

BRING YOUR DREAMS.

**brookings**  
SOUTH DAKOTA

Received  
12/20/2021

**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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
X

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

TK Cannabis LLC DBA Prairie Grass

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:

310 W. 7<sup>th</sup> St  
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
------	---------	-------	---------------

<u>Tarfon Theodosopoulos</u>	<u>401 Finch Cir</u>	<u>owner/founder</u>	
<u>Brookings SD 57006</u>			

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

401 Finch Cir  
Brookings, SD 57006

- 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 ~~B-3~~ B-3 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

- 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, 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) **For medical cannabis cultivation, testing and manufacturing establishments**, will all cultivation, harvesting, manufacturing and packaging of cannabis take place in a secure facility at the physical address of the medical cannabis establishment?
- 18) **For medical cannabis cultivation, testing and manufacturing establishments**, will the secure facility only be accessed by agents of the medical cannabis establishment, emergency personnel, and adults who are twenty-one years of age and older and who are accompanied by a medical cannabis establishment agent?
- 19) **For medical cannabis manufacturing establishments**, will only cannabis product manufacturers produce cannabis concentrates, cannabis extractions and other cannabis products?
- 20) Will the medical cannabis establishment share office space with or refer a patient to a practitioner?
- 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?

YES	NO
	X
	X
	X
X	
X	
NA	
NA	
NA	
	X
	X
X	
YES	NO

44:90:01:01 Dispensaries allowed to do some flower packaging  
§ 44:90:10:01:01



- 23) For **medical cannabis dispensaries**, will the prospective medical cannabis dispensary make a diligent effort to verify that the registry identification card or registration presented to the dispensary is valid?
- 24) For **medical cannabis dispensaries**, will the prospective medical cannabis dispensary make a diligent effort to verify that the person presenting the documentation is the person identified on the document presented to the dispensary agent?
- 25) For **medical cannabis dispensaries**, will the prospective medical cannabis dispensary make a diligent effort to only dispense an amount of cannabis to a person that would cause the person to possess more than the allowable amount of cannabis?
- 12-29-2021 <sup>not</sup> 26) For **medical cannabis dispensaries**, will the prospective medical cannabis dispensary make a diligent effort to verify that the dispensary is the current dispensary designated by the cardholder or nonresident cardholder?
- 27) A dispensary may not dispense more than three ounces of cannabis to a non-resident cardholder or a registered qualifying patient, directly or via a designated caregiver, in any fourteen-day period. Will the prospective **medical cannabis dispensary** ensure compliance with this limitation by maintaining internal, confidential records that include records specifying how much cannabis is dispensed to a nonresident cardholder or registered qualifying patient and that it is dispensed directly to a registered qualifying patient or to the designated caregiver?
- 28) Will the prospective medical cannabis dispensary be located within any building containing a dwelling unit, 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) For **medical cannabis dispensaries**, will the facility be ventilated so that the odor of cannabis or cannabis products not be detected by a person with a normal sense of smell outside the medical cannabis dispensary or on any adjoining property?
- 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?

X	
X	
X	
X	
X	
X	
	X
X	
X	
X	
X	
X	
	X
X	
X	
X	
X	
	X

- 40) For **medical cannabis dispensaries**, will the dispensary distribute or allow the distribution of any medical cannabis without charge for purposes of promotion, advertising or any other purpose?
- 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 result 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?

YES	NO
	X
X	
X	
X	

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

Signature of each owner of the Applicant's establishment \_\_\_\_\_ Date 12-20-2021

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

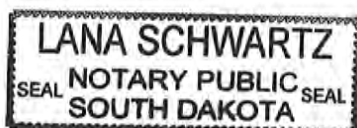
Signature of each owner of the Applicant's establishment \_\_\_\_\_ Date \_\_\_\_\_

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

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

Subscribed and sworn to before me this 20<sup>th</sup> day of December, 2021

(SEAL)



Lana Schwartz  
Notary Public, State of South Dakota  
My commission expires 12-27-24



MEDICAL CANNABIS ESTABLISHMENT LICENSE APPLICATION  
EXHIBITS/ATTACHMENTS

---

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. ✓
5. Indemnification and Waiver Form. ✓

**STANDARD OPERATING PROCEDURES OF:**

***PRAIRIE GRASS***

***TK CANNABIS LLC  
310 7<sup>TH</sup> ST W  
BROOKINGS, SD 57006***

**IN COMPLIANCE WITH:**

**SOUTH DAKOTA CODIFIED LAW §34-20G  
SOUTH DAKOTA ADMINISTRATIVE RULES: §44:90  
BROOKINGS CITY ORDINANCE 21-028**

## **TABLE OF CONTENTS:**

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>4</b>
<b>II.</b>	<b>ACQUISITION OF PRODUCT.....</b>	<b>5</b>
<b>III.</b>	<b>RECEIPT AND VERIFICATION OF PRODUCT.....</b>	<b>5</b>
<b>IV.</b>	<b>TRANSPORTATION.....</b>	<b>5</b>
<b>V.</b>	<b>DAILY OPERATION.....</b>	<b>6</b>
<b>VI.</b>	<b>INVENTORY MANAGEMENT AND TRACKING SALES.....</b>	<b>6</b>
	<i>a. Inventory management</i>	
	<i>b. Inventory Tracking Requirements</i>	
<b>VII.</b>	<b>LOGS &amp; RECORD KEEPING: CONFIDENTIALITY, SECURITY, AND STORAGE.....</b>	<b>7</b>
	<i>a. Background</i>	
	<i>b. Storage / Documentation</i>	
<b>VIII.</b>	<b>DENIALS OF SALE.....</b>	<b>9</b>
<b>IX.</b>	<b>PACKAGING AND LABELING.....</b>	<b>10</b>
<b>X.</b>	<b>DISPENSARY FACILITY STORAGE.....</b>	<b>10</b>
	<i>a. South Dakota Applicability</i>	
	<i>b. Storage</i>	
<b>XI.</b>	<b>SALE RECORDS.....</b>	<b>11</b>
<b>XII.</b>	<b>INVENTORY RECORDS.....</b>	<b>12</b>
<b>XIII.</b>	<b>REQUIRED COUNTS IN THE DISPENSARY FACILITY.....</b>	<b>14</b>
<b>XIV.</b>	<b>MINIMUM PHYSICAL INVENTORY RECORDS REQUIRED.....</b>	<b>14</b>
<b>XV.</b>	<b>DISPOSAL OF CANNABIS (ITS).....</b>	<b>15</b>
<b>XVI.</b>	<b>INVENTORY DISCREPANCIES.....</b>	<b>15</b>
<b>XVII.</b>	<b>EXAMPLE LOGS: INVENTORY ADJUSTMENT LOG.....</b>	<b>16</b>
<b>XVIII.</b>	<b>EXAMPLE LOGS: MONTHLY MARIJUANA INVENTORY LOG.....</b>	<b>17</b>
<b>XIX.</b>	<b>EXAMPLE LOGS: MONTHLY INVENTORY REPORT.....</b>	<b>18</b>
<b>XX.</b>	<b>EXAMPLE LOGS: INVENTORY DISCREPANCY INVESTIGATION FORM.....</b>	<b>19</b>
<b>SECURITY AND SAFETY PLAN</b>		
<b>XXI.</b>	<b>SECURITY SYSTEM OVERVIEW.....</b>	<b>20</b>
	<i>a. SAFETY PLAN.....</i>	<i>36</i>
	<i>b. EMERGENCY RESPONSE.....</i>	<i>37</i>
<b>XXII.</b>	<b>ODOR CONTROL PLAN.....</b>	<b>42</b>
<b>XXIII.</b>	<b>GOOD NEIGHBOR PLANS.....</b>	<b>45</b>
<b>XXIV.</b>	<b>EXAMPLE LOGS: RESTOCK LOG.....</b>	<b>47</b>
<b>XXV.</b>	<b>EXAMPLE LOGS: VISITOR LOG.....</b>	<b>48</b>
<b>XXVI.</b>	<b>EXAMPLE LOGS: SECURITY SURVEILLANCE ACCESS LOG.....</b>	<b>49</b>
<b>XXVII.</b>	<b>EXAMPLE LOGS: SECURITY AND SURVEILLANCE ACCESS ROOM.....</b>	<b>50</b>
<b>XXVIII.</b>	<b>KEY CARD TRACKING LOG.....</b>	<b>51</b>
<b>XXIX.</b>	<b>BUILDING LOCATION AND SITE PLAN .....</b>	<b>52</b>





## I. INTRODUCTION

- a. TK Cannabis LLC, a South Dakota limited liability company (“Company”), plans to operate a medical cannabis dispensary called “Prairie Grass” in the City of Brookings, South Dakota at 310 W. 7<sup>th</sup> St. (alternatively hereinafter referred to as a “facility” or “dispensary”), under South Dakota Codified Law (“SDCL”) Chapter 34-20G “Medical Cannabis” (as amended from time to time, the “SD Cannabis Statute”). The South Dakota Department of Health and any other applicable state agency (collectively, the “Department”) may publish rules with respect to South Dakota Cannabis Statute and may update, amend and restate those rules from time to time (together with the SD Cannabis Statute, the “Rules”). To the extent any item in this plan conflicts with the updated, amended and/or restated Rules or the updated, amended and/or restated Rules produce additional standards that conflict with this plan, the Company will promptly amend this plan pursuant to §44:90:04:01. Prairie Grass LLC may amend this plan in the future, and if it does so, any such amendment will conform in all respects with the rules.

Prairie Grass Dispensary LLC intends to set the standard for dispensing of the highest quality, purest, and most consistent medical grade Cannabis in the State of South Dakota. We will accomplish this through the use of effectively managed Dispensing Location and highly trained staff. Our established policies and procedures ensure that these facilities are utilized to their fullest potential and that resources are used as efficiently as possible in order to reduce our impact on local utilities, as well as areas surrounding our facility. Our Patients are our first concern. It is our intention to work with the Department, local law enforcement, and any other entities willing to assist us in this important endeavor, by sharing information and best practices whenever possible.

Our Dispensing Locations will provide qualifying patients the highest quality Cannabis and manufactured Cannabis products in a safe and secure environment. It is our intent to provide our patients with the latest information available from the medical community, warnings and requirements provided by the Department, as well as custom materials and information covering strain specific medical uses in order to assist them in choosing the safest and most effective medication prescribed by their physician. These medications will be dispensed in forms and quantities that comply with all of the Department's requirements. Unauthorized persons will be prevented from entering our dispensaries by our highly trained security staff using physical barriers, strict Identification documentation requirements, as well as 24-hour video surveillance of the entire facility.

## **II. ACQUISITION OF PRODUCT**

- a. Prairie Grass Inventory and Record Keeping Plan begins with its acquisition of cannabis product from a cultivation, or other applicability facility, licensed under the Rules. The amount, strain type, weight, currency used and price are clearly delineated and agreed to by the relevant parties. The applicable licensee then communicates the agreed upon order to a licensed transporter and complete delivery to the facility. The licensed transporter will display an identification badge during this process pursuant to §44:90:04:11.

## **III. RECEIPT AND VERIFICATION OF PRODUCT**

- a. Prairie Grass will ensure that all received marijuana products are in sealed, labeled, air-tight and tamper-proof packaging that preserve the integrity of the product and that all product is received and subsequently handled and transported throughout the facility in clear view of the facility's video camera recording apparatus. Copies of all laboratory certificates of analysis shall accompany the marijuana products, to the extent the same are available and required to be present. A transport manifest will accompany each delivery pursuant to §44:90:04:19.

## **IV. TRANSPORTATION**

- a. Marijuana product will only be received into the facility via a trained transporter pursuant to §44:90:04:16. Marijuana will only be sold, and hence exit the facility, to a purchaser.
- b. Prairie Grass will maintain a record of clear and unbroken chain of custody at all stages. Prior to transporting any cannabis or cannabis-infused product, our dispensary center shall, in accordance with the Rules:
  - i. Complete a shipping manifest using a form prescribed by the department that lists the components required by the department's tracking system.
  - ii. Only the cannabis products that are listed on the manifest shall be transported.
  - iii. Cannabis products that are being transported shall:
    1. Only be transported in a locked, safe and secure storage containers.
    2. Have a copy of the manifest in the interior and on the exterior of the container.
  - iv. Any motor vehicle transporting cannabis shall travel directly from the dispensary center to the dispensary facility, or a testing laboratory, and shall not make any stops that are not on the manifest. Exceptions will include a stop for refueling or, in case of an emergency. In case of emergency, the agents will report the emergency immediately to law enforcement through the 911 emergency system and the dispensary center, which will immediately notify the department.
  - v. Our dispensary center shall ensure that all delivery times and routes are randomized and reduce the possibility of theft or diversion.
  - vi. Each delivery team member shall have access to a secure form of communication with personnel at the dispensary center and the ability to contact law enforcement through the 911 emergency systems at all times that the motor vehicle contains cannabis.

