

MARIN COUNTY BOARD OF SUPERVISORS

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION DENYING THE FOREST KNOLLS WELLNESS APPEAL OF THE COUNTY ADMINISTRATOR’S DECISION AND DENYING THE FOREST KNOLLS WELLNESS MEDICAL CANNABIS DISPENSARY LICENSE APPLICATION

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SECTION I: FINDINGS

1. WHEREAS, on August 31, 2016, Forest Knolls Wellness submitted an application and fees for a medical cannabis dispensary license to the Community Development Agency pursuant to the requirements of Marin County Ordinance 3639 and the implementation program. The proposed dispensary is located at 6700 Sir Francis Drake Blvd, Forrest Knolls, and would be comprised of a medical cannabis dispensary within an existing 1,022 square-foot building on a lot shared with additional commercial buildings. With dispensary hours of operation Monday – Sunday 9 a.m. – 9 p.m. and delivery hours not specified.

2. WHEREAS, on April 10, 2017, the County Administrator (CAO) denied the proposed license. The CAO found that the proposed application did not meet and exceed all of the review criteria in Marin County Code Section 6.85.061 with the right combination of experienced applicant/operator, a location that adequately accommodates the use without significant neighborhood impacts, and an operating plan that fits with the type and scale of the proposed dispensary use, and the requirements of Marin County Code Section 6.85.042.

3. WHEREAS, the applicant submitted a timely appeal of the CAO’s decision, claiming substantial evidence does not support any of the County’s purported findings.

4. WHEREAS, on May 23, 2017, the Board of Supervisors conducted a public hearing to consider the appeal.

5. WHEREAS, for this application, the Board of Supervisors finds that the applicant did not meet “Review Criteria A” under Marin County Code 6.85.061 related to consistency with State law, local law, and the Ordinance itself (“That the dispensary is consistent with the intent of Proposition 215 and related State law, the provisions of this chapter and the County code . . .”) The Board bases this finding on the expressed concerns of the Advisory Committee, independently verified by this Board upon review of the application materials.

- a. Verified Advisory Committee Concern: “Concern regarding potential involvement of a reality television personality with notoriety in the cannabis industry.” (Attachment 8; Forest Knolls Wellness 00088; Advisory Committee Report). Specifically, while he may not have been named in the application, the Board finds that Matt Shotwell attended a 2016 community “meet and greet” and used pronouns such as “I” and “me” in reference to the proposed dispensary (Attachment 9; Public Comments 01345; 11/17/16 email from Amos Klausner), and because in a YouTube video published August 14, 2015 (See <https://www.youtube.com/watch?v=MnRW-AQikxY>; link provided to County in email from Mr. Klausner) Mr. Shotwell can be seen saying, “Everyone says it’s about the

kids and the epilepsy and that's great but ... it's about the money, whether people want to talk about it or not, it really is," the Board finds it would be inconsistent with the provisions of Marin County Code Chapter 6.85 (which requires that no cannabis should be sold for a profit) to grant the subject license.

- b. **Verified Advisory Committee Concern:** "applicant Kip Baldwin has no dispensary or small business experience." (Attachment 8; Forest Knolls Wellness 00088; Advisory Committee Report). Specifically, because it is true that applicant Kip Baldwin has no experience running a dispensary (Attachment 8; Forest Knolls Wellness 00124-00125; Application), and because a lack of experience generally casts doubt on the applicants' ability to meet the operational requirements set forth in Marin County Code Chapter 6.85, and because such doubt is not otherwise eliminated or dispelled by the details of the applicants' operational plan (Attachment 8; Forest Knolls Wellness 00189-00202; Application), the Board finds that it would be inconsistent with the provisions of Marin County Code Chapter 6.85 (which seeks to only award license to applicants who have demonstrated an ability to meet all operational requirements) to grant the subject license.
- c. **Verified Advisory Committee Concern:** Found that Forrest Knolls Wellness "plan includes expansion to recreational distribution when legally allowed" (Attachment 8; Forest Knolls Wellness 00088; Advisory Committee Report). Specifically, because the application does indicate the future intention of selling recreational marijuana (Attachment 8; Forest Knolls Wellness 00097; Application), and because a for-profit, recreational marijuana operation would have an incentive to make as many sales as possible, and because the application itself hints at the possibility of such future intentions, the Board finds this evidence of Forest Knolls Wellness' future non-profit intentions is sufficient to show that approval of the dispensary would be inconsistent with the mandatory non-profit provisions of Chapter 6.85.042(H)(4), stating "a dispensary shall not cultivate, distribute or sell medical cannabis for a profit," and thereby fails to meet "Review Criteria A" under Marin County Code 6.85.061.
- d. **Verified Advisory Committee concern:** "parking does not meet standards, and 7 spaces appear to encroach onto Caltrans right of way" (Attachment 8; Forest Knolls Wellness 00088; Advisory Committee Report). Upon reviewing the application, the Board has verified this Advisory Committee concern. (Attachment 8; Forest Knolls Wellness 00213; Application). Specifically, because it is true that the applicant's proposal does not meet the parking requirements per Marin County Code 24.04.340, this advisory committee concern is sufficient to show that the proposed dispensary, if approved, would be inconsistent with the intent of provisions within the Marin County Code related to minimum parking requirements.

6. **WHEREAS**, for this application, the Board of Supervisors finds that the applicant did not satisfy "Review Criteria A" under Marin County Code 6.85.061 related to application submittal requirements ("That the dispensary license is consistent with . . . the application submittal and operating requirements herein."). Specifically, the applicant did not provide an operating plan describing the number of patients the dispensary intends to serve, let alone show how the dispensary would establish "controls that will ensure limitations on number of patients are adhered to." Such a submission is required by Marin County Code 6.85.061(A), which incorporates Marin County Code 6.85.050(F)(13)(c) and 6.85.050(F)(15)'s precise requirements that the applicant describe the number of patients that will be served and provide a plan for

controlling the number of patients. The Board bases this finding on the expressed concerns of the Advisory Committee, independently confirmed by this Board upon review of the application materials.

- a. **Verified Advisory Committee Concern:** “operating plan is deficient in that it did not include details on patient limits” (Attachment 8; Forest Knolls Wellness 00088; Advisory Committee Report). Specifically, as this Board finds that it is true that the application did not indicate the proposed number of patients and did not describe any controls that would ensure limits on number of patients (Attachment 8; Forest Knolls Wellness 00189-00202; Application), and because those are required submittals under the Ordinance, the Board finds this evidence is sufficient to show that granting a license would be inconsistent with the application submittal requirements set forth in the Ordinance and, therefore, “Review Criteria A” is not met.

7. **WHEREAS**, for this application, the Board of Supervisors finds that the applicant did not meet criteria “L” under Marin County Code 6.85.061 (“That the dispensary would not adversely affect the health, peace, or safety of persons living or working in the surrounding area, overly burden a specific neighborhood with special needs or high impact uses, or contribute a public nuisance; or that the dispensary has resulted in repeated nuisance activities including disturbances of the peace, illegal drug activity, ingesting cannabis in public, harassment of passerby, excessive littering, excessive loitering, illegal parking, excessive loud noises, especially late at night or early in the morning hours, lewd conduct, or police detentions or arrests.”) The Board bases this finding on the existence of expressed concerns by neighbors and the verified concerns of the Advisory Committee.

- a. **Existence of Neighborhood Concern:** Nearby neighbor Lagunitas School District passed a resolution stating, “our school district, which includes a preschool and an after school program, is located in very close proximity to the proposed location of the medical marijuana dispensary, and . . . the only route available to and from school for a large percentage of our student body passes the proposed location of the medical marijuana dispensary, and . . . a school bus stop is located immediately in front of the proposed location of the marijuana dispensary.” (Attachment 9; Public Comments 01079; 11/17/16 Resolution 2017-08) Also, Principal Laura Shain separately wrote, “A marijuana dispensary near our students’ bus stop, on their walking and biking route to and from school each day, on the Valley’s ‘Main Street’ – the one way in and out of town – gives the wrong message to our children. The Constant, visual reminder will normalize use for our young people. The proposed proprietor has shown that he uses extreme imagery to appeal to young people.” (Attachment 9; Public Comments 01080; 11/22/16 letter from Laura Shain). Specifically, because it is not unreasonable to be concerned about youth finding ways to gain access to marijuana at this particular location, or being exposed to marijuana use in the immediate vicinity of this particular location, the Board finds that the existence of this rational neighborhood concern, as expressed by School officials, is sufficient to show that that the dispensary would adversely affect the health, peace, or safety of persons living or working in the surrounding area.

8. **WHEREAS**, the Board, after reviewing all of the arguments presented in the applicant’s written appeal, and after hearing the arguments and evidence presented at the

hearing, finds that the applicant/appellant has failed to negate the existence of the above-stated evidence that justifies denial of the license.

**SECTION II: ACTION**

NOW, THEREFORE, BE IT RESOLVED that the Marin County Board of Supervisors hereby denies the Forest Knolls Wellness Appeal and upholds the County Administrator's decision by denying the Forest Knolls Wellness application for a medical cannabis dispensary license.

**SECTION III: VOTE**

ADOPTED at a regular meeting of the Board of Supervisors of the County of Marin, State of California, on the 23<sup>rd</sup> day of May, 2017, by the following vote to wit:

AYES: SUPERVISORS

NOES:

ABSENT:

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JUDY ARNOLD, PRESIDENT  
MARIN COUNTY BOARD OF SUPERVISORS

ATTEST:

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Matthew H. Hymel  
Clerk of the Board of Supervisors

APR 24 2017 PM 4:27 Planning

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APR 24 2017

COUNTY OF MARIN  
COMMUNITY DEVELOPMENT AGENCY  
PLANNING DIVISION

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April 24, 2017

Via Hand Delivery & Email

Ms. Inge Lundegaard, Planner  
Community Development Agency  
County of Marin  
3501 Civic Center Drive, Suite 308  
San Rafael, CA 94903  
Email: [ilundegaard@marinCounty.org](mailto:ilundegaard@marinCounty.org)

Re: **Appeal of Notice of Decision - Forest Knolls Wellness Medical Dispensary**  
License Application  
Application ID: 16-0047  
6700 Sir Francis Drake Boulevard, Forest Knolls  
Assessor's Parcel: 168-131-23

Dear Ms. Lundegaard:

Pursuant to Marin County Code Section 6.85.063, Forest Knolls Wellness (the "Applicant" or "FKW") submits this letter outlining the grounds on which it appeals the County of Marin Community Development Agency's (the "County") decision to deny its license application and submits an appeal fee of \$1,200.

**I. Introduction**

The April 10, 2017 Notice of Decision (the "Notice") provides the following purported basis for denying Application ID: 16-0047:

"None of the proposed cannabis dispensary licenses met and exceeded all of the review criteria in Marin County Code Section 6.85.061 with the right combination of experienced applicant/operator, a location that adequately accommodates the use without neighborhood impacts, an operating plan that fits with the type and scale of the proposed dispensary use, and the requirements of Marin County Code Section 6.85.042

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FOREST KNOLLS WELLNESS 00005

The advisory committee provided me with valuable information about the results of the public input process. I carefully investigated specific neighborhood concerns that were being raised in the public process. For example, I looked at the extent that any proposal might increase cannabis access to minors, specific traffic concerns, etc. Then, looking at all of the information before me, I made my own assessment of all the review criteria listed in Marin County Code. I found public comments were particularly helpful in investigating whether the dispensary would 'adversely affect the health, peace or safety of persons living or working in the surrounding area, overly burden a specific neighborhood with special needs or high impact uses, or contribute to a public nuisance ...' under Marin County Code 6.85.061(L)."

The Notice attaches a 16-page "Medical Cannabis Advisory Committee Dispensary Applications Evaluation" (the "Evaluation"), which on page 4 in relation to FKW states:

- "Central Marin – San Geronimo Valley Community
- Received 6 letters in general support of a Dispensary in Central/West Marin. Approximately, 10 of the 80 speakers at the Community Meeting were in support of a Dispensary. In addition, the applicant initiated a Change.org petition and it received 156 signatures in support from Marin residents (472 received that were not from Marin).
    - Reasons for support included the need for local access to quality Medical Cannabis.
  - Received 8 letters from community groups in opposition, including San Geronimo Valley Planning Group, San Geronimo Community Center, Marin County Office of Education, Lagunitas School District and the West Marin coalition for Healthy Kids. Received a petition with 21 signatures from the residents of the Forest Knolls Trailer Court, which is adjacent to the proposed dispensary. Received 252 emails, 413 paper petitions, 423 Change.org petition signatures from Marin residents (33 not from Marin), and approximately 70 speakers in opposition.
    - Concerns include impacts to youth whose path to school is in front of site, increased traffic, and displacement of existing Farm Stand business. In addition, there were concerns of increased crime and slow emergency response times. Also, multiple community members who attended the applicants "meet & greet" and meet (sic) Matt Shotwell, are concerned with his involvement with the Dispensary. The Applicant confirmed that he is a consultant and interested in purchasing the property, which is for sale."

(See Evaluation at p. 4/16.)

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The Evaluation also includes a table summarizing “how each application met the Ordinance’s review criteria and operating requirements.” (See Not. p. 5/16.) The Evaluation contains a chart with three categories: (1) “Applicant (Experience, Background, etc.)”; (2) “Plans (Business, Operating, etc.)”; and (3) “Site (neighborhood compatibility, etc.)”

The chart indicates that FKW fails to meet any of these three review criteria and operating requirements by listing “NO” for each. The chart contains a link to page 15 of the Evaluation, which states:

**Forrest Knolls Wellness – 6700 Sir Francis Drake Blvd., Forrest Knolls**

**STRENGTHS**

- Applicant, Kip Baldwin, is a Marin resident.
- Public Benefits Plan includes designated community relations manager and educational awareness program. Also, identifies local community groups they would collaborate with and support.

**CONCERNS**

- Applicant, Kip Baldwin, has no dispensary or small business experience.
- Operating Plan was deficient and did not include details on patient limit controls, staff training and site management. Also, plan includes expansion to recreational distribution when legally allowed.
- Parking does not meet standards, and 7 spaces appear to encroach onto Caltrans right of way.
- Good access for emergency services, however response times are a concern.

**GENERAL COMMENTS**

- Easily accessible for West Marin residents.
- Concern regarding potential involvement of a reality television personality with notoriety in the cannabis industry.

...

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan		√	
Operating Plan			√
Site and Improvement Plans			√
Security Plan		√	
Public Benefits Plan		√	

(See Evaluation at p. 15/16.)

**II. Basis for Appeal**

FKW appeals the County Administrator’s Decision on the basis that substantial evidence does not support any of the County’s purported findings weighing against issuance of a dispensary license to FKW. Marin County Ordinance No. 3639, Section 6.85.063, *Criteria for review*, sets forth seventeen separate criteria that are to be considered and weighed equally by the County Administrator in considering the merits of a dispensary license application. (See Exhibit A, Marin Municipal Code Section 6.85.063, *Criteria for review*.) In evaluating FKW’s application in light of the seventeen criteria, the County Administrator disregarded the majority of Section 6.85.063’s criteria for review that were clearly met by FKW’s application materials submitted to the County and incorporated by reference in their entirety as if fully set forth herein. Instead, the County Administrator erroneously based his decision on findings, whether explicit or implicit, that:

- The Operating Plan is deficient or contains plans to expand to recreational when legally allowed;
- The Site and Improvement Plans are deficient;
- Parking does not meet standards;
- Kip Baldwin lacks dispensary or small business experience;
- The dispensary would “adversely affect the health, peace or safety of persons living or working in the surrounding area, overly burden a specific neighborhood with special

needs or high impact uses, or contribute to a public nuisance ...' under Marin County Code 6.85.061(L)." (See Notice at p.2.);

- Youth whose path to school is in front of site will be impacted;
- Concern with increased traffic justify denial;
- The existing Farm Stand business on the site will be displaced; and
- Matt Shotwell is involved with the Dispensary or has expressed interest in purchasing the property.

The Notice and Evaluation suggest that the County Administrator gave excessive weight to one of seventeen review criteria established by Ordinance 3639 – specifically Marin County Code 6.85.061(L). In arriving at his decision, the County Administrator failed to properly and equally weigh both the health, welfare and safety of the Applicant's surrounding neighbors on the one hand, and the legitimate interest in a West Marin patient's right to safely access medical cannabis to treat illnesses on the other. In fact, the entire public comment process was tainted by a small but very vocal group of citizens who opposed FKW's application based on unsubstantiated fears not facts. This opposition group was quite successful in derailing the democratic process and in silencing many of the voices of the West Marin medical cannabis patients who privately expressed support of FKW's application and safe access to medicine--but feared public humiliation or moral retribution from the opposition group. (See **Exhibit B**, Correspondence from N. Thurston, FKW Attorney to County of Marin dated October 25, 2016, December 7, 2016, January 17, 2017, and February 19, 2017; See also Evaluation at pp. 2/16 – 4/16.)

The County Administrator incorrectly considered and weighed criteria that fell outside the four corners of Ordinance 3639's seventeen criteria for review, and therefore the decision to deny FKW's license application is challenged on that basis. As one author has noted with respect to administrative law:

The decision maker stands poised to make an administrative decision. Before making the decision, they must embark on a journey down a path which leads to an orchard. Trees from within the orchard's boundaries contain a variety of fruits. Any fruit may be picked, any decision may be made, as long as it is from a tree planted within the boundaries of the orchard.

(This represents "discretion.")

There is only one lawful path to the orchard. If the decision maker digresses, strays off the path, and picks some fruit from a tree outside the path, it will not be fruit from a tree in the orchard. If the decision maker strays off the path, they will not be making a lawful decision. What if a fruit from a tree outside the orchard is picked? If challenged, the reviewer (whether a court or tribunal) may throw away

the fruit (set aside or quash the decision). The court can only throw it away if it is unlawful (outside the orchard)....

(See *Administrative Power and the Law*, Fiona McKenzie, 2007, pp. 12-13.)

Here, the County Administrator strayed off the path and picked fruits from outside the orchard to reach his erroneous and unlawful decision to factor and give great weight to tangential and irrelevant issues related to non-applicants such as Matt Shotwell. Therefore, the Administrator's decision on that improper and prejudicial basis should be overturned, and the license should be issued to FKW because it met all of the seventeen criteria in a satisfactory and legally compliant manner.

Furthermore, the other FKW Application factors identified as deficient in the Notice, such as parking and elements of FKW's Operating Plan, raise fundamental concerns of proper legal notice and due process rights of the Applicant. The Notice provides no further information or identification of what aspects of the parking plan or Operating Plan are deficient and no such "deficiencies" were identified as deficient by the County during the extensive application review period by the Community Development Agency. Therefore, for the reasons set forth below, FKW asserts that: (1) the County Administrator abused his discretion by arbitrarily and capriciously failing to equally review and weigh all seventeen criteria set forth in Section 6.85.061 and in the manner provided by law; (2) the decision is not supported by the findings; and (3) the findings are not supported by the evidence.

### **III. Analysis**

#### **A. The County's failure to approve the dispensary license application of Forest Knolls Wellness is not supported by substantial evidence and must be overturned.**

##### **a. *FKW's Operating Plan meets the requirements in Ordinance 3639 and does not include recreational sales of cannabis.***

FKW painstakingly prepared its application and Operating Plan to conform to each requirement outlined in the County's medical cannabis dispensary ordinance (Ordinance 3639), including but not limited to the requirements outlined in Section 6.85.050 "Application preparation and filing." FKW submitted supplemental information to the County regarding its plans at its request in a timely and thorough fashion throughout the Community Development Agency's extensive review period. At no time was FKW informed by the County before the Administrator's decision was made that there were any deficiencies to be corrected with respect to its Operating Plan or any other aspect of its application, nor was FKW given an opportunity to cure these unknown deficiencies.

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As such, the County's conclusory assertion that FKW's Operating Plan is deficient is erroneous. Moreover, contrary to the Evaluation, FKW's Operating Plan does not include "expansion to recreational distribution when legally allowed." (See Evaluation at p. 15/16.) The County has provided no evidence to show that the Operating Plan is deficient. It is not. A true and correct copy of FKW's Operating Plan is attached hereto as Exhibit C.

At no time has FKW planned to engage in recreational sales of cannabis without proper licensure and any assertion to the contrary is false. FKW's business plan and supporting application materials indicate that FKW is organized as a non-profit mutual benefit corporation (a "collective") in compliance with local and state law for lawful sales and distribution of medical cannabis through a retail storefront. (See Forest Knoll Wellness Project Narrative and Business Plan, Part B, pgs. 8-10 and incorporated by reference as if fully set forth herein.) As such, FKW's dispensary plans submitted clearly state that the collective will only engage in medical sales of cannabis to qualified patient members of the collective in accordance with Marin Ordinance 3639, Prop 215, the 2008 Attorney General Guidelines, SB 420, and the Medical Cannabis Regulation and Safety Act ("MCRSA"). (See Exhibit C, FKW Operating Plan, *Patient Management* and Attachment 14, *Patient Registration and Collective Code of Conduct and Membership Agreement* incorporated by reference as if fully set forth herein.)

FKW reiterated its intent to limit sales to medical cannabis in a letter I wrote to the County dated February 19, 2017. (See Exhibit B). At no time did FKW nor its Directors have plans to engage in recreational sales of cannabis at the dispensary in violation of the County's recently adopted ban on recreational sales without seeking the proper licensure beforehand and in conformance with both local and State licensing requirements. The reference to recreational sales was merely included in the business plan to demonstrate that the attorneys on Forest Knolls Wellness's team are staying abreast of the fundamental regulatory changes at a state level that at some point may involve the merger of the recreational and medical systems under the Adult Use of Marijuana Act ("AUMA") and MCRSA. Any assertion to the contrary is not grounded in fact or evidence submitted in support of FKW's dispensary application.

***b. No deficiencies in FKW's site or improvement plans including its parking plan or traffic impacts were identified by the County after an extensive review process.***

Similarly, aside from offering the conclusory assertion that FKW's Site and Improvement Plans are "deficient," the decision reflects no evidence or findings of any such deficiency. Consistent with Section 6.85.050(F)(19) of Ordinance 3936, FKW's application includes a Site Plan that contains:

"A sketch or diagram showing exterior configuration of the premises, including the outline of all structures, parking and landscape areas, and property boundaries. The sketch or diagram need not be professionally prepared, but must be drawn to

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a designated scale or drawn with marked dimensions to an accuracy of plus or minus six inches;”

The decision’s erroneous assertion that “[p]arking does not meet standards” is unsupported by facts or evidence as there are no specific parking standards outlined in Ordinance 3936. In fact, the site plan submitted by FKW included 12 parking spaces in accordance with Title 24, and a request for the County’s approval for addition of one ADA accessible parking space for a total of 13 parking spaces, two of which will be designated ADA accessible in accordance with Marin Municipal Code § 24.04.360. (*See FKW Site Plan*, incorporated by reference as if fully set forth herein.) With regard to increased traffic, since the property is already used as a commercial/retail property, FKW did not anticipate a significant increase in the amount of traffic currently generated by the businesses at 6700 Sir Francis Drake Blvd and the dispensary retail use is consistent with prior commercial use.

The two current tenants The Farm Stand (Building A) and Garageland (Building B) applied for business licenses in April 2014 and in August 2015. The County reviewed and approved the existing parking uses for both of those business licenses and at no time raised any issue about a Caltrans right of way encroaching on the property or parking spaces. In fact, all of the existing parking spaces are within the property lines of the parcel—property lines and parking spaces which were approved by the County when the parking was restriped in 2016. There has been no substantial change in use of the property since then nor is there a significant change expected because of use as a dispensary.

During the application review process, FKW’s attorney requested further data from the County regarding parking and traffic impacts on 6700 Sir Francis Drake and was informed that none was available. The San Geronimo Valley Planning Group Newsletter from April 2016 indicates that the school district was contacted regarding concerns about the Farm Stand’s perpendicular parking and youth using the path in front: “The school district was contacted and feels that very few students use the path in the area that crosses the parking lines and is therefore not a problem.” (See **Exhibit B**, Correspondence from N. Thurston to County dated December 7, 2016.)

Furthermore, in accordance with the County’s instructions, in December 2016, I contacted land use engineer Roger Bray from the County’s Department of Public Works to determine the number of parking spaces required for the square footage of the dispensary in accordance with Title 24. Building A, the proposed location of the dispensary, is approximately 1022 square feet. According to the County engineer, one parking space per 200 square feet is required for use of Building A as a dispensary and one of those spaces should be ADA accessible in accordance with Marin Municipal Code

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§ 24.04.360. Therefore, according to the County engineer, in order to comply with Title 24, the dispensary should provide at least 6 parking spaces, one of which should be ADA accessible. (See **Exhibit B**, N. Thurston Letter to County of Marin dated December 7, 2016.)

At no time during this conversation with Mr. Bray nor in any correspondence with the County was an issue of a “Caltrans right of way” encroachment on the parking spaces raised during the review process. The County is now raising this issue for the first time in the Notice of Decision which amounts to a prejudicial, arbitrary and capricious denial of proper legal notice, a due process violation, and potentially an illegal government taking of private property without just compensation regarding any purported encroachment of or Caltrans right-of-way issue on private property and is therefore an incorrect basis for denying this license without substantial evidence.

***c. The County Administrator arbitrarily and capriciously assigned value to and considered employment criteria not included in Section 6.85.061.***

The County Administrator’s incorrect finding that “Kip Baldwin lacks dispensary or small business experience” is unsupported by substantial evidence. Indeed, FKW’s application included the Employment History (i.e., all business, occupation, or employment of the applicant for the five years immediately preceding the date of the application) as required by Section 6.85.050(F)(7) of Ordinance 3936, which includes multiple examples of Mr. Baldwin’s small business experience including significant management and marketing experience with Hearst Ranch and Drake’s Bay Oyster Farm. A true and correct copy of Mr. Baldwin’s C.V. is attached hereto as **Exhibit D**.

Notably, however, Ordinance 3936 does not require that an applicant have “dispensary or small business experience,” so the decision’s denial of FKW’s application on this purported basis is unfair, unreasonable, unsupported by substantial evidence and not one of the seventeen criteria for review set forth in Section 6.85.061.

***d. The County Administrator arbitrarily and capriciously assigned undue weight and bias to only one of seventeen criteria -- failing to properly consider FKW’s application on its full merits.***

The County Administrator erroneously assigned unfair weight to one of seventeen criteria, Section 6.85061(L) -- how the dispensary would impact the health, welfare, and safety of the surrounding community. Not only has the County Administrator strayed from the path in the orchard in picking fruit outside of Section 6.85.061’s boundaries to arrive at his erroneous decision, he has also put the cart before the horse by determining through review of speculative public comment and fear-based opinions, that a public nuisance would automatically exist if a dispensary were located at 6700 Sir Francis Drake Boulevard. There are numerous licensed

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dispensaries throughout the State of California that do not cause harm to the community and in fact generate goodwill in local communities through creation of jobs and making charitable contributions to help the community in which they exist. Furthermore, FKW's Operating Plan and patient membership rules contain strict controls on entrance to the building by qualified patients only and any members who break rules regarding loitering and other neighborhood issues will be expelled. (See **Exhibit B**, FKW Operating Plan.)

*e. The Community Farm Stand will not be displaced by the Dispensary.*

Contrary to the Decision's assertion that the Community Farm Stand will be displaced by the dispensary, both the property owners and I have had numerous conversations with Jim Baum, the owner of the Farm Stand, about relocating the Community Farm Stand to Building B to share space with the existing business in Building B - Garageland. Both the property owners and I have fully disclosed the dispensary's plans to the existing tenants throughout this entire application process in an effort to preserve the existing businesses onsite including the Farm Stand and Garageland. In fact, in response to communications with neighbors and Jim Baum, I proposed a condition on approval to the County to preserve the Farm Stand in its existing location in Building A, with the dispensary located in the back in correspondence to the County last year. (See **Exhibit B**, Letter from N. Thurston to County of Marin dated December 7, 2016.) I did not receive a response from the County with respect to the condition of approval and FKW's attempts to preserve the existing businesses onsite, and therefore any assertion that the Farm Stand would automatically be displaced by approval of FKW's license is false.

**B. The County's failure to approve the application of Forest Knolls Wellness violates the due process rights guaranteed by the U.S. Constitution and California Constitution.**

For the reasons outlined in Section III, above, as well as those outlined below, the failure to approve the application violates FKW's due process rights. A regulatory license is not subject to being given and taken away at the whim of the sovereign. The federal and state Constitutions interpose between the government and the individual a guaranty that no person shall be deprived of liberty or property without due process. (U.S. Const., amend. XIV, § 1; Cal. Const., art. I, § 7(a).)

With respect to governmental licensing for regulatory purposes, this guaranty has several meanings. First, it means that when the government imposes a regulatory licensing program, the qualifications for a license must be specified so that everyone may know what they are, and those qualifications must not be unreasonable. (See *Perrine v. Municipal Court* (1971) 5 Cal. 3d 656, 661-663.)

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Second, the guaranty means that anyone having those qualifications is entitled to a fair and reasonable chance to show that he or she has them, and that on showing his or her qualifications and paying any prescribed, but not unreasonable, license fee, an applicant is entitled (that is, has a right) to receive a license. (See *Andrews v. State Board of Registration* (1954) 123 Cal.App.2d 685, 692–694.)

Third, the guaranty of due process means that no individual license may be taken away, either temporarily or permanently, except for some reasonable cause rationally established by a procedure that reasonably permits the licensee to present evidence and argue against taking away the license. (See *Endler v. Schutzbank* (1968) 68 Cal. 2d 162, 170–173; *Fascination, Inc. v. Hoover* (1952) 39 Cal.2d 260, 271.)

Thus, although a license is essentially the grant of privilege, constitutional due process protections confer a right to obtain or retain that privilege by meeting rational and reasonable prescribed requirements.

Here, the County has deprived FKW of these constitutional rights.

**C. There is no substantial evidence that the location of Forest Knolls Wellness will adversely affect youth in the San Geronimo Valley, and denial of the application was erroneous to the extent it may have relied on public comments on this issue.**

FKW by no means seeks to downplay any *legitimate* concerns related to the impact that any dispensary in Marin County may have on youth. However, such concerns must be examined closely while not blinding the County with sensationalist and entirely speculative hyperbole regarding *what might happen* to a child in the vicinity of the dispensary. Here, the school issue is a diversion that has no relevant supporting evidence. For one thing, the Operating Plan shows that the FKW dispensary business hours do not even commence until 9:00 a.m., *well after the 8:45 a.m. start time of Lagunitas Elementary School*. In addition, FKW is aware of no evidence whatsoever, whether in the form of expert reports or otherwise, that justifies its application's denial on this basis. The California legislature has considered this issue in passing Section 19322 of the California Business and Professions Code states in pertinent part:

19322. (a) A person or entity shall not submit an application for a state license issued by the department pursuant to this chapter unless that person or entity has received a license, permit, or authorization by a local jurisdiction. An applicant for any type of state license issued pursuant to this chapter shall do all of the following:

...

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(4) If the application is for a cultivator or a dispensary, provide evidence that the proposed location is located beyond at least a 600-foot radius from a school, as required by Section 11362.768 of the Health and Safety Code.

(Bus. & Prof. Code § 19322(a)(4).)

The FKW site also conforms with Section 6.85.041 *Limitation on location of dispensary*, which provides in pertinent part:

“(C) A dispensary shall not be allowed in the following areas at the time of its permitted establishment:

...

(1) Within 800 feet of a youth-oriented facility, a school, . . . .”

(Ordinance 3936 § 6.85.041(C)(1).)

To the extent the County gave any weight to public comments concerning speculative impacts to youth on their way to or from the Lagunitas Elementary school, such concerns are tantamount to yellow journalism and preempted by state law as well as the plain language of Ordinance 3936 itself.

With regard to youth and the school district bus that infrequently stopped in front of Garageland (Building B), verbal permission for use of this bus stop has been withdrawn by the property owners because of pedestrian safety concerns and the bus stop has been temporarily moved by the school district to the east entrance of the trailer court park in a 20-30 foot area outside of the 6700 Sir Francis Drake parcel. The property owner has made several attempts to collaboratively work with the school district and the CHP to establish a bus stop nearby that is safe for use by children and that does not violate Cal. Vehicle Code section 22504 which establishes the minimum standards for a legal and safe school bus stop.

Neither the bus stop in front of Garageland nor the existing stop at the entrance of the east entrance to the trailer court park meet those minimum safety requirements established by state law that exist to protect the safety of children and other pedestrians. One of the property’s owners, Rebecca Lepori, has reached out several times to the CHP to help determine a new location for the bus stop that fully complies with the state’s Vehicle Code and safety requirements for school bus stops. In her last communication with the CHP, Officer Donis informed her that he plans to visit the property soon to review the safety issues in order to establish a legal and safe bus stop for the school district that complies with the Vehicle Code and state law governing this issue.

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**D. Substantial evidence does not support the County's decision to the extent that it was based on the fact that Matt Shotwell is a consultant on the project who may be interested in purchasing the dispensary location.**

The County's factoring of Matt Shotwell in its decision is erroneous as a matter of fact and law. Mr. Shotwell is not the applicant, and even if he were, a licensing agency may not deny an application based on personal characteristics such as character or reputation. Bus. & Prof. Code § 475 provides that a license may not be denied on the "grounds of a lack of good moral character or any similar ground relating to an applicant's character, reputation, personality, or habits." (Bus. & Prof. Code § 475(c); see Bus. & Prof. Code § 477 ("license" defined).) No person applying for licensure under the Business and Professions Code is required to submit to any licensing board any attestation by other persons to his or her good moral character. (See Bus. & Prof. Code § 484.)

Similarly, habits are a manifestation of a person's character. For example, a licensing law may not constitutionally preclude a person from engaging in the regulated activity on the basis of the person's sexual habits. Moreover, the protection of association as provided in U.S. Const., amend. I prohibits a state from excluding a person from a profession or punishing him or her solely because he or she is a member of a particular political organization or because he or she holds certain beliefs. (*Baird v. State Bar of Arizona* (1971) 401 U.S. 1, 6; *Raffaelli v. Committee of Bar Examiners* (1972) 7 Cal.3d 288, 296.) The California Constitution provides that a person may not be disqualified from entering or pursuing a business, profession, vocation, or employment because of creed. (Cal. Const., art. I, § 8.)

Here, the decision punishes FKW on the basis that it associates with a non-applicant third party.

To place the Matt Shotwell involvement in context, in good faith, in October 2016, FKW held a meet and greet in Forest Knolls to address any concerns the local community might have in relation to the dispensary. From the school of "no good deed goes unpunished," the crowd was unexpectedly belligerent and physically confronted the FKW team. Mr. Shotwell was in the crowd and attempted to diffuse the situation, which is why his name was associated with FKW in the first place. Having essentially no other basis to fight the project, opponents seized upon the fact that Mr. Shotwell had been on the cast of a *scripted reality t.v. show* called "Weed Country" and mounted a concerted and defamatory campaign in an attempt to discredit FKW's application.

Ironically, while Mr. Shotwell's role as a consultant should weigh *in favor of* FKW's application given the County's recently stated (*but not reflected in Ordinance 3639*) "dispensary experience" requirement, the County claims to have some "concern regarding potential involvement of a reality television personality with notoriety in the cannabis industry." For the reasons outlined above, such concerns are not only inappropriate, they warrant overturning the decision and granting FKW's application.

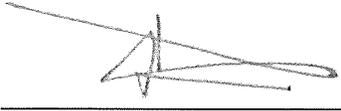
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#### IV. Conclusion

Anyone who attended the February 7, 2017 public hearing in Lagunitas cannot reasonably deny hearing the crowd's repeated mantra that "*I support medical marijuana and I am a patient myself – I just do not want it in my backyard.*" The fact is that the County Administrator's decision supports the proliferation of the illegal sales of cannabis already occurring in West Marin without regulation or taxation. Because of the County's *de facto* ban – the illegal black market in cannabis sales in West Marin will continue to grow and create **increased** safety risks for the local community than a well-regulated, secure, legally-compliant, and tax-paying storefront. The denial of FKW's application on such spurious grounds that support growth of the black market at the cost of the rights of patients in West Marin who need and deserve safe access to medical cannabis should not be condoned.

The County Administrator's decision to summarily deny all of the medical cannabis dispensary applicants is a blatant disregard of the goal and intent of the Board of Supervisors in adopting Ordinance 3639, as well as the will of Marin's voters who overwhelmingly voted for passage of Prop. 215 and Prop. 64. In fact, the County Administrator's decision has resulted in a *de facto* ban on dispensaries and safe access to medical cannabis in Marin. FKW respectfully requests that this erroneous decision be overturned in its entirety and the dispensary license issued to Applicants.

Very truly yours,



Natalia E. Thurston

Attorney for Forest Knolls Wellness

cc: Board of Directors, Forest Knolls Wellness

LBB3, LLC

Attachments: Exhibits A-D

# EXHIBIT A

**Section: 6.85.061 Criteria for review.**

The review authority shall consider the following criteria in determining whether to grant or deny a dispensary license:

- (A) That the dispensary license is consistent with the intent of Proposition 215 and related State law, the provisions of this chapter and the County Code, including the application submittal and operating requirements herein.
- (B) That the dispensary location is not identified as having significant crime issues (e.g., based upon crime reporting district/statistics as maintained by the Sheriff).
- (C) That there have not been significant numbers of calls for police service, crimes or arrests in the area or to an existing dispensary location.
- (D) That an applicant or employee is not under 18 years of age.
- (E) That all required application materials have been provided and/or the dispensary has operated successfully in a manner that shows it would comply with the operating requirements and standards specified in this chapter.
- (F) That all required application fees have been paid and reporting requirements have been satisfied in a timely manner.
- (G) That an appropriate limit on size of the dispensary has been established and the requested license is in compliance with the provisions of this chapter and any other applicable State or local ordinance.
- (H) That the location is not prohibited by the provisions of this chapter or any local or state law, statute, rule or regulation and no significant nuisance issues or problems are anticipated or resulted.
- (I) That the site plan, floor plan, and security plan have incorporated features necessary to assist in reducing potential crime-related problems and as specified in the operating requirements section. These features may include, but are not limited to, security on-site; procedure for allowing entry; openness to surveillance and control of the premises; the perimeter, and surrounding properties; reduction of opportunities for congregating and obstructing public ways and neighboring property; illumination of exterior areas; and limiting furnishings and features that encourage loitering and nuisance behavior.
- (J) That no dispensary use, owner, licensee, agent, or employee has violated any provision of this chapter including grounds for suspension, modification or revocation of a license.
- (K) That all reasonable measures have been incorporated into the plan and/or consistently taken to successfully control the establishment's patrons' conduct resulting in disturbances, vandalism, crowd control inside or outside the premises, traffic control problems, ingesting cannabis in public, or creation of a public or private nuisance, or interference of the operation of another business.
- (L) That the dispensary would not adversely affect the health, peace or safety of persons living or working in the surrounding area, overly burden a specific neighborhood with special needs or high impact uses, or contribute to a public nuisance; or that the dispensary has resulted in repeated nuisance activities including disturbances of the peace, illegal drug activity, ingesting cannabis in public, harassment of passerby, excessive littering, excessive loitering, illegal parking, excessive loud noises, especially late at night or early in the morning hours, lewd conduct, or police detentions or arrests.
- (M) That any provision of the County Code or condition imposed by a County issued license, or any provision of any other local, State or Federal law, regulation, or order, or any condition imposed by licenses issues in compliance with those laws has not been violated.
- (N) That the applicant has not violated any local or State law, statute, rule or regulation respecting the distribution, possession, or consumption of cannabis.

- (O) That the applicant has not knowingly made a false statement of material fact or has knowingly omitted to state a material fact in the application for a license.
- (P) That the applicant, his or her agent or employees, or any person who is exercising managerial authority on behalf of the applicant has not been convicted of a felony, or of a misdemeanor involving moral turpitude, or has engaged in misconduct related to the qualifications, functions or duties of a licensee. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere.
- (Q) That the applicant has not engaged in unlawful, fraudulent, unfair, or deceptive business acts or practices.

**Section: 6.85.062 Investigation and action on application.**

After the making and filing of a complete application for the Dispensary License and the payment of the fees, the County Administrator shall conduct a background check of the applicant and all employees and conduct an investigation of the application, and take action as follows:

- (A) The County Administrator shall refer the application to any other County departments as necessary to complete his or her investigation into the application. The County Administrator may appoint a committee comprised of representatives of County departments that is responsible for reviewing license applications and making an advisory recommendation to the County Administrator on the merit of each application. The committee may also include representatives with knowledge and expertise in areas related to medical cannabis, including, but not limited to, familiarity with California law, the Attorney General's guidelines on Medicinal Cannabis, security, and financial management. The committee shall conduct at least one public workshop to receive testimony about the license applications before making the advisory recommendation to the County Administrator.
- (B) Within 90 days after receipt of a completed application, the County Administrator shall either grant or deny the application in accordance with the provisions of this chapter.
- (C) In approving a Dispensary License, the County Administrator may impose conditions, restrictions or require revisions to the proposal to comply with the purpose and intent of this chapter. The applicant is responsible for paying a financial deposit to cover all costs incurred by the County in the administration of the Dispensary License, including condition compliance review, and investigation of complaints.
- (D) The County Administrator shall cause a written notice of his or her decision to issue or deny a license to be mailed to the applicant by U.S. mail.
- (E) Notwithstanding the provisions of this section, the County Administrator, in his or her discretion, may refer an application for a license to the Board of Supervisors for a decision within 90 days after the receipt of a completed application.
- (F) That all required application fees have been paid and reporting requirements have been satisfied in a timely manner.

**(G) Section: 6.85.063 Appeal from County Administrator's determination.**

**Section: 6.85.063 Appeal from County Administrator's determination.**

- (A) An applicant aggrieved by the County Administrator's decision to issue, deny, or renew a license may appeal such decision to the Board of Supervisors by filing a written notice stating all grounds on which the appeal is based and paying applicable appeal fee with the Clerk of the Board of Supervisors within 10 business days of the County Administrator's written notice of decision. If an appeal is not taken within such time, the County Administrator's decision shall be final.
- (B) The Board of Supervisors shall consider the appeal within 90 days of the date of filing the appeal. The Clerk of the board shall give 10 days' notice to the person filing the appeal of the time and place of the meeting scheduled on the appeal by serving notice personally or by depositing it in the United States post office at San Rafael, California, postage prepaid, addressed as shown on the appeal papers. The Board of Supervisors shall have the authority to determine all questions raised on such appeal. No such determination shall conflict with any substantive provision of this chapter.

**Section: 6.85.064 Effect of revocation.**

When the County Administrator shall have revoked any license provided for in this chapter and the time for appeal to the Board of Supervisors shall have elapsed, or, if after appeal to the Board of supervisors, the decision of the County Administrator has been affirmed by the Board of Supervisors, no new application for a license shall be accepted from the applicant and no such license shall be issued to such person or to any corporation in which he shall have any beneficial interest for a period of three years after the action revoking the license.

**Section: 6.85.065 Suspension and revocation.**

- (A) Any license issued under the terms of this chapter may be suspended or revoked by the County Administrator or Board of Supervisors for cause, including but not limited to, violation of any of the requirements or provisions of this chapter including the criteria for review and operating requirements sections, or conflicts with State law.
- (B) Except as otherwise provided in this chapter, no license shall be revoked or suspended by virtue of this section until written notice of the intent to consider revocation or suspension of the license has been served upon the person to whom the license was granted at least 10 days prior to the date set for such review. Such notice shall contain a brief statement of the grounds to be relied upon for revoking or suspending such license. Notice may be given either by personal delivery to the person to be notified, or by depositing it in the U.S. mail in a sealed envelope, postage prepaid, return receipt requested, addressed to the person to be notified at his/her address as it appears in his/her application for a license.
- (C) If any person holding a license or acting under the authority of such license under this chapter is convicted of a public offense in any court for the violation of any law which relates to his or her license, the County Administrator may revoke such license forthwith without any further action thereof, other than giving notice of revocation to the licensee.

# EXHIBIT B

**NATALIA THURSTON**  
**ATTORNEY AT LAW**  
725 Washington Street, Suite 212  
Oakland, CA 94607  
Tel: (415) 240-9024  
net@cbdpros.com

October 25, 2016

Via Email and U.S. Mail

Ms. Inge Lundegaard, Planner  
Community Development Agency  
County of Marin  
3501 Civic Center Drive, Suite 308  
San Rafael, CA 94903  
Email: ilundegaard@marincounty.org

Re: Forest Knolls Wellness; Application for Medical Cannabis  
Dispensary Permit

Dear Ms. Lundegaard,

I am contacting you as Marin County Community Development Agency's designated primary point of contact for the above-referenced permit application submitted by Forest Knolls Wellness for operation of a dispensary at 6700 Sir Francis Drake Blvd. in Forest Knolls. I understand from recent conversations with Rebecca Lepori, one of the property's owners, that the Community Development Agency has received numerous phone calls and written communications regarding a meet and greet event that was co-hosted by the property owners and directors of Forest Knolls Wellness on Saturday, October 22, 2016 from 12pm-3pm in the back lot of 6700 Sir Francis Drake Blvd.

I am deeply concerned about the recent spread of misinformation and false statements promulgated by some members of the community that are opposed to the dispensary because of events that occurred at the end of Saturday's meet and greet event. I write this letter in order to clarify the incorrect factual statements that have been asserted by a group that expressed opposition to the proposed dispensary at the conclusion of Saturday's event.

**FOREST KNOLLS WELLNESS 00024**

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By way of background, as attorney for Forest Knolls Wellness, a non-profit mutual benefit corporation (the "collective"), I helped draft the collective's application as well as organize Saturday's event. The purpose of the meet and greet was to answer the community's questions and concerns about the collective's dispensary application. Although Forest Knolls Wellness was not required to host a public meeting under Marin County Ordinance No. 3639, Saturday's meet and greet was organized by the collective and current property owners as a gesture of good will in order to reach out to the community in a good faith effort to address local residents' concerns regarding operation of the dispensary at 6700 Sir Francis Drake Blvd. The collective held the event to introduce the immediate neighbors to Forest Knolls Wellness's Directors, Kip Baldwin and Linda Delair (Director Brian Hilliard was on honeymoon), and to gather information from surrounding neighbors regarding any potential concerns in order to both address and potentially take actions to mitigate community concerns.

Prior to holding Saturday's event, the Marin County Community Development Agency was notified and the collective was informed by the County that the meet and greet event would not require a permit. The invitation to the event (attached for your reference) was hand delivered on Sunday, October 16, 2016 by Ms. Lepori, to neighbors on both sides of the 6700 Sir Francis Drake property plus an additional street to the west. Ms. Lepori encouraged all of those residents invited to bring whomever they wished to the meeting and told residents the event was open to the public. This was not Ms. Lepori's first time informing neighbors surrounding the property regarding the collective's application for a permit to operate a dispensary at 6700 Sir Francis Drake. In July of this year, she canvassed the neighborhood and spent time individually with whomever was home over a three day period informing them of County Ordinance No. 3639, the County website, as well as informing them of how the proposed dispensary was going to meet all of those requirements.

Along with personally inviting neighbors to the event, the existing proprietors at 6700 Sir Francis Drake including the farm stand, antique shop and coffee bar were also invited by Ms. Lepori and invitations were put up in the antique store to extend to other members of the community that frequent the property. Prior to the event, I emailed the invitation to you as the representative from the Community Development Agency, the Marin Independent Journal, the Point Reyes Lighthouse and other local organizations such as the San Geronimo Valley Community Center that I thought might be interested and in the email encouraged them to share information on the meeting with the public. The collective's goal in holding this initial event was to: 1) gather information from local residents regarding their concerns; 2) engage in a productive dialogue with the community regarding their questions and concerns; and 3) use the information gathered

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to consider potentially holding future meetings with community stakeholders in order to further address their concerns.

On Saturday at 12pm, we opened the gate in the back lot to the public where the collective had set up tables with food, non-alcoholic beverages and literature including a copy of the permit application Forest Knolls Wellness submitted to the County on August 31, 2016, Marin County Ordinance 3639 and a copy of the new State laws under the Medical Cannabis Regulation and Safety Act ("MCRSA") passed last October, and an event sign-in sheet for attendees to sign in and make written comments. All of these materials were laid out on a table and made available to attendees to review and make written or verbal comments if they so desired. I have attached a few pictures from the event for your reference demonstrating the set-up and availability of the application materials and other relevant information to the public.

From 12pm-3:00pm, the event went very smoothly with approximately 25-30 local residents stopping by to ask questions, talk about their concerns, and review the literature we provided including the collective's permit application. Some of the attendees supported the dispensary's application along with attendees that, despite their initial opposition to the dispensary, were willing to engage in a meaningful dialogue with the collective's directors regarding their concerns. In fact, during the course of the event, there were many productive conversations that occurred between local residents including immediate neighbors, the directors of Forest Knolls Wellness, and Ms. Lepori. These productive conversations with neighbors resulted in the collective's identification of four primary local resident concerns regarding the proposed dispensary location: 1) traffic 2) parking 3) safety of children and 4) prevention of crime.

