



Massachusetts Cannabis Control Commission

Marijuana Cultivator

| General Information: | | | |
|-----------------------|------------|--|--|
| License Number: | MC283840 | | |
| Original Issued Date: | 02/08/2024 | | |
| Issued Date: | 02/08/2024 | | |
| Expiration Date: | 02/08/2025 | | |

ABOUT THE MARIJUANA ESTABLISHMENT

| Business Legal Name: Faded Flowers LLC | | | | |
|---|--------------------|-----------------------------|--|--|
| Phone Number: 210-858-5850 Email Address: management@FadedFlowersMA.com | | | | |
| Business Address 1: 18 Baystate Drive/ 1 Baystate Drive Business Address 2: | | | | |
| Business City: Chester | Business State: MA | Business Zip Code: 01085 | | |
| Mailing Address 1: 98 E Main St | | Mailing Address 2: Fl 1Frnt | | |
| Mailing City: Milford | Mailing State: MA | Mailing Zip Code: 01757 | | |

CERTIFIED DISADVANTAGED BUSINESS ENTERPRISES (DBES)

Certified Disadvantaged Business Enterprises (DBEs): Veteran-Owned Business, Disability-Owned Business

PRIORITY APPLICANT

Priority Applicant: no Priority Applicant Type: Not a Priority Applicant Economic Empowerment Applicant Certification Number: RMD Priority Certification Number:

RMD INFORMATION

Name of RMD:

Department of Public Health RMD Registration Number:

Operational and Registration Status:

To your knowledge, is the existing RMD certificate of registration in good standing?:

If no, describe the circumstances below:

PERSONS WITH DIRECT OR INDIRECT AUTHORITY Person with Direct or Indirect Authority 1

| Percentage Of Ownership: 51 | Percentage Of Control: 51 | |
|-----------------------------|---------------------------|---------|
| Role: Owner / Partner | Other Role: | |
| First Name: Raymond | Last Name: Shehata | Suffix: |
| Gender: Male | User Defined | Gender: |

Date generated: 03/05/2024

What is this person's race or ethnicity?: Decline to Answer

Specify Race or Ethnicity:

Person with Direct or Indirect Authority 2

| Percentage Of Ownership: 35.5 | 5 Percentage Of Control: 49 | |
|-------------------------------|-----------------------------|---------|
| Role: Owner / Partner | Other Role: | |
| First Name: Sherif | Last Name: Osman | Suffix: |

User Defined Gender:

What is this person's race or ethnicity?: Decline to Answer

Specify Race or Ethnicity:

Gender: Male

ENTITIES WITH DIRECT OR INDIRECT AUTHORITY No records found

CLOSE ASSOCIATES AND MEMBERS No records found

CAPITAL RESOURCES - INDIVIDUALS Individual Contributing Capital 1

First Name: Ahmed Last Name: Metwally Suffix:

Types of Capital: Monetary/Equity Other Type of Capital: Total Value of the Capital Provided: \$25000 Percentage of Initial Capital: 16.5

Capital Attestation: Yes

CAPITAL RESOURCES - ENTITIES No records found

BUSINESS INTERESTS IN OTHER STATES OR COUNTRIES No records found

DISCLOSURE OF INDIVIDUAL INTERESTS No records found

MARIJUANA ESTABLISHMENT PROPERTY DETAILS

Establishment Address 1: 18 Baystate Drive

Establishment Address 2:

Establishment City: Chester

Establishment Zip Code: 01011

Approximate square footage of the Establishment: 12000

Have all property abutters have been notified of the intent to open a Marijuana Establishment at this address?: Yes

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Cultivation Tier:
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Cultivation Environment:

How many abutters does this property have?: 5

FEE QUESTIONS

Cultivation Tier: Tier 01: up to 5,000 square feet Cultivation Environment: Indoor

HOST COMMUNITY INFORMATION Host Community Documentation:

Document Category Document Name Type ID Upload Plan to Remain Compliant with Local Plan to remain compliant w local pdf 64a5cba52c0fbe0008f4c649 07/05/2023 Zoning zoning.pdf Ventor Ventor Ventor Ventor

| Community Outreach Meeting | Req 3 Ad Papers and flyer.pdf | pdf | 65415bcbd70a980008f286d9 | 10/31/2023 |
|---------------------------------|-------------------------------|-----|--------------------------|------------|
| Documentation | | | | |
| Community Outreach Meeting | Req 5 Abbuters List.pdf | pdf | 65415bd656bf530007db66d0 | 10/31/2023 |
| Documentation | | | | |
| Certification of Host Community | Req 4 HCA.pdf | pdf | 654213ef56bf530007dbbb7e | 11/01/2023 |
| Agreement | | | | |
| Community Outreach Meeting | Community outreach | pdf | 654c08c205d57d0007dd21a0 | 11/08/2023 |
| Documentation | documentation.pdf | | | |
| Community Outreach Meeting | Attachment A.pdf | pdf | 657343a44a8d510008a33168 | 12/08/2023 |
| Documentation | | | | |
| Community Outreach Meeting | Attachment B.pdf | pdf | 657343a84a8d510008a33199 | 12/08/2023 |
| Documentation | | | | |
| Community Outreach Meeting | Attachment C.pdf | pdf | 657343ab4a8d510008a331b0 | 12/08/2023 |
| Documentation | | | | |
| Community Outreach Meeting | HCA Attestation Form.pdf | pdf | 657345ba3ba7850007635087 | 12/08/2023 |
| Documentation | | | | |

Total amount of financial benefits accruing to the municipality as a result of the host community agreement. If the total amount is zero, please enter zero and provide documentation explaining this number.: \$

POSITIVE IMPACT PLAN

| Positive | Impact | Plan: |
|----------|--------|-------|
|----------|--------|-------|

| Document Category | Document Name | Туре | ID | Upload Date |
|--------------------------|------------------------|------|--------------------------|-------------|
| Other | New England Letter.pdf | pdf | 6556875de1e2b90008b47ab3 | 11/16/2023 |
| Plan for Positive Impact | FF PIP.pdf | pdf | 65568772e1e2b90008b47acd | 11/16/2023 |

ADDITIONAL INFORMATION NOTIFICATION

Notification:

| INDIVIDUAL BACKGROUND INFORMATION Individual Background Information 1 | | |
|--|-----------------------|-----------|
| Role: Owner / Partner | Other Role: Operation | n Manager |
| First Name: Raymond | Last Name: Shehata | Suffix: |
| RMD Association: Not associated with an RMD | | |
| Background Question: no | | |
| Individual Background Information 2 | | |
| Role: Owner / Partner | Other Role: Business | Manager |
| First Name: Sherif | Last Name: Osman | Suffix: |
| RMD Association: Not associated with an RMD | | |
| Background Question: no | | |
| | | |
| ENTITY BACKGROUND CHECK INFORMATION No records found | | |

| Document Category | Document Name | Туре | ID | Upload |
|---|--|------|--------------------------|------------|
| | | | | Date |
| Articles of Organization | Articles of Organization.pdf | pdf | 64a5cc762c0fbe0008f4c994 | 07/05/2023 |
| DUA attestation if no employees | Attestation as to DUA Registration.pdf | pdf | 64a5cc91d0035700080adfdd | 07/05/2023 |
| Secretary of Commonwealth - Certificate | State cert.pdf | pdf | 64c131cce317fe0008eed06d | 07/26/2023 |
| of Good Standing | | | | |
| Bylaws | 4- Faded Flowers LLC Operating | pdf | 654c0c8956bf530007e3a642 | 11/08/2023 |
| | Agreement EX A.pdf | | | |
| Articles of Organization | 5- Faded Flowers Certificate of | pdf | 654c0d1c56bf530007e3a8c2 | 11/08/2023 |
| | Organization EX B.pdf | | | |
| | | | | |

No documents uploaded

Massachusetts Business Identification Number: 001515931

Doing-Business-As Name: Faded Flowers

DBA Registration City: Westfield

BUSINESS PLAN

Business Plan Documentation:

| Document Category | Document Name | Туре | ID | Upload Date |
|------------------------------|---|------|--------------------------|-------------|
| Business Plan | 1 Faded Flowers LLC Feasibility Study.pdf | pdf | 6400deff3a44570008a27b0d | 03/02/2023 |
| Plan for Liability Insurance | FF Plan to obtain liability insurance.pdf | pdf | 640a19d13a44570008aad7d1 | 03/09/2023 |
| Business Plan | Attestation as to Logo.pdf | pdf | 64a5d01cd0035700080ae9f2 | 07/05/2023 |
| Proposed Timeline | Timeline.pdf | pdf | 6544aad905d57d0007d7763b | 11/03/2023 |

OPERATING POLICIES AND PROCEDURES Policies and Procedures Documentation:

| Document Category | Document Name | Туре | ID | Upload Date |
|--|---|------|--------------------------|----------------|
| Security plan | Security Plan.pdf | pdf | 64a5cd66d0035700080ae09e | 07/05/2023 |
| Storage of marijuana | Storage Plan.pdf | pdf | 64a5cd93d0035700080ae102 | 07/05/2023 |
| Transportation of marijuana | Transportation Plan.pdf | pdf | 64a5cdcfd0035700080ae185 | 07/05/2023 |
| Energy Compliance Plan | Energy Plan.pdf | pdf | 64a5cdf92c0fbe0008f4cb80 | 07/05/2023 |
| Inventory procedures | Inventory procedures.pdf | pdf | 64a5ce2f2c0fbe0008f4cbcc | 07/05/2023 |
| Prevention of diversion | Prevention of Diversion.pdf | pdf | 64a5ce6a2c0fbe0008f4cc2a | 07/05/2023 |
| Restricting Access to age 21 and older | Prevention of Diversion.pdf | pdf | 64a5ce8bd0035700080ae31b | 07/05/2023 |
| Quality control and testing | Quality Control and Testing.pdf | pdf | 64a5cebcd0035700080ae4a7 | 07/05/2023 |
| Personnel policies including background checks | Personnel Policies.pdf | pdf | 64a5cede2c0fbe0008f4cdfe | 07/05/2023 |
| Record Keeping procedures | Recordkeeping procedures.pdf | pdf | 64a5cf09d0035700080ae55e | 07/05/2023 |
| Maintaining of financial records | Maintenance of Financial Records.pdf | pdf | 64a5cf39d0035700080ae726 | 07/05/2023 |
| Qualifications and training | Qualifications and Trainings.pdf | pdf | 64a5cf732c0fbe0008f4cef9 | 07/05/2023 |

| Policies and Procedures for cultivating. | 4. Cultivation plan updated.pdf | pdf | 64c1323acabc87000721ecfe | 07/26/2023 |
|--|---------------------------------|-----|--------------------------|------------|
| Diversity plan | 3. Diversity Plan.pdf | pdf | 654c0e9b05d57d0007dd2c71 | 11/08/2023 |

ATTESTATIONS

I certify that no additional entities or individuals meeting the requirement set forth in 935 CMR 500.101(1)(b)(1) or 935 CMR 500.101(2)(c)(1) have been omitted by the applicant from any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.: | Agree

I understand that the regulations stated above require an applicant for licensure to list all executives, managers, persons or entities having direct or indirect authority over the management, policies, security operations or cultivation operations of the Marijuana Establishment; close associates and members of the applicant, if any; and a list of all persons or entities contributing 10% or more of the initial capital to operate the Marijuana Establishment including capital that is in the form of land or buildings.: | Agree

I certify that any entities who are required to be listed by the regulations above do not include any omitted individuals, who by themselves, would be required to be listed individually in any marijuana establishment application(s) for licensure submitted to the Cannabis Control Commission.: | Agree

Notification:

I certify that any changes in ownership or control, location, or name will be made pursuant to a separate process, as required under 935 CMR 500.104(1), and none of those changes have occurred in this application.:

I certify that to the best knowledge of any of the individuals listed within this application, there are no background events that have arisen since the issuance of the establishment's final license that would raise suitability issues in accordance with 935 CMR 500.801.:

I certify that all information contained within this renewal application is complete and true.:

ADDITIONAL INFORMATION NOTIFICATION

Notifcation:

COMPLIANCE WITH POSITIVE IMPACT PLAN - PRE FEBRUARY 27, 2024 No records found

COMPLIANCE WITH DIVERSITY PLAN No records found

HOURS OF OPERATION

| Monday From: 9:00 AM | Monday To: 5:00 PM |
|-------------------------|-----------------------|
| Tuesday From: 9:00 AM | Tuesday To: 5:00 PM |
| Wednesday From: 9:00 AM | Wednesday To: 5:00 PM |
| Thursday From: 9:00 AM | Thursday To: 5:00 PM |
| Friday From: 9:00 AM | Friday To: 5:00 PM |
| Saturday From: 9:00 AM | Saturday To: 5:00 PM |
| Sunday From: 9:00 AM | Sunday To: 5:00 PM |

AMENDED AND RESTATED

PLAN TO REMAIN COMPLIANT WITH LOCAL ZONING

To ensure compliance with local zoning, the Company has been meeting with the Town of Chester, MA Planning Board (its special permit granting authority) since November of 2022, and have been in regular communication with the Town of Chester's manager, via its administrator Donald Humason, and general counsel since the same time. The Company has presented all of its plans both in its formal Outreach Hearings and the regular meetings of the Town of Chester's Board of Selectmen since the same time. Our location at 18 Baystate Drive is in the Town of Chester Marijuana Overlay District as described in the Town of Chester's Zoning Bylaws, confirmed by our Special Permit grant. The Company does not conduct any of the operations that are forbidden by the General Bylaws of the Town of Chester. The Company has already obtained all required variances and approvals from the Board of Selectmen (which is the special permit granting authority in the Town of Chester for cannabis-related businesses). The Company has also made the proper disclosures to the Town of Chester Chief of Police regarding the location, floor plan, security, and other necessary matters related to the Company's facility. The Company will remain compliant with its zoning requirements through continuing communication with town officials, including zoning officials and the Town of Chester's special permit granting authority, to ensure that your facility remains compliant with all local zoning and licensing requirements.



FADED FLOWERS

CANNABIS CULTIVATOR BUSINESS COMING TO CHESTER

COMMUNITY OUTREACH EVENT

EMERY PARK

Emery Street, Chester, MA 01011 COMMUNITY OUTREACH EVENT August 22nd, 2023, 6:30 PM

> You are invited by Faded Flowers founders to our Community Outreach Event. www.FadedFlowersMA.com

> > We would like to hear from you and answer all your questions

WWW.MASSLIVE.COM/WESTFIELDNEWS



itter Cleaning; 50% off Window Cleaning III Bob 413-896-6442. FULLY INSURE ww.windowcleanup.com

Dental insurance - Physicians Mutual Insur-ance Company. Covers 350 procedures. Real insurance - not a discount plan. Get your free dental info kitt 1-855-26-1060 www.dental50plus.com/ads #6258

mattshomeimprovement247 @gmail.com

ent columns, foundation repairs s, barns. Small jobs welcome. 413-667-3149

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Also buying standing timber (413)301-5229 or (860)463-6519

<u>te</u> and

2 Old Guys & A Dump Truck Spring cleanup, re-seeding, aeration, pruning, trimming, mulch, stone, sod installation, bob-cat services. Free Estimates. Call or email us at (413)530-6615: 2oldguys2020@gmail.com

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413-551-9653

MASONRY

MASONRY AND CHIMNEY REPAIR Stucco/Repointing/Small Chimney Repairs/Rebuilds Call or Text Chris 413-977-9041

Dear Annie By Annie Lane

Woman annoyed by incessant chatter

<text><text><text><text><text><text><text><text><text><text><text>



When greasing pans, forgo use of plastic bags

Area Helvise: Some readers of your distance of the standard of t

Dear Heloise: Some readers of your the reader who is on a low-sodium diet.

VACATION MEMORIES

grid so every row, column and 3 x 3

1 to 9 inclusively.









Faded Flowers Abutters List

| Property Address | Owner Address | Owner City | Owner State | Owner Zip |
|------------------|----------------------|--------------|-------------|-----------|
| 101 EMERY ST | 115 WILLOW ST | FLORENCE | MA | 01062 |
| 50 BAY STATE DR | P O BOX 201 | CHESTER | MA | 01011 |
| 0 BAY STATE DR | 1505 CONEY ISLAND AV | BROOKLYN | NY | 11230 |
| 12 BAY STATE DR | P O BOX 29 | WHITINSVILLE | MA | 01588 |
| 0 BAY STATE DR | P O BOX 241 | CHESTER | MA | 01011 |
| 0 EMERY ST | 110 HOMESTEAD AVE | RUSSELL | MA | 01071 |

Sherif Osman B. Manager Faded Flowers

Abutters list registered mail recipts has been verified and approved.

Signature Donald F. Humason, J. Chester Town Administra-Signed by Don Humason Date: 8/ /2023 7.0

Town of Chester

323 8



Host Community Agreement Certification Form

Instructions

Certification of a host community agreement is a requirement of the application to become a Marijuana Establishment (ME) and Medical Marijuana Treatment Center (MTC). Applicants must complete items 1-3. The contracting authority for the municipality must complete items 4-8. Failure to complete a section will result in the application not being deemed complete. This form should be completed and uploaded into your application. Please note that submission of information that is "misleading, incorrect, false, or fraudulent" is grounds for denial of an application for a license pursuant to 935 CMR 500.400(2) and 501.400(2).

Certification

The parties listed below do certify that the applicant and municipality have executed a host community agreement on the specified date below pursuant to G.L. c. 94G § 3(d):

1 Name of applicant:

Faded Flowers LLC 2 Name of applicant's authorized representative: Sherif Osman Signature of applicant's authorized representative: 3. 4. Name of municipality: Chester, MA 5. Name of municipality's contracting authority or authorized representative: Onal imason, own 1

(774) 415-9200 | MassCannabisControl Com | Commission @CCCMass Com

The second s

6. Signature of municipality's contracting authority or authorized representative:

mald mason,

7. Email address of contracting authority or authorized representative of the municipality (this email address may be used to send municipal notices pursuant to 935 CMR 500.102(1) and 501.102(1).):

C

2

TownAdministrator@townofchester.net

8. Host community agreement execution date:

222 2023

RE: Emery Park pavilion use

From: Jessica Sakaske (jsakaske@live.com)

- To: townadministrator@townofchester.net
- Cc: kevin.koszarek@fadedflowersma.com; sherif.osman@fadedflowersma.com

Date: Wednesday, August 2, 2023 at 01:22 PM EDT

Hi all,

It's available to use.

Kevin and Sherif, Thank you for your interest in Emery. Have you been down to Emery to check it out and make sure it's what you are looking for?

We did have a sani can delivered yesterday so facilities are now available down there.

Thanks, Jess Sakaske

Sent from Mail for Windows

From: Town Administrator Sent: Wednesday, August 2, 2023 12:32 PM To: Jessica Sakaske Cc: Kevin Koszarek; Sherif Osman Subject: Emery Park pavilion use

Hi Jessica.

We have a request to use the gazebo/pavilion at Emery Field for a Community Outreach Meeting for Faded Flowers on Tuesday, August 22 from 6:30PM to 7:30PM.

Kevin and Sherif are the key people from Faded Flowers, and their emails are above.

Could you let us know if the facility is available and if they can reserve it for the hour?

Normally, they would use the Town Hall Auditorium but that is unavailable due to the Chester Theatre Company.

Thank you.

Don

Donald F. Humason, Jr.

Town Administrator

Town of Chester, Massachusetts

Town Hall

15 Middlefield Road, 2nd floor

Chester, Massachusetts 01011

Office 413-354-7760

TownAdministrator@TownofChester.net

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mattshomeimprovement247 @gmail.com

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Wood Chopper Bob's Firewood

Green and Seasoned Hardwoods Cut to length, Split, and Delivered Boiler wood available! Also buying standing timber

Also buying standing timber (413)301-5229 or (860)463-6519

<u>te</u> and

2 Old Guys & A Dump Truck Spring cleanup, re-seeding, aeration, pruning, trimming, mulch, stone, sod installation, bob-cat services. Free Estimates. Call or email us at (413)530-6615: 2oldguys2020@gmail.com

Trimming Edge Lawncare

Will Beat Quoted price Lawn mowing, Spring and Fall Cleanup, Brush Removal, And More..

413-551-9653

MASONRY

MASONRY AND CHIMNEY REPAIR Stucco/Repointing/Small Chimney Repairs/Rebuilds Call or Text Chris 413-977-9041

Dear Annie By Annie Lane

Woman annoyed by incessant chatter

<text><text><text><text><text><text><text><text><text><text><text>



When greasing pans, forgo use of plastic bags

Area Helvise: Some readers of your distance of the standard of t

Dear Heloise: Some readers of your the reader who is on a low-sodium diet.

VACATION MEMORIES

grid so every row, column and 3 x 3

1 to 9 inclusively.







RE: Emery Park pavilion use

From: Jessica Sakaske (jsakaske@live.com)

- To: townadministrator@townofchester.net
- Cc: kevin.koszarek@fadedflowersma.com; sherif.osman@fadedflowersma.com

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Don

Donald F. Humason, Jr.

