AGENDA
ITEM

6

CALEXICO

A PROPOSAL TO THE CITY OF CALEXICO FOR LEGAL COMMERCIAL CANNABIS CULTIVATION AND TAXATION

BY

TRINITY FARMING & MANUFACTURING, INC.

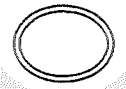
Introductions

- **Presenter: Jim Sprouse** - Partner at CAG, a tax, legal, and accounting firm serving Southern California companies.
- **Trinity Farming & Manufacturing, Inc.: James Irwin, Jr.** - Founder and Chief Executive Officer.
- **Board Members:**
  - Michael Dessert, Ph.D. – President, Emerald Seed Company, Inc.
  - Janet Mitulda - Industry advocate, business owner & entrepreneur.
  - John Calvert - Founder and President, Mammoth Wellness Center.
  - Kyle Castanon - President, Palomar Craft Cannabis, Inc.

Presentation Framework

1. Trinity's request for a non-exclusive Ordinance to cultivate and process cannabis in a licensed and secure manner consistent with local Calexico and California state laws.
2. Security and public issues.
3. The medicinal benefits of cannabis.
4. 6 Southern California Towns Now Have Cultivation Ordinances - Coachella, Desert Hot Springs, Needles, Adelanto, Coalinga, and Cathedral City.
5. The significant economic, employment and community benefits to Calexico.

The Ordinance Request

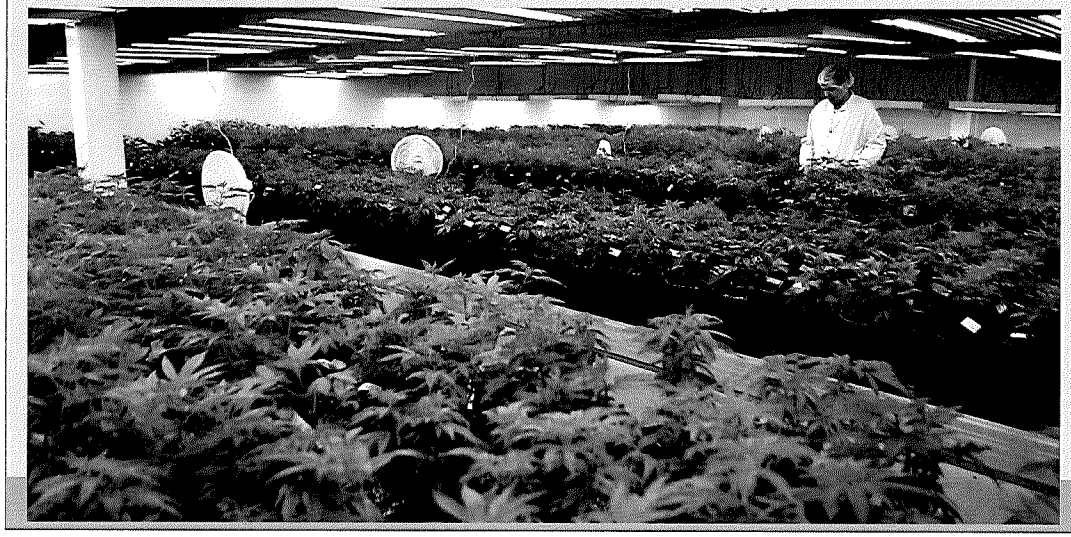


- Trinity Farming & Manufacturing, Inc. is requesting a City Ordinance and associated licenses and permits to cultivate and manufacture cannabis for medicinal use under current California law* within a defined and limited industrial zone of the City of Calexico.
- **Cannabis cultivation and medicinal distribution have been legal in California since 1996. Trinity's request is consistent and compliant with State and Local laws.**
- **TRINITY IS NOT REQUESTING RETAIL OR DISPENSARY OPERATING LICENSES** - All products will be shipped to San Diego, Orange County and Los Angeles to legal and licensed dispensaries. **No products will be sold locally.**

* Compassionate Use Act of 1996 (California Health and Safety Code Section 11362.5), the Medical Marijuana Program Act (California Health and Safety Code Sections 11362.7 through 11362.83), the California Attorney General's Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use issued in August, 2008, the Medical Cannabis Regulation and Safety Act (AB 243, AB 266, and SB 643), and any other state laws pertaining to cultivating medical cannabis.

