

**Arcata, CA (Humboldt County) Year-round Cannabis Farm with View Home
(County & State permitted 10,000 sf Mixed-lite, Tier 2 Cultivation)**

(Square footages are approximate based upon approved plans)

9/15/24

Property. Beautiful 40-acre, southwest facing property has undergone continuous development since purchased in 2008. Access is by a private ¼ mile rocky access road. The property's elevation is about 1800 feet above the fog line and is about a 25-minute drive from Arcata or Eureka. Rural Fickle Hill Road bisects the property with about 35 acres on the "west side" and about 5 acres on the "east side". Property is surrounded by timber company land and extremely private yet close to town. The home site overlooks a wooded valley with no visible neighbors. Views of east Kneeland all the way to the Ocean.

This a unique location – as close as you can get to town yet totally isolated. Next to Arcata Community Park with lots of trails and wildlife. Very sunny above fog line in rare south facing property surrounded by forest land. Very limited snow activity helps keep winter heating costs down. Grow 365 days a year.

1. **Ownership Profile.** The property is owned free and clear by an experienced land developer and managed by his son, an expert grower with college chemistry and biology student-of-the-year awards. He grows cannabis tissue cultures and alters genetics.

2. Building Area-3,876 sf:

(a) 2,640 sf 2-story original Building. The original main building is a meticulously-built, beautiful 2,640 sf two-story "garage/ workshop" that looks like a house. Top-quality garage door opener is sealed-in with drywall in making garage a clone and tissue culture grow area. Structure is 4" x 6" framing with heavy insulation even in the concrete foundation--all walls, ceilings, floors, roof, etc. Living areas remain warm even in winter. Double pane windows, on-demand water heater, and incredibly comprehensive electrical and water systems. A state-of-the-art water treatment and filtration system fills an entire addition to the building. 6,000 gallon per day Reverse Osmosis system. Floats within tanks automatically trigger water-refill when necessary. System uses ozone generators for holding tanks and uses one-micron absolute filtration, and in-line UV sterilization.

(b) 576 sf permit issued to convert building to a "home"; expansion substantially completed. Additional plumbing and electrical is installed and concealed within existing walls of the "garage/ workshop" for a fully-designed kitchen + bathroom on the second floor. Completed Home Depot cabinet plan design. The permit includes a room with mini kitchen and bath and separate entrance which would be ideal for manager's quarters. The upstairs of this addition includes an ensuite master bedroom with a view deck not included in 576 sf addition. The addition is fully framed, with rough plumbing and with exterior and all windows in place. AOB permit allows several more years to complete. During construction of the 576 sf add-on, substantial engineering and contractor work added extensive earthquake steel work to insure building is protected from seismic activity.

(c) Addition "N" – 660 sf separate propagation and science rooms. Building area "N" was completed several years ago with secure entry at ground level. It currently serves as a propagation area and a science room for making tissue cultures and clones. Both rooms have hospital-similar HEPA filters insuring area is free of airborne contaminants. All 4x6' framing, high-end insulated roll up steel door. Steel fire-rated security doors. On site Tissue Culture and pathology laboratory, Concrete floor drains for easy cleaning.

(d) Summary of building areas.

Original "shop" and garage areas:	2,640 sf
576 sf construction nearly complete	576 sf
Propagation/science rooms	<u>660 sf</u>
TOTAL: ¹	3,876 sf (2 nd floor deck not included)

3. Septic System. The existing septic system is extremely oversized and estimated to handle a huge home plus a mother-in-law unit all of which was anticipated when the system was installed. It is an excellent working order. System has been regularly maintained. Supports 5+ bathrooms.

4. Water Well and Water Storage Tanks. Driller's well report estimates yield is 10 gallons per minute. The wellhead is 220 feet deep into sandstone and the installer's report confirms that the well does not pull from any aquifers above the well-head. As a result, the state will likely not regulate. Two 1,500 gallon water storage tanks are immediately next to the main building. Water storage tanks automatically fill when low and an elaborate water filtration system automatically cleans the water from any impurities. Pump system also pumps water under Fickle Hill Road to 1,500 gallon tank ayeast side of property.