- vii. Our dispensary center shall staff all transport motor vehicles with a minimum of two employees. At least one delivery team member shall remain with the motor vehicle at all times that the motor vehicle contains cannabis.
- viii. For the transport between or among dispensary facilities, the transport package shall be packed, secured, and loaded and unloaded and unpacked in front of full view of security surveillance cameras.
- ix. If there are any discrepancies between what is received and the manifest, they will be reported immediately to the department.
- x. Each delivery team member shall possess his or her department issued identification card at all times when transporting or delivering cannabis and shall produce it for the department or department's authorized representative or law enforcement official upon request.
- c. The dispensary will not transport cannabis:
  - i. Off site to patients or caregivers
  - ii. To another county or another island within the same county
  - iii. To, from, or within any federal fort or arsenal, national park or forest,

## **V. DAILY OPERATION**

- a. Prairie Grass will operate seven (7) days a week from 9:00AM to 9:00PM daily, and open on all holidays in compliance with §44:90:03:05(3) and §44:90:04:05 and §44:90:04:08.

## **VI. INVENTORY MANAGEMENT AND TRACKING SALES**

### *a. Inventory Methodology*

- i. Prairie Grass will utilize the FIFO inventory model, or First-In-First-Out—FIFO. This implies that the oldest inventory items are sold first. Facility management shall ensure that all employees are trained properly on the inventory method to ensure that the oldest products are being sold first.

### *b. Inventory/Tracking Requirements*

- i. After the marijuana product has been ascertained as being acceptable for receipt, the Company will enter the marijuana product into its inventory system. In compliance with §2-028-Sec 18€, but subject to any changes in the Rules or our desire to use a different vendor, Prairie Grass plans to use either BioTrackTHC or a different vendor hat has been properly vetted as compliant with the Rules as its third-party inventory control and tracking system, which system interfaces with the statewide monitoring system (hereinafter called the “inventory tracking system” or “ITS”). Though we have not yet decided on a third-party inventory control and tracking system, the Company will ensure its software is fully complaint with §44:90:03:09(6). All sales of marijuana shall be made in persons, directly to the purchaser, within the medical cannabis dispensary. Sales shall occur only in person to the purchase at the time of purchase within the medical cannabis dispensary pursuant to §21-028-Sec 18(d).

1. BioTrackTHC has the following capabilities that enable the Company to comply with the Rules, including the following:
  - a. Tracks all marijuana, products, packages, patient or caregiver purchase totals, and waste;
  - b. Tracks all transfers and sales (linked to unique identification numbers);
  - c. Tracks lot and batch information throughout the entire chain of custody;
  - d. Tracks all products, conversions, derivatives through the entire chain of custody
  - e. Tracks transportation of product;
  - f. Performs complete batch recall tracking, which clearly identifies all details relating to the specific batch subject to the recall, including, without limitation, the following:
    - i. Sold product
    - ii. Product inventory that is finished and available for sale,
    - iii. Product that is in the process of transfer
    - iv. Product being processed into another form and postharvest raw product, such as product that is in the drying, trimming, or curing process
  - g. Reports and tracks loss, theft, or diversion of product containing marijuana
  - h. Reports and tracks all inventory discrepancies
  - i. Reports and tracks adverse patient responses or dose-related efficacy issues
  - j. Reports and tracks all sales and refunds
  - k. Electronically receives and transmits information as required under the Rules
  - l. Receives test results electronically via a secured application program interface into the system, and directly links the resting results to each applicable source batch and sample
  - m. Identifies test results that may have been altered
  - n. Provides information to cross-check that the product received the requisite testing
  - o. Provides the Department and state agencies with access to information in the database which the Department and such agencies are authorized to access pursuant to §44:90::11;
  - p. Secures the confidentiality of information in the database by preventing access by a person who is not authorized to access such information; and
  - q. Provides analytics to the Department regarding key performance indicators such as total daily sales, total marijuana product destroyed and total inventory adjustments §44:90:11:03.



## **VII. LOGS & RECORD KEEPING: CONFIDENTIALITY, SECURITY, AND STORAGE**

### *a. Background*

- i. BioTrackTHC is designed to comply with all recordkeeping requirements set forth by the Department. It provides customizable reports, is HIPAA-compliant, provides audit trails for all records, and provides secure cloud-based record backup pursuant to §34-20G-79 and §34-20G-86. This system provides the means necessary to:
  1. trace products for the purposes of recall;
  2. track the disposal of products that are outdated, damaged, deteriorated, misbranded, or adulterated;
  3. ensure first-in, first-out inventory control;
  4. provide business reporting consistent with industry standards; and
  5. track purchases and denials of sale.
- b. No marijuana shall be distributed or allow the distribution of any medical cannabis without charge within a medical cannabis dispensary or at other place for purposes of promotion, advertising or any other purpose pursuant to §21-028-Sec 18(f).
- c. The dispensary is not subject to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). HIPAA is used in the medical field to safeguard patient or caregiver information, or Protected Health Information (PHI). Even though the dispensary is not subject to HIPAA it attempts to incorporate as many of the HIPAA safeguards as possible to ensure the utmost confidentiality of patient or caregiver information, including its ITS, as mentioned above, being HIPAA compliant pursuant to §34-20G-86 and §34-20G-91 and §44:90:04:08.

### *d. Storage / Documentation*

- i. Documentation of discrepancies and other items required under the Rules will be maintained in a secure, locked location at the facility and in the secure cloud-based storage system. Our dispensary shall be operated and maintained in accordance with the dispensary requirements and facility standards set forth in this ordinance and all other applicable City ordinances, State laws and State administrative rules concerning marijuana pursuant to § 21-028-Sec 18(b) and §44:90:04:09.
- ii. We will strive to maintain all records in such locations for a minimum of five (s) years (unless a greater period of time is required by the Rules), and in any event, the Company shall maintain the following:
  1. visitor log containing all visitor names, times of visit, and purpose of visit will be available as required by City of Brookings pursuant to §21-028-Sec 13.
  2. all other records required to be maintained either by the City of Brookings and/or the State of South Dakota.

## VIII. DENIALS OF SALE

- a. To ensure that no unauthorized sale is made, Prairie Grass all staff will receive training pursuant to §44:90:08:03.
- b. First, if marijuana is subject to a recall, tampered with, or otherwise necessitating quarantine action, such product will never enter the Company's inventory space and be made available for sale.
- c. Second, if a patient or caregiver does not have a valid patient or caregiver card and valid form of government ID pursuant to §21-028-Sec 16(a), patient or caregiver will never gain access to the limited access area and be able to purchase marijuana pursuant to §21-028-Sec 18(b). This Section covers valid patients or caregivers attempting to purchase marijuana that is available for sale pursuant to §34-20G-29 and §34-20G-71.
- d. *Circumstances when Sale Denial Appropriate*
  - i. The Company will instruct its agents to comply with all possession limits promulgated by the Rules, per 34-20g-71 This means that ensuring no agent places an order by any patient or caregiver that is greater than three ounces of cannabis to a nonresident cardholder or a registered qualifying patient, directly or via a designated caregiver, in any fourteen-day period. The Company shall keep records of all purchases, internal and confidential, to ensure compliance with this provision, including, without limitation, tracking 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 pursuant to §21-028-Sec 18(a) and §34-20G034 and §44:90:08:02.
  - ii. Agents are also authorized to deny sale if the purchaser in question informs them that the cannabis will be utilized for an illegal purpose (e.g. distribution to minors) and the agent in question follows proper protocol pursuant to §34-20G-74.
    - 1. This category is admittedly not crystal clear, and therefore, before issuing any such denials due to suspected illegal activity, agent must discuss and gain clearance for the denial from the Dispensary manager pursuant to §34-20G-75.
      - a. Dispensary manager will engage legal counsel, if necessary, and only then will a sale denial take place.
- e. Prairie Grass will engage with the Department to ensure that the above scenarios are all appropriate denial circumstances and will adjust, as needed, based on input of the Department. In the event the Department determines that these contexts are not appropriate for sale denials and/or that additional scenarios should require sale denials, the Company will amend this plan, accordingly.

*f. Monitoring Denials of Sale*

- i. In the event of a denial of sale pursuant to this Section, the agent will be instructed to enter into the ITS, and the Company will ensure that the ITS can handle such entry, that a sale denial has occurred and the reason for such denial. Inventory levels will not change, but the denial will be in the ITS and be able to be recalled in the event any governmental agency or authorized person requires such information.
- ii. The Company will be able to tie any such denials to a particular patient or caregiver in the event such patient or caregiver consented to its information being recorded pursuant to §44:90:04:08.
- iii. Further, the Company will instruct its agents to take note of whom they are interacting with whenever a denial of sale occurs to ensure that they are able to accurately respond to local governmental agencies if ever so questioned pursuant to §21-028-Sec 13. Prairie Grass, through its ITS, will be able to link a transaction with an agent, making identification of any potential agent from which further information is needed a seamless

**IX. PACKAGING AND LABELING**

- a. Management will ensure full compliance with all applicable regulations relating to packaging and labeling within the dispensary facility. All medical cannabis products labeled according to all applicable state and local laws and regulations.

**X. DISPENSARY FACILITY STORAGE**

*a. South Dakota Applicability*

- i. Storage of medical cannabis products will comply with all applicable state and local regulations as set forth in City Ordinance 21-028, South Dakota Codified Law §34-20G and South Dakota Administrative Rule 44:90. All medical cannabis products will be stored in a secure access area for nightly storage at the close of operations each day. All storage areas will have adequate lighting. This is also explained in the facility layout section.

*b. Storage:*

- i. A dispensary center shall:
  1. Not maintain cannabis in excess of the quantity required for normal, efficient operation;
  2. Store all cannabis products in a safe, vault or secured room and in such a manner as to prevent diversion, theft or loss;
  3. Maintain all cannabis in a secure area or location within the dispensary center accessible only to specifically authorized personnel, which shall include only the minimum number of employees essential for efficient operation;
  4. Keep all approved safes, vaults, or other equipment or areas used for the production or storage of cannabis securely locked or protected from entry, except for the actual time required to remove or replace cannabis;
  5. Keep all locks and security equipment in good working order;

6. Not allow keys to be left in the locks and not store or place keys in a location accessible to persons other than specifically authorized personnel;
  7. Not allow other security measures, such as combination numbers, passwords or electronic or biometric security systems, to be accessible to persons other than specifically authorized personnel; and
  8. Keep the dispensary center securely locked and protected from unauthorized entry at all times.
- ii. If a loss, theft or diversion of cannabis has occurred from a dispensary center, the dispensary center shall notify the department immediately. The department shall determine the appropriate storage and security requirements for all cannabis in the dispensary center, and may require additional safeguards to ensure the security of the cannabis. If a reduction in the amount of medical cannabis in the dispensary center's inventory is due to suspected criminal activity, the dispensary center shall immediately report the reduction to the department and SP, which may then notify local law enforcement.
  - iii. Any area of a dispensary center containing cannabis, including a room with an approved safe or approved vault, shall have a sign posted at all entryways, which shall be a minimum of 12 inches in height and 12 inches in length and shall state: "Do Not Enter – Limited Access Area – Access Limited to Authorized Personnel Only" in lettering no smaller than one inch in height.
  - iv. Notwithstanding the requirements of this Section, nothing shall prohibit members of the department, local law enforcement or other federal, State or local government officials from entering any area of a dispensary center if necessary to perform their governmental duties, or persons authorized by the department.
  - v. Dispensary centers shall provide current copies of dispensary center floor plans to SP and local law enforcement that have jurisdiction in the area where the dispensary center is located.

## **XI. SALE RECORDS**

- a. The point-of-sale (POS) function of BioTrackTHC will record and securely store all sales transaction entries, (including all required transaction information required pursuant to §34-20G-45), the date of sale and the electronic signature and unique identification number of the dispensary agent fulfilling the sale. Denials of sale will also be stored pursuant to §21-028-Sec 18(b).
- b. The purchase each patient or caregiver makes is recorded in the POS and will include documentation of all sales. It also maintains an audit trail and back-up system so
  - i. no initial entry can be made illegible, and
  - ii. the record is protected from loss, damage, or unauthorized use.