Facility Security and Public Risk

- Trinity's request is to cultivate cannabis indoors in an industrial area that is separated from homes and schools. The aroma will be non-existent due to sophisticated charcoal filters and industrial ionizers.
- Security – The property will be fenced, tightly secured and guarded. Only employees, Directors and Law Enforcement will have access to the premises.
- Background searches and Live Scan will be required for employment.
- Minimal cash will be held onsite. The Company has a fully transparent banking relationship that meets all FinCEN guidelines. Products will be sold in coastal communities and cash will be deposited/banked in Los Angeles.
- Video surveillance will be utilized 24 hours/day and the local law officials will have access to all footage.
- All products will be tracked using Agrisoft software (partnered with Microsoft) and the City will have full access to all records to insure the tracking of all products including shipments.



Cultivation Facility

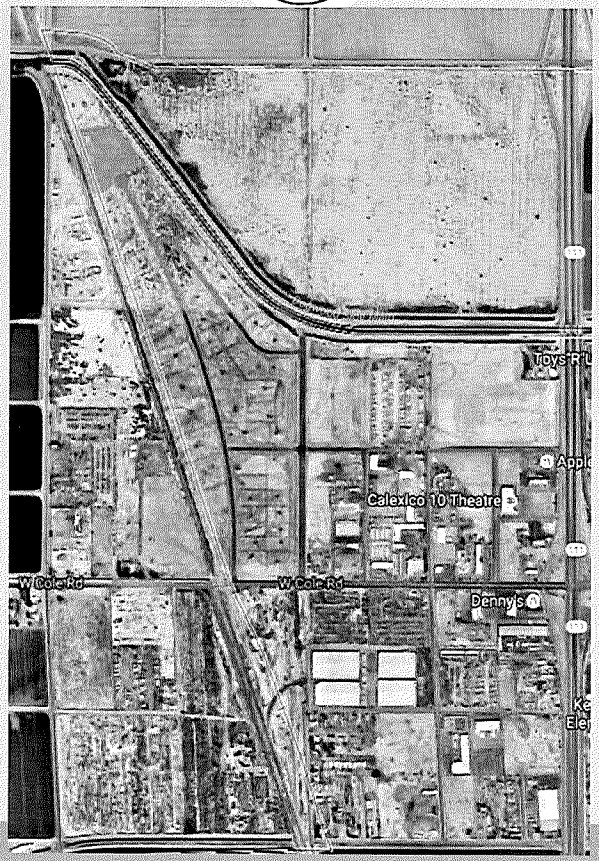
Cultivation and manufacturing operations will be completely enclosed with no outward suggestions or indications as to building use.

The product itself will be used to assist patients as medicine.

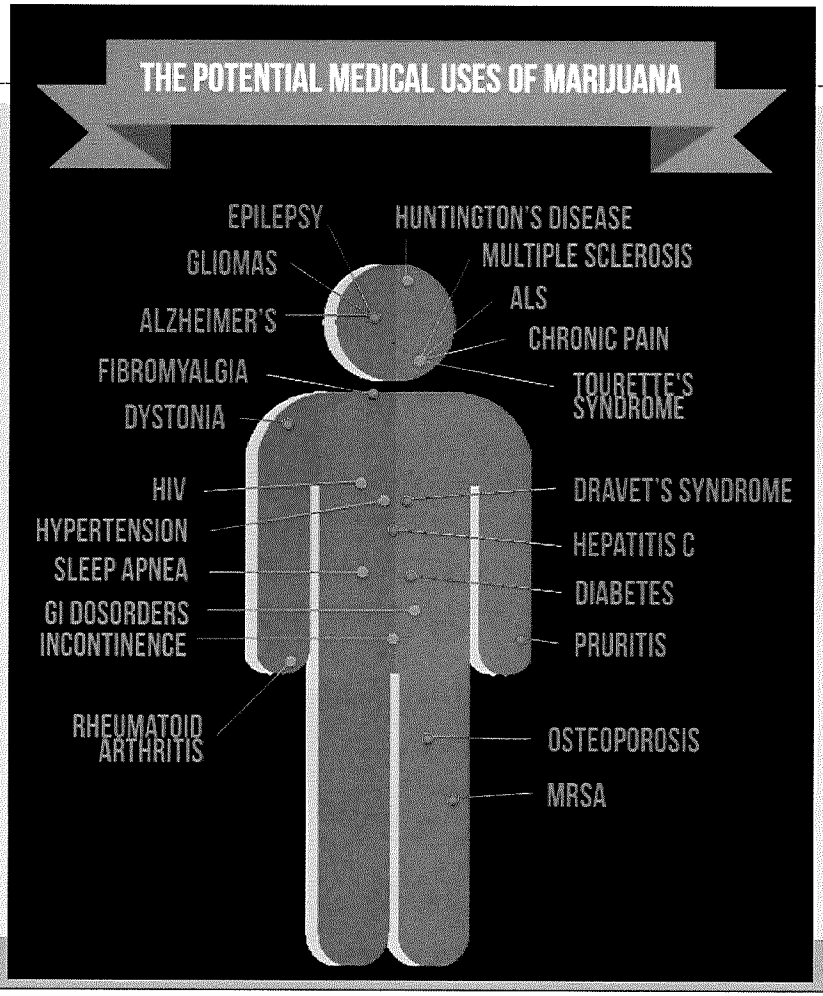
A "Best Practices" commercial agricultural cultivation and laboratory setting will be created to insure quality control and operational excellence.