4. Grow Areas.

West Side Existing Mixed-light Greenhouse Cultivation (letters correspond with greenhouse labeling on site plan)

"C" 30' x 60' FP, 16' tall, concrete floor with floor drains (1,800 sf)
internal hoops for deprivation

"E" 16' x 40' FP, 12.5' tall (640 sf) [to be relocated into "M" (2,136sf)]

"P" 30' x 66', 14' tall, automatic closing curtain system; concrete floor with floor drains (1,760 sf)

"H" 20' x 48', 12' tall, concrete floor with floor drains (960 sf)

"K" 20 x 72', 12' tall, concrete floor with floor drains (1,400 sf)

"L" 20' x 60', 12' tall, concrete floor with floor drains (1,200 sf)

*all greenhouses have commercial grade electrical, powered exhaust fans and shutters, commercial dehumidifiers, and commercial propane heaters. Many also have CO2 systems installed. Most have double skins with air gap in between, allowing for year-round growing and limited condensation.

East Side Mixed-light Cultivation Greenhouse (letter corresponds with site plan)

"O" 24' x 60', 14' tall (1,440 sf)

Existing cultivation greenhouse total: 9,954 sf (excludes propagation areas)

County mixed-lite approval: 11,440 sf

Two 5K sf state Mixed-lite Tier 2 permits total: 10,000 sf

"East Side" Improvements. The portion of the property on the east side of the road includes site and utility development with one 1500 gallon water storage tank and mixed-light fully permitted greenhouse "C". With its own private gate and drive-way recently widened and rocked, it has plenty of room for trailers/RV occupancy by workers and a beautiful view. Propane, 480v power, and water (tank automatically pumps from west side with filtration) serve this area.

¹ Square footages are approximate based on plan takeoff and should not be relied upon without field measurement.

* “Mixed-light” as used herein includes all electronically lighted greenhouses whether for full cultivation or propagation only.

5. State Licensing Strategy. State annual mixed-lite Tier 2 cultivation license fees for mixed-light cultivation increase substantially for grows above 5,000 sf. Owner’s two state 5,000 cultivation permits are economically very efficient.

Value of “Propagation” Rights. Note that propagation areas within Building “A” and building expansion area “N” are for “propagation” only. Although they contain lights, both the County and State both do not count “propagation” areas as “cultivation”. No County or State cannabis tax is levied on the propagation areas, i.e., areas where no “flowering” of cannabis is occurring.

Greenhouse–Concrete Floors; Floor Drains & Other Features. Most greenhouses have concrete floors and concrete aprons around entries with extensive floor drains, running the entire length of the greenhouse. These are highly reinforced excellent quality contractor-built greenhouses with electrical installed to code by a leading industrial electrician. All greenhouses have water, propane for commercial high efficiency heaters and CO2 burners. Greenhouses have double walled Sun Master clear film (the best) with inflation fan kits that stop all condensation on greenhouse roof and walls and insulate greenhouse to run year-round with minimal propane use. The majority of lighting for greenhouses is 3-phase 480v using high frequency double ended HPS lights with fully adjustable wattage control from 600 watts to 1,150 watts through independent controllers. All lights are controller operated and can be universally operated. The tiered cultivation landscape allows winter sun to illuminate all greenhouses more effectively. Several greenhouses have external Golden Arm black out film pullers installed to code in concrete. Although hugely expensive to install, 480v industrial power is reportedly about 30% more efficient than conventional electrical power. Automated irrigation through dosatrons with variable pressure pump and fed through netafim drip systems.

6. Extensive Security and Monitoring System for All Grow Areas. Property’s entire ¼ mile access road has been widened, trenched, power conduits (high grade copper 18-gauge RG 59 coaxial cable was used for runs under 400 feet and powered active ballum CAT 7E cable runs for longer than 400 feet) laid and run from the front security gate to the main grow area through pull boxes. Additionally, the East Side is monitored from the West side through a 2000’ data run that operates four 1080p security cameras. Exotic night vision cameras are so powerful that license plates on the road are recorded.

