

CHAPTER VIII. Safety and Security

City of Santa Rosa

JUN 03 2019

Planning & Economic
Development Department

A. Overview

Outlined below is the company's security and safety plan. The foundation of the security and safety plan is the designation of "Limited Access Zones" which clearly delineate access authority and enhance security visibility. The plan includes the following coverage components:

- Facility Security
- Inventory Security
- Employee Security and Safety
- Cash Security
- Transaction/Digital Security
- Delivery Security & Safety

a. Facility Security

The physical security of the retail store and its surrounding premises consists of the following physical and procedural components working with the operational processes:

i. Government Inspection Policy

- Personnel from the Bureau of Cannabis Control, Law Enforcement and other authorized regulatory agencies may inspect the company's premises, vehicles, and records at any time upon presentation of proper identification. This includes providing copies of recordings.

ii. Alarm System

- A licensed alarm company operator (or agents thereof) will install, maintain, monitor, and respond to the alarm system
- Hard Contacts on all doors
- 8 motion detector zones (full coverage)
- Back-up power supply
- Dedicated Land Line monitoring
- Vault Audio Alarm (Bank Style)
- Vault Door Contacts and vibration sensors

iii. Surveillance

- 30 Interior day/night IR Hi-Definition 1080p Cameras
- 12 Exterior day/night IR Hi-Definition 1080p Cameras
- Dedicated Power supply with back-up
- 3 Sixteen Channel Digital Recorders with 16 terabytes each of local data storage and cloud data storage for 6-month capacity of video surveillance recordings.
- Remote access to camera feeds via web portal for use by company security personnel and management with a feed to law enforcement.
- 2 Master multi-screen Hi-Resolution 1080p monitors in the management office covering all cameras in real time.
- Dedicated fixed camera live feeds for interior and exterior foyer/intake area
- Dedicated fixed camera live feeds for interior and exterior roll-up doors for delivery and receiving
- Dedicated camera in the vault
- Dedicated camera in the cash reconciliation area
- Cameras will record at a minimum of 20 frames per second
- TCP capable of being accessed through the internet by Santa Rosa and Law Enforcement

iv. Access Controls & Limited Access Areas

- Security agents posted outside intake foyer during business hours with the ability to remotely lock the front door
- Intake person controls the locked door separating the intake foyer from the store.
- Front door and store access door may not be open at the same time
- Security remotely controls the receiving warehouse roll-up door for inventory receiving processes
- Security remotely controls the delivery warehouse roll-up door for entry and exit of company delivery drivers
- Restrooms shall remain locked during business hours, and available to the public with controlled access
- An access log shall be kept of all authorized individuals (must be 21 years or older) who are not employees of the retailer who enter the limited-access areas including vendors, contractors or other individuals conducting business. An employee shall escort all non-employees who enter the limited access area at all times.

- No consideration or compensation shall be received for permitting an individual to enter the limited-access area
- Personnel from the Bureau of Cannabis Control, Law Enforcement and other authorized regulatory agencies may inspect the company's premises at any time upon presentation of proper identification.
- Entrance to all limited access areas will have a solid door.

v. Patrol

Security personnel walk the perimeter hourly to monitor the site and the immediate vicinity of the site to ensure that patrons immediately leave the site and do not consume cannabis in the vicinity of the dispensary or on the property or in the parking lot.

vi. Miscellaneous

All skylights and exterior windows shall be permanently sealed during construction.

Exterior doors, door locksets and padlocks shall be upgraded to security grade during construction.

No cannabis product shall be visible from the exterior of the business.

All locks shall be heavy duty commercial locks.

vii. Security Personnel

All security personnel will be provided through a contract with a security guard company.

All must be fully licensed.

Security personnel will be present during all operational hours.

Viii Visibility and Public Entryway

The company has not yet finalized a site. However, Erudite makes a firm and unequivocal commitment that the customer entrance and exit shall be street facing and those shall be the only customer access points. The customer access to the store interior shall be granted only upon presenting a valid qualifying identification as described in our operational processes. Employees, suppliers and other authorized persons shall utilize a badge controlled restricted access employee entrance/exit in accordance with company policies, procedures, rules and regulations.

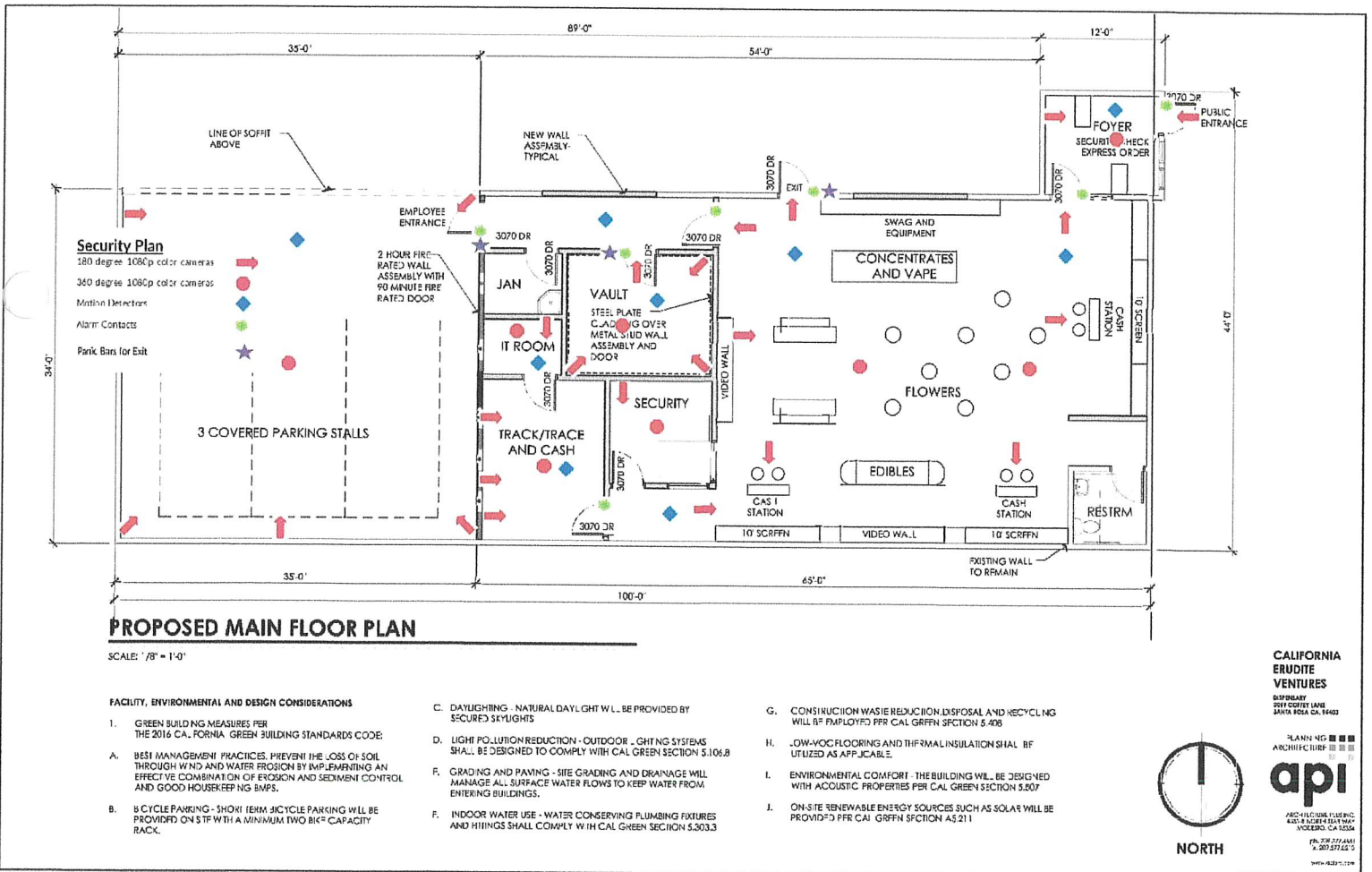
Erudite's commitment to a "street Facing' entrance may be accomplished through site selection or approved site modification. The company shall at no time and by no means obstruct the view from the street to the front entrance and vice versa.