Professional Operations & Appearance

Conceptual Special Purpose Zone



Medicinal uses



Medicinal Benefits of Cannabis

- There are over 30 medicinal uses of the plant.
- 2 most common compounds (Cannabinoids) of the plant are:
  - THC - Tetrahydrocannabinol (Psychoactive)
  - CBD – Cannabidiol (Non-Psychoactive)
- CBD is used to treat epilepsy, Post Traumatic Stress Syndrome (PTSD), inflammation, pain, sleep disorders, and many other uses.
- Zero deaths have ever reported from either adult or medical use of cannabis.

6 Southern California Towns Now Have Cultivation Ordinances -

Coachella, Desert Hot Springs, Needles, Adelanto, Coalinga, Cathedral City

- Under the Excise Tax structure legislated in Desert Hot Springs, cultivation is taxed at $25 per square foot for the first 3,000 square feet and $10 for each additional square foot. With this structure, Adelanto, for example, could generate more than $6 million in new tax revenue each year from just the first 27 cultivators. By way of context, Adelanto's entire general fund budget for the 2016 fiscal year is $13 million. (Contact the writer, Brooke Edwards, at 714-796-7963 or bstaggs@ocregister.com)
- One million square feet of Desert Hot Springs property is projected to be turned into warehouse cultivation facilities, which could provide up to $10 million in annual tax revenue to a city that currently has a yearly budget of $14 million, **Mayor Scott Mattas said**.
- Cultivation Technologies' President, Justin Beck, was thrilled to receive the city's **(Coachella)** blessing. More than 120 jobs will be created as a result of the facility's construction and operation. The facility will be located on six acres of land and will consist of two buildings, research labs, four indoor 22,000 square foot cultivation fields as well as 9,000 square feet earmarked for manufacturing.
- "I think more than anything, its an opportunity to really diversify our economy, to bring in more jobs, to be first and be a trend setter." **Mayor of Coachella Steven Hernandez said.**

Benefits to Calexico

- **$1,045,000** - The annual revenue through excise tax paid to the City annually from just our projected 100,000 sq. ft. of cultivation operations.
- **120 -400+** - The number of new jobs created to support operations. Staff will be employed locally.
- **$2.5 Million - $7.5 Million** - The estimated capital expenditures locally (Calexico) to build infrastructure for the initial facilities (HVAC, security, etc.)
- **Increased Property Tax Revenue** - Property values and tax base increase.
- **Overall Economic& Multiplier Effect** - New revenue infused into local economy is spent and re-spent, multiplying the economic benefit.
- **Community Benefit Program -** Supporting local parks and youth initiatives.
- **The Time is Now** – A municipal template has been established; other Cities are and will continue to issue Ordinances because they don't want to miss out on the tax revenues. Calexico would not be the first but it does not want to be the last.

Thank you!