Town Administrator

Town of Chester, Massachusetts

Town Hall

15 Middlefield Road, 2nd floor

Chester, Massachusetts 01011

Office 413-354-7760

TownAdministrator@TownofChester.net

Chester...The Gem of the Valley



FADED FLOWERS

CANNABIS CULTIVATOR BUSINESS COMING TO CHESTER

COMMUNITY OUTREACH EVENT

EMERY PARK

Emery Street, Chester, MA 01011 COMMUNITY OUTREACH EVENT August 22nd, 2023, 6:30 PM

> You are invited by Faded Flowers founders to our Community Outreach Event.

www.FadedFlowersMA.com

We would like to hear from you and answer all your questions

BUS



Community Outreach Meeting Attestation Form

Instructions

Community Outreach Meeting(s) are a requirement of the application to become a Marijuana Establishment (ME) and Medical Marijuana Treatment Center (MTC). 935 CMR 500.101(1), 500.101(2), 501.101(1), and 501.101(2). The applicant must complete each section of this form and attach all required documents as a single PDF document before uploading it into the application. If your application is for a license that will be located at more than one (1) location, and in different municipalities, applicants must complete two (2) attestation forms – one for each municipality. Failure to complete a section will result in the application not being deemed complete. Please note that submission of information that is "misleading, incorrect, false, or fraudulent" is grounds for denial of an application for a license pursuant to 935 CMR 500.400(2) and 501.400(2).

Attestation

I, the below indicated authorized representative of that the applicant, attest that the applicant has complied with the Community Outreach Meeting requirements of 935 CMR 500.101 and/or 935 CMR 501.101 as outlined below:

- 1. The Community Outreach Meeting was held on the following date(s): 08/22/2023
- 2. At least one (1) meeting was held within the municipality where the ME is proposed to be located.
- 3. At least one (1) meeting was held after normal business hours (this requirement can be satisfied along with requirement #2 if the meeting was held within the municipality and after normal business hours).

4. A copy of the community outreach notice containing the time, place, and subject matter of the meeting, including the proposed address of the ME or MTC was published in a newspaper of general circulation in the municipality at least 14 calendar days prior to the meeting. A copy of this publication notice is labeled and attached as "Attachment A."



- 5. A copy of the community outreach notice containing the time, place, and subject matter of the meeting, including the proposed address of the ME or MTC was filed with clerk of the municipality. A copy of this filed notice is labeled and attached as "Attachment B."
 - a. Date notice filed:

| 8/2/22 | 8/2/22 | |
|--------|--------|--|
|--------|--------|--|

- 6. A copy of the community outreach notice containing the time, place, and subject matter of the meeting, including the proposed address of the ME or MTC was mailed at least seven (7) calendar days prior to the community outreach meeting to abutters of the proposed address, and residents within 300 feet of the property line of the applicant's proposed location as they appear on the most recent applicable tax list, notwithstanding that the land of the abutter or resident is located in another municipality. A copy of this mailed notice is labeled and attached as "Attachment C." Please redact the name of any abutter or resident in this notice.
 - a. Date notice(s) mailed:

7. The applicant presented information at the Community Outreach Meeting, which at a minimum included the following:

a. The type(s) of ME or MTC to be located at the proposed address;

08/03/2023

- b. Information adequate to demonstrate that the location will be maintained securely;
- c. Steps to be taken by the ME or MTC to prevent diversion to minors;
- d. A plan by the ME or MTC to positively impact the community; and
- e. Information adequate to demonstrate that the location will not constitute a nuisance as defined by law.
- 8. Community members were permitted to ask questions and receive answers from representatives of the ME or MTC.

Name of applicant:

Faded Flowers, LLC

<

Name of applicant's authorized representative:

Sherif Osman

Signature of applicant's authorized representative:

C

FADED FLOWERS LLC POSITIVE IMPACT PLAN

In furtherance of the statutory goals enshrined in M.G.L. c. 94G, §4 and pursuant to the regulations at 935 CMR 500.101(a)(11) FADED FLOWERS LLC ("Faded Flowers" or the "Company") has established this positive impact plan to maximize its ability to help right some of the wrongs of the failed drug war and to empower and employ residents of areas designated by the Commission as areas disproportionately impacted by the so-called "War on Drugs."

1. Goals: By the end of its first year of operation, and annually every year thereafter as a prerequisite to renewal of licensure, Faded Flowers will have a workforce for retail adult-use cannabis establishment, to be located at 18 Baystate Drive, Chester, MA comprised of at least 20% of its total staffing and management that live in designated areas of disproportionate impact, to ensure that citizens of those designated areas have access to the industry and the opportunity to grow with Faded Flowers. The business is co-owned by United States military veterans who will focus their outreach and staffing efforts on veterans who may be suitable for employment with Faded Flowers and who have been affected by the so-called War on Drugs.

2. Programs:

Faded Flowers will coordinate with local resources, including municipal government and local non-profits, such as New England Adventures, a 501(c)(3) organization discussed in greater detail below, with whom we have established relationships, to identify specific persons who may wish to seek employment with Faded Flowers and who themselves have been victims of the so-called "war on drugs." Such persons will be identified in concert with the Cannabis Control Commission's Guidance for Identifying Areas of Disproportionate Impact. The Applicant's facility is not located in an Area of Disproportionate Impact, but the Applicant will undertake reasonable efforts to ensure that employment applicants from such areas are granted priority in interviewing and hiring.

Faded Flowers will contract with a cannabis industry staffing agency, which will be directed to identify the Areas of Disproportionate Impact which are geographically then-nearest to the principal business location of the Applicant and to aid in the identification of suitable candidates for employment from areas of disproportionate impact where such is feasible, and direct that staffing agency to act in accordance with this policy. Such staffing resources will be contacted and coordinated with every time that a new staffing need arises. To the extent that targeted recruitment from Areas of Disproportionate Impact is not feasible, the Applicant's staffing partner will be directed to prioritize recruitment of Massachusetts residents with prior non-disqualifying drug-related convictions, and Massachusetts residents whose parents or spouses have prior non-disqualifying drug-related convictions.

Faded Flowers will comprehensively review the progress or success of this plan each time that it seeks renewal of its cannabis license.

The criteria to be used in evaluating a potential staffing agency will include, but not be limited to, the following:

• An institutional commitment to promoting restorative social justice, equity, and diversity in the cannabis industry.

FADED FLOWERS LLC POSITIVE IMPACT PLAN

Demonstrated expertise in identifying cannabis industry employees, whether from Massachusetts' medical marijuana program, or from any other state where adult-use and/ or medical cannabis is permitted under applicable state law.
The ability to identify candidates suitable for employment in all of the component parts of the production process as well as candidates necessary for upper management roles with the company. We want a one-stop shop for our cannabis staffing needs and will work diligently to identify such an entity serving the industry.

3. **Measurement and Accountability**: Faded Flowers will utilize the following biannual qualitative and quantitative metrics to assess whether the program has led to the achievement of our positive impact plan's goals:

- 20% of staff residing in areas of disproportionate impact shall serve as the Quantitative Metric. The measurement of this metric shall be numeric and any staffing levels below 20% of the target goal shall lead to a reevaluation and adjustment of the above listed program to achieve the goals of this positive impact plan.
- The primary Qualitative Metric shall be based on the following:

• A breakdown of the levels of staffing to meet the 20% Quantitative Metric to ensure that the goal of hiring employees from areas of disproportionate impact which are geographically near (within reasonable commuting distance) to the Company, including Pittsfield MA, and Greenfield MA, is met at all levels of the company's employment hierarchy.

• The data source for the measurement of the Qualitative Metric shall be the Company's human resources personnel files.

• While Faded Flowers is not setting a specific minimum percentage of its management that shall be drawn from residents of areas of disproportionate impact, we are committed to reviewing the breakdown of staffing roles amongst that 20% target and intend to adjust our hiring funnel to capture a greater proportion of managerial candidates if we determine that the actual number of such employees is lower than we would like to see.

• The raw data collected under the Quantitative Metric described above shall serve as the basis for this Qualitative Metric. Starting from the raw numerical data, the Company shall evaluate the proportion of residents of areas of disproportionate impact that occupy managerial roles. There will be a heavy emphasis on adjusting the managerial composition upwards for residents of areas of disproportionate impact by promoting lower level employees from within based on their performance. The percentage data for managerial roles shall be tracked in the master positive impact plan database and shall be considered separately from the Quantitative Metrics. A spreadsheet, or other suitable electronic data management tool, shall serve as the medium by which the Company will track this data.

• Faded Flowers is committed to being a force for good in Massachusetts and our nascent cannabis industry is uniquely situated, from a statutory and regulatory standpoint, to rectify the disproportionate burden that was imposed on residents of Lowell at the hands of the failed drug war. This positive impact plan shall be revised no less than annually, and shall be tailored and tweaked in response to updates in the Quantitative and Qualitative Metrics outlined herein, until the Company's Goals have been achieved. It is our intent to expand the scope of the Company's positive impact goals, to be reflected in

FADED FLOWERS LLC POSITIVE IMPACT PLAN

updated positive impact plans, as our presence in the Massachusetts cannabis industry becomes more established and our resources and expertise grow. The Applicant further understands that, in addition to reviewing and updating its Quantitative and Qualitative Metrics at least once per year, the progress or success of its plan must be documented at each time of its license renewal.

In addition to the Quantitative Metric, the Company is committed to serving as a community partner to its host community. The Town of Chester has several charitable and non-profit organizations that are always in need of contributions from business partners, and the Company will always endeavor to be a good corporate neighbor above and beyond the requirements of its Host Community Agreement.

Specific Local Resources: The Applicant intends to donate up to tow and a half percent of its net profits to New England Adventures, a 501(c)(3) which engages in significant charitable services to veterans (a community of significance to the Applicant's officers, who are both veterans) ranging from helping to provide pure recreational trips and outdoor experiences for injured or disabled veterans, to connecting veterans to employment opportunities.

The Applicant acknowledges and is aware, and will adhere to the requirements set forth in 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing and sponsorship practices of Marijuana Establishments. Any actions taken, or programs instituted, by the applicant will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

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|--|--------------------------|---|-------------------------|---|
| | One | Commonwealth, C Ashburton Place, 1 oston, MA 02108- | | |
| BUICK MIN | | elephone: (617) 727 | | |
| Certificate of Orgar (General Laws, Chapter) | | | | |
| Identification Number | : <u>001515931</u> | | | |
| 1. The exact name of | the limited liability co | ompany is: <u>FADE</u> | ED FLOWERS, LLC | |
| 2a. Location of its prir | ncipal office: | | | |
| No. and Street: | 555 HOLYOKE F | ROAD | | |
| City or Town: | WESTFIELD | State: MA | Zip: <u>01085</u> | Country: <u>USA</u> |
| 2b. Street address of | the office in the Com | monwealth at which | ch the records will be | e maintained: |
| No. and Street: | 555 HOLYOKE F | ROAD | | |
| City or Town: | <u>WESTFIELD</u> | State: MA | Zip: <u>01085</u> | Country: <u>USA</u> |
| 3. The general characters service, the service to <u>AGRICULTURE</u> | | | ty company is organ | ized to render professional |
| 4. The latest date of di | issolution, if specified | d: | | |
| 5. Name and address | of the Resident Agen | t: | | |
| Name: | KEVIN KOSZAR | REK | | |
| No. and Street: | 555 HOLYOKE F | ROAD | | |
| City or Town: | WESTFIELD | State: MA | Zip: <u>01085</u> | Country: <u>USA</u> |
| I, <u>KEVIN KOSZAREK</u> r the resident agent of t | - | | | nt to my appointment as r 156C Section 12. |
| 6. The name and busin | ness address of each | n manager, if any: | | |
| Title | Individ | dual Name | Addr | ess (no PO Box) |
| MANAGER | | dle, Last, Suffix IF OSMAN | | or Town, State, Zip Code |
| WANAGER | | | | 5 HOLYOKE ROAD TELD, MA 01085 |
| | - | • • | - • • • | authorized to execute all be named if there are no |
| Title | Individ | dual Name | Addr | ess (no PO Box) |
| | First, Mide | dle, Last, Suffix | Address, City | or Town, State, Zip Code |
| | | | | |

| Title | Individual Name | Address (no PO Box) |
|---------------------------|--|--|
| | First, Middle, Last, Suffix | Address, City or Town, State, Zip Code |
| NED UNDER THE GAN RIOS | PENALTIES OF PERJURY, this 2 | 3 Day of June, 2021, |
| (Th | e certificate must be signed by the pe | rson forming the LLC.) |
| | | |
| | | |

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

June 23, 2021 02:29 PM

Heterian Frainfalies

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth



William Francis Galvin Secretary of the Commonwealth **The Commonwealth of Massachusetts** Secretary of the Commonwealth State House, Boston, Massachusetts 02133

Date: July 20, 2023

To Whom It May Concern :

I hereby certify that a certificate of organization of Limited Liability Company was filed in this office by

FADED FLOWERS, LLC

in accordance with the provisions of Massachusetts General Laws Chapter 156C, on

June 23, 2021.

I further certify that said Limited Liability Company has not filed a certificate of cancellation; that there are no proceedings presently pending under the Massachusetts General Laws Chapter 156C, § 70 for said Limited Liability Company's dissolution; and that, so far as appears of record, said Limited Liability Company has legal existence.



In testimony of which, I have hereunto affixed the Great Seal of the Commonwealth on the date first above written.

Villein Trevens Steller

Secretary of the Commonwealth

Certificate Number: 23070393490 Verify this Certificate at: https://corp.sec.state.ma.us/corpweb/Certificates/Verify.aspx Processed by: pho

OPERATING AGREEMENT

among

FADED FLOWERS, LLC

and

THE MEMBERS NAMED HEREIN

dated

June 23rd, 2021

OPERATING AGREEMENT

This Operating Agreement of Faded Flowers, LLC, a Massachusetts limited liability company (the "<u>Company</u>"), is entered into on June 23rd, 2021, by and among the Company, the Members executing this Agreement as of the date hereof, and each other Person who after the date hereof becomes a Member of the Company.

RECITALS

A. The Company was formed under the laws of the State of Massachusetts by the filing of Articles of Organization with the Secretary of State of Massachusetts on June 23rd, 2021 (the "<u>Articles of Organization</u>"); and

B. The Members wish to enter into this Agreement setting forth the terms and conditions governing the operation and management of the Company.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. Capitalized terms used herein and not defined elsewhere in this Agreement have the meanings set forth in this Section 1.1:

"<u>Adjusted Capital Account Deficit</u>" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) crediting to such Capital Account any amount that such Member is obligated to restore or is deemed to be obligated to restore pursuant to Treasury Regulations Sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i); and

(b) debiting to such Capital Account the items described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"<u>Affiliate</u>" means, with respect to any Person, any other Person who, directly or indirectly (including through one or more intermediaries), controls, is controlled by, or is under common control with, such Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise; the terms "controlling" and "controlled" have correlative meanings.

"<u>Agreement</u>" means this Operating Agreement, as executed and as it may be amended, modified, supplemented, or restated from time to time, as provided herein.

"<u>Applicable Law</u>" means all applicable provisions of (a) constitutions, treaties, statutes, laws (including the common law), rules, regulations, decrees, ordinances, codes, proclamations,

declarations or orders of any Governmental Authority; (b) any consents or approvals of any Governmental Authority; and (c) any orders, decisions, advisory or interpretative opinions, injunctions, judgments, awards, decrees of, or agreements with, any Governmental Authority. Applicable Law does not include Anti-Cannabis Law.

"Book Depreciation" means, with respect to any Company asset for each Fiscal Year, the Company's depreciation, amortization, or other cost recovery deductions determined for federal income tax purposes, except that if the Book Value of an asset differs from its adjusted tax basis at the beginning of such Fiscal Year, Book Depreciation will be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; provided, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero and the Book Value of the asset is positive, Book Depreciation will be determined with reference to such beginning Book Value using any permitted method selected by the Managers in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g)(3).

"<u>Book Value</u>" means, with respect to any Company asset, the adjusted basis of such asset for federal income tax purposes, except as follows:

(a) the initial Book Value of any Company asset contributed by a Member to the Company will be the gross Fair Market Value of such Company asset as of the date of such contribution;

(b) immediately prior to the distribution by the Company of any Company asset to a Member, the Book Value of such asset will be adjusted to its gross Fair Market Value as of the date of such distribution;

(c) the Book Value of all Company assets may, in the sole discretion of the Managers, be adjusted to equal their respective gross Fair Market Values, as determined by the Managers, as of the following times:

(i) the acquisition of an additional Membership Interest in the Company by a new or existing Member in consideration for more than a de minimis Capital Contribution;

(ii) the distribution by the Company to a Member of more than a de minimis amount of property (other than cash) as consideration for all or a part of such Member's Membership Interest in the Company; and

(iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g);

(d) the Book Value of each Company asset will be increased or decreased, as the case may be, to reflect any adjustments to the adjusted tax basis of such Company asset pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Account balances pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m); provided, that Book Values will not be adjusted pursuant to this paragraph (d) to the extent that an adjustment pursuant to paragraph (c) above is made in conjunction with a transaction that would otherwise result in an adjustment pursuant to this paragraph (d); and

(e) if the Book Value of a Company asset has been determined pursuant to paragraph (a) or adjusted pursuant to paragraphs (c) or (d) above, such Book Value will thereafter be adjusted to reflect the Book Depreciation taken into account with respect to such Company asset for purposes of computing Net Income and Net Losses.

"<u>Business Day</u>" means a day other than a Saturday, Sunday or other day on which commercial banks in the State of Massachusetts are authorized or required to close.

"<u>Capital Contribution</u>" means, for any Member, the Member's contribution to the capital of the Company in cash and cash equivalents, property, services rendered or a promissory note or other obligation to contribute cash and cash equivalents or property or to perform services.

"<u>Code</u>" means the Internal Revenue Code of 1986, as amended.

"<u>Massachusetts Act</u>" means the Massachusetts Limited Liability Company Act, Chapter 156C (MA Gen L Ch 156C § 172). and any successor statute, as it may be amended from time to time.

"<u>Company Minimum Gain</u>" means "partnership minimum gain" as defined in Treasury Regulations Section 1.704-2(b)(2), substituting the term "Company" for the term "partnership" as the context requires.

"<u>Competitive Business</u>" means any business in the same industry which the Company or any of its Affiliates or Subsidiaries is engaged in the state of Massachusetts.

"<u>Covered Person</u>" means (i) each Member; (ii) each officer, director, stockholder, partner, member, Affiliate, employee, agent or representative of each Member, and each of their Affiliates; and (iii) each Manager, Officer, employee, agent or representative of the Company.

"<u>Electronic Transmission</u>" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

"Estimated Tax Amount" of a Member for a Fiscal Year means the Member's Tax Amount for such Fiscal Year as estimated in good faith from time to time by the Managers. In making such estimate, the Managers shall take into account amounts shown on Internal Revenue Service Form 1065 filed by the Company and similar state or local forms filed by the Company for the preceding taxable year and such other adjustments as the Managers reasonably determine are necessary or appropriate to reflect the estimated operations of the Company for the Fiscal Year.

"<u>Fair Market Value</u>" of any asset as of any date means the purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm's length transaction, as determined in good faith by the Managers. "<u>Fiscal Year</u>" means the calendar year, unless the Company is required to have a taxable year other than the calendar year, in which case Fiscal Year will be the period that conforms to its taxable year.

"<u>Governmental Authority</u>" means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

"<u>Independent Third Party</u>" means, with respect to any Member, any Person who is not an Affiliate of such Member.

"Initial Members" means Raymond Shehata and Sherif Osman.

"<u>Lien</u>" means any mortgage, pledge, security interest, option, right of first offer, encumbrance, or other restriction or limitation of any nature whatsoever.

"<u>Managers</u>" means (a) each Person identified as of the date hereof as a Manager in Section 7.2, and (b) each Person who is hereafter elected as a Manager in accordance with Section 7.2. Managers need not be Members of the Company or residents of the State of Massachusetts, but must be natural individuals who are at least 18 years old.

"<u>Marijuana Code</u>" means, collectively, Section 500 of Title 935 of the Code of Massachusetts Regulations (935 CMR 500) and Chapter 941 of Title XV (Regulations Trade, Medical Use of Marijuana) of Massachusetts General Laws, as the same may be supplemented or amended from time to time, together with the regulations promulgated thereunder, and all applicable local laws and regulations thereto promulgated by a Governmental Authority.

"<u>Member</u>" means (a) each Person identified on the Members Schedule as of the date hereof as a Member who has executed this Agreement or a counterpart thereof; and (b) each Person who is hereafter admitted as a Member in accordance with the terms of this Agreement and the Massachusetts Act, in each case so long as such Person is shown on the Company's books and records as the owner of Membership Interests. The Members constitute "members," as that term is defined in the Massachusetts Act, of the Company.

"<u>Member Nonrecourse Debt</u>" means "partner nonrecourse debt" as defined in Treasury Regulations Section 1.704-2(b)(4), substituting the term "Company" for the term "partnership" and the term "Member" for the term "partner" as the context requires.