## **XII. INVENTORY RECORDS**

- a. The dispensary manager will oversee the management of BioTrackTHC. The system keeps real-time inventory records which are adequate to demonstrate the chain of custody of all marijuana and marijuana products in inventory, sold and converted to waste §44:90:04:24(i). This cloud-based inventory management system retains all inventory documentation in a secure, off site location for at least five (5) Years (unless a greater period of time is required under the Rules). All records will be available to the Department in real time.
- b. Prairie Grass anticipates that at a minimum, the facility will generate the following six inventory reports, which will be reviewed daily by the manager of the facility:
  - i. Total Inventory in Storage: Daily records of all derivative product inventory by location and batch, the names and identification numbers of agents who handled the product, the date and time of entry into storage, the derivative product name, form, and quantity, and all storage access in chronological order §44:90:11:03;
  - ii. All Events: Daily records of all ADP/POS user activity and transaction types that can be tailored to specific items such as individual derivative products or agents;
  - iii. Beginning/Ending Inventory: Beginning and ending inventory levels and information regarding the removal of cannabis products from the secure storage area, with such reports specifying the agent, time, date, derivative product, quantity, and intended destination within the dispensary pursuant to §21-028-Sec 17(b) and §34-20G-58;
  - iv. Dispensing Report: A report detailing the daily sales transactions at the dispensary and all required sales transaction records foreach individual sale. No medical cannabis dispensary shall distribute or allow the distribution of any marijuana product without charge within a dispensary at any other place for purposes of promotion, advertising, or any other purpose pursuant to §21-028-Sec 18(f);
  - v. Acquisition Report: A report tracking the acquisition of marijuana and marijuana products into inventory from the processing facility, including all required acquisition records described previously, any products refused or destroyed for quality assurance reasons, and a list of acquired shipments in quarantine and released into storage to await dispensing §44:90:04:02(7); and
  - vi. Diversion Prevention Report: A proactive report that isolates sales denials, attempts by a patient or caregiver to fulfill orders that were previously filled, and above-average purchases of derivative products as determined by standard deviation to identify potential diversion, order falsification or suspicious activity pursuant to §21-028-Sec 18(b).

*c. Inventory System Controls*

- i. The Point of Sale (POS) system of BioTrackTHC is cloud-based, accessible by the dispensary manager of inventory for the Company and the Department. Access is available 24 hours a day, 7 days a week, and provides for instant location of all products in inventory, whether raw input materials, finished products in storage, or derivative products dispensed. The system allows complete inventory control by documenting the beginning inventory, acquisitions, sales, disposal, and ending inventory daily, all of which reporting capabilities are further described above.

*d. Audit Trail and Record Back-Up*

- i. The POS system will record all inventory movements and dispensing activities, the date of occurrence, and the electronic signature and unique identification number of the agent utilizing the system. All inventory and transaction records will maintain an audit trail / back-up system so that no initial entry can be made illegible, and the record is protected from loss, damage, or unauthorized use pursuant to §34-20G050 and §44:90:11:03. This process allows for the proper monitoring of all inventory and purchases and prevents record falsification.
- ii. Periodic Manual Inventory. In addition to the real-time, comprehensive inventory tracking provided by the system, the Company will require that physical inventories are conducted weekly, monthly, quarterly, and annually by the manager of the facility pursuant to §44:90:11:02. The real-time, perpetual inventory system available on ITS will be verified periodically by the mandatory physical inventory counts. Physical inventory counts will also be periodically compared against real-time, electronic inventory in the ITS to search for irregularities, and all discrepancies will be investigated immediately.
- iii. Cycle Count Method. The manager of the dispensary will perform periodic physical inventory counts that utilize a “cycle count” method. A cycle count requires the manager to perform a complete count of the dispensary inventory groups {e.g. topicals, sublinguals, pre-filled vaporizers, suppositories, transdermal, etc.) over a period of time, counting the individual units in each inventory group pursuant to §44:90:11:09.
  1. Dispensary manager will ensure that cycle counts are completed on schedule with minimal possible impact on regular operations;
  2. The dispensary manager will review any discrepancies and approve all inventory management system adjustments;
  3. Discrepancies identified during inventory counts, including those resulting from diversion, theft, loss, or any criminal action involving any employee of the Company, will be reported to the director of operations for the Company and the Department immediately; and

4. All counts will be recorded in an internal Inventory Log and entered into the POS system immediately if counted on paper or by recording device. Sample logs are attached hereto.

### **XIII. REQUIRED COUNTS IN THE DISPENSARY FACILITIES**

- a. At the dispensary, the Company anticipates performing the following type of inventory counts:
  - i. Shifts Counts: Each shift, the Company will count all the marijuana and marijuana products in the retail sales area, conduct a cash drawer count, and complete a detailed report on credit cards and cashless ATMs, if applicable pursuant to §44:90:11:09;
  - ii. Daily Counts: The Company counts acquisitions, marijuana, and marijuana products of each type in the sales area daily, plus beginning and ending inventory pursuant to §34:20G-65;
  - iii. Weekly Counts: The Company counts all marijuana and marijuana products in storage weekly;
  - iv. Monthly Counts: The Company counts a full inventory, which includes marijuana and marijuana products awaiting disposal, and quarantined products, monthly; and
  - v. Quarterly Counts: Each quarter, the Company performs an inventory count, being witnessed by surveillance and, if necessary, a third party.

### **XIV. MINIMUM PHYSICAL INVENTORY RECORDS REQUIRED**

- a. All physical inventory counts will be recorded, and records will maintain an inventory record pursuant to §44:90:11:03 and §44:90:11:09;
  - i. Time and date of inventory, and reporting test results updated each day by midnight pursuant to §44:90:06:07;
  - ii. Summary of inventory findings;
  - iii. Name, signature, and title of individual who conducted the inventory, and the dispensary manager of the who oversaw the inventory count;
  - iv. The product name and quantity of derivative products at the facility.

**XV. DISPOSAL OF CANNABIS (ITS)**

- a. When any product is damaged, deteriorated, mislabeled, recalled, modified, unauthorized, outdated, or no longer meets quality standards, it will not be sold in compliance with §44:90:04:02. Before being rendered into waste, all waste and unusable product, cannabis concentrates and cannabis-infused products is weighed, recorded, and entered into the ITS pursuant to §44:90:09:12(2). Each activity rendering marijuana unrecognizable at the time of destruction will be recorded in compliance with §44:90:04:07(3). Verification of this event shall be performed by a dispensary agent and conducted in an area with video surveillance. Disposal records documenting all marijuana waste are retained within the ITS and will be accessible to the Department or law enforcement upon request. All non-ITS records of waste, whether in the Company's database or hard copies, will be maintained for a minimum of five (s) years.

**XVI. INVENTORY DISCREPANCIES**

- a. The Company reacts swiftly in the event an inventory discrepancy is identified. Upon any suspicion of an inventory discrepancy, an inventory discrepancy investigation is initiated using the below Inventory Discrepancy Investigation Form. The manager of the facility investigates to determine where the loss has occurred and to document any necessary corrective actions. Such investigation shall occur the same day, and in any event, be completed promptly pursuant to §21-028-Sec 18(b) and §34:20G-50



**XVII. EXAMPLE LOGS: INVENTORY ADJUSTMENT LOG**

- a. Instructions: Use this log to record inventory adjustments to ensure proper documentation. You must describe the change and reason for the change.

Date	Employee	Items Adjusted	Barcode/ID #	Describe Change and Reason

### **XVIII. EXAMPLE LOGS: MONTHLY MARIJUANA INVENTORY LOG**

**Instructions:** Use this log to record the monthly inventory county performed on all Marijuana Products being stored for future sale.

Date(s) of Inventory: \_\_\_\_\_ Supervising Manager: \_\_\_\_\_

Employee(s) Conducting Inventory:

Name: \_\_\_\_\_ ID #: \_\_\_\_\_ Title: \_\_\_\_\_

Name: \_\_\_\_\_ ID #: \_\_\_\_\_ Title: \_\_\_\_\_

#### **Marijuana Flower:**

Brand/Strain	Weight		Brand/Strand	Weight

#### **Marijuana Products:**

Name of Product	Number		Name of Product	Number

## **XIX. EXAMPLE LOGS: MONTHLY INVENTORY REPORT**

Instructions: This report should be completed every month within 5 business days from the completion of the Monthly Inventory, and must be completed by a different manager than the manager who oversaw the Monthly Inventory pursuant to §44:90:04:02(1)

This report is to: (1) Record our comparison of the counts in the Monthly Inventory Log and those shown in the Inventory Tracking System (ITS) and (2) Facilitate our determination as to perform a Discrepancy Investigation

Print all the Reports within the ITS showing the number of marijuana and marijuana products in the dispensary. Count all marijuana and marijuana products ("Monthly Inventory"). Compare the reports in the ITS to the Monthly Inventory

**Any identified discrepancy requires a separate and IMMEDIATE (within 24 hours) Discrepancy Investigation to determine whether a Report of Adverse Loss to the Department is required**

Date of Report: \_\_\_\_\_ Manager: \_\_\_\_\_

### **MARIJUANA FLOWER:**

Does the weight of marijuana in the Monthly Inventory Log match that shown within the ITS?

YES / NO

If No, Explain: \_\_\_\_\_

### **PRODUCTS:**

Does the number of Marijuana Products in the Monthly Inventory Log match the number shown within the ITS?

YES / NO

If No, Explain: \_\_\_\_\_

**XX. EXAMPLE LOGS: INVENTORY DISCREPANCY INVESTIGATION FORM**

**Instructions:** Within 24 hours of a possible inventory discrepancy, this investigation must commence and conclude. If a true inventory discrepancy exists, this is an “adverse loss” to be reported to the Department within 24 hours of discovery:

Location of Discrepancy: \_\_\_\_\_ Date: \_\_\_\_\_

Supervisor: \_\_\_\_\_

Discrepancy at Issue: \_\_\_\_\_

How was Discrepancy Discovered: \_\_\_\_\_

Inventory Tracking System (ITS) Audit: YES / NO                      Audit Report: YES / NO

Forensic Inventory Reports Examined in ITS: YES / NO                      Attached: YES / NO

Forensic Inventory Report Examination: \_\_\_\_\_

**Is there a TRUE discrepancy in inventory or is there another reason for the appearance of a discrepancy?** \_\_\_\_\_

Employee Interviews Necessary: YES / NO                      Employees Interview: \_\_\_\_\_

Source of Inventory Discrepancy Identified: YES / NO \_\_\_\_\_

Are similar discrepancies avoidable? If so, how? \_\_\_\_\_

Adverse Loss Report made to Department? YES / NO

Date of Report to Department: \_\_\_\_\_

Dated: \_\_\_\_\_ Dated: \_\_\_\_\_

By: \_\_\_\_\_ By: \_\_\_\_\_  
Compliance Officer                      Director of Security and Safety



## **SECURITY AND SAFETY PLAN**

### **XXI. SECURITY SYSTEM OVERVIEW**

Prairie Grass Security Management System features six core elements that work together to ensure maximum protection of the facility. These features are described further within the Security Plan and include:

- i. Diversion Prevention;
- ii. Access Control System;
- iii. Security Alarm System;
- iv. Video Surveillance System and Lighting;
- v. Perimeter Intrusion Detection System; and
- vi. Emergency Response

Prairie Grass has developed a comprehensive operational strategy to prevent patient and employee diversion of medical cannabis, which includes integration of various security and loss prevention techniques discussed below. Prairie Grass's Diversion Prevention Plan includes core administrative, system-level controls, and provider-level controls and is driven by key principles including a collaborative approach, setting clear lines of accountability, responsibility, standard process implementation, quality improvement, and a culture of continuous readiness.

Prairie Grass submits the following plans demonstrating compliance with existing state and local laws, regulations, administrative rules, prevailing building, fire codes and ordinances, including but not limited to §21-028-Sec(17)(c), SDCL §34-20G, and ARSD §44:90. If any changes to the Rules occur that contradict with this plan, Prairie Grass will immediately amend this plan to conform to the Rules.