As we were wrapping up the event at 3:00pm, at approximately 3:15pm, a group of around 10 people arrived late to the event and approached Ms. Lepori in a very hostile and aggressive manner demanding to know who was behind the dispensary application. Since the event ended at 3pm and was in the process of winding down, one of the directors Kip Baldwin had already left, and was unavailable to make comment when the group arrived. The other director, Linda Delair, uses a cane and had to remain seated during the ensuing volatile exchange with the opposition group because of her medical condition. As the opposition group surrounded and began to angrily scream in unison at Ms. Lepori in an unintelligible manner, Ms. Lepori continued to calmly address the group, some of whom said they represented the San Geronimo Valley Planning Group. The group claimed that no one informed them of the event, and that the event was in fact supposed to be held from 3-5pm despite invitations circulated widely by Forest Knolls Wellness and literature at the event clearly stating the event was scheduled from 12-3pm.

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Despite Ms. Lepori's numerous attempts to address the group with reasonable decorum and engage them in a meaningful informed dialogue, the opposition group continued to hammer Ms. Lepori with false and inflammatory statements. At some point, Matt Shotwell, one of the event's attendees, stepped in to try to address the group's concerns. As you may be aware, the property is for sale by the current owners and Matt Shotwell is a potential property buyer. Contrary to false assertions that were subsequently made in a change.org petition started by the opposition group, Mr. Shotwell is not the dispensary applicant as incorrectly stated in the group's change.org petition. Mr. Shotwell is a potential buyer of the property as well as a consultant to the medical cannabis field. His purpose in interjecting in the exchange between Ms. Lepori and the opposition group was to provide information and knowledge based on his experience in the medical cannabis field and to help defend Ms. Lepori from the unwarranted, hostile, and aggressive verbal attacks that were being launched against her by the group.

In fact, not a single person from the opposition group took the time to read or review the permit application materials that were laid out openly on the table for the public including the opposition group to review at Saturday's meet and greet event. The application materials correctly state that Forest Knolls Wellness is the applicant and Kip Baldwin, Brian Hilliard, and Linda Delair are Directors, and Mr. Baldwin and Mr. Hilliard are the managing members of the collective. The opposition group's action in arriving at incorrect conclusions and making false assumptions about the dispensary applicant is a result of the opposition group's refusal to review the application materials that we provided at the event and that were offered to them for review in order to engage in a meaningful conversation about their concerns. The purpose of Saturday's meet and greet event was not to engage in a verbal sparring match, but rather to provide a forum open to the public to engage in respectful dialogue regarding legitimate concerns of the neighbors.

When the opposition group arrived at 3:15pm, I was in the front of the building engaging in a conversation with Jim Baum, the current proprietor of the Farm Stand. I was addressing Jim's concerns regarding displacement of his business and potentially relocating the farm stand to Building B, an intent that was publicly stated in the permit application. My discussion with Jim included how Forest Knolls Wellness could work collaboratively and transparently with him and the other existing tenants to accommodate the Farm Stand in Building B. As I was discussing this with Jim, I heard the opposition group yelling loudly in the back and realized it was already 3:30pm – well beyond the time we had received permission to use the property for the event. In order to minimize the disruption to the neighbors caused by the group's yelling, I proceeded to the back, introduced myself to the opposing group as the attorney for Forest Knolls Wellness, and informed the group that although we wanted to listen to and address their concerns, the

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event had ended at 3pm and we would have to schedule a second meeting to address their concerns. I then offered the sign-in sheet to the group in order to take their information and so that they could make written comments while we were cleaning up after the event.

Had the opposition group arrived on time to the event, they could have taken the time to review the application materials presented and to engage in a meaningful dialogue with the collective's directors and property owner. Given the opposition group's aggressive and hostile candor, tone, and body language, I was also concerned about a group of neighborhood children that were in attendance at the event and were witnessing inappropriately aggressive behavior displayed by the opposition group. As a result, I made a decision for public safety reasons to inform the group that the event had ended and that we would have to address their concerns at a later date in a subsequent forum. Despite my announcement that the event had ended, the opposition group refused to leave and Ms. Lepori and Mr. Shotwell stayed on the property until 5pm listening to and attempting to address their concerns.

Prior to the opposition group's late arrival and despite this unfortunate incident that occurred at the end of the event, Forest Knolls Wellness did gather a great deal of valuable information about the community's legitimate concerns during the meet and greet event from local residents and neighbors by engaging in meaningful dialogue with many community members and local residents in attendance. In fact, based on concerns from the immediate neighbors, we would like to inquire with the Community Development Agency regarding potentially amending the collective's existing plans submitted to the County.

There were a number of local residents that communicated concerns regarding children walking and riding their bikes in front of the proposed location for the dispensary. In order to address that concern, the collective is considering amending existing plans to keep the Farm Stand in the front of Building A where it currently resides, and to relocate the dispensary to the back of the Building A. Verified patients of the dispensary would park in the back lot only that would be staffed by a full time security guard so that only verified patients could park in the back lot. Dispensary patients would not be allowed to park in the front of the building with the exception of handicapped patients. The entrance of the dispensary would be moved to the back of Building A so that verified patients would enter from the rear of the building staffed by a second security guard rather than the front which would be closed and reserved for handicap access only with one parking spot in the front designated for handicap use. This proposed plan change would mitigate some of the local residents' concerns about traffic, parking, and safety of the children in the area. The proposed amendment would likely require additional building permits and

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approval from the county so we would like to discuss the feasibility of that option with the planning department before proceeding with this proposed amendment.

Some of the attendees and local residents expressed concern regarding structural changes to Building A that might be made by the collective for use as a dispensary. There were concerns expressed by local residents about changes that might be made to the front of Building A such as adding metal bars to the windows and neon signage. As stated in the permit application, the collective has a comprehensive security plan that does not include adding metal bars to the window or neon signage. The goal of the collective is to preserve the nature of the building as much as possible including the face of the building. Since many of the attendees were not aware of the specific security requirements or safety regulations required to legally operate a dispensary under Ordinance 3639 and MCRSA, the collective is considering holding a second educational and information sharing meeting during the application period in order to further address and mitigate community concerns in the San Geronimo Valley.

Perhaps holding an additional public meeting that is staffed by representatives from the State Bureau of Medical Cannabis Regulation and representatives from the County and other relevant public agencies such as the State Board of Equalization, to help facilitate an educational workshop for the local community, regarding the new State and local medical cannabis rules and regulations will help to educate the public and mitigate some of their concerns. At the meeting, working groups could be mediated by State representatives to inform and guide discussions on relevant topics such as the four primary concerns identified by the community: traffic, parking, safety of children and prevention of crime. By hosting a second meeting with State and County officials, all interested community stakeholders, including the opposition group, would have an opportunity to vocalize their concerns in a moderated setting with knowledgeable government representatives. Unfortunately, there is a great deal of misinformation in circulation regarding current medical cannabis laws, and I believe an informed discussion could go a long way in demystifying the public about recent changes in medical cannabis laws along with addressing issues specific to the dispensary application submitted by Forest Knolls Wellness. Since the collective is not required to hold this type of meeting, I am seeking the Community Development Agency's opinion and guidance on whether this type of meeting would be appropriate and helpful under the circumstances to educate the community and mitigate related concerns.

It is the intent of Forest Knolls Wellness and its directors to operate the dispensary at 6700 Sir Francis Drake Blvd. in as safe and secure manner as possible in compliance with all local and State laws, and in a manner that minimizes any potential harmful impacts to the surrounding community. The only impact Forest Knolls Wellness intends to have is a

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positive impact with a focus on implementing the community benefit programs as outlined in the Community Benefits Plan submitted with its permit application.

Please do not hesitate to contact me if you would like to discuss this matter further or set up a meeting with the collective's directors to discuss our application and potential amendments.

Very truly yours,

*Natalia Thurston*

Natalia Thurston

Attorney for Forest Knolls Wellness

Attachments

cc: Tom Lai, Assistant Director, Community Development Agency, County of Marin  
Steve Kinsey, Supervisor, District 4, County of Marin  
Liza Crosse, Board Aide, Board of Supervisors, District 4, County of Marin  
Cristy Stanley, Senior Code Enforcement Specialist, Community Development Agency, County of Marin  
Kip Baldwin, Director, Forest Knolls Wellness  
Linda Delair, Director, Forest Knolls Wellness  
Brian Hilliard, Director, Forest Knolls Wellness  
Rebecca Lepori  
Bob and Lisa Yerion  
Larry Yerion  
Dominic Grossi  
Dennis Rodoni  
Lori Ajax, Chief, California State Bureau of Medical Cannabis Regulation  
Americans for Safe Access  
NORML.org  
Marijuana Policy Project  
Drug Policy Alliance  
Students for Sensible Drug Policy  
San Geronimo Valley Planning Group

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December 7, 2016

Via Email and Hand Delivery

Mr. Thomas Lai, Deputy Director  
Community Development Agency  
County of Marin  
3501 Civic Center Drive, Suite 308  
San Rafael, CA 94903  
Email: [tlai@marincounty.org](mailto:tlai@marincounty.org)

Re: Forest Knolls Wellness; Medical Cannabis  
Dispensary License Application  
6700 Sir Francis Drake Boulevard, Forest Knolls  
Assessor's Parcel No, 168-131-23

Dear Mr. Lai,

I submit the following written response and ten (10) copies of the additional application materials requested by the County of Marin ("County") in correspondence to Applicant Forest Knolls Wellness ("Applicant", "Forest Knolls Wellness" or "Collective") dated October 5, 2016.

**County Request No. 1**

Page One of the Medical Cannabis Dispensary License Application has been revised to declare Kip R. Baldwin as the name of the individual who is the applicant and is attached hereto as **Attachment 1**. Kip R. Baldwin is President and Executive Director of Forest Knolls Wellness. Forest Knolls Wellness is registered with the State as a non-profit mutual benefit corporation, and its officers and staff plan to operate the dispensary at its proposed location at 6700 Sir Francis Drake Blvd. in Forest Knolls. A copy of the executed Board Resolutions appointing Kip R. Baldwin and Brian K. Hilliard as directors and officers of Forest Knolls Wellness is attached hereto as **Attachment 2**.

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**County Request No. 2**

Attached hereto as **Attachment 3** is a true and correct copy of a physician's recommendation for use of medical cannabis by Kip R. Baldwin to treat his medical conditions effective October 18, 2016 through October 18, 2017.

**County Request No. 3**

Page 3 of the Medical Cannabis Dispensary License Application has been revised to list the location of each of the Submittal Items (A-F) and is attached hereto as **Attachment 4**.

**County Request No. 4**

The County has requested further clarification with respect to sections of the application marked "confidential." The Business Plan portion of the application was labeled as "*Confidential – Do not disseminate. This business plan contains confidential, trade-secret information and is shared only with the understanding that you will not share its contents or ideas with third parties without express written consent of the plan author*". This language was added in the footer of the business plan in order to protect the contents of the Business Plan from unauthorized use by third parties for commercial gain. On the other hand, Forest Knolls Wellness has a firm belief in the value of public disclosure and transparency with respect to its plans. As such, on October 22, 2016, Forest Knolls Wellness and the property owners hosted a meet and greet event at 6700 Sir Francis Drake Blvd. during which the full contents of the Application (with the exception of the directors' personal financial information including tax returns) were made available for public viewing.

Since the license application has already been made available to the public, Forest Knolls Wellness does not seek to prevent public disclosure of its application with the exception of the personal financial records of its directors. The tax records and personal financial statements of Forest Knolls Wellness Directors Kip Baldwin and Brian Hilliard should be maintained as confidential to protect their individual privacy rights which outweigh the public interest of government transparency in this circumstance.<sup>1</sup> California Government Code § 6254 subd. (n) permits withholding from disclosure "[s]tatements of personal worth or personal financial data required by a licensing agency

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<sup>1</sup> California Constitution, Article 1, Section 1 establishes an inalienable right to privacy. " All people are by nature free and independent and have inalienable rights. Among these are enjoying and defending life and liberty, acquiring, possessing, and protecting property, and pursuing and obtaining safety, happiness, and privacy."

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and filed by an applicant with the licensing agency to establish his or her personal qualification for the license, certificate, or permit applied for."

The personal financial records of Mr. Baldwin and Mr. Hilliard are exactly the type of records described in § 6254 subd. N, and as such, should remain confidential.<sup>2</sup> The privacy protections of § 6254 subd. N exist even in the context of a general acknowledgement of the public nature of the application. Other public agencies, such as the City of Berkeley, have made medical cannabis dispensary applications available to the public on the internet without disclosing the personal financial information of the applicants.<sup>3</sup> That the legislature saw fit to design a specific exclusion for just this situation demonstrates that the public's interest is not in the personal financials of the individual applicant, and individual privacy should be preserved.

In sum, for the reasons stated above, Forest Knolls Wellness requests that the personal financial records of directors Mr. Baldwin and Mr. Hilliard, including the tax returns and personal financial statements submitted with the application, remain confidential and requests that the County redact this information from any application materials made available to the public.

#### **County Request No. 5**

Under California law, lawful distribution of medical cannabis to qualified patients must occur through a legally organized collective or cooperative associated within the State of California. *See* Health & Safety Code § 11362.775; *see also* the Attorney General's Guidelines For The Security And Non-Diversion Of Marijuana Grown for Medical Use issued on August 25, 2008 ("AG Guidelines"), a true and correct copy of which is attached hereto as **Attachment 5**. As a registered nonprofit mutual benefit corporation ("collective") dispensing medical cannabis to qualified patient members, Forest Knolls Wellness is required to follow stringent laws governing contributions, allocations, and distributions made to and by the collective.

As a collective, Forest Knolls Wellness is further governed by California Corporations Code § 7110 et seq, restricting the distribution of the excess income of a

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<sup>2</sup> *CBS, Inc. v. Block* (1986) 42 Cal.3d 646 maintained confidential the identities of concealed weapon permit applicants from the press. *Gilbert v. City of San Jose* (2003) 114 Cal.App.4th 606 required redrafting of ordinance to include safeguards for legal notice, opportunity to contest, and opportunity for legal action to maintain privacy. In all cases, the courts balance the interests of governmental transparency with the individual right of privacy present in the California Constitution.

<sup>3</sup> Applications posted to the internet by the City of Berkeley redact the personal financial data citing §6254(n) and 6255. [http://www.ci.berkeley.ca.us/uploadedFiles/Planning\\_and\\_Development/Level\\_3\\_-\\_Commissions/Commission\\_for\\_Medical\\_Cannabis/BCCC.pdf](http://www.ci.berkeley.ca.us/uploadedFiles/Planning_and_Development/Level_3_-_Commissions/Commission_for_Medical_Cannabis/BCCC.pdf) accessed 12/5/2016.

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nonprofit corporation. Specifically, under California Corporations Code § 7411(a), "...no corporation shall make any distribution except upon dissolution." Furthermore, under the AG Guidelines, a medical cannabis collective "...merely facilitates the collaborative efforts of patient and caregiver members –including the allocation of costs and revenues. . . The collective should not purchase marijuana from, or sell to, non-members; instead, it should only provide a means for facilitating or coordinating transactions between members." AG Guidelines § IV.A.2. Furthermore, a member of a collective may reimburse the collective monetarily in exchange for medical cannabis in "an amount necessary to cover overhead costs and operating expenses." AG Guidelines § IV.B.5.

Due to the operating restrictions governing a non-profit mutual benefit corporation as set forth in the Corporations Code and the AG Guidelines, Forest Knolls Wellness may only issue interest-bearing notes to lenders and may not lawfully issue equity to any party or make profit or cash distributions to individuals. For this reason, start-up funds have been raised by Forest Knolls Wellness through interest-bearing notes made to the collective by individual lenders. Attached hereto as **Attachment 6** are true and correct copies of fully executed Promissory Notes for interest-bearing loans made by individuals to Forest Knolls Wellness for project financing.

The financing of this project will occur in three phases in accordance with the Dispensary Application Process as set forth in the County's Marin County Medical Cannabis Dispensary Program Dispensary Application Guide. During Phase 1, the Application Filing Period (Aug 31-Dec 7, 2016), Forest Knolls Wellness has raised \$50,000 in interest bearing notes to cover the expenses associated with the Application Filing Period. During Phase 2, the County Review Period, (Dec. 8 – Feb/March 2017), Forest Knolls Wellness has received commitments of loan funding from individuals in the amount of \$60,000 contingent upon County approval of its license application. The documentation for those loans are in process and the funds will be transferred by the lenders until after the license application has been approved. During Phase 3, the Post-License Approval Period, additional funds will be raised through interest-bearing notes to cover operating and other expenses associated with the build-out phase.

Despite the recent passage of recreational cannabis use in California, Federal prohibition of cannabis remains in place and many banking institutions refuse to do business with collectives. Therefore, Forest Knolls Wellness has not yet established a bank account but intends to establish a bank account as soon as is practicable under banking laws. As such, the existing project loan funds are being held in a business bank account established by Thurston Law Firm for the project. As sole signatory to this account, Thurston Law Firm distributes the project funds to the Directors of Forest

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Knolls Wellness as the funds become available for payment of project expenses such as the County's \$6000 application fee. Attached hereto as **Attachment 7** is a current Statement of Project Loan Funds and Expenses incurred by Applicant to date and redacted bank statements showing proof of loan fund transfers to this account. In Phase 2 of funding, Forest Knolls Wellness will provide the County with further funding documentation as soon as the loan funding transactions are complete and the documentation is available.

With the recent passage of the Medical Cannabis Regulation and Safety Act ("MCRSA") in 2015 and the Adult Use of Marijuana Act ("AUMA") in 2016, as the State begins to prepare for cannabis licensing under a for-profit system, Forest Knolls Wellness intends to establish a for profit entity such as a limited liability company or a c-corporation that will be used to apply for appropriate state licensing in 2018 under MCRSA and/or AUMA. In order to comply with the recent changes to State law with respect to cannabis licensing for retail sales, the Collective will inform the County of the transition to a for-profit entity as required under State law, and Forest Knolls Wellness will take all necessary steps required by the County to transfer any existing license to the new corporate entity along with applying for appropriate licenses for recreational sales at a County level--if the County makes licenses for recreational sale of cannabis available under AUMA.

#### **County Request No. 6**

Attached hereto as **Attachment 8** is a true and correct copy of a physician's recommendation for use of medical cannabis by Brian K. Hilliard to treat his medical conditions effective December 6, 2016 to December 7, 2017. Brian K. Hilliard is a qualified patient, not a designated caregiver.

#### **County Request No. 7**

Attached hereto as **Attachment 9** are the Personal Financial Statements of Forest Knolls Wellness Directors Kip R. Baldwin and Brian K. Hilliard for 2013, 2014, and 2015. In financial planning, the Collective's directors are cognizant of the fact that the AG Guidelines prohibit distribution of medical cannabis *for profit*. ["Nothing in this section shall authorize . . .any individual or group to cultivate or distribute marijuana *for profit*"] [Emphasis added]. AG Guidelines § IV.B.1. As directors of a non-profit entity, Kip Baldwin, Brian Hilliard, and Linda Delair have extensive backgrounds in nonprofit development and management along with a strong commitment to programs and organizations that benefit local community over profit interests. It is the intent of the Collective to distribute excess profits to local community organizations and to fund the

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community benefit programs outlined in the Public Benefits Plan submitted as part of its application.

**County Request No. 8**

Attached hereto as **Attachment 10** are Kip R. Baldwin's 2015 Personal Tax Return and Brian K. Hilliard's 2014 and 2015 Personal Tax Returns.

**County Request No. 9**

The County has requested additional parking analysis under Marin County Title Code 24 for existing and proposed uses on the property at 6700 Sir Francis Drake Blvd. The property currently has two commercially-zoned buildings, Building A and Building B. Building A, the site of the proposed dispensary, is currently being leased by the Community Farm Stand for use as a retail produce market. Building B is currently being leased by a consignment store and a coffee stand. The site has twelve existing parking spaces including one ADA accessible parking space that are shared by the existing tenants and customers of Building A and Building B.

In accordance with the County's instructions, land use engineer Roger Bray from the County's Department of Public Works was contacted by this office to determine the number of parking spaces required for the square footage of the dispensary in accordance with Title 24. Building A, the proposed location of the dispensary, is approximately 1022 square feet. According to the County engineer, one parking space per 200 square feet is required for use of Building A as a dispensary and one of those spaces should be ADA accessible in accordance with Marin Municipal Code § 24.04.360. Therefore, according to the County engineer, in order to comply with Title 24, the dispensary should provide at least 6 parking spaces one of which should be ADA accessible.

The site plan and drawings submitted with its Application provide 12 parking spaces in accordance with Title 24, and Applicant requests the County's approval for addition of one ADA accessible parking space for a total of 13 parking spaces, two of which will be designated ADA accessible in accordance with Marin Municipal Code § 24.04.360. After County approval, Forest Knolls Wellness intends to continue to share the property's 13 available parking spaces with the tenants and customers of Building B.

**County Request No. 10**

Attached hereto as **Attachment 11** is a true and correct copy of a Security Assessment for use of 6700 Sir Francis Drake Blvd. as a medical cannabis dispensary prepared by Bay Alarm in compliance with Marin County Ordinance 3639. On August

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29, 2016, Bryan Jungworth of Bay Alarm met with representatives of Forest Knolls Wellness at 6700 Sir Francis Drake Blvd. in order to complete a security assessment of the property. Based on that meeting and in accordance with Marin Municipal Code § 6.85.042, Forest Knolls Wellness will undertake the following security measures:

- Bay Alarm Company<sup>4</sup> will install an electronic access system.<sup>5</sup>
  - There is an Ai-Phone door station at the front entry.
  - The master station monitor with open voice/door release is located at the reception desk.
  - When a patient presses the button a video is activated and the image transmitted to the reception desk. At that point a staff person can communicate with the patient and permit entry electronically.
  
- Bay Alarm will install a closed circuit video surveillance system.<sup>6</sup>
  - 20 video cameras at locations including the northwest exterior, southwest exterior, south exterior (5), main entry, reception desk (2), reception area (2), showroom registers (3), and showroom hallway (2).
  - A monitor will be placed in the IT Closet and have 18 terrabytes of storage. This allows for the film to be stored for 3-4 weeks.
  
- Bay Alarm shall install a monitored intrusion alarm.<sup>7</sup> The alarm system is monitored through cellular communication by Bay Alarm's central station. It includes the following elements:
  - Main control panel, communicated with Bay Alarm central station via cellular communicator, including DMP remote application for communication with system via smartphone or computer. The panel also contains a siren in event of breach.
  - Alpha numeric keypad at entry
  - Motion detector - front door, rear door, rear showroom
  - Glass break detector - main entry, rear showroom
  - Door contact - main entry, rear entry
  - Holdup button - 2 in reception, 3 in showroom

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<sup>4</sup> Bay Alarm, 1016 Clegg Ct., Petaluma, CA 94954

<sup>5</sup> Ordinance 3639, §6.85.042(D)(3)

<sup>6</sup> Ordinance 3639, §6.85.042(I)(6)

<sup>7</sup> Ordinance 3639 §6.85.042(I)(8)

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In addition to the technology employed by Bay Alarm, Forest Knolls Wellness will install a comprehensive lighting system to provide security to the building balancing the interests of the local residents in privacy while maintaining a secure location.<sup>8</sup> Forest Knolls Wellness will also develop a comprehensive set of patient/member rules in order to maintain a clear parking lot and to prevent loitering or nuisance behavior. Any patients that are in violation of the dispensary's rules will no longer be served or permitted on the premises by the Collective's security guards.

### **County Request No. 11**

Forest Knolls Wellness will submit any information required to comply with the County's LiveScan requirements as soon as the Applicant is instructed by the County to do so.

### **Conditions of Approval**

On October 22, 2016, the directors of Forest Knolls Wellness and one of the property's owners voluntarily hosted a meet and greet event at 6700 Sir Francis Drake Blvd. The purpose of the event was twofold: 1) to provide public transparency with regard to the dispensary's plans and operations, and 2) to provide a forum for local residents to discuss their concerns regarding the proposed site's use as a dispensary. The meet and greet event was held in October so that the collective would have an ample opportunity to address and potentially mitigate community concerns identified at the meet and greet.

At the meet and greet event, four primary concerns were identified by local residents with regard to use of the proposed location as a dispensary: 1) traffic 2) parking 3) safety of children and 4) crime. Attached hereto as **Attachment 12** and incorporated by this reference is a true and correct copy of a letter dated October 25, 2016 submitted to the County on behalf of Forest Knolls Wellness in response to a community concerns.

- Traffic

With regard to traffic, some local residents expressed concern that the dispensary would result in an increase in traffic in the area. Forest Knolls Wellness expects to serve approximately 50 qualified patients per day, which is far less than the approximately 200 customers per day who used the facility when it was a gas station. Because of the limited

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<sup>8</sup> Ordinance 3639 §6.85.050(F)(21)

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number of patients per day, Forest Knolls Wellness does not expect negative impacts on traffic resulting from use of the property as a dispensary.

- Parking

The site plan submitted by Applicant provides 13 parking spaces (including 2 ADA spaces) shared by Building A and Building B's tenants. Based on the size of the dispensary and number of patients expected per day, Forest Knolls Wellness does not anticipate an increase or change in the number of vehicles parking at the property because of use of Building A as a dispensary. Some local residents expressed concern about drivers pulling out from the existing perpendicular parking spaces. Attached hereto as **Attachment 13** is a true and correct copy of page 5 the San Geronimo Planning Group's April 2016 newsletter that states:

In the March Newsletter the PG expressed concern about the perpendicular parking slots that had drivers having to back into SF Drake Blvd. to exit the Farm Stand and shopping area. The county is reviewing our safety concerns but has not yet replied. *The school was contacted and feels that very few students use the path in the area that crosses the parking lines and is therefore not a problem.*

Since the school district reported "very few students use the path", the perpendicular parking slots on the property should not present a safety problem for students or other members of the public frequenting the businesses in Building A or B.

- Safety of Children

Forest Knolls Wellness's intent is to provide a safe and secure facility that will not be accessed by anyone under the age of 21. The Collective's security plan has a strict procedure in place for admission of verified patients only into the dispensary and no one will be granted access to the dispensary until their age, identity and medical recommendation are verified by security staff. Some local residents expressed concern that children might be dropped off by a school bus in front of the dispensary. The existing property owner has informed me that her father verbally granted the school district permission to stop in front of Building B to drop off children in 1974. Though never formally designated by the County or School District as a school bus stop, the verbal permission for this use has remained in place. The Collective has been unable to obtain factual data on the actual number and frequency of students who are dropped off at this location or on the number of children who pass by the proposed location on bicycle or foot other than what was reported in PG's newsletter as described above in Attachment 13. However, after discussions with the current property owner, in order to mitigate the

potential bus stop concern, the Collective proposes permanently moving the bus stop .2 miles west to Tamal Road where a more suitable public property exists to accommodate a permanent bus stop. Forest Knolls Wellness intends to take every step possible to address and mitigate the concerns of local residents regarding the safety of their children.

- Crime

Some of the local residents at the meet and greet event expressed concern about a potential increase in crime associated with use of the property as a dispensary. The County has imposed an annual \$12,000 annual monitoring fee for licenses that will be used to increase patrols in the area. *See Marin County Press Release, Medical Cannabis Rules, Fees Approved Supervisors to allow up to four dispensaries in unincorporated areas of Marin*, dated May 04, 2016. In addition to increased patrols in the area, Forest Knolls Wellness will have strict employee procedures in place for safe handling of medical cannabis and cash including daily procedures for securing all cash and medical cannabis products in locked safes after close of business. Technology now exists – such as cashless ATMs – to reduce the amount of cash on hand at the dispensary that will be utilized by Forest Knolls Wellness.

In fact, a licensed dispensary at this location ***should reduce crime associated with black market cannabis transactions*** that presently occur in the San Geronimo Valley. Such black market activity is the primary cause of an increase in cannabis-related crimes. A licensed dispensary such as Forest Knolls Wellness will help decrease the amount of crime related to black market activity as local cannabis cultivators will have a licensed, safe and secure retail outlet to legally vend their products and Forest Knolls Wellness will also protect children by prohibiting black market activities such as illegally selling cannabis to minors. Lastly, the lack of access to a major freeway, such as the 101 corridor, make it more unlikely that a dispensary located in West Marin would be the target of crime because of the lack of escape routes.

### **Community Response & Mitigation**

In discussions with the County, I was informed that the impact on the health, wealth and safety of local residents is one of seventeen application review criteria set forth in Ordinance 3639. While those that oppose the dispensary at its proposed West Marin location have been quite vocal, some local residents that are proponents have indicated to me that while they support the dispensary at 6700 Sir Francis Drake, due to professional reasons and because of Federal prohibition, they prefer to remain anonymous during the public review process.

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There were also some community concerns raised at October's meet and greet about the design of the dispensary and whether security bars would be placed on the windows and neon lights for signage. Forest Knolls Wellness does not intend to place bars on the windows or use neon lights as part of its design of the storefront. In addition to the architectural drawings submitted, the Applicant, over the next two months, intends to develop additional design plans that will be shared with the public when available. The Applicant does not intend to make major structural changes to the face of the building – but rather to do a minimal build out in the interior to comply with Ordinance 3639, that has an open airy feel similar to those images found in this article: <http://www.curbed.com/2015/3/30/9976266/medical-marijuana-dispensaries>.

There was some discussion at the Oct 22 meet and greet regarding potentially mitigating concerns of the public about children passing in front of the dispensary on Sir Francis Drake Blvd. The Collective is willing to consider conditions of approval to mitigate such concerns, such as moving the parking to the rear of the property where this is ample space and moving the locked entrance to the rear of Building A so that only disabled patients could access the front entrance of Building A after verification by security staff. If the County wishes to grant the license based on conditions of approval that require such changes, Forest Knolls Wellness is willing to make changes to its plans necessary to comply with any further conditions imposed by the County in order to mitigate any community impact concerns.

### **West Marin Access Issues**

The County identified 6700 Sir Francis Drake Blvd as a suitable location for use as a medical cannabis dispensary under Ordinance 3639 and published a list of suitable address that were eligible to apply. Public hearings were held which afforded local residents with ample opportunity to respond with any objections to the identification of 6700 Sir Francis Drake Boulevard as suitable for use as a medical cannabis dispensary. In accordance with California's Sunshine Ordinances, the County published all required public notices in a timely fashion.

On April 28, 2016, the County published a press release indicating that homeowners and local residents near 6700 Sir Francis Drake Boulevards were notified and given an opportunity to respond before Ordinance 3639 was formally adopted by the County. See Marin County Press Release, *Supervisors to Review Medical Cannabis Rules, Fees With program approval, first dispensaries could open in early 2017*, dated April 28, 2016. According to the County's Press Release, "[t]here are 184 eligible sites in commercially zoned unincorporated areas – 50 in the urbanized corridor and 134 in the other areas. All eligible sites are pinpointed on maps provided by CDA. This week, CDA

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mailed approximately 4,000 public notices to parcel owners with property within 1,000 feet of an eligible dispensary site and published the notice in several local newspapers.”

After the October meet and greet event, I received emails from the public indicating that a black market currently exists for cannabis sales in the Valley, and that the reason they oppose the dispensary at this location is because it would encroach upon those unlawful sales. Based on emails sent to counsel and statements made at October’s meet and greet, I am concerned that some of the opposition is coming from those that are unlawfully cultivating and distributing cannabis in the San Geronimo Valley who do not want to comply with the new regulations including obtaining proper local licensing, reporting sales, and paying tax to the BOE as required under State law. The goal of Forest Knolls Wellness is to provide a licensed and safe retail distribution outlet that both employs as many local residents as possible as well as procures medical cannabis for retail sales from as many local qualified vendors as possible.

Some qualified patients do not have access to a vehicle or public transportation in West Marin yet still need to legally obtain medicine to treat their illnesses. Since the proposed location is in a more remote location that those identified on the 101 Corridor, disabled, seniors, veterans and low income patients in the San Geronimo Valley will benefit from the free delivery service offered once a week by the dispensary to qualified patients in the Valley as set forth in the Community Benefit Plan. In addition, some residents at the meet and greet said they obtain medicine from delivery services or drive to dispensaries in San Francisco. Existing delivery services are not regulated (taxed, licensed etc) and present safety issues with regard to crime. Local residents will also mitigate the harmful environmental impact of driving to San Francisco and reduce their carbon footprints by obtaining medicine locally at a licensed dispensary in West Marin.

Lastly, if the County amends its ordinance further to provide for licensing of recreational sales of cannabis under AUMA, the Applicant suggests the County consider adding a provision for a local tax collected by the County to cover any additional costs that might be associated with increasing patrols of the area by law enforcement due recreational sales. Local tax funds derived from licensed sales of recreational cannabis could also be allocated by the County to support additional funding for public schools, libraries, parks, green building and energy programs, and other public resources.

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Thank you for your consideration of Forest Knolls Wellness's application. Please contact me if you have any further questions or need additional information.

Very truly yours,

*Natalia Thurston*

Natalia Thurston

Attorney for Forest Knolls Wellness

Attachments

Enclosure: Key Drive with electronic copy of letter and attachments

cc: Ms. Inge Lundegaard, Planner, County of Marin  
Board of Directors, Forest Knolls Wellness  
LBB3, LLC

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January 17, 2017

Via Email

Ms. Inge Lundegaard, Planner  
Community Development Agency  
County of Marin  
3501 Civic Center Drive, Suite 308  
San Rafael, CA 94903  
Email: [ilundegaard@marincounty.org](mailto:ilundegaard@marincounty.org)

Re: Forest Knolls Wellness; Medical Cannabis  
Dispensary License Application  
6700 Sir Francis Drake Boulevard, Forest Knolls  
Assessor's Parcel No, 168-131-23

Dear Ms. Lundegaard,

At your request, I submit the following supplemental information to the County of Marin ("County") with respect to Forest Knolls Wellness's ("the Collective") application for a dispensary permit to operate at 6700 Sir Francis Drake Blvd. in Forest Knolls, CA.

Since submitting the application to the County on August 31, 2016, the Collective has engaged in community outreach activities within the San Geronimo Valley (the "Valley") with the twofold purpose of: 1) informing local residents and existing business owners in the Valley regarding the Collective's compliance with State law and Ordinance 3639 in its plans submitted to the County; and 2) gathering information from Valley residents as to any potential harmful impacts they might associate with operation of a dispensary at the proposed location in an effort to mitigate any potential harmful impacts to the Valley community and its residents.

1) Outreach to Valley Residents by the Property Owner

On July 13th-15th, 2016, one of the property's owners, Rebecca Lepori, began community outreach efforts by personally visiting approximately 16 neighbors and

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residents adjacent to 6700 Sir Francis Drake Blvd. to discuss the possibility of a dispensary seeking a permit to operate at that location, and to solicit feedback on their opinion and potential concerns on any impacts to the neighborhood. She spent approximately six hours speaking with neighbors and based on her feedback, fourteen neighbors were in favor of the dispensary at the proposed site, and one was not.

Ms. Lepori also personally communicated to each of the current business owners at 6700 Sir Francis Drake Blvd. of her family's intent to consent to the submission of the Collective's dispensary application and plans to minimize disruption to those existing business tenants involving relocation of the Farm Stand to share space with the antique shop in Building B prior to submission of the application to the County.

## 2) October 22, 2016 Meet & Greet Event

In further efforts to reach out to the local residents of the Valley, the directors of the Collective and Ms. Lepori hosted a public meet and greet at 6700 Sir Francis Drake Blvd. on October 22, 2016 from 12-3pm. A true and correct copy of the Meet and Greet Event announcement is attached hereto as **Attachment 1**. On October 16th, 2016, Ms. Lepori personally handed out 60+ Meet & Greet flyers to neighbors surrounding the property, as well as inviting the existing business owners at 6700 Sir Francis Drake Blvd. I also emailed the event announcement to the County, the Pt Reyes Light, the Marin Independent Journal, and various community groups in the Valley including the San Geronimo Valley Planning Group.

The purpose of the meet and greet was to allow the neighbors to meet the directors of the Collective and to solicit feedback and community response on any concerns local residents might have regarding the Collective's plans. A copy of the Collective's application materials (excluding the management's financial information) was made available for public review at the meet and greet. A full report on the information gathered at the October 22, 2016 meet and greet was submitted to the County on October 25, 2016, and a true and correct copy of which is incorporated by this reference as **Attachment 2**.

## 3) Email Communications with Valley Residents

After the meet and greet event held on October 22, 2016, Ms. Lepori and I received emails from Valley residents both for and against the operation of a dispensary at this location. I understand from one of the local residents who is a supporter of the Collective's application, that she has shared with the County some of the communications that have occurred with some of the members of the community who oppose the dispensary. In email communications with me, she expressed that as a senior

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citizen and qualified patient, certain Valley residents have taken an unnecessarily hostile and aggressive tone with respect to email communications that infringe on both her freedom of speech and right to obtain local and safe access to medical cannabis to treat her illnesses. Although she has already shared some of these emails communications with the County, she asked me not to disclose her name as she is fearful of some of the opponents who have unfortunately resorted to the use of cyber-bullying tactics in efforts to advance their opinions. It is unfortunate that the project's opponents have taken an unnecessarily hostile position rather than accept the Collective's invitation to engage in a meaningful dialogue regarding their concerns, some of which could potentially be mitigated through education and open discourse.

#### 4) Change.org Petitions

A group called the "San Geronimo Valley Community", started an online petition on change.org entitled "OPPOSING THE ESTABLISHMENT OF A MEDICAL MARIJUANA DISPENSARY IN THE SAN GERONIMO VALLEY" (<https://www.change.org/p/marin-county-community-development-agency-opposing-the-establishment-of-a-medical-marijuana-dispensary-in-the-san-geronimo-valley>) and as of its closing date, received 435 supporters. Based the information posted on the change.org website, *this petition was created on January 6, 2016 as a general objection to any potential medical cannabis dispensary seeking a permit at any location in the Valley.* The Collective was unable to obtain a copy of the petition before it was closed, and therefore, by this letter, requests from the County, if available, a copy of the above-referenced petition in order to review and address any additional concerns that might have been raised in the comments submitted by the petition's signatories.

On October 27, 2016, the Collective started its own petition on change.org "Friends of Forest Knolls Wellness": <https://www.change.org/p/county-of-marin-friends-of-forest-knolls-wellness>. In one year, the dispensary's opponents gathered 435 supporters in support of its opposition petition, *whereas in approximately three months*, the Collective has gathered 587 supporters in support of its application. The Collective plans to close the petition and submit the final results of the petition to the County on the date of the public hearing, tentatively scheduled for February 7, 2017. If the County would like the Collective to close and submit the change.org petition prior the date of the public hearing, please advise and it will do so immediately upon request.

#### 5) Letters and Emails of Support

In addition to the change.org petition described above, the directors of the Collective have circulated the attached letter in support of the Collective's application to colleagues and residents of the Valley community. A true and correct copy of this letter

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of support is attached hereto as **Attachment 3**. It is my understanding that individual letters and emails of support have also been submitted to the County, including a letter of support from one of the property's owners, Rebecca Lepori and an email with her report of the 10/22/16 meet and greet event. I was informed by Rebecca Lepori that she also recently submitted a letter to the County proposing construction of a permanent crosswalk and 2 bus stops at Sage Lane at Sir Francis Drake, to mitigate any issues with children using a temporary bus stop at 6700 Sir Francis Drake in front of the dispensary.

Please advise if it is possible to make an appointment with you or planning department staff to review any letters/emails/materials of support/or opposition that have been submitted regarding the Collective's application prior to the public hearing in order to further address/mitigate potential community concerns. Lastly, any additional letters and emails of support will be gathered and submitted to the County upon receipt before the public hearing.

6) Public Relations through Local Press

The Collective has also reached out to the Valley community through contacting the local press. An online and print advertisement was published daily from January 7-12, 2017 in the *Marin Independent Journal*, a true and correct copy of which is attached as **Attachment 4**. I also wrote an opinion letter in response to the four primary community concerns identified thus far in the Collective's community outreach activities, traffic, parking, crime and safety of children. **Attachment 5** is a true and correct copy of the opinion letter I wrote which staff from the Pt Reyes Light indicated will be published in the January 19, 2017 edition of the newspaper. I will provide a copy of the print edition to the County upon publication.

7) Future Community Outreach Activities

Prior to the public hearing tentatively scheduled for February 7, 2017, the Collective intends to continue to reach out to residents of the Valley for support and to address and potentially mitigate community concerns. The Collective plans to hold a public outreach and informational event in conjunction with Women Grow, <http://womengrow.com/>, a national networking group that supports women in the cannabis industry, at a location in West Marin that will be open to all members of the public to attend. The Collective's directors and the property owners will continue to personally communicate and engage in outreach efforts with individual residents of the Valley community. Many Valley residents have already vocalized their support for the Collective's application, and intend to demonstrate that support by attending and speaking in support of the Collective's application at the public hearing.

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Lastly, if the County has any other suggestions for additional community outreach activities that the Collective might engage in to support its application and solicit community feedback, please do not hesitate to contact me. Thank you for your attention to this matter and for your consideration of Forest Knolls Wellness's application.

Very truly yours,

*Natalia E. Thurston*

Natalia Thurston

Attorney for Forest Knolls Wellness

Attachments

cc: Mr. Thomas Lai, Deputy Director, County of Marin  
Board of Directors, Forest Knolls Wellness  
LBB3, LLC

**NATALIA E. THURSTON**  
**ATTORNEY AT LAW**  
725 Washington Street, Suite 212  
Oakland, CA 94607  
Tel: (415) 240-9024  
Email: net@cbdpros.com

February 20, 2017

Via Email

Ms. Inge Lundegaard, Planner  
Community Development Agency  
County of Marin  
3501 Civic Center Drive, Suite 308  
San Rafael, CA 94903  
Email: [ilundegaard@marincounty.org](mailto:ilundegaard@marincounty.org)

Re: Forest Knolls Wellness; Medical Cannabis  
Dispensary License Application  
6700 Sir Francis Drake Boulevard, Forest Knolls  
Assessor's Parcel No, 168-131-23

Dear Ms. Lundegaard,

I am writing to address several issues and to answer specific questions raised by community members regarding Forest Knolls Wellness's Dispensary License Application at the County's public hearing on February 7, 2017.

1) Security, Signage, and Lighting.

During the public comment period at the hearing, Dan McKenna, a representative of the San Geronimo Valley Planning Group, indicated that it had been incorrectly stated that the group was opposed to the Collective's application. Mr. McKenna said the group had not yet taken a position on the application, and asked for clarification on three issues: security, signage and lighting. In response to Mr. McKenna's specific questions, **Attachment A** provides further details on the Collective's security, signage, lighting plans and compliance with Ordinance No. 3639.

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2) School Bus Stop.

Community concerns were raised at the hearing regarding a school bus stop in front of 6700 Sir Francis Drake Blvd. In an effort to both address the community's concerns and to put the safety of the Valley's children first, Rebecca Lepori, one of the property owners, met with John Carroll, the Lagunitas School District Superintendent as well as a representative from the California Highway Patrol regarding the safety of the existing location of the bus stop on the property. Mr. Carroll and the California Highway Patrol representative advised Ms. Lepori that the existing bus stop does not meet the minimum safety requirements required under the Vehicle Code and other relevant California laws regulating the placement of school bus stop. Therefore, a decision was made by Mr. Carroll to temporarily move the bus stop nearby to Tamal Road effective 2/20/17 until a more permanent and safe stop nearby can be designated by the Superintendent of Schools and the CHP in accordance with applicable laws.

The Collective will aid the State and the County in whatever manner possible to continue to ensure the safety of children and all pedestrians in the Valley. If necessary, the Collective will revise its parking plans to move the existing perpendicular parking spaces in the front of the property to the rear of the property as a condition of permit. Furthermore, the State has now mandated decriminalization of cannabis through voter passage of Prop 64, and the new state law includes authority for the law enforcement to develop standards to test drivers for driving while under the influence of cannabis. The new changes in State law should help quell concerns regarding patients driving under the influence of medical cannabis near the dispensary. The Directors of the Collective welcome further discussions with the County regarding any pedestrian safety issues or conditions of permit that might be necessary to mitigate concerns regarding pedestrian or bicyclists who use the path in front of 6700 SFD Blvd.

3. Community Response.

On February 8, 2017, Richard Halstead reported in the *Marin Independent Journal* that "Hundreds Turn Out for West Marin Cannabis Hearing"; and on February 15, 2017 that "Marin County communities just saying no to medical cannabis dispensaries". In his February 15<sup>th</sup> article, Mr. Halstead reported that a San Geronimo Valley group opposed to the dispensary had gathered 445 signatories to its change.org petition. Mr. Halstead omitted any mention in his article of Forest Knolls Wellness's Change.org Petition in support of its Application, which as of the date of this letter, has gathered 628 supporters including residents of the San Geronimo Valley: <https://www.change.org/p/county-of-marin-friends-of-forest-knolls-wellness>. A true and correct copy of the petition and its signatories was submitted to the County at the Public Hearing on February 7, 2017. I

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have also attached a true and correct copy of the Petition's 628 signatories as of the date of this letter.

In his Feb 8<sup>th</sup> article, Mr. Halstead also failed to report that Mr. Shotwell is currently represented by Dan Siegel, a well-respected Bay Area civil rights attorney in a pending civil rights lawsuit against the City of Vallejo for the unlawful raid of a state-compliant dispensary in Vallejo. The unlawful raid of the dispensary referred to in Mr. Halstead's article occurred in 2012 as part of a coordinated strategy by the federal government to shutter similar state-compliant establishments including Marin Alliance for Medical Marijuana in Fairfax and Oaksterdam in Oakland. Not only were all criminal charges against Mr. Shotwell dismissed by the Solano Superior Court judge associated with the unlawful raid, the City of Vallejo was forced to return all of the Collective's property including the medical cannabis that was seized during the unlawful raid.

At the time of the 2012 series of raids, state law was unclear as to whether local authorities had jurisdiction over medical cannabis dispensaries, or whether State law trumped local control and regulation over such businesses. The recent decriminalization of cannabis through passage of MCRSA of 2016 and Prop 64 in 2017 has fundamentally changed the regulatory framework for medical cannabis dispensaries. State law is now clear that local jurisdictions such as the County of Marin have the power to regulate, control and tax medical cannabis business under a dual-licensing system. Individuals such as Matt Shotwell, who bore the great risk of regulatory uncertainty in 2012 at much personal cost, should not now be unfairly prosecuted by the court of public opinion for past legal advocacy efforts to provide safe access to qualified patients. Such efforts have paved the way for our current system of regulation, and as a result of these early legalization efforts, Prop 64 now contains provisions to expunge any criminal records associated with cannabis-related crimes.

Since last July, the Collective, its Directors, and the property's owner have worked in a joint effort to transparently disclose to the businesses currently existing at the proposed location, and to the residents in the Valley, the dispensary's full business plan including its operational, financial, and management plans. This includes voluntarily co-hosting a meet and greet with Ms. Lepori in October 2016, along with sharing a copy of its plans with the public well before those plans were published online by the County in an effort to preemptively mitigate community concerns. It is unfortunate that one group of opponents have chosen to spread misinformation regarding the Collective's ownership because Matthew Shotwell was interested in purchasing the property and attended the October meet and greet. Based on limited interaction and information, these opponents have flooded online message boards and the local press with assertions of dubious

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accuracy. The candor and tone of some of the opposition has been so clouded with personal attacks and derogatory statements with no underlying factual basis that they have successfully silenced the voices of many of the proponents of the dispensary. Some members of the Valley community have contacted me privately to state that, while they would like to publicly voice their support for the dispensary at 6700 SFD, that they fear moral retribution from some members of the Valley community if they openly vocalize their support of the dispensary. One group of opponents should not be able to suppress the equally important voice of patients seeking safe local access to medical cannabis to treat their illnesses.

It is our team's shared belief that it was the intent of the County to permit locally-managed and controlled dispensaries such as Forest Knolls Wellness that are managed by local residents and that have robust community benefit programs. We do not believe it was the intent of the County in adopting Ordinance No. 3639 to favor highly-leveraged for-profit interests from out-of-state who may not give back to the communities from which they are profiting. The Forest Knolls Wellness team is comprised of local and seasoned medical cannabis professionals who intend to operate a small, safe, community-based shop offering organic, clean, lab-tested and safely packaged products.

A collective is a non-profit mutual benefit corporation and may not have individual owners or shareholders. The Collective has submitted pro forma financial statements with its application demonstrating that the revenue from sales of medical cannabis products will be allocated to overhead expenses associated with the operation of a dispensary including salaries, rent, insurance, and taxes in accordance with California law and as certified by the Collective's CPA. The Collective will use net revenues to increase value in the business through employee pay raises and benefits<sup>1</sup>, local hiring and discounts, its free weekly delivery service to qualified disabled patients, alternative health care classes, and to support other local charities in the Valley.

#### 4) Weighing of Factors and Balancing of Interests.

In my view, the County, in considering the merits of an application, should carefully balance the interests of the community in the health, welfare, and safety of its residents, and the right of patients to obtain safe, legal and local access to medical cannabis. I believe the goal is to strike a balance between these interests, and to provide the highest quality of medicine to patients in the safest manner possible with the least

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<sup>1</sup> The Collective intends to pay its staff at a starting wage of \$15 per hour + benefits (see Forest Knolls Wellness's Business Plan, Part C, Operating Plan, 08/31/16). The wages will be increased if necessary to provide a living wage in accordance with Marin's cost of living increases.