"<u>Member Nonrecourse Debt Minimum Gain</u>" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

"<u>Member Nonrecourse Deduction</u>" means "partner nonrecourse deduction" as defined in Treasury Regulations Section 1.704-2(i), substituting the term "Member" for the term "partner" as the context requires.

"<u>Member Termination Event</u>" means one or more of the following with respect to a Member:

(a) A Member or its Affiliate is convicted of a criminal offense which could cause the loss of any license required to operate the Company under applicable law.

(b) A Member, its Affiliate, or any entity that Member owns, or controls, incurs a revocation of any license required to operate the Company under applicable law.

(c) A Governmental Authority in the State of Massachusetts issues a recommendation against the issuance of the Company of any business license required under applicable law, which recommendation cites the participation of a Member or its Affiliate as a factor in its decision.

(d) A Governmental Authority opens a criminal or civil investigation into a Member or its Affiliate that is likely to subject the Company or the other Members, in the reasonable judgment of the Managers, to criminal or civil investigation or penalties.

(e) A Governmental Authority denies or revokes the issuance to the Company of a business license required under Applicable Law, citing the participation of a Member or its Affiliate as a factor in the decision, or the Governmental Authority conditions the issuance of a necessary business license on the Company removing the Member as a Member of the Company.

(f) A Governmental Authority in the State of Massachusetts advises the Company in writing that a decision on the Company's business license, required by applicable law, is being delayed and that a material reason for such delay is a Member or its Affiliate and such Member fails to cure the cause for delay within 15 days of receipt of written notice thereof.

(g) The Member or a Person that has an ownership interest in a Member commits and act that prohibits, or is likely to prohibit in the reasonable judgment of the disinterested Managers, the Company, or a Person in which the Company has an ownership interest from holding a license to operate a business under the Marijuana Code.

"<u>Membership Interest</u>" means an interest in the Company owned by a Member, including such Member's right (a) to its distributive share of Net Income, Net Losses and other items of income, gain, loss and deduction of the Company; (b) to its distributive share of the assets of the Company; (c) to vote on, consent to or otherwise participate in any decision of the Members as provided in this Agreement; and (d) to any and all other benefits to which such Member may be entitled as provided in this Agreement or the Massachusetts Act. The Membership Interest of each Member is expressed as a percentage interest as set forth on the Members Schedule. "<u>Net Income</u>" and "<u>Net Loss</u>" mean, for each Fiscal Year or other period specified in this Agreement, an amount equal to the Company's taxable income or taxable loss, or particular items thereof, determined in accordance with Code Section 703(a) (where, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) will be included in taxable income or taxable loss), but with the following adjustments:

(a) any income realized by the Company that is exempt from federal income taxation, as described in Code Section 705(a)(1)(B), will be added to such taxable income or taxable loss, notwithstanding that such income is not includable in gross income;

(b) any expenditures of the Company described in Code Section 705(a)(2)(B), including any items treated under Treasury Regulations Section 1.704-1(b)(2)(iv)(I) as items described in Code Section 705(a)(2)(B), will be subtracted from such taxable income or taxable loss, notwithstanding that such expenditures are not deductible for federal income tax purposes;

(c) any gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the Book Value of the property so disposed, notwithstanding that the adjusted tax basis of such property differs from its Book Value;

(d) any items of depreciation, amortization and other cost recovery deductions with respect to Company property having a Book Value that differs from its adjusted tax basis will be computed by reference to the property's Book Value (as adjusted for Book Depreciation) in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(g);

(e) if the Book Value of any Company property is adjusted as provided in the definition of Book Value, then the amount of such adjustment will be treated as an item of gain or loss and included in the computation of such taxable income or taxable loss; and

(f) to the extent an adjustment to the adjusted tax basis of any Company property pursuant to Code Sections 732(d), 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis).

"<u>New Securities</u>" means any and all new issuances of Membership Interests of the Company and any securities of the Company convertible into, or exchangeable or exercisable for, such Membership Interests, other than Membership Interests or other securities issued or sold by the Company in connection with: (a) a grant to any existing or prospective consultants, employees or Officers pursuant to any profits interest plan or similar equity-based plans or other compensation agreement; (b) the conversion or exchange of any securities of the Company into Membership Interests, or the exercise of any warrants or other rights to acquire Membership Interests; (c) any acquisition by the Company of any equity interests, assets, properties or business of any Person; (d) any merger, consolidation or other business combination involving the Company; (e) the commencement of any initial public offering or any transaction or series of related transactions

involving a change of control of the Company; (f) an equity split, payment of distributions or any similar recapitalization; and (g) any private placement of warrants to purchase Membership Interests to lenders or other institutional investors (excluding the Members) in any arm's length transaction providing debt financing to the Company, in each case, approved in accordance with the terms of this Agreement.

"<u>Nonrecourse Deductions</u>" has the meaning set forth in Treasury Regulations Section 1.704-2(b).

"<u>Nonrecourse Liability</u>" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).

"<u>Permitted Transfer</u>" means a Transfer of Membership Interests carried out pursuant to Section 9.2.

"Permitted Transferee" means a recipient of a Permitted Transfer.

"<u>Person</u>" means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

"<u>Related Party Agreement</u>" means any agreement, arrangement or understanding between the Company and any Member or any Affiliate of a Member or any Officer or employee of the Company, as such agreement may be amended, modified, supplemented or restated in accordance with the terms of this Agreement.

"<u>Representative</u>" means, with respect to any Person, any and all directors, officers, managers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

"<u>Securities Act</u>" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder, which is in effect at the time.

"<u>Subsidiary</u>" means, with respect to any Person, any other Person of which a majority of the outstanding shares or other equity interests having the power to vote for directors or comparable managers are owned, directly or indirectly, by the first Person.

"<u>Transfer</u>" means to, directly or indirectly, sell, transfer, assign, pledge, encumber, hypothecate or similarly dispose of, either voluntarily or involuntarily, by operation of law or otherwise, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge, encumbrance, hypothecation or similar disposition of, any Membership Interest owned by a Person or any interest (including a beneficial interest) in any Membership Interest owned by a Person. "<u>Transfer</u>" when used as a noun has a correlative meaning. "<u>Transferor</u>" and "<u>Transferee</u>" mean a Person who makes or receives a Transfer, respectively.

"<u>Treasury Regulations</u>" means the final or temporary regulations issued by the United States Department of Treasury pursuant to its authority under the Code, and any successor regulations.

"<u>Unsuitable Member</u>" means a Member that is subject to a Member Termination Event.

Rules of Construction. For purposes of this Agreement: (a) the words "include," 1.2 "includes" and "including" are deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. The definitions given for any defined terms in this Agreement apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. Unless the context otherwise requires, references herein: (x) to Articles, Sections, and Exhibits mean the Articles and Sections of, and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Exhibits referred to herein will be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

ARTICLE II ORGANIZATION

2.1 <u>Formation</u>.

(a) The Company was formed on 06/23/2021, pursuant to the provisions of the Massachusetts Act, upon the filing of the Articles of Organization with the Secretary of State of the Massachusetts.

(b) This Agreement constitutes the "operating agreement" (as that term is used in the Massachusetts Act) of the Company. The rights, powers, duties, obligations and liabilities of the Members will be determined pursuant to the Massachusetts Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Massachusetts Act in the absence of such provision, this Agreement will, to the extent permitted by the Massachusetts Act, control.

2.2 <u>Name</u>. The name of the Company is "Faded Flowers, LLC" or such other name or names as may be designated by the Managers. The Managers shall give prompt notice to each of the Members of any change to the name of the Company.

2.3 <u>Principal Office</u>. The principal office of the Company is located at 555 Holyoke Road Westfield, MA 01085, or such other place as may from time to time be determined by the Managers. The Managers shall give prompt notice of any such change to each of the Members.

- 2.4 <u>Registered Office; Registered Agent.</u>
 - (a) The registered office of the Company will be the office of the registered

agent named in the Articles of Organization or such other office (which need not be a place of business of the Company) as the Managers may designate from time to time in the manner provided by the Massachusetts Act and Applicable Law.

(b) The registered agent for service of process on the Company in the State of Massachusetts is **Kevin Koszarek**, located at 555 Holyoke Road Westfield, MA 01085, or such other Person or Persons as the Managers may designate from time to time in the manner provided by the Massachusetts Act and Applicable Law.

2.5 <u>Purpose; Powers</u>.

(a) The purposes of the Company are to engage in any lawful act or activity for which limited liability companies may be formed under the Massachusetts Act and to engage in any and all activities necessary or incidental thereto.

(b) The Company has all the powers necessary or convenient to carry out the purposes for which it is formed, including the powers granted by the Massachusetts Act.

(c) Notwithstanding anything to the contrary set forth in this Agreement, the Company operates a business that may be illegal under the federal Controlled Substances Act, 21 U.S.C. §§ 801, et seq., and other federal law with respect to cannabis or marijuana (collectively, ("<u>Anti-Cannabis Law</u>"). Additionally, the terms of this Agreement may be subject to the approval of certain Governmental Authorities. Accordingly, the Members shall negotiate in good faith to conform this Agreement to any requirements of the applicable Governmental Authorities.

2.6 <u>Term</u>. The term of the Company commenced on the date the Articles of Organization was filed with the Secretary of State of the State of Massachusetts and will continue in existence perpetually until the Company is dissolved in accordance with the provisions of this Agreement.

ARTICLE III CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS

3.1 <u>Initial Capital Contributions</u>. Each Member has made a Capital Contribution and is deemed to own Membership Interests in the amounts set forth opposite such Member's name and address on Schedule A attached hereto (the "<u>Members Schedule</u>"). The Managers shall maintain and update the Members Schedule upon the issuance or Transfer of any Membership Interests to any new or existing Member in accordance with this Agreement.

3.2 <u>Additional Capital Contributions</u>.

(a) Upon the unanimous vote of the Initial Members, the Company shall require the Members to make additional Capital Contributions to the Company. If any Member does not make a Capital Contribution required under this Section 3.2(a), the Managers shall revise the Members Schedule to reflect a decrease in the Membership Interest of the non-contributing Member that fairly and equitably reflects the value of its Capital Contributions in relation to the aggregate amount of all Capital Contributions made by the Members.

(b) Upon the unanimous vote of the Initial Members, a Member may make an additional Capital Contribution to the Company. In such case the Managers shall revise the Members Schedule to reflect an increase in the Membership Interest of the contributing Member that fairly and equitably reflects the value of its additional Capital Contribution in relation to the aggregate amount of all Capital Contributions made by the Members.

3.3 <u>Maintenance of Capital Accounts</u>. The Company shall establish and maintain for each Member a separate capital account (a "<u>Capital Account</u>") on its books and records as follows:

(a) Each Member's Capital Account will be increased by the amount of:

(i) such Member's Capital Contributions, including such Member's initial Capital Contribution and any additional Capital Contributions;

(ii) any Net Income or other item of income or gain allocated to such Member pursuant to Article V; and

(iii) any liabilities of the Company that are assumed by such Member or secured by any property distributed to such Member.

(b) Each Member's Capital Account will be decreased by:

(i) the cash amount or Book Value of any property distributed to such Member pursuant to Article VI and Section 12.3(c);

(ii) the amount of any Net Loss or other item of loss or deduction allocated to such Member pursuant to Article V; and

(iii) the amount of any liabilities of such Member assumed by the Company or that are secured by any property contributed by such Member to the Company.

3.4 <u>Succession Upon Transfer</u>. If any Membership Interests are Transferred in accordance with the terms of this Agreement, the Transferee will succeed to the Capital Account of the Transferror to the extent it relates to the Transferred Membership Interest and, subject to Section 5.4, will receive allocations and distributions pursuant to Article V, Article VI, and Article XII in respect of such Membership Interest.

3.5 <u>Negative Capital Accounts</u>. If any Member has a deficit balance in its Capital Account, such Member will have no obligation, during the term of the Company or upon dissolution or liquidation thereof, to restore such negative balance or make any Capital Contributions to the Company by reason thereof, except as may be required by Applicable Law or in respect of any negative balance resulting from a withdrawal of capital or dissolution in contravention of this Agreement.

3.6 <u>No Withdrawals from Capital Accounts</u>. No Member is entitled to withdraw any part of its Capital Account or to receive any distribution from the Company, except as otherwise provided in this Agreement. No Member will receive any interest, salary or drawing with respect

to its Capital Contributions or its Capital Account, except as otherwise provided in this Agreement. The Capital Accounts are maintained for the sole purpose of allocating items of income, gain, loss and deduction among the Members and will have no effect on the amount of any distributions to any Members, in liquidation or otherwise.

3.7 <u>Treatment of Loans from Members</u>. A Member may only make a loan to the Company if the terms of such loan and the document evidencing such loan have been approved by the vote of Members holding at least 70% of the Membership Interests. The Company shall reimburse a Member for all ordinary, necessary, and direct expenses incurred by the Company and paid for by a Member. Loans by any Member to the Company are not Capital Contributions and will not affect the maintenance of such Member's Capital Account, other than to the extent provided in Section 3.3(a)(iii), if applicable.

3.8 <u>Modifications</u>. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and will be interpreted and applied in a manner consistent with such Treasury Regulations. If the Managers determine that it is prudent to modify the manner in which the Capital Accounts, or any increases or decreases to the Capital Accounts, are computed in order to comply with such Treasury Regulations, the Managers may authorize such modifications without the consent of any Member, provided that such modifications must apply equally to all Members.

ARTICLE IV MEMBERS

4.1 <u>Admission of New Members</u>.

(a) Except as provided in Section 9.2, the admission of a new Member requires the unanimous written consent of both Initial Members.

(b) New Members may be admitted from time to time in connection with (i) the issuance of Membership Interests by the Company, subject to compliance with the provisions of Article VIII; and (ii) a Transfer of Membership Interests, subject to compliance with the provisions of Article VIII, and in either case, following compliance with the provisions of Sections 4.1(b) and 4.1(c).

(c) In order for any Person not already a Member of the Company to be admitted as a Member, whether pursuant to an issuance or Transfer of Membership Interests, such Person will have executed and delivered to the Company a written undertaking acceptable to the Managers agreeing to become bound to the provisions of this Agreement. Upon the amendment of the Members Schedule by the Managers and the satisfaction of any other applicable conditions, including the receipt by the Company of payment for the issuance of Membership Interests, such Person will be admitted as a Member and deemed listed as such on the books and records of the Company. The Managers shall also adjust the Capital Accounts of the Members as necessary in accordance with section 3.3.

4.2 <u>No Personal Liability</u>. Except as otherwise provided by Applicable Law or in this Agreement, no Member will be obligated personally for any debt, obligation or liability of the

Company or other Members, whether arising in contract, tort or otherwise, solely by reason of being a Member.

4.3 <u>No Withdrawal</u>. So long as a Member continues to hold a Membership Interest, such Member does not have the ability to withdraw or resign as a Member prior to the dissolution and winding up of the Company and any such withdrawal or resignation or attempted withdrawal or resignation by a Member prior to the dissolution or winding up of the Company will be null and void. As soon as any Person who is a Member ceases to hold any Membership Interests, such Person will no longer be a Member.

4.4 <u>Death, Bankruptcy, and Disability of Member</u>. If a Member dies, is disabled, or files for bankruptcy ("<u>Incapacitated Member</u>"), the Incapacitated Member's Membership Interest will Transfer to the other Members. The other Members shall mutually agree upon and appoint a third-party appraiser to determine the fair market value the Incapacitated Member's Membership Interest. The Company shall then pay the fair market value of the Incapacitated Member's Membership Interest to the Incapacitated Member's estate within 30 days. The Managers of the Company shall effectuate the Transfer of the Incapacitated Member's Membership Interest to the other Member's and amend the Member's Schedule accordingly.

4.5 <u>Meetings of Members</u>.

(a) Meetings of the Members may be called by Initial Member, or upon amendment, by those Members holding more than 50% of the outstanding Membership Interest.

(b) Written notice stating the place, date, and time of the meeting and, in the case of a meeting of the Members not regularly scheduled, describing the purposes for which the meeting is called, must be delivered not fewer than ten days and not more than 30 days before the date of the meeting to each Member, by or at the direction of the Managers. The Members may hold meetings at the Company's principal office or at such other place as the Member(s) calling a meeting may designate in the notice for such meeting.

(c) Any Member may participate in a meeting of the Members by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in a meeting by such means will constitute presence in person at such meeting.

(d) On any matter that is to be voted on by Members, a Member may vote only in person or by proxy, and such proxy may be granted in writing, by means of Electronic Transmission or as otherwise permitted by Applicable Law. Every proxy is revocable in the discretion of the Member executing it unless otherwise provided in such proxy; provided, that such right to revocation will not invalidate or otherwise affect actions taken under such proxy prior to such revocation.

(e) The business to be conducted at such meeting need not be limited to the purpose described in the notice and can include business to be conducted by Members; provided, that the appropriate Members have been notified of the meeting in accordance

with Section 4.5(b). Attendance of a Member at any meeting constitutes a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

4.6 <u>Quorum</u>. A quorum of any meeting of the Members requires the presence of the Members holding 85% of the outstanding Membership Interests. Subject to Section 4.7, no action shall be taken by the Members at any meeting at which a quorum is present without the affirmative vote of Members holding more than 85% of the outstanding Membership Interests.

4.7 <u>Action without a Meeting</u>. Notwithstanding the provisions of Section 4.6, any matter that is to be voted on, consented to, or approved by the Members may be taken without a meeting, without prior notice, and without a vote if consented to in writing or by Electronic Transmission, by the Members. The Managers shall maintain a record of each such action taken by written consent of a Member or Members.

4.8 <u>Power of Members</u>. The Members have the power to exercise any and all rights or powers granted to Members pursuant to the terms of this Agreement and the Massachusetts Act. Except as otherwise provided by this Agreement or required by the Massachusetts Act, no Member, in its capacity as a Member, has the power to act for or on behalf of, or to bind, the Company.

4.9 <u>No Interest in Company Property</u>. No real or personal property of the Company will be deemed to be owned by any Member individually, but will be owned by, and title will be vested solely in, the Company. Without limiting the foregoing, each Member irrevocably waives during the term of the Company any right that such Member may have to maintain any action for partition with respect to the property of the Company.

4.10 <u>Certification of Membership Interests</u>.

(a) The Managers may, but are not required to, issue certificates to the Members representing the Membership Interests held by such Member.

(b) If the Managers issue certificates representing Membership Interests in accordance with Section 4.10(a), then in addition to any other legend required by Applicable Law, all certificates representing issued and outstanding Membership Interests must bear a legend substantially in the following form:

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LIMITED LIABILITY COMPANY AGREEMENT AMONG THE COMPANY AND ITS MEMBERS, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICE OF THE COMPANY. NO TRANSFER, SALE, ASSIGNMENT, PLEDGE, HYPOTHECATION OR OTHER DISPOSITION OF THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH LIMITED LIABILITY COMPANY AGREEMENT.

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS CERTIFICATE HAVE

NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED EXCEPT PURSUANT TO (A) A REGISTRATION STATEMENT EFFECTIVE UNDER SUCH ACT AND LAWS, OR (B) AN EXEMPTION FROM REGISTRATION THEREUNDER.

4.12 <u>Other Activities; Business Opportunities</u>. Nothing contained in this Agreement prevents any Member or any of its Affiliates from engaging in any other activities or businesses, unless a Member intends to engage in the activities of a Competitive Business. If a Member intends to engage in a Competitive Business, in any capacity, that Member must first obtain the written consent of the other Members. None of the Members nor any of their Affiliates are obligated to account to the Company or to the other Member for any profits or income earned or derived from other such activities or businesses. None of the Members nor any of their Affiliates are obligated to inform the Company or the other Member of any business opportunity of any type or description unless a Member intends to engage in a Competitive Business.

4.13 <u>Continuation of Business</u>. Each Member shall timely make or cause to be made the filings with a Governmental Authority required of such Member or any of its Affiliates with respect to the business of the Company, including filings associated with the licenses of the Company or license of a Person in which the Company has an ownership interest, applications to obtain licenses, and filings to transfer ownership of licenses. In connection with any such filings, each Member shall cooperate in good faith with Governmental Authorities, the other Members, and the Company.

ARTICLE V ALLOCATIONS

5.1 <u>Allocation of Net Income and Net Loss</u>. For each Fiscal Year (or portion thereof), after giving effect to the special allocations set forth in Section 5.2, Net Income and Net Loss of the Company will be allocated among the Members pro rata in accordance with their Membership Interests.

5.2 <u>Regulatory and Special Allocations</u>. Notwithstanding the provisions of Section 5.1:

(a) If there is a net decrease in Company Minimum Gain (determined according to Treasury Regulations Section 1.704-2(d)(1)) during any Fiscal Year, each Member will be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). The items to be so allocated will be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.2 is intended to comply with the "minimum gain chargeback" requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Deductions will be allocated in the manner required by Treasury Regulations Section 1.704-2(i). Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member that has a share of such Member Nonrecourse Debt Minimum Gain will be specially allocated Net Income for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to that Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain. Items to be allocated pursuant to this paragraph will be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 5.2(b) is intended to comply with the "minimum gain chargeback" requirements in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Nonrecourse Deductions will be allocated to the Members in accordance with their Membership Interests.

