the Company; and
- (l) Any Reorganization or bankruptcy proceeding, the liquidation or termination of the Company, or any other merger or consolidation to which the Company is a party or the acquisition of another business by the Company.

### 5.3 Appointment of Managers.

A. Number, Term, and Qualifications. The Company shall initially have three (3) Managers who shall act as co-Managers. The initial Managers shall be Justin J. Johnson, Troy M. Erickson, and Marlyn G. Erickson. Unless Justin J. Johnson, Troy M. Erickson, or Marlyn G. Erickson resigns, is removed pursuant to Section 5.3C, or is otherwise unable to act as co-Manager, they shall hold office as long as they each hold Class A Units. In the event Justin J. Johnson, Troy M. Erickson, or Marlyn G. Erickson is unable or unwilling to act or at any time ceases to act as co-Manager, then, subject to Section 5.3C, the holders of a Majority Voting Interest may appoint a successor co-Manager of the Company or the holders of a Majority Voting Interest may permit the then still serving co-Managers to act as the sole co-Managers, as the case may be. Any other Manager may be appointed or removed by the holders of a Majority Voting Interest.

B. Resignation. Any Manager may resign at any time by giving written notice to the Members without prejudice to the rights, if any, of the Company under any contract to which the Manager is a party. At the time of such Manager's resignation, he or she shall have the right, but not the obligation, to appoint a Person to act as successor Manager (the "Appointee"), provided that such Appointee provides written acceptance of the office of Manager. Upon written acceptance, the Appointee, if any, shall be subject to the remaining terms and conditions of this Agreement. The resignation of any Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

C. Removal of Manager. A Manager, or any successor Manager may be removed as provided below in this Section 5.3C only under the following circumstances (a "Removal Event"):

(i) The Manager: (1) commits a criminal act which materially adversely affects the Company, (2) misapplies any funds derived from the Company, including deposits, insurance proceeds and condemnation awards; (3) commits fraud, makes a material misrepresentation, commits gross negligence or willful misconduct; (4) intentionally damages or destroys Company's property, assets or reputation; (5) has taken an action on behalf of the Company that is a Major Decision or Super Majority Decision, as defined under Section 5.2 of this Agreement without first obtaining the consent of the Majority Voting Interest or Super Majority Interest, as the case may be, which is not reasonably cured or reversed within thirty (30) days after written notice to such Manager setting forth in detail the circumstances of the alleged action of the Manager constituting a Major Decision or Super Majority Decision; or (6) commits a material breach of this Agreement; or

(ii) The Death, Bankruptcy, or Disability of the Manager.

For the purpose of this Agreement "Disability" of the Manager shall mean a physical or mental impairment that prevents the Manager from performing a material aspect of his or her duties as a manager of the Company as determined by a competent medical or psychiatric evaluation panel ("Panel"). The Panel shall consist of at least a single physician (licensed as a medical doctor under the laws of the State of South Dakota) selected by the Company; however, if the Manager disputes the selection of the single physician, he or she shall be entitled to select and appoint a second physician (licensed as a medical doctor under the laws of the State of South Dakota) to also serve on the Panel. The two (2) physician Panel shall then make the required medical or psychiatric evaluation taking into consideration the Manager's duties and the availability of rehabilitation training or therapy which could likely restore or rehabilitate his or her impaired abilities within a reasonable period of time not to exceed ninety (90) days after the onset of Disability. The final reports and final opinions of the Panel shall be available to all members and the Company; however, tests, evaluations and examinations may be disclosed or not as determined appropriate by the Panel. The Manager hereby authorizes each and every person who directly or indirectly provided medical or psychiatric services, treatment or opinions to disclose such reports, records and opinions to the members and the Company as provided herein. In making such an evaluation the Panel may consult with employees of the Company and obtain and consider opinions and reports of other physicians and other competent persons who are not physicians; however, if upon such considerations the Panel is unable to agree as to the required determination, they shall select a third physician who shall replace them and constitute the Panel to make the determination required herein. If the two (2) physicians are unable to agree as to their determination of the third physician, within sixty (60) days from their appointment, then the Company may petition the Chief Judge of Minnehaha County District Court to appoint a physician to act as the Panel. The determination, when made, shall consist of a single statement: "\_\_\_\_\_ is unable to perform a material aspect of his or her duties for the Company" or "\_\_\_\_\_ is able to perform a material aspect of his or her duties for the Company" as appropriate. If the determination is that the Manager is unable to perform a material aspect of his duties for the Company, the Panel shall also determine the date of onset of Disability.

The Manager shall submit himself or herself to examination and evaluation by the Panel upon reasonable request by the Company or any Member. The costs, expenses, and fees of the Panel shall be paid by the Company. The Manager hereby consents to each physician, laboratory or other professional service provider to provide the Company a report containing the results of any test or diagnosis described in this Agreement even if such report, diagnosis, or test results contain or may contain Protected Health Information as defined in the Health Insurance Portability and Accountability Act of 1996 (the regulations and statutes are hereinafter referred to as "HIPAA"). Furthermore, the Manager waives all of his rights under HIPAA with respect to any physician, laboratory, or other professional service provider who performed services under this Agreement in good faith. In addition, the Manager, hereby agrees to indemnify and hold harmless any physician, laboratory or other professional service provider from any actions related to the privacy of the Manager health information or any action for an alleged violation of HIPAA where such physician, laboratory or other professional service provider performed the services under this Agreement in good faith yet expressed a reluctance to furnish a report or test result as described above.

Upon the occurrence of a Removal Event concerning the removal of Justin J. Johnson as a Manager, the then remaining Manager(s) may remove Justin J. Johnson as a Manager, in which event the then remaining Manager(s) may appoint a successor co-Manager of the Company or the then remaining Manager(s) may permit the then still serving Manager(s) to act as co- or sole Manager, as the case shall be.

Upon the occurrence of a Removal Event concerning the removal of Troy M. Erickson as a Manager, the then remaining Manager(s) may remove Troy M. Erickson as a Manager, in which event the then remaining Manager(s) may appoint a successor co-Manager of the Company or the then remaining Manager(s) may permit the then still serving Manager(s) to act as co- or sole Manager, as the case shall be.