#### *vii. Organizational Oversight and Accountability*

1. Strong organization oversight with broad employee participation and a clear accountability structure provide Prairie Grass a framework for a capable diversion prevention program pursuant to §44:90:04:17. This organizational structure has been developed to provide oversight and accountability throughout its operations to detect and discourage diversion.

#### *viii. Diversion Prevention Committee*

1. Prairie Grass will establish an interdisciplinary Diversion Prevention Committee (DPC) to provide leadership and direction for developing policies and procedures and for overseeing the Diversion Prevention Plan. The DPC will be proactive in its prevention efforts and will address prevention control, diversion detection, incident investigation, and reporting procedures §44:90:04:03. The DPC will meet quarterly to address the plan objectives and to improve

diversion prevention efficiency and efficacy in policy and procedures. Additionally, the Committee will meet within twenty-four hours of the discovery of potential diversion reviewing evidence and determining a correction plan.

ix. *Management:*

1. Members of management that will play key roles in Prairie Grass DPC include:
  - a. Security Manager (SM): The SM for Prairie Grass's dispensary facility will lead the DPC and will coordinate all aspects of the Diversion Prevention Plan. The SM will oversee the installation and operation of security systems, ensure compliance with all rules and regulations, train all employees on security protocols, and supervise Security Contractors in the facility pursuant to §44:90:03:05(6). The SM in conjunction with the General Manager will conduct investigations of suspected diversion.
  - b. Dispensary/General Manager (GM): The GM will lead all investigations of suspected diversion and will be the point of contact with the South Dakota Department of Health (Department) and law enforcement officials when reporting diversion or any other security-related incident at the Prairie Grass facility.
  - c. Quality Assurance Manager (QAM): Responsible for reporting noticed indications of loss, diversion, or theft from the inventory to the Inventory Control Manager, Dispensary/General Manager and Security Manager pursuant to §44:90:04:03
  - d. Inventory Control Manager (ICM): Prairie Grass's dispensary facility ICM will be accountable for complete inventory controls using both electronic and analog tools pursuant to §44:90:03:09(6). The ICM will be responsible for preventing diversion through accurate and regular inventory audits of medical cannabis products and for ensuring appropriate storage, labeling, tracking, and reporting of all medical cannabis.

b. **DIVERSION PREVENTION**

- i. Medical cannabis businesses are responsible for minimizing opportunities for diversion of cannabis flower or other medical cannabis products to unauthorized recipients. Prairie Grass will implement a diversion prevention program policy by adhering to State and local regulations coupled with industry best practices.

- ii. A counter-diversion strategy must be implemented on both an internal and external level. Internal counter-diversion begins with facility safeguards and standard operating procedures (SOP's) to prevent diversion of medical cannabis and cannabis products by employees, contractors, contract security, transport personnel, visitors, or vendors.
- iii. External diversion strategies minimize the risk of cannabis or cannabis products being diverted by focusing on threats from others not employed by Prairie Grass. Our counter- diversion strategy contains general rules, internal counter-diversion strategy, and external counter-diversion strategy pursuant to §44:90:04:03
- iv. Two-person or surveillance Rule
  - 1. Prairie Grass's internal counter-diversion strategy relies on industry standards as a guideline for high-level asset protection known as the "two-person rule." The two- person rule is defined as "a system designed to prohibit access by an individual to certain limited-access areas and vulnerable medical cannabis products by requiring the presence of two or more authorized personnel capable of detecting incorrect, unauthorized, or criminal behavior when tasks are performed."
  - 2. This statement, as well as an affirmation declaring that the employee will not willingly violate the spirit of the two-person rule, will be included in each employee's new hire paperwork. Prospective employees will sign an acknowledgement before being permitted to work.
  - 3. Specifically, two people will be required to:
    - a. Move medical cannabis to or from a storage or preparation area
    - b. Move medical cannabis from storage to sales floor
    - c. Engage in activities requiring weighing, counting or measuring of cannabis or cannabis products
    - d. Move cannabis waste to a waste disposal area
    - e. Enter the waste disposal area for any reason
    - f. Enter a secured medical cannabis storage area for any reason
    - g. Dispose of cannabis waste
    - h. Take possession of recalled medical cannabis product(s)
  - 4. If two people are not at the dispensary at the same time each of requirements listed previously in subsection (3) will be required to be completed on surveillance. That recording shall be saved until it can be verified by another party.

v. Training

1. Pursuant to §44:09:04:17, each establishment agent will receive thorough training focusing on the establishment's security protocol. The training will focus on the agent's role in preventing theft and preventing unauthorized access to the premises. This training is mandatory and must be completed during the on-boarding process. Employees will be required to complete an employee training verification log once training has been completed. Training will be conducted by the Security Manager and records retained in the personnel file.
2. Prairie Grass's Diversion Prevention Training will include:
  - a. Security measures and anti-diversion controls (i.e., preventing theft, loss, or misuse of marijuana);
  - b. Using the inventory tracking system as an anti-diversion tool by performing regular inventory audits and reconciliations;
  - c. Department rules and regulations as applied to medical marijuana and medical marijuana products; Preventing diversion of marijuana from outside of Prairie Grass's approved supply chain;
  - d. Physical security equipment and feature functionality pursuant to §44:90:03:05(6);
  - e. Operational policies and procedures, including patient data and certificate verification and limitations on dispensing medical marijuana products;
  - f. Diversion prevention and substance abuse awareness (signs and behavior patterns and symptoms of impairment);
  - g. Reporting requirements and channels; and
  - h. The "whistleblower" structure and procedures, designed to ensure complete safety and protection in reporting possible issues relating to diversion or negligence.
3. Ongoing training sessions will also be conducted throughout the year and may be conducted by licensed third-parties including law enforcement, security and diversion prevention professionals, consultants, and other presenters on topics that Prairie Grass determines relevant pursuant to §44:90:03:09\*5). Prairie Grass employees will acknowledge with a signature that they have read and understand all policies and procedures for which they have been trained.

vi. Access Control Policy

1. Minimizing access to medical cannabis products in a dispensary is a key strategy to help eliminate the potential for diversion to unauthorized recipients. Access Control allows employees to keep track of who is in the facility, what part of the facility they are accessing, and why §44:90:03:05(12). Signs will be clearly posted to signify different access areas. Prairie Grass will frequently audit surveillance video to ensure that employees are following policies restricting access to the established zones in the facility. Our sample key card access log is available at the end of exhibit.

vii. Facility Public and Limited Access Areas

1. The dispensary will be divided into public space and limited access areas, defined by accessibility. The license obtained by the city will be placed in a prominent location within our dispensary facility, pursuant to §21-028 - Sec 6. In order to prevent unauthorized access per §21-028-Sec 18(c) and §44:90:08:01 the man trap vestibule/security checkpoint area in the front of the facility will be the only public area, designated as an identity verification area for qualified patients, caregivers, contractors and visitors until they are authorized to enter the dispensary point of sale area; no cannabis will be displayed or sold in this public area. Our medical cannabis dispensary will verify the age, identity and registry identification card of anyone entering the premises, pursuant to §21-028-Sec 16(a)
2. Unless permitted by SDCL §34-20G-65 or §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, pesticide control staff, and environmental inspectors, for the purpose of exercising such regulatory authority, pursuant to §44:90:04:13. It is understood that the City Manager or their representative may make reasonable inquiries and inspections at reasonable times at the dispensary to determine if the premises meets or continues to meet the requirements of the City ordinance and State statutes outlined in §21-028-Sec 13.
3. The security checkpoint area will have an entry-only breezeway area known as a mantrap vestibule with a securely locked door that will be partitioned from the rest of the facility that will have an unlocking mechanism on the other side that is only accessible to employees, pursuant to §44:90:08:01(2) and §21-028-Sec 18(c). Any individual wanting to gain access to the dispensary will be required to provide valid government identification and picture ID. Once reception has confirmed an individual's credentials (patient, caregiver, vendor, or employee), the door will be unlocked.

4. Areas past public security checkpoints are considered limited access, subject to Company's visitor policy. Areas where medical cannabis is stored in locking display cases, the cash safe, and any additional locked rooms are subject to the two-person / surveillance rule, and considered limited access areas pursuant to §21-028-Sec 17(b) and §21-028-Sec 18(c) and §44:90:08:01(3). No one person will enter or be left alone in these rooms for any reason. All limited access areas will have proper signage and will be equipped with electronic locks that ensure only authorized employees can enter a room and automatically re-lock on use.
5. Electronic access logs will be automatically generated at each occurrence of a door opening, recording the date, time, and security credentials of the employee responsible. Limited access areas will require two authorized personnel to enter. Product movements will be recorded within the inventory tracking system, and rooms will remain secure when unoccupied. Prairie Grass has provided a Key Card Tracking Log at the end of exhibit. Any website or mobile application developed or hosted by Company's dispensary will include age verification to prevent unauthorized access, pursuant to §44:90:08:02(1)(2)(3) and §21-028-Sec 16(a).

viii. Secure Storage of Medical Cannabis Products and Cash

1. A secure storage room, also referred to as vault, will hold all approved medical cannabis product inventories and cash pursuant to §21-028-Sec 17(b). This room will be constructed utilizing a "Security Mesh" type product to reinforce all ceilings and walls in this secure area. The Security Mesh is a meshwork of a heavy-duty metal and is placed inside the walls of the vault, thereby preventing anyone from breaking into the secure storage through the walls. This room will be a steel-framed commercial grade steel security door with non-removable hinge pins. The limited access secured storage vault will be subject to Company's two-person / surveillance rule, requiring dual access to enter. No one person will enter or be left alone in these rooms. Access to the secure storage areas will be limited to select authorized employees of Prairie Grass, with the electronic access locks keyed only to those individuals and a current roster maintained onsite §44:90:04:06.
2. All product movement in or out of storage will be recorded within the inventory tracking system. Limited access areas are to remain secure when not in use. It is the responsibility of the Owners group and Security Manager to ensure that the construction of the room and all required equipment meets Department requirements and is documented herein prior to initial operation of the dispensary. Only Company's designated employees may remove medical cannabis products from the secure storage vault. In addition to transferring inventory at the point of sale, an Inventory Movement

Log/Restocking log, will be required to be completed prior to the physical movement of the product Prairie Grass has provided a Restocking Log at the end of this exhibit.

3. Any undeposited funds kept on the premises after hours will be secured in a safe located inside the secure storage vault. Excess cash to perform day-to-day business will continue to be stored in the safe during business hours. The safe will be commercial grade, made of metal, and of a size that can store anticipated cash. The safe will be securely anchored to a permanent structure. Outside of business hours all cannabis, and cannabis products will be stored in the secure storage vault pursuant to § 44:90:04:24 and § 21-028-Sec 17a)
4. Any products that require cold storage will be maintained in a locked refrigerator inside the vault as well to ensure safe keeping. All storage of medical cannabis and cannabis products unless on display for sale compliant with § 44:90:04:24 and § 21-028-Sec 17(b)

ix. Employee Access and Security

1. The General Manager (GM) will be responsible for issuing access to authorized individuals granting secure access to secure areas. Issuance will be recorded by the GM, including documentation of any card keys, alarm codes, electronic access codes, passwords, or combination codes. Prairie Grass will provide all dispensary employees a compliant agent identification badge, pursuant to § 44:90:04:11 and § 21-028-Sec 18(c). This badge will be worn by employees when on premises, pursuant to § 44:90:04:12. Employees will be instructed to keep their badge in a safe location at all times. If and when an employee is terminated, resigns, or transfers to another location the agent badge will be returned to the establishment.
2. Employees will be issued access control cards based on job title, for access to specific rooms and storage areas. Dispensary employees are responsible for access security and must secure access control cards, and security codes pursuant to § 44:90:03:05(12).
3. Employees may not provide access through any means to any other person; all access cards issued to employees will be retained in the possession of the employee to whom they were issued and may not be transferred directly from one employee to another. Only managers may grant temporary access to any employee, contractor, or visitors.
4. Security managers will ensure that all external doors are secured outside of normal operating hours. All electronic hardware will have a failsafe system in the event of a power outage. Consumption of cannabis will be prohibited on, or in the immediate vicinity of, any area of Company's premises, by any individual (whether a patient or employee), at any time, per SDCL § 34-20G-68. Any person (employee, patient, caregiver, vendor or contractor) observed



consuming cannabis onsite will be immediately escorted off the property pursuant to §21-028-Sec 16(c).