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amount of impact on the neighboring community. It is Forest Knolls Wellness's intent to fill that void in access in a safe and professional manner. In light of these factors, I believe the Forest Knolls Wellness is well-positioned to effectively carry out the County's goals in safely implementing Ordinance No. 3639 as a licensed medical cannabis dispensary at 6700 SFD.

Lastly, I would like to personally thank you for the excellent work that you did in responding to multiple inquiries in a timely fashion and in facilitating the entire application process in a very efficient and professional manner. Thank you for your consideration of Forest Knolls Wellness's application, and please do not hesitate to contact me with further questions.

Very truly yours,

*Natalia E. Thurston*

Natalia Thurston

Attorney for Forest Knolls Wellness

Attachment

cc: Mr. Thomas Lai, Deputy Director, County of Marin  
Board of Directors, Forest Knolls Wellness  
LBB3, LLC  
Dominic Grossi, District 4 Supervisor, County of Marin  
Dan McKenna, San Geronimo Valley Planning Group  
Richard Halstead, Marin Independent Journal  
Samantha Kimmey, Pt. Reyes Light  
Tess Elliott, Pt. Reyes Light

# **ATTACHMENT A**

## **FOREST KNOLLS WELLNESS**

### **FEBRUARY 7, 2017 PUBLIC HEARING COMMENT**

1) Security Plan (Marin Municipal Code §§ 6.85.042(1)(5) & 6.85.050).

Security is of paramount concern to both Forest Knolls Wellness and the community of San Geronimo Valley. Forest Knolls Wellness will endeavor to operate in a quiet and inconspicuous manner to minimize creating an attractive nuisance with minimal disturbance to neighbors. A full-time, unarmed, security guard will be stationed at the locked entrance to the dispensary to check patient ID and recommendations prior to entry into the dispensary. Collective Membership Rules and Policies will be in force to ensure that any patients who violate rules such as no loitering or consumption on the property are expelled from membership. In addition to other security measures outlined in its Security Plan, a panic alarm button will be accessible to staff linked directly to law enforcement and Bay Alarm in the event of disturbance. Forest Knolls Wellness invites community members to contact the Collective and its representatives directly if there is any lack of clarity as to the security plan, the details of which can be found in the application and amendments.

*6.85.042(1)(5): Security Plans: A dispensary shall provide adequate security on the premises, as approved by the County Administrator, including lighting and alarms, to insure the safety of persons and to protect the premises from theft.*

*6.85.050 Application preparation and filing*

*(F) Submittal requirements*

*(17) Security Plan. A detailed security plan outlining the proposed security arrangements for insuring the safety of persons and to protect the premises from theft. The plan shall include installation of security cameras, a robbery alarm system monitored by a licensed operator, and a security assessment of the site conducted by a qualified professional;*

2) Signage (Marin Municipal Code § 6.85.042(J)).

The location and type of signage is regulated by Ordinance 3639. Forest Knolls Wellness will follow all the requirements of the ordinance and obtain all necessary signage permits from the County. The dispensary's signage will be minimally obtrusive (no neon lighting or large signs) and will comply with Ordinance No. 3639.

*Signage:*

*6.85.042(J) Signage and Notices.*

*(1) the building entrance to a dispensary shall be clearly and legibly posted with a notice indicating that smoking, ingesting or consuming cannabis on the premises or in the vicinity of the dispensary is prohibited.*

*(2) Signs on the premises shall not obstruct the entrance or windows.*

*(3) Address identification shall comply with County Code and Fire Department illuminated address signs bulletin.*

*(4) Business identification signage shall be approved in accordance with the County's sign permit process and any other applicable ordinances with the additional requirement that signs shall not contain any logos or information that identifies, advertizes or lists the specific products or services offered by the dispensary.*

3) Lighting (Marin Municipal Code § 6.85.050).

It is the goal of Forest Knolls Wellness to balance the need for minimum light intrusion on the community with establishing excellent safety protocols. Lighting must be bright enough to dissuade any potential crime but will be no greater than needed. Details can be found in the Lighting Plan section of the application and amendments.

At the public meeting on February 7, a community member sought information related to the footcandle (fc) unit of measurement. A footcandle is a unit used to describe the illumination of a square foot of space from a single point of light. The footcandle is a measurement of light intensity and cannot be readily converted to watts. It is similar to how pounds per square inch (psi) cannot be converted to pounds.

The Collective commits to lighting the building in accordance with all County requirements to preserve the safety of our business, employees, and community while minimizing light pollution.

*Lighting*

*6.85.050 Application preparation and filing*

*(F) Submittal requirements*

*(21) Lighting Plan. A lighting plan showing existing and proposed exterior premises and interior lighting levels that would be the minimum necessary to provide adequate security lighting for the use.*

# EXHIBIT C

## Part C. Operating Plan

### Plan Overview

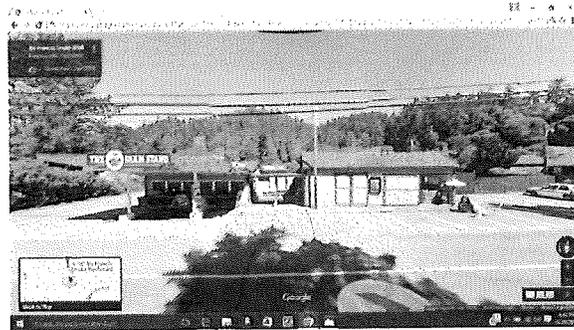
The primary goal of Forest Knolls Wellness and its staff is to provide safe access to medical cannabis for its qualified patient members. Forest Knolls Wellness will operate in a manner that is both consistent with Ordinance No. 3639, and uses best practices developed by the retail cannabis industry to address community concerns such as traffic, noise, loitering, litter, and odor complaints. By staying abreast of new developments in the cannabis industry, the collective's experienced staff will help assure that its patient members receive safe products that are lab-tested and properly labelled for use to treat their illnesses. As part of its commitment to providing the highest quality of products and services to its patient members, Forest Knolls Wellness has also adopted industry best practices and professional standards in establishing its operational protocols. These operational protocols and professional standards are designed to both: a) minimize the impact of the dispensary's operations on the immediate community; and 2) to ensure the health, welfare, and safety of all Marin citizens.



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## Dispensary Size and Access



The proposed location for the dispensary is 6700 Sir Francis Drake Blvd. in Forest Knolls, CA. The square footage of the proposed dispensary location in "Building A" on the property is 1022 square feet. Tenant improvements made to the property for use as a dispensary will be primarily interior and cosmetic. No major structural or building modifications are anticipated for this project other than to improve the site's ADA accessibility by adding interior and exterior ramps, upgrading the restrooms, and adding an ADA van accessible parking spaces.

## Operating Hours & No. of Patients

Forest Knolls Wellness will operate between the hours of 9:00am and 9:00pm, seven days a week. Based on historical data from other dispensaries of similar size and Marin's demographic data, the dispensary expects to serve between 50-75 patient members per day with average daily sales \$30-\$50 per patient. According to the property owner and historical records, the gas station that existed at the site served approximately 200 customers per day during its existence. The dispensary will provide a sworn statement to the County Administrator indicating the number of patients served by the dispensary on an annual basis in accordance with Ordinance No. 3369.

## Dispensary Supply

In order to prevent unauthorized and unlawful re-sale of medical cannabis, the dispensary will limit sales of medical cannabis products to two ounces per patient and 10 clones per patient/per day which are below the limits proscribed under Ordinance No. 3639 § 6.85.042(E).

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## Dispensary Profits

Forest Knolls Wellness is organized as a non-profit mutual benefit corporation or “collective”. Under the AG Guidelines, a medical marijuana collective “...merely facilitates the collaborative efforts of patient and caregiver members –including the allocation of costs and revenues. . . The collective should not purchase marijuana from, or sell to, non-members; instead, it should only provide a means for facilitating or coordinating transactions between members.” AG Guidelines § IV.A.2, emphasis added. Furthermore, a member of a collective may reimburse the collective monetarily in exchange for medical marijuana in “an amount necessary to cover overhead costs and operating expenses.” AG Guidelines § IV.B.5.

In accordance with the CUA, S.B. 420, and the AG Guidelines, any individual who wishes to transact with the collective must be a qualified patient member of Forest Knolls Wellness. This includes vendors with whom the collective procures medical cannabis products. Every wholesale transaction involving the procurement of medical cannabis by the collective will be documented in financial records and accompanied by a resale certificate. Sales tax will be incorporated into the retail price of all products and transactions made with patient members will include tax. Sales tax will be collected and paid to the Board of Equalization on a Quarterly Basis. Revenues from the dispensary’s sales will not be distributed in any form to any management member, officer, director, employee, contractor, agent, vendor or any member patient of the collective. Instead, the dispensary’s management and employees will be paid salaries bi-weekly in accordance with California’s labor laws. The dispensary’s profits will be used to cover the overhead expenses associated with its operations such as rent, payroll, insurance, and taxes. Excess revenues from the dispensary’s sales will be donated to charitable organizations or re-invested in the collective through capital investments such as purchasing new equipment or software.

## Dispensary Access

- The entrance to Forest Knolls Wellness will be locked at all times with the entry strictly controlled by a buzz-in electronic entry system. Security cameras will be installed at the front door entry that allows for maximum angle view of the exterior entrance. For more details on Forest Knolls Wellness’ security plan, *see* Application Part E. Security Plan.
- A security guard will staff the front entrance of the dispensary at all times of operation and shall be employed to monitor the site’s activity, control loitering, and site access through the security procedures established in the Patient Verification Process set forth herein.
- Only Forest Knolls Wellness staff, management, primary caregivers, qualified patients members, and persons with bona fide purposes for visiting the site shall be permitted at the dispensary.

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## Human Resources

1. Corporate Governance & Management. Kip Baldwin will serve as the President and Executive Director and Brian Hilliard will serve as Chief Financial Officer, Secretary and Director of Forest Knolls Wellness. Linda Delair will serve as a Director of Forest Knolls Wellness. The Officers and Directors will manage and oversee the operation of the dispensary, management of employees, and maintenance of financial records, including ensuring the validity of all business permits, insurance requirements, financial accounting systems and controls, payment of taxes, and compliance with all related laws.
2. Employees. Forest Knolls Wellness will employ 2 full time management members, 2 full time employees and 3 part-time employees to staff the dispensary including a security guard, registration clerk, and two medication dispensers. Employees will work in shifts of 8 hours each with meal and break times established in accordance with California's labor laws. As part of the hiring process, each applicant will be asked to complete an employment application including providing documentation required to prove their legal right to work in the US. The application materials and documentation will be kept as part of an employee record that will include all documentation and employee notices required under California's labor and employment laws for each employee. Upon hiring, each employee will receive an orientation that includes the provision of an employee handbook outlining the rules and policies of the collective and its employees. Employee time will be recorded and tracked in accordance with California law.
3. Hiring. All employees will be qualified patients and members of the collective. No one under 18 will be employed by Forest Knolls Wellness, and no one under 18 will be admitted onto the premises. Forest Knolls Wellness is an equal opportunity employer, does not discriminate and will take affirmative action measures to ensure against discrimination in employment, recruitment, advertisements for employment, compensation, termination, upgrading, promotions, and other conditions of employment against any employee or job applicant on the bases of race, creed, color, national origin, or sex.
4. Staffing. During hours of operation, the dispensary will be staffed at all time by the following personnel: 1) A Security Guard will be positioned outside of the dispensary to check identification, monitor access to the building, and to patrol the premises; 2) A registration clerk will register and verify patient identity prior to their entry into the clinic; 3) Two retail clerks will dispense medical cannabis at the products counter in a separate room where access will not be granted to the patient until the patient is verified

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5. Staff Meetings. Forest Knolls Wellness will hold regular staff meetings to ensure compliance with all operating rules, address employee concerns, and inform employees regarding current laws and policies related to the safe distribution of medical cannabis.

## Operational Considerations

1. Operations Manual. An Operations Manual will be created and distributed to all employees with detailed instructions, policies and guidelines regarding procedures for staff screening to verify patients' medical cannabis doctors' recommendations and I.D. verification, security and emergency procedures, rules regarding the safe handling and storage of medical cannabis, and procedures for handling cash and credit cards transactions. All required business licenses will be prominently displayed at the facility and kept up-to-date.
2. Management & Employee Background Checks. In compliance with Section 6.85.042 of Marin County Ordinance No. 3639, Forest Knolls Wellness "applicant", its agents, employees, and all persons exercising managerial control of the dispensary on behalf of the applicant shall be subject to a criminal background check involving a live scan and investigation verifying whether the person or person having the management or supervision of Forest Knolls Wellness has been convicted of a crime(s), the nature of such offense(s), and the sentence(s) received therefore. Forest Knolls Wellness, its agents, employees, and all persons exercising managerial control of the dispensary on behalf of the applicant shall not have been convicted of a felony, or of a misdemeanor involving moral turpitude, or engaged in misconduct related to qualifications or duties of Forest Knolls Wellness.

## Site Management

1. Minors. Forest Knolls Wellness will not employ any minors under the age of 18. Persons under the age of 18 will not be allowed on the premises of Forest Knolls Wellness. If a person under the age of 18 is a qualified patient member of Forest Knolls Wellness with written parental consent from a parent or legal guardian who is the designated qualified caregiver of such minor patient, the designated qualified caregiver parent or legal guardian of the patient will be allowed on the premises of Forest Knolls Wellness to obtain medicine for the minor patient. CBD rich products including tinctures and the Charlotte's Web strain effectively treat autism and other illnesses in children without the harmful side effects of pharmaceutical drugs. Forest Knolls Wellness believes strongly in protecting the safety of children, while balancing the need for parents and legal guardians to have the freedom to decide to treat their children's illnesses with medical cannabis.

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2. Signage. The entrance to the dispensary will have signage with a notice clearly and legibly posted indicating that no one under the age of 18 is allowed on the premises in accordance with Ordinance No. 3369 § 6.85.042(B). The entrance to the dispensary will have signage with a notice clearly and legibly posted indicating that smoking, ingesting or consuming products on the premises or within 200 feet of the vicinity of the dispensary is prohibited in accordance with Ordinance No. 3369 § 6.85.042(J)(1).
3. Address identification will comply with the County Code and Fire Department illuminated address signage bulletin.
4. Site Management. The collective's security guard will be charged with monitoring the interior and exterior premises of the dispensary to discourage and correct objectionable conditions that might create a nuisance in the parking areas, sidewalks, alleys and areas surrounding the premises and adjacent properties during business hours if directly related to the patient members of Forest Knolls Wellness. In compliance with Ordinance No. 3369 § 6.85.042(N)(1)(a)&(b), the collective's staff and management will take all reasonable steps to call the sheriff in a timely manner if deemed necessary and to discourage patients from engaging in behavior that constitutes a "nuisance" such as open consumption of alcohol or cannabis, excessive loitering, illegal parking or lewd conduct.
5. Trash, Litter and Graffiti. Forest Knolls Wellness will clear the sidewalks and adjoining premises plus 10 feet beyond the property lines along the street along with its parking spaces as needed to control litter, debris and trash along with removing all graffiti from the parking lot and premises within 72 hours of its application in accordance with Ordinance No. 3369 § 6.85.042(O).
6. Parking. The existing site has 12 parking spaces and the site plan submitted adds one additional, ADA van accessible parking space for a total of 13 parking spaces. Since there is ample parking at the site, there should be little to no impact from the dispensary's operations on street parking in the area.

## Patient Management

- Number of Qualified Patients & Collective Members.

Forest Knolls Wellness estimates that this facility will distribute medical cannabis to approximately 50-75 qualified patient members per day.

- Patient/Member Screening, Registration, Validation, and Orientation Process.

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Forest Knolls Wellness will provide medical cannabis to its patient members for their medical treatment in accordance with the CUA, SB 420, the AG Guidelines, and Ordinance No. 3639.

- New Patient/Caregiver Screening Process

Before admission to the collective as a patient member, each patient and/or caregiver will be carefully screened to assure that he or she may lawfully acquire cannabis from the collective as a qualified patient or primary caregiver under the CUA and SB 420. This screening involves a three-part process. First, the individual will be asked to provide a written medical recommendation from his or her physician recommending or approving use of cannabis for treatment of the patient's medical condition, along with valid California photo identification such as a driver's license to verify that the medical documentation matches the patient's identity. The patient will be provided with two forms, one is a patient registration form to obtain patient information, and one form contains the rules of the dispensary and a waiver of liability for the collective. The patient must complete and sign both forms along with providing the written medical recommendation and state photo identification to register as a patient member of the collective. A copy of the collective's Patient Registration Form and Member Code of Conduct and Agreement is attached as Attachment 14.

Second, the collective's registration clerk will collect the completed and signed forms from the patient along with making a photocopy of the ID and medical recommendation to include in patient records. Next the registration clerk will verify the accuracy of the documentation by contacting the office of the physician who issued the document and confirming that the physician provided it to the patient or using the online database designated in the written doctor's recommendation. Third, the registration clerk will use the online website for the Medical Board of California to verify that the doctor's license to practice medicine in California is valid. Primary caregivers will be allowed to register as caregivers only if they possess a primary caregiver's certificate from a medical doctor designating that person as the patient's primary caregiver. No access to the secure dispensation area will be granted until the patient is registered and qualified as a patient authorized to use cannabis to treat their illnesses.

- New Patient Orientation

Forest Knolls Wellness supports patient education and believes in patients making informed choices in relation to their health care. It is paramount that people using cannabis as medicine are provided with all of the information necessary to medicate safely and effectively. Upon registering at Forest Knolls Wellness, new patient members will be provided a clear and concise orientation session that is customized to their personal healthcare needs. This orientation will include an introduction to the cannabis plant that provides patients with information about medicinal use involving 1) Strain Selection and Effects 2) Dosage 3) Potency 4) Tolerance 5) Dependency and withdrawal 6) Ingestion Options 7)

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Safe smoking techniques and alternatives such as vaping 8) Side-effects and safe use 9) Quality and 10) Contraindications and Drug interactions.

- Returning Patients/Primary Caregivers

After a qualified patient or primary caregiver becomes a qualified member of the collective, each time the member visits the collective, he or she will be asked to provide a valid photo identification such as a driver's license before being allowed to obtain any medical cannabis. Forest Knolls Wellness's staff will use a patient records database to confirm the member's name, the doctor's name, and the date and expiration date of the physician's recommendation authorizing cannabis treatment in order to determine that the medical recommendation is valid. If the recommendation has expired, or cannot be substantiated, the patient will not obtain any cannabis. The collective will not provide medical cannabis to anyone who is not a member with a current doctor's recommendation for use of cannabis in the treatment of his or her illness.

- Qualified Patient Records Acquisition and Retention Procedures

The registration clerk will keep track of patient information including medical recommendation expiration dates by implementing a patient tracking system in a patient record database system. Patients will be identified by their first name initial, the first 3 letters of their last name and date of birth to protect patient privacy. The patient tracking system will show when medical cannabis recommendations expire and patient information will be looked up utilizing the patient's valid I.D. and date of birth. All patient records will be maintained in locked filing cabinets to protect patient privacy for a minimum of at least twelve months as required under Ordinance No. 3639 § 6.85.042(F)(5). Offsite storage may be obtained in the future to securely retain patient records.

## Business Management

- Vendors & Inventory

Forest Knolls Wellness will obtain medical cannabis products only from the collective's members within a closed circuit as specified under the AG guidelines. No medical cannabis will be purchased from outside the collective for distribution to its members. The collective will document each member's contribution of labor, resources, or money to the enterprise. Forest Knolls Wellness will also track and record the source of the medical cannabis and provide 1099 tax forms to vendors upon request. Inventory will be kept in a secure location and locked up in the safe when the facility is closed.

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No drug paraphernalia or any implement that may be used to administer medical cannabis will be sold or displayed, however Forest Knolls Wellness does request that the County authorize 150 square feet to display and sell such devices to its qualified patient members only upon County approval.

- Cannabis Safety Program

Forest Knolls Wellness will obtain medical cannabis for distribution only through a closed circuit of collective members. As such, the medical cannabis will be of the highest quality and grown without the use of pesticides. Before distribution to the patients, the medical cannabis will be inspected and tested for the presence of bacteria and molds. Forest Knolls Wellness will not cultivate medical cannabis onsite, but rather serve as a distribution facility only in compliance with Ordinance No. 3639 § 6.85.042(H)(1). Therefore, no chemicals will be stored on the premises and there should be no unusual effluent discharge into the County's waste water or storm water systems. No cannabis products shall be consumed on-site at the premises or within 200 feet surrounding the dispensary's premises, by the dispensary's patient members, employees, staff or management in accordance with Ordinance No. 3639 § 6.85.042(G).

- Financial Records & Management

Information on Forest Knolls Wellness' prior years operations, including the results of independent financial audits confirming compliance with section 6.85.042(F)(6) of Ordinance No. 3639 shall be provided annually to the review authority as required. All financial information will be stored on secure, cloud-based servers and hard copies will be kept in locked filing cabinets. The CFO will be responsible for ensuring the maintenance of financial records, proper reporting, payment and filing of taxes, and oversight of financial management systems including AR/AP.

- Corporate Bank Account

Forest Knolls Wellness will establish a corporate bank account to deposit funds acquired from its distribution of medical cannabis.

- Accounting & Payroll Systems

Forest Knolls Wellness will hire a bookkeeper and certified public accountant specializing in medical cannabis to collect and report the dispensary's financial data and to prepare and file the corporation's state and federal tax returns.

Forest Knolls Wellness will use accounts receivable and accounts payable software to record and track AR/AP. Members will pay a fee to the collective to reimburse it for its operating expenses and those fees will be tracked in the AR system. Payments to vendors and other accounts payable will be recorded and

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tracked using the accounting software. Employee payroll will be handled by an outside vendor, Paychex, and all employee records will be kept in a locked, secure location. Security systems will be in place to ensure proper handling of both cash and credit transactions.

- Insurance

Forest Knolls Wellness will obtain insurance coverage for all aspects of operation including commercial liability insurance and worker's compensation insurance required by state law for the collective's employees.

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**SATIVA vs INDICA**

**ORIGINATED COUNTRIES**

**CULTIVATION & STRAINS**

**COMPOUNDS**

**THE CBG**

- The CBG is the precursor to all other cannabinoids

**EFFECTS OF TREAT**

- Reduces inflammation
- Relieves pain and muscle spasms
- Improves appetite and weight gain
- Promotes neurogenesis and neuroprotection

**THE CBD**

- CBD is the most abundant cannabinoid in cannabis

**EFFECTS OF TREAT**

- Reduces inflammation
- Relieves pain and muscle spasms
- Improves appetite and weight gain
- Promotes neurogenesis and neuroprotection

**BEST TIME TO USE**

**COMMONLY USED TO TREAT**

**HYBRIDS**

Follow us @forestknollswellness

Ninja

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# EXHIBIT D

## KIP R. BALDWIN

5 Newcastle Court San Rafael, CA 94903 707.552.9921 M. 408.316.0601

### MARKETING/ SALES/PRODUCT DEVELOPMENT EXECUTIVE

#### Expertise in New Product Development, Turn Around & Rapid Transition Situations~

**Intuitive Organic Creativity...** Proven ability to identify trends, opportunities and marketing solutions required to compete in today's rapidly evolving global market place. Received acclaim from colleague for ingenuity, inventiveness, and unbridles creativity. In 2010 accounted for a combined total of more than 10,000 friends and or followers for multiple clients varied social media platforms.

**Titleless Leadership...** Believes in training and supporting associates with positive reinforcement quiet determination and above all else humility. This rare blend allows for the maximization and realization of an individual's personal creativity, the outcome of which is positive financial and creative reward when presented with even the most challenging opportunities.

### BUSINESS PHILOSOPHY

"It is my belief that opportunity is not the knock on the door you wait for as inactive participant. But rather, an active process in which you create opportunities for others that have yet to recognize, the potential in either themselves or their respective widgets."

### PROFESSIONAL EXPERIENCE

#### AISLING VISIONS INC, Vallejo, CA

2001 – Present

Innovative organic sales, marketing and product development firm  
CEO/President

Specialists in integrated marketing, including telemarketing, web social media, print, radio and television. Versatile and imaginative, marketing products from such diverse industries as, pet food, safety and survival products, special effects, music library, computer animation, etc. Proven track record of seeing or creating sales and marketing opportunities for clients through innovative new product or enhanced service programs.

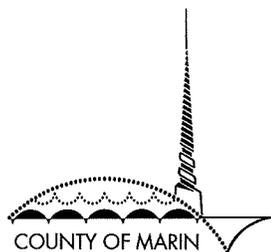
#### CLIENTS:

- **HEARST RANCH** (A Division Of The Hearst Corporation)
  1. Developed human grade grass fed beef pet food program in order to take advantage of and maximize industries move toward a more natural diet following the 2007 pet food scare
  2. Developed direct market strategy, by contacting 5 Star hotel s with pet friendly policies
  3. Integrated and implemented social media marketing strategies
- **UNITED FILMMAKERS ASSOCIATION**
  1. Integrated and implemented social media marketing strategies
  2. Increased group membership from approximately 100 to over 5,000 in just 5 months, including a global expansion of 8 new chapters.
  3. Public relations
- **WINDY CITY NOVELTIES/BE READY SURVIVAL PRODUCTS**
  1. Implemented direct marketing program to catalog (camping, safety, diving, etc.) Lead industry in sales of safety, survival and industrial sales of chemical luminescent technology. Accounting for more than 20 million products sold.
  2. Developed line of disaster preparedness and basic survival kits with eye on marketing opportunities presented by fervor surrounding 2012 movie release

3. Integrated and implemented social media marketing strategies
- **DRAKES BAY OYSTER COMPANY**
  1. Developed innovative packaging choosing to package products in glass as opposed to plastic that is the industry norm, which gave the product the appearance of enhanced value
  2. Product placement in more than 70 gourmet groceries from Sacramento & Monterey, including Whole Foods
  3. Implemented marketing plan utilizing products uniqueness and quality which allowed Drake's to sell their products for 4 times as much as any other in industry
  4. Public relations
  5. Customer retention
- **CARLOS FALCHI SHOES**
  1. Line building
  2. Merchandising
  3. Outside sales
  4. Public relations
- **MORE AVAIBLE UP REQUEST**

**PRIVATE CONTRACTING:**

- **PFILBRYTE MUSIC LIBRARY**
  1. Used industry connections to develop network marketing opportunities HBO, ESPN etc.
- **XAOS**
  1. Executive producer 2000 Presidential Election graphics for ABC National
  2. Executive producer multiple on air graphics projects for TBS
  3. Used industry connections to developed and implement on air graphics marketing program
- **METROPOLIS DIGITAL**
  1. Used industry connections to developed and implement on air graphics marketing program which included reaching Monday and Sunday Night football graphics
  2. Executive producer multiple TBS on air graphics projects
  3. Executive producer Conan O'Brien on air skit
- **MORE AVAILABLE UPON REQUEST**



Matthew H. Hymel  
COUNTY ADMINISTRATOR

**NOTICE OF DECISION**  
**Medical Cannabis Dispensary License Application**

Daniel Eilerman  
ASSISTANT COUNTY  
ADMINISTRATOR

April 10, 2017

Angela Nicholson  
ASSISTANT COUNTY  
ADMINISTRATOR

Kip R. Baldwin  
1388 Haight Street, Suite 103  
San Francisco, CA 94117

Marin County Civic Center  
3501 Civic Center Drive  
Suite 325  
San Rafael, CA 94903  
415 473 6358 T  
415 473 4104 F  
CRS Dial 711  
[www.marincounty.org/cao](http://www.marincounty.org/cao)

RE: Forest Knolls Wellness Medical Cannabis Dispensary License Application  
Application ID: 16-0047  
6700 Sir Francis Drake Boulevard, Forest Knolls  
Assessor's Parcel: 168-131-23

Dear Mr. Baldwin,

Thank you for submitting your application for a license to operate a medical cannabis dispensary at the above location pursuant to the County's medical cannabis dispensary ordinance (Ordinance 3639). Your application is one of ten proposals that were received by the County. After a careful and exhaustive review process, including consideration of comments from County staff, an advisory committee, and the public, I have reached a conclusion that none of the license applications will be approved. Consequently, I regret to inform you that your application has not been approved.

None of the proposed cannabis dispensary licenses met and exceeded all of the review criteria in Marin County Code Section 6.85.061 with the right combination of experienced applicant/operator, a location that adequately accommodates the use without neighborhood impacts, an operating plan that fits with the type and scale of the proposed dispensary use, and the requirements of Marin County Code Section 6.85.042. While I was the final decision-maker, if you are interested in learning about the comments I received, please contact Inge Lundegaard.

The advisory committee provided me with valuable information about the results of the public input process. I carefully investigated specific neighborhood concerns that were being raised in the public process. For example, I looked at the extent that any proposal might increase cannabis access to minors, specific traffic concerns, etc. Then, looking at all of the information before me, I made my

own assessment of all the review criteria listed in Marin County Code. I found public comments were particularly helpful in investigating whether the dispensary would "adversely affect the health, peace or safety of persons living or working in the surrounding area, overly burden a specific neighborhood with special needs or high impact uses, or contribute to a public nuisance . . ." under Marin County Code 6.85.061(L).

This decision illustrates the challenge in finding the right combination of operator and location to provide patients with safe access to medical cannabis locally. In light of this, I will be recommending the Board consider modifications to the medical cannabis dispensary ordinance that may include decoupling the selection of the operator from the location, reconsidering Marin's absolute non-profit requirement and instead allowing State law to govern that subject, and/or establishing standards for delivery-only dispensaries. This effort could also be informed by proposed regulations for medical cannabis businesses that the State's Bureau of Cannabis Regulation is anticipated to release later this year. I would encourage you to follow the progress of these efforts at [www.marincounty.org/cannabis](http://www.marincounty.org/cannabis) and to consider reapplying for a license in the future.

**RIGHT TO APPEAL:**

Pursuant to Marin County Code Section 6.85.063, you may appeal the decision to deny your license application by submitting a letter outlining the grounds on which the appeal is based along with an appeal fee of \$1,200 payable to the Community Development Agency within 10 business days from the date of this decision (by 4/24/2017). Please be advised that if an appeal is filed, your appeal will be heard by the Board of Supervisors on Tuesday, May 9, 2017 at or after 1:30 p.m.

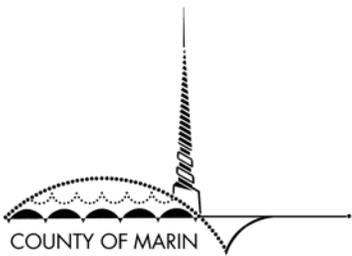
Sincerely,



Matthew Hymel  
County Administrator

Cc: Board of Supervisors  
LBB3, LLC (6810-B Gericke Rd., Petaluma CA 94952)  
Natalia Thurston (725 Washington Street, Suite 212, Oakland, CA 94607)

Attachment: Medical Cannabis Advisory Committee Dispensary Applications Evaluation



# Medical Cannabis Advisory Committee Medical Cannabis Dispensary Applications Evaluation

## Executive Summary

A total of ten Medical Cannabis Dispensary applications were accepted for processing, four in Southern Marin, four in Northern Marin and two in Central/West Marin. Each application underwent a technical analysis by a Medical Cannabis Working Group, composed of representatives from eight County Departments that included Health and Human Services, Community Development Agency, Agricultural Weights & Measures, Public Works, Sheriff, County Counsel, Finance, and Administrator’s Office. The Working Group analyzed each application for compliance with the standards required in the Medical Cannabis Dispensary Ordinance (No. 3639) and submittal requirements outlined in the Dispensary Application Guide. Application deficiencies were identified in addition to elements that exceeded standards.

The Working Group’s analysis was provided to the Medical Cannabis Dispensary Advisory Committee (MCDAC), to assist with its review of each application and evaluation of the merits. The MCDAC also conducted three public meetings to provide an opportunity for the applicants to present their proposals to the Advisory Committee and community, and for the Committee to receive public input. In addition, comments in support and opposition were received from residents and community groups/agencies in the form of emails, letters, paper petitions, and Change.org petitions. MCDAC has compiled their evaluation findings and make the following advisory comments to the County Administrator.

All four applications in Southern Marin are located within the Tamalpais Valley community, along Shoreline Highway. All four applications had both strengths and areas of concerns. The Shoreline Health Center application was the strongest of the Tam Valley options and exceeded the ordinance standards in several areas of their application, including the Business, Operating, and Public Benefits Plan. However, there are concerns regarding the site’s feasibility.

Northern Marin had four applications, three in the Black Point community and one in the Santa Venetia community. All four applications also had strengths and areas of concern. The Marin Community Partners Application was the strongest of the Northern Marin options and exceeded the ordinance standards in several areas of their application, including the Business and Operations Plan, and the Site and Improvements Plan. However, there was strong Community opposition to locating a Dispensary in the Black Point/Green Point communities. The application in Santa Venetia, Delta 11, had deficiencies in the Operating and Public Benefits Plan. However, this application had less community opposition.

Central/Western Marin had two applications, one in the San Geronimo Valley community and one in the East Shore Marshall community. Each application had unique strengths, but both had deficiencies in their Operating Plans, and the Site and Improvement Plans. In addition, the San Geronimo Valley application, Forest Knolls Wellness, had the largest community opposition response. There are also significant concerns regarding site feasibility of the Marshall application, Craftcanna Health Center.

## Public Response

### Public Response Summary

The table below summarizes the community’s response in both support and opposition to the proposed dispensaries, followed by details listed by community. Results were tabulated from written materials delivered to CDA via mail, email, petitions, and through online means such as Change.org. This data reflects one metric used to determine community sentiment. The results were screened to include only those who reside in Marin County given the focus of the County’s medical cannabis program to expand access to medical cannabis for residents of Marin County.

Dispensary	Location	Response
<b>Southern Marin – Tamalpais Valley</b>		
<b>Access Marin Wellness Center</b>	150 Shoreline Hwy., Mill Valley	Total: 851 responses (5% supported and 95% opposed)
<b>Shoreline Health Center</b>	200 Shoreline Hwy., Mill Valley	
<b>Urban Hills</b>	230 Shoreline Hwy., Mill Valley	
<b>Crown Wellness</b>	236 Shoreline Hwy., Mill Valley	
<b>Northern Marin – Santa Venetia Community</b>		
<b>Delta 11</b>	70 San Pablo, San Rafael	Total: 31 responses ( 19% supported and 81% opposed)
<b>Northern Marin – Black Point and Green Point Communities</b>		
<b>Marin Compassionate Caregivers</b>	5 Harbor Drive, Novato	Total: 511 responses (9% supported and 91% opposed)
<b>Caregiver Compassion Group Relief Center</b>	5 Harbor Drive, Novato	
<b>Marin Community Partners</b>	9 & 11 Harbor Drive, Novato	
<b>Central Marin – San Geronimo Valley Community</b>		
<b>Forest Knolls Wellness</b>	6700 Sir Francis Drake, Forest Knolls	Total: 1280 responses (13% supported and 87% opposed)
<b>West Marin – East Shore Community</b>		
<b>Craftcanna Health Center</b>	20105 State Route 1, Marshall	Total: 11 responses (100% opposed)

*Marin County - general*

- Received 13 letters in support for access to safe and quality Medical Cannabis in Marin.
- Received 3 letters in opposition to any Cannabis Dispensary in Marin.

*Southern Marin – Tamalpais Valley Community*

- Received 25 letters in support of a Dispensary in Tam Valley. Also, 14 of the 24 speakers at the Community Meeting were in support.
  - Reasons for support included the need for local access to quality Medical Cannabis in a safe Pharmacy environment.
- Received 2 letters from community groups in opposition, which included Sustainable Tamalmonite and the Mill Valley School District. Received 149 letters, and 647 Change.org petition signatures from Marin residents (30 not from Marin) in opposition to the four applications. Also, 10 of the 24 speakers at the Community Meeting were in opposition.
  - Concerns included proximity of Dispensaries to youth serving businesses, and Safe Routes to schools. Also, there were concerns with increasing Cannabis access to youths, plus traffic and home value impacts.
- Received 2 letters in support and 3 letters in opposition to the Access Marin application. Plus, 58 endorsements and 2 in opposition for the Access Marin applicant.
- Received 2 letters in support for the Shoreline Health Center application. Plus, 20 endorsements and 1 in opposition for the Shoreline Health Center applicants.
- Received 9 endorsements for the Urban Hills applicants.

*Northern Marin – Santa Venetia Community*

- Received 3 letters in support of a Dispensary in Santa Venetia. Also, 3 of the 8 speakers at the Community Meeting were in support.
  - Reasons for support included the need for local access to Medical Cannabis.
- Received a letter from the Santa Venetia Neighborhood Association which stated that they do not endorse the application, but have discussed the potential to accept donations from Delta 11 should they be awarded a license. Received 20 letters in opposition to the application. Also, 5 of the 8 speakers at the Community Meeting were in opposition.
  - Concerns included proximity of Dispensary to business visited by local youth, and Safe Routes to school. Also, there were concerns with traffic impacts, quantity of parking, and proximity to residences.
- Received 5 letters from former Delta 11 employees, including general managers, with concerns regarding applicant’s business practices.

*Northern Marin – Black Point and Green Point Communities*

- Received 3 letters in support of a Dispensary in the Black Point/Green Point area. Of the 50+ speakers at the public meeting, approximately 5 were in support. In addition, the owner of 5 Harbor Drive submitted a petition with 40 signatures in support of a Dispensary at that location.
  - Reasons for support included the need for local access to Medical Cannabis.
- Received 85 letters, and 333 paper petitions in opposition to the three applications. Also, approximately 45 of the 50+ speakers at the Community Meeting were in opposition to any Dispensary in the Black Point/Green Point Community.
  - Concerns included increased traffic, and its impact to the rural community, which has no public transit options. In addition, there were concerns of increased crime and slow emergency response times.

- Received 1 endorsement for the Caregiver Compassion Group Relief Center applicant.
- Received 3 endorsements for the Marin Compassionate Caregivers applicant.
- Received 13 letters in support for the Marin Community Partners application. Plus 6 endorsements for Marin Community Partners applicants and one letter in opposition.

*Central Marin – San Geronimo Valley Community*

- Received 6 letters in general support of a Dispensary in Central/West Marin. Approximately, 10 of the 80 speakers at the Community Meeting were in support of a Dispensary. In addition, the applicant initiated a Change.org petition and it received 156 signatures in support from Marin residents (472 received that were not from Marin).
  - Reasons for support included the need for local access to quality Medical Cannabis.
- Received 8 letters from community groups in opposition, including San Geronimo Valley Planning Group, San Geronimo Community Center, Marin County Office of Education, Lagunitas School District and the West Marin coalition for Healthy Kids. Received a petition with 21 signatures from the residents of the Forest Knolls Trailer Court, which is adjacent to the proposed dispensary. Received 252 emails, 413 paper petitions, 423 Change.org petition signatures from Marin residents (33 not from Marin), and approximately 70 speakers in opposition.
  - Concerns include impacts to youth whose path to school is in front of site, increased traffic, and displacement of existing Farm Stand business. In addition, there were concerns of increased crime and slow emergency response times. Also, multiple community members who attended the applicants “meet & greet” and meet Matt Shotwell, are concerned with his involvement with the Dispensary. The Applicant confirmed that he is a consultant and interested in purchasing the property, which is for sale.

*West Marin – East Shore Community*

- Received a letter from East Shore Planning Group in opposition. Received 8 letters from community members and 2 speakers in opposition.
  - Concerns included the use of a temporary structure, lack of adequate septic, water and parking. In addition, they were concerned with remoteness of the site and the viability of serving patients.
- Received 6 endorsements for the Craftcanna applicants, and one letter in opposition.

## Application Evaluation Summary

The table below summarizes how each application met the Ordinance’s review criteria and operating requirements.

Dispensary	Location	Link to Page	Applicant (Experience, Background, etc.)	Plans (Business, Operating, etc.)	Site (neighborhood compatibility, etc.)
<b>Southern Marin</b>					
<b>Access Marin Wellness Center</b>	150 Shoreline Hwy., Mill Valley	<a href="#">link</a>	No	No	No
<b>Shoreline Health Center</b>	200 Shoreline Hwy., Mill Valley	<a href="#">link</a>	Yes	Yes	No
<b>Urban Hills</b>	230 Shoreline Hwy., Mill Valley	<a href="#">link</a>	No	No	No
<b>Crown Wellness</b>	236 Shoreline Hwy., Mill Valley	<a href="#">link</a>	No	No	No
<b>Northern Marin</b>					
<b>Delta 11</b>	70 San Pablo, San Rafael	<a href="#">link</a>	No	No	Yes
<b>Marin Compassionate Caregivers</b>	5 Harbor Drive, Novato	<a href="#">link</a>	No	No	No
<b>Caregiver Compassion Group Relief Center</b>	5 Harbor Drive, Novato	<a href="#">link</a>	No	No	No
<b>Marin Community Partners</b>	9 & 11 Harbor Drive, Novato	<a href="#">link</a>	Yes	Yes	No
<b>Central &amp; West Marin</b>					
<b>Forest Knolls Wellness</b>	6700 Sir Francis Drake, Forest Knolls	<a href="#">link</a>	No	No	No
<b>Craftcanna Health Center</b>	20105 State Route 1, Marshall	<a href="#">link</a>	No	No	No

## Access Marin Wellness - 150 Shoreline Hwy., Mill Valley

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### STRENGTHS

- Both applicants residing in Marin, and Robert Elam is a Tam Valley local who has been very involved in the community.
- Closed on weekends and before 11 a.m. M-F to reduce traffic impacts.
- New construction with proposed affordable housing above.
- Rigorous product testing plan.
- Robust employee benefits package and compensation.
- Comprehensive educational awareness program.
- Good access and response times for emergency services.

### CONCERNS

- Development would require a Master Plan amendment, because existing Planning approval will expire May 10<sup>th</sup> 2017. A new development proposal would most likely require an EIR, and policies have changed significantly since last approval. Applicant estimated one year for entitlement process including construction, but our estimation is 3-4 years for completion.
- Site is within Flood Zone AE
- Concerns with financial solvency
- Staff training plan and security plan is insufficient.
- Applicants have minimal medical cannabis business experience.
  - Applicant, Robert Elam, has no experience in this area but it appears his law partner has some experience regarding cannabis law.
  - Elam partnered with Scott Perkins who runs a medical cannabis delivery service based in San Francisco, which started operating in 2015.

### GENERAL COMMENTS

- This proposal is mostly an expansion of an existing delivery service based in San Francisco.
- Little experience running a small business and very little experience running a dispensary.
- Motivation from main owner Elam appears to be focused on community impacts vs. a passion for providing the best medicinal products to patients for their ailments.
- The public presentation focused on why they were better than the others, unlike any of the other 10 applicants, made a couple comments regarding crime and the safety of children in their presentation to support his application

### ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan		✓	
Operating Plan			✓
Site and Improvement Plans		✓	
Security Plan			✓
Public Benefits Plan		✓	

## Shoreline Health Center – 200 Shoreline Hwy., Mill Valley

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### STRENGTHS

- Applicant, John Siotos, is well known and respected small business owner of the Dipsea Restaurant for over 30 years.
- Applicant, Salwa Ibrahim, is the founder of Blum Oak Dispensary in Oakland. Applicant, Alexis Parle, is a founder of Green Remedy Collective Dispensary in Richmond and Telegraph Health Center in Oakland. Both bring extensive experience running dispensaries, and are active in industry organizations.
- Dipsea Restaurant currently serves 300 – 1,000 people a day. Dispensary operation is expected to reduce visits and be a net positive impact on traffic. In addition, they are proposing to open at 10 am, to reduce traffic impact during peak commute. Also, delivery is proposed to operate between 10 a.m. and 3 p.m., during non-peak traffic times.
- Comprehensive Operating Plan, including specifics on site management, patient tracking, and robust testing plan
- Extensive Public Benefits Plan, including designated community relations manager with 24 on-call staff. Also, includes diverse plan for community grants and educational awareness.
- Applicants held four community “meet & greets”, two in August prior to applying, one in October and one in January prior to the Public Meeting conducted by the Medical Cannabis Dispensary Advisory Committee.
- Good access and response times for emergency services.

### CONCERNS

- Organized as a non-profit but registered with State as a general stock corporation. Bylaws indicate potential intention of converting to for-profit operation whenever permitted by State law, which begs longer term concern regarding non-profit requirement in Marin’s Ordinance.
- Site is within Flood Zone AE
- The application proposes 52 parking spaces (51 existing and 28 required); however 33 are located on land leased from Marin County Flood Control. The current lease does not expire until 2025, but the lease limits the site to restaurant use. An amendment to the lease would be required for a dispensary, and it’s unknown whether the Flood Control District Board would support an amendment.

### GENERAL COMMENTS

- Application is clear, organized, well written and professional with focus to create a “Pharmacy” atmosphere.
- Passion from all three applicants comes through “...just how passionate we are about helping people find relief for their illnesses and chronic-often painful-conditions through safe and affordable medical cannabis.”
- Application includes references from Oakland’s Mayor and City Administrator.
- Diverse Advisory Board, including Marin members and a nurse.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan	✓		
Operating Plan	✓		
Site and Improvement Plans		✓	
Security Plan		✓	
Public Benefits Plan	✓		

## Urban Hills – 230 Shoreline Hwy., Mill Valley

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**STRENGTHS**

- Applicants and General Manager have experience running dispensaries.
- Applicants have small business experience.
- Proposing to open at 10 am, to reduce traffic impact during peak commute. Includes a delivery service.
- Included all administrative policies and procedures in application as well as employee handbook.
- Good access and response times for emergency services.

**CONCERNS**

- Site is within Flood Zone AE.
- Of the 20 proposed parking spaces, 8 are proposed to back out onto Shoreline Hwy.
- Business Plan was deficient and did not include employee benefits, vacation or medical.
- Public Benefits Plan’s outreach and community involvement was very limited. Did not meet living wage standards.

**GENERAL COMMENTS**

- Applicants are not Marin residents.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan			✓
Operating Plan			✓
Site and Improvement Plans		✓	
Security Plan		✓	
Public Benefits Plan			✓

**Crown Wellness – 256 Shoreline Hwy., Mill Valley**

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**STRENGTHS**

- Applicant, John Fritzal who is from Colorado, has extensive industry experience with over 100 projects nationwide.
- Good access and response times for emergency services.
- Detailed plan for providing reduced pricing.

**CONCERNS**

- Financial documents limited and could not determine solvency.
- Use would require a Master Plan Amendment, as the use of the building is limited to Furniture sales under the existing Master Plan.
- Parking standards could not be determined because proposal did not provide details of all businesses sharing one parking lot, including the size of the dispensary building.
- Operating Plan is deficient and did not include details on patient limits, supply, testing, signage, patient and employee record keeping, or general site management.

**GENERAL COMMENTS**

- During the presentation, it seemed evident that the two Bay Area partners were not knowledgeable regarding Dispensary operations.
- This is a large out of state company.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan		✓	
Operating Plan			✓
Site and Improvement Plans			✓
Security Plan		✓	
Public Benefits Plan		✓	

**Delta 11 – 70 San Pablo Ave., San Rafael**

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**STRENGTHS**

- Applicant, Alessandro Boggio is from Marin, and has been operating a Medical Cannabis delivery business in Marin for several years. Approximately 300 form letters of support from current members of delivery business were submitted with the application.
- Proposed facility would require minimal renovation and remodeling.
- Good access and response times for emergency services.

**CONCERNS**

- Organized as a non-profit but the actual Articles of Incorporation were not provided.
- Financial documents limited and could not determine solvency.
- An enforcement case was opened 4/25/16, because the Applicant was operating a Medical Cannabis Dispensary at 7 Mt Lassen Dr., San Rafael. The case was reopened on 10/5/16 because of a subsequent complaint. The site visit confirmed there was cannabis product onsite, which was removed and a follow-up visit on 11/14/16 confirmed the product had been removed. The Applicant maintained office space through November of 2016, then completely vacated.
- Operating Plan is deficient and did not include details on patient limits, supply, testing, signage, patient record keeping, or general site management.
- Public Benefits Plan’s community relations and educational awareness sections are very limited, and the living wage section stated they would meet state compliance, but no specifics.

**GENERAL COMMENTS**

- All proceeds above “reasonable business expenses” will go to neighborhood community group to determine which nonprofits get the proceeds.
- As proposed, the dispensary would require a minimum of 15 parking spaces, but only 12 spaces are proposed on site. An additional 8 spaces are proposed to be located on an adjoining property, however no evidence was provided to substantiate claim that the dispensary has legal access to 8 parking spaces on the adjoining lot.
- Operating hours proposed are, 9:00 a.m. to 9:00 p.m. 7 days a week, which is the maximum allowed by the Ordinance.
- The site is bordered on two sides by residences.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan		✓	
Operating Plan			✓
Site and Improvement Plans		✓	
Security Plan		✓	
Public Benefits Plan			✓

## Marin Compassionate Caregivers – 5 Harbor Dr., Novato

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**STRENGTHS**

- Applicant, Susie Krolicki, is a Naturopathic Doctor and a Marin resident.
- Articles of Incorporation do not include a conversion to a “For-Profit” structure.