Upon the occurrence of a Removal Event concerning the removal of Marlyn G. Erickson as a Manager, the then remaining Manager(s) may remove Marlyn G. Erickson as a Manager, in which event the then remaining Manager(s) may appoint a successor co-Manager of the Company or the then remaining Manager(s) may permit the then still serving Manager(s) to act as co- or sole Manager, as the case shall be.

In the event that a Manager is removed pursuant to a Removal Event provided in Section 5.3(C)(i), such Manager shall automatically be removed and shall relinquish all of their right, title, interest, duty, and obligation as a Manager and forever lose his or her right to act as a Manager.

Any removal shall be without prejudice to the rights, if any, of the Manager under any employment contract and, if the Manager is also a Member, shall not affect the Manager's rights as a Member.

5.4 Performance of Duties; Liability of Managers. The Managers shall not be personally liable to the Company or to any Member for any loss, liability, or damage sustained by the Company or any Member, unless the loss, liability, or damage shall have been the result of fraud, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager. The Manager shall perform his or its managerial duties in good faith, in a manner he or it reasonably believes to be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. A Manager who so performs the duties of Manager shall not have any liability by reason of being or having been a Manager of the Company.

In performing his or its duties, the Managers shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, of the following persons or groups unless they have knowledge concerning the matter in question that would cause such reliance to be unwarranted and provided that the Managers act in good faith and after reasonable inquiry when the need therefore is indicated by the circumstances:

A. One or more officers, employees or other agents of the Company or the management company retained by the Managers whom the Managers reasonably believe to be reliable and competent in the matters presented;

B. Any attorney, independent accountant, or other person as to matters which the Managers reasonably believe to be within such person's professional or expert competence; or

C. A committee upon which the Manager does not serve, duly designated in accordance with a provision of this Agreement, as to matters within its designated authority, which committee the Manager reasonably believes to merit competence.

5.5 Devotion of Time. The Managers are not obligated to devote all of his or its time or business efforts to the affairs of the Company. The Managers shall devote whatever time, effort, and skill as he or she deems appropriate for the operation of the Company.

5.6 Limited Liability. No person who is a Manager or officer or both a Manager and officer of the Company shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being a Manager or officer or both a Manager and officer of the Company.

5.7 Membership Interests of Managers. Except as otherwise provided in this Agreement, Membership Interests held by the Manager as a Member shall entitle the Manager to all the rights of a Member, including without limitation the economic, voting, information and inspection rights of a Member

**ARTICLE VI  
ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS**

6.1 Allocations of Net Profit and Net Loss.

6.1.1 Net Loss. Net Loss shall be allocated to the Members in proportion to their Capital Account balance, to the extent that Net Loss shall be allocated to the Members in proportion to their Percentage Interests, to the extent that such loss allocations will not create a deficit Capital Account balance for that Member in excess of an amount, if any, equal to such Member's share of Company Minimum Gain. Any loss not allocated to a Member because of the foregoing provision shall be allocated to the other Members (to the extent the other Members are not limited in respect of the allocation of losses under this Section 6.1.1).

6.1.2 Net Profit. Net Profit shall be allocated to the Members in proportion to their Percentage Interests.

6.1.3 Net Profit or Net Loss Resulting From A Capital Transaction. Net Profit or Net Loss resulting from a Capital Transaction shall be allocated according to the following priority: first in accordance with the provisions of Sections 6.1.1 and 6.1.2, and then to all Members in such a manner as to eliminate any disparity that exists between any Member's Capital Account balance, after making all allocations pursuant to the preceding Sections 6.1.1 and 6.1.2, and such Member's percentage interest in the net equity of the Company, after valuing all Company assets at their respective fair market values if such assets were disposed for such values and the resulting Net Profit or Net Loss from such dispositions would have been allocated to the Members in accordance with the preceding Sections 6.1.1 and 6.1.2.

6.2 Special Allocations. Notwithstanding Section 6.1:

6.2.1 Allocations of Distributions. The allocation of Net Profit or Net Loss shall follow distributions made pursuant to Section 6.5 herein.

6.2.2 Minimum Gain Chargeback. If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent fiscal years) in an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain that is allocable to the disposition of Company property subject to a Nonrecourse Liability, which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(g)(2). Allocations pursuant to this Section 6.2.2 shall be made in proportion to the amounts required to be allocated to each Member under this Section 6.2.2. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f). This Section 6.2.2 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

6.2.3 Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt. If there is a net decrease in Company Minimum Gain attributable to a Member Nonrecourse Debt, during any Fiscal Year, each member who has a share of the Company Minimum Gain attributable to such Member Nonrecourse Debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in

subsequent Fiscal Years) in an amount equal to that portion of such Member's share of the net decrease in Company Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt (which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(i)(5)). Allocations pursuant to this Section 6.2.3 shall be made in proportion to the amounts required to be allocated to each Member under this Section 6.2.3. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 6.2.3 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

6.2.4 Nonrecourse Deductions. Any nonrecourse deductions (as defined in Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Members in proportion to their Percentage Interests.

6.2.5 Member Nonrecourse Deductions. Those items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt for any Fiscal Year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such items are attributable in accordance with Regulations Section 1.704-2(i).

6.2.6 Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates a deficit balance in such Member's Capital Account in excess of such Member's share of Company Minimum Gain, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 6.2.6 shall be taken into account in computing subsequent allocations of income and gain pursuant to this Article VI so that the net amount of any item so allocated and the income, gain, and losses allocated to each Member pursuant to this Article VI to the extent possible, shall be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Section 6.2.6 if such unexpected adjustments, allocations, or distributions had not occurred.

6.3 Code Section 704(c) Allocations. Notwithstanding any other provision in this Article VI, in accordance with Code Section 704(c) and the Regulations promulgated there under, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this Section 6.3 are solely for purposes of federal, state, and local taxes. As such, they shall not affect or in any way be taken into account in computing a Member's Capital Account or share of profits, losses, or other items of distributions pursuant to any provision of this Agreement.