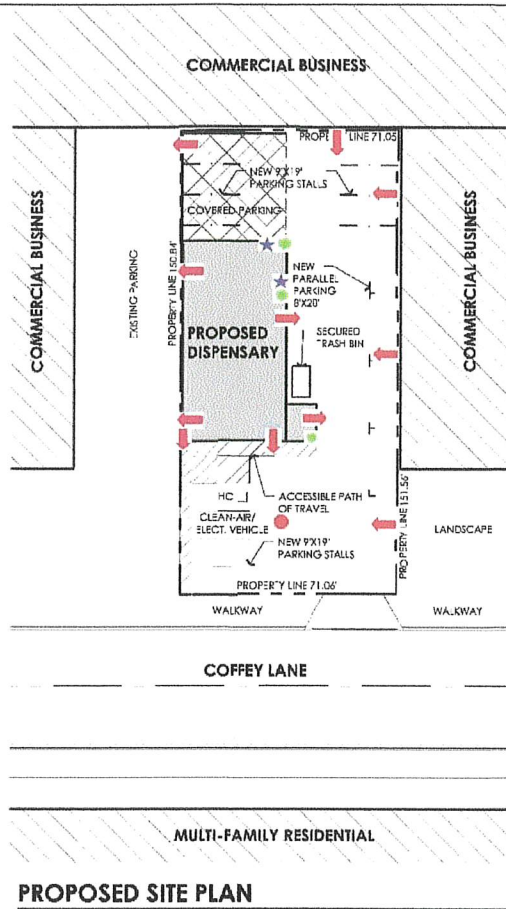
ix Security Lighting

The company shall develop and utilize a licensed lighting engineer to create a photometric based lighting plan for our Santa Rosa project similar to those we have used in previous projects. We have provided an attached example from our Goleta project.

The plan includes both downward and focused illumination on all entrances, exits and security sensitive areas. This approach facilitates a community friendly "dark skies" environment while providing lighting of all security sensitive areas with a minimum lighting foot candle value above 7.5.

viii. Security Site Plans





SITE DATA:
 JURISDICTION: COUNTY OF SONOMA
 APN: 015-370-062
 PARCEL AREA: .25 AC (10,890 S.F.)
 ZONE: IG

DISPENSARY 2,500 S.F.
 COVERED PARKING 1,020 S.F.
 BUILDING AREA 3,520 S.F.

PARKING REQUIRED:
 DISPENSARY 3,5230 S.F. / 250 = 14 STALLS

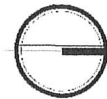
PARKING PROVIDED

STANDARD STALL	5
COVERED STALL	3
PARALLEL STALL	4
CLEAN AIR / EV	1
ACCESSIBLE STALLS	1
TOTAL PROVIDED	14 STALLS

Security Plan

- 180 degree 1080p color cameras →
- 360 degree 1080p color cameras ●
- Motion Detectors
- Alarm Contacts ●
- Panic Bars for Exit ★

**CALIFORNIA
 ERUDITE
 VENTURES**
 DISPENSARY
 2100 COFFEY LANE
 SANTA ROSA, CA 95403



NORTH

PLANNING ■■■
 ARCHITECTURE ■■■
api
 ALSO PROVIDES PUBLIC
 ACCESS TO: 100-1004
 4000 S. CA 92.4
 07-208 077 004
 10-2019-12112
 www.apiconsulting.com

PROPOSED SITE PLAN

SCALE: 1" = 30'-0"

b. Inventory Security

The security of inventory requires physical, procedural, and system security to prevent disruption to inventory integrity. As with facility security, these components are layered into operational processes to achieve greatest effectiveness.

i. The Vault

- Hardened room
- Fire-proof steel vault door (30-minute cutting torch rated)
- Holds all inventory during non-business hours
- Holds all backstock during business hours
- Vault is hidden from public view
- Movement of inventory to/from the vault is supervised by management and security
- Vault is opened to stock the selling floor daily prior to business opening

- Vault is opened at close of business daily to return selling floor stock to the vault and secure returns, defectives and expired product collected from the day's operations
- Vault is opened as required to accept new receipts/shipments not to exceed 2x per day
- Vault may be opened mid-day in the event the selling floor sells out of stock
- Dedicated camera with live video feed
- Independent climate control
- Dedicated phone "hot-line"
- Motion sensors and vibration sensors
- All exterior doors shall be locked or guarded whenever the vault is open
- Temperature and Climate Controlled

Note: The vault is not impenetrable. It is designed to detect intrusion and facilitate a minimum 30-minute response time for law enforcement before inventory is at risk.

ii. Counts

- Cycle Counts performed daily
- Full blind physical inventory performed and reconciled weekly
- Management approval and documentation on all inventory adjustments

iii. Selling Floor

- Only persons 21+ may access the premise, except for persons 18+ with a valid physician's recommendation
- All cannabis selling inventory stocked in locked drawers on the selling floor
- Accessible only by authorized and audited personnel
- Cycle counts are performed to the "drawer" level on the selling floor

iv. Receiving

- Appointment and ASN of manifest required
- Discrepancies in shipment against order shall be rejected prior to receipt
- Defective or expired product shipment against order shall be rejected prior to receipt
- POS inventory, METRC, physical count and manual receiving log must reconcile and gain management approval before receipt is accepted into inventory.