**CONCERNS**

- Applicant has no dispensary management experience.
- Concerns with financial solvency.
- Site is within Flood Zone AE.
- Parking standards not met.
- Operating Plan is deficient and did not include details on patient limits, supply, testing, signage, patient and employee record keeping, or general site management.
- Public Benefits Plan’s community relations and educational awareness sections are very limited.
- Good access for emergency services, however response times are a concern.

**GENERAL COMMENTS**

- Based on presentation, applicants are dedicated to healing. This is being set up as a doctor’s office as opposed to a pharmacy/dispensary. The Director would be the one checking eligibility and making recommendations.
- A lot of heart to the applicant but no depth or experience.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan			✓
Operating Plan			✓
Site and Improvement Plans			✓
Security Plan			✓
Public Benefits Plan			✓

**Caregiver Compassion Group Releaf Center – 5 Harbor Dr., Novato**

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**STRENGTHS**

- Applicants have opened and operated three dispensaries in Marin and Sonoma. Presently Sonoma facility operating as a delivery service. The Marin facility has been closed down.
- Applicant, Douglas Seiler, is a longtime resident in the Black Point neighborhood.
- Articles of Incorporation do not include a conversion to a “For-Profit” structure
- Rigorous testing plan
- They are partnering with a San Rafael testing company to do all testing and quality control.

**CONCERNS**

- Concerns with financial solvency.
- Site is within Flood Zone AE.
- Parking standards not met.
- Operating Plan is deficient and did not include details on patient limits, supply, testing, signage, patient and employee record keeping, or general site management.
- Public Benefits Plan’s community relations and educational awareness sections were very limited.
- Good access for emergency services, however response times are a concern.

**GENERAL COMMENTS**

- Presentation was disorganized.
- They did not have an adequate staffing plan; one was not included in application.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan		✓	
Operating Plan			✓
Site and Improvement Plans			✓
Security Plan		✓	
Public Benefits Plan			✓

## Marin Community Partners - 11 Harbor Dr., Novato

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### STRENGTHS

- Applicant Timothy Schick is an executive from Berkeley Patients Group and brings extensive experience running dispensaries.
- Applicant, William Higgins, is a Marin resident and local business owner.
- Comprehensive Operating Plan, including specifics on site management, patient tracking, and rigorous testing plan
- Robust Security Plan, including staffing levels and surveillance cameras.
- Parking exceeds requirements
- Public Benefits Plan includes a Director of Communications and “good neighbor” policies.

### CONCERNS

- Patient limit controls not outlined in detail
- Good access for emergency services, however response times are a concern given the location of the proposed site.

### GENERAL COMMENTS

- Excellent presentation, “Leveraging Berkeley Patients Group 17 years of experience...”
- This application feels like a pharmacy and is staffed like one.
- Berkeley City Council declared October 31<sup>st</sup> to be Berkeley Patients Group day, recognizing its 10 years of contributions to the community.
- Dispensary is structured with two subsidiary LLC’s. Concerns with accountability if things go wrong?

### ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan	✓		
Operating Plan	✓		
Site and Improvement Plans	✓		
Security Plan		✓	
Public Benefits Plan		✓	

Forrest Knolls Wellness – 6700 Sir Francis Drake Blvd., Forrest Knolls

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**STRENGTHS**

- Applicant, Kip Baldwin, is a Marin resident.
- Public Benefits Plan includes designated community relations manager and educational awareness program. Also, identifies local community groups they would collaborate with and support.

**CONCERNS**

- Applicant, Kip Baldwin, has no dispensary or small business experience.
- Operating Plan was deficient and did not include details on patient limit controls, staff training and site management. Also, plan includes expansion to recreational distribution when legally allowed.
- Parking does not meet standards, and 7 spaces appear to encroach onto Caltrans right of way.
- Good access for emergency services, however response times are a concern.

**GENERAL COMMENTS**

- Easily accessible for West Marin residents.
- Concern regarding potential involvement of a reality television personality with notoriety in the cannabis industry.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan		✓	
Operating Plan			✓
Site and Improvement Plans			✓
Security Plan		✓	
Public Benefits Plan		✓	

**Craftcanna Health Center – 20105 Highway One, Marshall**

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**STRENGTHS**

- Applicant, Jyoti Sroa, is well known and respected small business owner/operator of the Sroa family owned Lotus Indian Restaurants.
- Applicant, Aaron Godbout, has experience operating dispensaries in Colorado.
- Articles of Incorporation do not include a conversion to a “For-Profit” structure, and limits to Medical only.
- Public Benefits Plan includes reduced pricing plan, and client education plan.
- Renovation of historic site and provide affordable housing.

**CONCERNS**

- The estimated construction schedule of 4 months for the temporary structure is underestimated and does not account for planning and building entitlements. Our estimation is 2-3 years to complete the entitlement process.
- Operating Plan does not include sufficient details on patient limit controls, and patient and employee record keeping.
- Parking does not meet standards, and proposed spaces appear to encroach onto Caltrans right of way.
- Emergency response times would be unpredictable, but most likely not be good as the facility lies in a very remote area of Marin.

**GENERAL COMMENTS**

- Existing businesses have a history of community contributions and assisting the underserved.
- Liked small business experience of Applicants but location and site complications are major issues.
- Delivery service focused, approximately 85% of business.

**ORDINANCE STANDARDS TECHNICAL REVIEW SUMMARY**

	EXCEEDS	SUFFICIENT	DEFICIENT
Business Plan		✓	
Operating Plan		✓	
Site and Improvement Plans			✓
Security Plan			✓
Public Benefits Plan		✓	

# **FOREST KNOLLS WELLNESS**

**MARIN COUNTY MEDICAL CANNABIS DISPENSARY**

**PERMIT APPLICATION**



FOREST KNOLLS WELLNESS 00090



COMMUNITY DEVELOPMENT AGENCY  
PLANNING DIVISION

MARIN COUNTY MEDICAL CANNABIS DISPENSARY LICENSE APPLICATION

TO BE COMPLETED BY PLANNING DEPARTMENT STAFF:

Date Received: \_\_\_\_\_  
Receipt No: \_\_\_\_\_  
Received By: \_\_\_\_\_ Review Fee Due: \_\_\_\_\_

*(Make checks payable to: Marin County Planning Department)*  
*Note: Fees may not be refunded in full if the application is withdrawn.*

TO BE COMPLETED BY APPLICANT: (Please type or print legibly)

1. Dispensary Name: Forest Knolls Wellness
2. Dispensary Applicant (Principal): Kip R. Baldwin
3. Dispensary Address: 6700 Sir Francis Dr Blvd. City/Zip: Forest Knolls 94933
4. Assessor's Parcel No(s): 168-131-23 Zoning: MCD Zone B/VCR
5. Applicant's Phone: (415) 240-9024
6. Applicant's Address: 1388 Haight Street, No. 103 City/Zip: San Fran. 94117
7. Applicant's Email: net@cbdpros.com
8. Property Owner: LBB3, LLC Phone: 707-478-4836
9. Owner's Address: 6810-B Gricke Road City/Zip: Petaluma 94952
10. Owner's Email: leporib@msn.com
11. Please indicate any other individuals/parties to receive correspondence:  
 Name: Natalia Thurston Address: 725 Washington Street, Suite 212  
Attorney for Forest Knolls Wellness Oakland, CA 94607
12. Dispensary Organization Status (include additional sheets if needed):  
Forest Knolls Wellness is a State-registered non-profit mutual benefit corporation.  
A true and correct copy of the collective's Articles, Bylaws, and Board Resolutions  
are attached hereto.

Please include proof of status, such as articles of incorporation, by-laws, partnership agreements, and other documentation as may be appropriate.

13. Dispensary Description (include additional sheets if needed):

Statement of Purpose of Dispensary

The mission of Forest Knolls Wellness is to provide its qualified patient members with safe and legal access to medical cannabis to treat their illnesses.

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14. Description of neighborhood around the Proposed Location, nearby uses, transit access to site, etc. (include additional sheets if needed):

Please see description in Part D - Site and Improvement Plan attached hereto.

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15. Name and address of school closest to Proposed Location:

Lagunitas School (0.5 miles away) 1 Lagunitas School Rd, San Geronimo, CA 94963 (415) 488-9437

*"School" means an institution of learning for minors, whether public or private, offering a regular course of instruction required by the California Education Code. This definition includes an elementary school, middle or junior high school, senior high school, or any special institution of education, but it does not include a vocational or professional institution of higher education, including the College of Marin and any other college or university.*

16. Name and address of youth oriented facility closest to Proposed Location:

San Geronimo Valley Community Center (0.6 miles away)

6350 Sir Francis Drake Blvd, San Geronimo, CA 94963

(415) 488-8888

*"Youth-oriented facility" means a public park with play lots, playgrounds, athletic fields, and other amenities that are intended for use by minors or where the individuals who regularly use the facility are predominantly minors.*

17. Name and address of smoke shop closest to Proposed Location:

*"Smoke shop" means any tobacco retailer engaged in the sale and/or distribution of tobacco products or paraphernalia to the general public, excluding wholesale businesses, that either devotes 20% or more of floor area or display area to, or derives 75% or more of gross sales receipts from, the sale or exchange of tobacco products and/or tobacco paraphernalia.*

Objects of Pleasure (6.4 miles away) 42 Bolinas Rd # C, Fairfax, CA 94930

18. Name and address of existing medical cannabis dispensary closest to Proposed Location:

There are no licensed dispensaries in Marin County. The closest licensed dispensaries are in Richmond, CA, Sonoma County and San Francisco County.

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**SUBMITTAL CHECKLIST (include additional sheets if needed)**

(Please refer to Marin County Medical Cannabis Dispensary Program Guide for detailed information about submittal requirements.)

Business Plan ("BP")

A. Applicant Information

Location(s) of Information

- Applicant Additional Information
- Previous Addresses for Applicant (previous 3 years)
- Age Verification
- Physical Description
- Photographs
- Employment History (previous 3 years)
- Tax History
- Management Information
- Criminal Background
- Employee Information

BP, p. 5  
BP, p. 5  
BP, p. 6, Attachment 3  
BP, p. 6, Attachment 3  
BP, p. 6, Attachment 4  
BP, p. 6, Attachment 4  
BP, p. 6, Attachment 5  
BP, p. 6, Attachment 4  
BP, p. 7  
BP, pp. 19-24

B. Project Narrative and Business Plan

- Application Summary
- Compliance with Ordinance 3639
- Conformance with State and County laws
- Construction schedule
- Financial Capability

BP, p. 1  
BP, p. 8, pp. 29-34  
BP, pp. 8-9  
BP, pp. 14-15  
BP, p. 15

C. Operating Plan

- Operating Plan

BP 16-26

D. Site and Improvement Plans

- Site Plan
- Neighborhood Context Map
- Floor Plan
- Lighting Plan

Site Plan drawing submitted 8-31-16  
Neighborhood Context Map sub. 8-31-16  
Floor Plan submitted 8-31-16  
Lighting Plan submitted 8-31-16

E. Security Plan

- Security Plan
- Security Policies
- Security Assessment

BP, p. 33  
BP, p. 33  
BP, p. 33

F. Public Benefits Plan

- Local Ownership
- Living Wage
- Card Check Neutral Policy
- Community Relations
- Educational Awareness Program
- Green Business
- Reduced Pricing Plan
- Labeling Plan

BP, p. 34  
BP, p. 34  
BP, p. 34  
BP, p. 34  
BP, p. 35  
BP, p. 35  
BP, p. 35  
BP, p. 16

**APPLICANT/PRINCIPAL SIGNATURE:**

I hereby authorize employees, agents, and/or consultants of the County of Marin to seek verification of the information contained in this application and to enter upon the subject property, as necessary, to inspect the premises and process this application. I understand that the information provided in this application (except the Security Plan) is public information and that the information may be circulated for public inspection and/or posted online. I hereby authorize the Planning Department to reproduce plans and exhibits as necessary for the processing of this application.

I hereby certify under penalty of perjury that I have read this application form and that to the best of my knowledge, the information in this application form and all the exhibits are complete and accurate. I understand that any misstatement or omission of the requested information or of any information subsequently requested shall be grounds for rejecting the application, deeming the application incomplete, denying the application, suspending or revoking a license issued on the basis of these or subsequent representations, or for the seeking of such other and further relief as may seem proper to the County of Marin. I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this application was signed at

San Rafael, California on August 30, 2016.

  
\_\_\_\_\_  
Signature of Applicant

  
\_\_\_\_\_  
Signature of Plan Preparer (if different)  
*Natalia Thurston*  
*Attorney for Forest Knolls Wellness*

**PROPERTY OWNER SIGNATURE:**

I hereby certify under penalty of perjury that Forest Knolls Wellness has my consent to submit a Medical Cannabis Dispensary License application at the above-referenced subject property, and that this application was signed at

6800 Greerick Rd. Petaluma, California on Thurs. 5 Aug 14<sup>th</sup> 2016.

Rebecca Lopez - mgr/member LBB3, LLC  
\_\_\_\_\_  
Signature of Property Owner

# Executive Summary

## Company Overview



Cradled by the mountains of West Marin and nestled in the heart of the San Geronimo Valley, Forest Knolls Wellness is a licensed medical cannabis dispensary located in Forest Knolls, California. As a fully licensed dispensary, the mission of Forest Knolls Wellness is to provide its qualified patient members with safe and legal access to medical cannabis to treat their illnesses. As a beacon of light for Marin's medical cannabis patients too long shrouded in the darkness of regulatory uncertainty, Forest Knolls Wellness offers qualified patients a full array of laboratory tested and properly packaged medical cannabis products including flower, concentrates, edibles, CBD rich products, tinctures, salves, lotions, and clones.

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# Company Vision

## Challenges: Problems Worth Solving



In 1996, California voters ushered in a new era in the medical cannabis marketplace that paved the way to legalization through passage of the Compassionate Use Act (the "CUA" or "Prop. 215"). The CUA established the right of patients in California to treat their illnesses with medical cannabis upon recommendation by a licensed physician. While the CUA guaranteed the legal right of patients to use medical cannabis to treat their illnesses, safe access to medicine continues to be a challenge to patients to this day.

The State legislature's passage of Senate Bill 420 ("SB 420") in 2004 and the Attorney General Guidelines adopted in 2008 ("AG Guidelines") clarified some of the issues as to the manner and method in which medical cannabis could be legally dispensed to and obtained by qualified patients. SB 420 and the AG Guidelines authorized patients to organize as non-profit mutual benefit corporations ("collectives") or cooperatives in order to legally cultivate, possess, transport, and distribute medical cannabis to qualified patient members of the collective within California. This clear legal authority to organize as a collective in order to engage in commercial activity prompted a flood of new medical cannabis businesses

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to enter the market including cultivators, manufacturers, delivery services and brick and mortar dispensaries—all eager to embrace a rapidly growing marketplace in California.

In October 2015, the State Legislature passed the Medical Marijuana Regulation and Safety Act now known as the Medical Cannabis Regulation and Safety Act (“MCRSA”), which is a comprehensive set of bills, AB 266, AB 243, and SB 643, establishing a state-wide regulatory and licensing system for medical cannabis through the newly formed Bureau of Medical Cannabis Regulation. MCRSA creates a new state-wide licensing system wherein medical cannabis products must be transported and lab-tested through a distributor before sale by a cultivator or manufacturer to a retailer. One of the most notable changes from the current non-profit collective system is that business operators will be able to apply for and obtain licenses as a for-profit entity such as a c-corporation or limited liability company. In 2018, the Bureau is expected to start issuing licenses for cultivation, manufacturing, testing, transportation, distribution, and retail locations under MCRSA.

This important regulatory change paves the way for medical cannabis businesses to operate as traditional, for-profit businesses and such businesses will no longer be restricted to the legal limitations of the non-profit “collective” model of distribution. MCRSA opens the door to traditional investors who may protect their investments and mitigate risks through equity ownership interests in LLCs or corporations so that businesses can raise the monies necessary for expansion under MCRSA’s new state and local licensing requirements. Forest Knolls Wellness is uniquely positioned to qualify for a licensing preference under the Adult Use Recreational Act (“AUMA”) slated for the California ballot in November 2016. If AUMA passes – the dispensary will be able to broaden its scope of service to both medical patients and customers in the recreational market.

## Opportunities: Our Solution

The CUA, SB 420 and the recent passage of MCRSA have opened up new opportunities for safe and legal channels of distribution of medical cannabis through licensed and secure storefront dispensaries such as Forest Knolls Wellness. Forest Knolls Wellness fills the gap of under-served patients in Marin County. Currently, there are no legally operated or licensed medical cannabis storefront dispensaries in Marin County. The mission of Forest Knolls Wellness is to both preserve the local heritage of the surrounding community that is rich with musical history and past home to members of the Grateful Dead, Janis Joplin and many famous musicians, while providing safe access to medicine for its patient residents. The dispensary will complement West Marin’s existing focus on alternative health and medicine, by forming alliances with local non-profit organizations, and by offering CBD based products that do not contain THC in order to treat illnesses such as cancer and autism.

As one of Marin County’s first-licensed dispensaries under Ordinance No. 3639, Forest Knolls Wellness will have a clear path to compliance with both local and state law when State licensing begins under

MCRSA in 2018. Not only will Forest Knolls Wellness be strategically positioned to obtain a State license in 2018, in 2017, it will open its doors to a marketplace that is marked by both an under-served patient population, *and* skyrocketing patient demand for medical cannabis products. Since there are only four County licenses available in Marin, Forest Knolls Wellness will quickly fill a void in safe access to medical cannabis that has existed in Marin for many years as well as position itself for future growth and licensing under the new regulations. Lastly, Marin County's ordinance does not limit patients served to Marin County residents so any qualified patient resident of California will be able to legally purchase products from Forest Knolls Wellness. This further expands the market to the many Californian residents that already travel the route through the San Geronimo Valley to visit the majestic Northern California Pacific coastline.



## Legal Structure

Forest Knolls Wellness is organized as a non-profit, mutual benefit corporation (Corp. Entity No. C3927078), under California Corporations Code §§ 7110-7111. As authorized under Prop. 215, SB 420, Health and Safety Code § 11362.775 and the Attorney General Guidelines issued August 25, 2008, Forest Knolls Wellness was formed as a collective for the lawful purpose of providing safe distribution of medical cannabis to its qualified patient members.

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# Part A. Applicant Information

## Name of Applicant(s)

Name of Applicant: Forest Knolls Wellness (hereinafter referred to as "Forest Knolls Wellness", "the Dispensary" or "the Collective").

Forest Knolls Wellness is organized as a California non-profit mutual benefit corporation. A copy of Forest Knolls Wellness's organizing documents including its 1) Filed Articles; 2) Bylaws; and 3) Initial Board Resolutions appointing officers and directors of the corporation are attached hereto as Attachment 1. The sworn declaration of Kip R. Baldwin, the President and Executive Director of Forest Knolls Wellness attesting to his status as a patient qualified to use medical cannabis to treat his illnesses, and attaching a true and correct copy of his written physician's recommendation for use of medical cannabis to treat his illnesses is attached hereto as Attachment 2.

## Mailing Address(es)

Mailing Addresses:

Company Address: 1388 Haight Street, Suite 103, San Francisco, CA 94117

Primary Contact for Applicant:

Natalia Thurston

Attorney for Forest Knolls Wellness

725 Washington Street, Suite 212

Oakland, CA 94607

Tel: (415) 240-9024

email: net@cbdpros.com

Previous Addresses. The applicant is a non-profit mutual benefit corporation and a newly formed entity so therefore it does not have three years of previous addresses. The 2 management members' home addresses for the past three years are listed on the true and correct copies of their California driver's licenses submitted with this Application as Attachment 3.

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## Age Verification

Age Verification: Kip Baldwin, the President and Executive Director of Forest Knolls Wellness is 51 years old. Brian Hilliard, the CFO and Secretary of Forest Knolls Wellness is 39 years old. A true and correct copy of their California Driver's Licenses are attached as Attachment 3.

## Physical Description

Physical Description: A true and correct copy of the 2 Forest Knolls Wellness Directors and Management Members' California Driver's License containing their photographs and physical descriptions are attached hereto as Attachment 3.

## Photograph(s)

A true and correct copy of passport quality photographs of Forest Knolls Wellness's Directors/Officers and 2 management members are attached hereto as Attachment 4.

## Employment History

Employment History: A true and correct copy of the employment history and biographical information of Forest Knolls Wellness's Directors/Officers and 2 management members are attached hereto as Attachment 4.

## Tax History

A true and correct copy of three years of personal and business tax returns of Forest Knolls Wellness's Directors/Officers and 2 management members are attached hereto as Attachment 5. As a newly formed entity, Forest Knolls Wellness has no history of operation in any other cities or counties in California and therefore no history of suspension or revocation of business licenses or zoning permits.

## Management Information

Management Information: Forest Knolls Wellness will be managed by its President and Executive Director, Kip Baldwin, and its Chief Financial Officer and Secretary Brian Hilliard.

Address: Kip Baldwin, 5 Newcastle Court, San Rafael, CA 94903

Address: Brian Hilliard, 1436 Promontory Terrace, San Ramon, CA 94583

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## Criminal Background

Live Scan forms were requested from the County Planning Department by email on 8/28/16.

## Employee Information

Employee Information. The anticipated number of dispensary employees including the number of management and staff is set forth in detail in Part C- Operating Plan submitted with this application.



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3927078

ARTS-MU

Articles of Incorporation of a Nonprofit Mutual Benefit Corporation

To form a nonprofit mutual benefit corporation in California, you can fill out this form or prepare your own document, and submit for filing along with:

- A \$30 filing fee.
- A separate, non-refundable \$15 service fee also must be included, if you drop off the completed form or document.

Important! Nonprofit corporations in California are not automatically exempt from paying California franchise tax or income tax each year. For information about tax requirements and/or applying for tax-exempt status in California, go to https://www.ftb.ca.gov/businesses/exempt\_organizations or call the California Franchise Tax Board at (916) 845-4171.

Note: Before submitting this form, you should consult with a private attorney for advice about your specific business needs.

FILED Secretary of State State of California

JUL 08 2016

1cc This Space For Office Use Only

For questions about this form, go to www.sos.ca.gov/business/be/filing-tips.htm

Corporate Name (List the proposed corporate name. Go to www.sos.ca.gov/business/be/name-availability.htm for general corporate name requirements and restrictions.)

The name of the corporation is Forest Knolls Wellness

Corporate Purpose

This corporation is a nonprofit Mutual Benefit Corporation organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity, other than credit union business, for which a corporation may be organized under such law.

Service of Process (List a California resident or an active 1505 corporation in California that agrees to be your initial agent to accept service of process in case your corporation is sued. You may list any adult who lives in California. You may not list your own corporation as the agent. Do not list an address if the agent is a 1505 corporation as the address for service of process is already on file.)

Natalia E. Thurston, Esq.

Agent's Name

725 Washington Street, Suite 212

Oakland

CA 94607

Agent's Street Address (if agent is not a corporation) - Do not list a P.O. Box City (no abbreviations) State Zip

Corporate Addresses

1388 Haight Street, No. 103

San Francisco

CA 94107

Initial Street Address of Corporation - Do not list a P.O. Box City (no abbreviations) State Zip

Initial Mailing Address of Corporation, if different from 4a City (no abbreviations) State Zip

Additional Statements (The following statements are for tax-exempt status in California.)

The specific purpose of this corporation is to provide health-related products and services

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this corporation.

This form must be signed by each incorporator. If you need more space, attach extra pages that are 1-sided and on standard letter-sized paper (8 1/2" x 11"). All attachments are made part of these articles of incorporation.

Incorporator - Sign here (with signature)

Natalia E. Thurston

Print your name here

Make check/money order payable to: Secretary of State

Upon filing, we will return one (1) uncertified copy of your filed document for free, and will certify the copy upon request and payment of a \$5 certification fee.

By Mail

Secretary of State Business Entities, P.O. Box 944260 Sacramento, CA 94244-2600

Drop-Off

Secretary of State 1500 11th Street., 3rd Floor Sacramento, CA 95814



I hereby certify that the foregoing transcript of \_\_\_\_\_ page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

JUL 22 2016 *olo*

Date: \_\_\_\_\_

*Alex Hall*

ALEX HALL, Secretary of State

FOREST KNOLLS WELLNESS 00103

**BYLAWS  
OF  
FOREST KNOLLS WELLNESS**

**A California Nonprofit Mutual Benefit Corporation**

**ARTICLE 1  
OFFICES**

Section 1.1 Principal Office.

The Board of Directors shall fix the location of the principal executive office of the Corporation at 1388 Haight Street, No. 103, San Francisco, CA 94107.

Section 1.2 Change of Address.

The board of directors may change the principal office from one location to another within the named county by noting the changed address and effective date below, and such changes of address shall not be deemed an amendment of these bylaws.

_____	Dated: _____
_____	Dated: _____
_____	Dated: _____

Section 1.3 Other Offices.

The corporation may also have offices at such other places, within or without the State of California, where it is qualified to do business, as its business may require and as the board of directors may, from time to time, designate.

## **ARTICLE 2 MEMBERS**

### Section 2.1 Classification of Members.

The Corporation shall have no voting members within the meaning of the Nonprofit Corporation Law. The Corporation's Board of Directors may, in its discretion, admit individuals to one or more classes of non-voting members; the class or classes shall have such rights and obligations as the Board finds appropriate.

### Section 2.2 Effect of No Voting Members.

Any action that would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board of Directors. All rights that would otherwise vest under the Nonprofit Corporation Law in the members shall vest in the Directors.

## **ARTICLE 3 DIRECTORS**

### Section 3.1 Number.

The Corporation shall have no less than one nor more than five Directors, with the exact number of Directors to be fixed by a resolution adopted by the Board of Directors. Collectively Directors shall be known as the Board of Directors.

### Section 3.2 Term of Office.

Each Director shall hold office for a two (2) year term. At the end of the first term, the two (2) year term will be renewable subject to election by the board of directors as specified in these bylaws. Each Director shall hold office until the annual meeting when his or her term expires, and until his or her successor has been elected and qualified. A Director may serve unlimited consecutive terms.

Section 3.3 Nomination.

Any natural person may be nominated by the method of nomination authorized by the Board or by any other method authorized by law.

Section 3.4 Election.

The Directors shall be elected at meetings of the Board of Directors or as prescribed in Section 3.7 of these Bylaws. The candidates receiving the highest number of votes up to the number of Directors to be elected shall be elected. Each director may cast one vote.

Section 3.5 Compensation.

Directors and members of committees of the Board may be compensated for their services or reimbursed for expenses, as fixed or determined by resolution of the Board of Directors. This section shall not be construed to preclude any Director from serving the Corporation in any other capacity, as an officer, agent, employee, or otherwise, or from receiving compensation for those services.

Section 3.6 Meetings.

(a) Call of Meetings.

Special meetings of the Board may be called by the President or the Secretary or any Director. Regular meetings of the Board may be held without notice at such time and place as the Board may fix.

(b) Place of Meetings.

All meetings of the Board shall be held at any place within or outside California that has been designated by resolution of the Board or in the notice of the meeting, or if not so designated, at the principal office of the Corporation as specified in Section 1.1 of these Bylaws.

(c) Notice of Meetings.

Notice of the time and place of meetings requiring notice shall be given to each Director by (a) first-class mail, postage prepaid; (b) personal delivery of written notice;

(c) telephone, including a voice messaging system or other system of technology designed to record and communicate messages, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate that notice promptly to the Director; (d) facsimile; (e) electronic mail; or (f) other electronic means. All such notices shall be given or sent to each Director's contact information shown on the Corporation's records. Notices sent by first-class mail shall be deposited in the United States mail at least four (4) days before a meeting. Notices given by other means shall be sent at least forty-eight (48) hours before the time set for the meeting. Notice of the meeting need not be given to any Director who signs a waiver of notice or a written consent to holding the meeting, or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting prior thereto or at its commencement, the lack of such notice either before or at the Commencement of the meeting.

(d) Quorum.

A majority of the authorized number of Directors constitutes a quorum of the Board for the transaction of business except as hereinafter provided.

(e) Transactions of the Board.

Except as otherwise provided in the Articles, in these Bylaws, or by law, every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board; provided, however, that any meeting at which a quorum was initially present may continue to transact business notwithstanding the withdrawal of Directors if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as required by law, the Articles, or these Bylaws.

(f) Conduct of Meetings.

The President of the Corporation, or any Director selected by the Directors present, shall preside at meetings of the Board of Directors. The Secretary of the Corporation or, in the Secretary's absence, any person appointed by the presiding officer, shall act as Secretary of the Board. Members of the Board of Directors may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Such participation shall constitute personal presence at the meeting. Meetings shall be governed by "Robert's Rules of Order," as such rules may be revised from time to time,

insofar as such rules are not inconsistent with or in conflict with these Bylaws, with the Articles of Incorporation of this Corporation, or with provisions of law.

(g) Adjournment.

A majority of the Directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of the adjournment to another time or place must be given prior to the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

Section 3.7 Action Without Meeting.

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board of Directors individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as the unanimous vote of the Directors.

Section 3.8 Removal of Directors.

(a) Removal for Cause.

The Board of Directors may, but shall not be required to, declare vacant any office of a Director on the occurrence of any of the following events:

- (1) The Director has been declared of unsound mind by a final order of a court;
- (2) The Director has been found by a final order or judgment of any court to have breached duties imposed by Sections 5230 through 5239 of the Corporations Code on directors who perform functions with respect to assets held in charitable trust; or
- (3) The Director has failed to attend three (3) consecutive meetings of the Board.

(b) Removal Without Cause.

Any Director may be removed without a cause if such removal is approved by the Board of Directors within the meaning of Section 5032 of the Corporations Code.

Section 3.9 Resignation of Director.

Any Director may resign effective on giving written notice to the President, the Secretary, or the Board of Directors of the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective. A Director shall not resign where the Corporation would then be left without a duly elected Director or Directors in charge of its affairs.

Section 3.10 Vacancies on the Board.

(a) Causes.

Vacancies on the Board of Directors shall exist on the death, resignation, or removal of any Director; whenever the number of Directors authorized is increased; and on the failure of any election to elect the full number of Directors authorized. Any reduction in the authorized number of Directors shall not, by itself, result in any Director being removed.

(b) Filling Vacancies by Directors.

Vacancies on the Board of Directors may be filled by approval of the Board of Directors, or, if the number of Directors then in the office is less than a quorum, by (1) the unanimous written consent of the Directors then in the office; (2) the affirmative vote of a majority of Directors then in office at a meeting held pursuant to notice or waivers of notice as provided in these Bylaws; or (3) a sole remaining Director.

Section 3.11 Committees.

(a) The Board may, by resolution adopted by a majority of the number of Directors then in office, provided that a quorum is present, create one or more committees, each constituted of two or more Directors, to serve at the pleasure of the Board. Appointments to such committees shall be by a majority vote of the Directors then in office. The Board may appoint one or more Directors as alternate members of

any committee, who may replace any absent member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except with the respect to:

(1) The filling of vacancies on the Board or on any committee that has authority of the Board.

(2) The fixing of compensation of the Directors for serving on the Board or on any committee.

(3) The amendment or repeal of these Bylaws or the adoption of new Bylaws.

(4) The amendment or repeal of any resolution of the Board that by its express terms is not so amendable or repealable.

(5) The appointment of committees of the Board or the members thereof.

(6) The expenditure of corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected.

(7) With respect to any assets held in charitable trust, the approval of any self-dealing transaction except as provided in paragraph (3) of subdivision (d) of Section 5233 of the Corporations Code.

(b) Subsection (a) shall not apply to any committee that does not exercise the authority of the Board.

(c) Unless these Bylaws otherwise provide, the Board may delegate to any committee powers as authorized by Section 5210 of the Corporations Code, but may not delegate the powers set forth in paragraphs (1) through (7) of subsection (a) of this Bylaw section.

(d) Meetings and actions of committees of the Board shall be governed by, held, and taken under the provisions of these Bylaws concerning meetings and other Board actions. Minutes of each meeting shall be kept and shall be filed with the corporate records.

## **ARTICLE 4 OFFICERS**

### Section 4.1 Number and Titles.

The officers of the Corporation shall be a President, a Secretary, a Chief Financial Officer, and such other officers with such titles and duties as shall be determined by the Board and as may be necessary to enable the corporation to sign instruments. Any number of offices may be held by the same person.

### Section 4.2 Appointment and Removal of Officers.

The officers shall be chosen by and serve at the pleasure of the Board, subject to the rights, if any, of an officer under any contract of employment. Officers may be removed with or without cause by the Board of Directors by the affirmative vote of a majority of all of the Directors.

### Section 4.3 Resignation of Officers.

Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice. Unless otherwise specified in the notice, the resignation need not be accepted to be effective. Any resignation shall be without prejudice to any rights of the Corporation under any contract to which the officer is a party.

### Section 4.4 Responsibilities of Officers.

#### (a) President.

Subject to the control of the Board, the President shall be the Chief Executive Officer and general manager of the Corporation. The President shall supervise, direct, and control the Corporation's activities, affairs, and officers. The President shall have such other powers and duties as the board may designate.

#### (b) Secretary.

The Secretary shall keep or cause to be kept a book of minutes of all meetings, proceedings, and actions of the Board and of committees of the Board. The minutes of

meetings shall include the time and place that the meeting was held; whether the meeting was annual, general, or special, and, if special, how authorized; the notice given; and the names of persons present at meetings.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and of committees of the Board that these Bylaws require to be given. The Secretary shall keep or cause to be kept a copy of the Articles of Incorporation and Bylaws, as amended to date. The Secretary shall keep the corporate seal in safe custody and shall have such other powers and perform such other duties as the Board may designate.

(c) Chief Financial Officer.

The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and accounts of the Corporation's properties and transactions. The books of account shall be open to inspection by any Director at all reasonable times.

The Chief Financial Officer shall (i) deposit, or cause to be deposited, all money and other valuables in the name and to the credit of the Corporation with such depositories as the Board may designate; (ii) disburse the Corporation's funds as the Board may order; (iii) render to the President and the Board, when requested, an account of all transactions and of the financial condition of the Corporation; and (iv) have such other powers and perform such other duties as the Board may designate.

If required by the Board, the Chief Financial Officer shall give the Corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the Corporation of all of its books, papers, vouchers, money, and other property of every kind in the possession or under the control of the Chief Financial Officer on his or her death, disability, resignation, retirement, or removal from office.

## **ARTICLE 5 CORPORATE RECORDS AND REPORTS**

### Section 5.1 Keeping Records.

The Corporation shall keep adequate and correct records of account and minutes of the proceedings of the Board and committees of the Board. The minutes shall be kept in written form. Other books and records shall be kept either in written form or in any other form capable of being converted into written form. The Corporation shall keep at its principal California office the original or a copy of the Articles of Incorporation and Bylaws, as amended to the current date.

### Section 5.2 Fiscal Year.

The fiscal year of the Corporation shall end at the close of business on December 31 of each year.

### Section 5.3 Annual Report.

The Board shall cause an annual report to be prepared not later than one hundred twenty (120) days after the close of the Corporation's fiscal year. The report shall contain a balance sheet as of the end of the fiscal year, an income statement, and a statement of changes in financial position for the fiscal year, and shall be accompanied by any report thereon of independent accountants, or if there is no such report, the certificate of an authorized officer of the Corporation that such statements were prepared without audit from the books and records of the Corporation. The annual report shall be furnished to all Directors. This Section shall not apply if the Corporation receives less than \$10,000 in gross revenues or receipts during the fiscal year.

### Section 5.4 Annual Statement of Certain Transactions and Indemnifications.

As part of the annual report, or as a separate document if no annual report is issued, the Corporation shall annually prepare and furnish to its Directors a statement of any transaction or indemnification of the following kinds within 120 days after the end of the Corporation's fiscal year:

(a) Any transaction (i) to which the Corporation, its parent, or its subsidiary was a party, (ii) which involved more than \$50,000 or was one of a number of such transactions

with the same person involving, in the aggregate, more than \$50,000, and (iii) in which any Director or Officer of the Corporation had a direct or indirect material financial interest (a mere common directorship is not a material financial interest).

The statement shall include a brief description of the transaction, the names of interested persons involved, their relationship to the Corporation, the nature of their interest in the transaction, and, when practicable, the amount of that interest, except that, in a partnership in which such person is a partner, only the partnership interest need be stated.

(b) A brief description of the amounts and circumstances of any loans, guaranties, indemnifications, or advances aggregating more than \$10,000 paid during the fiscal year to any Officer or Director of the Corporation, unless the loan, guaranty, indemnification, or advance is not subject to Corporations Code section 7235(a).

## **ARTICLE 6 BYLAW CONSTRUCTION AND CHANGES**

### Section 6.1 Construction and Definitions.

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the preceding sentence, the masculine gender includes the feminine and neuter, the singular includes the plural, the plural includes the singular, and the term “person” includes both a legal entity and a natural person.

### Section 6.2 Bylaw Changes.

Bylaws may be adopted, amended, or repealed by the Board of Directors.

CERTIFICATE OF SECRETARY

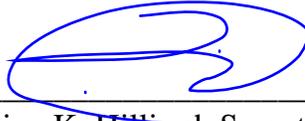
OF

FOREST KNOLLS WELLNESS

A California Nonprofit Mutual Benefit Corporation

I hereby certify that I am the duly elected and acting Secretary of said Corporation and that the foregoing Bylaws, comprising eleven (11) pages, constitute the Bylaws of said Corporation as duly adopted by the Board of Directors thereof on August \_\_, 2016.

Dated: 8/23/16



\_\_\_\_\_  
Brian K. Hilliard, Secretary

RESOLUTIONS OF THE DIRECTORS OF  
FOREST KNOLLS WELLNESS  
A California Nonprofit Mutual Benefit Corporation

The undersigned, the directors of Forest Knolls Wellness, a California nonprofit mutual benefit corporation (the Corporation), consent to their election as Directors and adopt the following resolutions:

Articles of Incorporation Filed

WHEREAS, the Articles of Incorporation were filed by the office of the Secretary of State of California on July 8, 2016, Corporation No. 3927078;

RESOLVED, that a certified copy of the Articles of Incorporation will be located in the Corporation's records.

Bylaws

WHEREAS, the undersigned have reviewed the Bylaws of the Corporation adopted by the Incorporator;

RESOLVED, that the Bylaws are hereby approved by the Board of Directors; and

RESOLVED FURTHER, that a certified copy of the Bylaws will be located in the Corporation's records.

Number of Directors

WHEREAS, the undersigned wish to establish the authorized number of Directors, under Section 3.1 of the Bylaws;

RESOLVED, that the number of Directors of the Corporation shall be fixed at two; and

RESOLVED FURTHER, that Kip Baldwin and Brian K. Hilliard are elected as the Directors of the Corporation.

Appointment of Officers

WHEREAS, under California law, the Corporation shall have the following officers: a Chief Executive Officer, a Secretary, and a Chief Financial Officer; and

WHEREAS, the Corporation presently has no officers;

RESOLVED, that the following person is appointed to the indicated offices as officers of the Corporation:

Kip Baldwin	President
Brian K. Hilliard	Secretary
Brian K. Hilliard	Chief Financial Officer

RESOLVED FURTHER, that the President will also hold the title of Executive Director.

Designation of Principal Executive Office

WHEREAS, it is necessary to designate a principal executive office for the Corporation, and under Section 1.1. of the Bylaws the Board of Directors shall fix the location of the principal executive office;

RESOLVED, that 1388 Haight Street, No. 103, San Francisco, CA 94107 is designated as the principal executive office of this corporation.

Agent for Service of Process

WHEREAS, the Articles of Incorporation name Natalia E. Thurston as the Corporation's initial agent for service of process;

RESOLVED, that Natalia E. Thurston is confirmed as the Corporation's agent for service of process.

Bank Accounts

WHEREAS, it may be necessary or beneficial to establish one or more checking or savings accounts; and

WHEREAS, a federal employer identification number will be needed for use on certain tax returns and statements;

RESOLVED, that such filings and applications will be made with the Internal Revenue Service as are necessary to obtain for the Corporation an employer identification number;

RESOLVED FURTHER, that the Corporation may establish in its name one or more accounts with a bank or other financial institution and that the Chief Financial Officer may establish such an account or accounts, on terms and conditions as agreed upon with the financial institution;

RESOLVED FURTHER, that the Chief Financial Officer is authorized to designate as depositories of the Corporation's funds one or more other banks or financial institutions, and to open, keep, and close general and special accounts in such depositories;

RESOLVED FURTHER, that the President, Secretary, and Chief Financial Officer are authorized to endorse checks, drafts, or other evidences of indebtedness made payable to the Corporation;

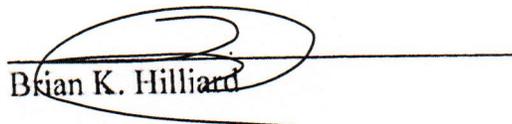
RESOLVED FURTHER, that all checks, drafts, and other instruments obligating the Corporation to pay money, including instruments payable to officers or other persons authorized to sign them, may be signed on the Corporation's behalf by the President, Secretary, or Chief Financial Officer: and

RESOLVED FURTHER, that the standard form of corporate resolution required by a financial institution for opening a corporate account is adopted as the resolution of the Board of Directors, and the Chief Financial Officer may obtain the necessary signatures, execute the necessary certifications, and take such other steps as needed to open such account.

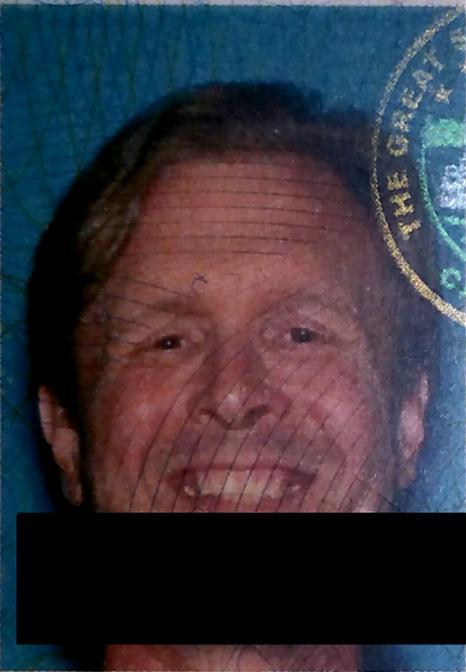
Date: 8/24/16

  
Kip Baldwin

Date: 8-24-16

  
Brian K. Hilliard

CALIFORNIA USA DRIVER LICENSE



DL [REDACTED]

EX [REDACTED] 2019

LN BALDWIN  
FN KIP ROWDY

DOB [REDACTED]

RSTR CORR LENS

DONOR



CLASS C  
END NONE

SEX M HAIR BLN EYES BRN

HGT 6'-04" WGT 210 lb

DD 05/08/201453408/CCFD/19

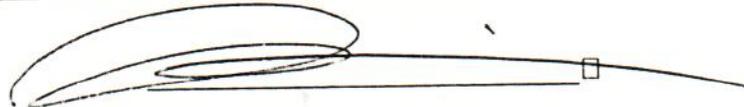
ISS 05/08/2014

DECLARATION OF KIP R. BALDWIN

1. I, Kip R. Baldwin, declare as follows:
2. I am the President, Executive Director, and a qualified patient member of Forest Knolls Wellness, a non-profit mutual benefit corporation registered in the State of California.
3. I have personal knowledge of the facts set forth herein, and if called as a witness, could and would testify competently thereto.
4. I submit this declaration in support of the Application to the County of Marin for a medical cannabis dispensary permit submitted therewith by Forest Knolls Wellness.
5. Attached hereto as Exhibit A is a true and correct copy of a current physician's written recommendation proscribing medical cannabis for treatment my illnesses.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 30 day of August in San Rafael, Marin.



Kip R. Baldwin

**Dr. Samuel Dismond III M.D.  
Therapeutic Cannabis Recommendation\***

This certifies that Kip Rowdy Baldwin

born on [REDACTED], was examined in my office on 10/18/16  
(DOB) (Date Seen)

He/she was found to have a medical condition that in my professional opinion would benefit from the use of medical cannabis. I have discussed the potential risks and benefits of medical cannabis use as appropriate therapeutic treatment pursuant to the Compassionate Use Act of 1996 (California Health & Safety Code 11362.5)

- 1) The patient understands and accepts the risks involved in using medical cannabis and will refrain from driving or engaging in any other potentially hazardous activity while impaired in any way.
- 2) The patient has been advised not to use tobacco and to use the least amount of cannabis needed. This medication should be used cautiously with alcohol or any other mind altering substances.
- 3) It is understood that the patient will use discretion when using medical cannabis with respect to the rights of others.

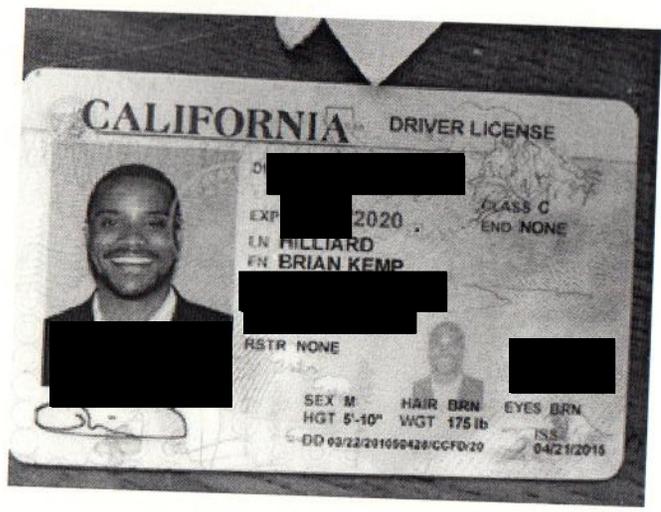
The patient knows that it is in his/her self interest to seek further medical evaluation and treatment when appropriate. The patient authorized San Francisco Green Evaluations to discuss the contents of this letter for verification purposes only.

This recommendation expires on 10/18/17

Diagnosis ON FILE

Signed [Signature]  
**Dr. Samuel Dismond III M.D.**  
Ca. lic. #G62220

To VERIFY use this ID # 8762148





**Hanya Barth, M.D.  
Therapeutic Cannabis Recommendation\***

This certifies that Brian Hilliard

born on [REDACTED], was examined in my office on 11/6/16.  
(DOB) (Date Seen)

He/she was found to have a medical condition that in my professional opinion would benefit from the use of medical cannabis. I have discussed the potential risks and benefits of medical cannabis use as an appropriate therapeutic treatment pursuant to the Compassionate Use Act of 1996 (California Health & Safety Code 11362.5).

- 1) The patient understands and accepts the risks involved in using medical cannabis and will refrain from driving or engaging in any other potentially hazardous activity while impaired in any way.
- 2) The patient has been advised to use the least amount of cannabis needed. This medication should be used cautiously with alcohol or any other mind-altering substances.
- 3) It is understood that the patient will use discretion when using medical cannabis with respect to the rights of others.

The patient knows it is in his/her self-interest to seek further medical evaluation and treatment when appropriate. The patient authorizes Compassionate Health Options to discuss the contents of this letter for verification purposes only.

Diagnosis [REDACTED]

This recommendation expires on 11/6/17

Signed [Signature]  
**Hanya Barth, M.D.**  
 Ca. lic. #A31974



To VERIFY use this ID # 564785  
[www.GREEN215.com](http://www.GREEN215.com)  
 1 877 PROP215 (877-776-7215)

# KIP BALDWIN, DIRECTOR



## PROFESSIONAL BIOGRAPHY

Kip Baldwin is a pioneer in expressing the depth of truths through his many projects and using media to awaken society to the new paradigm.

Kip Baldwin brings over 25 years of entertainment industry experience in a wide variety of disciplines such as, musician, artist management, artist relations, PR, entertainment journalist, special effects and broadcast graphics producer, actor, writer and producer. Mr. Baldwin is also the a founding partner in Aisling Visions Inc. an Idea Fulfillment Group, specializing in sales, marketing and product development.

Projects and clients have ranged from Hearst Ranch and Windy City Novelties to Carlos Falchi Designs and Will Vinton Studios. Further, Mr. Baldwin is co-founder of the United Filmmakers Association a pay it forward global arts movement which boasts more the 30,000 members globally. United Filmmakers Association (main chapter) <https://www.facebook.com/groups/Unifilmmakers/>

Currently, Mr. Baldwin has been or is the producer and or creator of the following projects; Loophole, Restorations Unlimited, Breaking Bud, Hempster's an American Revolution, The Road To Fenderville, One Hundred Things, Cold Pressed and Love Floats. Mr. Baldwin also co-created the reality series WEED COUNTRY in cooperation with Studio Lambert and The Discovery Channel, which aired

Wednesdays on The Discovery Channel. Its premiere episode drew over 1.1 million viewers and has seen a steady rise in viewership with each new episode and is currently in discussions for a spin off series.