6.4 Compliance with Section 704(b).

6.4.1 Generally. The allocation methods set forth in Section 6.1 are intended to allocate income and losses to the Members for federal income tax purposes in accordance with their economic interests in the Company while complying with the requirements of Section 704(b) of the Code and the Treasury Regulations thereunder. If the Manager determines that the allocation of income or losses pursuant to this Agreement do not (i) satisfy the requirements of Section 704(b) of the Code or the Treasury Regulations thereunder or (ii) properly take into account any transfer of Units, the Manager may, notwithstanding any other provision of this Agreement, change the allocation to comply with clauses (i) or (ii) and amend this Agreement without notice to or action by the other Members to reflect any such change in the method of allocating income and losses; provided, however, that any such change shall not materially alter the economic agreement of the Members.

6.4.2 Allocation of Net Profits and Losses and Distributions in Respect of a Transferred Interest. If any Financial Interest is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year of the Company, Net Profit or Net Loss for such Fiscal Year shall be assigned pro rata to each day in the particular period of such Fiscal Year to which such item is attributable (i.e., the day on or during which it is accrued or otherwise incurred) and the amount of each such item so assigned to any such day shall be allocated to the Member or Assignee based upon his, her, or its respective Financial Interest at the close of such day.

However, for the purpose of accounting convenience and simplicity, the Company shall treat a transfer of, or an increase or decrease in, an Financial Interest which occurs at any time during a semi-monthly period (commencing with the semi-monthly period including the date hereof) as having been consummated on the last day of such semi-monthly period, regardless of when during such semi-monthly period such transfer, increase, or decrease actually occurs (i.e., sales and dispositions made during the first fifteen (15) days of any month will be deemed to have been made on the 15th day of the month).

6.5 Distributions by the Company. Subject to Section 6.5.2 and 6.7 below and applicable law, the Managers may elect, from time to time, to distribute Distributable Cash or Capital Proceeds, as applicable, in the following order of priority:

6.5.1 Distribution of Distributable Cash. Distributable Cash of the Company may be distributed to the Members from time to time in the discretion of the Managers, but in the following order of priority:

- (a) First, to the repayment of Company obligations, including Member Loans, loans from financial institutions or other persons to finance the operations and other expenses or obligations of the Company; then
- (b) To the establishment of reasonable reserves for Company obligations, as determined by the Managers; and
- (c) Finally, any excess shall be distributed to the Members in proportion to their Percentage Interests.

6.5.2 Mandatory Distributions. Notwithstanding anything to the contrary herein, the Company shall declare and make (on or before March 31 for the year ending on the immediately preceding December 31) distributions in an amount at least equal to the amount necessary to satisfy the federal, state and local (if any) income tax obligations of the Members attributable to the earnings of the Company, using the highest marginal income tax rate applicable to any Member provided that the Company has sufficient cash available for distribution and such distribution shall not violate any law or loan agreement to which the Company is subject.

6.6 Form of Distribution. A Member, regardless of the nature of the Member's Capital Contribution, has no right to demand and receive any distribution from the Company in any form other than money. Except as provided in Section 10.4, no Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members and no Member may be compelled to accept a distribution of any asset in kind.

6.7 Restriction on Distributions.

6.7.1 No distribution shall be made if, after giving effect to the distribution:

(a) The Company would not be able to pay its debts as they become due in the usual course of business; or

(b) The Company's total assets would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights of other Members, if any, upon dissolution that are superior to the rights of the Member receiving the distribution.

6.7.2 The Managers may base a determination that a distribution is not prohibited on any of the following:

(a) Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances;

(b) A fair valuation; or

(c) Any other method that is reasonable in the circumstances.

The effect of a distribution is measured as of the date the distribution is authorized if the payment occurs within 120 days after the date of authorization, or the date payment is made if it occurs more than 120 days of the date of authorization.

6.8 Return of Distributions. Members who receive distributions made in violation of the Act or this Agreement shall return such distributions to the Company. Except for those distributions made in violation of the Act or this Agreement, no Member shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company. The amount of any distribution returned to the Company by a Member or paid by a Member for the account of the Company or to a creditor of the Company shall be added to the account or accounts from which it was subtracted when it was distributed to the Member.

6.9 Obligations of Members to Report Allocations. The Members are aware of the income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company income and loss for income tax purposes.

## ARTICLE VII TRANSFER OF INTERESTS

7.1 Transfer of Interests. A Person may freely transfer all or any portion of such Person's Membership Interest, including Governance Rights and/or Financial Rights, whether by sale, gift, devise, or distribution; the death, withdrawal, bankruptcy, divorce, separation, dissolution or termination of such Person; or otherwise (collectively, "transfer"), subject to the restrictions set forth in this Agreement. The transferor of all or any such portion of such Membership Interest shall continue to be a Member of the Company to the extent such transferor retains a Membership Interest having Governance Rights, but shall cease to be the owner of the Governance Rights and/or Financial Rights transferred. The transferee of the Governance Rights and Financial Rights or only Governance Rights may only be admitted as a Member upon written approval the Super-Majority Interest.

7.2 Options Upon Voluntary Transfer. Notwithstanding any other provision in this Agreement, no Person owning a Membership Interest having Governance Rights and/or Financial Rights shall voluntarily transfer such Membership Interests during such Person's lifetime (except to a Member already a party to this Agreement or in trust for the primary benefit of such Person, and upon such transfer the Membership Interests



shall remain subject to this Agreement), such Person is referred to as a "Transferor" in this Section 7.2, unless notice shall first have been given to the Company and each Member, as hereinafter provided, for the purpose of commencing the period within which the Company or the Members may purchase such Membership Interest in accordance with this Article. Such notice to the Company and the Members shall be in writing, shall state the number of Units proposed to be disposed of, the amount of any consideration offered, the payment terms, a copy of all relevant proposed agreements with the proposed transferee, and the name of the bona-fide proposed transferee (the "Transferee"). Such notice to the Company and the Members shall be delivered personally or be deposited in the United States mail in a sealed envelope with first class mail postage prepaid thereon, addressed to the Manager of the Company at the principal office of the Company with regard to notice given to the Company, and addressed to each of the Members at each of their respective mailing addresses as reflected in the required records of the Company with regard to notice given to the Members.