(d) If any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), Net Income will be specially allocated to such Member in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit created by such adjustments, allocations or distributions as quickly as possible. This Section 5.2(d) is intended to comply with the "qualified income offset" requirement in Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and will be interpreted consistently therewith.

(e) The allocations set forth in paragraphs (a), (b), (c) and (d) above (the "<u>Regulatory Allocations</u>") are intended to comply with certain requirements of the Treasury Regulations under Code Section 704. Notwithstanding any other provisions of this Article V (other than the Regulatory Allocations), the Regulatory Allocations will be taken into account in allocating Net Income and Net Losses among Members so that, to the extent possible, the net amount of such allocations of Net Income and Net Losses and other items and the Regulatory Allocations to each Members will be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

5.3 <u>Tax Allocations</u>.

(a) Subject to Sections 5.3(b) (c), and (d), all income, gains, losses and deductions of the Company will be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses and deductions pursuant to Sections 5.1 and 5.2, except that if any such allocation for tax purposes is not permitted by the Code or other Applicable Law, the Company's subsequent income, gains, losses and deductions will be allocated among the Members for tax purposes, to the extent permitted by the Code and other Applicable Law, so as to reflect as nearly as possible the allocation set forth in Sections 5.1 and 5.2.

(b) Items of Company taxable income, gain, loss and deduction with respect to any property contributed to the capital of the Company will be allocated among the Members in accordance with Code Section 704(c) and the traditional method with curative allocations of Treasury Regulations Section 1.704-3(c), so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Book Value.

(c) If the Book Value of any Company asset is adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) as provided in clause (c) of the definition of Book Value, subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset will take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Allocations of tax credit, tax credit recapture and any items related thereto will be allocated to the Members according to their interests in such items as determined by the Managers taking into account the principles of Treasury Regulations Section 1.704-1(b)(4)(ii).

(e) Allocations pursuant to this Section 5.3 are solely for purposes of federal, state and local taxes and will not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Net Income, Net Losses, distributions or other items pursuant to any provisions of this Agreement.

5.4 <u>Allocations in Respect of Transferred Membership Interests</u>. In the event of a Transfer of Membership Interests during any Fiscal Year made in compliance with the provisions of Article IX, Net Income, Net Losses and other items of income, gain, loss and deduction of the Company attributable to such Membership Interests for such Fiscal Year will be determined using the interim closing of the books method.

ARTICLE VI DISTRIBUTIONS

6.1 <u>General</u>.

(a) Subject to Section 6.1(b) and Section 6.2, unless otherwise approved by the affirmative vote of Members holding 85% of the outstanding Membership Interest, the Company shall make cash distributions to the Members as follows: the first distribution of available cash (as determined by the Manager) will be made two years after the date of this Agreement. Subsequent distributions will be made at least bi-annually every six months following such date. A distribution approved by the vote of 85% of the Members need not be split among the Members in accordance with the Members' Membership Interest.

(b) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any distribution to Members if such distribution would violate Applicable Law.

(c) Notwithstanding any provision to the contrary contained in this Agreement, amounts obligated for debt service for any loan to the Company by any Member will be paid in due course before any distributions to the Members.

6.2 <u>Tax Distributions</u>. The Company shall make distributions to the Members no less frequently than annually and no later than March 31 after the end of each Fiscal Year for federal and state income taxes payable by the Members based upon the Net Income of the Company allocated to the Members (excluding the allocation of gain on the sale of all or substantially all the

assets of the Company). For purposes of such distributions, each Member will be deemed to incur federal and state income taxes with respect to taxable income of the Company allocated to such Member for a particular fiscal year at the maximum combined state and federal rate for individual residents of the State of Massachusetts. Net Income of the Company allocated to the Members will be adjusted accordingly based upon their respective percentage ownership of Membership Interests.

6.3 <u>Tax Withholding; Withholding Advances</u>.

(a) <u>Tax Withholding</u>. Each Member shall furnish the Company with any representations and forms as reasonably requested by the Managers to assist it in determining the extent of, and in fulfilling, any withholding obligations it may have.

Withholding Advances. The Company is authorized at all times to make (b) payments ("Withholding Advances") with respect to each Member in amounts required to discharge any obligation of the Company (as determined by the Tax Matters Member based on the advice of legal or tax counsel to the Company) to withhold or make payments to any federal, state, local or foreign taxing authority (a "Governmental Authority") with respect to any distribution or allocation by the Company of income or gain to such Member and to withhold the same from distributions to such Member. Any funds withheld from a distribution by reason of this Section 6.3(b) will nonetheless be deemed distributed to the Member in question for all purposes under this Agreement. If the Company makes any Withholding Advance in respect of a Member hereunder that is not immediately withheld from actual distributions to the Member, then the Member shall promptly reimburse the Company for the amount of such payment, plus interest at a rate equal to the prime rate published in the Wall Street Journal on the date of payment plus two percent per annum (the "Company Interest Rate"), compounded annually, on such amount from the date of such payment until such amount is repaid (or deducted from a distribution) by the Member (any such payment shall not constitute a Capital Contribution). Each Member's reimbursement obligation under this Section 6.3(b) will continue after such Member transfers its Membership Interests.

(c) <u>Indemnification</u>. Each Member shall indemnify and hold harmless the Company and the other Members from and against any liability with respect to taxes, interest or penalties that may be asserted by reason of the Company's failure to deduct and withhold tax on amounts distributable or allocable to such Member. The provisions of this Section 6.3(c) and the obligations of a Member pursuant to Section 6.3(b) will survive the termination, dissolution, liquidation and winding up of the Company and the withdrawal of such Member from the Company or Transfer of its Membership Interests. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 6.3, including bringing a lawsuit to collect repayment with interest of any Withholding Advances.

(d) <u>Overwithholding</u>. Neither the Company nor the Managers will be liable for any excess taxes withheld in respect of any distribution or allocation of income or gain to a Member. In the event of an overwithholding, a Member's sole recourse will be to apply for a refund from the appropriate Governmental Authority. 6.4 <u>Distributions in Kind not Permitted</u>. The Managers may not make distributions to the Members in the form of securities or other property held by the Company. All distributions will only be made in cash.

ARTICLE VII MANAGEMENT

7.1 <u>Management of the Company</u>. The business and affairs of the Company will be managed, operated, and controlled by or under the direction of the Managers. Except as otherwise provided in this Agreement, the Managers have, and are hereby granted, full and complete power, authority, and discretion for, on behalf of and in the name of the Company, to take such actions as they may deem necessary or advisable to carry out any and all of the objectives and purposes of the Company.

7.2 <u>Number, Election and Term of Managers.</u>

(a) The number of Managers will be fixed from time to time by the affirmative vote of Members holding 70% of the outstanding Membership Interest. As of the date of this Agreement the Company has one Manager:

Raymond Shehata

98 E Main Street 1 F Milford, MA 01757

b) Managers will be appointed from time to time by the affirmative vote of Members holding 70% of the outstanding Membership Interest.

7.3 <u>Removal; Resignation; Vacancies</u>.

(a) Members may remove all or any lesser number of Managers, with or without cause, upon the affirmative vote of Members holding 70% of the outstanding Membership Interest.

(b) A Manager may resign at any time by delivering written resignation to the Company. Any such resignation will be effective upon receipt thereof unless it is specified to be effective at some other time or upon the occurrence of some other event. The acceptance of a resignation by the other Manager(s) is not necessary to make it effective.

(c) The resignation or removal of a Manager who is also a Member will not constitute a withdrawal or expulsion of the Manager as a Member of the Company or otherwise affect the Manager's rights as a Member. If a Manager resigns or is removed, a meeting of Members to elect a successor must be called promptly and held as soon as reasonably possible.

7.4 <u>Action by Managers</u>. If there is more than one Manager serving, decisions requiring action of the Managers or relating to the daily operations, business, or affairs of the Company do not require the consent or approval of more than one Manager; provided that if an action on behalf

of the Company requires an expenditure or series of expenditures totaling more than \$5,000, all Managers must approve of the action. The Company shall not amend, terminate, or waive any provision of an agreement to which the Company is a party without the approval of all Managers.

7.5 <u>Actions Requiring Approval of Initial Members</u>. Without the unanimous vote of the Initial Members, the Company shall not, and shall not enter into any commitment to:

(a) Enter into, amend in any material respect, waive or terminate any Related Party Agreement other than the entry into a Related Party Agreement that is on an arm's length basis and on terms no less favorable to the Company than those that could be obtained from an unaffiliated third party;

(b) Initiate or consummate an initial public offering or make a public offering and sale of Membership Interest or any other securities;

(c) Issue any additional Membership Interest or admit additional Members;

(d) Make any loan, advance money to, or investment in any other Person or entity;

(e) Enter into any transaction or series of related transactions which would collectively obligate the Company to pay over \$5,000;

(f) Incur any debt or grant Liens on any assets or guarantee, assume, endorse, or otherwise become responsible for obligations in excess of \$5,000 in a single transaction or series of transactions, or in excess of \$10,000 in the aggregate at any time outstanding.

(g) Appoint any officer of the Company with the authority to make decisions and enter into any legal obligations on behalf of the Company; or

(h) Make any distribution or withhold any distribution of available cash in any manner other than as set forth in Sections 6.1, 6.2, or 6.3.

7.6 <u>Other Actions Requiring Approval of Members</u>. Without the affirmative vote of Members holding 80% of the outstanding Membership Interests, the Company shall not, and shall not enter into any commitment to:

(a) Amend, modify, or waive any part of the Articles of Organization or this Operating Agreement

(b) Enter into or effect any transaction or series of related transactions involving the purchase, lease, license, exchange or other acquisition (including by merger, consolidation, acquisition of stock or acquisition of assets) by the Company of any assets and/or equity interests of any Person, other than in the ordinary course of business consistent with past practice;

(c) Make any loan, advance, or capital contribution to or in any Person;

(d) Enter into or effect any transaction or series of related transactions involving the sale, lease, license, exchange or other disposition (including by merger, consolidation, sale of stock or sale of assets) of any assets, other than sales of inventory in the ordinary course of business consistent with past practice;

(e) Establish a Subsidiary or enter into any joint venture or similar business arrangement; or

(f) Settle any lawsuit, action, dispute or other proceeding or otherwise assume any liability or agree to the provision of any equitable relief by the Company;

(g) Merge, consolidate, dissolve, wind-up, or liquidate the Company or initiate a bankruptcy proceeding involving the Company;

7.7 <u>Other Activities of Managers; Business Opportunities</u>. The Managers are free to engage in other activities or businesses, unless a Manager intends to engage in the activities of a Competitive Business. If a Manager intends to engage in a Competitive Business, in any capacity, that Manager must first obtain the written consent of the disinterested Members. A Manager is not obligated to account to the Company, the Members, or any other Manager for any profits or income earned or derived from other such activities or businesses. A Manager is not obligated to inform the Company, the Members, or any other Manager of any business opportunity of any type or description unless the Manager intends to engage in a Competitive Business.

7.8 Compensation and Reimbursement of Managers; No Employment.

(a) The Company may compensate the Managers for their services as Managers. Any compensation paid to a Manager under this Section 7.8 must be approved by a unanimous vote of the Members. The Company shall reimburse the Managers for all ordinary, necessary, and direct expenses incurred by the Managers in performance of their duties as Managers. All reimbursements for expenses must be reasonable in amount. Nothing contained in this Section 7.8 will be construed to preclude a Manager from serving the Company in any other capacity.

(b) This Agreement does not, and is not intended to, confer upon any Manager any rights with respect to continued employment by the Company, and nothing herein should be construed to have created any employment agreement with any Manager.

7.9 <u>No Personal Liability</u>. Except as otherwise provided by Applicable Law or in this Agreement, no Manager will be obligated personally for any debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Manager.

ARTICLE VIII PRE-EMPTIVE RIGHTS

8.1 <u>Issuance of New Securities</u>. As provided in this Article VIII, each Member may purchase its pro rata share (in accordance with its Membership Interest) of any New Securities that the Company may from time to time propose to issue or sell to any Person.

8.2 <u>Additional Issuance Notices</u>. The Company shall give written notice (an "<u>Issuance Notice</u>") of any proposed issuance or sale described in Section 8.1 above to the Members within ten days following approval of any such issuance or sale by the Members in accordance with Section 7.5. The Issuance Notice will, if applicable, be accompanied by a written offer from any prospective purchaser (a "<u>Prospective Purchaser</u>") seeking to purchase New Securities and shall set forth the material terms and conditions of the proposed issuance, including:

(a) the amount and description of the New Securities proposed to be issued and the percentage interest in the Company such issuance would represent;

(b) the proposed issuance date, which must be at least 30 days from the date of the Issuance Notice;

(c) the proposed purchase price; and

(d) if the consideration to be paid by the Prospective Purchaser includes noncash consideration, the Managers' good-faith determination of the Fair Market Value thereof.

8.3 <u>Exercise of Pre-emptive Rights</u>. For a period of 30 days following receipt of an Issuance Notice (the "<u>Exercise Period</u>"), each Member have the irrevocable right to purchase its pro rata share (in accordance with its Membership Interest) of the New Securities at the purchase price set forth in the Issuance Notice by delivery a written notice to the Company (an "<u>Acceptance Notice</u>"). The delivery of an Acceptance Notice by a Member will be a binding and irrevocable offer by such Member to purchase the New Securities described therein. The failure of a Member to deliver an Acceptance Notice by the end of the Exercise Period constitutes a waiver of its rights under this Article VIII with respect to the purchase of such New Securities, but will not affect its rights with respect to any future issuances or sales of New Securities.

8.4 <u>Over-Allotment</u>. No later than ten days following the expiration Exercise Period, the Company shall notify each Member in writing of the number of New Securities that each Member has agreed to purchase (including, for the avoidance of doubt, where such number is zero) (the "<u>Over-allotment Notice</u>"). Each Member exercising its right to purchase its pro rata share (in accordance with its Membership Interest) of the New Securities in full (an "<u>Exercising Member</u>") will have a right of over-allotment such that if any other Member fails to exercise its rights under this Article VIII to purchase its pro rata share of the New Securities (each, a "<u>Non-Exercising Member</u>"), such Exercising Member may purchase its pro rata share of such Non-Exercising Member's allotment by giving written notice to the Company within ten days of receipt of the Over-allotment Notice (the "<u>Over-allotment Exercise Period</u>").

8.5 <u>Sales to the Prospective Purchaser</u>. If any Member fails to purchase its allotment of the New Securities before the expiration of the Over-allotment Exercise Period, the Company may complete the proposed issuance or sale of New Securities described in the Issuance Notice with respect to which Members failed to exercise the option set forth in this Article VIII on terms no less favorable to the Company than those set forth in the Issuance Notice (except that the amount

of New Securities to be issued or sold by the Company may be reduced); provided, that (a) such issuance or sale is closed within 30 days after the expiration of the Over-allotment Exercise Period (subject to the extension of such 30-day period for a reasonable time not to exceed 60 days to the extent reasonably necessary to obtain any third-party approvals); and (b) for the avoidance of doubt, the price at which the New Securities are sold to the Prospective Purchaser is at least equal to or higher than the purchase price described in the Issuance Notice. If the Company has not sold such New Securities within such time period, the Company shall not thereafter issue or sell any New Securities without first again offering such securities to the Members in accordance with the procedures set forth in this Article VIII.

8.6 Closing of the Issuance. The closing of any purchase of New Securities by any Member will be consummated concurrently with the consummation of the issuance or sale described in the Issuance Notice. Upon the issuance or sale of any New Securities in accordance with this Article VIII, the Company shall deliver the New Securities free and clear of any Liens (other than those arising hereunder and those attributable to the actions of the purchasers thereof), and the Company shall so represent and warrant to the purchasers thereof, and further represent and warrant to such purchasers that such New Securities will be, upon issuance thereof to the Exercising Members and after payment therefor, duly authorized, validly issued, fully paid and non-assessable. The Company, in the discretion of the Managers pursuant to Section 4.10(a), may deliver to each Exercising Member certificates evidencing the New Securities. Each Exercising Member shall deliver to the Company the purchase price for the New Securities purchased by it by certified or bank check or wire transfer of immediately available funds. Each party to the purchase and sale of New Securities shall take all such other actions as may be reasonably necessary to consummate the purchase and sale, including entering into such additional agreements as may be necessary or appropriate.

ARTICLE IX TRANSFER; MEMBER TERMINATION

9.1 <u>General Restrictions on Transfer</u>.

(a) No Member may Transfer all or any portion of his Membership unless such Transfer complies with Section 9.1(b).

(b) Notwithstanding any other provision of this Agreement, a Member shall not Transfer all or any portion of its Membership Interest in the Company, and the Company shall not issue any Membership Interests:

(i) except as permitted under the Securities Act and other applicable federal or state securities or blue sky laws, and then, with respect to a Transfer of Membership Interests, only upon delivery to the Company of an opinion of counsel in form and substance satisfactory to the Company to the effect that such Transfer may be effected without registration under the Securities Act;

(ii) if such Transfer or issuance would cause the Company to be considered a "publicly traded partnership" under Section 7704(b) of the Code within the meaning of Treasury Regulations Section 1.7704-1(h)(1)(ii), including

the look-through rule in Treasury Regulations Section 1.7704-1(h)(3);

(iii) if such Transfer or issuance would affect the Company's existence or qualification as a limited liability company under the Massachusetts Act;

(iv) if such Transfer or issuance would cause the Company to lose its status as a partnership for federal income tax purposes;

(v) if such Transfer or issuance would cause a termination of the Company for federal income tax purposes;

(vi) if such Transfer or issuance would cause the Company to be required to register as an investment company under the Investment Company Act of 1940, as amended; or

(vii) if such Transfer or issuance would cause the assets of the Company to be deemed "Plan Assets" as defined under the Employee Retirement Income Security Act of 1974 or its accompanying regulations or result in any "prohibited transaction" thereunder involving the Company.

(c) Any Transfer or attempted Transfer of any Membership Interest in violation of this Agreement will be null and void; no such Transfer will be recorded on the Company's books and the purported Transferee in any such Transfer will not be treated (and the purported Transferor shall continue be treated) as the owner of such Membership Interest for all purposes of this Agreement.

(d) For the avoidance of doubt, any Transfer of a Membership Interest permitted by this Agreement will be deemed a sale, transfer, assignment, or other disposal of such Membership Interest in its entirety as intended by the parties to such Transfer, and will not be deemed a sale, transfer, assignment or other disposal of any less than all of the rights and benefits described in the definition of the term "Membership Interest," unless otherwise agreed to by the parties to such Transfer.

(e) No Transfer of Membership Interests to a Person not already a Member of the Company will be deemed completed until the prospective Transferee is admitted as a Member of the Company in accordance with Section 4.1 hereof.

9.2 <u>Permitted Transfers</u>. The provisions of Section 8.1, will not apply to any Transfer by any Member of all or any portion of its Membership Interest to any of the following:

- (a) a Transfer pursuant to Section 4.4;
- (b) any other Member or any Affiliate of such Member; or

(c) (i) Such Member's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, "<u>Family Members</u>"); (ii) a trust under which the distribution of Membership Interests may be made only to such Member and/or any Family Member of such Member;

(iii) a charitable remainder trust, the income from which will be paid to such Member during his life; or (iv) a corporation, partnership, or limited liability company, the stockholders, partners or members of which are only such Member and/or Family Members of such Member. The provisions of this Section 9.2(b) will not apply to the spouse of any Member who has filed or is a party to a pending petition for dissolution of marriage.

9.3 <u>Drag-along Rights</u>.

(a) <u>Participation</u>. If one or more Members holding more than 50% of the Membership Interests (such Member or Members, the "<u>Dragging Member</u>") proposes to Transfer, in one transaction or a series of related transactions, all of the Membership Interests owned by the Dragging Member (a "<u>Drag-along Sale</u>"), the Dragging Member may, after delivering the Drag-along Notice in accordance with Section 9.3(c) and subject to compliance with Section 9.3(d), require that each other Member (each, a "<u>Drag-along Member</u>") participate in such sale in the manner set forth in this Section 9.3.

(b) <u>Sale of Membership Interests</u>. Subject to compliance with Section 9.3(d), each Drag-along Member shall sell in the Drag-along Sale all of the Membership Interests held by such Drag-along Member.

(c) <u>Sale Notice</u>. The Dragging Member shall exercise his rights pursuant to this Section 9.3 by delivering a written notice (the "<u>Drag-along Notice</u>") to the Company and each Drag-along Member no more than ten Business Days after the execution and delivery by all of the parties thereto of the definitive agreement entered into with respect to the Drag-along Sale. The Drag-along Notice must make reference to the Dragging Members' rights and obligations hereunder and describe in reasonable detail:

(i) The name of the Person to whom such Membership Interests are proposed to be sold;

(ii) The proposed date, time and location of the closing of the Dragalong Sale;

(iii) The proposed amount of consideration for the Drag-along Sale and the other material terms and conditions of the Drag-along Sale, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(iv) A copy of any form of agreement proposed to be executed in connection therewith.