WEED COUNTRY was also named to the Hollywood Reporters Top 25 heat list. The show's success further demonstrates Mr. Baldwin's solid instincts for being ahead the curve when deciding which projects he will devote his time to, as Mr. Baldwin believes in setting the trends, not following them.

What is the Just LOVE Movement all about?

The Just LOVE Movement is about; no longer making the choice to have our experience of life and LOVE, as one of being perpetually afraid. This is not to say that we will no longer fear, as fear has its place in the experience, it is a useful tool and should be experienced as just that, a useful tool, not the foundation for our individual being or the collective we are now describing as human "civilization".

The Just LOVE Movement is about; having the ideal experience of LOVE we seek and is within the power of our choice to have. This means embracing the abundance that life is, over the scarcity we manifest, cherishing the treasure of peace with one another, more than we relish the profits of war where we sacrifice on its fields, as if on blood alters, the precious lives of our young sons and daughters and lastly, but most importantly holding as sacred all other life on Earth that is in our care, rather than squandering and hoarding it, as if it were created for us alone - embracing our innate oneness and eternal connection to all that is.

So in summation; whether you believe the power of LOVE or not the Just LOVE Movement, is about overcoming our irrational and illogical fear of the unknown, so that we may bring to end our survival in tortured misery and begin living again in the happiness of our bliss, whose source is every new moment of life.

just LOVE...

#kipbaldwin

#justlovemovement

# BRIAN HILLIARD, DIRECTOR



## PROFESSIONAL BIOGRAPHY

Brian Hilliard's years of experience with civil disputes and criminal defense provides him with a high level of expertise that has proved to be incredibly beneficial to his clients. For the last several years, Brian has represented clients in landlord/tenant disputes all over the Bay Area and San Francisco, and has special knowledge of the city rental ordinances that impact many landlord's in the surrounding area. He also focuses his practice on general civil litigation, including employment disputes, probate administration and litigation, and civil rights matters.

Brian Hilliard is a member of the California Bar Association, and is a NAACP/Council for Legal Educational Opportunity Fellow. He was also a Charles Houston Bar Association Member of the California Association of Black Lawyers.

Brian attended Golden Gate Law School, where he received Dean's list recognition and a CALI award for the Birmingham Civil Rights Seminar. Brian was also President of the Black Law Students Association.

Brian received his Psychology degree at Morehouse College in Atlanta, Georgia.

# LINDA DELAIR, DIRECTOR



## PROFESSIONAL BIOGRAPHY

Since 2002, Linda Delair has focused on regenerative, sustainable living solutions through energy saving tactics and inventive strategies to improve local economic vitality and environmental protection by reducing waste generation, energy and water consumption and associated costs.

From 2002-2011 Specializing in remodeling, interior design, space planning, and facilitating “green” business certifications, Linda was also a featured speaker and panelist on “Green Design and Materials” for Radio, Student Career Forums, and Schools, ranging from Home Shows and Professional Design Organizations to the General Services Administration.

2013-2015 She was the Events Coordinator for Lydia’s Sunflower Center in Petaluma, CA, the largest vegan restaurant and events center in the US. She organized, musical events, lectures, workshops and classes to educate and cultivate community, and to promote ecological stewardship and increase the welfare of all beings.

2016 - Presently she is the California Outreach Coordinator for Hempstead Project HEART (Hemp Energies Alternative Resource Technologies) a 501c3 project of Earth Island Institute. The mission of

HPH is to create awareness of the many benefits of hemp for the planet and people. Through collaborations, arts and music, we work to elevate public consciousness about hemp as a basis for a healthy green economy. We are dedicated to raising awareness about the environmental, social, and economic benefits of restoring industrial hemp in America. She is an advocate for Industrial Hemp as a low environmental impact, high performance building material.

**VOLUNTEER:**

U.S. Green Building Council Redwood Empire Chapter Board Member (2013-present)

Ambassadors of Hope & Opportunity (AHO) VP of the Board (2005-2007)

Build It Green – Member and Guest Lecturer – 2006-2008

Petaluma, CA Grange (2014-present)

Pachamama Alliance Awakening The Dreamer Symposium Facilitator (2006-Present)

Hempstead Project HEART (Hemp Energies Alternative Resource Technologies) Grassroots Organizer & Event Coordinator (2013-2016)

**DEGREE/CERTIFICATIONS:**

Community College of Rhode Island - AA Degree - 1969

U.S. Green Building Council - LEED AP (Leadership in Energy and Environmental Design Accredited Professional) 2007

Build It Green - ACGBP (Advanced Certified Green Building Professional) 2007

Living Mandala - Certified Permaculture Designer 2010

BTB School of Feng Shui – Feng Shui Consultation and Design 2000

Canada College and College of Marin - Architecture and Interior Design 2004

San Francisco Institute of Architecture - Green Building Science 2010

San Rafael Chamber of Commerce - Leadership Institute 2006

Landmark Education - Curriculum for Living Program 2005

Environmental Forum of Marin - Master Class Education for Action 2005

Pachamama Alliance - Awakening The Dreamer Symposium Facilitator Training - 2006

# NATALIA THURSTON, LEGAL COUNSEL



## PROFESSIONAL BIOGRAPHY



**Natalia Thurston, J.D., M.B.A. | Director of Legal Services | CBD Professionals**  
725 Washington Street, Suite 212 | Oakland, CA 94607  
Tel: 510.985.9CBD | Fax: 415.520.0706 | net@cbdpros.com | www.cbdpros.com

### Legal Experience:

2010 – present

#### **Director of Legal Services**

#### **CBD Professionals, Oakland, CA**

- Represent medical cannabis collectives including cultivators, delivery services, and dispensaries in transactional matters involving legal structure, entity formation, review and negotiation of contracts, employment law counseling, finance, licensing/regulatory compliance, corporate governance, tax, and IP protection issues.
- Provide legal counsel to medical cannabis collectives with respect to day-to-day operational matters involving ongoing compliance with city, county, and state laws including MCRSA and local ordinances.
- Represent medical cannabis collectives in commercial litigation matters involving breach of contract, corporate governance, zoning & land use issues.
- Serve as co-counsel with Oakland civil rights attorney Dan Siegel on civil rights litigation brought against City of Vallejo for unlawful raid of dispensary.
- Successfully defended dispensary client in commercial litigation matter before the California Court of Appeal, First Appellate District.
- Served as legal advisor to Oakland Art Museum for its 2016 exhibition on medical cannabis, *Altered States: Marijuana in California*.
- Successfully negotiated talent and executive producer agreements for *Weed Country*, a Discovery Channel television show.

- Served as legal advisor to Vallejo City Council in order to codify and implement its Marijuana Business License Tax.
- Served as co-counsel with Wendel, Rosen, Black & Dean in land use litigation involving dispensary before the California Court of Appeal, Third Appellate District.

**Education:**

**JD**, University of California, Berkeley, May 2006

- Production Editor, Berkeley Technology Law Journal
- Publication: *Buyer Beware: The Unexpected Consequences of the Visual Artists Rights Act*, 20 Berkeley Tech. L.J. 701 (2005)
- Jurisprudence Award for Small Business Counseling Practicum
- Research Assistant, Samuelson Law, Technology & Public Policy Clinic
- Consultant, Economic Development Unit, East Bay Community Law Center

**MBA**, San Francisco State University, May 2001

**BA**, Sarah Lawrence College, May 1994

**Speaking Engagements:**

- *Delivery Services/Best Practices*, Elevated Cannabis Compliance Conference, Santa Rosa, Ca April 16-17, 2016
- *Banking: Managing Cash Flow Under Existing Banking Regulations; Insurance: Best Practices to Reduce Industry Inherent Risks; Finance: Investment Vehicles and Associated Legal Structures*, Medical and Recreational Marijuana, Santa Monica, CA, Oct. 9, 2015
- *Social Enterprise Legal Overview*, Stanford Law School, May 27, 2015
- Spring 2014 Berkeley Law Conference on Finance & Social Enterprise: <http://impactlawforum.weebly.com/>
- *Crowdfunding: Legal Aspects of Alternative Finance*, Legal Force, Palo Alto, August 2013
- *Hanging Your Own Shingle: Five Fundamental Tools*, The Junior Attorney: Expectations, Berkeley Law, Mar. 7, 2013
- *Nuts & Bolts of California Benefit & Flexible Purpose Legislation*, The Soma Hub, Mar. 2012
- *Legal Issues for Entrepreneurs*, Renaissance Entrepreneurship Center, San Francisco, Feb. 2012

# Part B. Project Narrative and Business Plan

## Compliance with Ordinance 3639

Forest Knolls Wellness complies with Marin County's Ordinance No. 3639 in the following manner:

1. Forest Knolls Wellness has obtained a seller's permit from the Board of Equalization and will pay state sales tax on a quarterly basis to the State Board of Equalization as required under Ordinance No. 3639 § 6.85.032. A copy of Forest Knolls Wellness' Seller's Permit is attached to this Application as Attachment 6.
2. The proposed site for the dispensary, 6700 Sir Francis Drake Blvd., Forest Knolls, CA, is located within one of two License Zones designated by the County for legal operation of a dispensary, Zone B (Central/West Marin), in the unincorporated part of the County. *See* Ordinance No. 3639 § 6.85.040.
3. The proposed site for the dispensary is located within a commercial designated area of the County, VCR as required under Ordinance No. 3639 § 6.85.041(A).
4. The dispensary will be located on Sir Francis Drake Boulevard in a commercial building that is a highly visible location with good views of the entrance as required under Ordinance No. 3639 § 6.85.041(B).
5. There are no youth-oriented facilities, schools, smoke shops, or other dispensaries within 800 feet of the proposed location nor is the property located on a residential zoned parcel. *See* Ordinance No. 3639 § 6.85.041. *See also* Neighborhood Context Map.
6. Part C of this Application sets forth in detail how the Operating Plan of Forest Knolls Wellness is in full compliance with the requirements set forth in Ordinance No. 3639 § 6.85.042.

## Compliance with State Law

Forest Knolls Wellness is properly organized as a non-profit mutual benefit corporation as authorized under SB 420 and the AG Guidelines and has obtained a seller's permit in order to pay sales tax to the State Board of Equalization. The dispensary will follow all state laws and guidelines with respect to the legal and safe distribution of medical



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cannabis to its patient members. This includes ensuring that the new patient registration, screening and other operational protocols as set forth in Part C, Operating Plan, are strictly adhered to by both Forest Knolls Wellness management and staff. Attorneys specializing in medical cannabis business law will be employed to advise the collective with regard to the rapidly changing regulatory framework in California.

### MCRSA

When the Bureau of Medical Cannabis Regulations starts issuing licenses for brick and mortar dispensaries in 2018, Forest Knolls Wellness will apply for and obtain the state licenses necessary to legally continue its operations under MCRSA as a fully licensed dispensary.

All medical cannabis products distributed to patient members of the dispensary will be transported, tested, labelled and packaged in accordance with the requirements of MCRSA. MCRSA's primary legal requirements are outlined in the summary prepared by the California Cannabis Industry Association and the relevant text of MCRSA, attached hereto as Attachment 7. The dispensary will only procure medical cannabis products from licensed cultivators and manufacturers whose products are transported, tested, and distributed through licensed transporters, distributors, and lab testing facilities in compliance with MCRSA.

## Compliance with Federal Law

So long as cannabis remains classified as a Schedule 1 drug by the Federal Government, there is little Forest Knolls Wellness can do to comply under Federal law other than to advocate for declassification and decriminalization of cannabis. However, hope springs eternal for change in federal cannabis laws triggered by shifts in policies related to the federal prosecution of state-sanctioned medical cannabis activities.

On October 19, 2009, Deputy Attorney General David W Ogden issued a memorandum ("Ogden Memo") that provided guidance to federal prosecutors and indicated that if a state-sanctioned medical cannabis business had indicators of: 1) the unlawful possession or use of firearms, 2) violence, 3) sales to minors, 4) money laundering, 5) amounts of marijuana inconsistent with purported compliance with state or local law, 6) illegal possession or sale of other controlled substances, or 7) ties to other criminal enterprises, these factors "may indicate illegal drug trafficking activity of potential federal interest." A copy of the Ogden Memo is attached to this Application as Attachment 8.

On August 29, 2013, Deputy Attorney General James M. Cole further clarified the role of prosecutorial discretion in determining evidence of illegal drug trafficking activity in state-sanctioned medical cannabis business in the *Cole* Memo. The *Cole* Memo outlined additional factors which might indicate the presence of illegal activity such as diversion of marijuana from state-to-state, drugged driving, growing on

public lands, and possession or use on federal property. A copy of the Cole Memo is attached to this Application as Attachment 9.

None of the above-listed *Ogden* factors or *Cole* factors are present in the operation of Forest Knolls Wellness and therefore the dispensary should not be at risk for any federal prosecution for its state-sanctioned and lawful activities.

Along with guidance memos issued by the Department of Justice, there has also been a recent and notable shift in Federal policy through legislative acts such as an amendment introduced by Reps. Dana Rohrabacher (R-Calif.) and Sam Farr (D-Calif.), known as the Rohrabacher/Farr amendment. The amendment states that "none of the funds made available in this Act to the Department of Justice may be used" to "prevent [states] from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana." This spending rider approved by Congress in 2014 and 2015 prohibits the Department of Justice from prosecuting cannabis suppliers who "fully comply" with state laws allowing medical use of the plant.

In *United States v. McIntosh*, the Ninth Circuit recently affirmed that the Rohrabacher/Farr amendment provides an affirmative defense against prosecution of individuals who provide cannabis to patients in compliance with state medical cannabis laws. A three-judge panel of the U.S. Court of Appeals for the 9th Circuit held that federal marijuana defendants are entitled to evidentiary hearings at which they can introduce evidence demonstrating their actions were authorized by state law. *See US v. McIntosh*, No. 15-10117 (9th Cir. Aug. 16, 2016).

Other recent and significant federal court victories, such as the Ninth Circuit dismissing the federal government's forfeiture case involving Harborside Health Center, affirm the DOJ's directive not to use federal funds to prosecute state-sanctioned medical cannabis operators who are fully compliant with the state's medical cannabis laws. In fact, in a recent federal court victory for Lynnette Shaw, operator of Marin County's first licensed dispensary in Fairfax, Shaw's attorneys successfully used the Rohrabacher/Farr amendment as a defense to a permanent injunction brought against Shaw which resulted in dismissal of the federal case against Shaw by the Department of Justice. These significant federal legal victories have paved the way for increased patient access and movement toward the end of Federal prohibition, signaling an important shift toward de-criminalization of cannabis at a Federal level. Forest Knolls Wellness is deeply humbled by the personal sacrifices that have been made by industry pioneers like Shaw to ensure safe access to medicine for as many patients as possible. The collective plans to continue this important legacy of advocacy by supporting such efforts to end Federal prohibition.

## Patient Access & Need

Since the passage of the CUA by 73% of Marin's voters in 1996, access to medical cannabis by Marin County's qualified patient residents has been limited by the lack of licensed storefront dispensaries to safely distribute medical cannabis. Breast cancer rates among women in Marin were once reported as the highest in the country. Medical and scientific studies have shown that use of CBD rich tinctures and other medical cannabis products are an effective treatment for cancer, autism and other illnesses. Attached as Attachment 10 is a research report prepared by doctors at Stanford University Medical School that discusses the effective use of cannabinoids found in the cannabis plant to treat autism. Attachment 11 is an article published by Forbes Magazine discussing the decision of some parents to treat their children's autism with CBD rich products such as cannabis oils and tinctures that do not contain THC.

There are currently no licensed storefront dispensaries in the County of Marin. Under Prop. 215, patients may cultivate up to 6 mature plants for personal medicinal use however some patients are too sick to cultivate their own medicine. There are currently 11 medical cannabis delivery services listed on Weedmaps that serve patients in the Marin County Area. These delivery services are unlicensed and unregulated by the County which can create safety issues for both patients and the general public. Some patients wish to preserve their privacy and do not want to disclose their home address to an unlicensed delivery service operator because of security issues and would prefer to obtain medicine from a licensed brick and mortar storefront dispensary. The storefront dispensary model is consistent with the County's goals of providing safeguards so that medical cannabis is not improperly distributed to youth or to individuals without proper medical recommendations.



## Strategic Marketing Plan



The target market of Forest Knolls Wellness is California's estimated one million qualified medical cannabis patients. The local demographics of West Marin reveal a affluent, educated and older population compared to the rest of the State. *See Attachment 11, West Marin Demographics.* Forest Knolls Wellness is ideally situated in the heart of West Marin's San Geronimo Valley to serve this type of patient population with the highest quality and safest products offered in the marketplace. Forest Knolls Wellness will offer a full menu of medical cannabis products to its patients including lab-tested and properly packaged flower, edibles, tinctures, salves, concentrates and oils. The management of Forest Knolls Wellness has long-standing relationships with the best licensed medical cannabis product suppliers throughout the state and therefore will be able to offer medicine at reduced or below market rate prices. All medical cannabis and CBD products distributed at Forest Knolls Wellness will be tested,

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packaged and labelled in accordance with MCRSA. All advertising will be reviewed by legal counsel before dissemination to ensure compliance with federal, state and local laws regulating medical cannabis advertising.

## Competitive Analysis & Market Share



The legal cannabis industry is one of the fastest growing industries in America with a compound annual growth rate of 31%, with a market estimate at \$5.7 billion in 2015 sales, up from \$4.6 billion in 2014. (Source: Arcview Market Research). According to the Marijuana Policy Project, in 2015, medical cannabis patients accounted for 19.4% of California's population or 758,607 patients. This figure is undoubtedly low, as in 2015, California accounted for 62% of the country's total medical cannabis sales with an estimated \$2.7 Billion in sales. "If California legalizes adult use in 2016 as expected and adult use sales become operational in 2018, the state market is expected to reach nearly \$6.6 billion by 2020," said Giadha DeCarcer, Founder and CEO of New Frontier.

## Our Team

Forest Knolls Wellness is managed by seasoned medical cannabis industry professionals including marketing and sales experts, financial sector executives, business management professionals, and a strong legal team to stay apprised of the rapidly changing legal and regulatory environment in California. With leaders already established in the medical cannabis industry since 2008, Forest Knolls Wellness is well poised to continue to build on those existing relationships in order to provide the highest quality medicine at the lowest prices to its qualified patients. Because of the existing medical cannabis industry track record of its leaders, Forest Knolls Wellness has well-established connections with a variety of innovative leaders in the industry such as lab testing facilities and licensed vendors of flower,

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concentrates and edibles. The strength of those established business relationships and experience in the industry will serve as a valuable guide and resource in the success and growth of Forest Knolls Wellness.

## Information Technology

Forest Knolls Wellness will use the latest technology available in the industry to track patient transactions through point-of-sale systems developed specifically for medical cannabis dispensaries such as MMJ Freeway. The collective will also utilize cloud-based financial accounting systems such as Quickbooks or Xero to record financial transactions, to access financial information quickly, and to efficiently share this information with the collective's bookkeeper and accountant to ensure proper recording and payment of payroll, sales and all applicable taxes. Other technologies, including cashless atms, will be used to reduce the number of cash transactions and associated security risks.

## Intellectual Property

Forest Knolls Wellness owns the domain name "forestknollswellness.com" and will develop a website that includes an updated electronic menu board and online patient registration and pre-verification. The site will also feature a community calendar with information about classes being offered and events being held at the dispensary. Forest Knolls Wellness will seek state and federal trademark registrations for its business name, logo, trade dress, and any other intellectual property developed by the collective.

## Financial Management Plan

The Collective has prepared a comprehensive set of pro forma financial statements including details on income and expenses associated with the operation of the dispensary at the proposed Forest Knolls location for years 2017, 2018, and 2019. A copy of the Collective's 3 year pro forma financial statements are attached to this Application as an Appendix. A copy of the Collective's Profit & Loss Statement and underlying assumptions are attached as Attachment 13.

## Project Management Plan

1. Relationship with Property Owners. Forest Knolls Wellness has obtained the consent required from the property owners under Ordinance No. 3639 to proceed with the modifications required to prepare the site for use as a medical cannabis dispensary.
2. Construction Plan
  1. Scope of Work: The scope of the work involves minor non-structural modifications made to the building and its exterior including adding additional parking spaces, signage,

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security fencing, windows, lighting, and gates. Minor modifications will be made to the interior of the building to add security gates, handicap accessible features, and to modify the building's interior for use in accordance with Ordinance No. 3639 with a designated patient waiting area and registration room, designated dispensation room that can only be accessed by qualified patient members, and by adding a secure storage area for safe storage of medical cannabis products, cash, and patient records. The two existing restrooms will be upgraded for ADA accessibility by adding a ramp to the entrance.

2. Budget: The budget for the proposed tenant improvements and modifications is estimated at \$50,000-\$70,000. *See Pro Formas.*
3. Schedule: Forest Knolls Wellness is expected to complete the interior and exterior building modifications in approximately 2 months. The modifications and build-out will begin after County approval of the permit expected within seven months after submission of this application.
4. Permits Required: County Planning Department including design review and approval may be required for signage, fencing, and other security features such as ornamental security gates, lighting and parking. No major structural interior or exterior modifications to Building A are planned
5. Opening Date. Based on the County's estimated Planning Department and County Administrator review process of seven months after submission of the application, the dispensary will open its doors no earlier than in April 2017.

## Project Funding

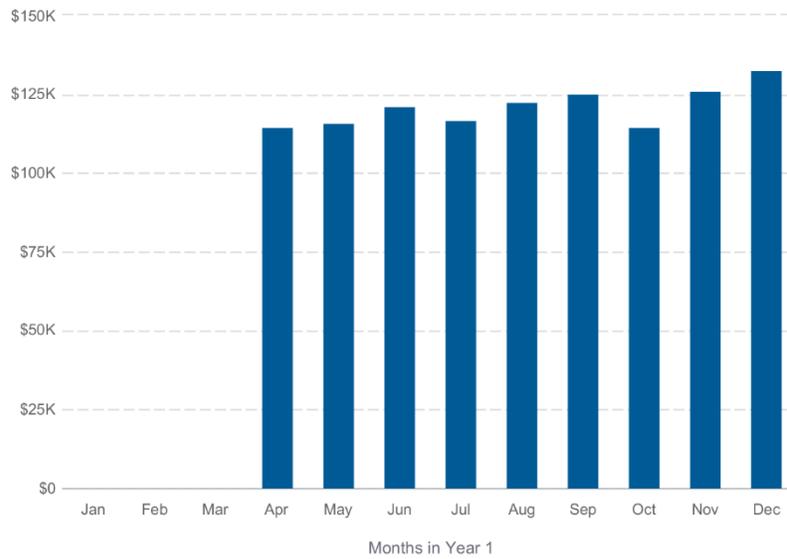
The estimated start-up capital required for this project is \$120,164 including tenant improvements. The project will be funded by interest bearing loans made by individuals to Forest Knolls Wellness. The pro forma financial statements submitted with this application include line item expenses for start-up expenses expected to be incurred by Forest Knolls Wellness. Since Forest Knolls Wellness is a newly-formed entity for this project, three years of personal financial returns from the collective's two management members have been submitted with this application.

# Financial Plan

## Forecast

### Key Assumptions

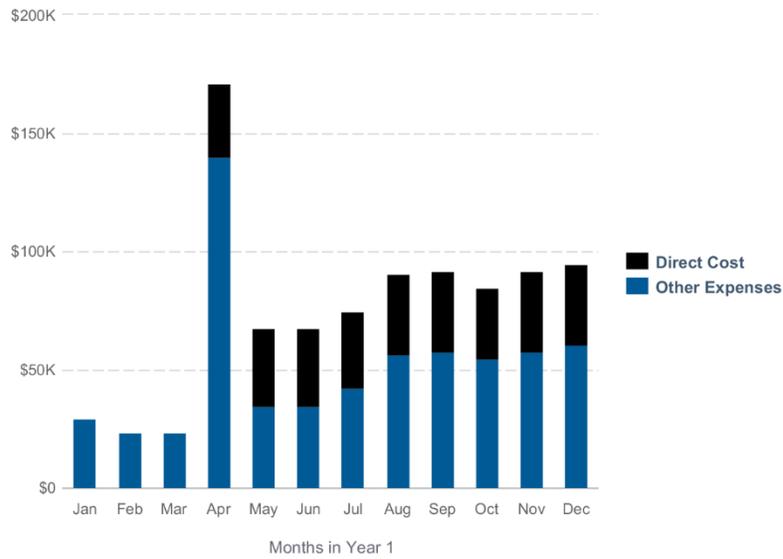
### Revenue by Month



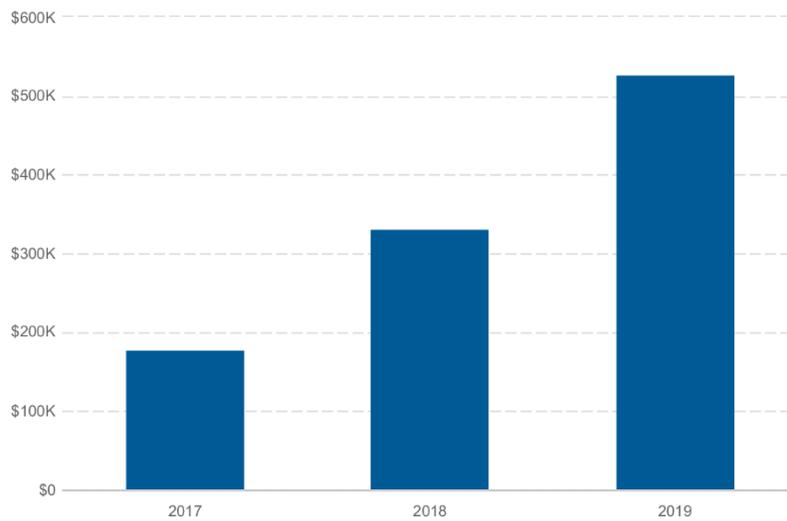
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**Expenses by Month**



**Net Profit (or Loss) by Year**



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## Financing

### Use of Funds

### Sources of Funds

## Statements

### Projected Profit & Loss

	2017	2018	2019
<b>Revenue</b>	<b>\$1,090,500</b>	<b>\$1,363,125</b>	<b>\$1,840,217</b>
<b>Direct Costs</b>	<b>\$296,013</b>	<b>\$370,016</b>	<b>\$499,521</b>
Gross Margin	\$794,487	\$993,109	\$1,340,696
<b>Gross Margin %</b>	<b>73%</b>	<b>73%</b>	<b>73%</b>
<b>Operating Expenses</b>			
Salary	\$188,640	\$206,532	\$226,141
Employee Related Expenses	\$37,728	\$41,306	\$45,228
Rent	\$30,000	\$30,000	\$30,000
Advertising and Promotion	\$9,000	\$12,000	\$12,000
Auto and Truck Expenses	\$6,750	\$9,000	\$9,000
Banking Fees: Payroll Processing, Merchant Card Processing, Account fees	\$1,350	\$1,800	\$1,800
Computer and Internet Expenses	\$900	\$1,200	\$1,200
Commercial Property Liability Insurance	\$650	\$650	\$650
Business Insurance:	\$900	\$1,200	\$1,200
Membership Dues and Subscriptions	\$2,160	\$2,880	\$2,880
Utilities, Water & Garbage	\$2,475	\$3,300	\$3,300
Office Supplies	\$1,800	\$2,400	\$2,400
Marin County Permit Application Fee	\$7,200		
Marin County Annual License Monitoring Fee	\$12,000	\$12,000	\$12,000
Telephone & Fax line charges	\$675	\$900	\$900
Charitable Donations	\$13,500	\$18,000	\$18,000
Website	\$900	\$1,200	\$1,200

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Start-up Equipment, Furniture	\$15,000		
Interest	\$0		
Legal and Accounting fees	\$4,500	\$6,000	\$6,000
Tenant Improvements: Space Modification, Install Security Equipment	\$50,000		
POS System	\$1,800	\$2,400	\$2,400
POS - Purchase, Installation, Training	\$5,000		
Security: Electronic Monitoring Equipment: Cameras, Closed-Circuit System, DVR, Monitors	\$12,000		
Security Company: Guards / Patrol	\$54,000	\$72,000	\$72,000
Laboratory Fees: Medical Marijuana Testing	\$1,980	\$2,640	\$2,640
Janitorial Expense	\$1,800	\$2,400	\$2,400
Inventory - Start Up	\$20,000		
Safes - Security x 3	\$3,000		
<b>Total Operating Expenses</b>	<b>\$485,708</b>	<b>\$429,808</b>	<b>\$453,339</b>
<b>Operating Income</b>	<b>\$308,779</b>	<b>\$563,301</b>	<b>\$887,357</b>
Interest Incurred	\$10,307	\$9,368	\$7,173
Depreciation and Amortization			
Income Taxes	\$119,389	\$221,573	\$352,074
<b>Total Expenses</b>	<b>\$911,417</b>	<b>\$1,030,765</b>	<b>\$1,312,107</b>
<b>Net Profit</b>	<b>\$179,083</b>	<b>\$332,360</b>	<b>\$528,110</b>
<b>Net Profit / Sales</b>	<b>16%</b>	<b>24%</b>	<b>29%</b>

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**Projected Balance Sheet**

	2017	2018	2019
Cash	\$416,063	\$830,505	\$1,479,740
Accounts Receivable	\$0	\$0	\$0
Inventory			
Other Current Assets			
<b>Total Current Assets</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>
Long-Term Assets			
Accumulated Depreciation			
<b>Total Long-Term Assets</b>			
<b>Total Assets</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>
Accounts Payable	\$0	\$0	\$0
Income Taxes Payable	\$119,389	\$221,573	\$352,074
Sales Taxes Payable	\$31,748	\$28,966	\$39,105
Short-Term Debt	\$17,320	\$19,515	\$21,989
Prepaid Revenue			
<b>Total Current Liabilities</b>	<b>\$168,457</b>	<b>\$270,054</b>	<b>\$413,168</b>
Long-Term Debt	\$68,523	\$49,008	\$27,019
<b>Total Liabilities</b>	<b>\$236,980</b>	<b>\$319,062</b>	<b>\$440,187</b>
Paid-in Capital			
Retained Earnings		\$179,083	\$511,443
Earnings	\$179,083	\$332,360	\$528,110
<b>Total Owner's Equity</b>	<b>\$179,083</b>	<b>\$511,443</b>	<b>\$1,039,553</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>

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**Projected Cash Flow Statement**

	2017	2018	2019
<b>Net Cash Flow from Operations</b>			
Net Profit	\$179,083	\$332,360	\$528,110
Depreciation and Amortization			
Change in Accounts Receivable	\$0	\$0	\$0
Change in Inventory			
Change in Accounts Payable	\$0	\$0	\$0
Change in Income Tax Payable	\$119,389	\$102,184	\$130,501
Change in Sales Tax Payable	\$31,748	(\$2,782)	\$10,139
Change in Prepaid Revenue			
<b>Net Cash Flow from Operations</b>	<b>\$330,220</b>	<b>\$431,762</b>	<b>\$668,750</b>
<b>Investing &amp; Financing</b>			
Assets Purchased or Sold			
Investments Received			
Change in Long-Term Debt	\$68,523	(\$19,515)	(\$21,989)
Change in Short-Term Debt	\$17,320	\$2,195	\$2,474
Dividends & Distributions			
<b>Net Cash Flow from Investing &amp; Financing</b>	<b>\$85,843</b>	<b>(\$17,320)</b>	<b>(\$19,515)</b>
Cash at Beginning of Period	\$0	\$416,063	\$830,505
Net Change in Cash	\$416,063	\$414,442	\$649,235
<b>Cash at End of Period</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>

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# Appendix

## Profit and Loss Statement

### Profit and Loss Statement (With Monthly Detail)

2017	Jan '17	Feb '17	Mar '17	Apr '17	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17
<b>Revenue</b>				\$114,500	\$116,000	\$121,500	\$117,000	\$122,500	\$125,500	\$114,500	\$126,000	\$133,000
<b>Direct Costs</b>	\$0			\$31,465	\$32,585	\$32,875	\$32,535	\$34,060	\$34,280	\$29,823	\$33,930	\$34,460
Gross Margin	\$0			\$83,035	\$83,415	\$88,625	\$84,465	\$88,440	\$91,220	\$84,677	\$92,070	\$98,540
<b>Gross Margin %</b>				73%	72%	73%	72%	72%	73%	74%	73%	74%
<b>Operating Expenses</b>												
Salary	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720	\$15,720
Employee Related Expenses	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144	\$3,144
Rent	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Advertising and Promotion				\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Auto and Truck Expenses				\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750	\$750
Banking Fees: Payroll Processing, Merchant Card Processing, Account fees				\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Computer and Internet Expenses				\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100

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Commercial Property Liability Insurance	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$55	\$55
Business Insurance:				\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Membership Dues and Subscriptions				\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240	\$240
Utilities, Water & Garbage				\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275	\$275
Office Supplies				\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Marin County Permit Application Fee	\$7,200											
Marin County Annual License Monitoring Fee	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Telephone & Fax line charges				\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75
Charitable Donations				\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Website				\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Start-up Equipment, Furniture				\$15,000								
Interest	\$0											
Legal and Accounting fees				\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Tenant Improvements : Space Modification, Install Security Equipment				\$50,000								
POS System				\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200

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<b>Revenue</b>	<b>\$1,090,500</b>	<b>\$1,363,125</b>	<b>\$1,840,217</b>
<b>Direct Costs</b>	<b>\$296,013</b>	<b>\$370,016</b>	<b>\$499,521</b>
Gross Margin	\$794,487	\$993,109	\$1,340,696
<b>Gross Margin %</b>	<b>73%</b>	<b>73%</b>	<b>73%</b>
<b>Operating Expenses</b>			
Salary	\$188,640	\$206,532	\$226,141
Employee Related Expenses	\$37,728	\$41,306	\$45,228
Rent	\$30,000	\$30,000	\$30,000
Advertising and Promotion	\$9,000	\$12,000	\$12,000
Auto and Truck Expenses	\$6,750	\$9,000	\$9,000
Banking Fees: Payroll Processing, Merchant Card Processing, Account fees	\$1,350	\$1,800	\$1,800
Computer and Internet Expenses	\$900	\$1,200	\$1,200
Commercial Property Liability Insurance	\$650	\$650	\$650
Business Insurance:	\$900	\$1,200	\$1,200
Membership Dues and Subscriptions	\$2,160	\$2,880	\$2,880
Utilities, Water & Garbage	\$2,475	\$3,300	\$3,300
Office Supplies	\$1,800	\$2,400	\$2,400
Marin County Permit Application Fee	\$7,200		
Marin County Annual License Monitoring Fee	\$12,000	\$12,000	\$12,000
Telephone & Fax line charges	\$675	\$900	\$900
Charitable Donations	\$13,500	\$18,000	\$18,000
Website	\$900	\$1,200	\$1,200
Start-up Equipment, Furniture	\$15,000		
Interest	\$0		
Legal and Accounting fees	\$4,500	\$6,000	\$6,000
Tenant Improvements: Space Modification, Install Security Equipment	\$50,000		
POS System	\$1,800	\$2,400	\$2,400
POS - Purchase, Installation, Training	\$5,000		
Security: Electronic Monitoring Equipment: Cameras, Closed-Circuit System, DVR, Monitors	\$12,000		
Security Company: Guards / Patrol	\$54,000	\$72,000	\$72,000

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Laboratory Fees: Medical Marijuana Testing	\$1,980	\$2,640	\$2,640
Janitorial Expense	\$1,800	\$2,400	\$2,400
Inventory - Start Up	\$20,000		
Safes - Security x 3	\$3,000		
<b>Total Operating Expenses</b>	<b>\$485,708</b>	<b>\$429,808</b>	<b>\$453,339</b>
<b>Operating Income</b>	<b>\$308,779</b>	<b>\$563,301</b>	<b>\$887,357</b>
Interest Incurred	\$10,307	\$9,368	\$7,173
Depreciation and Amortization			
Income Taxes	\$119,389	\$221,573	\$352,074
<b>Total Expenses</b>	<b>\$911,417</b>	<b>\$1,030,765</b>	<b>\$1,312,107</b>
<b>Net Profit</b>	<b>\$179,083</b>	<b>\$332,360</b>	<b>\$528,110</b>
<b>Net Profit / Sales</b>	<b>16%</b>	<b>24%</b>	<b>29%</b>

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## Balance Sheet

### Balance Sheet (With Monthly Detail)

2017	Jan '17	Feb '17	Mar '17	Apr '17	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17
Cash	\$70,382	\$45,740	\$21,098	(\$27,386)	\$29,637	\$92,337	\$120,575	\$183,176	\$248,811	\$275,944	\$342,471	\$416,063
Accounts Receivable				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory												
Other Current Assets												
<b>Total Current Assets</b>	<b>\$70,382</b>	<b>\$45,740</b>	<b>\$21,098</b>	<b>(\$27,386)</b>	<b>\$29,637</b>	<b>\$92,337</b>	<b>\$120,575</b>	<b>\$183,176</b>	<b>\$248,811</b>	<b>\$275,944</b>	<b>\$342,471</b>	<b>\$416,063</b>
Long-Term Assets												
Accumulated Depreciation												
<b>Total Long-Term Assets</b>												
<b>Total Assets</b>	<b>\$70,382</b>	<b>\$45,740</b>	<b>\$21,098</b>	<b>(\$27,386)</b>	<b>\$29,637</b>	<b>\$92,337</b>	<b>\$120,575</b>	<b>\$183,176</b>	<b>\$248,811</b>	<b>\$275,944</b>	<b>\$342,471</b>	<b>\$416,063</b>
Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Taxes Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$7,264	\$28,659	\$51,171	\$71,071	\$93,933	\$119,389
Sales Taxes Payable				\$9,733	\$19,593	\$29,920	\$9,945	\$20,358	\$31,025	\$9,733	\$20,443	\$31,748
Short-Term Debt	\$15,523	\$15,678	\$15,835	\$15,993	\$16,153	\$16,314	\$16,478	\$16,643	\$16,810	\$16,979	\$17,148	\$17,320
Prepaid Revenue												
<b>Total Current Liabilities</b>	<b>\$15,523</b>	<b>\$15,678</b>	<b>\$15,835</b>	<b>\$25,726</b>	<b>\$35,746</b>	<b>\$46,234</b>	<b>\$33,687</b>	<b>\$65,660</b>	<b>\$99,006</b>	<b>\$97,783</b>	<b>\$131,524</b>	<b>\$168,457</b>
Long-Term Debt	\$84,477	\$83,098	\$81,705	\$80,298	\$78,877	\$77,442	\$75,992	\$74,528	\$73,049	\$71,555	\$70,047	\$68,523

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<b>Total Liabilities</b>	<b>\$100,000</b>	<b>\$98,776</b>	<b>\$97,540</b>	<b>\$106,024</b>	<b>\$114,623</b>	<b>\$123,676</b>	<b>\$109,679</b>	<b>\$140,188</b>	<b>\$172,055</b>	<b>\$169,338</b>	<b>\$201,571</b>	<b>\$236,980</b>
Paid-in Capital												
Retained Earnings												
Earnings	(\$29,618)	(\$53,036)	(\$76,442)	(\$133,410)	(\$84,986)	(\$31,339)	\$10,896	\$42,988	\$76,756	\$106,606	\$140,900	\$179,083
<b>Total Owner's Equity</b>	<b>(\$29,618)</b>	<b>(\$53,036)</b>	<b>(\$76,442)</b>	<b>(\$133,410)</b>	<b>(\$84,986)</b>	<b>(\$31,339)</b>	<b>\$10,896</b>	<b>\$42,988</b>	<b>\$76,756</b>	<b>\$106,606</b>	<b>\$140,900</b>	<b>\$179,083</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$70,382</b>	<b>\$45,740</b>	<b>\$21,098</b>	<b>(\$27,386)</b>	<b>\$29,637</b>	<b>\$92,337</b>	<b>\$120,575</b>	<b>\$183,176</b>	<b>\$248,811</b>	<b>\$275,944</b>	<b>\$342,471</b>	<b>\$416,063</b>

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	2017	2018	2019
Cash	\$416,063	\$830,505	\$1,479,740
Accounts Receivable	\$0	\$0	\$0
Inventory			
Other Current Assets			
<b>Total Current Assets</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>
Long-Term Assets			
Accumulated Depreciation			
<b>Total Long-Term Assets</b>			
<b>Total Assets</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>
Accounts Payable	\$0	\$0	\$0
Income Taxes Payable	\$119,389	\$221,573	\$352,074
Sales Taxes Payable	\$31,748	\$28,966	\$39,105
Short-Term Debt	\$17,320	\$19,515	\$21,989
Prepaid Revenue			
<b>Total Current Liabilities</b>	<b>\$168,457</b>	<b>\$270,054</b>	<b>\$413,168</b>
Long-Term Debt	\$68,523	\$49,008	\$27,019
<b>Total Liabilities</b>	<b>\$236,980</b>	<b>\$319,062</b>	<b>\$440,187</b>
Paid-in Capital			
Retained Earnings		\$179,083	\$511,443
Earnings	\$179,083	\$332,360	\$528,110
<b>Total Owner's Equity</b>	<b>\$179,083</b>	<b>\$511,443</b>	<b>\$1,039,553</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>

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## Cash Flow Statement

### Cash Flow Statement (With Monthly Detail)

2017	Jan '17	Feb '17	Mar '17	Apr '17	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17
<b>Net Cash Flow from Operations</b>												
Net Profit	(\$29,618)	(\$23,418)	(\$23,406)	(\$56,968)	\$48,424	\$53,647	\$42,235	\$32,092	\$33,768	\$29,850	\$34,294	\$38,183
Depreciation and Amortization												
Change in Accounts Receivable				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Inventory												
Change in Accounts Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in Income Tax Payable	\$0	\$0	\$0	\$0	\$0	\$0	\$7,264	\$21,395	\$22,512	\$19,900	\$22,862	\$25,456
Change in Sales Tax Payable				\$9,733	\$9,860	\$10,327	(\$19,975)	\$10,413	\$10,667	(\$21,292)	\$10,710	\$11,305
Change in Prepaid Revenue												
<b>Net Cash Flow from Operations</b>	<b>(\$29,618)</b>	<b>(\$23,418)</b>	<b>(\$23,406)</b>	<b>(\$47,235)</b>	<b>\$58,284</b>	<b>\$63,974</b>	<b>\$29,524</b>	<b>\$63,900</b>	<b>\$66,947</b>	<b>\$28,458</b>	<b>\$67,866</b>	<b>\$74,944</b>
<b>Investing &amp; Financing</b>												
Assets Purchased or Sold												
Investments Received												

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Change in Long-Term Debt	\$84,477	(\$1,379)	(\$1,393)	(\$1,407)	(\$1,421)	(\$1,435)	(\$1,450)	(\$1,464)	(\$1,479)	(\$1,494)	(\$1,508)	(\$1,524)
Change in Short-Term Debt	\$15,523	\$155	\$157	\$158	\$160	\$161	\$164	\$165	\$167	\$169	\$169	\$172
Dividends & Distributions												
<b>Net Cash Flow from Investing &amp; Financing</b>	<b>\$100,000</b>	<b>(\$1,224)</b>	<b>(\$1,236)</b>	<b>(\$1,249)</b>	<b>(\$1,261)</b>	<b>(\$1,274)</b>	<b>(\$1,286)</b>	<b>(\$1,299)</b>	<b>(\$1,312)</b>	<b>(\$1,325)</b>	<b>(\$1,339)</b>	<b>(\$1,352)</b>
Cash at Beginning of Period	\$0	\$70,382	\$45,740	\$21,098	(\$27,386)	\$29,637	\$92,337	\$120,575	\$183,176	\$248,811	\$275,944	\$342,471
Net Change in Cash	\$70,382	(\$24,642)	(\$24,642)	(\$48,484)	\$57,023	\$62,700	\$28,238	\$62,601	\$65,635	\$27,133	\$66,527	\$73,592
<b>Cash at End of Period</b>	<b>\$70,382</b>	<b>\$45,740</b>	<b>\$21,098</b>	<b>(\$27,386)</b>	<b>\$29,637</b>	<b>\$92,337</b>	<b>\$120,575</b>	<b>\$183,176</b>	<b>\$248,811</b>	<b>\$275,944</b>	<b>\$342,471</b>	<b>\$416,063</b>

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	2017	2018	2019
<b>Net Cash Flow from Operations</b>			
Net Profit	\$179,083	\$332,360	\$528,110
Depreciation and Amortization			
Change in Accounts Receivable	\$0	\$0	\$0
Change in Inventory			
Change in Accounts Payable	\$0	\$0	\$0
Change in Income Tax Payable	\$119,389	\$102,184	\$130,501
Change in Sales Tax Payable	\$31,748	(\$2,782)	\$10,139
Change in Prepaid Revenue			
<b>Net Cash Flow from Operations</b>	<b>\$330,220</b>	<b>\$431,762</b>	<b>\$668,750</b>
<b>Investing &amp; Financing</b>			
Assets Purchased or Sold			
Investments Received			
Change in Long-Term Debt	\$68,523	(\$19,515)	(\$21,989)
Change in Short-Term Debt	\$17,320	\$2,195	\$2,474
Dividends & Distributions			
<b>Net Cash Flow from Investing &amp; Financing</b>	<b>\$85,843</b>	<b>(\$17,320)</b>	<b>(\$19,515)</b>
Cash at Beginning of Period	\$0	\$416,063	\$830,505
Net Change in Cash	\$416,063	\$414,442	\$649,235
<b>Cash at End of Period</b>	<b>\$416,063</b>	<b>\$830,505</b>	<b>\$1,479,740</b>

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### MMRSA Cheat Sheet

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### CCIA MMRSA CHEAT SHEET:

#### REGULATORY STRUCTURE

The MMRSA establishes the Bureau of Medical Marijuana Regulation under the Department of Consumer Affairs. The Dept. of Food and Agriculture has responsibility for regulating cultivation and processing, and the Dept. of Public Health for developing standards for the manufacture, testing, and production and labeling of all cannabis products; the Dept of Pesticide Regulation for developing pesticide standards. See SB 643, adding Section 19332(g) of the Business and Professions Code, hereinafter ("B&PC").

#### LICENSE TYPES

The following categories of licenses are established under THE MMSRA (AB 266 adding B&PC 19300.7):

- 10 types of Cultivation licenses, distinguished by scale, light source and production stage (SB 643 adding B&PC 19332(g))
- 2 types of Manufacturing licenses, permitting solventless, butane and CO2 extraction (AB 266 adding B&PC 19341)
- Testing license (AB 266 adding B&PC 19341)
- 2 types of Dispensary licenses, for licenses with >3 retail sites, and ≤3 sites (AB 266 adding B&PC 19334)
- Distribution license (AB 266 adding B&PC 19334)
- Transportation license (AB 266 adding B&PC 19334)

#### VERTICAL INTEGRATION

Under the MMRSA, licensees can only hold licenses in no more than two separate license categories (AB 266 adding B&PC 19328(a)). For example, testing and distribution licensees will not be able to hold any other class of license (AB 266 adding B&PC 19341(c)).

There are a few exceptions, however. Businesses operating in local jurisdictions that require or allow full vertical integration of their supply chain (cultivation, manufacturing and dispensing) will be allowed to continue operating as they do now (AB 266 adding B&PC 19328(c)). There is also a specialty dispensary license modelled after "brew pub" license, which allows for a licensee to be vertically integrated if they operate no more the 3 retail sites, hold only 1 manufacturing license, and own no more the 4 acres of licensed cultivation sites in the state (AB 266 adding B&PC 19328(a)(9)). Both of the above exemptions are only good until Jan 1, 2026 unless extended through the state legislature (AB 266 adding B&PC 19328(d)).

#### MANDATORY DISTRIBUTION

While licensed manufacturers and cultivators will have to send their product to a distribution licensee for quality assurance inspection and lab testing before selling it to a dispensary, they will not be required to sell their cannabis to the distributor (AB 266 adding B&PC 19326(b)). The bill clarifies that farmers and manufacturers will be able to maintain direct contracts with dispensaries and set their own prices (AB 266 adding B&PC 19326(c)(3)).

#### MEDICAL CANNABIS IS NOW "LEGAL"

The industry no longer has to rely on an "affirmative defense" to operate. All actions by licensees that are permitted by both a state license and local government are now legal and protected from arrest, prosecution, asset forfeiture and other legal sanctions under California law (AB 266 adding B&PC 19317).

#### RUNWAY FOR COMPLIANCE FOR EXISTING BUSINESSES:

A businesses operating in compliance with current state laws and all applicable local ordinances before January 1, 2018 may continue to operate until the state grants or denies its licenses (AB 266 adding B&PC 19321(c)). Additionally, Section 6 of AB 266 allows existing collectives to operate under existing state laws for one year after initial licenses are granted under the MMRSA (AB 266 amending Section 11362.775 of the Health and Safety Code).

#### OPERATING FOR-PROFIT

Licensees will not be prohibited from operating "for profit". Section 6 of AB 266 repeals the existing Medical Marijuana Program Act, and the non-profit mandate with it (AB 266 amending Section 11362.775 of the Health and Safety Code). Additionally, the MMRSA defines eligible applicants to include for-profit business entities (AB 266 adding B&PC 19300.5(aj)).