Within ninety (90) days after the date of receipt of such notice the Company shall first have the option to purchase such Membership Interest, in whole but not in part, at a price and on such other terms as provided in this Article. The Company's option shall be exercised by delivery of written notice to the Transferor within the above-prescribed period. Any transfer to be made after the expiration of the Company's option to purchase such Membership Interest must be made within an additional period of ninety (90) days; otherwise, requisite notice to the Company and each Member must be given again.

In the event the Company does not exercise its option, the Member(s) (other than the Transferor) (the "Remaining Member") shall then have the option (i) to elect to dissolve the Company in accordance with Article 10 herein; (ii) to purchase such Membership Interest, in whole but not in part, at any time, at the price and on the other terms provided in this Article; or (iii) to approve of the transfer. The Remaining Member's option shall be exercised by delivery of written notice to the Transferor within the above-prescribed period. If more than one Member exercises the Members' option to purchase such Membership Interest pursuant to this Section 7.2, each Member exercising such Members' option shall purchase such Membership Interests pro rata based upon a fraction, the numerator of which is such Member's percentage of Membership Interest in the Company, and the denominator of which is the total of the percentages of Membership Interest in the Company of the Members exercising the Members' option to purchase such Membership Interest pursuant to this Section 7.2. It is further provided that after any such disposition of the Transferor's Units, the Transferee and the transferred Units shall be subject to the provisions and conditions of this Agreement, even though said Transferee may not have executed this Agreement.

In the event that the Company, the Remaining Members, or a third (3<sup>rd</sup>) party, as the case may be (the "Buyer"), elect to purchase the Membership Interest (as provided in subsection (ii) or subsection (iii) above), then for any credit facilities existing on the date the Transferor provides notice to the Company and Remaining Members (the "Existing Loans"), the Transferor must indemnify and hold harmless the Company and the Remaining Members in the event that such transfer constitutes an event of default under the Existing Loans. Further, the Buyer must use reasonable efforts to remove the Transferor or as guarantor, obligor or the like under the Existing Loans.

**7.3 Options Upon Involuntary Transfer.** Any involuntary transfer of a Membership Interest including one where the Member is adjudicated bankrupt or has a judgment entered against such Member and execution is levied thereon or encumbers such Member's Membership Interest and such Membership Interest is foreclosed upon or sold pursuant to the collateral agreement, or in the case of an entity the Member is dissolved or terminated (an "Involuntary Transfer Event") (such Member also is referred to as a "Transferor" in this Section 7.3), the Company shall first have an option to purchase all but not part of the Membership Interest owned by such Member as of the date of the Involuntary Transfer Event. The Company's option shall be exercisable at any time for a period of ninety (90) days after the later of (i) the occurrence of an Involuntary Transfer Event, and (ii) the date that the Company has actual notice of the Involuntary Transfer

Event, at a price and on such other terms as provided in this Article. The Company's option shall be exercised by delivery of written notice to the Transferor within the above-prescribed period.

In the event that the Company does not exercise its option to purchase such Membership Interest, each Member (other than the Transferor) shall then have an option to purchase such Membership Interest, in whole but not in part, at any time within ninety (90) days after the expiration of the Company's option to purchase such Membership Interest, at a price and on such other terms as provided in this Article. The Members' option shall be exercised by delivery of written notice to the Transferor within the above-prescribed period. If more than one Member exercises the Members' option to purchase such Membership Interest pursuant to this Section 7.3, each Member exercising such Members' option shall purchase such Membership Interests pro rata based upon a fraction, the numerator of which is such Member's percentage of Membership Interest in the Company, and the denominator of which is the total of the percentages of Membership Interest in the Company of the Members exercising the Members' option to purchase such Membership Interest pursuant to this Section 7.3. Notwithstanding the foregoing, each of Troy M. Erickson and Marlyn G. Erickson shall mutually have the initial sole right to purchase the Membership Interest of the other for any Involuntary Transfer Event.

7.4 Exercise of Options. The options granted to the Remaining Members and the Company by Sections 7.2 and 7.3 of this Article shall be exercised by delivery of written notice of the exercise, signed by the non-transferring Manager of the Company (or, in the event of a purchase by a Member, signed by such Member), to the seller(s) of the Membership Interest. All questions and issues required to be addressed by the Company in connection with the Company exercising any options in this Article and the calculation of payment of the purchase price as provided in this Article shall be made by the non-transferring Manager. If any question or issue is for any reason submitted to a vote of the Members, the seller(s) of such Membership Interest having Governance Rights entitled to vote shall vote in the same manner as a majority of the other Members owning a majority of Units having Governance Rights entitled to vote.

7.5 Determination of Purchase Price. If an option contained in Article 7 is exercised, the purchase price for the entire Membership Interest of such seller(s) shall be determined by multiplying the number of the seller's Units having Financial Rights by the purchase price per Unit determined pursuant to Section 7.6, below.

7.6 Value of Unit. The purchase price per Unit shall be determined as follows:

7.6.1 Agreed Value. The Members, by unanimous agreement in writing, may, from time to time, establish an agreed-upon value for the Company (the "Agreed Value"). The most recent Agreed Value, if any, shall be endorsed upon the Schedule of Agreed Value attached hereto as Exhibit B and made a part of this Agreement, and shall be binding upon the Members and the Company; provided, however, that the stated Agreed Value shall be disregarded and the appraisal process described in Section 7.6.2 shall be followed in the event that the Members have not designated the Agreed Value within the one-year period immediately preceding any Date of Valuation.