v. System Audits

- Targeted items traced through all system transactions and matched to physical movement/activity (item, date, time, person, transaction type) to verify system and staff integrity (one item per week)

c. **Employee Safety & Security**

The company recognizes its obligation to provide a work environment that is free of internal safety hazards, a culture that is positive and inclusive and protect employees from external threats. To accomplish this obligation and exceed State and Santa Rosa regulations, the company shall implement the following standards and operating policies:

i. Injury Prevention

- An IPP plan with annual review
- Inclusive safety committee (meets monthly)
- Equipment safety checklists
- Employee training in safe operation of equipment and safe handling of products
- Climate controls and air purification (maintenance records kept on file for air quality testing)

ii. Personnel Screening

- All perspective employees must undergo a mandated background check including Live Scan. The licensee shall not employ an individual who has a previous conviction for (or has entered a plea of nolo contendere) for of a detailed list of crimes, as per State and Santa Rosa regulations
- All employees must be over 21 years of age
- All employees shall sign a waiver acknowledging Track and Trace requirements
- All employees shall sign a waiver acknowledging that their violation of any law or regulation may serve as cause for immediate termination
- All employees shall sign a waiver containing the language of state regulation Section 5030
- System access and authorization levels customized to user role and responsibilities
- All security personnel shall be appropriately state licensed

iii. External Threats

Two security agents on premises during employee working hours

Security escorts employees to their vehicles at closing

Door open/close procedures

Restricted employee and vendor access zones

Two-person rule for all inventory movement

Overt video surveillance

Security patrols

Execution of cash controls

iv. Employee Badge Policy & Control

**Badge Policy
Employee Acknowledgement**

1. Each employee shall be issued an employee badge with their photo and a unique identifier which includes their employee number and other information.
2. Employee badges shall be stored in the store safe daily and accessible by management only
3. The manager shall tender the badges for scheduled employees to the security person assigned to the front of house each morning prior to start of operations
4. The security person shall verify identification and distribute to each scheduled employee their assigned badge prior to the start of their shift.
5. The employee shall return their badge to the security person upon exiting the premises at the end of their assigned shift.
6. All badges must be returned to the closing manager at the conclusion of daily work activity.
7. The closing manager shall reconcile the collection of all badges distributed for the day against those returned.
8. This badge must always be worn at chest level and clearly visible while the employee is on the premises or on company business.
9. The employee shall not be allowed entry to the restricted access areas of the store or be allowed to work without their badge.
10. If lost or stolen the employee must immediately report the loss to the manager on duty. Failure to do so will result in termination.
11. Upon request by the Chief of Police, or his or her designee, or any other City official charged with enforcing the provisions of these regulations, or any state official charged with enforcing state law pertaining to commercial cannabis activity, produce such valid identification badge for inspection.
12. Identification badges shall expire one year after issuance.
13. Identification badges are the property of the Erudite Ventures and shall be immediately collected by the company upon their expirations or upon of the termination of the cannabis business' relationship with the owner, manager, or employee.
14. No owner, manager, or employee shall engage in any activities on behalf of the company without first obtaining a valid identification badge.
15. No employee may share their badge, or the access provided by their badge with anyone (including owner, manager, another employee or security).
16. Altering, modifying or defacing the badge in any manner is prohibited
17. Falsification of information used for creation of the badge is prohibited

I hereby acknowledge that I have received and understand the company's badge policies and procedures. I further understand that any deviation or violation of these policies shall result in disciplinary action up to and including termination of employment.

Employee:

Signature: _____

Print Name: _____

Manager Signature: _____

Date: _____
Date: _____

d. Cash Security

Cash security and integrity are managed by limiting the exposure of cash to external threat and creating internal controls to generate visibility to the cash reconciliation process.

i. External Threats

- Discreet consistent cash drops from the selling floor to the drop safe (POS automates alerts to drop by register) Drop amount set at \$700.00.
- Drops are surveilled by a security agent
- Daily cash is reconciled next morning to reduce theft exposure from minimal staffing
- Vendor payment allocations calculated and held in a segregated safe
- Morning cash and sales reconciliation conducted with two person rule in a locked surveilled office with no outside entry until process completed and cash re-secured in safe
- Safe access limited to designated management with granted authority
- Primary safe in the vault – drop safe in the manager’s office – third safe tbd
- Bank drop daily (escorted)

ii. Internal Controls

- Safe Log
- Daily sales and cash reconciliation report
- Daily deposit log
- Vendor “Open to Buy” and payment ledger
- System record of Vendor Payments (Automatically sent to METRC)

e. Transaction/Digital Security

i. Internal Controls

- All employees shall display a laminated ID badge while on the premise. This shall include: DBA Name, License #, First Name, Last Name Unique Employee ID# and a color employee photo that is at least 2 x 2 inches and shows the employee’s face
- Authorized Access only granted through key codes, combinations and system authority levels
- Password changes and protection institutionalized
- Sharing of passwords or badges results in termination (see badge policy)

ii. External Threats

- Best in class virus and malware protection
- Outsourced network security – (supplier to be determined)

iii. Track and Trace (METRC)

- The company shall designate an administrator (account manager) for the Track and Trace compliance program “METRC”
- The administrator shall also serve as the primary METRC trainer
- Canna Point POS system shall provide integrated and automated METRC compliance at the transaction level
- The account manager shall maintain a complete, accurate, and up-to-date list of all track and trace system users, consisting of their full names and usernames.
- The company (licensee) shall keep a record, independent of the track and trace system, of all compliance notifications received from the track and trace system, and how and when compliance was achieved.

f. **Delivery Security**

i. Dispatch and Routing Security

- Driver loads do not exceed \$5,000.00
- Routes are scheduled not to exceed two hours in total trip time
- No stops except order delivery
- Loads are secured in the vehicle’s *lockbox.

ii. Delivery Execution Security

- Park Safely and check surroundings prior to exiting the vehicle
- Exit and lock and alarm the vehicle
- Collect customer signatures on payment, order and Metrc manifest document
- Drop payment and payment documents into the payment slot on the *lockbox
- Notifies store of delivery completion
- Ensures no cannabis goods are visible from outside the vehicle

iii. Route Completion Security

- Upon completion of all routed stops, the driver returns directly to the store.
- Shift manager pulls all payments and payment documents (including Metrc manifest)

iv. Lockbox

A compartmented metal box secured to the frame of the delivery vehicle. The lockbox is designed to limit the driver's access to cash and secure product en route with the goal of driver safety and theft deterrence.