#### SEED TO SALE TRACKING

The state will require that all licensees take part in a "Track and Trace system" (SB 643 adding B&PC 19335).

#### DELIVERIES

Deliveries will be allowed only in cities and/or counties where not prohibited by local ordinance. All deliveries services will be required to have a local license from the locality they are based out of (AB 266 adding B&PC 19340).

#### TESTING

Testing of cannabis will be mandated prior to delivery to dispensaries or other businesses (AB 266 adding B&PC 19341 to 19346).

## TRANSPORTATION

Once the regulations are implemented, a licensed transporter will be required to transport cannabis and cannabis products between licensees once a certain monetary threshold is met (TBD by regulating agency) (AB 266 adding B&PC 19326(a)).

## LABOR PEACE AGREEMENTS

An LPA will be required of all applicants with 20 employees or more, though supervisors/management don't count. The union can't strike or use work stoppages while negotiating or organizing. The union must hold a worker election by secret ballot and not a card check in order to organize a licensee's workforce (SB 643 adding B&PC 19322(a)(6)).

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## LICENSE CATEGORIES UNDER MCRSA

License classifications pursuant to this chapter are as follows:

- (a) Type 1 = Cultivation; Specialty outdoor; Small.
- (b) Type 1A = Cultivation; Specialty indoor; Small.
- (c) Type 1B = Cultivation; Specialty mixed-light; Small.
- (d) Type 2 = Cultivation; Outdoor; Small.
- (e) Type 2A = Cultivation; Indoor; Small.
- (f) Type 2B = Cultivation; Mixed-light; Small.
- (g) Type 3 = Cultivation; Outdoor; Medium.
- (h) Type 3A = Cultivation; Indoor; Medium.
- (i) Type 3B = Cultivation; Mixed-light; Medium.
- (j) Type 4 = Cultivation; Nursery.
- (k) Type 6 = Manufacturer 1.
- (l) Type 7 = Manufacturer 2.
- (m) Type 8 = Testing.
- (n) Type 10 = Dispensary; General.
- (o) Type 10A = Dispensary; No more than three retail sites.
- (p) Type 11 = Distribution.
- (q) Type 12 = Transporter.

**Business and Professions Code § 19300.7**

## LABELING REQUIREMENTS UNDER MCRSA

(a) Prior to delivery or sale at a dispensary, medical cannabis products shall be labeled and in a tamper-evident package. Labels and packages of medical cannabis products shall meet the following requirements:

(1) Medical cannabis packages and labels shall not be made to be attractive to children.

(2) All medical cannabis product labels shall include the following information, prominently displayed and in a clear and legible font:

(A) Manufacture date and source.

(B) The statement "SCHEDULE I CONTROLLED SUBSTANCE."

(C) The statement "KEEP OUT OF REACH OF CHILDREN AND ANIMALS" in bold print.

(D) The statement "FOR MEDICAL USE ONLY."

(E) The statement "THE INTOXICATING EFFECTS OF THIS PRODUCT MAY BE DELAYED BY UP TO TWO HOURS."

(F) The statement "THIS PRODUCT MAY IMPAIR THE ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."

(G) For packages containing only dried flower, the net weight of medical cannabis in the package.

(H) A warning if nuts or other known allergens are used.

(I) List of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total.

(J) Clear indication, in bold type, that the product contains medical cannabis.

(K) Identification of the source and date of cultivation and manufacture.

(L) Any other requirement set by the bureau.

(M) Information associated with the unique identifier issued by the Department of Food and Agriculture pursuant to Section 11362.777 of the Health and Safety Code.

(b) Only generic food names may be used to describe edible medical cannabis products.

**Business and Professions Code § 19347**



U.S. Department of Justice

Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

October 19, 2009

MEMORANDUM FOR SELECTED UNITED STATES ATTORNEYS

FROM:   
David W. Ogden  
Deputy Attorney General

SUBJECT: Investigations and Prosecutions in States  
Authorizing the Medical Use of Marijuana

This memorandum provides clarification and guidance to federal prosecutors in States that have enacted laws authorizing the medical use of marijuana. These laws vary in their substantive provisions and in the extent of state regulatory oversight, both among the enacting States and among local jurisdictions within those States. Rather than developing different guidelines for every possible variant of state and local law, this memorandum provides uniform guidance to focus federal investigations and prosecutions in these States on core federal enforcement priorities.

The Department of Justice is committed to the enforcement of the Controlled Substances Act in all States. Congress has determined that marijuana is a dangerous drug, and the illegal distribution and sale of marijuana is a serious crime and provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. One timely example underscores the importance of our efforts to prosecute significant marijuana traffickers: marijuana distribution in the United States remains the single largest source of revenue for the Mexican cartels.

The Department is also committed to making efficient and rational use of its limited investigative and prosecutorial resources. In general, United States Attorneys are vested with “plenary authority with regard to federal criminal matters” within their districts. USAM 9-2.001. In exercising this authority, United States Attorneys are “invested by statute and delegation from the Attorney General with the broadest discretion in the exercise of such authority.” *Id.* This authority should, of course, be exercised consistent with Department priorities and guidance.

The prosecution of significant traffickers of illegal drugs, including marijuana, and the disruption of illegal drug manufacturing and trafficking networks continues to be a core priority in the Department’s efforts against narcotics and dangerous drugs, and the Department’s investigative and prosecutorial resources should be directed towards these objectives. As a general matter, pursuit of these priorities should not focus federal resources in your States on

Subject: Investigations and Prosecutions in States Authorizing the Medical Use of Marijuana

individuals whose actions are in clear and unambiguous compliance with existing state laws providing for the medical use of marijuana. For example, prosecution of individuals with cancer or other serious illnesses who use marijuana as part of a recommended treatment regimen consistent with applicable state law, or those caregivers in clear and unambiguous compliance with existing state law who provide such individuals with marijuana, is unlikely to be an efficient use of limited federal resources. On the other hand, prosecution of commercial enterprises that unlawfully market and sell marijuana for profit continues to be an enforcement priority of the Department. To be sure, claims of compliance with state or local law may mask operations inconsistent with the terms, conditions, or purposes of those laws, and federal law enforcement should not be deterred by such assertions when otherwise pursuing the Department's core enforcement priorities.

Typically, when any of the following characteristics is present, the conduct will not be in clear and unambiguous compliance with applicable state law and may indicate illegal drug trafficking activity of potential federal interest:

- unlawful possession or unlawful use of firearms;
- violence;
- sales to minors;
- financial and marketing activities inconsistent with the terms, conditions, or purposes of state law, including evidence of money laundering activity and/or financial gains or excessive amounts of cash inconsistent with purported compliance with state or local law;
- amounts of marijuana inconsistent with purported compliance with state or local law;
- illegal possession or sale of other controlled substances; or
- ties to other criminal enterprises.

Of course, no State can authorize violations of federal law, and the list of factors above is not intended to describe exhaustively when a federal prosecution may be warranted. Accordingly, in prosecutions under the Controlled Substances Act, federal prosecutors are not expected to charge, prove, or otherwise establish any state law violations. Indeed, this memorandum does not alter in any way the Department's authority to enforce federal law, including laws prohibiting the manufacture, production, distribution, possession, or use of marijuana on federal property. This guidance regarding resource allocation does not "legalize" marijuana or provide a legal defense to a violation of federal law, nor is it intended to create any privileges, benefits, or rights, substantive or procedural, enforceable by any individual, party or witness in any administrative, civil, or criminal matter. Nor does clear and unambiguous compliance with state law or the absence of one or all of the above factors create a legal defense to a violation of the Controlled Substances Act. Rather, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion.

Subject: Investigations and Prosecutions in States Authorizing the Medical Use of Marijuana

Finally, nothing herein precludes investigation or prosecution where there is a reasonable basis to believe that compliance with state law is being invoked as a pretext for the production or distribution of marijuana for purposes not authorized by state law. Nor does this guidance preclude investigation or prosecution, even when there is clear and unambiguous compliance with existing state law, in particular circumstances where investigation or prosecution otherwise serves important federal interests.

Your offices should continue to review marijuana cases for prosecution on a case-by-case basis, consistent with the guidance on resource allocation and federal priorities set forth herein, the consideration of requests for federal assistance from state and local law enforcement authorities, and the Principles of Federal Prosecution.

cc: All United States Attorneys

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- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

These priorities will continue to guide the Department's enforcement of the CSA against marijuana-related conduct. Thus, this memorandum serves as guidance to Department attorneys and law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law.<sup>1</sup>

Outside of these enforcement priorities, the federal government has traditionally relied on states and local law enforcement agencies to address marijuana activity through enforcement of their own narcotics laws. For example, the Department of Justice has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for personal use on private property. Instead, the Department has left such lower-level or localized activity to state and local authorities and has stepped in to enforce the CSA only when the use, possession, cultivation, or distribution of marijuana has threatened to cause one of the harms identified above.

The enactment of state laws that endeavor to authorize marijuana production, distribution, and possession by establishing a regulatory scheme for these purposes affects this traditional joint federal-state approach to narcotics enforcement. The Department's guidance in this memorandum rests on its expectation that states and local governments that have enacted laws authorizing marijuana-related conduct will implement strong and effective regulatory and enforcement systems that will address the threat those state laws could pose to public safety, public health, and other law enforcement interests. A system adequate to that task must not only contain robust controls and procedures on paper; it must also be effective in practice. Jurisdictions that have implemented systems that provide for regulation of marijuana activity

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<sup>1</sup> These enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA. By way of example only, the Department's interest in preventing the distribution of marijuana to minors would call for enforcement not just when an individual or entity sells or transfers marijuana to a minor, but also when marijuana trafficking takes place near an area associated with minors; when marijuana or marijuana-infused products are marketed in a manner to appeal to minors; or when marijuana is being diverted, directly or indirectly, and purposefully or otherwise, to minors.

must provide the necessary resources and demonstrate the willingness to enforce their laws and regulations in a manner that ensures they do not undermine federal enforcement priorities.

In jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of marijuana outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit marijuana trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

The Department's previous memoranda specifically addressed the exercise of prosecutorial discretion in states with laws authorizing marijuana cultivation and distribution for medical use. In those contexts, the Department advised that it likely was not an efficient use of federal resources to focus enforcement efforts on seriously ill individuals, or on their individual caregivers. In doing so, the previous guidance drew a distinction between the seriously ill and their caregivers, on the one hand, and large-scale, for-profit commercial enterprises, on the other, and advised that the latter continued to be appropriate targets for federal enforcement and prosecution. In drawing this distinction, the Department relied on the common-sense judgment that the size of a marijuana operation was a reasonable proxy for assessing whether marijuana trafficking implicates the federal enforcement priorities set forth above.

As explained above, however, both the existence of a strong and effective state regulatory system, and an operation's compliance with such a system, may allay the threat that an operation's size poses to federal enforcement interests. Accordingly, in exercising prosecutorial discretion, prosecutors should not consider the size or commercial nature of a marijuana operation alone as a proxy for assessing whether marijuana trafficking implicates the Department's enforcement priorities listed above. Rather, prosecutors should continue to review marijuana cases on a case-by-case basis and weigh all available information and evidence, including, but not limited to, whether the operation is demonstrably in compliance with a strong and effective state regulatory system. A marijuana operation's large scale or for-profit nature may be a relevant consideration for assessing the extent to which it undermines a particular federal enforcement priority. The primary question in all cases – and in all jurisdictions – should be whether the conduct at issue implicates one or more of the enforcement priorities listed above.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

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# Autism-Associated Neuroligin-3 Mutations Commonly Disrupt Tonic Endocannabinoid Signaling

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<http://dx.doi.org/10.1016/j.neuron.2013.02.036>

## SUMMARY

Neuroligins are postsynaptic cell-adhesion molecules that interact with presynaptic neuroligins. Rare mutations in neuroligins and neuroligins predispose to autism, including a neuroligin-3 amino acid substitution (R451C) and a neuroligin-3 deletion. Previous analyses showed that neuroligin-3 R451C-knockin mice exhibit robust synaptic phenotypes but failed to uncover major changes in neuroligin-3 knockout mice, questioning the notion that a common synaptic mechanism mediates autism pathogenesis in patients with these mutations. Here, we used paired recordings in mice carrying these mutations to measure synaptic transmission at GABAergic synapses formed by hippocampal parvalbumin- and cholecystokinin-expressing basket cells onto pyramidal neurons. We demonstrate that in addition to unique gain-of-function effects produced by the neuroligin-3 R451C-knockin but not the neuroligin-3 knockout mutation, both mutations dramatically impaired tonic but not phasic endocannabinoid signaling. Our data thus suggest that neuroligin-3 is specifically required for tonic endocannabinoid signaling, raising the possibility that alterations in endocannabinoid signaling may contribute to autism pathophysiology.

## INTRODUCTION

Neuroligins are postsynaptic cell-adhesion molecules that are expressed in four principal isoforms (neuroligin-1 to -4, abbreviated as NL1 to NL4), and that act as ligands for presynaptic neuroligins (Ichtchenko et al., 1995; 1996). NL1 is found in excitatory synapses (Song et al., 1999), NL2 in inhibitory synapses (Varoqueaux et al., 2004; Graf et al., 2004), NL3 in both (Budreck and Scheiffele, 2007), and NL4 in glycinergic synapses (Hoon et al., 2011). In humans, more than 30 neuroligin gene mutations have been associated with autism, including a NL3 point mutation (the R451C substitution; Jamain et al., 2003) and a NL3 deletion (Sanders et al., 2011).

Experiments with knockout (KO) mice revealed that neuroligins are essential for synaptic transmission and suggest that

neuroligins organize synapses and determine synapse properties (Varoqueaux et al., 2006). Specifically, triple KO mice lacking NL1, NL2, and NL3 die at birth because their synapses—although morphologically normal—exhibit severe impairments in synaptic transmission (Varoqueaux et al., 2006). Moreover, single KO mice lacking either NL1 or NL2 exhibit major deficits in excitatory or inhibitory synaptic transmission, respectively (Chubykin et al., 2007; Gibson et al., 2009; Poulopoulos et al., 2009). NL3 KO mice display changes in spontaneous “mini” synaptic events in the hippocampus (Tabuchi et al., 2007; Etherton et al., 2011a) and in mGluR5 signaling in the cerebellum (Baudouin et al., 2012). Together, these findings are consistent with the notion that neuroligins specify synaptic properties instead of functioning as general “glues” for synapses (Varoqueaux et al., 2006). These conclusions are additionally supported by characterization of another NL3 mutation, the R704C substitution (Etherton et al., 2011b). The R704C substitution corresponds to an autism-associated mutation in NL4 that, when introduced into NL3, selectively altered postsynaptic AMPA-type glutamate receptor levels, confirming that neuroligins contribute to shaping synapse properties.

In contrast to NL3 KO mice, NL3 knockin (KI) mice carrying the R451C substitution (that mimics a human autism mutation similar to the NL3 KO) displayed robust synaptic phenotypes, which differed between the somatosensory cortex and hippocampus and were absent from NL3 KO mice (Tabuchi et al., 2007; Etherton et al., 2011a; see also Südhof, 2008). Although different behavioral phenotypes were reported for two independently generated R451C KI mouse lines (Tabuchi et al., 2007; Chadman et al., 2008), both mouse lines exhibited the same region-specific changes in synaptic function (Etherton et al., 2011a). These changes in NL3 R451C-mutant mice were largely due to gain-of-function mechanisms because the NL3 KO synapses did not exhibit the same changes, even though the R451C substitution destabilizes NL3 (De Jacobo et al., 2010) and caused a loss of more than 90% of NL3 protein in vivo (Tabuchi et al., 2007). Because both the inactivation and the R451C substitution of NL3 are implicated in autism, it seems likely that the gain-of-function changes, as opposed to the loss-of-function changes, may not be relevant for understanding autism. However, to date, no synaptic phenotype was detected that is shared by the two known autism-associated NL3 mutations, raising the question of how these mutations may actually induce autism.

To gain insight into how different NL3 mutations might contribute to autism pathogenesis, we here followed up on the observation that the NL3 KO increases inhibitory and decreases excitatory spontaneous mini events in the hippocampus (Ether-ton et al., 2011a). Since the NL3 KO did not alter evoked excitatory synaptic strength in the hippocampus, we hypothesized that the NL3 KO may cause a specific change in a subset of inhibitory synapses. The hippocampus contains multiple, at least 21, different types of inhibitory neurons that exhibit specific circuit properties (Klausberger and Somogyi, 2008). Thus, when examining inhibitory synaptic transmission, it is advantageous to investigate specific synapses formed by identified types of inhibitory neurons. To this end, we performed paired recordings that monitor synapses formed by two different defined types of inhibitory basket cells onto the soma and proximal dendrites of pyramidal neurons. One type of basket cell coexpresses presynaptic cannabinoid type-1 (CB1) receptors and the neuropeptide cholecystokinin (CCK; “CCK basket cells”), whereas the other type expresses parvalbumin (PV; “PV basket cells”; Freund, 2003; Freund et al., 2003; Bartos et al., 2007; Klausberger and Somogyi, 2008). The two types of basket cells participate in parallel inhibitory systems that play distinct but complementary roles in network oscillations (Bartos et al., 2007; Klausberger et al., 2005) and have been implicated in neurological and mood disorders (Freund and Katona, 2007; Lisman et al., 2008). In these paired recordings, we sought to identify specific loss-of-function effects that are shared by both the NL3 KO and the R451C KI mutation since both are associated with autism, prompting us to analyze both mutations in parallel.

Our data show that NL3 R451C KI and NL3 KO neurons exhibit distinct phenotypes at synapses formed by PV basket cells, similar to previous observations in other synapses (Tabuchi et al., 2007; Etherton et al., 2011a). Surprisingly, however, we find that at synapses formed by CCK basket cells, the two mutations produced the same phenotype that consisted of a loss of the tonic CB1 receptor-dependent suppression of GABA release that is observed at these synapses (Losonczy et al., 2004; Hentges et al., 2005; Neu et al., 2007; Ali and Todorova, 2010; Kim and Alger, 2010). This observation identifies NL3 as the first molecule that is selectively essential for tonic endocannabinoid signaling, an enigmatic component of overall endocannabinoid signaling (Alger, 2012). Given the common genetic association of the R451C substitution and NL3 deletion with autism, our data thus suggest that disrupted endocannabinoid signaling may contribute to autism pathophysiology, a tantalizing idea given the great interest in developing therapeutic approaches that modify endocannabinoid signaling in the brain.

## RESULTS

### R451C KI Impairs GABAergic Synaptic Transmission at PV Basket Cell Synapses

We performed paired whole-cell recordings between presynaptic basket cells and postsynaptic CA1 pyramidal neurons in acute slices from littermate wild-type and R451C KI mice (Tabuchi et al., 2007). In these recordings, we determined the characteristics of synaptic transmission by measuring unitary inhibitory

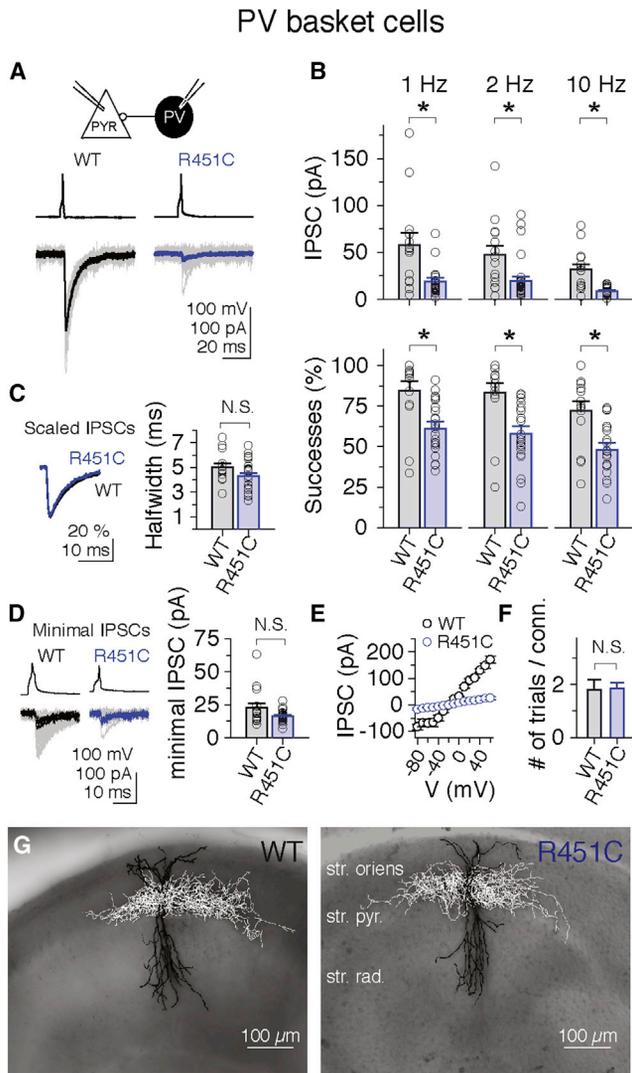
post-synaptic currents (IPSCs) evoked by basket cell action potentials (APs) (see [Experimental Procedures](#) for details).

We found that the R451C KI severely impaired synaptic transmission at synapses formed by PV basket cells onto pyramidal neurons (Figures 1A and 1B). The amplitude of IPSCs was decreased by ~70% (failures included), and the success rate with which an AP elicited an IPSC was lowered by ~20%. This phenotype was observed independent of whether APs were induced at 1 Hz, 2 Hz, or 10 Hz. In addition, we observed a statistically insignificant decrease in IPSC half-widths (Figure 1C; WT:  $5 \pm 0.3$  ms, R451C:  $4.3 \pm 0.2$  ms). The impairment of IPSCs in R451C KI neurons was independent of postsynaptic membrane potential (analyzed from  $-80$  to  $+60$  mV; Figure 1E and see [Figure S1](#) available online), and the R451C KI did not affect the reversal potential of PV basket cell-evoked IPSCs (WT:  $-18.6 \pm 1.9$  mV, R451C:  $-19.4 \pm 2.1$  mV). Moreover, we observed no change in the amplitude of the minimal unitary IPSC that could be evoked by a presynaptic AP, suggesting that single synaptic events elicited similar postsynaptic responses (Figure 1D; WT:  $22.5 \pm 3.5$  pA, R451C:  $16.4 \pm 0.8$  pA). We also found no change in the number of trials needed to identify synaptically connected pairs of PV basket cell/pyramidal neurons, indicating that the number of pyramidal neurons innervated by individual PV basket cells was not altered (Figure 1F; WT:  $1.8 \pm 0.3$ , R451C:  $1.8 \pm 0.2$  trials per presynaptic basket cell). Finally, we did not detect major morphological changes in the axonal or dendritic arbor of PV basket cells in R451C KI mice (Figure 1G).

Together, these data show that the R451C KI produces a large impairment in synaptic transmission at synapses formed by PV basket cells onto pyramidal neurons. The lack of a change in the voltage-dependence of IPSCs, the reversal potential, and the minimal unitary IPSC size suggest that the R451C KI did not alter the number of postsynaptic GABA receptors or disrupt postsynaptic chloride homeostasis, while the lack of change in the IPSC kinetics suggests that the subunit composition of GABA-receptors or the reuptake kinetics of released GABA were not altered significantly. The decrease in the success rate of eliciting an IPSC from PV basket cells suggests that the R451C KI impaired synaptic transmission by a presynaptic mechanism, despite the presumed postsynaptic localization of NL3. Notably, this is the first phenotype of the R451C mutation that entails a decrease in synaptic strength, not an increase as previously observed for global inhibitory synaptic transmission in the somatosensory cortex (Tabuchi et al., 2007) and for both AMPA- and NMDA-receptor-mediated excitatory synaptic transmission in the hippocampus (Etherton et al., 2011a).

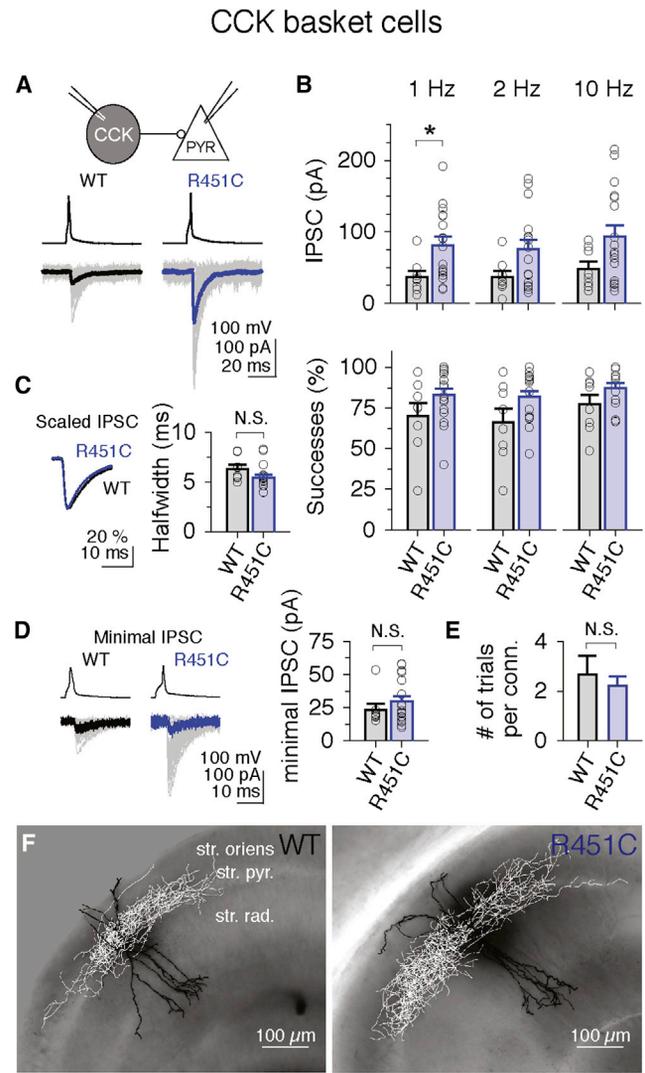
### The R451C KI Enhances GABAergic Synaptic Transmission at CCK Basket Cell Synapses

We next analyzed the properties of transmission at pyramidal synapses formed by CCK basket cells. Surprisingly, here the R451C KI caused an ~100% increase in the IPSC amplitudes and an ~15% increase in the IPSC success rate during 1 Hz stimulation and a slightly smaller change during 2 and 10 Hz stimulation (Figures 2A and 2B). The increase in success rate suggests an increase in the presynaptic GABA release probability, which is also a plausible explanation for the increase in IPSC amplitudes. This hypothesis was further supported by the



**Figure 1. Neurologin-3 R451C Substitution Impairs GABAergic Synaptic Transmission in PV Basket Cell Synapses**

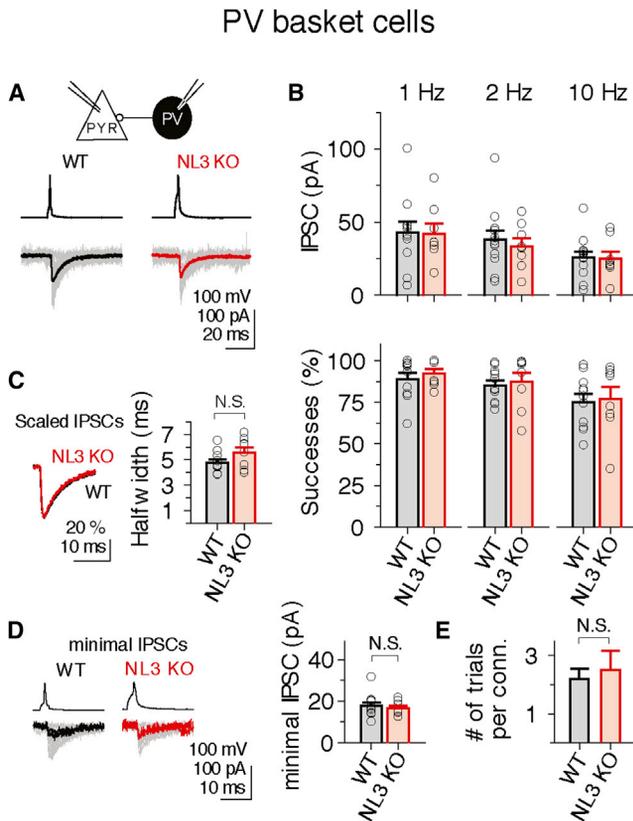
(A) Paired recordings of presynaptic APs in PV basket cells (upper traces) that produce unitary IPSCs in CA1 pyramidal cells (lower traces,  $V_{\text{holding}} = -70$  mV). (B) Comparison of IPSC amplitudes (including failures) and of the percentages of successful transmissions induced by presynaptic APs applied at 1, 5, and 10 Hz in wild-type and R451C mutant synapses. Open circles represent individual pairs ( $n_{\text{WT}} = 14$ ,  $n_{\text{R451C}} = 27$ , Mann-Whitney RST,  $p < 0.02$  for all data sets). Mean  $\pm$  SEM. (C) The R451C KI mutation did not alter the half width of IPSCs ( $n_{\text{WT}} = 14$ ,  $n_{\text{R451C}} = 23$ , Mann-Whitney RST,  $p = 0.092$ ). Mean  $\pm$  SEM. (D) Quantification of minimal IPSCs (amplitude of reliably occurring smallest IPSCs in each pair) suggest no change in quantal response in the R451C KI ( $n_{\text{WT}} = 15$ ,  $n_{\text{R451C}} = 25$ , Mann-Whitney RST,  $p = 0.235$ ). Mean  $\pm$  SEM. (E) Additional paired-recordings show that IPSCs was independent of post-synaptic membrane voltage in R451C KI mice ( $n_{\text{WT}} = 3$ ,  $n_{\text{R451C}} = 4$ ). Mean  $\pm$  SEM. (F) The frequency of finding synaptically coupled pairs was not altered in R451C mice. Mean  $\pm$  SEM. (G) NeuroLucida reconstructions of biocytin-filled basket cells show major reorganization in axonal and dendritic arbor of PV basket cells (str. = stratum, pyr. = pyramidale, rad. = radiatum). See also Figure S1.



**Figure 2. Neurologin-3 R451C Substitution Enhances GABAergic Synaptic Transmission in CCK Basket Cell Synapses**

(A) Paired recordings of presynaptic APs in CCK basket cells (upper traces) that produce unitary IPSCs in CA1 pyramidal cells (lower traces,  $V_{\text{holding}} = -70$  mV). (B) Comparison of IPSC amplitudes (including failures) and of the percentages of successful transmissions induced by presynaptic APs applied at 1, 5, and 10 Hz in wild-type and R451C mutant synapses. Open circles represent individual pairs ( $n_{\text{WT}} = 8$ ,  $n_{\text{R451C}} = 17$ , Mann-Whitney RST,  $p = 0.013$  at 1 Hz IPSCs, and  $p > 0.08$  in all other data sets). Mean  $\pm$  SEM. (C and D) No change in IPSC half width ( $n_{\text{WT}} = 8$ ,  $n_{\text{R451C}} = 15$ , Mann-Whitney RST,  $p = 0.098$ ) and no increase in the minimal IPSC amplitudes in R451C KI ( $n_{\text{WT}} = 8$ ,  $n_{\text{R451C}} = 15$ , Mann-Whitney RST,  $p = 0.5$ ) suggest that the enhanced IPSC amplitudes in R451C KIs is not due to changes in quantal GABA receptor responses. Mean  $\pm$  SEM. (E) The frequency of finding synaptically coupled pairs was not altered in R451C mice. Mean  $\pm$  SEM. (F) NeuroLucida reconstructions of biocytin-filled basket cells show no major reorganization in axonal and dendritic arbor of CCK basket cells.

absence of detectable changes in the IPSC half-width, indicating that the GABA-receptor subunit composition or uptake mechanisms were unaltered (Figure 2C; WT:  $6.3 \pm 0.4$  ms, R451C:



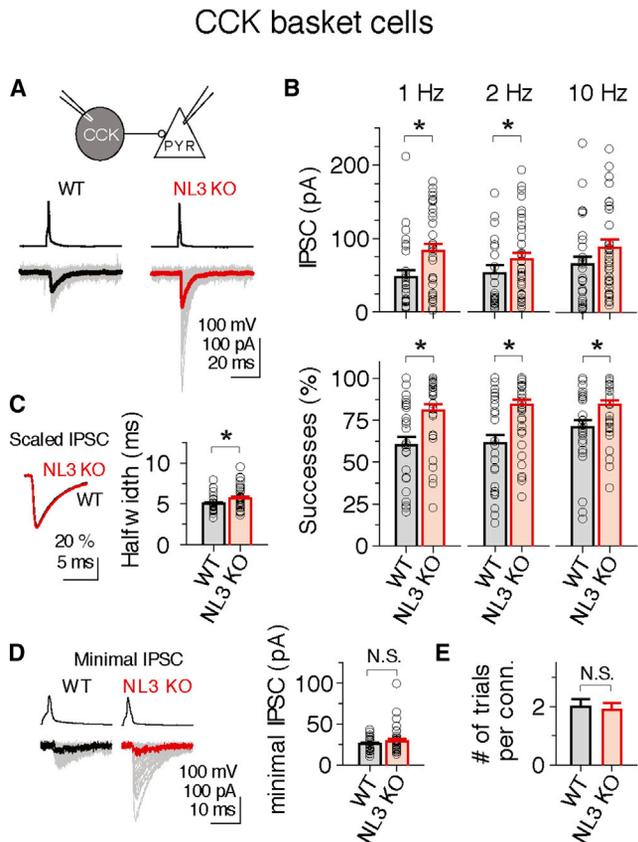
**Figure 3. Neuroigin-3 KO Does Not Alter GABAergic Transmission in PV Basket Cell Synapses**

(A and B) Paired-recording data show that IPSC amplitudes and transmission rates were unaltered in NL3 KO mice compared to WT littermates ( $n_{WT} = 12$ ,  $n_{KO} = 8$ , Mann-Whitney RST,  $p > 0.32$  in all data sets). (B) Mean  $\pm$  SEM. (C and D) Quantification of IPSC half width and minimal IPSC amplitudes suggest no changes in postsynaptic GABA receptor subunit composition. Mean  $\pm$  SEM. (E) The frequency of finding connected pairs was similar in NL3 WT and KO mice. Mean  $\pm$  SEM.

$5.4 \pm 0.3$  ms). Furthermore, the amplitude of minimal unitary IPSCs (Figure 2D; WT:  $23.4 \pm 4.3$  pA, R451C:  $29.6 \pm 4$  pA) and the rate of finding connected pairs (Figure 2E; WT:  $2.6 \pm 0.7$ , R451C:  $2.2 \pm 0.3$ ) were similar in wild-type and R451C mutant slices, as was the morphology of their CCK basket cells (Figure 2F). The phenotype of the R451C mutation in the CCK cell synapses again was more consistent with a presynaptic change (such as increased release probability) than a structural alteration (e.g., increase in synapse density) or postsynaptic effect. Thus, the R451C KI produces opposite changes at two different perisomatic inhibitory synapses, and in both cases the changes appear to involve an ultimately presynaptic mechanism, even though NL3 is a postsynaptic molecule.

#### A Synaptic Phenotype of NL3 KO Mice

To test whether the R451C KI phenotypes represent gain- or loss-of-function effects, we next performed paired recordings in acute slices from NL3 KO mice, again using littermate wild-type mice as controls. When we analyzed the properties of transmission between PV basket cells and pyramidal neurons, we

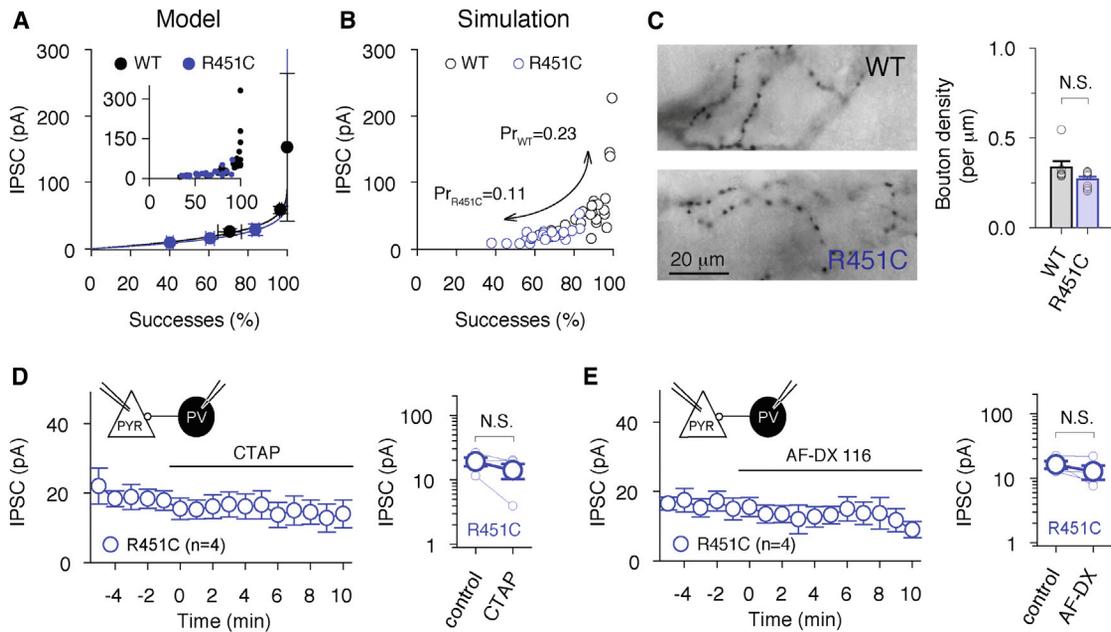


**Figure 4. Neuroigin-3 KO Enhances GABAergic Synaptic Transmission in CCK Basket Cell Synapses Similar to the R451C KI**

(A and B) Paired recording data show that IPSC amplitudes and transmission rates were enhanced in CCK basket cell to CA1 pyramidal neuron synapses at multiple AP firing frequencies ( $n_{WT} = 28$ ,  $n_{KO} = 36$ , Mann-Whitney RST,  $p = 0.12$  at 10 Hz IPSCs, and  $p < 0.03$  for all other data set). (B) Mean  $\pm$  SEM. (C) Increase in IPSC half width in KO suggest possible subunit reorganization of GABA receptor subunits in NL3 KO ( $n_{WT} = 28$ ,  $n_{KO} = 35$ , Mann-Whitney RST,  $p = 0.021$ ). Mean  $\pm$  SEM. (D and E) No change in minimal IPSC amplitudes ( $n_{WT} = 28$ ,  $n_{KO} = 35$ , Mann-Whitney RST,  $p = 0.885$ ), and in the frequency of finding connected pairs between CCK basket cells and pyramidal cells. Mean  $\pm$  SEM.

failed to detect a phenotype. Specifically, the amplitude and success rate of IPSCs were unchanged (Figures 3A and 3B), as were the half-width of the IPSCs (Figure 3C; WT:  $4.7 \pm 0.2$  ms, NL3 KO:  $5.5 \pm 0.4$  ms), the size of unitary minimal IPSCs (Figure 3D; WT:  $17.6 \pm 1.6$  pA, NL3 KO:  $16.5 \pm 1.1$  pA) and the rate of finding connected pairs (Figure 3E; WT:  $2.2 \pm 0.3$ , NL3 KO:  $2.5 \pm 0.6$ ). These results suggest that the loss of synaptic transmission at this synapse in R451C mutant mice represents an active suppression of synaptic transmission by a gain-of-function activity of R451C mutant NL3.

We then examined the effect of the NL3 KO on synaptic transmission mediated by inhibitory synapses that were formed by CCK-containing terminals on pyramidal neurons (Figure 4). Surprisingly, here the NL3 KO phenocopied the R451C KI. Specifically, the NL3 KO caused a significant increase in synaptic strength, as manifested by both an increase in IPSC amplitude



**Figure 5. The NL3 R451C KI Mutation Lowers the Probability of GABA Release from PV Basket Cell Synapses**

(A) Averaged PV basket cell IPSCs (same data as in Figure 1) are plotted against their corresponding averaged success rates (WT data were pooled from wild-type littermates of R451C KI and NL3 KO mice). Data were fitted to the equation  $IPSC = Q \cdot N \cdot (1 - \sqrt[3]{1 - Successes})$  to estimate the mean quantal size (Q) and number of release sites (N) for each synapse population. Solid lines indicate best fit (black: WT, blue: R451C KI). Inset shows the distribution of individual data points. Mean  $\pm$  SEM. (B) Computer simulations of PV basket cell IPSCs. Simulation results for WT (open black circles) and R451C KI (open blue circles) were not significantly different (in mean IPSCs and successes) from their corresponding experimental IPSCs data sets when  $P_R$  was set to 0.23 and 0.11, respectively, in the model (see main text for further parameters).

(C) Light microscopy analysis of the bouton density of PV basket cell axons. Left: example of axonal segments for axons in WT and R451C KI mice. Right: summary data from WT (n = 7) and R451C KI (n = 8) mice. p = 0.152, Mann-Whitney RST. Mean  $\pm$  SEM.

(D) Bath application of  $\mu$ -opioid receptor antagonist CTAP (500 nM) in paired recording experiments between PV basket and pyramidal cells in R451C KI mice (n = 4 pairs). Averaged time course (left) and time averaged means (right) of the four recordings did not show statistically significant effect of  $\mu$ -opioid receptor antagonist on IPSCs. Mean  $\pm$  SEM.

(E) Bath application of M2 muscarinic-receptor antagonist AF-DX 116 (10  $\mu\text{M}$ ) in paired recording experiments between PV basket and pyramidal cells in R451C KI mice (n = 4 pairs). Averaged time course (left) and time averaged means (right) of the four recordings did not show statistically significant effect of  $\mu$ -opioid receptor antagonist on IPSCs. Averaged data presented as mean  $\pm$  SEM.

See also Figures S2 and S3.

and in success rate (Figures 4A and 4B). In addition, we observed a small increase in IPSC half-width (Figure 4C; WT:  $4.9 \pm 0.1$  ms, NL3 KO:  $5.6 \pm 0.2$ ) but no change in the size of unitary minimal IPSCs (Figure 4D; WT:  $25.3 \pm 1.7$  pA, NL3 KO:  $29 \pm 2.9$  pA), or in the rate of finding synaptically connected pairs of neurons (Figure 4E; WT:  $2 \pm 0.2$ , NL3 KO:  $1.8 \pm 0.2$ ). The fact that increased synaptic transmission at CCK basket cell synapses is equally observed in NL3 KO and R451C KI neurons shows that it is caused by a loss-of-function mechanism.

### NL3 R451C KI Lowers the Probability of GABA Release at PV Basket Cell Synapses

The change in success rates in our paired recordings of synapses with the NL3 R451C KI or the NL3 KO mutations suggests a presynaptic origin for the observed phenotypes, despite the postsynaptic localization of NL3 (Budreck and Scheiffele, 2007). To evaluate whether presynaptic changes alone (such as in the probability of release) could in principle account for the NL3 related phenotypes, we analyzed these phenotypes by modeling and computer simulations.

We first plotted bin-averaged PV basket cell IPSC amplitudes against their corresponding averaged success rates (Figure 5A; inset shows distribution of individual pairs). We then fitted these data with an equation that relates IPSC amplitudes to the success rate of transmission ( $IPSC = Q \cdot N \cdot (1 - \sqrt[3]{1 - Successes})$ ; see Experimental Procedures and Figures S2A–S2C) to estimate characteristic mean quantal size (Q) and number of release sites (N) for WT (n = 25) and R451C KI (n = 26) populations. The resulting estimates for Q were similar for both genotypes (mean and 95% confidence intervals: 21.9/12.5–31.3 pA and 17.5/16.4–18.6 pA for WT and R451C, respectively), as were the estimates for N (mean and 95% confidence intervals: 7.6/1.6–13.6 and 8.7/0–17.4 for WT and R451C synapses, respectively). These estimates support the notion that the synaptic phenotype in R451C mutant PV basket cell synapses was not due to a decrease in quantal size (see Figure 1D) and, limited by the wide confidence interval of estimates, also suggest that the R451C phenotype was not due to a decrease in the number of release sites.

To examine the remaining possibility, namely that a lower neurotransmitter release probability ( $P_R$ ) underlies the R451C

phenotype, we performed computer simulations in which we modeled IPSCs at different  $P_R$  values (Figures 5B and S3). In this computational model, we incorporated a minimal set of synaptic parameters that allowed us to simulate the IPSC amplitudes and success rates, and to compare these parameters to the experimental data. The simulation parameters included, in addition to the number of release sites ( $N$ ), the mean and the variance of the release probability ( $P_R$  and  $\sigma_{PR}$ ) and the mean and the variance of the quantal amplitude ( $Q$  and  $\sigma_Q$ ). For each simulated paired recording, the computationally determined IPSC (cIPSC) was derived as  $cIPSC = \sum_{i=1}^N p_i \cdot q_i$ , and the computationally determined success rate (cSuccesses) was derived as  $cSuccess = [1 - \prod_{i=1}^N (1 - p_i)] \cdot 100$ , where  $p_i$  and  $q_i$  are the probability of release and the quantal amplitude in the  $i$ -th release site, respectively (see Experimental Procedures and Figures S3A–S3G).

We started the simulations by using  $Q$  and  $N$  values estimated from the population quantal analysis (Figure 5A; see above) to derive values for  $P_R$ ,  $\sigma_{PR}$ , and  $\sigma_Q$  that result in cIPSCs and cSuccesses which approximate the experimentally determined IPSCs and success rates. For PV basket cell IPSCs in WT neurons, we found that a  $P_R = 0.23$ , together with a  $\sigma_{PR} = 0.224$  and a  $\sigma_Q = 2.25$  ( $Q = 21$  pA and  $N = 7$ , per modeling), provided computationally determined cIPSCs and cSuccesses that did not significantly differ from the experimental data (mean difference  $\pm$  SD for IPSCs:  $0 \pm 6$  pA; for success rates:  $0 \pm 0.02$ ;  $t$  test,  $p > 0.5$  for both). For computer simulation of R451C synapses, we found that much lowered release probabilities,  $P_R = 0.11$ , together with a  $\sigma_{PR} = 0.09$  and a  $\sigma_Q = 1.65$  ( $Q = 17$  pA and  $N = 8$ , per modeling) were needed to replicate the experimental data (mean difference  $\pm$  SD for IPSCs:  $0 \pm 0.99$  pA; for success rates:  $0 \pm 0.01$ ;  $t$  test,  $p > 0.5$  for both). These simulations thus suggest that an  $\sim 2$ -fold decrease in the probability of GABA release could sufficiently explain the NL3 R451C KI phenotype in PV basket cell synapses. These conclusions were further supported by consequent analysis of biocytin-filled axons (Figure 5C), which also did not indicate a difference in the number of synapses formed by individual PV basket cells (WT:  $0.33 \pm 0.03$  and R451C:  $0.26 \pm 0.01$ , synapses per  $\mu\text{m}$ , Mann-Whitney RST,  $p = 0.152$ ).

Next, we sought to determine a cause for lower release rates in PV basket cell synapses in the R451C KI mice. We reasoned that such decreases in release rate could be caused by NL3 mutation-driven alterations of the presynaptic release machinery, or alternatively, by overactivation of a presynaptic receptor, such as a neuropeptide receptor, that physiologically suppresses GABA release from these synapses (Freund and Katona, 2007). We addressed this latter possibility by application of pharmacological agents in paired recording experiments.

Activation of two presynaptic G protein-coupled receptors, namely  $\mu$ -opioid and M2 muscarinic-receptors, is known to suppress GABA release at PV basket cell synapses (Glickfeld et al., 2008; Szabó et al., 2010). Thus, we tested the effect of the  $\mu$ -opioid receptor antagonist CTAP (500 nM; Figure 5D;  $n = 4$  pairs) and of the M2 muscarinic-receptor antagonist AF-DX (10  $\mu\text{M}$ ; Figure 5E;  $n = 4$  pairs) in paired-recordings of PV basket cell to pyramidal neuron synapses in NL3 R451C KI mice. Neither antagonist increased IPSC amplitudes in paired recordings, indicating that tonic activation of these receptors does not account

for the decreased transmission at PV basket cell synapses in R451C KI mice. In additional control experiments, both antagonists reliably reversed the effect of their corresponding agonists, DAMGO (1  $\mu\text{M}$ ) and carbachol (5  $\mu\text{M}$ ; not shown). Thus, the presence of NL3 the R451C mutation likely induces a functional change in the presynaptic release properties of PV basket cell synapses.