7.6.2 Offered Price vs. Appraised Value. If the Members have not established and Agreed Value as outlined in Section 7.6.1, or if the event giving rise to the purchase option is described in Section 7.3, then the buyer (either a purchasing Remaining Member or the Company, the "Buyer" as the case may be) shall have the option of purchasing the Transferor's Units for the lesser of (i) the offered price as described in the notice described in Section 7.2, if applicable; or (b) the Appraised Value determined as follows (the "Appraised Value"): for a period of fifteen (15) days following expiration of the period specified in Section 7.6.1, the Transferor and the Buyer shall attempt to mutually agree upon an Appraiser. If the parties agree upon the identity of the Appraiser, the Appraiser shall determine the purchase price per Unit, and the value

determined by such Appraiser shall be the Appraised Value. If the parties are not able to reach agreement within such fifteen (15) day period, each shall identify an Appraiser, the Appraisers identified by the Transferor and Buyer shall select a third Appraiser, and the third Appraiser shall determine the Appraised Value. Any Appraiser appointed pursuant to the terms of this Agreement shall have no less than ten (10) years of experience valuing businesses engaged in the same or similar Purpose of the Company. The purchase price per Unit determined by such third Appraiser shall be the Appraised Value. If the parties agree on the Appraiser or if a third Appraiser is selected, the costs and expense of such Appraiser or third Appraiser (as the case may be) shall be paid one-half by the Transferor and one-half by the Buyer. The parties shall be responsible for the costs and expense of their own Appraisers, respectively. If either the Transferor or the Buyer fail to designate their own Appraiser as set forth herein, or if the Transferor's and the Buyer's Appraisers cannot agree on a third Appraiser, the third Appraiser or the Appraiser not selected by Transferor or Buyer (as the case may be) shall, upon petition, be selected by the Chief Judge of the District Court for the County in which the Company then has its registered office. In determining the purchase price per Unit, the Appraisers shall consider and consideration any bona-fide offer received by any Member pursuant to Section 7.2 (if applicable).

7.6.3 Discount. Whether the purchase price for the Transferor's Units is the Agreed Value determined pursuant to Section 7.6.1 or of the Appraised Value determined pursuant to Section 7.6.2, any such determination of the purchase price shall be reduced and/or discounted by twenty percent (20%) (the "Discount"), and the Members and the Managers agree that: (a) such Discount is generally applied to closely held, non-public companies when valuing equity interests which lack control; and (b) such Discount is not manifestly unreasonable given the Purpose of the Company.

7.7 Insurance, Purchase Price, and Distributions of Excess Insurance Proceeds. The Company, in its discretion, may insure the life of the Members and may purchase life insurance covering the Members in such coverage amounts as is deemed appropriate. The Company shall have the right to acquire additional life insurance for any Member in its discretion. All premiums on all insurance policies taken out by the Company pursuant to this Section 7.7 shall be paid by the Company. Upon the death of a Member, any proceeds received under such insurance policies shall be held by the Company and shall be applied by the Company towards the purchase of the deceased Members Units as provided herein. To the extent any such insurance proceeds on the life of a deceased Member exceed the purchase price of such deceased Member's Units in the Company, such excess policy proceeds shall be distributed to the legal representative of the deceased Member. Notwithstanding anything herein or to the contrary, and subject to any applicable legal requirements, any such insurance policy proceeds shall become immediately distributed as set forth as provided herein.

7.8 Payment of Purchase Price. The closing of a purchase and sale of Units pursuant to this Article VII shall occur within ninety (90) days after: (1) the delivery of the written notice outlined in Section 7.4, should the purchase price be determined pursuant to Section 7.6.1; or (2) date of the decision of the Appraised Value, should the purchase price be determined pursuant to Section 7.6.2. Buyer shall pay the entire purchase price, less the Discount, in cash or, at the option of Buyer, in one hundred and twenty (120) equal, consecutive monthly installments pursuant to a promissory note in the form attached hereto as Exhibit C.

7.9 Pledge Prohibition. No Member shall pledge or encumber a Membership Interest or otherwise subject a Membership Interest to a security interest; provided, however, that this prohibition shall not apply to a security interest securing an obligation to or of the Company (i.e. pursuant to a guarantee by a Member) or a pledge to secure payment for a Membership Interest.

7.10 Permitted Transfers. Notwithstanding any other provision of this Article 7 or elsewhere in this Agreement, a Person may, without the approval of the Managers and/or Members, freely transfer all or

any portion of such Person's Membership Interest, including Governance Rights and/or Financial Rights, to: (a) a trust if (i) the trust was created by and is revocable by a Member, (ii) the Member is and remains the primary beneficiary of such trust during his or her lifetime, and (iii) the trustee becomes a party to this Agreement by executing and delivering a consent to the Company, in a form acceptable to the Company; or (b) to any of such Member's lineal descendants, and such lineal descendant becomes a party to this Agreement by executing and delivering a consent to the Company, in a form acceptable to the Company (each, a "Permitted Transfer"). A Permitted Transfer shall: (y) not be considered a voluntary transfer (governed by Section 7.2) or an involuntary transfer (governed by Section 7.3); and (z) shall be effective on the date on which the trustee or the lineal descendant, as the case may be, agrees to become a party to this Agreement.

#### ARTICLE VIII TRUSTS AND SMLLC AS MEMBERS

8.1 Trusts as Members. Any reference in this Agreement to the Membership Units held by a Member shall refer also to any Membership Units held by a grantor trust established by such Member as if the grantor Member held such Membership Units in his or her individual capacity. All reference to a Member in this Agreement shall apply to a Member in his or her individual capacity and to a Member as trustee of a grantor trust, where appropriate. For purposes of clarity, in the event of the death of the grantor of a grantor trust Member, the rights and obligations under this Agreement shall apply as though the Membership Units held by the grantor trust Member were held by the deceased grantor individually.

8.2 SMLLC as Members. Any reference in this Agreement to the Membership Units held by a Member shall refer also to any Membership Units held by a single member limited liability company ("SMLLC") established by such Member as if the sole member of the SMLLC Member held such Membership Units in his or her individual capacity. All reference to a Member in this Agreement shall apply to a Member in his or her individual capacity and to a Member as sole member of such SMLLC, where appropriate. For purposes of clarity, in the event of a change of control of an SMLLC Member and/or the death of the sole member of an SMLLC Member, the rights and obligations under this Agreement shall apply as though the Membership Units held by the sole member of such SMLLC Member were held by the deceased sole member individually.