v. Documents

- Vehicle insurance
- Business liability insurance
- Valid Personal driver's license (CDL)
- Current Vehicle registration
- Metrc manifests for the current route
- State and local business permits
- Emergency contact list
- Current completed vehicle safety checklist

vi. GPS Tracking

- The Vehicle, The mobile POS device, The Lockbox

vii. Delivery Vehicles

- No passengers or unauthorized personnel may accompany the delivery driver during the execution of her/his delivery route. Authorized personnel may include management, trainer, law enforcement or regulatory personnel.
- The delivery vehicles must be enclosed vehicles.

viii. Vehicle Maintenance & Safety

- Vehicles shall adhere to manufacturers recommended maintenance. Oil changes and tires may be performed by local providers. All other maintenance and repairs are to be performed by the local dealer.
- Prior to the driver's first route each day, a safety check must be performed, and a vehicle safety checklist completed and signed (checklist attached). Should any unsafe condition be discovered the shift manager shall be immediately notified and the vehicle pulled from service until the condition is cured.
- Vehicle inspection checklists must remain on file and available for review for a rolling 8 month period.

ix. Driver Qualifications

- 21 years old
- Insured (personally) -current
- Clean driving record - current
- DUI, Exhibition, points
- Record Pulled quarterly

g. Company Emergency Action Plan (EAP)

Overview

In the event of Fire or other emergency the company shall employ the following processes, protocols and tools to maximize the safety of its employees and the community. Each employee shall receive EAP orientation as a component of the new hire process and complete an acknowledgement form demonstrating that they understand and have a copy of the plan. The company's EAP (as outlined by OSHA) includes the following components:

- Procedures for reporting a fire or other emergency
- Procedures for emergency evacuation
- Employee Assignments, Responsibilities and Training

Emergency Types

The following are the emergency scenarios deemed most likely to be experienced by the company considering geographic and business conditions.

- Fire
- Earthquake
- Robbery
- Employee Injury

Copies of this EAP document shall be kept in both the customer service area and the manager's office (same binder as the IPP) conspicuously available to all employees and for inspection. It shall be reviewed and updated quarterly. Maps and escape route information shall be posted at every premise door.

Fire

In the event of a fire within the company's premises, on the shared property or approaching eminent threat (fire advancing toward the company), the following steps and responsibilities must be executed

- On-duty EAP Warden is notified – All/Anyone
- Manual fire alarm is pulled – Warden/ If unavailable Anyone
- 911 is called - Warden/ If unavailable Anyone
- Evacuate the premises – Execute the evacuation Plan Warden/Manager

Earthquake

In the event of an Earthquake, employees should seek immediate shelter in place (i.e. under a desk, under a doorframe or in the "hardened inventory room). When the earthquake has subsided the EAP Warden and/or Manager shall take the following steps:

- Check on employee safety on the premises and seek 911 medical assistance if needed. (Warden/manager)
- Assess the safety of the structure and should any potential hazards or weaknesses be observed evacuate the premise. (Warden/manager)
- Communicate with delivery employees on routes to determine safety and take appropriate actions to ensure safety or gain assistance (Warden/manager)
- Check with emergency broadcasting or other means to assess the situation in the larger community. (Warden/manager)
- Communicate the incident using the communication chart (manager)
- Determine if business closure is necessary

Robbery

In the event of a robbery to the business the following actions must be taken:

- Follow the instructions of the Robber(s) without question or hesitation – cooperate in every way (DO NOT TRY TO PREVENT THEIR ACTIONS OR APPREHEND THEM)
- Upon the departure of the Robber(s)
 - Assess the safety and wellbeing of the employees (manager)
 - Call 911 and report the Robbery (manager)
 - Cooperate with Police when they arrive (All)
 - Communicate the incident using the communication chart (manager)
 - Take inventory to determine what was taken (manager)
- Document the incident (Warden/manager)

Employee Injury

In the event of an employee (or other person on premise) injury the following actions must be taken:

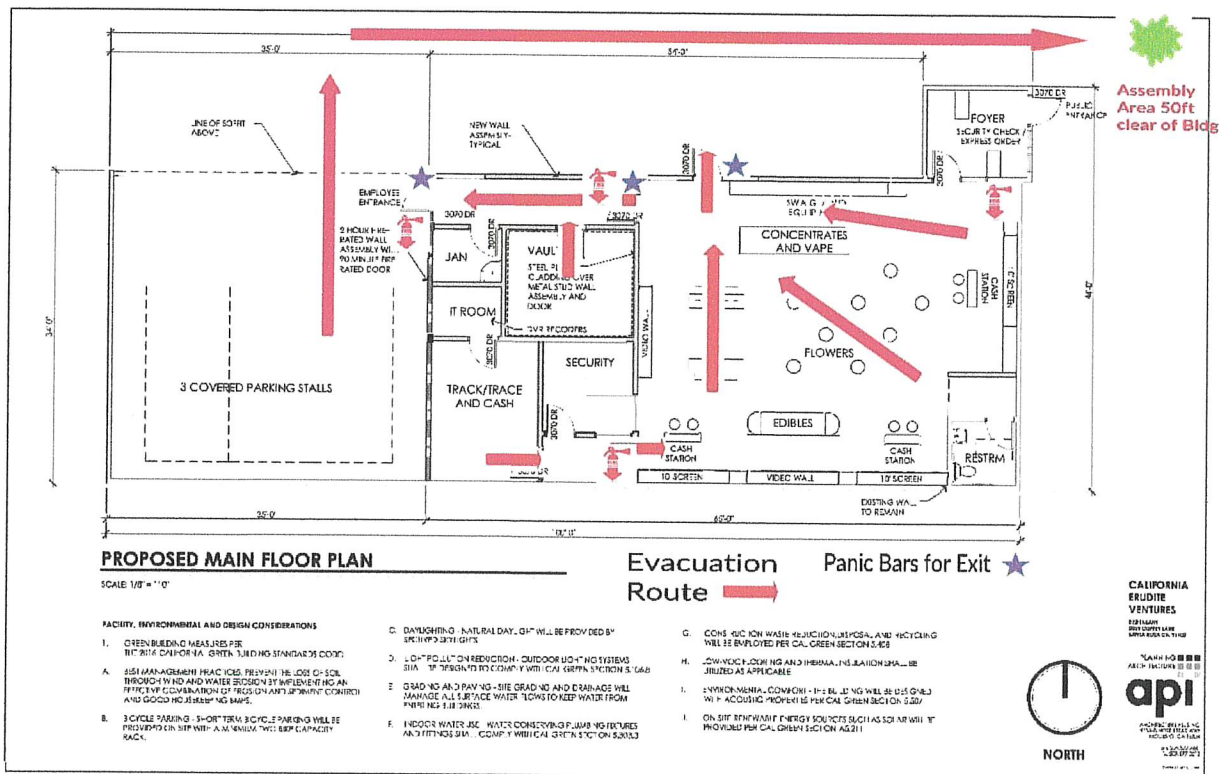
- Assess the injury severity (manager)
 - If minor (i.e. scrape, strain, bruise) complete an incident report, workers compensation report and send the employee to the doctor following workers comp protocols.
(note: no head injury is a minor injury)
 - If the injury is anything than minor, the manager must call 911
- In all cases the manager on duty must investigate to determine cause and document via the established incident reporting.