### Neurologin-3 Is Essential for Tonic Endocannabinoid Signaling at CCK Basket Cell Synapses

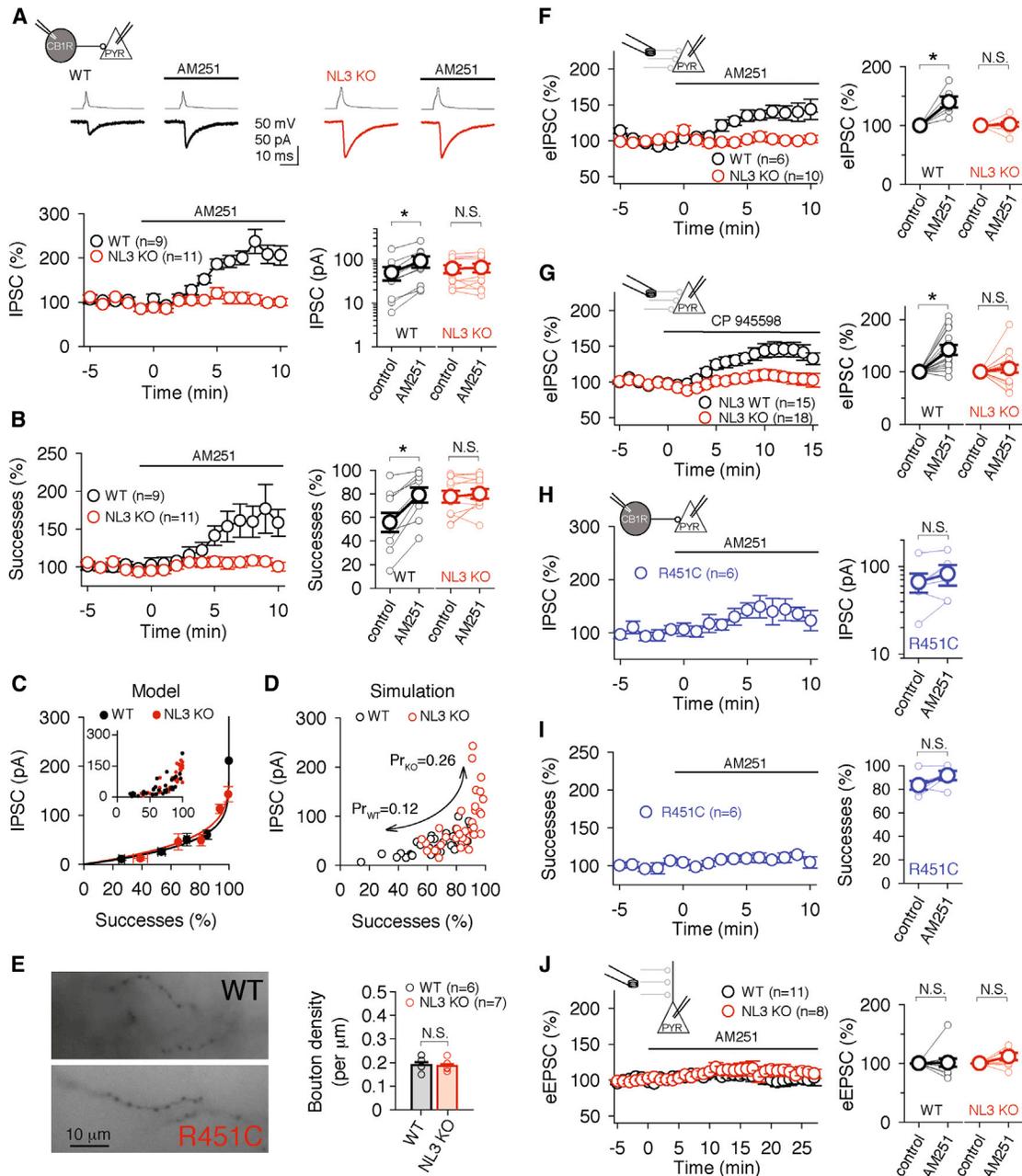
Our data suggest that a loss of NL3 function produces an increase in GABA release at synapses formed by CCK basket cells onto pyramidal neurons synapses. CCK basket cell synapses exhibit a distinct feature that offers an immediate hypothesis to account for the observed phenotype. This feature consists of the efficient suppression of GABA release from CCK basket cell terminals by the endocannabinoid-mediated activation of presynaptic CB1 receptors (reviewed in Alger, 2002; Piomelli, 2003; Freund and Katona, 2007).

Endocannabinoids are secreted from postsynaptic pyramidal neurons to activate presynaptic CB1 receptors in two principal modes. Phasic secretion of endocannabinoids is induced by postsynaptic depolarization and/or mGluR5 activation and mediates decreases in synaptic transmission during short- and long-term plasticity. Tonic secretion of endocannabinoids affects synaptic transmission over longer time periods (reviewed in Alger, 2012; Katona and Freund, 2012). A deficiency in tonic endocannabinoid signaling, with or without an effect on phasic endocannabinoid signaling, would be expected to enhance the probability of GABA release, and thus would increase IPSCs similar to what we observed in R451C KI and NL3 KO neurons. Thus, we tested the hypothesis that a loss of function of NL3—either via the KO or via the R451C KI—impairs tonic endocannabinoid signaling.

In wild-type synapses, bath application of 10  $\mu\text{M}$  AM251 (a CB1 receptor antagonist and inverse agonist) caused an  $\sim 100\%$  increase in IPSC amplitudes and  $\sim 50\%$  increase in success rate (Figures 6A and 6B; 1 Hz AP firing), reflecting disinhibition of GABA release by blocking tonically active CB1 receptors (Neu et al., 2007). In NL3 KO synapses, strikingly, AM251 did not enhance IPSC amplitudes (Figures 6A, S4A, and S4B) or success rates of synaptic transmission (Figures 6B, S4A, and S4B). These findings suggest that IPSC amplitudes in the NL3 KO were larger because these synapses express higher release probabilities due to an apparent lack of tonic CB1 receptor activation.

To evaluate whether differences in the release probability alone, without other possible consequences of NL3 deletion, could explain the observed phenotype, we again used modeling and computer simulations. Fitting of the bin-averaged IPSC—successes data (Figures 6C and S3A–S3C) resulted in similar  $Q$  and  $N$  estimates for the NL3 WT and KO data sets (mean and 95% confidence intervals;  $Q$ : 39 / 30.8–47.3 and 46.2 / 14.1–78.4 pA, and  $N$ : 5.6 / 4.1–7 and 4.4 / –2.9–11.8, for WT and NL3 KO, respectively). Using these parameter estimates in subsequent simulations (Figures 6D and S3A–S3G), we found that the mean values of simulated IPSC—successes distributions were not significantly different from experimental values (inset in left panel) when  $P_R = 0.12$  (together with a  $\sigma_{PR} = 0.19$  and a  $\sigma_Q = 2$ ;  $Q = 39$  pA and  $n = 6$  per model estimates) for NL3 WT,

Tonic EC signaling



**Figure 6. Neuroigin-3 KO and R451C KI Mutations Impair Tonic Endocannabinoid Signaling**

(A) Representative paired recordings (upper traces) and normalized time courses (lower left panel) demonstrate that bath application of 10  $\mu$ M AM251 enhances IPSCs in WT, but not in NL3 KO mice. Lower right panel: IPSC changes (failures included) in each paired-recording experiment (control: average data for minutes 1–5; AM251: for minutes 6–10;  $n_{WT} = 9$ ,  $p = 0.004$ ;  $n_{NL3KO} = 11$ ,  $p = 0.268$ , paired t test). Mean  $\pm$  SEM.

(B) Left panel: time courses of AM251 wash-in suggest that the lack of effect of AM251 on IPSCs was due to the failure of AM251 in increasing the number of successful transmissions. Right panel: AM251 reliably increased the number of successes in WT, but not in NL3 KO mice ( $n_{WT} = 9$ ,  $p < 0.001$ ;  $n_{NL3KO} = 11$ ,  $p = 0.79$ , paired t test). Mean  $\pm$  SEM.

(C) Averaged CCK basket cell IPSCs (same data as in Figure 4) are plotted against their corresponding averaged success rates (WT data were pooled from wild-type littermates of R451C KI and NL3 KO mice). Data were fitted to the equation  $IPSC = Q \cdot N \cdot (1 - \sqrt[1 - Successes]{1 - Successes})$  to estimate the mean quantal size (Q) and number of release sites (N) for each synapse population. Solid lines indicate best fit (black: WT, red: NL3 KO). Inset shows the distribution of individual data points. Mean  $\pm$  SEM.

(D) Computer simulations of CCK basket cell IPSCs. Simulation results for WT (open black circles) and NL3 KO (open red circles) were not significantly different (in mean IPSCs and successes) from their corresponding experimental IPSCs data sets when  $P_R$  was set to 0.26 and 0.12, respectively, in the model (see main text for further parameters).

(legend continued on next page)

and when  $P_R = 0.26$  (together with a  $\sigma_{PR} = 0.26$  and a  $\sigma_Q = 2.1$ ;  $Q = 46.2$  pA and  $n = 5$  per model estimates) for NL3 KO. In addition, we quantified axonal bouton densities (Figure 6E), which were not different between the two genotypes (WT:  $0.18 \pm 0.01$  and NL3 KO:  $0.18 \pm 0.01$ , per  $\mu\text{m}$ , t test,  $p = 0.779$ ). Together, these analyses suggest that the loss of tonic CB1 receptor activation, and the consequent  $\sim 2$ -fold increase in the probability of GABA release, is sufficient to account for the entire phenotype of the NL3 deletion at these synapses.

We next determined whether the loss of tonic CB1 receptor activation was affecting GABA release only from basket cell synapses, or whether all CB1-containing GABAergic synapses exhibit this phenotype. Thus, we repeated the CB1 receptor blocking experiments by monitoring IPSCs evoked by extracellular stimulation (which will cause GABA release from a broad set of presynaptic fibers that include CB1-receptor-containing axons). Application of AM251 again enhanced IPSCs in CA1 pyramidal cells, but consistently failed to do so in the NL3 KO (Figure 6F). We also repeated these latter extracellular stimulation experiments with CP 945,598, a CB1 receptor antagonist that is structurally unrelated to AM251. Bath application of CP 945,598 ( $5 \mu\text{M}$ ) replicated the findings with AM251 (Figure 6G), independently confirming the absence of tonic EC signaling in NL3 KO mice.

Similar to the NL3 KO, paired recordings from slices prepared from the NL3 R451C KI mice revealed that the effect of AM251 on CCK basket cell IPSCs was greatly reduced (Figures 6H and 6I). These data suggest that NL3 is essential for the tonic endocannabinoid signaling that inhibits GABA release from CCK basket cell synapses. Furthermore, we tested whether the NL3 KO may alter tonic CB1 receptor-mediated signaling at glutamatergic synapses. We stimulated Schaffer-collateral synapses and recorded from CA1 pyramidal cells (in the presence of  $50 \mu\text{M}$  picrotoxin). However, bath application of AM251 ( $10 \mu\text{M}$ ) failed to increase EPSC amplitudes in either WT slices or NL3 KO slices (Figure 6J; see also Hoffman et al., 2010). Together, these data suggest that NL3-related mutations may impair tonic endocannabinoid signaling at CB1 receptor-containing inhibitory, but not excitatory synapses.

### NL3 Is Not Required for Phasic Endocannabinoid Signaling

A loss of tonic endocannabinoid signaling could be due to a specific ablation of tonic endocannabinoid secretion or to a general block of all endocannabinoid secretion or endocannabinoid sensing, for example due to a removal of CB1 receptors.

To differentiate between these possibilities, we examined phasic endocannabinoid signaling in NL3 KO mice. We first analyzed depolarization-induced suppression of inhibition (DSI). During DSI, depolarization of pyramidal neurons induces transient release of endocannabinoids, which retrogradely activate CB1 receptors, leading to powerful blockade of GABA release that can last for several seconds (Pitler and Alger, 1994; Wilson and Nicoll, 2001; Földy et al., 2006). These experiments showed that the NL3 KO did not affect the magnitude or time course of DSI, documenting that CB1 receptors were properly localized and phasic endocannabinoid signaling was retained in NL3 KO mice (Figure 7A). We also tested whether the NL3 KO alters the phasic endocannabinoid signaling that induces a long-term depression of inhibitory synapses (I-LTD; Chevaleyre and Castillo, 2003; reviewed in Castillo et al., 2011). High-frequency extracellular stimulation at the border of strata pyramidale and radiatum reliably induced I-LTD both in wild-type and in NL3 KO mice (Figure 7B). Thus, the NL3 KO does not block two different forms of synaptic plasticity dependent on phasic endocannabinoid signaling.

### DISCUSSION

In the present study, we systematically compared the synaptic effects of two different mutations in NL3 that are associated with autism, and examined in paired recordings inhibitory synapses that are formed by two classes of presynaptic basket cells onto the same class of postsynaptic pyramidal neurons in the hippocampus.

This study had two goals. The first goal was based on the lack of a common phenotype produced by the two NL3 mutations in mice, despite their shared association with autism in humans, prompting us to search for such a common phenotype. As a starting point in this search, we used the altered rate of spontaneous mini activity that we had previously identified in NL3 KO mice (Eherton et al., 2011a). We were led in this search by the notion that the lack of a similar phenotype in R451C mutant synapses could have been due to confounding gain-of-function effects of the R451C substitution on other subsets of synapses in the same neuron, which may have occluded a common phenotype shared by the R451C KI and NL3 KO neurons. Thus, to search for common phenotypes, we used paired recordings which enabled us to separately monitor defined synapses originating from two different classes of inhibitory basket cells in the hippocampus.

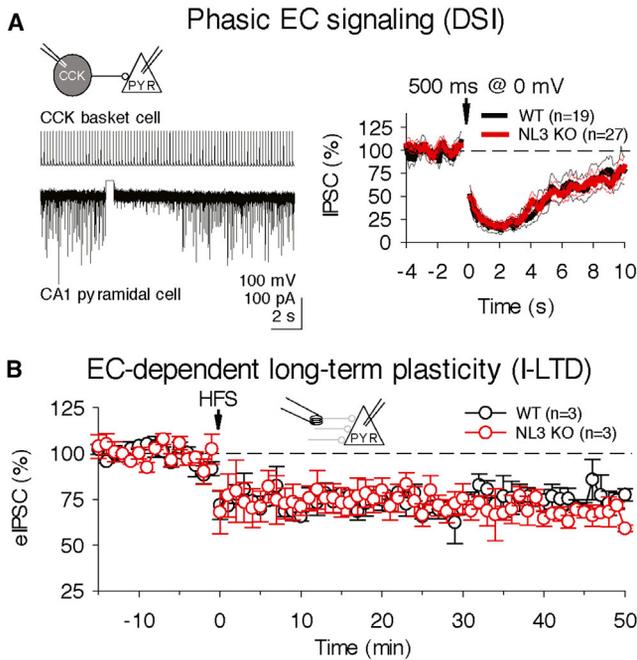
(E) Light microscopy analysis of the bouton density of CCK basket cell axons. Left: example of axonal segments for axons in WT and NL3 KO mice. Right: summary data from WT ( $n = 6$ ) and NL3 KO ( $n = 7$ ) mice.  $p = 0.779$ , t test. Mean  $\pm$  SEM.

(F) Time course of the effect of the AM251 wash-in on extracellularly evoked IPSCs (eIPSC; left panel) and averaged data in each experiment (right panel) show increase in eIPSC amplitude in WT, but not in NL3 KO mice ( $V_{\text{pyramidal}} = -70$  mV, 1 Hz stimulation, in the presence of  $5 \mu\text{M}$  NBQX and  $10 \mu\text{M}$  D-AP5;  $n_{\text{WT}} = 6$ ,  $p = 0.008$ ;  $n_{\text{NL3KO}} = 10$ ,  $p = 0.63$ , paired t test). Mean  $\pm$  SEM.

(G) Time course of the effect of the CP945598 wash-in on extracellularly evoked IPSCs (eIPSC; left panel), and averaged data in each experiment (right panel) show increase in eIPSC amplitude in WT, but not in NL3 KO mice ( $V_{\text{pyramidal}} = -70$  mV, 1 Hz stimulation, in the presence of  $5 \mu\text{M}$  NBQX and  $10 \mu\text{M}$  D-AP5;  $n_{\text{WT}} = 15$ ,  $p = 0.0005$ ;  $n_{\text{NL3KO}} = 18$ ,  $p = 0.41$ , paired t test). Mean  $\pm$  SEM.

(H and I) Paired recordings of IPSC amplitudes and success rates in response to  $10 \mu\text{M}$  AM251 in R451C KI mice. Left panels: time-course of the experiments. Right panels: absolute changes in each pair ( $n_{\text{WT}} = 6$ ,  $p = 0.07$ ;  $n_{\text{R451C}} = 10$ ,  $p = 0.072$ , paired t test). Mean  $\pm$  SEM.

(J) Time-course of the effect of  $10 \mu\text{M}$  AM251 wash-in on extracellularly evoked EPSCs (eEPSC; left panel) and averaged data in each experiment (right panel) in WT and NL3 KO mice ( $V_{\text{pyramidal}} = -70$  mV, 1 Hz stimulation, in the presence of  $50 \mu\text{M}$  picrotoxin;  $n_{\text{WT}} = 11$ ,  $p > 0.05$ ;  $n_{\text{NL3KO}} = 8$ ,  $p > 0.05$ , paired t test). Mean  $\pm$  SEM. See also Figures S2, S3 and S4.



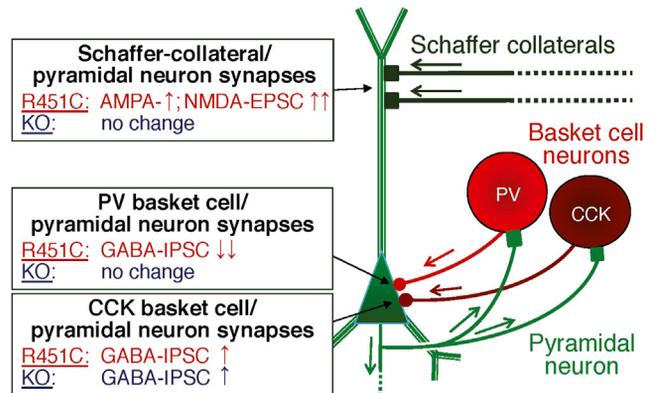
**Figure 7. Neuroigin-3 Is Not Required for Phasic Short-Term Endocannabinoid Signaling (DSI) or Long-Term Endocannabinoid-Dependent Synaptic Plasticity (i-LTD)**

(A) Paired recordings show that DSI induced by phasic endocannabinoid signaling was unaffected in NL3 KO (left panel: example of DSI, note the transient suppression of IPSCs after brief depolarization in the pyramidal cell; right panel: averaged time-course of DSI in WT and NL3 KO). Mean  $\pm$  SEM. (B) Deletion of NL3 does not affect the magnitude or time-course of the endocannabinoid-dependent i-LTD ( $V_{\text{pyramidal}} = +10$  mV, interstimulus interval 20 s,  $[C]_{\text{pipette}} = 4$  mM, in presence of 5  $\mu$ M NBQX and 10  $\mu$ M D-AP5). Mean  $\pm$  SEM.

The second goal of this study was stimulated by our earlier results demonstrating that the R451C substitution produced different synaptic phenotypes in distinct brain regions (Tabuchi et al., 2007; Etherton et al., 2011a). These results led us to test whether the NL3 KO and the R451C KI mutations might produce different phenotypes even in distinct synapses formed onto the same postsynaptic neuron. The differences in NL3 phenotypes in different brain regions supported the hypothesis that NL3 does not simply act in establishing synapses as such, but functions to specify synaptic properties depending on the presynaptic partner, a hypothesis that would predict that synapses formed by different presynaptic partners on the same postsynaptic neuron may also exhibit distinct changes in NL3 mutants.

Our study addresses both goals. The results suggest three major conclusions that have implications not only for autism pathophysiology, but also for synapse formation and synaptic endocannabinoid signaling.

First, we unexpectedly found that NL3 is essential for tonic but not phasic endocannabinoid signaling. The mechanisms of tonic endocannabinoid signaling are not well studied—in fact, its very existence as a specific process was unclear (Kim and Alger, 2010; Alger, 2012). Our finding that tonic endocannabinoid signaling is impaired in NL3 KO neurons (and R451C KI neurons)



**Figure 8. Schematic Summary Diagram of the Effects of the NL3 KO and R451C Substitution on Three Different Synapses on Pyramidal Neurons in the CA1 Region of the Hippocampus**

The diagram depicts a pyramidal neuron (green) receiving inputs from Schaffer collateral fibers and two different types of basket cell neurons (PV, parvalbumin; CCK, cholecystikinin). The changes observed in NL3 R451C knockin and KO mice are described on the left.

validates this form of endocannabinoid signaling as a specific regulatory process that is not an “accident” of endocannabinoid leakage or spillover and identifies NL3 as the only protein known to be specifically required for tonic endocannabinoid secretion. The loss of tonic endocannabinoid signaling is the likely cause for the change in mini event frequency we previously observed in NL3 KO mice (Etherton et al., 2011a). The fact that this phenotype is caused by both the NL3 KO and the R451C KI suggests that a loss of tonic endocannabinoid signaling may be a component of autism pathogenesis and suggests new avenues for potential treatments (Cravatt and Lichtman, 2003; Piomelli, 2003; Katona and Freund, 2008). Although the mechanism by which NL3 acts in tonic endocannabinoid secretion is unknown, it seems likely that NL3 serves to localize the as yet unknown tonic secretory machinery to synapses via *trans*-synaptic interactions with neuroligins. Alternatively, it is conceivable that the NL3 loss of function activates an enzyme that selectively degrades ligands of tonic but not the phasic endocannabinoid signal (Alger and Kim, 2011; Alger, 2012).

Second, the R451C mutation causes both gain- and loss-of-function effects (Figure 8). We previously demonstrated that the R451C KI causes gain-of-function effects when we compared the phenotype of the NL3 KO and R451C KI mutations in inhibitory synapses in the cortex and excitatory synapses in the hippocampus (Tabuchi et al., 2007; Etherton et al., 2011a). In these synapses, the NL3 KO elicited no major phenotype while the NL3 R451C KI produced specific increases in synaptic transmission. However, R451C loss-of-function effects were not detected in earlier studies, although they are consistent with the fact that the R451C mutation destabilizes NL3 and reduces its levels by ~90% (De Jaco et al., 2010; Tabuchi et al., 2007). The present paper now shows that the R451C mutation does indeed also cause loss-of-function phenotypes, thereby reconciling the observation of both this mutation and a NL3 deletion in autism (Jamain et al., 2003; Sanders et al., 2011).

Third, the R451C mutation causes distinct effects on different types of synapses of the same postsynaptic neuron (Figure 8). The differences between phenotypes induced by the R451C KI suggests that NL3 acts in a context-dependent manner not only in a regional sense (i.e., it has a different phenotype in cortical versus hippocampal synapses), but also within a brain region. This observation argues against what might be called a “mechanical” view of synaptic cell adhesion whereby a molecule performs the same function in all contexts—instead, the observations on the R451C mutation reveal that NL3 can perform distinct functions, presumably depending on the ligands that are available in a given synapse, a result that is consistent with previous results obtained for neuroigin-2 (Gibson et al., 2009). Moreover, the inhibition of PV-containing synapses by the R451C substitution represents the first time the R451C mutation was found to decrease synaptic strength as in previous studies it always increased synaptic strength (Tabuchi et al., 2007; Etherton et al., 2011a). The powerful size of this effect is again consistent with a major regulatory function of neuroigins in synapses.

The multitude of the effects of the R451C mutation on neurotransmission (Figure 8) is surprising and supports the notion that neuroigins participate in a balanced array of diverse functions, possibly via interactions with multiple ligands. Specifically, the R451C mutation may act by shifting the activity of NL3 in a fluid interaction network composed of multiple competing *trans*-synaptic ligands. Our previous studies suggested that at least neuroigin-1 functions as a *trans*-synaptic cell-adhesion molecule by binding both to neuorexins and to as yet unidentified other ligands (Ko et al., 2009). It is possible that the R451C mutation blocks the binding of NL3 to one of the ligands, and/or activates the binding of another ligand, thereby shifting the interaction network.

Although we show here that NL3 is selectively essential for tonic endocannabinoid signaling, this result does not exclude the possibility that NL3 performs other functions. In fact, analogous to other genes such as RIMs (Kaeser et al., 2012), NL3 could perform additional major functions that are redundantly also performed by other neuroigins. The previous analysis of constitutive neuroigin triple KO mice strongly supports this notion by revealing functional redundancy among neuroigins (Varoqueaux et al., 2006), as does the observation of multiple strong phenotypes produced by the R451C and R704C KI mutations in NL3 (Tabuchi et al., 2007; Etherton et al., 2011a, 2011b). The requirement for NL3 in tonic endocannabinoid signaling affirms the notion that neuroigins specify synapse properties, as NL3 confers onto CCK-containing synapses tonic endocannabinoid signaling without influencing phasic signaling or other synaptic parameters. Tonic endocannabinoid signaling was not previously associated with a specific regulatory mechanism but the link to NL3 revealed here validates the importance of this signaling pathway and suggests a possible endocannabinoid involvement in autism.

## EXPERIMENTAL PROCEDURES

### Mouse Breeding and Genotyping

Mice were genotyped as described previously (Tabuchi et al., 2007; Etherton et al., 2011a). All animal protocols and husbandry practices were approved by the Institutional Animal Care and Use Committee at Stanford University.

### Electrophysiology

Hippocampal slices (300  $\mu$ m) were prepared from 3–4 weeks old NL3 R451C KI and NL3 KO mice. Slices were incubated at 33°C in sucrose-containing artificial cerebrospinal fluid (ACSF; 85 mM NaCl, 75 mM sucrose, 2.5 mM KCl, 25 mM glucose, 1.25 mM NaH<sub>2</sub>PO<sub>4</sub>, 4 mM MgCl<sub>2</sub>, 0.5 mM CaCl<sub>2</sub> and 24 mM NaHCO<sub>3</sub>) for an hour and then incubated in the same solution at room temperature until recording. Electrophysiological recordings were made in ACSF containing 126 mM NaCl, 2.5 mM KCl, 10 mM glucose, 1.25 mM NaH<sub>2</sub>PO<sub>4</sub>, 2 mM MgCl<sub>2</sub>, 2 mM CaCl<sub>2</sub>, and 26 mM NaHCO<sub>3</sub>. Slices were visualized in an upright microscope (Olympus, BX-61WI) with infrared differential interference contrast optics. Whole-cell recordings were obtained from the interneurons with patch pipettes (King Precision Glass, Inc., 3–5 M $\Omega$ ) filled with internal solution containing 126 mM K-gluconate, 4 mM KCl, 10 mM HEPES, 4 mM Mg-ATP, 0.3 Na-GTP, 10 mM phosphocreatine, and 0.2% biocytin (pH 7.2, 270–290 mOsm), and from postsynaptic pyramidal cells containing 40 mM CsCl, 90 mM K-gluconate, 1.8 mM NaCl, 1.7 mM MgCl<sub>2</sub>, 3.5 mM KCl, 0.05 mM EGTA, 10 mM HEPES, 2 mM Mg-ATP, 0.4 mM Na-GTP, 10 mM phosphocreatine (pH 7.2, 270–290 mOsm; in some of the recordings 0.2% biocytin was also added to this solution). All electrophysiological recordings were made at 33°C, using MultiClamp700B amplifiers (Molecular Devices, Sunnyvale, CA). Signals were filtered at 4 kHz using Bessel filter and digitized at 10 kHz with a Digidata 1440A analog-digital interface (Molecular Devices). Series resistance was monitored, and recordings were discarded if the series resistance changed significantly or reached 25 M $\Omega$ . The recorded traces were analyzed using Clampfit software (Molecular Devices). PV and CCK interneurons were distinguished based on their distinct electrophysiological spiking properties (Földy et al., 2010) and by the presence of DSI in CCK basket cell synapses (see Figure 7A). IPSCs were individually inspected and included in the analysis based on their onset latency following the presynaptic action potential. For statistical analysis Student's *t* test, paired *t* test or Mann-Whitney rank-sum test (RST) was used, and data are presented as mean  $\pm$  SEM, unless noted otherwise; significance was *p* < 0.05.

### Quantal Model

Individual basket cells innervate postsynaptic pyramidal cells via multiple release sites (N; Biró et al., 2006; Földy et al., 2010), in which intrinsically variable synaptic parameters (such as quantal size and release probability; Q and P<sub>R</sub> respectively) produce a trial-to-trial fluctuation in the IPSC amplitudes. The distribution of these fluctuations can be described by models that are based on binomial statistics and allow estimates of Q and N (Silver, 2003; Biró et al., 2006). In this study, we ought to extend quantal modeling to analyze pooled data from multiple paired-recording experiments of defined synapse populations, and extract mean quantal information that is characteristic to each population. For modeling, we analyzed synapses by quantifying IPSC amplitudes and success rates. Assuming that each synapse population can be described by characteristic mean N and Q values, it is reasonable to assume that the pair-to-pair variability in IPSC amplitudes and success rates is dominated by variability in P<sub>R</sub>. In this case, the distribution of IPSC amplitudes and success rates should follow the  $IPSC = Q \cdot N \cdot (1 - \sqrt[N]{1 - \text{Successes}})$  model (see Figure S2 for more information). For fitting the IPSC model on experimental data, to estimate quantal parameters, we employed the built-in, unconstrained *NonlinearModelFit* algorithm in Mathematica 8 (Wolfram Research, Inc., Champaign, IL). Note that the basic assumptions of this approach (i.e., the existence of characteristic Q and N values in each synapse population) were supported by the similarity between the observed and predicted IPSC distributions (see Figures 5A and 6C).

### Computational Model

In order to gain further qualitative insight into how pre- and postsynaptic changes may contribute to the synaptic phenotypes produced by NL3 mutations, we devised a simple computational model that incorporated five modifiable synaptic parameters: the number of release sites (N) and the mean and variance of the release probability (P<sub>R</sub> and  $\sigma_{PR}$ , respectively) and of quantal IPSCs (Q and  $\sigma_Q$ , respectively). Note that nonzero variances were necessary to simulate variability both in the number of successful transmissions (by  $\sigma_{PR}$ ) and IPSC amplitudes (by  $\sigma_Q$ ). To initialize the simulations, *p<sub>i</sub>* values (that is the release probability of the *i*-th release site) were assigned randomly

from a normal probability distribution function with  $P_R$  mean and  $\sigma_{PR}$  variance for each release site. In addition, for each release site,  $q_i$  values (that is the quantal size in the  $i$ -th release site) were randomly assigned from a log-normal probability distribution function of mean  $Q$  and  $\sigma_Q$  variance parameters (see Figure S3 for more information). Computational IPSCs (cIPSCs) and successes (cSuccesses) were derived as described in the text. For each condition, estimates of  $Q$  and  $N$  were adopted from the quantal model (Figures 5A and 6C). Each simulation had the same sample size as the original data, and each simulation was repeated 50 times with random assignments of new  $p_i$  and  $q_i$  values. For statistical comparisons, we tested the null hypothesis that the difference between the mean computed and experimental successes and IPSCs were zero; simulation parameters were accepted when  $p > 0.05$  using Student's  $t$  test. To estimate the robustness of the resulting simulation parameters, we quantified an average range for each parameter which still justifies the null-hypothesis:  $\Delta P_R = \pm 0.006$ ,  $\Delta \sigma_{PR} = \pm 0.09$ ,  $\Delta Q = \pm 0.7$  pA and  $\Delta \sigma_Q = \pm 0.06$  pA (relative to values presented in the main text). Parameter deviations beyond these ranges independently resulted in statistically significant differences ( $p \ll 0.05$ ) between the simulated and experimental distributions. Simulations were implemented and run using Mathematica 8 (Wolfram Research, Inc.).

### Neuroanatomy

After recordings, all slices were transferred into a fixative solution containing 4% paraformaldehyde and 0.2% picric acid in 0.1 M phosphate buffer. In order to examine the axonal and dendritic arbor of presynaptic basket cell, biocytin-filled cells were visualized after recordings with 3,3'-diaminobenzidine tetrahydrochloride (0.015%) using PK-6100 DAB and Vectastain SK-4100 ABC kit (Vector Laboratories, Burlingame, CA). Example basket cells in Figures 1 and 2 were reconstructed using NeuroLucida 10 (MBF Bioscience). For axonal bouton density quantification, axonal segments with corresponding boutons were reconstructed using NeuroLucida 10. The length of the axons (which averaged  $1180.4 \pm 128.4$   $\mu\text{m}$ , mean length  $\pm$  SEM, in the reconstructed cells) and bouton numbers were determined using NeuroExplorer (MBF Bioscience).

### SUPPLEMENTAL INFORMATION

Supplemental Information includes four figures and can be found with this article online at <http://dx.doi.org/10.1016/j.neuron.2013.02.036>.

### ACKNOWLEDGMENTS

We would like to thank Nathan Huang, Scarlett Fang, Ayeh Darvishzadeh, and Shaon Ghosh for technical assistance, and Dr. Jason Aoto for advice. This study was supported by grants from the Simons Foundation (177850 to T.C.S.), the NIMH (P50 MH086403 to R.C.M. and T.C.S.), the NIDA (K99DA034029 to C.F.), and the NINDS (NS069375 to the Stanford Neuroscience Microscopy Service).

Accepted: February 23, 2013

Published: April 11, 2013

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# Desperate Parents Of Autistic Children Trying Cannabis Despite Lack Of Studies

Parents of severely autistic children are turning to medical marijuana for relief. After seeing the results that epileptic children experienced, these desperate parents are beginning to wonder if it will work for them too. There are very few studies linking cannabinoids as a treatment for autism, but that isn't holding these parents back. Most figure they don't have anything to lose.

Autism is a neurodevelopmental disorder known for its ability to impair communication and social interaction. Some children are able to function well with various treatments, while others suffer with the inability to speak and self-harming behaviors. According to the Center for Disease Control and Prevention, 1.5% of the children in the U.S. are diagnosed with autism as of 2014, so this is a huge patient population.

They are using CBD or cannabidiol, which can be derived from marijuana and hemp plants. Marijuana has higher levels of THC than hemp, which causes the "high" effect, while CBD contains the medical properties. Hemp has more CBD than marijuana, but less of the medicinal compound within CBD to have an effect. Marijuana plants can be bred to have higher levels of CBD and then those flowers are used to create CBD oil. It can also be extracted from hemp plants, which contains a large amount of CBD, but with less strength of the medicinal cannabidiol compound, according to the [Hemp Industries Association](#).





WASHINGTON, DC – APRIL 22: Liza Smith (L) of White Stone, Virginia, comforts her 14-year-old Haley Smith (2nd L) who suffers from a severe form of epilepsy called Dravet Syndrome, as she listens during a news conference at the National Press Club April 22, 2015 in Washington, DC. U.S. Rep. Scott Perry (R-PA) discussed during the news conference his proposed Charlotte's Web Medical Access Act to legalize therapeutic hemp and cannabidiol (CBD) by excluding them from the Controlled Substance Act. (Photo by Alex Wong/Getty Images)

The stories of autistic children that are helped with CBD oil sound very familiar to the stories of the epileptic children that have responded to CBD. A Brown University teacher Marie Myung-Ok Lee, author of *Somebody's Daughter*, documented her autistic son's response to using Marinol, a synthetic cannabis which is produced by the drug company [AbbVie](#). She switched to an edible form of cannabis and then a tea version. Her son went from self-harming behavior like banging his head to being able to ride a bike. She calls her experiment a qualified success.

Another mother, Mieko Hester-Perez founded [The Unconventional Foundation for Autism](#) when she discovered that medical marijuana helped her autistic son. The story is similar to the famous Charlotte's Web cannabis strain, so named after the little girl named Charlotte who's epileptic seizures were dramatically reduced after using this particular breed of cannabis. The story became famous on a '60 Minutes' program. This version is called Joey's Strain and it was created by Kushman Genetics for Ms. Perez' son Joey. The website cites a Dr. Rimland and his editorial piece, '[Is Marijuana a Valuable Treatment For Autism.](#)' However, this article contains no references to any studies and is only a collection of anecdotal stories.

More recently, Kael Santiago, a child with autism so severe he wasn't able to speak, started speaking his first words after simply spraying hemp oil in his mouth twice daily according to Dr. Giovanni Martinez, a clinical psychologist in Puerto Rico. Dr. Martinez said, "He started using the product three weeks ago. He was a full non-verbal patient. He only made sounds. The only change in his treatments was the use of CBD." The parents pursued the treatment on their own. Dr. Martinez has also been doing his own research on CBD and shared it with the parents. "I'm very impressed with the language he has acquired," said Dr. Martinez. Dr. Martinez noted that when Kael couldn't communicate, his behavior became bad as he acted out due to his frustrations, but by opening up his communication abilities his conduct has improved. "He laughs every time he hears his voice," said Dr. Martinez.

[Hemp Health](#) is a company that imports CBD oil from outside the country and sells it through the mail. Since, it is derived from hemp and not marijuana no prescription is needed. It was their CBD spray that the Santiago's used for Kaleb. Katerina Maloney, a co-founder of HempHealth said, "We have a lot of epileptic patients calling us. Patients with cancer and pain. There are lots of different conditions." Maloney does believe more research needs to be done, but she has numerous testimonials from customers that believe in their products. The company now has sales of \$150,000 a month.

The issue is that few doctors will recommend this as a treatment because there is little scientific research to base it on. Unlike epilepsy, where references to cannabis treatments dated as far back as 1843 when Dr. William O'Shaughnessy wrote, "In Cannabis, the medical profession has gained an anti-convulsive remedy of the greatest value." There is little research on autism and cannabis. Scott Hadland, MD, MPH, John R. Knight, MD and Sion Kim Harris, PhD of Boston Children's Hospital write, "Given the current scarcity of data, cannabis cannot be safely recommended for the treatment of developmental or behavioral disorders at this time."

A [2013 study](#) by Dr. Siniscalco found signs to suggest compounds found in cannabis could help to treat autism, writing, "Our data indicate CB2 receptor as potential therapeutic target for the pharmacological management of the autism care." Another study published in 2013 and dating back to 2011 by Dr. Csaba Foldy at the Second University of Naples associated with Stanford University Medical School is often cited. In the [study out of Stanford University](#) first author Dr. Foldy wrote, "Endocannabinoids are molecules that are critical regulators of normal neuron activity and are important for many brain function. By conducting studies in mice, we found that neuroligin-3, a protein that is mutated in some individuals with autism, is important for relaying endocannabinoid signals that tone down communication between neurons."

Piper Jaffray analyst Josh Schimmer who covers bio-tech companies has also made the connection. He noted that some forms of autism share similar features with epilepsy. He writes, "It's possible that some children have sub-clinical seizure activity that result in developmental disorders, and there are also extremely exciting anecdotes of autism patients who thrive after CBD therapy."

The Autism Research Institute starting connecting the dots too. They found that children with autism that used marijuana experienced an improvement in symptoms like anxiety, aggression, panic disorder, tantrums and self-injurious behavior. Martin Lee, author of Smoke Signals and founder of [Project CBD](#) said, "There's substantive body of pre-clinical research and some anecdotal stories. There's also some research from GW Pharmaceuticals on psychiatric disorders. It's not autism, but there are overlapping issues."

GW Pharmaceutical spokesman Mark Rogerson said, "I'm afraid we have no current research going on in this area. We are aware of the interest in cannabinoid medicines and autism and our plans may change in the future. But for the time being we

have a very full clinical trials programme. We are only a small company in pharmaceuticals terms and regretfully, we have to make choices among therapeutic areas.”

The lack of research isn't holding back the grassroots efforts. There are numerous pages on Facebook that have created autism and cannabis communities. There are several websites devoted to the idea. There are doctors that are writing about the stories they have heard. The one thing lacking is multiple scientific studies. But if drug companies like GW Pharmaceuticals believes it can tap into this large patient population, the studies will get funded and patients will be happy to sign up.

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## WEST MARIN DEMOGRAPHICS

Source: Wikipedia and City-Data.com

### Lagunitas/Forest Knolls

Population size:

The population was 1,819 at the 2010 census

Age:

342 people (18.8%) under the age of 18

94 people (5.2%) aged 18 to 24

339 people (18.6%) aged 25 to 44

808 people (44.4%) aged 45 to 64

236 people (13.0%) who were 65 years of age or older

The median age was 48.9 years

Gender:

Males: 766 (42.1%)

Females: 1,053 (57.9%)

Median Income:

\$79,148

Race:

1,658 (91.1%) White

26 (1.4%) African American

133 (7.3%) Hispanic

11 (0.6%) Native American

11 (0.6%) Asian

1 (0.1%) Pacific Islander

43 (2.4%) other races

69 (3.8%) from two or more races

Education:

For population 25 years and over in Lagunitas-Forest Knolls:

High school or higher: 91.9%

Bachelor's degree or higher: 62.0%

Graduate or professional degree: 18.7%

Unemployed: 1.5%

Employment:

Health care and social assistance (15%)

Construction (14%)

Administrative and support and waste management services (12%)

Arts, entertainment, and recreation (10%)

Information (10%)

Retail trade (9%)

Educational services (7%)

**Marital Status:**

Never married: 37.9%

Now married: 46.4%

Separated: 1.7%

Widowed: 3.0%

Divorced: 11.0%

**San Geronimo Valley**

**Population size:**

446 (as of 2010 census)

**Age:**

72 people (16.1%) under the age of 18

20 people (4.5%) aged 18 to 24

89 people (20.0%) aged 25 to 44

189 people (42.4%) aged 45 to 64

76 people (17.0%) who were 65 years of age or older

The median age is 50.0 years

**Gender:**

Males: 235 (52.8%)

Females: 211 (47.2%)

**Median Income:**

\$88,623

**Race:**

421 (94.4%) White

3 (0.7%) African American

21 (4.7%) Hispanic

2 (0.4%) Native American

3 (0.7%) Asian

3 (0.7%) from other races

14 (3.1%) from two or more races

**Education:**

High school or higher: 100.0%

Bachelor's degree or higher: 80.3%

Graduate or professional degree: 48.9%

**Employment:**

Health care and social assistance (30%)

Administrative and support and waste management services (28%)  
Public administration (20%)  
Professional, scientific, and technical services (11%)  
Transportation and warehousing (10%)

**Marital status:**

Never married: 15.0%  
Now married: 67.4%  
Separated: 0.0%  
Widowed: 6.5%  
Divorced: 11.1%

**Fairfax**

**Population size:**

7441

**Age:**

1,436 people (19.3%) under the age of 18  
342 people (4.6%) aged 18 to 24  
1,806 people (24.3%) aged 25 to 44  
2,907 people (39.1%) aged 45 to 64  
950 people (12.8%) who were 65 years of age or older  
The median age was 45.9 years

**Gender:**

Males: 3,700 (48.4%)  
Females: 3,938 (51.6%)

**Median Income:**

\$93,607

**Race:**

6,617 (88.9%) White  
110 (1.5%) African American  
504 (6.8%) Hispanic or Latino  
36 (0.5%) Native American  
204 (2.7%) Asian  
4 (0.1%) Pacific Islander  
174 (2.3%) from other races  
296 (4.0%) from two or more races.

**Education:**

High school or higher: 98.4%  
Bachelor's degree or higher: 61.6%  
Graduate or professional degree: 23.5%

Employment:

Professional, scientific, and technical services (22%)

Retail trade (12%)

Construction (12%)

Health care and social assistance (6%)

Finance and insurance (6%)

Accommodation and food services (6%)

Administrative and support and waste management services (6%)

Marital status:

Never married: 28.9%

Now married: 49.5%

Separated: 2.2%

Widowed: 5.7%

Divorced: 13.7%

**Woodacre**

Population size:

1,348

Age:

238 people (17.7%) were under the age of 18

53 people (3.9%) aged 18 to 24

262 people (19.4%) aged 25 to 44

575 people (42.7%) aged 45 to 64

220 people (16.3%) who were 65 years of age or older

The median age was 50.5 years

Gender:

Males: 653 (48.5%)

Females: 695 (51.5%)

Median Income:

\$76,312

Race:

1,231 (91.3%) White

3 (0.2%) African American

77 (5.7%) Hispanic or Latino

4 (0.3%) Native American

27 (2.0%) Asian

4 (0.3%) Pacific Islander

10 (0.7%) from other races

69 (5.1%) from two or more races

Education:

High school or higher: 97.1%

Bachelor's degree or higher: 64.9%

Graduate or professional degree: 23.6%

Unemployed: 1.9%

Employment:

Management, Business, and Financial Operations 12.40%

Professional and Related Occupations 30.21%

Service 15.70%

Sales and Office 26.78%

Farming, Fishing, and Forestry 0.00%

Construction, Extraction, and Maintenance 7.78%

Production, Transportation, and Material Moving 7.12%

## Forest Knolls Wellness

### Profit and Loss Summary

2017-2019

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Gross Revenue	\$ 1,090,500.00	\$ 1,363,125.00	\$ 1,840,217.00
<i>Direct Costs</i>	\$ (1,128.00)	\$ (1,409.00)	\$ (1,903.00)
<i>Cost of Goods Sold</i>	\$ (414,390.00)	\$ (517,987.50)	\$ (699,282.46)
Gross Profit	<u>\$ 674,982.00</u>	<u>\$ 843,728.50</u>	<u>\$ 1,139,031.54</u>
Total Expenses	\$ 731,486.00	\$ 809,601.00	\$ 1,013,536.00
Net Profit	\$ (56,504.00)	\$ 34,127.50	\$ 125,495.54

# Part C. Operating Plan

## Plan Overview

The primary goal of Forest Knolls Wellness and its staff is to provide safe access to medical cannabis for its qualified patient members. Forest Knolls Wellness will operate in a manner that is both consistent with Ordinance No. 3639, and uses best practices developed by the retail cannabis industry to address community concerns such as traffic, noise, loitering, litter, and odor complaints. By staying abreast of new developments in the cannabis industry, the collective's experienced staff will help assure that its patient members receive safe products that are lab-tested and properly labelled for use to treat their illnesses. As part of its commitment to providing the highest quality of products and services to its patient members, Forest Knolls Wellness has also adopted industry best practices and professional standards in establishing its operational protocols. These operational protocols and professional standards are designed to both: a) minimize the impact of the dispensary's operations on the immediate community; and 2) to ensure the health, welfare, and safety of all Marin citizens.



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## Dispensary Size and Access



The proposed location for the dispensary is 6700 Sir Francis Drake Blvd. in Forest Knolls, CA. The square footage of the proposed dispensary location in “Building A” on the property is 1022 square feet. Tenant improvements made to the property for use as a dispensary will be primarily interior and cosmetic. No major structural or building modifications are anticipated for this project other than to improve the site’s ADA accessibility by adding interior and exterior ramps, upgrading the restrooms, and adding an ADA van accessible parking spaces.

## Operating Hours & No. of Patients

Forest Knolls Wellness will operate between the hours of 9:00am and 9:00pm, seven days a week. Based on historical data from other dispensaries of similar size and Marin’s demographic data, the dispensary expects to serve between 50-75 patient members per day with average daily sales \$30-\$50 per patient. According to the property owner and historical records, the gas station that existed at the site served approximately 200 customers per day during its existence. The dispensary will provide a sworn statement to the County Administrator indicating the number of patients served by the dispensary on an annual basis in accordance with Ordinance No. 3369.

## Dispensary Supply

In order to prevent unauthorized and unlawful re-sale of medical cannabis, the dispensary will limit sales of medical cannabis products to two ounces per patient and 10 clones per patient/per day which are below the limits proscribed under Ordinance No. 3639 § 6.85.042(E).

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## Dispensary Profits

Forest Knolls Wellness is organized as a non-profit mutual benefit corporation or “collective”. Under the AG Guidelines, a medical marijuana collective “...merely facilitates the collaborative efforts of patient and caregiver members –including the allocation of costs and revenues. . . The collective should not purchase marijuana from, or sell to, non-members; instead, it should only provide a means for facilitating or coordinating transactions between members.” AG Guidelines § IV.A.2, emphasis added. Furthermore, a member of a collective may reimburse the collective monetarily in exchange for medical marijuana in “an amount necessary to cover overhead costs and operating expenses.” AG Guidelines § IV.B.5.

In accordance with the CUA, S.B. 420, and the AG Guidelines, any individual who wishes to transact with the collective must be a qualified patient member of Forest Knolls Wellness. This includes vendors with whom the collective procures medical cannabis products. Every wholesale transaction involving the procurement of medical cannabis by the collective will be documented in financial records and accompanied by a resale certificate. Sales tax will be incorporated into the retail price of all products and transactions made with patient members will include tax. Sales tax will be collected and paid to the Board of Equalization on a Quarterly Basis. Revenues from the dispensary’s sales will not be distributed in any form to any management member, officer, director, employee, contractor, agent, vendor or any member patient of the collective. Instead, the dispensary’s management and employees will be paid salaries bi-weekly in accordance with California’s labor laws. The dispensary’s profits will be used to cover the overhead expenses associated with its operations such as rent, payroll, insurance, and taxes. Excess revenues from the dispensary’s sales will be donated to charitable organizations or re-invested in the collective through capital investments such as purchasing new equipment or software.

## Dispensary Access

- The entrance to Forest Knolls Wellness will be locked at all times with the entry strictly controlled by a buzz-in electronic entry system. Security cameras will be installed at the front door entry that allows for maximum angle view of the exterior entrance. For more details on Forest Knolls Wellness’ security plan, *see* Application Part E. Security Plan.
- A security guard will staff the front entrance of the dispensary at all times of operation and shall be employed to monitor the site’s activity, control loitering, and site access through the security procedures established in the Patient Verification Process set forth herein.
- Only Forest Knolls Wellness staff, management, primary caregivers, qualified patients members, and persons with bona fide purposes for visiting the site shall be permitted at the dispensary.