x. Visitor Paid

1. The dispensary facility will not be open to public visitors. Only individuals possessing a valid medical cannabis patient or caregiver identification card will be allowed past the public reception area pursuant to §21-028-Sec 18(c). Beyond the point of sale area, only contractors or vendors, law enforcement, State employees, or other individuals authorized by law equipped with visitor badges will be permitted into limited access areas of the dispensary. Prairie Grass will adopt procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by regulations and its enabling statute will remain on the premises.
2. Contractors will be required to schedule appointments to access the facility and present both personal identification and Prairie Grass credentials to the authorized security personnel at the front desk upon arrival. Security will copy or scan the visitor's credentials, record their identification details on the Facility Visitor Log, and issue them a visitor's badge, pursuant to §44-90:04:14 and §21-028 Sec 18(c). Visitors will be assigned an employee escort to track facility movement. When their scheduled appointment is finished, the visitor will return their badge to security. The Facility Visitor Log will be updated to reflect the time the badge was returned, all the areas of the dispensary visited, and the visitor's final departure time. Prairie Grass has provided a Visitor Log at the end of this exhibit.

xi. Employee Awareness

1. Employees will be trained to recognize signs of possible internal theft by other employees (and the appropriate reporting procedures) to include:
  - a. Employee attempts to gain access to areas alone, in violation of the two-person rule
  - b. Employee's financial situation seems to have improved in an unrealistically brief amount of time, e.g. the employee is making exorbitant purchases that are not likely or possible at their salary level
  - c. Employee removes anything from a restricted or limited access area without supervisor approval, including trivial things such as used containers.
2. Employees will be trained in observing patients and caregivers for signs of possible theft (and the appropriate reporting procedures) to include:

- a. Exchanging money in the parking lot or lobby
  - b. Using a cell phone in the lobby or dispensing room
  - c. Patient has already completed a purchase transaction earlier in the day
  - d. Multiple patients/caregivers coordinating purchases together, including the use of obvious hand gestures
  - e. Attempted avoidance of cameras, security areas, or resistance to any standard security protocol
3. Should an employee reasonably believe a sale will be diverted to a party other than the designated patient or caregiver, it will be our policy to terminate the sale and to ask the individual to leave the dispensary. Security personnel may be required to escort them off the premises. If a patient or caregiver is asked to leave on suspicion of diversion of medical cannabis, the manager on duty will make a note in their patient profile to inform other dispensary personnel to refuse future sales. If a patient or caregiver is observed giving or selling medical cannabis to another person on our property, the manager on duty will notify the department and law enforcement within one business day, pursuant to §44:90:04:03

xii. Internal Counter-Diversion Strategy

1. An internal counter-diversion strategy is necessary to ensure no medical cannabis products are removed by employees or other personnel authorized to be in the facility. This strategy will focus on threats from within the Prairie Grass.

xiii. Employee Background Checks

1. Pursuant to §44:90:03:05(11), Prairie Grass will conduct a criminal history background check on any prospective employee prior to hiring. We will keep records of all criminal history background checks requested and provide background checks upon request by the State or authorized law enforcement. We will require employees to report any new or pending charges or convictions immediately. If any employee is charged or convicted for a controlled substance-related felony or misdemeanor or any other felony or misdemeanor, Prairie Grass will report it immediately to the State and terminate employment.

xiv. Misrepresentation/Diversion of Waste

1. The misrepresentation of usable cannabis as waste is a common method of internal diversion. This maybe done internally by employees avoiding the use of or exploiting the lack of information within the inventory tracking system. To minimize the possibility of the diversion or misrepresentation of waste, Prairie Grass will implement five (5) measures throughout the facility.

*a. Inventory Tracking system*

- i. Prairie Grass will implement the State-required inventory tracking system capable of providing tracking for all forms of medical cannabis products in the dispensary, pursuant to §44:90:11:01. Chain of custody logic will be employed throughout the entire inventory life cycle. We will focus on preventing diversion, theft, or loss by implementing inventory tracking systems that capture unique identifiers for all traceable products. Technologies enable us to trace transactions, transfers, transport manifests, purchase orders, adjustments, reconciliation, sales, product recalls, and manual entries. Our system will correlate actions with individual user's identification that is traceable. All employees will require inventory tracking system training and have a personal log-in and password unique to each staff member

*b. Point-of-Sale*

- i. Prairie Grass will also utilize a point-of-sale (POS) system as secondary support software to provide sales information, calculate business metrics, quotas, generate sales, and inventory reports not available within the inventory tracking system pursuant to §44:90:03:09. The system will also be programmed with automatic alerts to prevent sales beyond patient limits or transactions outside permitted hours.

*c. Tracking Sales*

- i. Tracking sales information provides redundancy with the inventory tracking system, improving the accuracy and efficiency of the entire inventory audit process. Weekly checks will be performed on both systems to ensure that the data is consistent and can quickly pinpoint potential theft, loss, or other diversion.

*d. Training*

- i. Prior to performing duties onsite or transporting cannabis, all dispensary agents will receive a minimum of two-hours training on recordkeeping pursuant to §44:90:04:16. The training record will be retained in their employee records. Any dispensary agent who will enter data into the inventory tracking

system will additionally receive a minimum of two-hours of hands-on training pursuant to §44:90:04:16. One dispensary manager will receive at minimum four-hours of training and will act as an administrator of the inventory tracking system, pursuant to §44:90:04:16.

- ii. Although not required by the department, all dispensary agents will receive at minimum two-hours of training on the point of sale system. All managers will receive at minimum four-hours of training on the point of sale system. In order to prevent unauthorized sales, before interacting with any cardholder, all dispensary employees will be trained in accordance with §44:90:08:03 and §44:90:03:09.

*e. Recordkeeping*

- i. All point of sale records, whether in electronic or paper form, transport manifest, and daily inventory records, transfer records, testing sample records, and transaction records will be maintained for a minimum of eighteen months, pursuant to §44:90:11:02.
2. All daily inventory, transfer and transaction records will be maintained securely in electronic and paper form and updated by midnight of each day of operation, pursuant to §44:90:11:03 and §44:90:11:04 and §44:90:11:10. All inventory records will include all additional requirements outlined in §44:90:11:09.

xv. External Diversion

1. To minimize the risk of cannabis or cannabis products being removed by burglaries, break-ins, and theft, the external counter-diversion strategy will focus on threats from persons that are not employees or contractors. The external diversion strategy will consist of the facility infrastructure, security system, employee training, and a suspicious activity report system.

xvi. Security Systems

1. Prairie Grass will contract with selected security vendor(s) to create a plan for maintaining the safety and security of personnel, patients, and caregivers from threats and hazards. This plan will also protect against any potential threats to Company's facility operations, physical assets, inventory, or transportation from hazards including medical cannabis diversion, and workplace violence.

2. All perimeter entry doors will have commercial grade locking devices. All windows will be in good condition and lockable, pursuant to §44:90:04:06. Any gate or perimeter entry point of the dispensary will have lighting sufficient for observers to see and cameras to record any activity within ten feet of the gate or entry pursuant to §44:90:04:05. All exterior entrances and exits, all parking areas will be lighted at all times after dark, pursuant to §21-028-Sec 17(d).
3. With Company's oversight, security vendor(s) will install, monitor and maintain facility camera monitoring and alarm systems pursuant to State requirements and pursuant to §21-028-Sec 17(e). these systems will play an essential role in preventing diversion by detecting and stopping unauthorized entry that may lead to an adverse loss.

xvii. Detecting Unauthorized Entry

1. Our selected security vendors will install, monitor, and maintain the facility's security alarm and video surveillance systems required by the State. This alarm system will detect movement in all required areas within the dispensary when the premises are vacant. The system will detect unauthorized entry at all ingress and egress points (including roof hatches), and all exterior windows using passive infrared (or other) motion detectors placed throughout the facility.

xviii. Alarm System

1. Prairie Grass will maintain an alarm system at the dispensary that is equipped with monitored sensors on all exterior doors, windows, and gates, pursuant to §44:90:04:10(1) and §21-028-Sec 17(f). Our alarm system will be equipped with an automatic voice dialer that will generate a pre-recorded message to alert the authorities via email, phone, text, or a combination of those methods in the event of a facility security breach, employee alarm activation, or alarm system failure, including, but not limited to, power outage, loss of supervision, or connectivity issues, pursuant to §5.44.160(f). Our security vendor will monitor and be capable of contacting the dispensary and, if necessary, law enforcement, pursuant to §44:90:04:10(2). It will have an audible alarm capable of being disabled remotely by our security company, pursuant to §44:90:04:10(3). The alarm system will trigger by the press of a button, by the breaking of glass, and by forcing open a locked door, reflecting compliance with §21-028 Sec. 17(f).
2. Prairie Grass alarm system will cover the following areas:
  - a. All limited access areas (all rooms containing medical cannabis, secure storage/vault, receiving, point of sale, security surveillance equipment room);
  - b. All entrances and exits, loading bays, overhead doors;

- c. Exterior windows or walls (sound activation)
  - d. Dry storage; and
  - e. Any area in the facility where employees interact with medical cannabis products pursuant §21-028-Sec 17(b).
3. Upon request, we will make all information related to the alarm system, monitoring, and alarm activity to the State pursuant to §21-028-Sec 13

xix. Video Surveillance System

- 1. Prairie Grass will have a video surveillance system that, at a minimum, consists of digital or network video recorders, cameras capable of meeting the recording requirements, video monitors, and digital archiving devices pursuant to §21-028-Sec 17(e). We will maintain a color printer capable of delivering still photos. The video surveillance system will be equipped with a failure notification system that provides notification to Prairie Grass of any interruption or failure of the video surveillance system or video surveillance system storage device.

*[Video surveillance system capabilities are as follows]*

- xx. Records of each exterior door and gate to allow identification of persons entering or exiting the premises; each door separating non-public areas from areas in which sales to patients and caregivers are made allowing identification of persons entering or exiting non-public areas; in sufficient number to allow the viewing, in its entirety, of any area where cannabis, cannabis products, or cannabis waste are stored, destroyed, prepared for transfer, sale, pursuant to §44:90:04:07(1)(2)(3) and Cameras that will comply with the South Dakota Administrative Rules for Medical Cannabis Dispensaries are required pursuant to §21-028-Sec 17(e) and will require store camera footage for no less than the (30) pursuant to §21-028-Sec 17(e).
- xxi. Recording by security cameras will meet the following requirements;
  - 1. Minimum resolution of 720 pixels, pursuant to §44:90:04:08(1)
  - 2. Internet protocol (IP) compatibility supporting live viewing by the department over a secure internet connection, pursuant to §44:90:04:08(2)
  - 3. Minimum of 15 frames per second, pursuant to §44:90:04:08(3)
  - 4. Clear and accurate display of time and date, pursuant to §44:90:04:08(4)
  - 5. Cameras set to record twenty-four hours a day at our establishment, 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, pursuant to §44:90:04:08(5)

6. A backup power source allowing for recording and transmitting video for a minimum of two hours during a power failure pursuant §44:90:04:08(6)

xxii. Video surveillance cameras will be installed:

1. All limited access areas (all rooms containing medical cannabis, secure storage/vault, receiving, point of sale, security surveillance equipment room);
2. Public access areas (excluding the restrooms)
3. All entrances and exits, loading bays, overhead doors;
4. Exterior windows;
5. Dry storage;
6. Any area in the facility where employees interact with medical cannabis pursuant to §21-028-Sec 17(e).
  - a. Each access road point will have a camera, capturing an image of the entire parking lot. The alarm system will be programmed to notify the security vendor, General Manager, Security Manager, or their authorized assignee in the event of a breach pursuant to §21-028-Sec 17(f). If unavailable, law enforcement will be contacted and dispatched.
  - b. Prairie Grass will secure the physical media or storage device on which surveillance recordings are stored in a manner to protect the recording from tampering or theft, pursuant to §44:90:04:09(1). Prairie Grass will store surveillance recordings for a minimum of ninety days, except in instances of investigation or inspection by the State, through its investigators, agents, auditors, or state police, pursuant to §44:90:04:09 and §21-028-Sec 17(e). We will retain all recordings until the State notifies the licensee that the recordings may be destroyed. This exceeds the minimum thirty-day recordkeeping requirement set forth by §21-028-Sec 17(e).
  - c. Our surveillance recordings are subject to inspection by the State and local agencies, through its investigators, agents, auditors, or the state police, and will be kept in a manner allowing the State to view and obtain copies of the recordings at the facility immediately upon request, pursuant to §44:90:04:09(2). We will also send or provide copies of the recordings to the State upon request within the specified time period. Prairie Grass has provided a Security and Surveillance Equipment Room Access List Log at the end of exhibit.
  - d. Prairie Grass will retain a record of all inspections, servicing, alterations, or upgrades to the security systems. A current list of employees authorized to access the security records will



be maintained onsite, pursuant to §44:90:04:09(2). A dedicated log for video surveillance records will include:

- i. Security Access Log
  1. Current list of employees authorized to access surveillance records
  2. The identities of the employee or employees responsible for monitoring the video surveillance system
  3. The identity of the employee who removed the recording from the video surveillance system storage device and the time and date removed
  4. The identity of the employee who destroyed any recording
  5. A maintenance log which includes:
    - a. Date/time
    - b. Name
    - c. Service

xxiii. Lighting

1. Any gate or perimeter entry point will have lighting sufficient for observers to see and cameras to record any activity within ten feet of the gate or entry, in accordance with §44:90:04:05. All exterior entrances and exits, all parking areas will be lighted at all times after dark, pursuant to §21-028-Sec. 17(d).

xxiv. Employee Alarm Procedures

1. The closing Manager on duty (MOD) will arm the alarm system at the end of each day. The alarm system will be set up to notify the General Manager (GM) and Security Manager if it is not armed after a specific time and will remotely arm the system. Our system will also be programmed to arm automatically at a specified time if the alarm is not armed upon exiting.
2. Employees will be assigned a unique duress code to use in the event of an emergency. If an employee is coerced to disarm a system by an intruder, entering the duress code will trigger a silent alarm dispatching authorities and notify personnel of a breach.
3. Panic buttons will be placed strategically throughout the dispensary to enable staff to trigger an alarm in the event of an emergency pursuant to §21-028-Sec 17(f). Once pressed, the panic buttons will immediately send text and email alerts to all appropriate security and management personnel. Triggering a panic button will also sound an audible alarm. Employees will also be trained in how to operate panic buttons strategically placed within the building. Select employees will be equipped with a remote panic button, located on their person.

xxv. System Backup

1. The facility's alarm will be equipped with a failure notification system that will provide an email, phone call, or text within five minutes of any failure in the surveillance system. A dedicated power supply will be installed to allow the alarm system to remain active in the event of a power outage for a minimum of four hours, pursuant to §44:90:04:10(4)
2. Company's Security Manager will be responsible for the following duties:
  - a. Maintain and implement security standard operating procedures (SOP's) pursuant to §21-028-Sec 18(b).
  - b. Manage and train security personnel
  - c. Provide training to personnel in risk and anti-diversion matters
  - d. Minimize risks to the premises by providing exterior entrances and parking areas with lighting after dark pursuant to §21-028-Sec 17(d).
  - e. Primary point of contact with security vendors
  - f. Ensure compliance with all security procedures
  - g. Master security technology such as video surveillance, passwords, and POS applications
  - h. Oversee security of cannabis product and cash (onsite/during transport) pursuant to §21-028-Sec 17(b)
  - i. All security systems (surveillance, alarm, and access) are consistently monitored pursuant to §21-028-Sec 17 (e).
  - j. All security equipment is in good working order
  - k. All security equipment is inspected on a monthly basis

xxvi. Incident Reporting

1. Incident reports will include a record of events witnessed by employees, or video recorded on the security and surveillance systems. The chain of events leading to possible break-ins or internal theft may be identified. An "incident" may be anything substantially out of the ordinary or suspicious that occurs during or after normal business hours. An attempted burglary or break-in, the presence of unauthorized individuals, or a patient or employee injury in the dispensary are all examples of noteworthy incidents. Serious incidents associated with theft or loss will be reported to the State and law enforcement agencies within one business day pursuant to §44:90:04:03. Incident Report forms will include the following and be provided along with relevant video surveillance footage upon request:
  - a. Witness name, contact information, signature
  - b. Incident date, time, location

- c. Person(s) involved in incident
- d. Witness incident description
- e. If an incident occurs or was reported to authorities, date of report and agency contact information including name(s) of agency employees

**c. SAFETY PLAN**

- i. Company's General Manager (GM) and Security Manager will work with selected security vendor(s) to further develop a Workplace Safety & Emergency Response Plan as part of a comprehensive security strategy pursuant to §44:90:03:05(4) and §44:90:04:06. The Security Manager will be responsible for training staff regarding safety, emergency protocols, and planning scheduled safety inspections by local regulatory authorities. The Quality Assurance Manager will maintain detailed records of inspection, health and safety concerns. The General Manager and the Security Manager will be responsible for security, and all day-to-day responsibilities.

ii. Worker Safer Standards

- 1. Employee and public safety is one of Company's foremost business considerations. Every attempt will be made to prevent accidents from occurring while conducting business. Company's safety and sanitation SOPs address both Occupational Safety and Health Administration (OSHA) regulations and best industry practices pursuant to § or-oz8 Sec i8(b). All employees will be fully trained in the safe and efficient use of the chemicals, tools, and machinery at the facility pursuant to §44:90:03:05(4)

iii. Chemical Handling Safety

- 1. Safety data sheets (SDS), material safety data sheets (MSDS), and product safety data sheets (PSDS) are an important component of product stewardship and occupational safety and health. They are intended to provide workers and emergency personnel with procedures for handling or working with that substance in a safe manner and include information including physical data (melting point, boiling point, flash point, etc.), toxicity, health effects, reactivity, storage, disposal, protective equipment, first aid, and spill-handling procedures. Company's standard operating procedures (SOP's) for chemical receiving, tracking, use, storage, and disposal will include references to relevant SDS applicable to that specific process. Prairie Grass will maintain a comprehensive database of all SDS in both hard copy and electronic scanned copies on site. Hard copies of the SDS for all hazardous chemicals to which employees may be exposed will be available in each chemical storage area in a designated SDS binder. Employees will be trained on the proper use of SDS and required to read the SDS for every chemical they use. The Quality Assurance Manager will be

responsible for obtaining all safety data sheets from manufacturers and maintaining an SDS binder pursuant to §44:90:03:05(5)

**d. EMERGENCY RESPONSE**

- i. Prairie Grass will create emergency notification procedures with their selected security vendor(s) integrating standard operating procedures (SOP's) for employee conduct and physical alarm utilization pursuant to §21-028-Sec 18(a) and §21-028-Sec 17(f). This alarm will provide timely notification to the State, law enforcement, and emergency response professionals. The Security Manager will ensure all equipment is kept in good working order and will have the system inspected by our selected security vendor on an annual basis. The security vendor will repair or replace any failed video surveillance component within twenty-four hours.
- ii. Facility Security and Crime Prevention
  1. All employees will attend a mandatory security and safety training program regarding personal safety and crime prevention techniques to prevent diversion, pursuant to §44:90:04:17. Our training will reinforce the Prairie Grass standard operating procedures (SOP's), establish a uniform response to armed robbery, invasion, burglary, or any other criminal incident, providing the safest possible environment for responding officers and involved citizens pursuant to §21-028-Sec 18(a). Training may include:
    - a. Evaluation of the dispensary and areas vulnerable to attack
    - b. Evaluation of suspicious persons, vehicles, or packages
    - c. Locations of the Emergency Alert System and other media devices
    - d. Location of the silent alarms under each point-of-sale terminal and the portable buttons to notify local law enforcement that a robbery is in progress or police presence is necessary pursuant to §21-028-Sec 17(f)
    - e. Dispatcher communication
    - f. Emergency responder logs/forms
    - g. Avoiding bomb activation
    - h. Identifying a predetermined safe location away from the facility
    - i. Several copies of the door plan to assist emergency personnel
    - j. Understanding the potential of a community-wide threat
    - k. How to handle potentially false alarms
    - l. Documentation of the incident
  2. Employees will be trained to observe the premises for suspicious persons or activity prior to entering the facility. The opening Manager On Duty (MOD) will perform a complete walkthrough of the facility each day identifying potential safety hazards pursuant to

§44:90:03:05(5). These inspections will include looking for burned out bulbs, damaged equipment, cleanliness, evidence of pests, and other factors that could affect safety. Any observations will be noted and corrected as soon as possible.

3. If suspicious activity is noted, the observing MOD will immediately notify on-duty security personnel of the potential threat before approaching the facility. If the person or activity is deemed to be a threat, security will notify local law enforcement. As soon as the potential threat has been mitigated, MOD will enter the facility and record an Incident Report.
4. Security training for employees will include procedures for facility inspections at the end of each day. These inspections will include walkthroughs of each checking for visible security risks including inoperative lighting, damaged or inoperative security equipment, and unauthorized persons in the facility.
5. Employees responsible for closing the dispensary will be trained to view the exterior surveillance monitor to establish there are no observable security threats before departure. A potential threat can include suspicious persons, and suspicious activities taking place near the licensed premises. Closing procedures will also include a final exterior walkaround confirming all entrances and exits are secure §44:90:03:02.
6. Employees who are required to operate security alarm systems will be trained to activate and deactivate the alarm, how to respond to burglary, fire, and other types of emergencies pursuant to §21-028-Sec 17(f). Trained personnel will use the alarm system and be issued a unique control panel code identifying employee actions. Staff training will include the “All-Clear” and “Distress” codes assigned to the facility by the security alarm monitoring company, and the appropriate use of each code in the event of an actual or false alarm.
7. Prairie Grass will conduct regular security and safety drills to ensure that employees know the necessary action in varying scenarios. Mock drills will help prepare personnel to protect themselves while observing security procedures. Identifying limitations that can be enhanced with modifications to the security system or altering response plans should be identified by any team member. Throughout the business day, a minimum of two employees will be present in the facility, especially during opening and closing procedures. Company’s security vendor(s) will monitor the licensed premises 24 hours a day. 7 days a week

iii. Emergency Operating Procedures

1. The purpose of the Emergency Operations Plan (EOP) is to organize Company’s response to emergencies and disasters while providing for the safety and welfare of its staff and patients. The EOP addresses emergencies and disasters caused by natural or manmade

events. The EOP covers the full range of changing requirements prior to, during, and following an emergency or disaster. It outlines authority, responsibilities, organizational relationships, and shows how emergency actions will be coordinated pursuant to §21-028-Sec 18(a).

2. The EOP will identify by name and title the primary person who will be in charge during an emergency, and at least one alternate who will be in charge if the primary is unable to serve in that capacity. Specific Job Action Sheets will be available for each employee that instructs them on what to do during a shelter-in-place or evacuation event. These sheets will be kept handy for employees, either at workstations or in Go-Kits. Go-Kits will be prepared in advance and stored at each workstation.
3. Several copies of the EOP will be located around the dispensary and employees will know where they are kept. Prairie Grass will maintain a list of critical documents prioritized in case of emergency evacuation, and a plan for transporting these documents to an alternate location in the event of an evacuation (including the name of the person, and a responsible alternate) pursuant to §44:90:03:05(7).
4. The EOP will plan for as many emergency scenarios as possible, particularly during power losses from severe weather. Since power may go out, employees may store non-perishable food and water at the dispensary. The facility will have the ability to communicate without power, cell phones, cable or other hard line telephones by using a battery-operated two-way radio, or a hand-crank radio. Backup batteries will be kept on hand at the facility. During an extended emergency situation, such as severe weather, resources will be carefully managed to mitigate issues with garbage storage as if routine service is delayed or stopped.
5. Prairie Grass recognizes the importance of sharing its EOP with local government emergency managers (city and county). This will ensure that emergency responders include the facility when planning for community-wide emergencies. Emergency managers can also help assess local hazard risks and list nearby resources (shelters, transportation, etc.). Emergency plan review and maintenance will be conducted by Prairie Grass at least once a year and may include:
  - a. Communications with the local Office of Emergency Management (OEM);
  - b. Close review of evacuation destinations and directions;
  - c. Physical plan analysis along with annual fire safety reviews;
  - d. Mutual aid agreements with other facilities, agencies, etc.
  - e. Evacuation maps;

