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2017 YEAR END REPORT & 2018 PROGRAM GUIDE

INTERNATIONAL CANNABIS FARMERS ASSOCIATION
ANNUAL REPORT FROM THE BOARD OF DIRECTORS

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A LETTER FROM THE CHAIR

Greetings,

In 2016, with Proposition 64 on the ballot, I began fielding increasing inquiries from traditional sun grown farmers about the changing political environment, pending regulations, and the economic future of traditional farming communities. In Humboldt County, farmers began meeting regularly to help support each other through the transition. After attending several spontaneous farmer meetings, I began facilitating free weekly meetings designed to educate and discuss many of these most pressing questions. By the time the 2016 election took place I was facilitating two meetings a week, one in Eureka and a second in Garberville. The meetings attracted farmers, distributors, and community stakeholders from the Emerald Triangle region of Northern California.

By 2017, it became clear to both groups that traditional sun grown *Cannabis* farmers needed a specialized advocacy organization to support their future success in a rapidly changing regulatory environment. In February of 2017, the two stakeholder groups came together to form the International Cannabis Farmers Association (ICFA), with the mission of **'Empowering the traditional *Cannabis* farmer through education, research and advocacy'**.

ICFA's founding stakeholders recognized that regulatory frameworks often require therapeutic *Cannabis* varieties to be grown indoors, or in all season greenhouses, despite the overwhelming evidence that traditionally farmed sun grown *Cannabis* is of the highest quality and ecologically superior. This trend in public policy has devastating environmental implications and ultimately leaves the unknowing patient and adult use consumer without access to traditionally farmed *Cannabis* and *Cannabis*-derived products.

We formed the ICFA to establish the science, data and consumer education necessary to break down these barriers while promoting the quality, benefits and ecological superiority of traditionally farmed *Cannabis*. As we embarked on describing the values of ICFA we purposefully chose to use the terms 'traditional' and 'sun grown' to tell the story.

As you read this 2017 Year End Report/2018 Program Guide please keep in mind that the term 'traditional' is used to express the cultural heritage, spiritual connection, seasonal approach, sustainable practices and back-to-the-land spirit embodied by many historical *Cannabis* farmers from well know *Cannabis* regions throughout the world. The term 'sun grown' is used to describe *Cannabis* that has been grown using only natural sun light for flower production.

To participate in the work of the ICFA please visit the website, or email us, info@ICFA.farm.

Sincerely,

Kristin Nevedal / Founding Chair

Kristin@ICFA.farm / 'Cultivating Tradition'

ORGANIZATIONAL STRUCTURE

The International Cannabis Farmers Association (ICFA) is a group of *Cannabis* farmers, scientists, and stakeholders working together to promote the unique quality and ecological benefits of sun grown *Cannabis* products while preserving the heritage of traditional farming communities.

ICFA officially launched in February 2017 by hosting a Sacramento Lobby Day. The organization's founding goals include but are not limited to:

- Raising public awareness about the benefits of sun grown *Cannabis* and *Cannabis*-derived products;
- Engaging a lobbyist to advocate for the development of responsible regulations in CA, which we see as crucially important due to its significance to national and international policy development;
- Conducting a market research study to better determine the current availability and perception of sun grown cannabis in today's marketplace;
- Creating an online presence to provide resources and forums;
- Conducting scientific research to quantify the ecological benefits of traditionally farmed *Cannabis*;
- Creating educational programs for regulators, industry and consumers that highlight the benefits and ecological superiority realized when *Cannabis* is grown utilizing traditional farming practices; and
- Gathering the data necessary to establish internationally recognized appellations of origin.

The ICFA originally formed as a 501C (3) and in 2018, the founders committed to also establishing a 501C (4). The ICFA is overseen by a small board of seven (7), plus Dustin Moore who serves as ICFA's executive director. The ICFA will be establishing and developing an Advisory Board during the 2018 year.

DUSTIN MOORE, EXECUTIVE DIRECTOR, has managed state and local campaigns in California on issues including cannabis, taxation, education and healthcare. Prior to joining the International Cannabis Farmers Association, Dustin served as the Deputy Campaign Manager for the Yes on Proposition 64 campaign – the 2016 ballot measure that legalized the adult use of cannabis in California.

KRISTIN NEVEDAL, BOARD CHAIR, is the chief compliance officer for SunFed, Inc. and serves on the Board of the California Cannabis Industry Association (CCIA), where she chairs the Agriculture Committee.