## Human Resources

1. Corporate Governance & Management. Kip Baldwin will serve as the President and Executive Director and Brian Hilliard will serve as Chief Financial Officer, Secretary and Director of Forest Knolls Wellness. Linda Delair will serve as a Director of Forest Knolls Wellness. The Officers and Directors will manage and oversee the operation of the dispensary, management of employees, and maintenance of financial records, including ensuring the validity of all business permits, insurance requirements, financial accounting systems and controls, payment of taxes, and compliance with all related laws.
2. Employees. Forest Knolls Wellness will employ 2 full time management members, 2 full time employees and 3 part-time employees to staff the dispensary including a security guard, registration clerk, and two medication dispensers. Employees will work in shifts of 8 hours each with meal and break times established in accordance with California's labor laws. As part of the hiring process, each applicant will be asked to complete an employment application including providing documentation required to prove their legal right to work in the US. The application materials and documentation will be kept as part of an employee record that will include all documentation and employee notices required under California's labor and employment laws for each employee. Upon hiring, each employee will receive an orientation that includes the provision of an employee handbook outlining the rules and policies of the collective and its employees. Employee time will be recorded and tracked in accordance with California law.
3. Hiring. All employees will be qualified patients and members of the collective. No one under 18 will be employed by Forest Knolls Wellness, and no one under 18 will be admitted onto the premises. Forest Knolls Wellness is an equal opportunity employer, does not discriminate and will take affirmative action measures to ensure against discrimination in employment, recruitment, advertisements for employment, compensation, termination, upgrading, promotions, and other conditions of employment against any employee or job applicant on the bases of race, creed, color, national origin, or sex.
4. Staffing. During hours of operation, the dispensary will be staffed at all time by the following personnel: 1) A Security Guard will be positioned outside of the dispensary to check identification, monitor access to the building, and to patrol the premises; 2) A registration clerk will register and verify patient identity prior to their entry into the clinic; 3) Two retail clerks will dispense medical cannabis at the products counter in a separate room where access will not be granted to the patient until the patient is verified

5. Staff Meetings. Forest Knolls Wellness will hold regular staff meetings to ensure compliance with all operating rules, address employee concerns, and inform employees regarding current laws and policies related to the safe distribution of medical cannabis.

## Operational Considerations

1. Operations Manual. An Operations Manual will be created and distributed to all employees with detailed instructions, policies and guidelines regarding procedures for staff screening to verify patients' medical cannabis doctors' recommendations and I.D. verification, security and emergency procedures, rules regarding the safe handling and storage of medical cannabis, and procedures for handling cash and credit cards transactions. All required business licenses will be prominently displayed at the facility and kept up-to-date.
2. Management & Employee Background Checks. In compliance with Section 6.85.042 of Marin County Ordinance No. 3639, Forest Knolls Wellness "applicant", its agents, employees, and all persons exercising managerial control of the dispensary on behalf of the applicant shall be subject to a criminal background check involving a live scan and investigation verifying whether the person or person having the management or supervision of Forest Knolls Wellness has been convicted of a crime(s), the nature of such offense(s), and the sentence(s) received therefore. Forest Knolls Wellness, its agents, employees, and all persons exercising managerial control of the dispensary on behalf of the applicant shall not have been convicted of a felony, or of a misdemeanor involving moral turpitude, or engaged in misconduct related to qualifications or duties of Forest Knolls Wellness.

## Site Management

1. Minors. Forest Knolls Wellness will not employ any minors under the age of 18. Persons under the age of 18 will not be allowed on the premises of Forest Knolls Wellness. If a person under the age of 18 is a qualified patient member of Forest Knolls Wellness with written parental consent from a parent or legal guardian who is the designated qualified caregiver of such minor patient, the designated qualified caregiver parent or legal guardian of the patient will be allowed on the premises of Forest Knolls Wellness to obtain medicine for the minor patient. CBD rich products including tinctures and the Charlotte's Web strain effectively treat autism and other illnesses in children without the harmful side effects of pharmaceutical drugs. Forest Knolls Wellness believes strongly in protecting the safety of children, while balancing the need for parents and legal guardians to have the freedom to decide to treat their children's illnesses with medical cannabis.

2. Signage. The entrance to the dispensary will have signage with a notice clearly and legibly posted indicating that no one under the age of 18 is allowed on the premises in accordance with Ordinance No. 3369 § 6.85.042(B). The entrance to the dispensary will have signage with a notice clearly and legibly posted indicating that smoking, ingesting or consuming products on the premises or within 200 feet of the vicinity of the dispensary is prohibited in accordance with Ordinance No. 3369 § 6.85.042(J)(1).
3. Address identification will comply with the County Code and Fire Department illuminated address signage bulletin.
4. Site Management. The collective's security guard will be charged with monitoring the interior and exterior premises of the dispensary to discourage and correct objectionable conditions that might create a nuisance in the parking areas, sidewalks, alleys and areas surrounding the premises and adjacent properties during business hours if directly related to the patient members of Forest Knolls Wellness. In compliance with Ordinance No. 3369 § 6.85.042(N)(1)(a)&(b), the collective's staff and management will take all reasonable steps to call the sheriff in a timely manner if deemed necessary and to discourage patients from engaging in behavior that constitutes a "nuisance" such as open consumption of alcohol or cannabis, excessive loitering, illegal parking or lewd conduct.
5. Trash, Litter and Graffiti. Forest Knolls Wellness will clear the sidewalks and adjoining premises plus 10 feet beyond the property lines along the street along with its parking spaces as needed to control litter, debris and trash along with removing all graffiti from the parking lot and premises within 72 hours of its application in accordance with Ordinance No. 3369 § 6.85.042(O).
6. Parking. The existing site has 12 parking spaces and the site plan submitted adds one additional, ADA van accessible parking space for a total of 13 parking spaces. Since there is ample parking at the site, there should be little to no impact from the dispensary's operations on street parking in the area.

## Patient Management

- Number of Qualified Patients & Collective Members.

Forest Knolls Wellness estimates that this facility will distribute medical cannabis to approximately 50-75 qualified patient members per day.

- Patient/Member Screening, Registration, Validation, and Orientation Process.

Forest Knolls Wellness will provide medical cannabis to its patient members for their medical treatment in accordance with the CUA, SB 420, the AG Guidelines, and Ordinance No. 3639.

- New Patient/Caregiver Screening Process

Before admission to the collective as a patient member, each patient and/or caregiver will be carefully screened to assure that he or she may lawfully acquire cannabis from the collective as a qualified patient or primary caregiver under the CUA and SB 420. This screening involves a three-part process. First, the individual will be asked to provide a written medical recommendation from his or her physician recommending or approving use of cannabis for treatment of the patient's medical condition, along with valid California photo identification such as a driver's license to verify that the medical documentation matches the patient's identity. The patient will be provided with two forms, one is a patient registration form to obtain patient information, and one form contains the rules of the dispensary and a waiver of liability for the collective. The patient must complete and sign both forms along with providing the written medical recommendation and state photo identification to register as a patient member of the collective. A copy of the collective's Patient Registration Form and Member Code of Conduct and Agreement is attached as Attachment 14.

Second, the collective's registration clerk will collect the completed and signed forms from the patient along with making a photocopy of the ID and medical recommendation to include in patient records. Next the registration clerk will verify the accuracy of the documentation by contacting the office of the physician who issued the document and confirming that the physician provided it to the patient or using the online database designated in the written doctor's recommendation. Third, the registration clerk will use the on-line website for the Medical Board of California to verify that the doctor's license to practice medicine in California is valid. Primary caregivers will be allowed to register as caregivers only if they possess a primary caregiver's certificate from a medical doctor designating that person as the patient's primary caregiver. No access to the secure dispensation area will be granted until the patient is registered and qualified as a patient authorized to use cannabis to treat their illnesses.

- New Patient Orientation

Forest Knolls Wellness supports patient education and believes in patients making informed choices in relation to their health care. It is paramount that people using cannabis as medicine are provided with all of the information necessary to medicate safely and effectively. Upon registering at Forest Knolls Wellness, new patient members will be provided a clear and concise orientation session that is customized to their personal healthcare needs. This orientation will include an introduction to the cannabis plant that provides patients with information about medicinal use involving 1) Strain Selection and Effects 2) Dosage 3) Potency 4) Tolerance 5) Dependency and withdrawal 6) Ingestion Options 7)

Safe smoking techniques and alternatives such as vaping 8) Side-effects and safe use 9) Quality and 10) Contraindications and Drug interactions.

- Returning Patients/Primary Caregivers

After a qualified patient or primary caregiver becomes a qualified member of the collective, each time the member visits the collective, he or she will be asked to provide a valid photo identification such as a driver's license before being allowed to obtain any medical cannabis. Forest Knolls Wellness's staff will use a patient records database to confirm the member's name, the doctor's name, and the date and expiration date of the physician's recommendation authorizing cannabis treatment in order to determine that the medical recommendation is valid. If the recommendation has expired, or cannot be substantiated, the patient will not obtain any cannabis. The collective will not provide medical cannabis to anyone who is not a member with a current doctor's recommendation for use of cannabis in the treatment of his or her illness.

- Qualified Patient Records Acquisition and Retention Procedures

The registration clerk will keep track of patient information including medical recommendation expiration dates by implementing a patient tracking system in a patient record database system. Patients will be identified by their first name initial, the first 3 letters of their last name and date of birth to protect patient privacy. The patient tracking system will show when medical cannabis recommendations expire and patient information will be looked up utilizing the patient's valid I.D. and date of birth. All patient records will be maintained in locked filing cabinets to protect patient privacy for a minimum of at least twelve months as required under Ordinance No. 3639 § 6.85.042(F)(5). Offsite storage may be obtained in the future to securely retain patient records.

## Business Management

- Vendors & Inventory

Forest Knolls Wellness will obtain medical cannabis products only from the collective's members within a closed circuit as specified under the AG guidelines. No medical cannabis will be purchased from outside the collective for distribution to its members. The collective will document each member's contribution of labor, resources, or money to the enterprise. Forest Knolls Wellness will also track and record the source of the medical cannabis and provide 1099 tax forms to vendors upon request. Inventory will be kept in a secure location and locked up in the safe when the facility is closed.

No drug paraphernalia or any implement that may be used to administer medical cannabis will be sold or displayed, however Forest Knolls Wellness does request that the County authorize 150 square feet to display and sell such devices to its qualified patient members only upon County approval.

- Cannabis Safety Program

Forest Knolls Wellness will obtain medical cannabis for distribution only through a closed circuit of collective members. As such, the medical cannabis will be of the highest quality and grown without the use of pesticides. Before distribution to the patients, the medical cannabis will be inspected and tested for the presence of bacteria and molds. Forest Knolls Wellness will not cultivate medical cannabis onsite, but rather serve as a distribution facility only in compliance with Ordinance No. 3639 § 6.85.042(H)(1). Therefore, no chemicals will be stored on the premises and there should be no unusual effluent discharge into the County's waste water or storm water systems. No cannabis products shall be consumed on-site at the premises or within 200 feet surrounding the dispensary's premises, by the dispensary's patient members, employees, staff or management in accordance with Ordinance No. 3639 § 6.85.042(G).

- Financial Records & Management

Information on Forest Knolls Wellness' prior years operations, including the results of independent financial audits confirming compliance with section 6.85.042(F)(6) of Ordinance No. 3639 shall be provided annually to the review authority as required. All financial information will be stored on secure, cloud-based servers and hard copies will be kept in locked filing cabinets. The CFO will be responsible for ensuring the maintenance of financial records, proper reporting, payment and filing of taxes, and oversight of financial management systems including AR/AP.

- Corporate Bank Account

Forest Knolls Wellness will establish a corporate bank account to deposit funds acquired from its distribution of medical cannabis.

- Accounting & Payroll Systems

Forest Knolls Wellness will hire a bookkeeper and certified public accountant specializing in medical cannabis to collect and report the dispensary's financial data and to prepare and file the corporation's state and federal tax returns.

Forest Knolls Wellness will use accounts receivable and accounts payable software to record and track AR/AP. Members will pay a fee to the collective to reimburse it for its operating expenses and those fees will be tracked in the AR system. Payments to vendors and other accounts payable will be recorded and

tracked using the accounting software. Employee payroll will be handled by an outside vendor, Paychex, and all employee records will be kept in a locked, secure location. Security systems will be in place to ensure proper handling of both cash and credit transactions.

- Insurance

Forest Knolls Wellness will obtain insurance coverage for all aspects of operation including commercial liability insurance and worker's compensation insurance required by state law for the collective's employees.

**SATIVA v/s INDICA**

Lighter green plants with diamond leaves. Darker green plants with broader, fuller leaves.

**ORIGINATED COUNTRIES**

Sativa: Central America, South America, Southeast Asia. Indica: India, Pakistan, Afghanistan.

**CULTIVATION & STRAINS**

**Sativa:** Height 6-20 feet, 9-12 weeks, 10-15% THC, 1-2% CBD. Characteristics: Tallest, thin, wispy, long flowering, long buds, long trichomes, long internodes, long leaflets, long stems, long roots.

**Indica:** Height 4-7 feet, 8-10 weeks, 15-20% THC, 5-10% CBD. Characteristics: Shortest, thick, bushy, short flowering, short buds, short trichomes, short internodes, short leaflets, short stems, short roots.

**COMPOUNDS**

**THC-CBD:** Sativa has a higher THC:CBD ratio. THC has a stimulating effect.

**Effects of Treat:** Stimulating/Head high, Feelings of well-being and ease, Energizing and thought-provoking, Up-lifting and cerebral thoughts, Increased focus, Promotes creativity and boosts your imagination.

**CBD-THC:** Indica has a higher CBD:THC ratio. CBD doesn't produce a psychoactive "high" and has an anti-nervous and anxiety effect.

**Effects of Treat:** "Couchlock" body high, Reduces nausea, Sleep aid, Fights depression, Relieves migraines and headaches, Relaxes muscles, relieves pain.

**BEST TIME TO USE**

Sativa: Day. Indica: Night.

**COMMONLY USED TO TREAT**

Mental and behavioral issues such as depression and ADHD. Stimulates hunger making it useful for patients suffering with anorexia or other forms of cancer. Chronic pain, muscle spasms & constant nausea. Specific diseases - Fibromyalgia, Multiple Sclerosis, or MS. Sleep aid for people with insomnia.

**HYBRIDS**

There are a wide range of strains mixed between Sativa and Indica. You can find 50/50 mixes which deliver a strong body and head high, or Indica/Sativa dominated mixes.

Follow us on Twitter @nirjainfogr. Ninja Intographic.

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# FOREST KNOLLS WELLNESS PATIENT REGISTRATION FORM

\_\_\_ Patient \_\_\_ Caregiver \_\_\_ Renewal

First Name: \_\_\_\_\_ Middle: \_\_\_\_\_ Last: \_\_\_\_\_

California Driver's License or ID Number: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Email Address: \_\_\_\_\_

Doctor Name: \_\_\_\_\_

Doctor Address: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Doctor Phone: \_\_\_\_\_ Doctor Fax: \_\_\_\_\_

Last Visit Date: \_\_\_\_\_ Recommendation Expires: \_\_\_\_\_

*I hereby authorize my treating doctor to release medical information regarding my diagnosis and condition to Forest Knolls Wellness. Forest Knolls Wellness agrees to maintain patient information as strictly confidential unless otherwise mandated by law.*

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

I understand and agree as follows:

I am a qualified medical cannabis patient under California Health and Safety Code 11362.7 *et. seq.* and Senate Bill 420. My doctor has recommended the use of medical marijuana to treat my medical conditions and has provided written documentation of such recommendation. My doctor will review my case on a yearly basis. Per the relevant sections of California law, I am able to legally possess, use, and cultivate cannabis collectively for medical purposes. I designate Forest Knolls Wellness as my care provider. I agree to follow all the rules and guidelines of the collective and to reasonably compensate and/or volunteer for other services and activities provided by the collective.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

*For Office Use Only*

Date and Time Verified: \_\_\_\_\_ Verified by: \_\_\_\_\_

Notes: \_\_\_\_\_

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

# **FOREST KNOLLS WELLNESS**

## **COLLECTIVE MEMBER CODE OF CONDUCT**

### **& MEMBERSHIP AGREEMENT**

Forest Knolls Wellness is a California nonprofit mutual benefit corporation established in accordance with Health & Safety Code § 11362.7 *et seq.* This collective operates in accordance with California state law and the guidelines of the Attorney General of the State of California.

As a member of the collective, I agree to the following Code of Conduct:

You must be at least 18 years old with a valid California Driver's License or valid California ID in order to become a member of our collective. Please have your ID available for presentation when accepting a delivery order and whenever asked.

You must have a currently valid doctor's recommendation for medical cannabis. Recommendations will be verified and must be renewed before they expire in order to place an order with our collective. I hereby declare that a licensed medical doctor recommended or approved my use of medical cannabis.

Use of medical cannabis while driving may result in charges of driving under the influence. Do not drive or operate heavy machinery while using medical cannabis.

You may not sell or redistribute your medicine to others.  
Please place your medicine out of sight and out of reach of children.  
Respect and show courtesy towards all staff, collective members, and your neighbors.

I confirm that I am legally able to use, possess, and cultivate cannabis for medical purposes. I understand that I am allowed to do so through safe and affordable access such as the type provided by Forest Knolls Wellness, and therefore, designate Forest Knolls Wellness as my care provider for this purpose. I also agree to pay all personal out-of-pocket expenses and reasonable compensation for Forest Knolls Wellness's member services.

I am a California resident and my personal medical cannabis will not be taken out of the State of California. I also agree that medical cannabis obtained from Forest Knolls Wellness shall not be shared, sold, bartered, traded, exchanged or delivered in any other means to any other person.

My contributions to Forest Knolls Wellness for and the prescribed medicinal products I may acquire from Forest Knolls Wellness are used to ensure the continued operation of Forest Knolls Wellness and that any said transaction in no way constitutes a commercial promotion or sale of any item.

I designate Forest Knolls Wellness and their representatives, as my agents for the limited purpose of assisting me in obtaining my legally prescribed medical cannabis. I understand that this means Forest Knolls Wellness will be required to purchase, possess, transport and distribute medical cannabis to me as prescribed by my physician and I grant them the limited authority to do so. I further authorize Forest Knolls Wellness to share their caregiver status of my person in order to enter into contracts to obtain and/or allow growth/preparation of medication and medicinal

edibles for my benefit.

I do now release, acquit, and forever discharge Forest Knolls Wellness from all actions, claims, demands, or damages accruing to me from any known or unknown injury, loss, or damage sustained by or to me. I further agree to indemnify and hold harmless Forest Knolls Wellness from any injuries or damages resulting from use or misuse of medical cannabis obtained from Forest Knolls Wellness.

I have read and understand the Membership Code of Conduct and Membership Agreement agree to abide by them. I agree to these rules and I understand that violation of this Agreement will result in immediate termination of my membership in the collective.

SIGNED: \_\_\_\_\_

PRINTED NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

# Part D. Site and Improvement Plans

## Proposed Location & Description

- Proposed Location. Forest Knolls Wellness dispensary will be centrally located in Marin County's San Geronimo Valley at 6700 Sir Francis Drake Boulevard in Forest Knolls, California.
- Property Description. APN: 168-131-23, described as follows: "Parcel Two, as shown upon that certain Parcel Map entitled, Parcel Map, Lands of Yerion, et al., being a portion of Lot 51 Lagunitas Tract Subdivision 9, Book 4 of Maps, page 81, San Geronimo, Marin County, California" filed for record February 26, 1976 in Volume 12 of Parcel Maps at Page 27, Marin County Records"

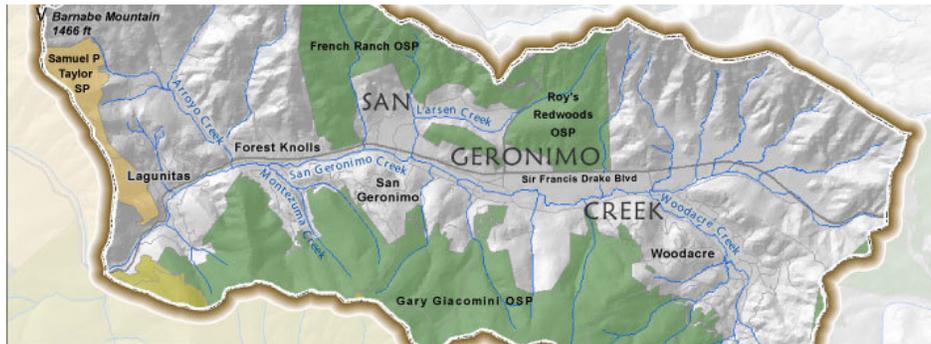
Zoning: The proposed location is located in MCD Zone B: Central Ave/West Marin/Forest Knolls and is zoned for VCR (Village commercial residential).

Countywide Plan Land Use Designation: NC (Neighborhood Commercial)

Community Place Area: San Geronimo Valley

County Plan Corridor: Inland-Rural

Septic: The parcel has its own septic system consisting of a 1500 gallon septic tank with leach field permitted by the County in 1994-95.



## Property Information

1. Property Owner . LBB3, LLC
2. Building Description . The property has two buildings currently used for commercial retail purposes described as “Building A” (1022 square feet) and “Building B” (2011 square feet). Building A is the proposed location for the dispensary as shown in the Site Plan submitted with this application.
3. Current Occupancy . The parcel has two buildings currently occupied by existing retail businesses. Building A is currently occupied by the Marin Community Farm Stand & CSA and leased by James Baum. Building B is currently occupied by Garageland and The Pump Espresso Bar and leased by Samantha Sachs. *See Site Plan.* Building A will be occupied by the dispensary, and the Marin Community Farm Stand & CSA will be relocated to share Building B with Garageland and The Pump Espresso Bar. *See Site Plan and Floor Plan* submitted with this Application. The goal is to minimize disruption to the existing businesses and displacement of the existing occupants, and to allow the existing businesses to continue to serve the community from Building B.

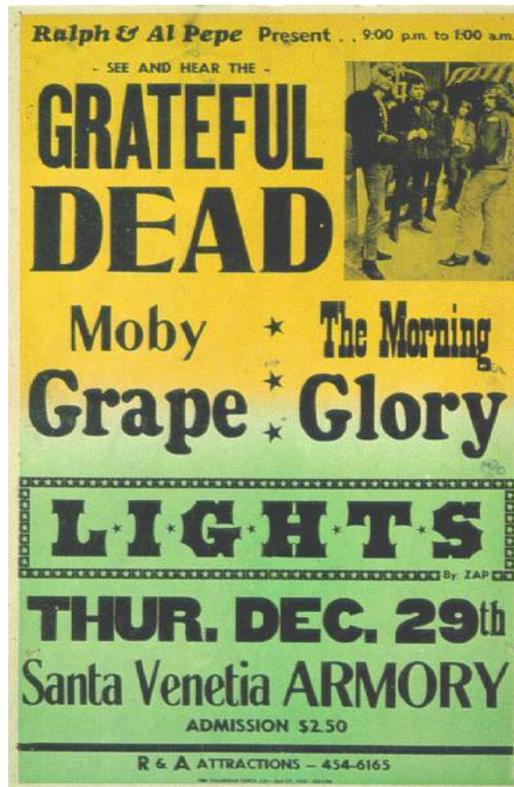
## Property History & Prior Uses

The intent of Forest Knolls Wellness is to preserve the history of the property and its heritage in the community. The current property owners have a long history in the San Geronimo Valley community. The property was purchased by the owners’ grandparents in the mid-40s and was used for many years as a truck stop, gas station, and café. The café operated until the early sixties and the gas station remained open until 1995. The property owners’ father operated a gas station in Building A and auto shop in Building B – serving as the mechanic for many of the valley’s residents, tourists, famous artists and

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musicians (such as Janis Joplin and Jerry Garcia to name a couple). A full history of the different uses of and community involvement with the property is attached to this application as Attachment 15. Forest Knolls Wellness plans to integrate this history into its operations and continue to build strong personal connections with the SGV community members so as to continue the property's legacy as the "Hub" of the Valley.



## Site Compliance with Ordinance No. 3639

6700 Sir Francis Drake Blvd. is located in the unincorporated area of Marin County in MCD Zone B: (Central Ave/West Marin/Forest Knolls- and is zoned for commercial use within the VCR (Village commercial residential) zoning district. The proposed property thereby meets the zoning and land use requirements for a Medical Cannabis Dispensary as set forth in Marin Municipal Code § 3639. In

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accordance with Ordinance No. 3369, there are no youth-oriented facilities, schools, or smoke shops or another dispensary within 800 feet of the proposed site (*see Neighborhood Context Map*). The proposed dispensary is located in the highly visible commercial corridor on Sir Francis Drake Boulevard. Building provides good views of the dispensary entrance, windows, and premises from Sir Francis Drake Boulevard in compliance with Section 6.85.040(B) of Ordinance No. 3639. *See also Site Plan and Floor Plan.*

The tenant improvement plan for build-out for use as a dispensary complies with Ordinance No. 3696 by: 1) adding additional security features such as locked and alarmed security gates, 2) secure windows, 3) adding additional lighting to increase security of the building including its entrance and its exterior areas, 4) build out of a lobby waiting area at the entrance to receive and verify patient members; and 4) build out of a separate and a secure medication dispensation area that may not be accessed by patients until the patient is verified by a registration clerk as a qualified patient member. *See Floor Plan and Lighting Plan.*

The proposed dispensary project is consistent with the Marin General Plan and the San Geronimo Valley Community Plan because: 1) the property is currently zoned for commercial/retail and the dispensary is located within an existing commercial building in the downtown village area; 2) no exterior physical improvements to the site are proposed, and therefore, no adverse physical impacts to the environment are anticipated; 3) the project will not adversely impact traffic or circulation because the on-site parking has been modified so that there is available square footage on the property that can be further modified for additional parking; and (4) adequate water and sanitary sewage disposal facilities are available for the project.

## Additional Property Considerations

- Consent from Property Owner.

Forest Knolls Wellness has obtained the consent of the property owners of 6700 Sir Francis Drake Boulevard to lease Building A for use as a medical cannabis dispensary. The application's required consent form has been executed by LBB3, LLC's managing member and is attached hereto.

- Additional Property Considerations.

Forest Knolls Wellness will use its best efforts to mitigate its environmental impacts on the Forest Knolls community. A staff person will be designated as the Community Relations Liaison to address and mitigate the community's concerns regarding the dispensary's impacts on the neighborhood's noise, traffic, litter, etc.

The property owner has identified a potential issue that may need to be addressed during the permitting process. The property owner has disclosed that an area in the front of the property has been used as a bus stop to drop off and pick up children going to and from school and by the Marin Transit Bus. The location was never formally designated through the Zoning or Planning Departments, rather the property owner's father granted verbal permission to use the location as a bus stop. As part of mitigating the impact of the bus stop at this location, Forest Knolls Wellness will commit to assist with relocation of bus stop to a more secure location at least 1000 feet away from the dispensary. The property owner has indicated that there is an alternate and preferable location for the bus stop that is more than 1500 feet away from the dispensary, thereby mitigating any impact this change should have on the community.

## Improvement Plans

### Tenant Improvement Plan

Modifications will be made to the interior of Building A to ensure that the property is suitable for use as dispensary and complies with the security and other legal requirements under Ordinance No. 3639. *See* Floor and Lighting Plan. The permits required, construction costs and schedule for tenant improvements are set forth in Part B, Project Narrative and Business Plan section of this Application.

- Floor Plan: The tenant improvements to the interior of Building A will involve minor modifications to make the building suitable for use as a medical cannabis dispensary in accordance with the specifications set forth in Ordinance No. 3639. This includes building out a separate patient lobby area staffed by a registration clerk to verify patient recommendations and register patients as members of the collective. A separate room secured by a locked gate will be built-out to serve as the medication dispensation room that can only be accessed by patients after the registration clerk has verified the patient's medical recommendation. The storage room will be modified to serve as a locked room to store medical cannabis products in safes with secure access by staff only. A fourth room with secured access by staff only will be build out to store safes containing cash and locked filing cabinets containing patient records *See* Floor Plan.
- Lighting & Fencing Plan: Additional lighting will be added to both the interior and exterior of Building A as well as the parking area to provide additional security for the premises. The proposed lighting modifications to the dispensary and its vicinity involve installation of new exterior soffit mounted 1.5 footcandles and interior ceiling mounted LED illumination subject to County Planning approval. The proposed lighting and fencing modifications to the parking lot area involve illumination of 1.0 footcandles added to the exterior of the building and a secure fence mounted with non-invasive LED flood lighting installed subject to County Planning approval. *See* Lighting Plan.

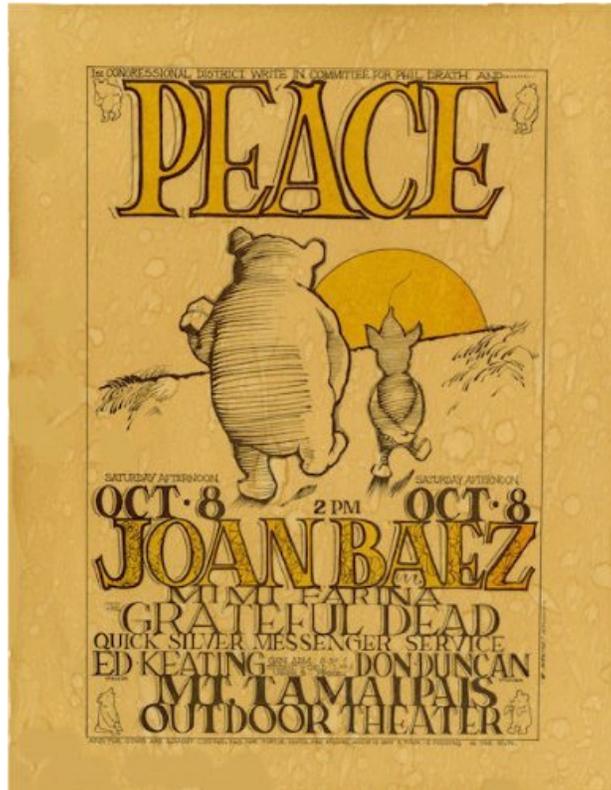
- Security: The tenant improvements will involve increased security to the premises by adding secure windows to the front, right side and back of the building, installing decorative security fencing and a secured, alarmed gate at the entrance of the building, and adding decorative secure fencing to the right side of the building near the bathrooms. A secure gate and additional secure fencing will be added to the back left side of the building. The interior of the building will be secured by the addition of five secured doors that will restrict entrance to areas where medical cannabis products are stored and distributed.
- Parking: The proposed site currently has 12 parking spaces. Forest Knolls Wellness tenant improvements will involve adding one additional ADA van-accessible parking space for a total of 13 parking spaces 2 of which will be designated ADA, subject to County Planning approval. *See Site Plan.*
- Public Transportation: 6700 Sir Francis Drake Boulevard in Forest Knolls is served by Marin Transit, West Marin Stagecoach Route 68: <http://www.marintransit.org/routes/68.html>.
- Restrooms: The existing two restrooms at the proposed location will not be open to the public and are provided for use by Forest Knolls Wellness staff and the tenants of Building B. The existing restrooms will be modified for ADA Accessibility requirements including installing an ADA accessible ramp to the entry of the restrooms as well as modifying the interior of the restrooms to comply with ADA requirements.
- ADA Accessibility: In addition to upgrading the existing restrooms, the interior of Building A will be modified with a four inch floor level change to add a separate entrance with ADA accessible ramps to the medication dispensation area to ensure that disabled patients can access the counter to obtain their medicine. Ample pathways exist throughout the interior and exterior of the building to ensure a wheelchair can safely pass through the premises. Three feet of the counter in the medication dispensation area has been designated for use by disabled patients with a display area of at least 36 inches left to right. The front approach to the ADA accessible part of the counter is 30 inches by 49 inches deep with 2.8-2.10 feet of ample knee space to accommodate a wheelchair.
- Odor Control: A carbon filter system will be installed in the interior of the dispensary to control odors resulting from on-site storage and handling of medical cannabis products. Additional outdoor landscaping such as the planting of lavender will also be utilized to further reduce odor.

# Part F. Public Benefits Plan

## Plan Overview

1. Overview : As a prospective provider of medical cannabis in West Marin, Forest Knolls Wellness recognizes this unique opportunity to share with a local community that has a tradition of embracing alternative forms of healthcare and medicine including use of cannabis to treat illnesses. Forest Knolls Wellness was envisioned not just as a business, but as a platform to extend support for the myriad of alternative healing practices such as yoga, meditation, massage, and other forms of healing arts.
2. Local Ownership : As a non-profit mutual benefit corporation, the collective is not owned by an individual or entity, but rather is governed by a Board of Directors. The current Board of Forest Knolls Wellness is comprised of 3 directors, Kip Baldwin, Linda Delair, and Brian Hilliard. Kip Baldwin is currently a resident of San Rafael, California and Linda Delair is currently a resident of San Rafael, California. Since two-thirds of Forest Knolls Wellness' Board of Directors is comprised of Marin County residents, the collective has demonstrated its commitment to retaining local "ownership" of the dispensary in Marin as permitted under existing laws.
3. Local Hiring : Forest Knolls Wellness intends to hire as many local residents as possible for employment positions within the dispensary. The collective strongly believes in supporting and sustaining local economies through hiring of local community residents whenever possible including hiring under-represented individuals such as the disabled.
4. Compensation Policies : Good will starts with taking care of our staff members. In accordance with Marin County's living wage ordinance which requires County contractors and subcontractors to provide their employees with at wages of at least \$11.70 per hour with health benefits, Forest Knolls Wellness will compensate their staff starting at \$15.00 dollars per hour plus benefits.
5. Union Organizing : Forest Knolls Wellness will not interfere with any attempts by its employees or staff to unionize.
6. Community Relations Liaison : As an integral part of facilitating the public benefits plan, a dedicated community relations liaison will be responsible for facilitating the exchange of all concerns, complaints, ideas and observations (crime, traffic, children, noise, parking, etc.) between Forest Knolls Wellness staff and members of the local community. Dynamic information exchange, and active, responsive listening can ensure that local community stakeholders are integrated into dispensary activities which affect them.

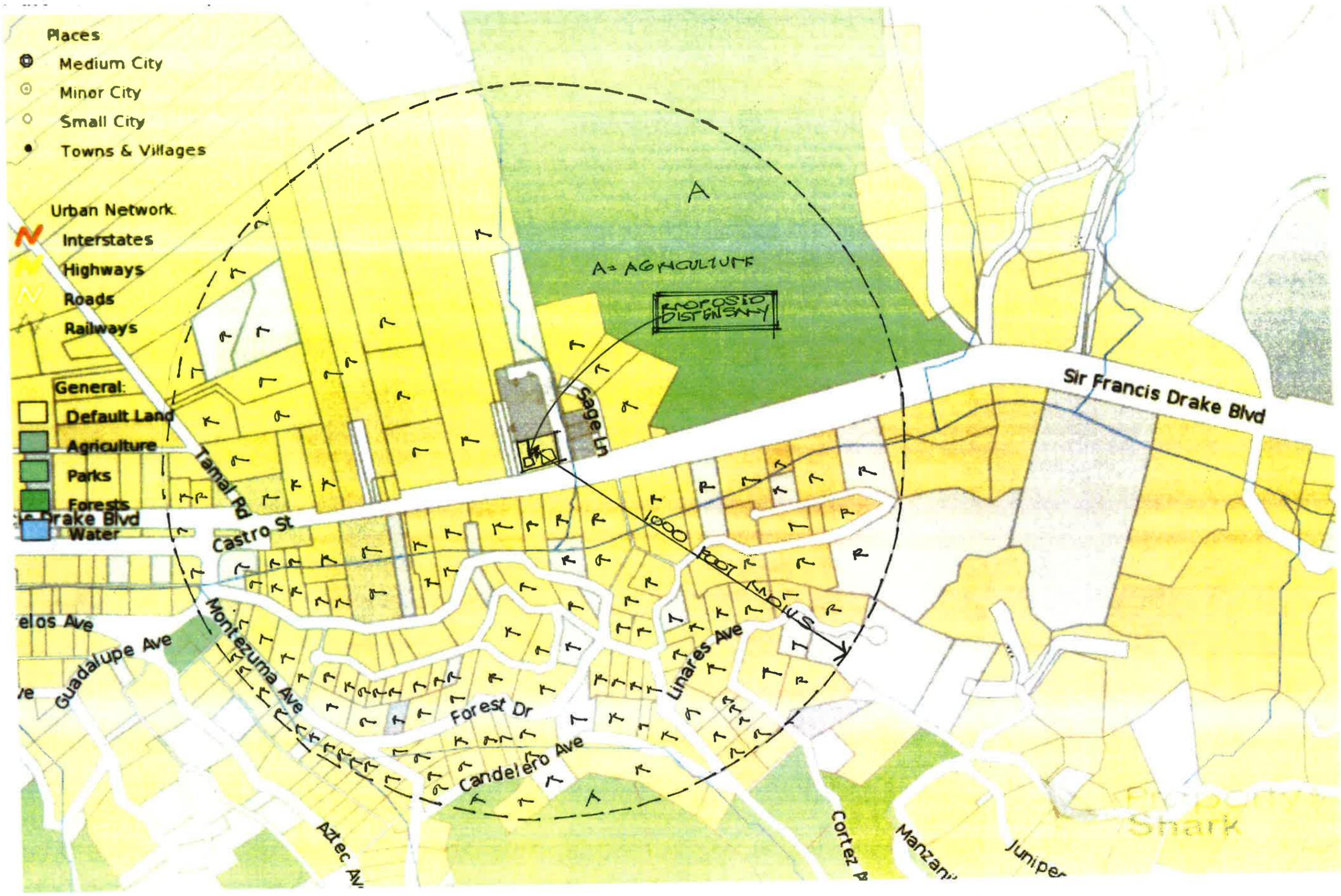
7. Alliances with and Support of Local Non Profits : Forest Knolls Wellness intends to form alliances with local nonprofits and health care/wellness facilities. A percentage of profit will be donated amongst local charities including, SGV food coop and food drive, Valley Toys and Joys, the SGV emergency fund and West Marin Senior Services. As a provider of cannabis medicine, we wish to form long lasting relationships with local agencies which improve the mental, spiritual, and physical well-being of local residents. Veteran's Cannabis Group in Marin would be an ideal organization to work with as would Taps (Tina Action Programs), a local group working with cancer patients, dove-tailing with the immense proven benefits of cannabis as an adjunct to the treatment of cancer. Additionally, Forest Knolls Wellness recognizes the benefits of healing modalities like Yoga, tai chi chuan, massage, nutrition, fresh organic gardening and meditation and plans to offer classes and activities related to these modalities.
8. Alternative Treatment Programs : Forest Knolls Wellness will develop a system to refer patient members to local health practitioners and organizations like Spirit Rock Meditation Center as well as substance abuse centers like Serenity Knolls and Marin Health and Human Service's Substance Use Services.
9. Reduced Pricing Plan & Delivery Service : At Forest Knolls Wellness, reduced pricing plans will be established for local resident patients, low income patients, military veteran patients, and terminally ill patients (10%). Forest Knolls Wellness recognizes that in rural Marin County, some disabled, low income or senior patient members may not be able to drive or take public transportation to the dispensary in Forest Knolls. The dispensary plans to use a licensed van to deliver medical cannabis to local disabled, seniors, and low income patients once a week- free of charge to patients who qualify for the program.
10. Environmentally-Friendly Practices : The dispensary will also implement environmentally friendly business and operational practices including recycling, water efficiency, solar- tech and make the best efforts to obtain Green Business Certification from the county by:
  - Demonstrating continuous compliance with applicable environmental regulations
  - Conserving energy, water, and other materials
  - Implementing sound environmental practices that prevent pollution and waste generation
  - Sharing environmentally responsible practices with other businesses in our community
  - Using hemp-based and other eco-friendly building materials whenever possible



Poster Artist: Stanley Mouse

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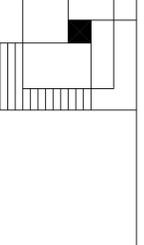
R= RESIDENTIAL  
 A= AGRICULTURAL



# NEIGHBORHOOD CONTEXT MAP

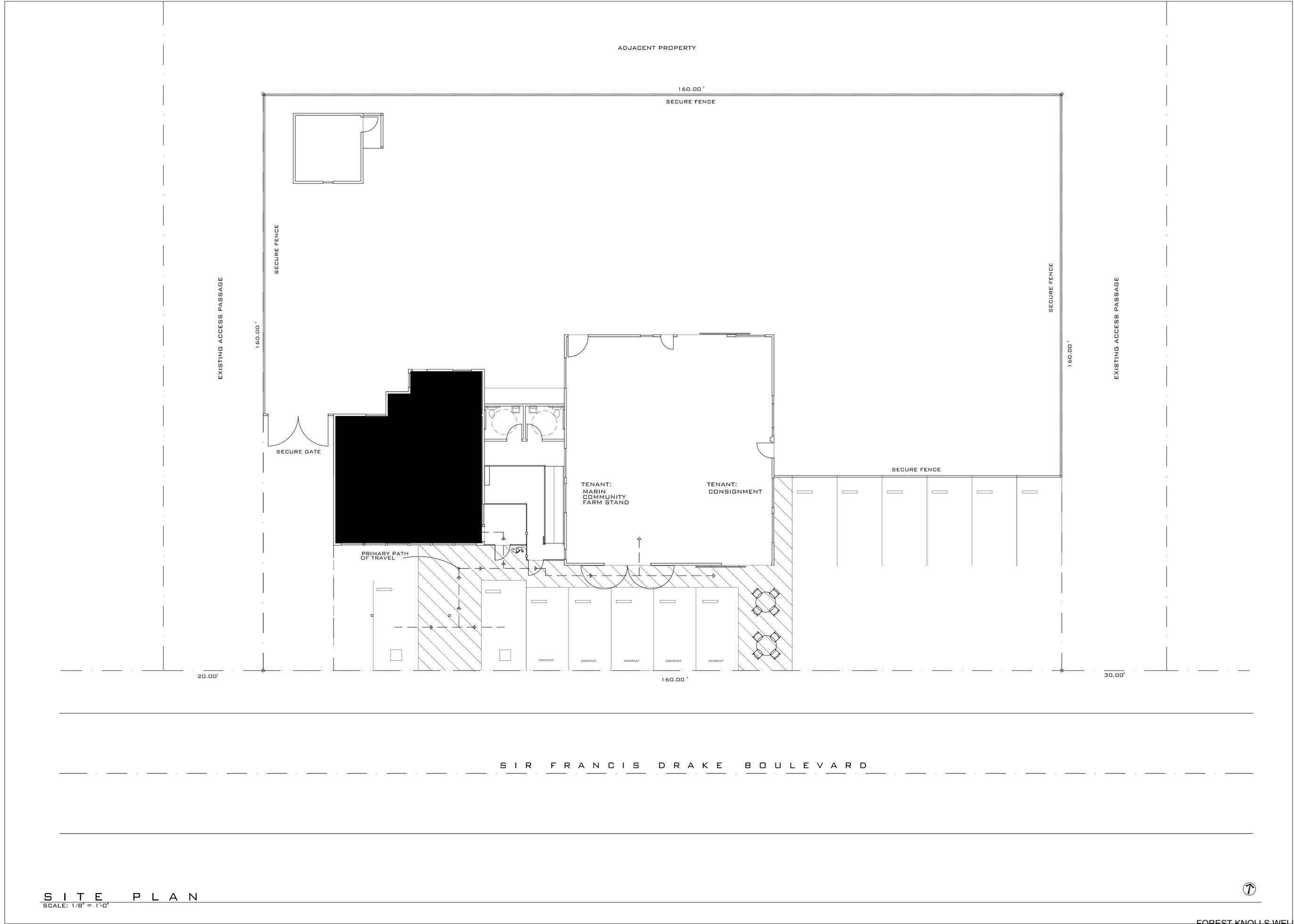
REVISION	BY

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**FOREST KNOLLS WELLNESS**  
**A MEDICAL CANNABIS DISPENSARY**  
 6700 SIR FRANCIS DRAKE BLVD  
 FOREST KNOLLS, CALIFORNIA

DATE	JULY 20, 2016
SCALE	AS NOTED
DRAWN	HSC
JOB NO	1603
SHEET	<b>1</b>

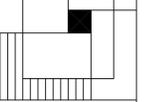


**S I T E P L A N**  
 SCALE: 1/8" = 1'-0"



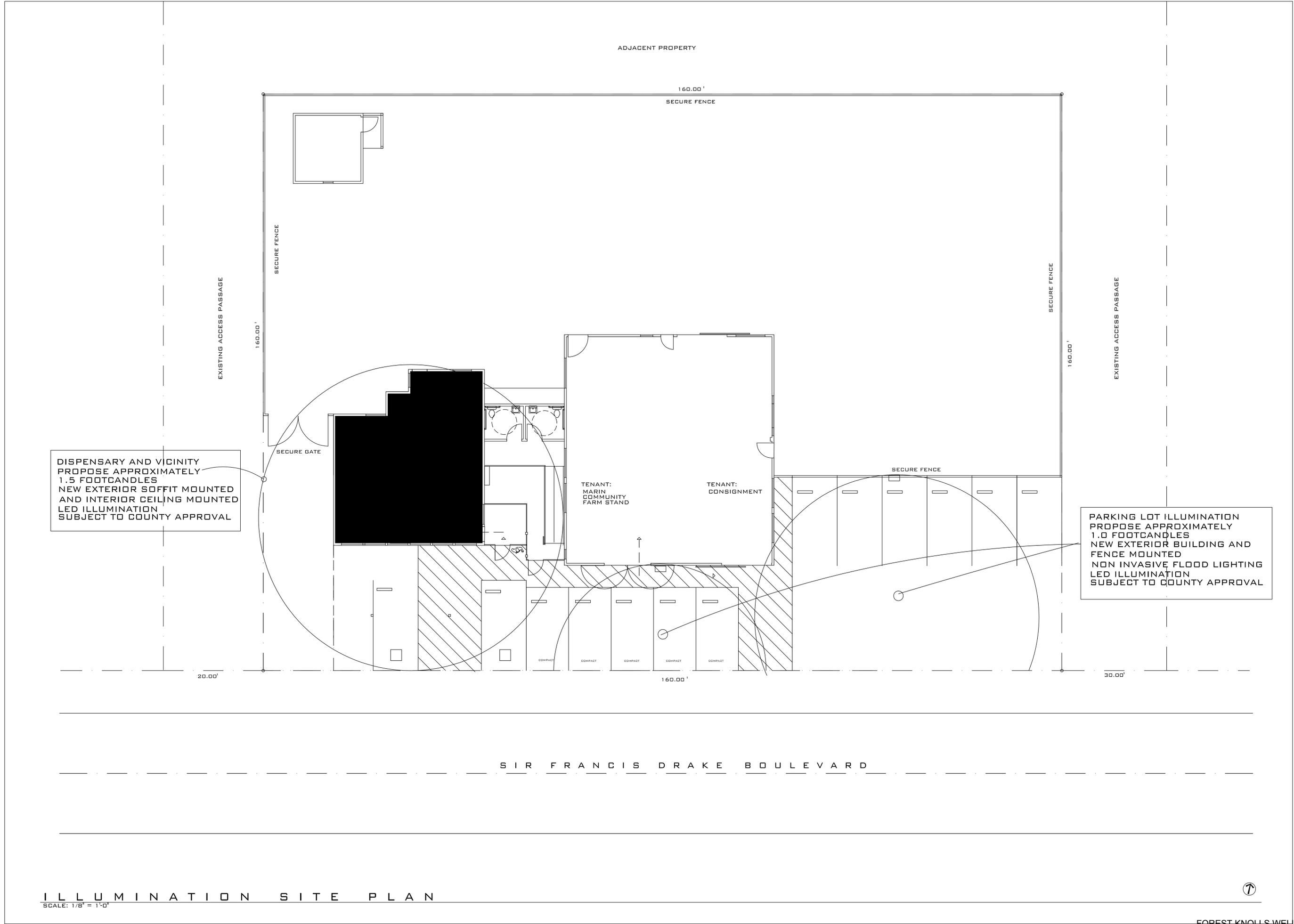
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SCALE	AS NOTED
DRAWN	HSC
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SHEET	3



DISPENSARY AND VICINITY  
 PROPOSE APPROXIMATELY  
 1.5 FOOTCANDLES  
 NEW EXTERIOR SOFFIT MOUNTED  
 AND INTERIOR CEILING MOUNTED  
 LED ILLUMINATION  
 SUBJECT TO COUNTY APPROVAL

PARKING LOT ILLUMINATION  
 PROPOSE APPROXIMATELY  
 1.0 FOOTCANDLES  
 NEW EXTERIOR BUILDING AND  
 FENCE MOUNTED  
 NON INVASIVE FLOOD LIGHTING  
 LED ILLUMINATION  
 SUBJECT TO COUNTY APPROVAL