(d) <u>Conditions of Sale</u>. The obligations of the Drag-along Members in respect of a Drag-along Sale under this Section 9.3 are subject to the satisfaction of the following conditions:

(i) The consideration to be received by each Drag-along Member must be the same form and amount of consideration to be received by the Dragging Member per percentage interest, and the terms and conditions of such sale must, except as otherwise provided in Section 9.3(d)(iii), be the same as those upon which the Dragging Member sells its Membership Interest;

(ii) If the Dragging Member or any Drag-along Member is given an option as to the form and amount of consideration to be received, the same option must be given to all Drag-along Members; and

(iii) Each Drag-along Member must execute the applicable purchase agreement, if applicable, and make or provide the same representations, warranties, covenants, indemnities and agreements as the Dragging Member makes or provides in connection with the Drag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Dragging Member, the Drag-along Member shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); provided, that all representations, warranties, covenants and indemnities must be made by the Dragging Member and each Drag-along Member severally and not jointly and any indemnification obligation must be pro rata based on the consideration received by the Dragging Member and each Drag-along Member (other than any indemnification obligation pertaining specifically to the Dragging Member or a Drag-along Member, which obligation must be the sole obligation of such Dragging Member or Drag-along Member), in each case in an amount not to exceed the aggregate proceeds received by the Dragging Member and each such Drag-along Member in connection with the Drag-along Sale.

(iv) Notwithstanding anything to the contrary set forth in this Section 9.3, any of the material terms of the Drag-along Sale may be more favorable to a Drag-Along Member than to the Dragging Member.

(e) <u>Cooperation</u>. Each Drag-along Member shall take all actions as may be reasonably necessary to consummate the Drag-along Sale, including entering into agreements and delivering certificates and instruments, in each case, consistent with the agreements being entered into and the certificates being delivered by the Dragging Member, but subject to Section 9.3(d)(iii).

(f) <u>Expenses</u>. The fees and expenses of the Dragging Member incurred in connection with a Drag-along Sale and for the benefit of all Drag-along Members (it being understood that costs incurred by or on behalf of a Dragging Member for its sole benefit will not be considered to be for the benefit of all Drag-along Members), to the extent not paid or reimbursed by the Company or the Independent Third Party, will be shared by the Dragging Member and all the Drag-along Members on a pro rata basis, based on the consideration received by each such Member; provided, that no Drag-along Member will be obligated to make any out-of-pocket expenditure prior to the consummation of the Drag-along Sale.

(g) <u>Consummation of Sale</u>. The Dragging Member will have 60 days following the date of the Drag-along Notice in which to consummate the Drag-along Sale, on the terms set forth in the Drag-along Notice (which 60-day period may be extended for a

reasonable time not to exceed 90 days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). If at the end of such period the Dragging Member has not completed the Drag-along Sale, the Dragging Member shall not exercise its rights under this Section 9.3 without again fully complying with the provisions of this Section 9.3.

9.4 <u>Right of First Refusal; Tag-Along Rights</u>.

(a) <u>Right of First Refusal</u>. Notwithstanding any other provision of this Agreement, if one or more Members (such Member or Members, the "<u>Selling Member</u>") desire to Transfer in one transaction or a series of transactions any or all of the Selling Member's Membership Interest (a "<u>ROFR/Tag-along Sale</u>") to a purchaser that is not a Permitted Transferee (the "<u>Proposed Transferee</u>"), and the Selling Member has not exercised his rights under Section 9.3, the Selling Member shall give a written notice in accordance with Section 9.4(b) to the Company and each other Member (each, a "<u>ROFR/Tag-along Member</u>"), and each ROFR/Tag-along Member may (i) purchase the Selling Member's Membership Interest (the "<u>Offered Membership Interest</u>") as provided in Section 9.4(c), or (ii) participate in such sale as provided in Section 9.4(d) by selling his Membership Interest in the ROFR/Tag-along Sale to the Proposed Transferee.

(b) <u>ROFR-Tag-Along Notice</u>. The Selling Member shall deliver a written notice (the "<u>ROFR/Tag-along Notice</u>") to the Company and each ROFR/Tag-along Member no more than ten Business Days after the execution and delivery by all of the parties thereto of the definitive agreement entered into with respect to the ROFR/Tag-along Sale. The ROFR/Tag-along Notice must make reference to the ROFR/Tag-along Members' rights and obligations hereunder and describe in reasonable detail:

(i) The name of the Proposed Transferee;

(ii) The proposed date, time and location of the closing of the ROFR/Tag-along Sale;

(iii) The proposed amount of consideration for the ROFR/Tag-along Sale and the other material terms and conditions of the ROFR/Tag-along Sale, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof; and

(iv) A copy of any form of agreement proposed to be executed in connection therewith.

(c) <u>Exercise of Right of First Refusal</u>.

(i) The ROFR/Tag-along Members may purchase all of the Offered Membership Interest on the same terms in the ROFR/Tag-Along Notice, following the receipt of the Sale Notice by delivering to the Company and the Selling Member no later than ten Business Days after receipt of the ROFR/Tag-along Notice a written election to purchase the Offered Membership Interest on the same terms as described in the ROFR-Tag-along Notice. If the total amount of Membership Interests that all ROFR/Tag-along Members desire to purchase exceeds the amount of the Offered Membership Interest, each such ROFR/Tag-along Member shall purchase its pro rata portion of the Offered Membership Interest based upon the numerator of the Membership Interest owned by such purchasing ROFR/Tag-along Member and the denominator of the Membership Interest owned by all ROFR/Tag-along Members who elect to purchase.

(ii) The offer of each ROFR/Tag-along Member set forth in a response to a ROFR/Tag-along Notice will be irrevocable, and to the extent such offer is accepted, such ROFR/Tag-along Member will be bound and obligated to consummate the Transfer on the terms and conditions set forth in the Sale Notice.

(b) <u>Exercise of Tag-along Right</u>.

(i) The ROFR/Tag-along Members may elect to participate in the Tagalong Sale pursuant to this Section 9.4 and will each have the right to Transfer in the Tag-along Sale the amount of Membership Interests, equal to the product of (x)the total percentage of Membership Interests that the Proposed Transferee proposes to buy as stated in the ROFR/Tag-along Notice, and (y) a fraction (A) the numerator of which is equal to the percentage of Membership Interests then held by the applicable ROFR/Tag-along Member, and (B) the denominator of which is equal to the total percentage of Membership Interests then held by the Selling Member and all of the ROFR/Tag-along Members timely electing to participate in the Tagalong Sale pursuant to Section 9.4(d)(ii) (such amount, the "<u>Tag-along Portion</u>").

(ii) Each ROFR/Tag-along Member shall exercise its right to participate in a ROFR/Tag-along Sale by delivering to the Selling Member a written notice (a "<u>Tag-along Notice</u>") stating its election to do so and specifying the amount of Membership Interests (up to its Tag-along Portion) to be Transferred by it no later than ten Business Days after receipt of the Sale Notice.

(iii) The offer of each Tag-along Member set forth in a Tag-along Notice will be irrevocable, and to the extent such offer is accepted, such Tag-along Member will be bound and obligated to consummate the Transfer on the terms and conditions set forth in this Section 9.4.

(iv) Each ROFR/Tag-along Member who does not deliver a Tag-along Notice in compliance with Section 9.4(d)(ii) will be deemed to have waived all of such ROFR/Tag-along Member's rights to participate in the Tag-along Sale, and the Selling Member may (subject to the rights of any other participating ROFR/Tag-along Member thereafter sell to the Proposed Transferee the Membership Interests identified in the ROFR/Tag-along Notice at a price that is no greater than the price set forth in the ROFR/Tag-along Notice and on other terms and conditions which are not in the aggregate materially more favorable to the Selling Member than those set forth in the ROFR-Tag-along Notice, without any further obligation to the non-accepting ROFR/Tag-along Members.

(v) Each Member participating in the Tag-along Sale will receive the same consideration after deduction of such Member's proportionate share of the related expenses in accordance with Section 9.4.

Each participating ROFR/Tag-along Member shall make or provide (vi) the same representations, warranties, covenants, indemnities and agreements as the Selling Member makes or provides in connection with the Tag-along Sale (except that in the case of representations, warranties, covenants, indemnities and agreements pertaining specifically to the Selling Member, the participating ROFR/Tag-along Member shall make the comparable representations, warranties, covenants, indemnities and agreements pertaining specifically to itself); provided, that all representations, warranties, covenants and indemnities will be made by the Selling Member and each ROFR/Tag-along Member severally and not jointly and any indemnification obligation will be pro rata based on the consideration received by the Selling Member and each ROFR/Tag-along Member (other than any indemnification obligation pertaining specifically to the Selling Member or a ROFR/Tag-along Member, which obligation will be the sole obligation of such Selling Member or ROFR/Tag-along Member), in each case in an amount not to exceed the aggregate proceeds received by the Selling Member and each such ROFR/Tag-along Member in connection with the Tag-along Sale.

(vii) Each participating ROFR/Tag-along Member shall take all actions as may be reasonably necessary to consummate the Tag-along Sale, including entering into agreements and delivering certificates and instruments, in each case, consistent with the agreements being entered into and the certificates being delivered by the Selling Member, but subject to Section 9.4(d)(vi).

(viii) The fees and expenses of the Selling Member incurred in connection with a Tag-along Sale and for the benefit of all ROFR/Tag-along Members (it being understood that costs incurred by or on behalf of a Selling Member for its sole benefit will not be considered to be for the benefit of all ROFR/Tag-along Members), to the extent not paid or reimbursed by the Company or the Proposed Transferee, will be shared by the Selling Members and all the participating Tag-along Members on a pro rata basis, based on the consideration received by each such Member; *provided*, that no Tag-along Member will be obligated to make any out-of-pocket expenditure prior to the consummation of the Tag-along Sale.

(ix) If the Selling Members sells or otherwise Transfers to the Proposed Transferee any of its Membership Interests in breach of this Section 9.4, then each ROFR/Tag-along Member may sell to the Selling Member, and the Selling Member undertakes to purchase from each ROFR/Tag-along Member, the amount of Membership Interest that such ROFR/Tag-along Member would have had the right to sell to the Proposed Transferee pursuant to this Section 9.4, for a price and upon the terms and conditions on which the Proposed Transferee bought such Membership Interests from the Selling Member, but without indemnity being granted by any ROFR/Tag-along Member to the Selling Member; provided, that nothing contained in this Section 9.4(d)(ix) will preclude any Member from seeking

alternative remedies against such Selling Members as a result of its breach of this Section 9.4. The Selling Member shall reimburse each ROFR/Tag-along Member for all reasonable and documented out-of-pocket fees and expenses, including reasonable legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of the ROFR/Tag-along Member's rights under this Section 9.4(ix).

9.5 <u>Member Termination Event</u>. If a Member or a Manager becomes aware of the occurrence of a Member Termination Event or an event that has a reasonable likelihood of qualifying as a Member Termination Event with respect to a Member, such Manager or Member, as the case may be, shall deliver to the Company and each Member a written notice (a "<u>Member Termination Event Notice</u>") of such occurrence as soon as practicable, and in no event later than three Business Days thereafter. As soon as practicable after the Company's receipt of a Member Termination Event Notice, and in no event later than five Business Days thereafter, the Company shall deliver to the Unsuitable Member a written notice (an "<u>Unsuitable Member Notice</u>") of the occurrence of the Member Termination Event and the provisions of this Section 8.3. Upon the Unsuitable Member's receipt of an Unsuitable Member Notice, it will no longer be a Member, the Company shall redeem the Unsuitable Member's Membership Interest for Fair Market Value as soon as reasonably practicable, and, upon such redemption, all the Unsuitable Member's rights with respect to its Membership Interest will be deemed forfeited, and allocated pro-rata to the remaining Members in accordance with their respective Membership Interests.

ARTICLE X EXCULPATION AND INDEMNIFICATION

10.1 <u>Exculpation of Covered Persons</u>.

(a) <u>Standard of Care</u>. No Covered Person will be liable to the Company or any other Covered Person for any loss, damage, or claim incurred by reason of any action taken or omitted to be taken by such Covered Person in good faith reliance on the provisions of this Agreement, so long as such action or omission does not constitute fraud or willful misconduct by such Covered Person.

(b) <u>Good Faith Reliance</u>. A Covered Person will be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports or statements (including financial statements and information, opinions, reports or statements as to the value or amount of the assets, liabilities, Net Income or Net Losses of the Company or any facts pertinent to the existence and amount of assets from which distributions might properly be paid) of the following Persons or groups: (i) another Manager; (ii) one or more Officers or employees of the Company; (iii) any attorney, independent accountant, appraiser or other expert or professional employed or engaged by or on behalf of the Company; or (iv) any other Person selected in good faith by or on behalf of the Company, in each case as to matters that such relying Person reasonably believes to be within such other Person's professional or expert competence. The preceding sentence will in no way limit any Person's right to rely on information to the extent provided in the

Massachusetts Act.

10.2 Liabilities and Duties of Covered Persons.

(a) <u>Limitation of Liability</u>. This Agreement is not intended to, and does not, create or impose any fiduciary duty on any Covered Person. Furthermore, each of the Members and the Company hereby waives any and all fiduciary duties that, absent such waiver, may be implied by Applicable Law, and in doing so, acknowledges and agrees that the duties and obligation of each Covered Person to each other and to the Company are only as expressly set forth in this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Covered Person otherwise existing at law or in equity, replace such other duties and liabilities of such Covered Person.

(b) <u>Duties</u>. Whenever in this Agreement a Covered Person is permitted or required to make a decision (including a decision that is in such Covered Person's "discretion" or under a grant of similar authority or latitude), the Covered Person shall consider only such interests and factors as such Covered Person desires, including its own interests, and will have no duty or obligation to give any consideration to any interest of or factors affecting the Company or any other Person. Whenever in this Agreement a Covered Person is permitted or required to make a decision in such Covered Person's good faith, the Covered Person shall act under such express standard and will not be subject to any other or different standard imposed by this Agreement or any other Applicable Law.

10.3 Indemnification.

(a) <u>Indemnification</u>. To the fullest extent permitted by the Massachusetts Act, as the same now exists or may hereafter be amended, substituted or replaced (but, in the case of any such amendment, substitution or replacement, only to the extent that such amendment, substitution or replacement permits the Company to provide broader indemnification rights than the Massachusetts Act permitted the Company to provide prior to such amendment, substitution or replacement), the Company shall indemnify, hold harmless, defend, pay and reimburse any Covered Person against any and all losses, claims, damages, judgments, fines or liabilities, including reasonable legal fees or other expenses incurred in investigating or defending against such losses, claims, damages, judgments, fines or liabilities, and any amounts expended in settlement of any claims (collectively, "Losses") to which such Covered Person may become subject by reason of:

(i) any act or omission or alleged act or omission performed or omitted to be performed on behalf of the Company, any Member or any direct or indirect Subsidiary of the foregoing in connection with the Business of the Company; or

(ii) such Covered Person being or acting in connection with the business of the Company as a member, stockholder, Affiliate, manager, director, officer, employee or agent of the Company, any Member, or any of their respective Affiliates, or that such Covered Person is or was serving at the request of the Company as a member, manager, director, officer, employee or agent of any Person, including the Company; *provided*, that (x) such Covered Person acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, and (y) such Covered Person's conduct did not constitute fraud or willful misconduct, in either case as determined by a final, nonappealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, will not, of itself, create a presumption that the Covered Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person's conduct was unlawful, or that the Covered Person's conduct constituted fraud or willful misconduct.

(b) Control of Defense. Upon a Covered Person's discovery of any claim, lawsuit or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 10.3, the Covered Person shall give prompt written notice to the Company of such claim, lawsuit or proceeding, provided, that the failure of the Covered Person to provide such notice will not relieve the Company of any indemnification obligation under this Section 10.3, unless the Company has been materially prejudiced thereby. Subject to the approval of the disinterested Members, the Company may participate in or assume the defense of any such claim, lawsuit or proceeding at its own expense. After notice from the Company to the Covered Person of its election to assume the defense of any such claim, lawsuit or proceeding, the Company will not be liable to the Covered Person under this Agreement or otherwise for any legal or other expenses subsequently incurred by the Covered Person in connection with investigating, preparing to defend or defending any such claim, lawsuit or other proceeding. If the Company does not elect (or fails to elect) to assume the defense of any such claim, lawsuit or proceeding, the Covered Person will have the right to assume the defense of such claim, lawsuit or proceeding as it deems appropriate, but it may not settle any such claim, lawsuit or proceeding without the consent of the Company (which consent may not be unreasonably withheld, conditioned or delayed).

(c) <u>Reimbursement</u>. The Company shall promptly reimburse (and/or advance to the extent reasonably required) each Covered Person for reasonable legal or other expenses (as incurred) of such Covered Person in connection with investigating, preparing to defend or defending any claim, lawsuit or other proceeding relating to any Losses for which such Covered Person may be indemnified pursuant to this Section 10.3; provided, that if it is finally judicially determined that such Covered Person is not entitled to the indemnification provided by this Section 10.3, then such Covered Person shall promptly reimburse the Company for any reimbursed or advanced expenses.

(d) <u>Entitlement to Indemnity</u>. The indemnification provided by this Section 10.3 will not be deemed exclusive of any other rights to indemnification to which those seeking indemnification may be entitled under any agreement or otherwise. The provisions of this Section 10.3 will continue to afford protection to each Covered Person regardless of whether such Covered Person remains in the position or capacity pursuant to which such Covered Person became entitled to indemnification under this Section 10.3 and will inure to the benefit of the executors, administrators, legatees, and distributees of such Covered

Person.

(e) <u>Insurance</u>. To the extent available on commercially reasonable terms, the Company may purchase, at its expense, insurance to cover Losses covered by the foregoing indemnification provisions and to otherwise cover Losses for any breach or alleged breach by any Covered Person of such Covered Person's duties in such amount and with such deductibles as the Managers may determine; provided, that the failure to obtain such insurance will not affect the right to indemnification of any Covered Person under the indemnification provisions contained herein, including the right to be reimbursed or advanced expenses or otherwise indemnified for Losses hereunder. If any Covered Person recovers any amounts in respect of any Losses from any insurance coverage, then such Covered Person shall, to the extent that such recovery is duplicative, reimburse the Company for any amounts previously paid to such Covered Person by the Company in respect of such Losses.

(f) <u>Funding of Indemnification Obligation</u>. Notwithstanding anything contained herein to the contrary, any indemnity by the Company relating to the matters covered in this Section 10.3 will be provided out of and to the extent of Company assets only, and no Member (unless such Member otherwise agrees in writing) will have personal liability on account thereof or will be required to make additional Capital Contributions to help satisfy such indemnity by the Company.

(g) <u>Savings Clause</u>. Notwithstanding Section 13.6 of this Agreement, if this Section 10.3 or any portion hereof is invalidated on any ground by any court of competent jurisdiction or arbitrator, then the Company shall nevertheless indemnify and hold harmless each Covered Person pursuant to this Section 10.3 to the fullest extent permitted by any applicable portion of this Section 10.3 that has not been invalidated and to the fullest extent permitted by Applicable Law.

(h) <u>Amendment</u>. The provisions of this Section 10.3 will be a contract between the Company, on the one hand, and each Covered Person who served in such capacity at any time while this Section 10.3 is in effect, on the other hand, pursuant to which the Company and each such Covered Person intend to be legally bound. No amendment, modification or repeal of this Section 10.3 that adversely affects the rights of a Covered Person to indemnification for Losses incurred or relating to a state of facts existing prior to such amendment, modification or repeal will apply in such a way as to eliminate or reduce such Covered Person's entitlement to indemnification for such Losses without the Covered Person's prior written consent.

10.4 <u>Survival</u>. The provisions of this Article IX will survive the dissolution, liquidation, winding up, and termination of the Company.

ARTICLE XI ACCOUNTING; TAX MATTERS

11.1 <u>Financial Statements</u>. Upon written request by a Member, the Company shall furnish to each Member the following reports:

(a) <u>Annual Financial Statements</u>. As soon as available, and in any event within 120 days after the end of the current Fiscal Year, audited consolidated balance sheets of the Company as at the end of the Fiscal Year and audited consolidated statements of income, cash flows, and Members' equity for such Fiscal Year setting forth in comparative form the figures for the previous Fiscal Year, if financial statements were prepared for the previous Fiscal Year, accompanied by the certification of independent certified public accountants of recognized national standing selected by the Managers, certifying to the effect that, except as set forth therein, such financial statements have been prepared in accordance with the accrual tax accounting method, applied on a basis consistent with prior years, and fairly present in all material respects the financial condition of the Company as of the dates thereof and the results of their operations and changes in their cash flows and Members' equity for the periods covered thereby.