Emergency Evacuation Plan Overview

The company facility in Santa Rosa will consist of approximately 3,520 square feet consisting of inventory storage rooms, a retail sales floor, administrative work area, single bathroom and a delivery operations area. Ingress and egress are facilitated by two main doors at the rear of the building and a public entrance at the front of the building. The evacuation plan is designed to utilize the two main doors at the rear of the building equipped with panic hardware and an outward swing. The evacuation plan encompasses the following elements:

- Evacuation Route maps color coded to clearly designate the path of evacuation quickly and easily. Maps posted at all doors.
 - Including designated assembly area
- Evacuation roles and responsibilities (EAP Wardens)
 - Evacuee role call
- Training Schedule
- Unannounced evacuation drills monthly (logged)
- An employee alarm system

Route Map



Evacuation Roles and Responsibilities

The company has established two levels of responsibility. The manager (general or assistant) and the Warden (3 designated by the general manager). The Wardens are responsible for ongoing training and maintenance of the EAP. The Wardens are also responsible for executing the evacuation plan in the case of a fire or other emergency requiring evacuation including executing a headcount verification and documentation to ensure all employees on premise have evacuated safely to the assembly area (as noted in the sections above).

The manager is responsible for supervising the duties of the Wardens and additionally serving as the ranking decision maker in case of emergency (as noted in the sections above)

Training Schedule/Drills

- Included in the start-up training program
- Included in new-hire orientation (documented)
- Monthly Walkthroughs and surprise drills (both shifts and documented)
- (Forms Attached)

Employee Alarm System

The company shall install as part of its security system an employee initiated audible alarm for fire and a silent alarm for robbery. The activator for these alarms shall be placed both in the inventory vault and the customer service area.

The company does not have the need for additional tones as it does not work with hazardous materials or a large work environment.

Evacuation Procedure

Step One

Cease all work immediately

Step Two

Visually check to ensure the evacuation path is clear and safe

Step Three

Proceed directly quickly and calmly (walk not run) to the designated assembly area

Use the evacuation map at each door to guide you if needed

Step Four

Notify your EAP Warden that you have assembled safely and correctly

Step Four

Return to your work area only after the Warden has given the “All Clear” notification

h. Security Personnel

CONFIDENTIAL & PROPRIETARY

BIOGRAPHY



Name:

Ryan Tongol

Title:

Special Services Division Director

Company:

First Security Services

Education and Professional Certificates:

- Texas A&M University (TEEX) Program-Professional Certificate in Infrastructure Protection
- Administration of Justice Bachelor's Degree Program, Portland State University
- ASIS International-Executive Protection Certificate
- A.L.I.C.E Institute Active Shooter Certified Instructor

Certified Training:

- Santa Cruz County Sheriffs Law Enforcement Academy-Peace Officers Basic Standard Training (P.O.S.T) (S.T.C)
- PC 832-Laws of Arrest-Cabrillo College-Peace Officers Standard Training (P.O.S.T)
- PC 832-Firearms--Cabrillo College-Peace Officers Standard Training (P.O.S.T)
- Background Investigations Certification Course-Peace Officers Standard Training (P.O.S.T)
- Interviewing and Interrogations Certification Course-Peace Officers Standard Training (P.O.S.T)
- Protective Services Division (PSD) Academy (G.D.B.A) Gavin De Becker and Associates

- Advanced Executive Protection/Planning Academy, Level II-AS Solution (Instructor-Ivor Terret)
- Surveillance Detection Academy-AS Solution (Instructor-Ivor Terret)
- Diplomatic/Executive Protection Evasive Driving Certification Course-Vehicle Dynamics Institute (VDI)
- Advanced Executive/Diplomatic Protection Evasive Driving Certification Course-AS Solution
- Executive Protection Certification Course-R.L Oatman and Associates
- Kidnap & Ransom Introduction Course for Executive Protection Practitioners-TAC Solutions Group
- Open Source Law Enforcement Intelligence Investigations Training Course-(OSINT)
- Executive Protection and Executive Staff-Pre-Travel Protection Advance and Logistics Event Training Course-OPSEC Alliance
- Active Shooter-Department of Homeland Security/FEMA/Emergency Management Institute
- Workplace Violence- Department of Homeland Security/FEMA/Emergency Management Institute
- Surveillance Awareness- Department of Homeland Security/FEMA/Emergency Management Institute
- Covert Operations/Protective Surveillance (C.O.P.S) Certification-PFC Training

Permits and Licenses:

- Bureau of Security and Investigations (B.S.I.S) State of California Guard Card (#1449639)
- Bureau of Security and Investigations (B.S.I.S) State of California Firearm Permit (# 276949)
- Bureau of Security and Investigations (B.S.I.S) State of California Baton Permit (# 136349)
- Multi-State (Utah State) Carry Concealed Weapons Permit (CCW) (#C1494435)
- California Carry Conceal Weapons Permit (CCW) (#CYVN5QVV6) Exp. 3/27/20
- American Safety and Health Institute CPR/AED Training Course. # 35514 (Exp. 2/2019)
- National Ass. Of Emergency Medical Technician (NAEMT)- Law Enforcement First Response Training (TCCC) Tactical Combat Casualty Care) (Exp. 4/2021)

Professional Experience:

Ryan most recently, (2/2014 to 9/2017) an embedded, Full-time Employee of Yahoo's Executive Protection Detail for the CEO, Marissa Mayer for over three years.

Ryan has 21 years of combined experience in Close Protection, High Value Asset Protection and Law Enforcement. He has worked for various N.G.O's, Government contracts and Fortune 100/500 Companies. He has over 10 years in managing various Security Detail Operations and has vast knowledge in all aspects of Close Protection, (Executive, Corporate, VIP, Celebrity, Residential, Diplomatic, and Ultra High Net Worth Individuals and Families)

Ryan also specializes in high Value Asset Protection where he has developed robust Security measures integrating technological advances in surveillance and access control with high level of physical security measures to safeguard life, property and the assets of the Clients.