- f. Procedures for Sheltering in Place, evacuation, fire hazards, and any other hazards;
  - g. Cross-training efforts and cross-coverage assignments;
  - h. Designated staff and departmental emergency assignments;
  - i. Staff organizational chart and
  - j. Supplies list pursuant to §44:90:03:05(5)
- 6. Prairie Grass will keep at least one copy of any confidential information off-site in a secure, restricted access location as insurance from loss due to fire. HIPAA laws still apply during disasters, so confidential facility information will not be left unsecured or stored in a manner that allows access to those other than the authorized facility employees.
- 7. If there is a hazard, such as a fire, gas leak or chemical spill, occupants within the building will be evacuated or relocated to safety pursuant to §21-028-Sec 17(c). Incidents such as a bomb threat, or receipt of a suspicious package may require evacuation. During severe weather, everyone will be moved away from exterior glass in the strongest part of the building. If a transportation accident on a nearby highway results in the release of a chemical cloud, the are department may advise “sheltering-in- place.” To protect employees from an act of violence, “lockdown” will be broadcast and everyone will hide or barricade themselves from the perpetrator.
- 8. The emergency plan will include the following protective actions for life- safety:
  - a. Evacuation;
  - b. Sheltering
  - c. Shelter-In-Place;
  - d. Lockdown

9. Evacuation

- a. Prompt evacuation of employees requires a warning system that can be heard throughout the facility. Regular testing of the fire alarm system will verify that it can be heard by all employees pursuant to §21-028-Sec 17(c). In the event of a fire alarm system failure, a public-address system, or air horns could be used to warn everyone to evacuate.
- b. The dispensary will be designed and regularly inspected to make sure that there are at least two paths of egress from each entryway on every floor pursuant to §21-028-Sec 17(c). Exits will be marked with illuminated signs and sufficient emergency lighting to direct people safely to them §44:90:03:05(5)
- c. Prairie Grass will conduct regular drills to ensure employees are familiar with the alarm sound and understand evacuation



procedures. When employees are evacuated from a building, OSHA regulations require a documented head count to ensure that everyone has gotten out safely. To be sure all employees are accounted for during an emergency, an employee visitor log will be maintained in a designated common work area and assigned to an employee to take to the assembly area when the building is evacuated pursuant to §21-028-Sec 18(a). These lists will then be used to inform emergency first- responders whether everyone has been accounted for. A fire, chemical spill or other hazard may block an exit, so alternate routes and safe exits will be designated for every area pursuant to §44:90:03:05(4).

- d. An appointed evacuation team leader will establish a safe assembly area for evacuees away from the building, with at least one primary and one backup “floor warden” per door to direct employees to the nearest safe exit. Employees or other persons with disabilities requiring special assistance to evacuate or shelter will be assigned an aide or assist during an emergency. Prairie Grass will work with the local fire department to develop a plan to evacuate persons with disabilities pursuant to §21-028-Sec 17 (c).

#### *10. Sheltering*

- a. If an emergency weather warning is issued, a distinct signal will be broadcast and everyone will move to shelter in the strongest part of the building. Shelters may include basements or interior rooms with reinforced masonry construction (e.g., the vault).
- b. During regular drills, current and potential shelter space will be checked to ensure they still hold all employees. Since there may be little time to shelter during an emergency an early warning is crucial. Severe storm monitoring with ensure early notification of an emergency occurs.

#### *11. Shelter-In-Place*

- a. Prairie Grass will develop a shelter-in-place plan that will include a means to warn everyone to move away from windows and move to the core of the building. Anyone working outside will be encouraged to enter the building for protection. After moving everyone to safety, exterior doors and windows will be closed and the building’s air handling system will be shut down. Everyone will remain sheltered until it is safe to evacuate.

## 12. Lockdown

- a. An act of violence in the workplace could occur without warning. If loud “pops” are heard and gunfire is suspected, every employee will be trained to hide, and remain silent. They will seek refuge in a room, close and lock the door, and barricade the door when possible. They will be trained to hide under a desk, in the corner of a room and away from the door or windows. Multiple people will be trained to broadcast a lockdown warning from a safe location.

## **XXII. ODOR CONTROL PLAN**

### **a. Prairie Grass Standard**

- i. Prairie Grass developed an odor mitigation strategy to minimize marijuana smells emitted by the dispensary to prevent nuisance while having a positive community effect. The facility will exhaust, neutralize, and ventilate any odor from marijuana and cannot be detected by those with normal sense of smell from an adjoining property, or property line.
- ii. Windows and exhaust vents will not be positioned on outside of the building facade that abuts any residential zoning area. Rooftops will be equipped with exhaust vents to exhaust away from residential use zones. We are considering potential impacts on neighboring properties when designing our facility, selecting our site, and developing our standard operating procedures (SOP’s). Our HVAC systems will include a primary and secondary system assisting with odor detection outside of the facility.

### **b. Our Building**

- i. Our walls are designed at full height and extend to the bottom of the roof deck and will be adequate to minimize odors into surrounding areas. Our collaboration and facility design are driven by registered design professionals in compliance with all Brookings Building Codes. The system includes processed air to prevent odors while replenishing exhausted air. This technology ensures comfort and premium working conditions for Prairie Grass patients and employees. The design of this system will ensure there are no detectable odors present from the exterior of the building as well as other rights-of-way, and adjacent property.
- ii. Prairie Grass will use contemporary heating, air conditioning, and ventilation system with carbon filters to control odors will be in place. A constant supply of fresh air will be present in the facility. Air exchanges constantly at the speed of several times per hour will circumvent any odors present in the interior of the building. The system design will be compliant with all other codes and will not impede life safety systems, fire prevention devices, fire detection suppression, or smoke systems. Our facility will meet all adopted Fire Code requirements.

- iii. Prairie Grass will implement guidelines to ensure no odors are present from the exterior of the building, and no nuisance is created. We will properly secure closing doors for all entry and exit points reducing possibilities for odor permeation, maintain proper air pressure to control odors, dispose of all waste in compliance with all local and state regulations, and ensure all packaging for marijuana products is compliant. Our Security Manager will determine if any odor is emanating from our building.
- iv. We will conduct routine odor control audits on the facility and equipment, track maintenance, filtration changes complying with manufacturers specifications, and sanitize the facility each day at opening and closing with friendly cleaning products in compliance with regulations. Our odor management plan will be modified if any facility changes occur, and personnel training will include checking for unusual odors. Performing reviews of odor mitigation equipment annually supports adopting industry standards and best practices. Ongoing communication with neighbors, stakeholders, businesses, conducting anonymous surveys, and attending community events will allow us to obtain feedback that can help us develop more effective odor control guidelines.

c. Odor Prevention Devices

- i. Prairie Grass will utilize an ionization unit as the primary method of mitigating odors. These devices are tested for Clean Air Delivery Rate and focus on air safety when increasing efficiency of mold and dust removal. We will position devices where there is a potential for odors including receiving rooms and storage areas. Our carbon filters will perform secondarily to assist with reducing odors. Our facility will be equipped with ionization causing odor binding to ionic charges to minimize odor. Confining odors by increasing filtration processes allows for airflow distribution throughout the facility.

d. Commercial PHI Unit

- i. Reducing harmful volatile organic compounds (VOCs) caused by smoke and air pollution is reduced with implementation of this device. This solution is designed to kill viruses, bacteria, and mold. Our unit can be easily mounted to existing air ducts prohibiting odor release to the outside. The HVAC system will work with the Commercial PHI unit performing an oxidation process including ozonide ions, super-oxide ions, hydroperoxides, and hydroxide ions. All of these processes are classified as “low oxidizers” converting to hydrogen and oxygen while reducing pollutant oxidation.
- ii. Hospitals have used UV light rays for years to destroy germs, bacteria, and viruses. This method is reliable and can be used in conjunction with an existing HVAC duct system. Reducing airborne micro-organisms with germicidal UV light passes directly through its rays and has no effect on odor, vapor, or gas. This advanced oxidation process is effective in these settings. A low-level ozone and UV light enhanced compound target can

reduce the ozone to safe levels. Employing the correct UV light wavelength coupled with triple function can use safe solutions for air purification.

e. Carbon Filters

- i. Our odor mitigation model includes utilizing premium activated carbon filters in the HVAC system. The HVAC intake ducts permit filters to attach to them offering benefits to all areas where handling, storage, display, and marijuana packaging occurs. Our specialized filters scrub the air and absorb contaminants into the carbon material allowing recirculation to occur within the HVAC system. We selected a filtration system with a reputation for providing quality filters with increasing shelf life.

f. Packaging

- i. Each area will use filters to absorb the majority of odors with a particulate matter filter. Prairie Grass may choose to package large amounts of flower in compliance with §44:90:10:01:01. A designated schedule with authorized personnel will be implemented when pre-packaging flower. All other marijuana products including edibles, topical, beverages, oils, and Strictures will be pre-packaged and ready for sale minimizing potential odor in compliance with §44:90:10:02.
- ii. All products will be placed in opaque exit bags. provide child proof packaging and be resealable before transferring to caregivers or patients in compliance with §44:90:10:02(3)(4).

g. Product Access

- i. Displays and samples can create odors in our facility. Though this occurs briefly we will decrease odors while maintaining sample quality. Personnel will remove and reseal sample jars quickly to minimize odors. We will secure all products unless caregiver or patient access is necessary.

h. Filter Maintenance

- i. Personnel will be trained on how to complete routine maintenance of all filters during initial training. Every team member will understand how to remove and re-insnfil filters for maintenance and inspection. The pre-filter process includes vacuuming debris and dust from pre-filters, and replacement twice per year. Carbon filters will require exterior vacuuming and adhering to manufacturer guidelines. A routine check will be completed on a monthly basis to determine if the bulb is operational. The manufacturer instructions explain a sight glass method as the best way to determine correct operations. Maintenance will require inspection every four years if used 50% of the time.
- ii. Each team member performing installation of filters will affix a label outlining date and time of replacement and next date of service. Records for service and maintenance will include type of filter, time, date, device model, serial number, and the name of personnel completing service. All odor packaging will remain in a secure storage area in an enclosed container

compliant with §44:90:04:24(1)(2). Any item requiring disposal will remain sealed until destruction. All personnel will be instructed to keep all containers closed in the storage area.

i. Odors

- i. Prairie Grass will manage all complaints and system failures by utilizing standard operating procedures (SOP's). Our General Manager (GM) will walk around the facility perimeter verifying no odors are present. If evidence of an odor exists a report will specify where it was located. The General Manager (GM) shall handle all complaints and complete a written report of any occurrence. Each report shall include name of the reporting party, description, personnel taking the report (including badge number), complete an investigation, diagnostic process used to isolate the odor, and provide written resolution.

### **XXIII. GOOD NEIGHBOR PLANS**

As an organization we realize that when we begin operations we will become a member of the surrounding communities and as such we want to become a valuable and productive member within said communities. Safety for our employees and the surrounding communities is of upmost importance to our organization. We have plans to develop and implement community outreach programs. Such programs and events will include food and clothing drives for local food banks, churches, and others. A plan to donate a certain percentage of yearly profits to schools and infrastructure of the surrounding community is also in development.

a. Good Neighbor Policy

- i. It is our policy to implement and execute a Good Neighbor Plan and respond to any reasonable complaint immediately to the complainant with a proposed solution and within 10 days or as requested by the South Dakota Department of Health. All neighbor communications must be maintained as part of the company record. The intent is one of mutual respect between neighbors; to avoid adversarial positions, to treat others as one would like to be treated; to keep an open mind; and be willing to cooperate with neighbors with a goal of creating a safe and healthy neighborhood environment.
- ii. Prairie Grass will work hard to build positive relationships with the residents and businesses and will continue to build relationships with the community through:
  1. Introduction meetings with all surrounding businesses, building owners, and residents
  2. Educational information sessions to discuss the benefits of cannabis and the company's overall mission and goals
  3. Open feedback channels so any new concerns can be immediately addressed through our website, telephone, or mail
  4. Complete compliance with all state and local ordinances

5. Non-obtrusive business practices that ensure our business is discreet and operates like any other business
6. No blatant signage with offensive symbols or verbiage
7. Unmarked discreet transportation vehicles

b. Environmental Plan

- i. Conservation and the reduction of our carbon footprint within the communities we operate in is a primary objective of the organization. This will be implemented throughout the entire organization and at every facility. We will look for new and innovative ways to reduce our carbon footprint within the dispensary and/or the dispensing organization facility. 'Reduce, Reuse, and Recycle' will be implemented on an organization-wide scale.
- ii. Environmental sustainability is of the highest priority in order to promote a sustainable community and ensure the impact of our business is positive and influential in achieving future environmental goals. Various factors will be considered thoroughly when planning equipment, procedures, and methodology including air quality, climate, ecological health, energy efficiency, water quality, transportation, and waste.
- iii. The dispensary management will also create and implement an employee conservation plan. The employee conservation plan will detail specific actions employees can take for conservation efforts to try and reduce their carbon footprint. A possible reward program may be created and implemented to reward facility employees for conservation efforts.