(b) <u>Quarterly Financial Statements</u>. As soon as available, and in any event within 45 days after the end of the current quarterly accounting period in the Fiscal Year (other than the last fiscal quarter of the Fiscal Year), unaudited consolidated balance sheets of the Company as at the end of the fiscal quarter and for the current Fiscal Year to date and unaudited consolidated statements of income, cash flows, and Members' equity for such fiscal quarter and for the current Fiscal Year to date setting forth in comparative form the figures for the corresponding periods of the previous fiscal quarter, if financial statements were prepared for the previous fiscal quarter, all in reasonable detail and all prepared in accordance with the accrual tax accounting method, consistently applied (subject to normal year-end audit adjustments and the absence of notes thereto), and certified by the principal financial or accounting officer of the Company.

11.2 <u>Inspection Rights</u>. Upon reasonable notice from a Member, the Company shall afford each Member and its Representatives access during normal business hours to (a) the Company's properties, offices, plants and other facilities; (b) the corporate, financial and similar records, reports and documents of the Company, including all books and records, minutes of proceedings, internal management documents, reports of operations, reports of adverse developments, copies of any management letters and communications with Members or Managers, and to permit each Member and its Representatives to examine such documents and make copies thereof; and (c) any officers, senior employees and public accountants of the Company, and to afford each Member and its Representatives the opportunity to discuss and advise on the affairs, finances and accounts of the Company with such officers, senior employees and public accountants (and the Company hereby authorizes said accountants to discuss with such Member and its Representatives to examine such Member and its Representatives to explore the opportunity to discuss and advise on the affairs, finances and accounts of the Company with such officers, senior employees and public accountants (and the Company hereby authorizes said accountants to discuss with such Member and its Representatives to examine such Member and its Representatives to examine such affairs, finances and accounts of the Company hereby authorizes said accountants to discuss with such Member and its Representatives such affairs, finances and accounts).

11.3 <u>Income Tax Status</u>. It is the intent of the Company and the Members that this Company be treated as a partnership for U.S., federal, state and local income tax purposes. If the Company makes an election for the Company to be classified as other than a partnership pursuant to Treasury Regulations Section 301.7701-3, the Members shall negotiate in good faith to amend this Agreement to conform it to tax, accounting, and financial requirements of applicable Treasury Regulations.

11.4 <u>Tax Matters Member; Partnership Representative.</u>

(a) <u>Appointment</u>. The Members hereby appoint Sherif Osman as the "tax matters partner" (as defined in Code Section 6231 prior to its amendment by the Bipartisan Budget Act of 2015 (the "<u>BBA</u>")) (the "<u>Tax Matters Member</u>") and the "partnership representative" (the "<u>Partnership Representative</u>") as provided in Code Section 6223(a) (as amended by the BBA). The Tax Matters Member or Partnership Representative may resign at any time. Upon such resignation, the Members shall unanimously appoint a new Tax Matters Member or Partnership Representative.

(b) <u>Tax Examinations and Audits</u>. The Tax Matters Member and the Partnership Representative are each authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by Governmental Authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith. Each Member shall not independently act with respect to tax audits or tax litigation of the Company, unless previously authorized to do so in writing by the Tax Matters Member or the Partnership Representative, which authorization may be withheld by the Tax Matters Member or the Partnership Representative in its sole and absolute discretion. The Tax Matters Member or Partnership Representative has sole discretion to determine whether the Company (either on its own behalf or on behalf of the Members) will contest or continue to contest any tax deficiencies assessed or proposed to be assessed by any Governmental Authority.

(c) <u>BBA Elections</u>. The Company shall not elect into the partnership audit procedures enacted under Section 1101 of the BBA (the "<u>BBA Procedures</u>") for any tax year beginning before January 1, 2019, and, to the extent permitted by applicable law and regulations, the Company shall annually elect out of the BBA Procedures for tax years beginning on or after January 1, 2019, pursuant to Code Section 6221(b) (as amended by the BBA). For any year in which applicable law and regulations do not permit the Company to elect out of the BBA Procedures, then within 45 days of any notice of final partnership adjustment, the Company shall elect the alternative procedure under Code Section 6226, as amended by Section 1101 of the BBA, and furnish to the Internal Revenue Service and each Member during the year or years to which the notice of final partnership adjustment relates a statement of the Member's share of any adjustment set forth in the notice of final partnership adjustment.

(d) <u>Tax Returns and Tax Deficiencies</u>. Each Member shall not treat any Company item inconsistently on such Member's federal, state, foreign or other income tax return with the treatment of the item on the Company's return. Any deficiency for taxes imposed on any Member (including penalties, additions to tax or interest imposed with respect to such taxes and taxes imposed pursuant to Code Section 6226 as amended by the BBA) will be paid by such Member and if required to be paid (and actually paid) by the Company, will be recoverable from such Member as provided in Section 6.3(c).

(e) <u>Income Tax Elections</u>. Except as otherwise provided herein, each of the Tax Matters Member and the Partnership Representative will have sole discretion to make any determination regarding income tax elections it deems advisable on behalf of the Company; provided, that the Tax Matters Member or the Partnership Representative shall make an election under Code Section 754, if requested in writing by another Member.

11.5 <u>Tax Returns</u>. At the expense of the Company, the Managers shall cause the preparation and timely filing (including extensions) of all tax returns required to be filed by the Company pursuant to the Code as well as all other required tax returns in each jurisdiction in which the Company owns property or does business. As soon as reasonably possible after the end of each Fiscal Year, the Managers or designated Officer shall cause to be delivered to each Person who was a Member at any time during such Fiscal Year, IRS Schedule K-1 to Form 1065 and such other information with respect to the Company as may be necessary for the preparation of such Person's federal, state and local income tax returns for such Fiscal Year.

11.6 <u>Company Funds</u>. All funds of the Company will be deposited in its name, or in such name as may be designated by the Managers, in such checking, savings, or other accounts, or held in its name in the form of such other investments as shall be designated by the Managers. The funds of the Company will not be commingled with the funds of any other Person.

ARTICLE XII DISSOLUTION AND LIQUIDATION

12.1 <u>Events of Dissolution</u>. The Company will be dissolved and its affairs wound up only upon the occurrence of any of the following events:

(a) An election to dissolve the Company made by unanimous written consent of the Members;

(b) The sale, exchange, involuntary conversion, or other disposition or Transfer of all or substantially all the assets of the Company; or

(c) The entry of a decree of judicial dissolution under the Massachusetts Act.

12.2 <u>Effectiveness of Dissolution</u>. Dissolution of the Company will be effective on the day on which the event described in Section 12.1 occurs, but the Company will not terminate until the winding up of the Company has been completed and the assets of the Company have been distributed as provided in Section 12.3, and Articles of Dissolution have been filed as provided in Section 12.4.

12.3 <u>Liquidation</u>. If the Company is dissolved pursuant to Section 12.1, the Company will be liquidated and its business and affairs wound up in accordance with the Massachusetts Act and the following provisions:

(a) <u>Liquidator</u>. Any Person selected by the Managers shall act as liquidators to wind up the Company (collectively, the "<u>Liquidator</u>"). The Liquidator will have full power and authority to sell, assign, and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and business-like manner.

(b) <u>Accounting</u>. As promptly as possible after dissolution and again after final liquidation, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through

the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable.

(c) <u>Distribution of Proceeds</u>. The Liquidator shall liquidate the assets of the Company and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of Applicable Law:

(i) *First*, to the payment of all of the Company's debts and liabilities to its creditors (including Members, if applicable) and the expenses of liquidation (including sales commissions incident to any sales of assets of the Company);

(ii) *Second*, to the establishment of and additions to reserves that are determined by the Managers to be reasonably necessary for any contingent unforeseen liabilities or obligations of the Company;

(iii) *Third*, to the Members in accordance with the positive balances in their respective Capital Accounts, as determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the liquidation of the Company occurs; and

(iv) *Fourth*, to the Members pro rata in accordance with their respective Membership Interests.

(d) <u>Discretion of Liquidator</u>. Notwithstanding the provisions of section 12.2 that require the liquidation of the assets of the Company, but subject to the order of priorities set forth in Section 12.3(c), if upon dissolution of the Company the Liquidator reasonably determines that an immediate sale of part or all of the Company's assets would be impractical or could cause undue loss to the Members, the Liquidator may defer the liquidation of any assets except those necessary to satisfy Company liabilities and reserves, and may distribute to the Members, in lieu of cash, as tenants in common and in accordance with the provisions of Section 12.3(c), undivided interests in such Company assets as the Liquidator deems not suitable for liquidation. Any such distribution in kind will be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operating of such properties at such time. For purposes of any such distribution, any property to be distributed will be valued at its Fair Market Value.

12.4 <u>Articles of Dissolution</u>. Upon completion of the distribution of the assets and proceeds of the Company as provided in Section 12.3(c), the Company will be terminated, and the Liquidator shall cause the filing of the Articles of Dissolution in the State of Massachusetts and of all qualifications and registrations of the Company as a foreign limited liability company in jurisdictions other than the State of Massachusetts and shall take such other actions as may be necessary to terminate the Company.

12.5 <u>Survival of Rights, Duties, and Obligations</u>. Dissolution, liquidation, winding up or termination of the Company for any reason will not release any party from any Loss that at the time of such dissolution, liquidation, winding up or termination already had accrued to any other party or thereafter may accrue in respect of any act or omission prior to such dissolution,

liquidation, winding up or termination. For the avoidance of doubt, none of the foregoing will replace, diminish or otherwise adversely affect any Member's right to indemnification pursuant to Section 10.3.

12.6 <u>Recourse for Claims</u>. Each Member shall look solely to the assets of the Company for all distributions with respect to the Company, such Member's Capital Account, and such Member's share of Net Income, Net Loss and other items of income, gain, loss and deduction, and will have no recourse therefor (upon dissolution or otherwise) against the Liquidator or any other Member.

ARTICLE XIII MISCELLANEOUS

13.1 <u>Expenses</u>. Except as otherwise provided herein, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with the preparation and execution of this Agreement, or any amendment or waiver hereof, and the transactions contemplated hereby will be paid by the party incurring such costs and expenses.

13.2 <u>Further Assurances</u>. In connection with this Agreement and the transactions contemplated hereby, the Company and each Member shall, at the request of the Company or any other Member, to execute and deliver such additional documents, instruments, conveyances and assurances and to take such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

13.3 <u>Confidentiality</u>.

(a) Each Member acknowledges that during the term of this Agreement, it will have access to and become acquainted with trade secrets, proprietary information and confidential information belonging to the Company and its Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer lists or other business documents that the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, "Confidential Information"). In addition, each Member acknowledges that: (i) the Company has invested, and continues to invest, substantial time, expense and specialized knowledge in developing its Confidential Information; (ii) the Confidential Information provides the Company with a competitive advantage over others in the marketplace; and (iii) the Company would be irreparably harmed if the Confidential Information were disclosed to competitors or made available to the public. Without limiting the applicability of any other agreement to which any Member is subject, no Member shall, directly or indirectly, disclose or use (other than solely for the purposes of such Member monitoring and analyzing its investment in the Company), including, without limitation, use for personal, commercial or proprietary advantage or profit, either during its association with the Company or thereafter, any Confidential Information of which such Member is or becomes aware. Each Member in possession of Confidential Information shall take all appropriate steps to safeguard such information and to protect it against

disclosure, misuse, espionage, loss and theft.

Nothing contained in Section 13.3(a) will prevent any Member from (b)disclosing Confidential Information: (i) upon the order of any court or administrative agency; (ii) upon the request or demand of any regulatory agency or authority having jurisdiction over such Member; (iii) to the extent compelled by legal process or required or requested pursuant to subpoena, interrogatories or other discovery requests; (iv) to the extent necessary in connection with the exercise of any remedy hereunder; (v) to the other Members; (vi) to such Member's Representatives who, in the reasonable judgment of such Member, need to know such Confidential Information and agree to be bound by the provisions of this Section 13.3 as if a Member; or (vii) to any potential Permitted Transferee in connection with a proposed Transfer of Membership Interests from such Member, as long as such Transferee agrees to be bound by the provisions of this Section 13.3 as if a Member; provided, that in the case of clause (i), (ii) or (iii), such Member shall notify the Company and other Member of the proposed disclosure as far in advance of such disclosure as practicable (but in no event make any such disclosure before notifying the Company and other Member) and use reasonable efforts to ensure that any Confidential Information so disclosed is accorded confidential treatment satisfactory to the Company, when and if available.

(c) The restrictions of Section 13.3(a) will not apply to Confidential Information that: (i) is or becomes generally available to the public other than as a result of a disclosure by a Member in violation of this Agreement; (ii) is or has been independently developed or conceived by such Member without use of Confidential Information; or (iii) becomes available to such Member or any of its Representatives on a non-confidential basis from a source other than the Company, the other Member or any of their respective Representatives, provided, that such source is not known by the receiving Member to be bound by a confidentiality agreement regarding the Company.

(d) The obligations of each Member under this Section 13.3 will survive (i) the termination, dissolution, liquidation and winding up of the Company, (ii) the withdrawal of such Member from the Company, and (iii) such Member's Transfer of its Membership Interests.

13.4 <u>Notices</u>. All notices, requests, consents, claims, demands, waivers and other communications hereunder must be in writing and will be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 13.4): if to a Member or Manager, to such Member's or Manager's respective mailing address as set forth on the Members Schedule.

13.5 <u>Headings</u>. The headings in this Agreement are inserted for convenience or reference

only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision of this Agreement.

13.6 <u>Invalid Provisions; Severability</u>. If a dispute between the parties hereto arises out of this Agreement or the subject matter of this Agreement, the parties would want a court or arbitrator to interpret this Agreement as follows:

(a) With respect to any provision held to be unenforceable, by modifying that provision to the minimum extent necessary to make it enforceable or, if that modification is not permitted by law or public policy, by disregarding the provision;

(b) if an unenforceable provision is modified or disregarded in accordance with this Section 13.6, by holding the rest of the Agreement will remain in effect as written;

(c) by holding that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable; and

(d) if modifying or disregarding the unenforceable provision would result in a failure of an essential purpose of this Agreement, by holding the entire Agreement unenforceable.

Upon the determination that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

13.7 <u>Entire Agreement</u>. This Agreement, together with the Articles of Organization and all related Exhibits and Schedules, constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

13.8 <u>Successors and Assigns</u>. Subject to the restrictions on Transfers set forth herein, this Agreement will be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

13.9 <u>No Third-party Beneficiaries</u>. Except as provided in Article IX, which will be for the benefit of and enforceable by Covered Persons as described therein, this Agreement is for the sole benefit of the parties hereto (and their respective heirs, executors, administrators, successors and assigns) and nothing herein, express or implied, is intended to or will confer upon any other Person, including any creditor of the Company, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

13.10 <u>Amendment</u>. No provision of this Agreement may be amended or modified except by an instrument in writing executed by the Company and all of its Members. Any such written amendment or modification will be binding upon the Company and each Member. Notwithstanding the foregoing, amendments to the Members Schedule may be made by the Managers in accordance with Section 3.1.

13.11 <u>Waiver</u>. No waiver by any party of any of the provisions hereof will be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party will operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement will operate or be construed as a waiver thereof, nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. For the avoidance of doubt, nothing contained in this Section 13.11 will diminish any of the explicit and implicit waivers described in this Agreement, including in Sections 4.5(e) and 13.15.

13.12 <u>Governing Law</u>. This Agreement is governed by and construed and enforced in accordance with the laws of the State of Massachusetts, without giving effect to any conflict or choice of law provision that would result

13.13 Mandatory Binding Arbitration.

(a) Except as provided in Section 13.14, any dispute, claim, interpretation, controversy, or issues of public policy arising out of relating to this Agreement, including the determination of the scope or applicability of this Section 13.13, will be determined exclusively by arbitration held in Southwick, Massachusetts, and will be governed exclusively by the Massachusetts Uniform Arbitration Act for Commercial Disputes, , MA Gen L Ch 251 § 1 (2015) (the "<u>MUAACD</u>").

(b) The arbitrator will be selected from the roster of arbitrators at) the Massachusetts Academy of Mediators & Arbitrators ("MAMA"), unless the parties agree otherwise. If the parties do not agree on the selection of a single arbitrator within ten days after a demand for arbitration is made, then the arbitrator will be selected by MAMA from among its available professionals. Arbitration of all disputes and the outcome of the arbitration will remain confidential between the Parties except as necessary to obtain a court judgment on the award or other relief or to engage in collection of the judgment.

(c) The parties irrevocably submit to the exclusive jurisdiction of the state courts located in Southwick, Massachusetts, with respect to this Section 13.13 to compel arbitration, to confirm an arbitration award or order, or to handle court functions permitted under the MUAACD. The parties irrevocably waive defense of an inconvenient forum to the maintenance of any such action or other proceeding. The parties may seek recognition and enforcement of any Massachusetts state court judgment confirming an arbitration award or order in any United States state court or any court outside the United States or its territories having jurisdiction with respect to recognition or enforcement of such judgment.

(d) The Parties waive (i) any right of removal to the United States federal courts and (ii) any right in the United States federal courts to compel arbitration, to confirm any arbitration award or order, or to seek any aid or assistance of any kind.

13.14 <u>Non-Arbitrable Dispute</u>. If the Members are unable to resolve a dispute concerning the operation of the Company or any issue pertaining to or in any way related to this Agreement or the terms hereof that is not arbitrable including, without limitation, a dispute whereby the Members are unable to agree on any matter requiring a vote (a "<u>Non-Arbitrable Dispute</u>"), the Members shall resolve such Non-Arbitrable Dispute in accordance with this Section 13.14.

(a) If, despite the Members' good faith attempt to resolve a Non-Arbitrable Dispute, when a Member determines a Non-Arbitrable Dispute exists, such Member may deliver to the other Members a written notice to mediate (a "Notice to Mediate") such Non-Arbitrable Dispute. Upon a Member's receipt of a Notice to Mediate, the Members shall promptly submit to mediation the Non-Arbitrable Dispute. Such mediation will be held in Southwick, Massachusetts before an independent third party. If the Members cannot agree upon a mediator within 14 days after delivery of a Notice to Mediate, then the mediation will not occur. If the Members fail to resolve the Non-Arbitrable Dispute by mediation within 30 days following delivery of a Notice to Mediate, a Member may take such other action as permitted at law, in equity or pursuant to the Massachusetts Act.

At any time following compliance with Section 13.14(a) (but no later than (b) 90 days after delivery of a Notice to Mediate), a Member (the "Shotgun Member") may offer to buy all, but not less than all, of the Membership Interests of the Member who provided the Notice to Mediate (the "Other Member"). Such offer must be in writing and include the price for such Membership Interest, the terms of the offer and the closing date for such purchase (the "Shotgun Notice"), which date will be no fewer than 45 and no more than 120 days after the date of the Shotgun Notice. Within 30 days of receipt of the Shotgun Notice, the Other Member shall notify the Shotgun Member in writing (the "Answer") whether the Other Member elects to sell its Membership Interest to the Shotgun Member at the price stated in the Shotgun Notice or purchase the Shotgun Member's Membership Interest at the same price as set forth in the Shotgun Notice (the "Put Price"), and the purchase of such Membership Interest will proceed as provided herein. If the Other Member does not deliver the Answer within the above period, then the Other Member will be deemed to have conclusively elected to sell his Membership Interest on the terms in the Shotgun Notice. The closing for such sale will occur on the date specified by the Shotgun Member as the closing date at the principal place of business of the Company on the terms and conditions set forth in the Shotgun Notice. The funds for the purchase of the Membership Interest to be sold will be paid by certified check or by wire transfer of funds or any combination thereof. At the closing, the Member selling its Membership Interest shall deliver the Membership Interest free and clear of all Liens and shall deliver to the purchasing Member such instruments of transfer and such evidence of due authorization, execution and delivery and of the absence of any such Liens as such Member reasonably requests. The purchasing Member shall assume and indemnify all of the selling Member's remaining obligations with respect to the Company, including any obligation to make additional Capital Contributions to the Company or any debt obligations to other parties (including any guarantee of such obligations). The Member purchasing a Membership Interest pursuant to this Section 13.14(b) shall also satisfy all loans to the Company from the Member selling its Membership Interest.

13.15 Waiver of Jury Trial. Each party hereto acknowledges and agrees that any

controversy that may arise under this Agreement is likely to involve complicated and difficult issues and, therefore, each such party irrevocably and unconditionally waives any right it may have to a trial by jury in respect of any legal action arising out of or relating to this Agreement or the transactions contemplated hereby.

13.16 <u>Equitable Remedies</u>. Each party hereto acknowledges that a breach or threatened breach by such party of any of its obligations under this Agreement would give rise to irreparable harm to the other parties, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by such party of any such obligations, each of the other parties hereto will, in addition to any and all other rights and remedies that may be available to them in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

13.17 <u>Attorneys' Fees</u>. If any party hereto institutes any legal suit, action or proceeding, including arbitration, against another party in respect of a matter arising out of or relating to this Agreement, the prevailing party in the suit, action or proceeding will be entitled to receive, in addition to all other damages to which it may be entitled, the costs incurred by such party in conducting the suit, action or proceeding, including reasonable attorneys' fees and expenses and court costs.