Ryan has also created and implemented best practices for covert secure Vehicle Transportation/Distribution for Clients and Ultra high Value assets.

FIRST ALARM SECURITY & PATROL, INC.

d/b/a FIRST SECURITY SERVICES



Corporate Headquarters 1731 Technology Dr.800
San Jose, CA 95110
(408) 364-1110
FAX: (408) 451-9857



LICENSE PPO 11167

3. SECURITY SERVICES AGREEMENT

This Security Services Agreement (this "Agreement") is entered into and as of APRIL, 2019 by and between FIRST ALARM SECURITY & PATROL, INC. dba FIRST SECURITY SERVICES, hereinafter "referred to as "Contractor," and Erudite Ventures Inc, Inc., hereinafter referred to as "Client." Pursuant to the terms and conditions herein, Contractor shall provide the Services (as defined below) to the Client at Client's premises located at (TBD) (the "Premises"). The Contractor and Client may each be referred to herein as a "Party" and collectively as the "Parties."

1. Schedule of Service.

- a. The services shall consist of Contractor providing two (2) uniformed/unarmed security officers to provide customary security services at the Premises during the Term (as defined below) between the hours of (Business Hours-TBD) local time, seven (7) days a week to start, and the other services as set forth below (the "Services"). The Parties may agree to extend the hours for the Services at a later date. The security officers providing the Services shall be armed, uniformed security officers licensed by the State of California. If towing services are to be provided it is the responsibility of the Client to post the property with the correct signs so as to meet all local and State government requirements.
- b. Contractor will furnish Client with fixed site security personnel and render security services as a deterrent to criminal activity (e.g. theft, vandalism, trespassing, noise, (environmental well- being) and enforce security at the locations and during the hours set forth herein.
- c. The full scope of security Services to be provided will be set forth in Addendum A attached hereto, which is incorporated herein by reference. The Parties may amend such Addendum A, each in their sole discretion.
- d. It is understood and agreed that Contractor shall remain sole owner of any warning decals or signs installed by Contractor at the Premises (which may only be undertaken with the approval of Client) and may remove or upon written notice to Client abandon said decals or signs.
- e. Client hereby consents to Contractor's entering the Premises to provide the Services.
- f. **Contractor is licensed under the Department of Consumer Affairs, Bureau of Collections Investigative Services, and 400 R Street, Suite 2001, Sacramento, CA 95814.**

2. Rates and Billing:

- a. For fixed-site guard services provided hereunder, Client hereby agrees to pay Contractor the billing rates as set forth in Addendum A.
- b. These fixed-site guard services DO NOT constitute "Special" one-time or short-term services.
- c. Contractor shall invoice Client bi-weekly, following completion of such Services and payment shall be due upon receipt of such invoice.
- d. Client hereby agrees that Contractor shall have the right to request increases in the service rate where necessary, subject, however, to the advance written approval of the Client.
- e. A payment shall be considered past due if such payment is received more than thirty (30) days after the first day of the month in which such payment became due. If any payment is not received within thirty (30) days after the due date, Client shall pay to Contractor an additional sum of five percent (5%) of the overdue amount as a late charge. Interest on any amount overdue more than thirty (30) days shall accrue at the rate of 1% per month from the due date. Notwithstanding the foregoing, if Client fails to pay amounts owing hereunder within thirty (30) days after such amount is due and payable, Contractor shall have the right to discontinue the Services and recover from Client all sums Contractor may be entitled to under the law.
- f. Contractor always strives to provide Client with excellent service however in the unlikely event of a service dispute the Client must submit a written statement of dispute within ninety (90) days of disputed invoice date.

3. Additional Terms:

- a. The initial term of this Agreement shall commence on the Effective Date and shall continue for a period of 12 months thereafter (the "Initial Term"). The Initial Term and any Renewal Term (as defined below) shall automatically renew for additional terms of one year each unless either Party notifies the other that such first Party does not desire to so renew the Initial Term or Renewal Term (as applicable) at least thirty (30) days prior to the expiration of the then-current Initial Term or Renewal Term (each, a "Renewal Term" and, collectively with the Initial Term, the "Term." The Parties will agree to any changes to the rates payable for the Services prior to any Renewal Term and shall set forth such revised rates in an Addendum hereto prior to the commencement of the applicable Renewal Term.
- b. During the Term, Contractor shall at all times during the Term keep in place insurance policies with a \$10,000,000 Commercial Liability and Property Damage limits and \$1,000,000 Vehicular limits and such policies shall name the Client as an additional insured, provided that any additional charges levied by the Contractor's insurance carrier as a result of compliance to the Client's insurance requirements will be passed through to the Client provided that Client has been informed of such additional charges and has agreed to such additional charges in writing prior to them being incurred.
- c. Either Party may terminate this Agreement and the Term at any time and for any reason upon 30 days' prior written notice to the other.

4. **Emergency Costs:** If Client, or its agent, is absent from premises or otherwise unavailable should an emergency occur such as fire, break-in, arrest, etc., or any situation where professional assistance is required or needed to secure or insure the safety of the Premises, Contractor shall act as agent, solely during such emergency, for Client to obtain such assistance. Should any costs occur, these costs, along with costs for additional services by Contractor not specified in this Agreement, shall be borne by the Client.
5. **Additional Personnel Costs:** Any additional personnel costs incurred as a result of any lawful action taken by any agent of Contractor on the behalf of the Client, to include time spent in court, depositions, etc., may be billed to the Client at the prevailing overtime rate where applicable.
6. **Government Agency Mandated Costs:** Client acknowledges that all charges set forth herein are based upon proportional margins established from current governmental minimum wage orders.
7. **Assignment.** Neither Party may assign this Agreement without the prior written consent of the other Party in writing, which consent may be given or withheld in the sole discretion of the second Party.
8. **Force Majeure:** Neither Contractor nor Client will be held responsible for any damages caused by delay or failure to perform the Services or any other actions or inactions due to fire, strike, act of God, any extreme emergency, a legal act of public authority, or any other cause beyond the reasonable control of the affected Party. Neither Party shall be liable for consequential, incidental, or special damages or loss of profits.
9. **Contractor is not an insurer:** Additional insurance, if any, other than that set forth herein, shall be obtained by Client. The payments provided for pursuant to this Agreement are based solely on the value of the Services as set forth in this Agreement and are unrelated to the value of Client's property or the property of others located on Client's premises. The Services are solely for the benefit of Client and neither this Agreement nor any services rendered hereunder confer any rights on any other party as a third-party beneficiary, or otherwise. Contractor makes no guarantee or warranty that the Services supplied will avert or prevent occurrences or the consequences here from which the Services are designed to detect or avert.
10. **Limitation of Liability.**
 - a. Client understands and agrees that it is impractical and extremely difficult to fix the actual damages, if any, which may proximately result from Contractor's negligence, or a failure to perform any of the obligations herein with resulting loss to Client because of, among other things: The uncertain amount or value of Client's property or the property of others kept on the premises which may be lost, stolen, destroyed, damages, or otherwise affected by occurrences which the Services are designed to detect or avert; the uncertainty of the response time of any police or fire department, or others should they be dispatched as a result of the Services; the inability to ascertain what portion, if any, of any property loss or personal injury, or death would be proximately caused by Contractor's failure to perform, and the nature of the service to be performed by Contractor.
 - b. Client understands and agrees that if Contractor should be found liable for loss or damage due from (i) failure of Contractor to perform any of the obligations herein, (ii) the failure of the Services in any respect whatsoever, or (iii) Contractor's active or passive negligence, Contractor's liability shall be limited to a sum equal to the total of six times the monthly charges or One Thousand and no/100 dollars (\$1,000.00), whichever is the lesser, as liquidated damages and not as a penalty, and this liability shall be exclusive. The provisions of this Section shall apply if loss or damage, irrespective of cause or origin, results directly or indirectly to persons or property, from performance or non-performance of the obligations imposed by this Agreement, or from negligence, active or otherwise, of Contractor, its agents, servants, assigns, employees, or subcontractors.