A large-screen security monitoring system in the main building and elsewhere connects the entire property – both East and West Sides – so that at any time any greenhouse, grow area or sensitive security area can be clearly seen and automatically recorded at any time. The greenhouses are set up with security cameras to each individual greenhouse and comply with state law. Such monitoring can connect to a cell phone over network. The DVR is in building “A” in a locked room within its own lockable steel enclosure. Advanced Security serves this business and a very reliable alarm system was installed for both sides of property. System is active on greenhouse doors, windows, and structure doors with four extremely loud sirens that go off when alarm is tripped. Advanced Security is automatically called.

7. Other Property Attributes:

Spotted Owl Survey Completed. The County requested that owner provide a spotted owl survey for the property. The report was completed in December, 2018. It essentially states that the project can continue and there is no significant risk of “take” relative to potential impact on the

species. Further 2023 hooting studies by timber consultant confirmed no risk, supporting logging.

Permit Confirmation Letter 8/26/13. This letter from the head of permitting for Humboldt County confirmed that each and every required permit had been issued and that none were in violation. An attachment to this letter is an engineered drawing showing each permit and each and every item built or sitting on the property at the time. As mentioned above, since then additional improvements and entitlements have been completed.

County-permitted Conduits Under County Road. Four-inch conduits for electricity and water (plus extra empty conduits for future use) pass under Fickle Hill Road to the East Side property under a County-issued Encroachment Permit. This was enormously expensive to permit and execute but we now have water and electrical on both sides of the road.

County & and County approved Site Plan; State Fees. The County Planning Commission approved owner's Whitchurch Engineering site plan bearing a 1/10/22 last revision date. The state approved owner's Whitchurch Engineering site plan with a 8/22/19 last revision date. Each of the two state 5,000 sf mixed-light annual license fees is \$10,120, for a total of \$20,240.

Water Well and Elaborate Water Treatment System. Water well installed in 2019 is 220 feet deep in sandstone (geologist letter says it affects no aquifers above) yields 10 gallons of water per minute – an extraordinarily lucky feature. Water quality is excellent. In about 2010 an add-on building to the garage houses a complete, automated water system where the well water is automatically filtered, treated and transferred to storage tanks. This terrific well is an enormous competitive advantage – particularly that it is so deep and has been geologically verified by driller to not affect any surface waters. Most competing growers face monumental problems dealing with water regulatory rules and Fish & Game Department compliance issues. A state water department official said that the property will likely be exempt from state regulation. State/County water fees have all been paid.

Agricultural Power Rate; 200 amp, 480-volt 3-phase Industrial Power. Permitting by the County and PG&E took almost 3 years. Switchgear system and various transformers allows both 480-volt and 240-volt systems to exist in various areas. Farm business license plus agricultural power rate for both sides of road. Extensive saving on PG&E.

Back-up Generator for home. In about 2013 owner obtained (i) a County permit for its generator, (ii) a separate permit for a custom double-walled diesel tank specifically designed to comply with County rules and (iii) a permitted building housing the generator. The generator serves as back-up for the living area. This 125KW generator could power the entire west but is not used for cannabis cultivation.

Approximately 700,000 Board Feet of Timber. Owner's forestry consultant estimates about 700,000 board feet of timber on the property. During the 3-acre forest conversion owner was able to sell much of the Douglas Fir as "pole logs". These result in a very high premium since they are used to make power poles for PG&E and other energy providers. Most likely pole logs will also be found amount the remaining roughly 37 acres of unlogged forest.

8. Summary Overview. This summary was prepared by property owner, Bruce Zimmerman, as Trustee of The Bruce G. Zimmerman Trust. This property is owned by Bruce free and clear. While he has made every attempt to be completely accurate he is not an owner-operator of Emerald Coast Genetics, Inc. Any acquirer of rights to the business and property will rely on its own field measurements and independent due diligence.