13.18 <u>Remedies Cumulative</u>. The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, except to the extent provided in Section 10.2 to the contrary.

13.19 <u>Counterparts</u>. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of Electronic Transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

13.20 <u>REPRESENTATION AS TO COUNSEL</u>. THE COMPANY AND EACH MEMBER ACKNOWLEDGES THAT THIS AGREEMENT WAS DRAFTED BY HOBAN LAW GROUP AS COUNSEL FOR THE COMPANY ONLY, AND THAT THE MEMBERS HAVE THE RIGHT TO HAVE INDEPENDENT COUNSEL REVIEW THIS AGREEMENT ON HIS OR HER BEHALF PRIOR TO SIGNING IT.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

The Company:

FADED FLOWERS LLC

By:

Name: Sherif Osman Title: Manager

The Members:

Raymod Shehata

Dunda ata (Nov 5, 2023 19:51 EST)

Sherif Osman

AT -

| A COLORED OF COLORED | | The Commonwealth of Massachusetts William Francis Galvin | | | |
|---|---|---|---------------------|---|--|
| | Secretary of the Commonwealth, Corporations Divisio One Ashburton Place, 17th floor Boston, MA 02108-1512 | | | | |
| BUICK MIN | Telephone: (617) 727-9640 | | | | |
| Certificate of Organization (General Laws, Chapter) | | | | | |
| Identification Number | : <u>001515931</u> | | | | |
| 1. The exact name of | the limited liability co | ompany is: <u>FADE</u> | ED FLOWERS, LLC | | |
| 2a. Location of its prir | ncipal office: | | | | |
| No. and Street: | 555 HOLYOKE F | ROAD | | | |
| City or Town: | WESTFIELD | State: MA | Zip: <u>01085</u> | Country: <u>USA</u> | |
| 2b. Street address of the office in the Commonwealth at which the records will be maintained: | | | | | |
| No. and Street: | 555 HOLYOKE F | ROAD | | | |
| City or Town: | <u>WESTFIELD</u> | State: MA | Zip: <u>01085</u> | Country: <u>USA</u> | |
| 3. The general characters service, the service to <u>AGRICULTURE</u> | | | ty company is organ | ized to render professional | |
| 4. The latest date of di | issolution, if specified | d: | | | |
| 5. Name and address | of the Resident Agen | t: | | | |
| Name: | KEVIN KOSZAR | KEVIN KOSZAREK | | | |
| No. and Street: | 555 HOLYOKE F | 55 HOLYOKE ROAD | | | |
| City or Town: | WESTFIELD | State: MA | Zip: <u>01085</u> | Country: <u>USA</u> | |
| I, <u>KEVIN KOSZAREK</u> r the resident agent of t | - | | | nt to my appointment as r 156C Section 12. | |
| 6. The name and busin | ness address of each | n manager, if any: | | | |
| Title | Individ | Individual Name | | ess (no PO Box) | |
| MANAGER | | First, Middle, Last, Suffix | | Address, City or Town, State, Zip Code | |
| WANAGER | | | | 555 HOLYOKE ROAD WESTFIELD, MA 01085 | |
| | - | • • | - • • • | authorized to execute all be named if there are no | |
| Title | Individ | Individual Name | | ess (no PO Box) | |
| | First, Mide | First, Middle, Last, Suffix | | or Town, State, Zip Code | |
| | | | | | |

| litle | TitleIndividual NameAddress (no PO Box) | | | | |
|---|---|--|--|--|--|
| | First, Middle, Last, Suffix | Address, City or Town, State, Zip Code | | | |
| NED UNDER THE GAN RIOS | PENALTIES OF PERJURY, this 2 | 3 Day of June, 2021, | | | |
| (The certificate must be signed by the person forming the LLC.) | | | | | |
| | | | | | |
| | | | | | |

THE COMMONWEALTH OF MASSACHUSETTS

I hereby certify that, upon examination of this document, duly submitted to me, it appears that the provisions of the General Laws relative to corporations have been complied with, and I hereby approve said articles; and the filing fee having been paid, said articles are deemed to have been filed with me on:

June 23, 2021 02:29 PM

Heterian Frainfalies

WILLIAM FRANCIS GALVIN

Secretary of the Commonwealth



Figure 1. Faded Flowers Logo

Faded Flowers

Feasibility Study

Sherif Osman

www.FadedFlowersMA.com

management@fadedflowersma.com





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Summary

Cannabis market is an emerging business that was added to the Massachusetts market four years ago. The new emerging market has contributed more than \$ 3 Billion in gross sales to the economy of the state until May 2022. It is a fast-growing industry.

Faded Flowers is targeting the upper-middle and high-end market notch with a solid know-how based on a seven-year commercial growing experience in both Alaska and Massachusetts.

The operation will take place in Chester, MA as a micro grower with an ambitious plan to grow. We will be starting with 5,000 sq. ft, the maximum limit of the micro grower license. Expanding to higher tears of operation will be determined according to market demand.

The Strategy Faded Flowers is following:

Crawl, Walk, Run. Simple

We're starting with a grower, the full-sized micro grower cultivation area, next stage will be deciding what tear of a cultivation Faded Flowers will decide to grow to, according to the market needs, mainly in the extracts section of the business.

The study is using conservative accounting methods to determines the financial benefits of the project in addition to the financial obligations.

FADED FLOWERS





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Table of Content

| Торіс | Page Number |
|---------------------------------------|-------------|
| 1 Faded Flowers Key Components | 5 |
| 1a. Introduction | 5 |
| 1b. Property | 5 |
| 1c. Plant | 6 |
| 1d. Equipment | 7 |
| 2 Faded Flowers Financial Benefits | 8 |
| 2a. Introduction | 8 |
| 2b. Stage 1 (3,000 sq ft) | 9 |
| 2c. Stage 2 (5,000 sq ft) | 9 |
| 2d. Conclusion | 9 |
| 3 Faded Flowers Financial Obligations | 11 |
| 3a. Introduction | 10 |
| 3b. Property | 10 |
| 3c. Land Preparation | 10 |
| 3d. Plant | 10 |
| 3e. Equipment | 10 |
| 3f. Labor | 10 |
| 3g. Security | 10 |
| 3h. Utility Bills | 11 |
| 3i. Future Planning | 11 |
| 3j. Financial Obligations | 11 |
| 4 Faded Flowers Financial Projection | 12 |
| 4a. Introduction | 12 |
| 4b. Financial Projection Table | 12 |
| 4c. Return on Investment | 12 |
| 5 Conclusion | 13 |



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1. Faded Flowers Key Components

1a Introduction

In this section we will be presenting the Property, Plant and Equipment that will be used to successfully operate as Faded Flowers.



Figure 2. Property Street View

1b Property

Faded Flowers successfully acquired a land with the size of 5.5 acres in an industrial area. The town of Chester has approved the Faded Flowers application to operate in the assigned location.

The property is located at:

1 & 18 Baystate Dr Chester, MA 01011

The property is located off of 20, which is a major road cutting through all little towns of NW Massachusetts. It will be easy to commute to and from in any weather conditions.

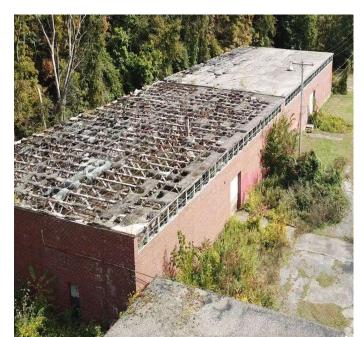


Figure 2. Property Bird eye

Page **5**



1c Plant



Figure 4. 12,000 sq ft property

Faded Flowers will operate inside a pre-existing property. The plant will be refurbished to the state of Massachusetts CCC standards.



Figure 5. Vegetation Chamber Interior

The Cortland warehouse is 12,000 sq ft and enough to accommodate tier 1 and tier 2. Without any structural work. Only purchases to expand to tier 2 will be lights and cultivation needs.

With the high-end advanced equipment and methods of growing, Faded Flowers will be very environmentally friendly and on the right path to produce a highend clean product inside the existing property that is combined of 2 big chambers of 6,000 sq ft each.





1d Equipment

Faded Flowers will be using the best equipment in order to produce the targeted quality. With the use of greenhouses that allows the full sun light spectrum, the best LED used for professional growing in the market will be used, shown in figure 6.



Figure 6. ROI-e720 LED lights

1e Odor Treatment

Cannabis odors is one of the major obstacles that faces the industry of professional cannabis growing. Faded Flowers will proceed with the highest quality filtration systems that almost exceeds double the CCC specs







Figure 9 Cannabis, The New Gold Rush

1. Faded Flowers Financial Benefits

2a Introduction

In this section we will illustrate the financial benefits of Faded Flowers operations using multiple scenarios to have an estimate of the annual revenues generated.

In less than two years of recreational cannabis legalization, the state of Massachusetts has surpassed two billion dollars of sales. Faded Flowers will be the first military themed producer that is owned and operated by veterans. Faded Flowers will be targeting both upper middle and high-end market notches.





2b Stage 1 (3,000 sq ft)

Faded Flowers is set to have 5 harvests per operation year using only 3.000 sq ft of the allowed 5,000. This will be enough to have 440 plants in flowering every harvest.

2c Stage 2 (5,000 sq ft)

Faded Flowers is set to have 5 harvests per operation year using the full allowed 5,000 sq ft. This will be enough to have 800 plants in flowering every harvest.

| | Production/P | lant (Lbs.) | Product/Harv | rest (Lbs.) | Sales Re | v/ Lbs. | Rev/H | larvest |
|--------|-----------------------|-------------|--------------|-------------|----------|----------|------------|--------------|
| | Stage 1 (3,000 sq ft) | | | | | | | |
| Plants | Min | Max | Min | Max | Min | Max | Min | Max |
| 440 | 0.4 | 1.0 | 176 | 440 | \$ 2,400 | \$ 6,000 | \$ 422,400 | \$ 2,640,000 |
| | Stage 2 (5,000 sq ft) | | | | | | | |
| Plants | Min | Max | Min | Max | Min | Max | Min | Max |
| 800 | 0.4 | 1.0 | 320 | 800 | \$ 2,400 | \$ 6,000 | \$ 768,000 | \$ 4,800,000 |

Operating Revenues / Harvest

| Stage 1 | | | | |
|------------|--------------|-----------------|--------------|------------------|
| Total Sale | es Rev/Cycle | Harvests / Year | Annua | al Sales Revenue |
| Min | Max | Harvests / Tear | Min | Max |
| \$ 422,400 | \$ 2,640,000 | 5 | \$ 2,112,000 | \$ 13,200,000 |
| Stage 2 | | | | |
| \$ 768,000 | \$ 4,800,000 | 5 | \$ 3,840,000 | \$ 24,000,000 |

Annual sales revenue

2d Conclusion

The annual sales revenue will fluctuate between \$ 2,000,000 and \$ 24,000,000 annually according to the following factors:

- 1. Area planted
- 2. Amount produced
- 3. Quality of the product
- 4. The fair market value of the product

Page 9



2. Faded Flowers Financial Obligations

3a Introduction

Between the provisional license issuance and the first harvest is sold, there will be about seven months of modification and operation that Faded Flowers will have to be ready for in order to achieve its production plan.

3b Property

The property is set to lease-to-own agreement. In order to fulfill the agreement, Faded Flower agreed to pay a total amount of \$50,000 upfront to cover the first year of the lease-to-own agreement.

3c Preparation

This includes the foundation, septic system, freezer \$45,000

3d Plant

The plant will include the equipment for heating, ventilation, and power outlets, the project estimate is attached, and will cost \$275,000.

3e Equipment

This will include all the equipment, light fixtures, tools, clones and miscellaneous items that will be used in the production operation totaling \$100,000.

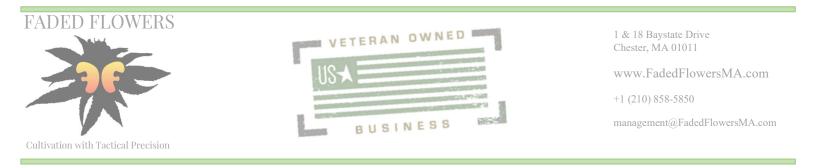
3f Labor

This will cover the labor cost for the first year for 2 workers totaling \$50,000.

3g Security

Securing the property will include the installation of surveillance cameras covering the 360 of the plant on both outside and inside, and an alarm system with the total of \$25,000.





3h Utility Bills

It is hard to estimate the exact cost of the monthly bills before the first cycle of operation, but if we include electric and water bills in addition to other operating cost, marketing and required insurance, we can put an average of \$10,000/month with a total of \$60,000 for the first cycle of operation.

3i Future Planning

Faded Flowers is planning to become 5 times the startup size with 25,000 sq. ft and maximum of 10 well paid employees.

3j Financial Obligations

| Faded Flowers Start Up Financial Obligations | | |
|--|-----------|--|
| Expense | Amount | |
| Property | \$50,000 | |
| Land Preparation | \$45,000 | |
| Plant | \$275,000 | |
| Equipment | \$100,000 | |
| Labor | \$40,000 | |
| Security | \$25,000 | |
| Bills | \$60,000 | |
| Total | \$595,000 | |



3. Faded Flowers Financial Projection

4a Introduction

With all the numbers stated above in a very promising market, Faded Flowers will use the conservative accounting method to project the financial benefits of the operation. Maximizing expenses and minimizing revenues during a full year of operation.

4b Financial Projection Table

| 5,000 sq. ft | | | | |
|---------------------------------------|-----------|-------------|--|--|
| Sales Revenue (3 Harvests first year) | | \$3,100,000 | | |
| Labor Expense | \$60,000 | | | |
| Equipment Expense | \$100,000 | | | |
| Mortgage Expense | \$50,000 | | | |
| Utility Expense | \$60,000 | | | |
| Security Expense | \$25,000 | | | |
| Operation Expense | \$100,000 | | | |
| Total Expense | | \$(395,000) | | |
| Net Income Before Taxes | | \$2,705,000 | | |

4c Return on Investment (Yr1)

When measuring the net income to the initial investment

(net income) \$2,705,000 / (initial investment and expense) \$595,000= 4.55



4. Conclusion

The conclusions are related to the basic factors that are mentioned in this study. Faded Flowers is set to start in the emerging market of Massachusetts, that is four years old. It is targeting the upper-middle and high-end market notch. Through the founders of Faded Flowers, it has a solid know-how of a 7-year experience in Alaska and Massachusetts in both cultivation and wholesale. This experience is the cornerstone of our operation process under the same weather conditions inside greenhouses. This experience will help make the process both effective and efficient. On the managerial side, Faded Flowers co-founder has more than 15-year in marketing, management, wholesale, and sales experience in various markets with a Business Management degree in accounting from the University of Texas.

Faded Flowers will use the best equipment, tools and supplies in the market to create a product that satisfies the taste and the smell of the cannabis users in the market for a high-quality product.

The Financial aspects of the project are very promising. The ROI is 4.55 at the end of the first year of operation, even with minimizing the revenues and maximizing the expenses. The plans to grow are measured based on the micro grower license, which does not require any further applications nor approvals. This includes the plan to become fully solar powered after the first year of operation. That will help cut down the expenses and maximize our revenues.

With the expansion of our operation, Faded Flowers will hire and train more cultivators and will pay them better than the average market price. This will make the cultivators more involved in the growth of our operation and will end up with Faded Flowers acquiring and training the best cultivators in the market that are not willing to work elsewhere.



Faded Flowers LLC Standard Operating Procedure <u>Plan for Obtaining Liability Plan</u>

Requirements

1. Faded Flowers LLC (the "applicant") acknowledges and is aware, and will adhere to, the requirements set forth in 935 CMR 500.105 *et. seq.*, which provides, in part, that the applicant must have a plan to obtain liability insurance once fully licensed, or prior to becoming fully licensed; and

2. Any actions taken, or programs instituted, will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

Plan to Obtain Liability Insurance

The applicant will obtain general liability, premises liability, and product insurance liability policies reciting coverage of not less than \$1 million per occurrence and \$2 million in aggregate annually, each policy having a per-occurrence deductible no higher than \$5,000 (the "policies").

The applicant plans to obtain these policies by obtaining quotes from the following insurance agencies, each of whom publicly advertises that it provides such policies specifically to licensed or provisionally-licensed cannabis businesses in Massachusetts:

- -Cavallo & Signorello Insurance Agency;
- -Charles River Insurance;
- -MFE Insurance's Massachusetts Cannabis Insurance Group;
- -Kovalev Insurance; and,

-Any other insurance providers meeting the above criteria then-advertising such policies specifically for Massachusetts cannabis businesses once the applicant has received final licensure.



The applicant will solicit quotes, apply for coverage specifically reciting the above requirements related to coverage and per-occurrence deductible, and subscribe to policies reciting an effective date no later than one full business day prior to the grant of the applicant's final license. The client will use reasonable efforts, but is not required, to obtain each of its general, premises, and product insurance policies from the same provider or underwriter.

Faded Flowers 555 Holyoke Rd Westfield, MA 01085

Attestation that the Applicant Shall Adopt a New Logo Prior to Final License

In response to item 20 of the Management and Operations Profile section of the Request for Information, the Applicant states that the Applicant shall adopt a new logo which does not violate the Commission's regulation on advertising or marketing, and shall contain no medical symbols, no images of marijuana or marijuana products, or related images, including five- or seven-point objects.

ate: 03/30/2023 Signature: Sherif Osman **Business Manager**

Faded Flowers LLC Standard Operating Procedure ENERGY COMPLIANCE PLAN

Requirements

1. Faded Flowers LLC (the "applicant") acknowledges and is aware, and will adhere to, the requirements set forth in 35 CMR 500.101(1)(c)10 and 500.105(15), *et. seq.*, which provide, in part, that the applicant must have a plan to reduce its energy consumption, consider opportunities for renewable energy generation, reduce its own electricity demand (or usage), and engage with state or municipal light energy efficiency programs; and

2. Any actions taken, or programs instituted, will not violate the Commission's regulations with respect to limitations on ownership or control or other applicable state laws.

3. The applicant will consider, per 935 CMR 500.105(15) any opportunities for the use of renewable energy, including by way of instructing contractors such as architects and engineers to demonstrate where in its proposed build-out energy generators could be placed on-site. The applicant will further require that such contractors explain why any such opportunities should not, or were not, pursued, if such opportunities are identified.

4. The applicant will consider, per 935 CMR 500.105(15), strategies to reduce electric demand, including by the use of on-site generators or on-site renewables such as on-site solar, pursuing active load management with its utility provider, availing itself of then-available energy storage options, and using a smart lighting schedule within the limits of the applicant's commitment to maintain continuous exterior lighting as part of its Security Plan.

5. The applicant will engage with energy efficiency programs thenavailable through its utility provider, or made available through state or municipal resources, per 935 CMR 500.105(15).

Plan to Reduce Energy Consumption and Reduce Electricity Demand

The applicant is in the build-out stage of its principle real estate, which it holds as a leasehold with an option to purchase (its verification of permissive use of its premises is included elsewhere in its application). As part of its plan to reduce energy consumption, the applicant has submitted competitive bids from licensed contractors, with a priority to contractors having a physical presence in, or which significantly hires from residents of, Chester MA per its community improvement plan, but is not required to use such contractors. All contractors with whom the applicant does business will be instructed to use methods and materials which are both (i) known to reduce the electricity and water consumption of cultivation facilities and (ii) which are likely to be eligible for state or municipal light energy efficiency programs.

By incorporating such conservation efforts at the build-out phase, the applicant will be able to reduce its energy and utility consumption throughout the life of its principal real estate, which is indefinite. As the applicant intends to exercise its option to purchase its primary real estate, it will pursue its own natural incentive to permanently reduce its electricity and water consumption.

The applicant will further instruct any such contractors to provide competitive bids for the installation of on-site solar power generation, if such is both feasible given the physical facts of its location and if such can otherwise be accomplished in a fashion consistent with the rules and regulations of the Cannabis Control Commission. Where its electric provider allows customers to elect options to purchase only, or with priority to, energy from renewable sources, the applicant will opt to purchase such energy from renewable sources if such options are not cost-prohibitive.

The applicant will rely on the know-how of its contractors, who will be contractually obligated to comply with this energy plan as part of its build-out.



Cultivation with Factored Flowers LLC

Recreational Cultivation Establishment Operating Policies and Procedures

Prevention of Diversion

Faded Flowers LLC's anti-diversion policies and procedures focus on employee selection, accountability and training as well as company reporting of any incidents (described below) that mandate such reporting.

Faded Flowers LLC will employ ordinary procedures, such as checking government-issued photo IDs (in addition to the Commission's agent certification process) to verify that all of its registered agents are 21 years of age or older. Faded Flowers LLC will not employ any person in any capacity who is not at least 21 years of age.