- c. If Client wishes Contractor to assume a limited liability in lieu of the liquidated damages as stated above, Client may obtain from Contractor a limitation of liability by paying an additional periodic service charge to Contractor. If Client elects to exercise this option, a rider shall be attached to this Agreement setting forth the terms, conditions, and amount of the limited liability and the additional periodic charges. Such rider and additional obligation shall in no way be interpreted to hold Contractor as an insurer.
 - d. Client shall give written notice to Contractor of any claim or potential claim of Client arising out of or relating to this Agreement within 45 days following Client's first notice of such claim or potential claim. No action to recover any claim of Client shall be instituted or maintained against Contractor unless Client provides written notice of such claim to Contractor in the manner and form set forth in this Agreement.
11. **Third Party Indemnification:** Each Party shall indemnify, defend and hold harmless the other Party and its employees and agents from and against all costs, damages, liabilities, obligations, expenses, including attorneys' fees, and claims, arising from any breach of the terms of this Agreement by the first Party.
12. **Notices:** All notices, requests, demands and other communications under this Agreement shall be deemed to have been duly given on the date of service if served personally on the Party to whom notice is to be given, or on the third day after mailing if mailed to the Party to whom notice is to be given, by first-class mail, registered or certified, postage pre-paid addressed as set forth herein. Notices to Client shall be sent to the address set forth above and notices to Contractor shall be sent to First Alarm Security & Patrol, Inc., Attn: Billing Manager, 1731 Technology Drive, Suite 800, San Jose, CA 95110. Either Party may change such Party's address for purposes of this Agreement by giving the other Party written notice of the new address in the manner set forth above.
13. **Authorized Persons:** Client agrees to furnish Contractor with a written list of names, titles, residences, telephone numbers and signatures of all persons authorized to enter the Premises. All changes, revisions and modifications to the above shall be promptly supplied to Contractor in writing.
14. **Supervision and Control:** All security officers furnished to the Client by Contractor are the employees of Contractor. Contractor will pay the wages, taxes (Including but not limited to Social Security and Federal & State Unemployment taxes) and other expenses relating to each of its employees. Contractor hires, trains, supervises and controls its employees but will, however, remove any security officer not acceptable to the Client on written request. Client and Contractor agree that in the performance of this Agreement, there shall be no discrimination on account of race, religion, sex, age, or national origin and each shall comply with applicable federal, state, and local laws and regulations pertaining to fair employment practices. The Contractor agrees to indemnify and hold harmless the Client, its affiliates, officers, directors, employees and agents from all liability and damages, including cost of defense and reasonable attorneys' fees, which it or they may incur as a result of injury or damages sustained by any person arising out of the negligence or misconduct of the Contractor, its employees or agents.
 - a. Contractor shall ensure that the security officers provided by it maintain perfect-discipline and behavior and they shall not in any manner cause any interference, annoyance, and nuisance to the management of the Client or its business.
 - b. Contractor agrees and undertakes that the security services provided by the security guards shall be to the entire satisfaction of the Client and the Contractor will make it clear to the security officers that the latter are employees of the Contractor and they shall have no claims against the Client and the Client shall not be liable to wages, salary, compensation and any statutory benefits due to the security officers under the labor law and other legislation and the Contractor shall be responsible for providing such amenities to its employees admissible under the law.

- c. Contractor will indemnify the Client against any claim, loss, damage occurred, or caused to the Client due to willful acts or omissions or carelessness or negligence of the security officers employed by the Contractor, while on duty.
 - d. If Client finds that the conduct, behavior and/or performance of work of any of its security officers are unsatisfactory, it may issue directions to Contractor to immediately recall the particular person and substitute him or her by another and the Contractor shall comply with such directions reasonably issued by the Client.
15. **Uniform and Equipment:** Client agrees that Contractor's personnel will wear black Special Services security polo shirts, khaki BDU pants, exterior equipment harness, black security jackets during foul or cold weather, black boots or appropriate shoes for terrain conditions. All officers may have on their persons the following equipment: Pepper Ball launcher, First Aid kit, TASER, state approved baton, state approved OC spray and handcuffs. No firearms will be utilized at this site. The Contractor, at its own expense, shall provide its security officers with necessary uniform, outfit, and equipment required for the effective discharge of security services to Client.
 16. **Training and State Certification:** Contractor will insure that all officers have current state security guard licenses including guard card, baton and OC licenses. These licenses are available for inspection by Client with a 24-hour notice to Contractor. Officers must have the following training while stationed at Client site: Pepper Ball launcher, TASER, baton and OC spray.
 17. **Reports:** The reports provided to the Client by the Contractor are for informational purposes only. Client acknowledges that computer equipment is subject to occasional failure and that the informational reports are not a guarantee concerning the scope of services provided. Contractor will release reports to third parties only at the approval and direction of Client or Client's legal representative. Contractor at times may have to release immediate reports to on scene law enforcement post criminal incident as required by applicable law, including any CCTV footage.
 18. **Automobiles or Mobile Equipment:** Any automobile or mobile equipment which is furnished by Client for use by Contractor, its agents or employees, shall be insured by the Client. The insurance shall contain a provision that provides coverage for Contractor, its agents and employees as a permissive user. The Client recognizes that Contractor, its agents or employees or the automobile or mobile equipment furnished by the Client may be injured or damaged accidentally. The Client therefore, agrees to defend, indemnify and save Contractor, its agents and employees, harmless from any and all loss, damage, injury, liability, claim or cause of action for injury to person or property, including the automobile or mobile equipment, resulting from Contractor's or its agents' or employees' use of such vehicle, except for such loss or injury occasioned by the negligence or willful misconduct of Contractor or its agent or employee.
 19. **Hiring of Contractor's Employees:** Contractor is not an employment agency and the services it furnishes to the Client are made possible only by a substantial investment in advertising, recruiting, testing and training of personnel. In consideration of the time and expense invested in providing these services, the Client will not hire any employee from Contractor while the employee is still employed by Contractor or for ninety (90) days after termination of the employee from Contractor. Client agrees to pay a placement fee of \$1,500 for every employee of Contractor, and \$3,000 for any supervising employee of Contractor hired in breach of this paragraph.