## RESTOCK LOG

[illegible]

[illegible]



## SECURITY SURVEILLANCE ACCESS LOG

**INSTRUCTIONS:** Use this log to record your access to the Security and Surveillance Equipment Room and monitoring of surveillance equipment, entering the reason for your presence here and the date and time of access.

Date	Time	Employee Accessing DVR	Purpose:	Date Accessed	Time Accessed	Requested by	Was footage downloaded?	QAM Initial s

## SECURITY AND SURVEILLANCE EQUIPMENT ROOM ACCESS LIST

This is the current list of individuals having access to the Security and Surveillance Equipment Storage Room. Only those on this list are essential to maintain security and surveillance operations. All other will be denied access to the Security and Surveillance Equipment Room

THIS LIST IS AVAILABLE TO THE DEPARTMENT OR AUTHORIZED AGENTS IMMEDIATELY UPON REQUEST.

NAME OF EMPLOYEE	AUTHORIED ENTRY	DATE AUTHORIZED
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**KEY CARD TRACKING LOG**

**INSTRUCTIONS:** Use this log to record the issuance and return of ALL keys and/or biometric key cards, number of the key, employee to whom it was issued, and date of return.

KEY CARD NUMBER	DATE ISSUED	EMPLOYEE	RETURNED

## **BUILDING LOCATION**



40580007000210  
722 WESTERN AVE

724 WILSON AVE  
405.880.1000/05

310 W 7TH ST  
405800010000310

DOI: 10.1002/1097-4644

ISHLZ M827  
C0600001092707

404250100001000

15HLLMZZZ  
00110000106200

18114 M 912  
002100001062007

ISHI/MPC  
000000000000

DSH12 M D12

15 JUL 1962

200001002

124 7TH ST W

40420060009300  
122-7TH ST W  
MISHAWA, MI 49851

MISPLZ BM  
006100990007ECP

WASHIZ 24

M 15412 001

MALSHIE BOI

203951 AVE

630 WESTERN AVE  
401 800 000 000 000

1511 W 6TH ST

40183 000000 200

740183000000100

404150830002300  
516 WILSON AVE

3013 HUGHES AVE

112 HUGHES AVE.  
0245902403510

04750020001700

1

1990

[illegible]

404350030002700

404350030000100

40-43502-0002-000  
216 W 6TH ST  
40-43502-0002-000

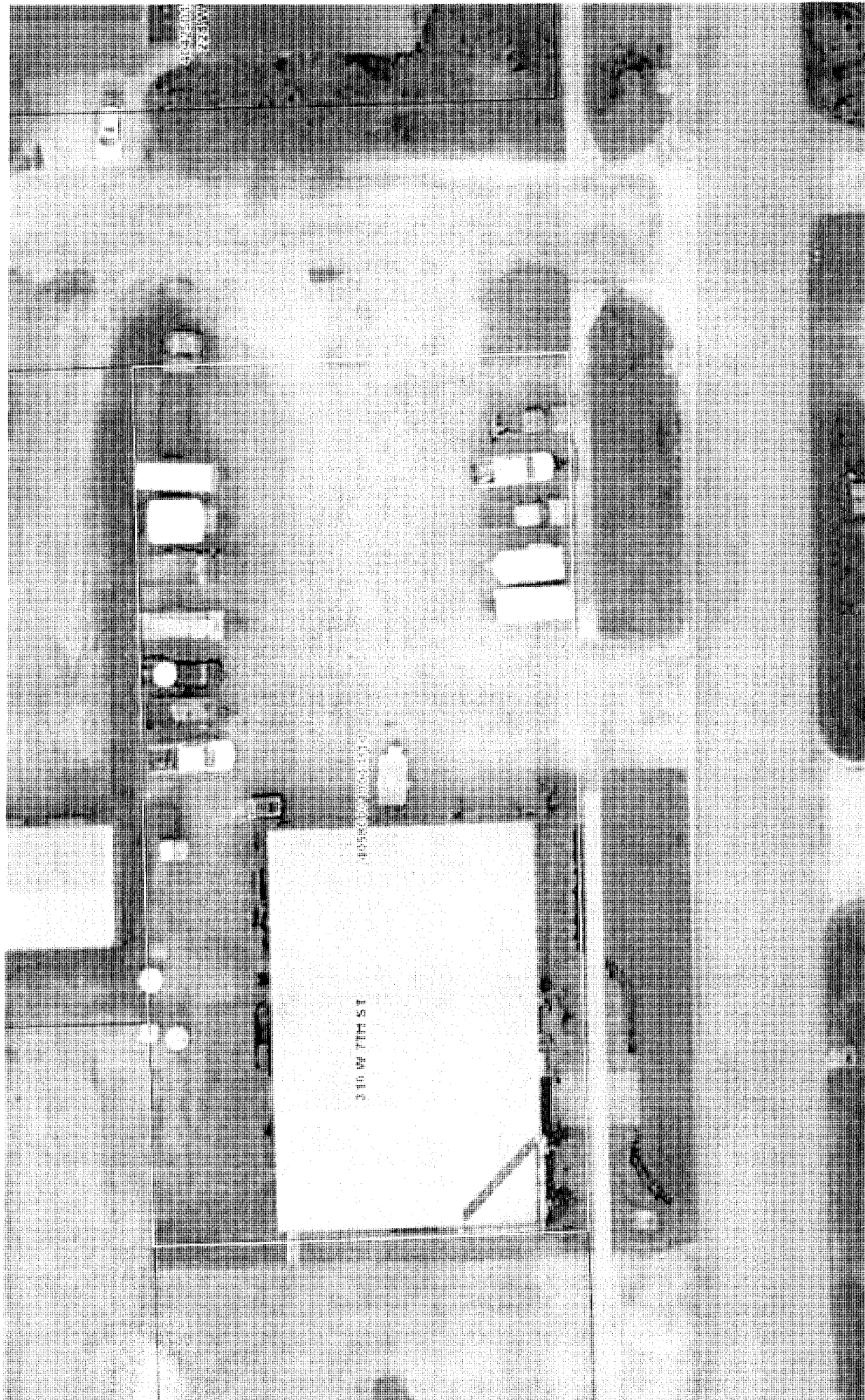
214 W 6TH ST  
404350020000100

00010052107

02458013000:00

04W6THST

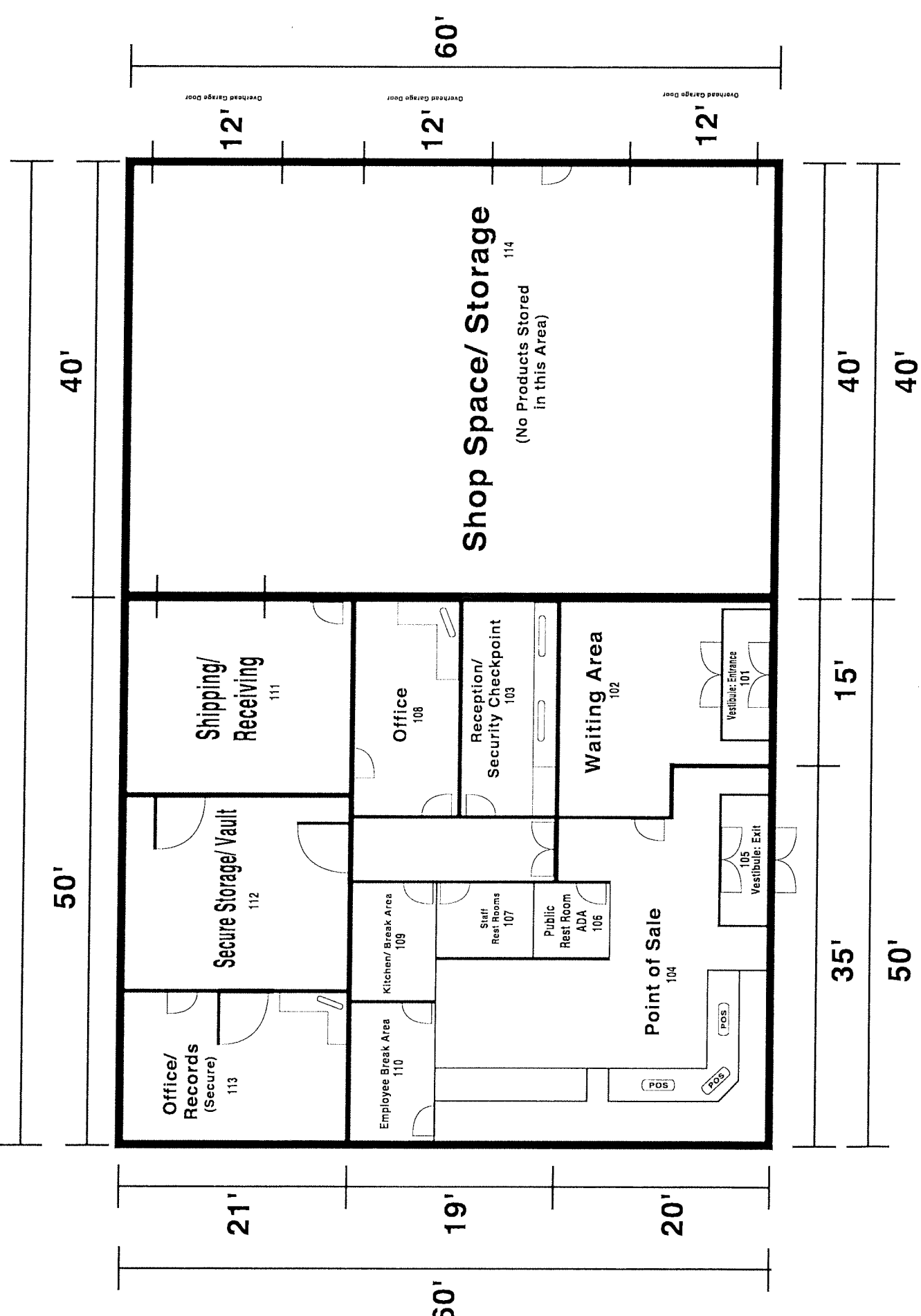




# Prairie Grass Dispensary Site Plan

310 7th St W, Brookings

Existing Structure 90'







## **MEDICAL CANNABIS ESTABLISHMENT INDEMNIFICATION AGREEMENT**

This MEDICAL CANNABIS ESTABLISHMENT INDEMNIFICATION AGREEMENT (hereafter the "Agreement") is entered into this 20 day of December, 2021, by and between Trifon S. Theodoropoulos (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, Applicant will indemnify and hold harmless the City of Brookings, and its officials, officers and employees, from and against liability, claims, damages, losses and expenses, including but not limited to attorneys' fees arising out of or in any manner that results from any arrest or prosecution of the Applicant's business owners, operators, employees, clients or customers of the licensee for a violation of State or federal laws, rules or regulations in the operation of a medical cannabis establishment the Applicant operates in the City of Brookings.

3. The issuance of a medical cannabis license by the City of Brookings pursuant to this section shall not be deemed to create an exception, defense or immunity for any person in regard to any potential criminal liability the person may have under State or federal law for the cultivation, possession, sale, distribution or use of marijuana.

4. In the event there is a claim against the City of Brookings, South Dakota or its officials, officers or employees who are indemnified under this Agreement brought by an employee of a Medical Cannabis Establishment Applicant, or its subcontractors, or anyone directly or indirectly employed by them or anyone for whose acts they may be liable, then this indemnification obligation shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Medical Cannabis Establishment Applicant or its subcontractors or employees under the workers' compensation laws.

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

**MEDICAL CANNABIS ESTABLISHMENT  
APPLICANT**

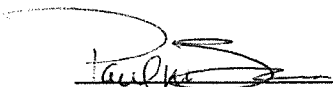
  
By: Trifon S. Theodosopoulos  
Its: Owner

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


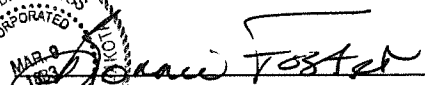
By: \_\_\_\_\_  
Its: Owner

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

**CITY OF BROOKINGS, SOUTH DAKOTA**

  
Paul Briseno, City Manager

ATTEST:

  
  
Bonnie Foster, City Clerk