#### ARTICLE IX ACCOUNTING, RECORDS, REPORTING BY MANAGERS

9.1 Books and Records. The books and records of the Company shall be kept as required under SD Codified Laws § 47-34A-408.

9.2 Delivery to Members and Inspection.

9.2.1 Upon the request of any Member for purposes reasonably related to the interest of that Person as a Member, the Managers shall promptly deliver to the requesting Member, at the expense of the Member, a copy of the information required to be maintained under Section 9.1 and a copy of this Agreement.

9.2.2 Each Member and Manager has the right upon reasonable request for purposes reasonably related to the interest of the Person as Member or Manager to:

(i) Inspect and copy during normal business hours any of the Company records described in Section 9.1; and

(ii) Obtain from the Managers, promptly after their becoming available, a copy of the Company's federal, state, and local income tax or information returns for each Fiscal Year.

9.2.3 Members representing at least five percent (5%) of the Percentage Interests, or three or more Members, may make a written request to the Managers for an income statement of the Company for the initial three-month, six-month, or nine-month period of the current Fiscal Year ended more than thirty (30) days prior to the date of the request, and a balance sheet of the Company as of the end of that period. Such statement shall be prepared without audit from the books and records of the Company.

9.2.4 Any request, inspection or copying by a Member under this Section 9.2 may be made by that Person or that Member.

9.2.5 The Managers shall promptly furnish to a Member a copy of any amendment to the Articles or this Agreement executed by a Manager pursuant to a power of attorney from the Member.

### 9.3 Annual Statements.

9.3.1 The Managers shall cause the Company (at the Company's expense) to prepare and furnish to the Members (i) annual financial statements; and (ii) information necessary for the preparation of the Members' federal and state income tax returns. The Managers shall send or cause to be sent to each Member within ninety (90) days after the end of each fiscal year such information as is necessary to complete federal and state income tax or information returns, and, a copy of the Company's federal, state, and local income tax or information returns for that year.

9.3.2 The Managers shall cause to be filed at least annually with the South Dakota Secretary of State the South Dakota LLC Annual Registration.

9.4 Financial and Other Information. The Managers shall provide such financial and other information relating to the Company or any other Person in which the Company owns, directly or indirectly, an equity interest, as a Member may reasonably request. The Managers shall distribute to the Members, promptly after the preparation or receipt thereof by the Managers, any financial or other information relating to any Person in which the Company owns, directly or indirectly, an equity interest.

9.5 Filings. The Managers, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Managers, at Company expense, shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Articles and all reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules, and regulations. If a Manager required by the Act to execute or file any document fails, after written demand and Notice delivered to the Managers, to do so within a reasonable period of time or refuses to do so, any other Manager or Member may prepare, execute, and file that document with the South Dakota Secretary of State.

9.6 Bank Accounts. The Managers shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

9.7 Accounting Decisions and Reliance on Others. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Managers. The Managers may rely upon the advice of their accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes.

9.8 Tax Matters; Company Representative. The Managers shall select the Company's Company Representative. The Members hereby designate Justin J. Johnson as the initial Company Representative. The Company Representative shall have all powers and responsibilities provided in the Code; provided, however, that the Company Representative shall not have the authority to do any of the following without first obtaining the Consent of the Members: (i) extend any statutes of limitations; (ii) enter into a settlement agreement with the Internal Revenue Service or other state or foreign taxing authority that purports to bind the Members; (iii) file a petition with respect to any tax matter as contemplated by the Code or similar provisions of state or local tax law or otherwise compromise any issue in any such examination, audit, or other proceeding; (iv) make any election described in Section 6226 of the Code; or (v) make any election or determination, enter into any administrative proceedings, or enter into any audit proceedings and any tax-related elections, settlements or agreements related thereto that could disproportionately impact any of the Members. The Company Representative shall keep all Members informed of all notices from government taxing authorities which may come to the attention of the Company Representative. The Company shall pay and be responsible for all reasonable third-party costs and expenses incurred by the Company Representative in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. A Member's obligation to comply with this Section 9.8.1 shall survive the Transfer or other disposition of such Member's Interest in the Company and the liquidation of the Company.

## ARTICLE X DISSOLUTION AND WINDING UP

10.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of the following:

- A. The happening of any event of dissolution specified in the Articles; or
- B. At any time in the sole discretion of the Majority Voting Interest.

10.2 Notice of Dissolution. As soon as possible following the occurrence of any of the events specified in Section 10.1, the Managers who have not wrongfully dissolved the Company or, if none, the Members, shall execute a Notice of Dissolution in such form as shall be prescribed by the South Dakota Secretary of State and file the Notice as required by the Act.

10.3 Winding Up. Upon the occurrence of any event specified in Section 10.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Managers shall be responsible for overseeing the winding up and liquidation of Company, shall take full account of the liabilities of Company and assets, shall either cause its assets to be sold or distributed, and if sold as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefore, to be applied and distributed as provided in Section 10.5. The Persons winding up the affairs of the Company shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the Company. The Managers or Members winding up the affairs of the Company shall be entitled to reasonable compensation for such services.

10.4 Distributions in Kind. Any non-cash asset distributed to one or more Members shall first be valued at its fair market value to determine the Net Profit or Net Loss that would have resulted if such asset were sold for such value, such Net Profit or Net Loss shall then be allocated pursuant to Article VI, and the Members' Capital Accounts shall be adjusted to reflect such allocations. The amount distributed and charged to the Capital Account of each Member receiving an interest in such distributed asset shall be the fair market value of such interest (net of any liability secured by such asset that such Member assumes or takes subject

to). The fair market value of such asset shall be determined by the Managers or by the Members or if any Member objects by an independent appraiser (any such appraiser must be recognized as an expert in valuing the type of asset involved) selected by the Managers or liquidating trustee and approved by the Members.