20. **Governing Law:** This Agreement shall be interpreted, enforced and governed in all respects by the laws of the State of California applicable to instruments, persons, transactions, entities and subject matters, which have legal contracts and relationships solely within the State of California. The language of this Agreement shall be construed as though all Parties have participated equally in its drafting and as a whole according to its fair meaning and not strictly for or against any of the Parties. If any provision of this Agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, then such provision shall be deemed severed and deleted from this Agreement as a whole and neither such provision nor its severance and deletion shall in any way affect the validity of the remaining provisions of this Agreement.
21. **Entire; Integrated Agreement; Modification; Alterations:** This Agreement is intended by the Parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof. This Agreement supersedes all prior representations, understandings or agreements of the Parties and the Parties rely only upon the contents of this Agreement in executing it. This Agreement can only be modified by a writing signed by the Parties or their duly authorized agent.
22. **Non-Waiver:** Failure of a Party to enforce any provision of this Agreement, or any of its rights under this Agreement shall not be considered a waiver of such provision or in any way affect the validity of this Agreement.
23. **Hazardous or Defective Conditions/Materials:** Client agrees that it will comply with OSHA Hazard Communications Standards. Client further agrees to (i) make available to Contractor the Material Safety Data Sheet for each hazardous chemical to which Contractor's personnel may be exposed at Client's premises; and (ii) to inform Contractor of (A) precautionary measures to be used to protect Contractor's Personnel with respect to each hazardous chemical and (B) Client's hazardous material labeling system.
24. **Attorneys' Fees and Jurisdiction:** In the event it shall become necessary for either Party to institute legal proceedings to enforce its rights hereunder, then the prevailing Party shall be entitled to recover its reasonable attorney's fees and costs where permitted by law. The Parties agree that any action or suit relating to the Agreement shall be instituted and tried in the Superior Court of the County of Santa Clara, California. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR OTHER PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.
25. **Relationship of the Parties.**
- a. Contractor is retained by the Client only for the purposes of and to the extent set forth in this Agreement, and Contractor's relation to the Client during the period of its engagement hereunder shall be that of an independent contractor. Contractor shall not, nor, as applicable, shall any of its officers, directors, shareholders or agents, have employee status with the Client or be entitled to participate in any plans, arrangements or distributions by the Client pertaining to or in connection with any pension, stock, bonus, profit-sharing or similar benefits as may be available to the Client's employees. Contractor shall be responsible for the reporting and payment of all income and self-employment taxes for all compensation paid to Contractor hereunder.
 - b. This Agreement does not create a relationship of principal and agent, joint venture, partnership or employment between the Client and Contractor. Contractor's engagement hereunder is not a franchise or business opportunity. Neither Party shall be liable for any obligations incurred by the other except as expressly provided herein.



Addendum A

- Bill Rate: \$30.00 an hour (Security Specialist 1)
- Bill Rate: \$34.00 an hour (Security Specialist-Supervisor) 1-per shift
- Client agrees to pay for any additional training if more less than lethal equipment required/requested.
- All overtime hours incurred due to incidents where officers are involved or required to respond, shall be billed to the Client at a rate of 1.5 the regular rate.
- Holidays shall be charged at 1.5x the regular Bill Rate and approved by client overtime. The following listed holidays are subject to billing at the contracted holiday Rate: New Year's Day, Memorial Day, President's Day, 4th of July, Labor Day, Thanksgiving Day, day after Thanksgiving Day and Christmas Day.

May 29, 2019

California Erudite Ventures
Jeff Linden
Santa Rosa Project



Dear Jeff,

Pursuant to your request, the following system is configured as a base coverage for a 3,520 square foot with coverage levels comparable to previous Erudite projects and will require some adjustment to final configuration upon CUP approval to achieve optimized coverage. The system is designed to provide 100% interior monitoring of all interior spaces. Spaces highlighted as highly sensitive or high exposure have redundant coverage. The system also provides the recording and storage requirements for 90 days of fully active video.

Please consider the following security system proposal for your Capitola facility.

Scope:

Security System

1. Contact (3) exterior man-doors.
2. Contact (2) roll-up doors.
3. (9) Areas of motion detection.
4. (1) Keypad.
5. One-control and backup power supply.
6. (4) Zone expansion modules.
7. (4) Vault sound alarm(bank style).
8. (4) Vault door contacts.
9. (1) Remote panic alarm (manager on duty)

Installation and Service Agreement:

Installation complete labor and materials \$14,300.00
Monthly monitoring fee \$20.00
Monthly Cellular service \$10.00

The security system is designed to Underwriters Laboratories Extent II specifications. Which are all movable openings protected with magnetic contacts. A series of motion detectors arranged to detect four step movement in any direction.

Surveillance System

1. (30) Interior day-night cameras with IR illumination, high definition 1080P.
2. (12) Exterior day-night cameras with IR illumination, high definition 1080P.
3. (5) Sixteen channel digital recorder with sixteen terra bytes (three weeks) storage and 1080P resolution.
4. (5) Regulated power supply.
5. (4) 1080P monitors.
6. Connection and configuration to internet for remote viewing (specific law enforcement access and control).

Installation complete labor and materials \$24,473.00

If you have any questions or require additional information, please call me at 209 388-1376.

Best Regards,

A handwritten signature in blue ink, appearing to read "Mark Schrieber", is written over a horizontal line.

Mark Schrieber

104 East 13th Street	Merced, CA 95341	[209] 388-1376	Fax [20 9] 72 3 -774 0
1322 7th Street	Modesto, CA 95354	[209] 571-1174	Fax (209) 521-9 0 34