Faded Flowers LLC will check IDs prior to entry consistent with the requirements set forth under 935 CMR 500.002. Faded Flowers LLC is not open to the public (it is not a retail operation) but any entrants, including transportation and security contractors, will have IDs checked at the door. Any incidents involving unauthorized access to Faded Flowers LLC's business premises will be reported to law enforcement and the CCC within 24 hours of their occurrence as required under 935 CMR 500.105 and 935 CMR 502.110 *et seq*.

Faded Flowers LLC will perform background checks on its employees. Faded Flowers LLC will choose not to hire any individuals who have a record of dishonesty, fraud, or theft. Faded Flowers LLC will pay all of its employees above-market wages to subvert diversion. The employee training curriculum will provide in-depth coverage of how to handle marijuana appropriately to avoid the appearance of impropriety and how to recognize and report up all of the incidents that must be reported to the CCC and law enforcement, as well as Faded Flowers LLC's policy for handling suspected diversion by an employee.

Any incidents of diversion or theft shall be reported to appropriate law enforcement and the CCC within 24 hours of their occurrence in compliance with 935 CMR 500.105 and 935 CMR 502.110. Within 10 calendar days using the form or manner required by the CCC, Faded Flowers LLC shall provide written notice to the CCC of any incident described detailing circumstances of event, corrective actions taken, and confirmation of notification to law enforcement authorities. All such documents shall be maintained for at least one year and available to the CCC and local law enforcement authorities.

Additional Anti-Diversion measures include:

•Marijuana accessible only to the minimum number of specifically authorized agents essential for efficient operation.

•Marijuana returned to secure location immediately after completion of a process or at the



• All finished marijuana stored in secure, locked container.

•Standard operating procedures address securing all product following any instance of diversion, theft or loss of marijuana and a full inventory review.

•Standard operating procedures to conduct assessment and develop additional safeguards if necessary.

•Commercial-grade security system to prevent and detect diversion, theft or loss, or unauthorized intrusion including more than 24 security cameras with 24/7 monitoring and backup.





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Cultivation with Tactical Flowers LLC

Adult-Use Retail Establishment

Operating Policies and Procedures

Quality Control and Testing

935 CMR 500.105(3)(a) – A Marijuana Establishment authorizes to process marijuana shall do so in a safe and sanitary manner. A Marijuana Establishment shall process the leaves and flowers of the female marijuana plant only, which shall be (1) well cured and generally free of seeds and stems; (2) free of dirt, sand, debris, and other foreign matter; (3) free of contamination by mold, rot, other fungus, and bacterial diseases; (4) Prepared and handled on food-grade stainless steel tables; and (5) packaged in a secure area.

935 CMR 500.105(3)(b)1 – Faded Flowers LLC shall comply with the following sanitary requirement: any marijuana establishment agent whose job includes contact with marijuana or nonedible marijuana products, including cultivation, production, or packaging, is subject to the requirements for food handlers specified in 100 CMR 300.000.

935 CMR 500.105(3)(b)2 – Faded Flowers LLC shall comply with the following sanitary requirement: Any marijuana establishment agent working in direct contact with preparation of marijuana or nonedible marijuana products shall conform to sanitary practices while on duty, including: (a) maintaining adequate personal cleanliness; and (b) washing hands thoroughly in an adequate handwashing area before starting work, and at any other time when hands may have become soiled or contaminated.

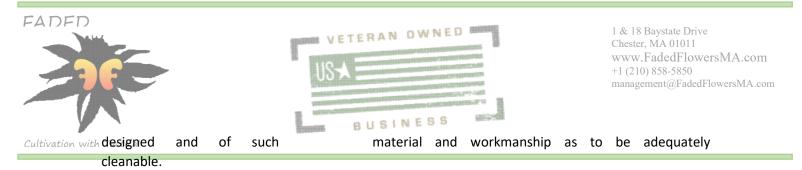
935 CMR 500.105(3)(b)3 – Hand-washing facilities shall be adequate and convenient and shall be furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the Marijuana Establishment in production areas and where good sanitary practices require employees to wash and sanitize their hands and shall provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices.

935 CMR 500.105(3)(b)4 – There shall be sufficient space for placement of equipment and storage materials as is necessary for the maintenance of sanitary operations.

935 CMR 500.105(3)(b)5 – Litter and waste shall be properly removed, disposed of so as to minimize the development of odor and minimize the potential for the waste attracting and harboring pests. The operating systems for waste disposal shall be maintained in an adequate manner pursuant to 935 CMR 500.105(12) set forth below.

935 CMR 500.105(3)(b)6 – Floors, walls, and ceilings shall be constructed in such a manner that they may be adequately kept clean and in good repair.

935 CMR 500.105(3)(b)9 – All contact surfaces, including utensils and equipment, shall be maintained in a clean and sanitary condition. Such surfaces shall be cleaned and sanitized with a cleaning agent registered by the US EPA, in accordance with labeled instructions. Equipment and utensils shall be so



935 CMR 500.105(3)(b)10 – All toxic items shall be identified, held, and stored in a manner that protects against contamination of marijuana products.

935 CMR 500.105(3)(b)11 – A Marijuana Establishment's water supply shall be sufficient for necessary operations. Any private water source shall be capable of providing a safe, potable and adequate supply of water to meet the Marijuana Establishment's needs.

935 CMR 500.105(3)(b)12 – Plumbing shall be of adequate size and design, and adequately installed and maintained to carry sufficient quantities of water to required locations throughout the Marijuana Establishment. Plumbing shall properly convey sewage and liquid disposable waste from the Marijuana Establishment. There shall be no cross-connections between the potable and waste water lines.

935 CMR 500.105(3)(b)13 – A Marijuana Establishment shall provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and in good repair.

935 CMR 500.105(3)(b)15 – Storage and transportation of finished products shall be under conditions that will protect them against physical, chemical and microbial contamination as well as against deterioration of finished products or their containers.

935 CMR 500.105(3)(c) – All edible products shall be prepared, handled and stored in compliance with the sanitation requirements in 105 CMR 590.000: *Minimum Sanitation Standards for Food Establishments*.

935 CMR 500.160(2) – Faded Flowers LLC shall have a written policy for responding to laboratory results that indicate contaminant levels are above acceptable limits established in the DPH protocols identified in 935 CMR 500.160(1). Such policy shall include notifying the CCC within 72 hours of any laboratory testing results indicating that the contamination cannot be remediated and disposing of the production batch. The notification shall be from Faded Flowers LLC and the Independent Testing Laboratory, separately and directly. Faded Flowers LLC's notification shall describe a proposed plan of action for both the destruction of the contaminated product and the assessment of the source of contamination.



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age

Cultivation with Tac Faded Flowers LLC

Recreational Cultivation Establishment

Operating Policies and Procedures

Personnel Policies Including Background Checks

Faded Flowers LLC's personnel policies will create a safe, sanitary, and compliant workplace for employees. Faded Flowers LLC is an equal opportunity employer dedicated to professional development and generous employee compensation and benefits. Local and minority recruiting will be a priority.

Faded Flowers LLC will apply for agent registrations for employees, managers, executives, board members and directors. Thirty days' prior to submitting such applications, Faded Flowers LLC will obtain a CORI report on each applicant. Faded Flowers LLC will use the information in the CORI report to complete the background check information for criminal actions for each applicant. New CORI reports shall be obtained prior to the one-year anniversary of the last report obtained.

Faded Flowers LLC will have policies for employee security, emergency procedures (including a disaster plan) and the maintenance of a smoke, alcohol and drug-free workplace. Training will be tailored to each job function and required prior to performing a job. A minimum of eight hours of ongoing staff training shall be required annually.

Faded Flowers LLC will immediately dismiss a marijuana establishment agent who has diverted marijuana or engaged in unsafe practices. Such activities will be reported to law enforcement and the CCC. Personnel records will be kept for at least twelve months following termination of an employee. The CCC will be notified no later than one business day after an agent ceases to be associated with Faded Flowers LLC.

Faded Flowers LLC's staffing plan calls for the hiring of cultivation agents, whose job description includes implementing Faded Flowers LLC's cultivation plan under the direction of supervisory personnel trained in the implementation of that policy, and to follow all other policies and procedures related to the cultivation of marijuana as allowed under Faded Flowers LLC's license.

Faded Flowers LLC will preserve confidential information and all other confidential information through the use of third-party software specifically designed for such a purpose, in a fashion consistent with the legal and industry standards for data privacy and protection. Employee information will be held confidential to the extent permissible within Faded Flowers LLC's obligations to disclose certain information to the Commission.

As set forth in its Prevention of Diversion plan, Faded Flowers LLC will immediately dismiss, and report to the Commission and applicable local law enforcement, any incidents of diversion by any employee or agent.



Additional Faded Flowers LLC Personnel Policies will address:

- Personnel security
- Appropriate workplace conduct
- Non-discrimination
- Non-disclosure and confidentiality of company information
- Anti-harassment
- Compliance with ADA, FMLA, ERISA, COBRA



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Adult-Use Retail Establishment

Operating Policies and Procedures

Record Keeping Procedures

Faded Flowers LLC's standard operating procedures ensure its records are accurate. We will keep seed-to-sale tracking records for all marijuana and MIPs. Faded Flowers LLC will immediately notify law enforcement, and the CCC within 24 hours, after discovering any loss or unauthorized alteration of records. The records shall be maintained in accordance with generally accepted accounting principles. In the event Faded Flowers LLC closes, all records will be retained for at least two years at Faded Flowers LLC's expense, in a form and location acceptable to the CCC. The standard operating procedures governing record-keeping will be finalized with the assistance of American Cannabis Company, which Faded Flowers LLC has retained to provide consulting services.

Records that will be maintained and made available to CCC for inspection include, but are not limited to:

- Written operating procedures
- Inventory records
- Personnel records, including the job and volunteer-position descriptions and an organization chart
- A personnel record for each Marijuana Agent, which shall be maintained for 12 months following such Agent's termination and shall include: all materials submitted to the CCC; documentation of verification of references; employment contract or specific job description that includes duties, supervision, qualifications; documentation of all required training, including privacy and confidentiality training, including signed statements by trainees; record of disciplinary action; and a notice of completed responsible vendor and eight-hour related training.
- Staffing plan demonstrating accessible business hours and safe operation
- Personnel policies and procedures
- CORI reports (properly obtained and kept separate from general personnel records)



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including manual or computerized records

of the following: assets and liabilities; monetary transactions; account books, journals, ledgers and supporting documents, agreements, checks, invoices, and vouchers; sales records, including quantity, form and cost; salary and wages paid to each employee, stipend paid to each board member, and any executive compensation, and any bonus, benefit or item of value paid to anyone affiliated with Faded Flowers LLC

- Waste disposal records
- Transportation
- Security
- Incident reports
- CCC correspondence
- Recalls and Complaints
- Most recent third-party financial audit
- Waste disposal records as required under 935 CMR 500.105(12)
- Written operation procedures (including the policies provided to the Commission) as required under 935 CMR 500.105(1) and 935 CMR 500.105(9)
- Records from its seed-to-sale system for all marijuana as required under 935 CMR 500.105(8)(e) and 935 CMR 500.105(9)
- All of the employee records, policies and procedures set forth in its hiring plan, including handbooks, a code of ethics, Faded Flowers LLC's whistleblower policy, and a sexual harassment and discrimination policy substantially identical to that supplied by the Commonwealth and viewable at https://www.mass.gov/service-details/aboutemployment-rights

The Company's Maintenance of Financial Records Standard Operating Procedure describes the Company's policies on financial records, apart from its policies on keeping records related to the seed-to-sale tracking system.



LLC Recreational Cultivation Establishment Operating Policies and Procedures

Maintenance of Financial Records

Faded Flowers LLC will have its financial records maintained by a third-party accounting service of both general accounting competency and competency specific to the marijuana industry. Faded Flowers LLC will use the software QuickBooks to generate and maintain financial records. With the use of customized reporting, Faded Flowers LLC will be able to generate and maintain financial records for both the medical and adult-use businesses American Cannabis Company will also be responsible for the initial installation and set-up of the software. Faded Flowers LLC's accounting providers will maintain and protect the usual, customary, and mandatory accounting items including, without limitation:

- Assets and liabilities,
- All monetary transactions,
- Books of account,
- Sales records, including reconciliation with monetary transaction records, and,
- Compensation records, including salaries and wages paid to all employees, as required under 935 CMR 500.105(9).

Faded Flowers LLC further adopts the following rules and regulations related to its maintenance of financial records:

935 CMR 500.140(6)(c) – Faded Flowers LLC is prohibited from utilizing software or other methods to manipulate or alter sales data.

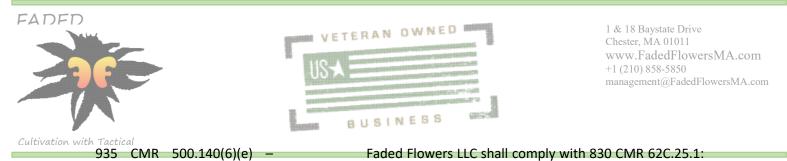
935 CMR 500.140(6)(d) – Faded Flowers LLC shall conduct a monthly analysis of its equipment and sales data to determine that no software has been installed that could be utilized to manipulate or alter sales data and that no other methodology has been employed to manipulate or alter sales data. Faded Flowers LLC shall maintain records that it has performed the monthly analysis and produce it upon request to the Commission. If Faded Flowers LLC determines that software has been installed for the purpose of manipulation or alteration of sales data or other methods have been utilized to manipulate or alter sales data:

1. it shall immediately disclose the information to the Commission.

2. it shall cooperate with the Commission in any investigation regarding manipulation or alteration of sales data; and

3. take such other action directed by the Commission to comply with 935 CMR500.105.

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Record Retention and DOR Directive 16-1 regarding recordkeeping requirements.



Recreational Cultivation Establishment

Operating Policies and Procedures

Detailed Description of Qualifications and Intended Trainings for Agents

Faded Flowers LLC has engaged GrowCare MA, LLC to provide professional cultivation consulting services in the form of on-site staffing. Four cultivation consultants will be onsite; they will be responsible for implementing all phases of the cultivation SOP. Additionally, Faded Flowers LLC will hire a General Manager as an employee. The General Manager will live in Chester or a neighboring community. The qualifications for the General Manager position are as follows:

Experience managing commercial agriculture.

- Proven experience as a grower, preferably at a large scale; some management experience required
- Knowledge of the entire cannabis growth cycle and requirements
- Familiarity with environment protection practices with commercial agriculture
- Understanding of pest and disease management techniques
- Willingness to continue learning about horticulture and cannabis farming, and stay on top of current and future trends
- Problem-solving aptitude
- Leadership and people management skills
- Ability to meet the physical demands of the job

Faded Flowers LLC's mandatory training plan will prepare agents to perform job duties safely and in compliance with all applicable laws and regulations. Training will be tailored to the roles and responsibilities of the job function of each dispensary agent. Agents responsible for tracking and entering product into the Seed-to- Sale tracking system shall receive training in the form and manner prescribed by the CCC. All agents shall also successfully complete a Responsible Vendor Program within 90 days of hire. Each owner, manager and employee involved in the handling and sale of marijuana shall annually successfully complete the program. At a minimum, 8 hours of ongoing training will be required annually. All training will be documented, and records will include a signed statement of the agent indicating the date, time, and place he/she received training and the topics discussed, including the name and FADED FLOWERS LLC



Responsible Vendor Program training completion for four years.

Our standard operating procedures will set forth in greater detail our training evaluations and performance reviews.

Topics of training, depending on position and function, will include: •New agent orientation; overview of the Act for Humanitarian Use of Medical and adult-use Marijuana •Storage •Smoke, alcohol and drug free workplace •Patient, caregiver and adult-use identification •Compliance, regulation, and law •Privacy and Confidentiality •Cultivation and MIPs processing, safety, and security •Dispensary safety and security and LAA •Emergency and incident management •Inventory management and diversion prevention

•Manufacturing safety and security •Waste disposal •Community, patient and adult-use interaction

Record keeping and reporting •Product handling and sanitation •Transportation
•Advertising restrictions • Whistleblowing •Law enforcement interaction •Internal audits
•Patients with disabilities

• Dispensing limits • Packaging and labeling.

For any employee that is both an RMD agent and Marijuana Establishment Agent, he or she must receive trainings provided in both 935 CMR 500.105(2)(a) and (b), and 935 CMR 501.105(H), including privacy and confidentiality requirements for patients. Faded Flowers LLC does not intend to (and is not applying for a license to) cultivate medical-use marijuana and so does not anticipate having any employee that is both an RMD agent and Marijuana Establishment Agent.

Faded Flowers LLC Standard Operating Procedure DIVERSITY PLAN

Statement of Purpose

The purpose of this Diversity Plan is to ensure that Faded Flowers LLC employs a diverse, representative group, from a variety of backgrounds, with a variety of life experiences. The Diversity Plan calls upon the officers and directors of Faded Flowers LLC to exercise their best efforts to meet the standards and goals for diversity set forth by the Commission.

Requirements

 Faded Flowers LLC (the "applicant") acknowledges and is aware, and will adhere to, the requirements set forth in 935 CMR 500.105(4) which provides the permitted and prohibited advertising, branding, marketing, and sponsorship practices of every Marijuana Establishment; and
 Any actions taken, or programs instituted, will not violate the Commission's regulations with respect to limitations on ownership or control

or other applicable state laws.

Faded Flowers LLC proposes the following Goals for the Diversity Plan:

1.) Hire and retain a diverse and inclusive group of employees, with the following specific staff percentage goals:

- a) 50% veterans;
- b) 25% minorities;
- c) 25% women
- d) 25% persons with disabilities;
- e) 25% individuals who identify as LGBTQ+.

The relative percentage goals stated above will be used in Faded Flowers LLC's employment, and in determining with whom we choose to do business. Contractors at all levels and all forms of work will be evaluated according to the criteria of this Plan. Specifically, this means that Faded Flowers LLC further states as a goal to contract with diverse businesses for the provision of services required for the operation and maintenance of the Applicant's marijuana establishment with the following specific goals:

- f) 50% veteran-owned businesses;
- g) 25% minority-owned businesses;
- h) 25% women-owned businesses;
- i) 25% businesses owned and operated by persons with disabilities;
- j) 25% businesses owned and operated by persons who identify as LGBTQ+.

2. The applicant, being a veteran-owned business as set forth elsewhere in its application materials, recognizes the importance of creating employment opportunities for veterans who may also fit into other demographics significant to the Diversity Plan.

Faded Flowers LLC proposes the following programs for the Diversity Plan:

- 1.) The culture committee will be made up of officers, executives, and senior employees of Faded Flowers LLC who are sufficiently familiar with the business to adequately select the best-qualified employees among women, minority, disabled, veteran, and LGBTQ+ communities.
- 2.) Participate in continuous sessions and workshops focusing on organizational inclusiveness by advertising and holding such sessions and workshops in our host and advertising these activities in the community papers of record.
- 3.) Outreach to the communities in question will be tailored to the relative success it achieves along the way in recruiting members of the demographic classes recited above. Outreach efforts include:
 - a. Working the personal networks of Faded Flowers LLC's owners, who are both veterans, and one of whom is an immigrant of Arab descent;
 - b. Working with third-party providers who specialize in marketing and outreach efforts to disadvantaged communities;

- c. Participating in events and workshops provided by the Commission, by popular trade shows such as NECANN, and other events which provide specific opportunities to directly meet and recruit members of disadvantaged communities, at least twice per year.
- 4.) Attending events and seminars put on by the Supplier and Diversity Office, which has already issued its certification to the company, to ensure that the applicant continues to follow best practices in diversity and inclusion, and to attend events which allow direct interaction with, and recruitment of, persons from disadvantaged communities.
- 5.) Third-party suppliers and contractors will be asked to supply diversity, equity, and inclusion information about their own businesses, in furtherance of the applicant's measurement goals as set forth below.

Faded Flowers LLC proposes the following methods of measuring the success of the Plan:

- Measure percentage of hires under the hiring authority for people with disabilities within the past 12 months, such measurement to be taken at least twice per calendar year.
- Keep records of third-party suppliers and contractors as to their diversity, equity, and inclusion so that the applicant can select contractors for new work in a fashion consistent with its demographic/statistical goals set forth above.
- Measure percentage of hires under Veteran hiring authorities within the past 12 months, such measurements to be taken at least twice per year.
- Use ordinary and reasonable accounting reviews to ensure that all employees are compensated fairly, commensurate their qualifications, seniority, job title, and work duties, without statistically significant variation as to age, gender, ethnic or racial background, disability status, or LGTBQ+ status. Our measurable, objective goal is to eliminate and prevent statistically-significant variations in compensation for any reasons other than differences in qualifications, seniority, job title, and work duties.

- Manage and report the inclusion of diversity in Corporate Social Responsibility efforts.
- The relative success or progress, as applicable, of every part of this Diversity Plan will be documented at least upon license renewal, by metrics appropriate to the stated goal (for example, by reviewing payroll to ensure that no statistically-significant differences in compensation are attributable to gender, race, veteran or disability status, or membership in the LGBTQ+ community).