10.5 Distributions on Liquidation. Upon dissolution of the Company, the business of the Company shall be wound up, the Managers shall take full account of the Company assets and liabilities, and all assets shall be liquidated as promptly as is consistent with obtaining the fair value thereof. If any assets are not sold, gain or loss shall be allocated to the Members in accordance with Article VI, as if such assets had been sold at their fair market value at the time of the liquidation. If any assets are distributed to a Member, rather than sold, the distribution shall be treated as a distribution equal to the fair market value of the assets at the time of the liquidation. Upon liquidation, the assets of the Company shall be applied and distributed in the following order of priority:

(a) First, to the payment of all debts and liabilities of the Company, including any Member Loans; then

(b) To the establishment of any reserves deemed necessary by the Managers or the Person winding up the affairs of the Company for any contingent liabilities or obligations of the Company; then

(c) To the Members, ratably in proportion to the credit balances in their respective Capital Accounts, in an amount equal to the aggregate credit balances in the Capital Accounts after and including all allocations to the Members under Article VI, including the allocation of any income, gain or loss from the sale, exchange or other disposition (including a deemed sale pursuant to this Section 10.5) of the Company's assets;

(d) To the Members, ratably in proportion to their Percentage Interests.

10.6 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall only be entitled to look solely at the assets of the Company for the return of his or her positive Capital Account balance and shall have no recourse for his or her Capital Contribution and/or share of Net Profits (upon dissolution or otherwise) against the Managers or any other Member.

10.7 Articles of Termination. The Managers or Members who filed the Notice of Dissolution shall cause to be filed in the office of, and on a form prescribed by, the South Dakota Secretary of State, the Articles of Termination as soon as reasonably possible after the filing of the Notice of Dissolution.

10.8 No Action for Dissolution. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Membership Interests. Accordingly, except where the Managers have failed to liquidate the Company as required by this Article IX, each Member (other than a Manager) hereby waives and renounces his or her right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the business of the Company in conformity with the Articles or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Damages for breach of this Section 10.8 shall be monetary damages only (and not specific performance), and the damages may be offset against distributions by the Company to which such Member would otherwise be entitled.

## ARTICLE XI INDEMNIFICATION

11.1 Indemnification and Liability of Members, Officers, and Managers. The Company shall indemnify the Members, Officers, and Managers against any claim or liability incurred by the Members, Officers or Managers, or any of them in connection with the conduct of the business of the Company, and neither the Company nor any Member will have any claim against the Members, Officers or Managers, or any of them by reason of any such act or omission of the Members, Officers or Managers, or any of them; provided that, in each instance, a Member, Officer or Manager shall not be indemnified or exculpated if such act or failure to act was not in good faith or constituted fraud, gross negligence, or willful misconduct. The provisions of this section regarding liability and indemnification will apply with equal force and effect to any Manager, Officer, Member, agent or employee of a Member, Officer or Manager, and their successors and assigns. The Company shall indemnify and advance expenses to the Members, Officers, and Managers to the fullest extent required by the Act.

## ARTICLE XII MISCELLANEOUS

12.1 Complete Agreement. This Agreement and the Articles constitute the complete and exclusive statement of agreement among the Members and Managers with respect to the subject matter herein and therein, and replace and supersede all prior written and oral agreements or statements by and among the Members and Managers or any of them. No representation, statement, condition or warranty not contained in this Agreement or the Articles will be binding on the Members or Managers or have any force or effect whatsoever.

12.2 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

12.3 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and Managers and their respective successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

12.4 Pronouns; Statutory References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Regulations, the Act, or other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

12.5 Headings. All headings herein are inserted only for convenience and ease of reference, and are not to be considered in the construction or interpretation of any provision of this Agreement.

12.6 Interpretation. In the event any claim is made by any Member relating to any conflict, omission or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or his or her counsel.

12.7 References to this Agreement. Numbered or lettered articles, sections, and subsections herein contained refer to articles, sections, and subsections of this Agreement unless otherwise expressly stated.



12.8 Jurisdiction. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in Minnehaha County, South Dakota, in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement. Each Member further agrees that personal jurisdiction over him or her may be effected by service of process by registered or certified mail addressed as provided in Section 12.12 of this Agreement, and that when so made shall be as if served upon him or her personally within the State of South Dakota.

12.9 Exhibits. All Exhibits attached to this Agreement are incorporated and shall be treated as if set forth herein.

12.10 Severability. If any provision of this Agreement or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

12.11 Additional Documents and Acts. Each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

12.12 Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement must be in writing (which may include facsimile) and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice. Such notices will be given to a Member or Manager at the address specified in Exhibit A hereto. Any party may at any time, by giving five (5) days' prior written notice to the other parties, designate any other address in substitution of the foregoing address to which such notice will be given.

12.13 Amendments. The terms and provisions of this Agreement may be amended, restated or terminated only by the written agreement by the affirmative vote of the Majority Voting Interest; provided, however, that this Agreement shall not be amended without the consent of each Member adversely affected if such amendment would (a) modify the limited liability of such Member, (b) alter the interest of such Member in profits, losses, or any Company distributions, or (c) materially and adversely alter the rights or preferences of any existing class or series of Units. Dilution of a Percentage Interest of Units due to the issuance of additional Units or the issuance of a new class or series of Units with differing rights and preferences including priority is not considered an alteration of a Member's interest

12.14 Reliance on Authority of Person Signing Agreement. If a Member is not a natural person, neither the Company nor any Member will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual or (b) be responsible for the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

12.15 Waiver of Conflict of Interests. Each of the parties to this Agreement acknowledges that DeWitt, LLP ("DeWitt") has represented the Justin J. Johnson with respect to the negotiation, execution, and enforcement of this Agreement. As such potential conflicts of interest which may arise at a later time if the parties to this agreement are not represented by separate legal counsel to advise them regarding the terms and conditions of an Agreement such as this one. Each party agrees that DeWitt has adequately disclosed that potential or actual conflicts of interest may exist among the parties and in DeWitt's representation of the Justin J. Johnson, which each fully understands and that the members are encouraged to seek separate counsel before signing this Agreement. Each party hereby waives any claim of any kind and nature whatsoever that

DeWitt's representation of the Justin J. Johnson in connection with the negotiation, execution, and enforcement of this Agreement is a conflict of interest or any way affects the enforceability of this Agreement

12.16 No Interest in Company Property; Waiver of Action for Partition. No Member has any interest in specific property of the Company. Without limiting the foregoing, each Member irrevocably waives during the term of the Company any right that he or she may have to maintain any action for partition with respect to the property of the Company.

12.17 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

12.18 Attorney Fees. If any legal action or any arbitration or other proceeding is brought to enforce or interpret this Agreement or any provision thereof, or because of an alleged breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party in such action or proceeding shall be entitled to recover from the other party its reasonable attorneys' and other costs incurred in that proceeding, including any attorneys' fees and costs for the collection of any judgments in favor of the successful or prevailing party, in addition to any other relief to which it or they may be entitled.

12.19 Time is of the Essence. All dates and times in this Agreement are of the essence.

12.20 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.


[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;  
SIGNATURE PAGE FOLLOWS]

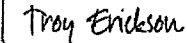
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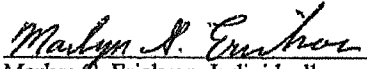
**SIGNATURE PAGE TO  
GENESIS FARMS, LLC  
OPERATING AGREEMENT**

By signing below, each of the undersigned (a) agrees to become a member of GENESIS FARMS, LLC; (b) represents to GENESIS FARMS, LLC, the Managers and the other Members that the undersigned has read this Operating Agreement; and (c) agrees to be bound by the terms and conditions of this Operating Agreement.

**MEMBERS**

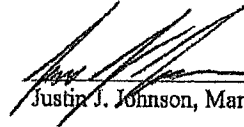
  
Justin J. Johnson, Individually

DocuSigned by:  
  
Troy M. Erickson, Individually

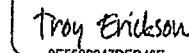
  
Marlyn G. Erickson, Individually

**ACCEPTANCE OF OFFICE BY MANAGERS**

I, Justin J. Johnson, hereby accept my appointment as a Manager of Genesis Farms, LLC, effective the 18<sup>th</sup> day of June, 2021.

  
Justin J. Johnson, Manager

I, Troy M. Erickson, hereby accept my appointment as a Manager of Genesis Farms, LLC, effective the 18<sup>th</sup> day of June, 2021.

DocuSigned by:  
  
Troy M. Erickson, Manager

I, Marlyn G. Erickson, hereby accept my appointment as a Manager of Genesis Farms, LLC, effective the 18<sup>th</sup> day of June, 2021.

  
Marlyn G. Erickson, Manager

**EXHIBIT A**

TO  
OPERATING AGREEMENT  
OF  
GENESIS FARMS, LLC

**SCHEDULE OF MEMBERS**

Name	No. of Class A Units	No. of Class B Units	Percentage Interest	Capital Contributions
Justin J. Johnson 1008 Batcheller Lane Sioux Falls, SD 57105	500 Class A Units	0 Class B Units	50%	Up to \$1,000,000 (See Also Contribution Agreement)
Troy M. Erickson 1180 Creek Drive Rapid City, SD 57703	250 Class A Units	0 Class B Units	25%	Up to \$500,000 (See Also Contribution Agreement)
Marlyn G. Erickson 1180 Creek Drive Rapid City, SD 57703	250 Class A Units	0 Class B Units	25%	Up to \$500,000 (See Also Contribution Agreement)
Total	1,000 Class A Units	0 Class B Units	100%	Up to \$2,000,000


**EXHIBIT B**

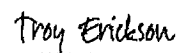
TO  
OPERATING AGREEMENT  
OF  
GENESIS FARMS, LLC

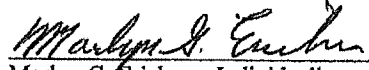
**SCHEDULE OF AGREED VALUE**

For the period commencing on \_\_\_\_\_, 20\_\_, the "Agreed Value" of GENESIS FARMS, LLC (the "Company"), as defined in the Operating Agreement of the Company, is hereby set at \$\_\_\_\_\_,00.

**MEMBERS**

  
Justin J. Johnson, Individually

DocuSigned by:  
  
Troy M. Erickson, Individually

  
Marlyn G. Erickson, Individually

**EXHIBIT C**

TO  
OPERATING AGREEMENT  
OF  
GENESIS FARMS, LLC

**PROMISSORY NOTE**

\$ \_\_\_\_\_, South Dakota

FOR VALUE RECEIVED, \_\_\_\_\_, hereinafter the "Obligor", promises to pay to \_\_\_\_\_, the principal sum of \$ \_\_\_\_\_ with interest from the date hereof upon the unpaid principal at the rate of \_\_\_\_ percent (\_\_\_\_%) per annum [*applicable federal rate under IRC Section 1274(d) as of the date of the note*], until fully paid. The principal and interest shall be paid in lawful money of the United States at the principal office of the Corporation, or at such other place as the legal holder of this Note may designate in writing. Payment shall be due and payable in one hundred and twenty (120) equal, consecutive monthly installments of principal and interest from the date hereof; payments when made shall be first applied against accrued but unpaid interest and then against principal. Any unpaid principal and interest shall be due and payable on the date, which is one hundred and twenty (120) months from the date of this Promissory Note.

Default in the payment of this Note or any installment of principal or interest at the maturity thereof, which default is not cured within ten (10) days following written notice by the holder hereof to the Obligor, shall give to the holder the option to declare all of the unpaid installments of this Note due and payable at once. In the event of such default, the Maker shall be liable for all cost and expenses, including reasonable attorney's fees, incurred with respect to the collection of amounts owing under this Note.

Without affecting the liability of any maker, endorser, or guarantor, the holder may, without notice, renew or extend the time for payment or accept partial payments. There shall be no prepayment penalty.

Any maker, endorser, or guarantor hereby waives presentment, demand, protest, or notice of intention to accelerate.

Any notice required hereunder shall be sent to the Obligor by certified mail, return receipt requested, to the following address:

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

IN WITNESS WHEREOF, the Obligor has caused this Note to be executed as of the date and year first above written.

\_\_\_\_\_

**EXHIBIT 2.7.1(a)**

TO  
OPERATING AGREEMENT  
OF  
GENESIS FARMS, LLC

**COMPETING BUSINESSES**