AMANDA REIMAN, PHD, BOARD SECRETARY, is an internationally recognized *Cannabis* expert and public health researcher. Dubbed "The Brain" by Elle.com, Dr. Reiman is a leader in the field of *Cannabis* as a substitute for alcohol and other drugs and has presented her research all over the world. Amanda also serves on the board of directors for the Open Cannabis Project and the California Cannabis Tourism Association.

TRISTIN OATES, BOARD TREASURER, was raised on the Lost Coast in Humboldt County. This upbringing instilled a deep sense of community and reverence for the natural world that continues to inspire her work. An interest in numbers and business led her to obtain her bachelor's degree in accounting from Humboldt State University.

CHRYSTAL ORTIZ is a permaculture gardener, *Cannabis* medicine maker and educator as well as a founding member of FulSol Farm. Chrystal believes that the Emerald Triangle has a great responsibility to accurately identify and define appellation designations.

HEATHER KORNBORG is an avid community volunteer and organizer who has sat on multiple boards and served as secretary for the boards of the Mateel Community Center, Heart of the Redwoods Community Hospice and the Miranda Parents Partnership, which focuses on student culture at the local junior high and high school.

HOLLIE HALL, PHD, is a soil and water scientist with expertise in providing cannabis farmers the support needed to transition farms into environmentally compliant, water secure, regenerative agricultural systems. She draws from two decades of experience in natural resources management, global studies of agriculture practices and training in adaptive water resource management to design, coordinate and implement “beyond compliance” solutions for cannabis farms. Hollie serves as a Humboldt County Fish & Game Advisory Commissioner, and as a board member for the Humboldt County Cannabis Chamber of Commerce.

TINA GORDON is a traditional cannabis farmer and advocate for increased access to healthy medicine produced in alignment with nature. After relocating from San Francisco to southern Humboldt County in 2007 she was awakened by the healing properties of clean air, fresh water and farm-grown food. This transformation informed the development of her philosophical approach to farming.

More information about ICFA’s board members and staff can be found at the website, ICFA.farm. ICFA currently maintains offices in Garberville and Sacramento CA.

STRATEGIC PARTNERS

UPSHIFT STRATEGIES provided crucial develop consulting and strategic communication services including message development, media relations, social media communications, graphic design and website development support.

CALIFORNIA STRATEGIES provides legislative advocacy in Sacramento, assists with fundraising strategy development and media relations.

MAIN STREET STRATEGIES provides strategic planning and project management for ICFA’s Agricultural Commission Program.

KAHN, SOARES, AND CONWAY provides regulatory advocacy in Sacramento, legislative advocacy regarding Agricultural Commission development, and legal counsel.

INTERNATIONAL CANNABIS AND CANNABINOID INSTITUTE (ICCI) is a primary partner in the development and execution of ICFA’s International appellation of origin research programs and International environmental research programs.

MENDOCINO APPELLATION PROJECT (MAP) is a primary partner in appellation of origin development programs, and grass-roots organizing associated with the Agricultural Commissions Development program.

CONSUMER DIRECT EDUCATION: THE BENEFITS OF TRADITIONALLY FARMED SUN GROWN CANNABIS.

ICFA founded with a primary goal of launching a consumer direct marketing and educational campaign highlighting the quality and environmental superiority of traditionally farmed sun grown. We began work on this campaign with the

assistance of Upshift Strategies in Washington DC. To better understand consumer shopping habits, ICFA developed a consumer survey. To date, ICFA has received approximately 500 complete consumer survey's.

ICFA developed a campaign timeline and budget that included additional, and professionally conducted, market research to be conducted in the 3rd quarter with brand collateral development in the 4th quarter of 2017. Execution of the campaign was slated for January 2018 with a primary demographic target of consumers in California and in the tourism sector. A brief report of the consumer survey data can be found on page 18.

The estimated cost for the campaign, including market research, ad collateral development and twelve (12) minimal months of execution, is just over \$1 million. However, the consumer survey data told the story of a consumer population in need of more education than twelve (12) months of ad execution would accomplish. This led to the question of long-term funding. How could ICFA establish and maintain this level of long term funding? Can farmers bear this type of expense?

Additionally, it became clear that there is no universal system for quality and cannabis commodity reports continually show wholesale outdoor cannabis prices at \$200 - \$400 less per pound than greenhouse cannabis prices, and as much as \$800 less per pound than indoor cannabis prices. Yet the consumer survey showed that consumers tend to shop based on quality components such as cannabinoid profiles, aroma, color, ripeness, manicure quality, etc. This led the ICFA to become concerned that a consumer education campaign would likely fail unless there was a consistent way for traditional sun grown farmers to show the 'quality' of their product. This realization lead ICFA to develop of the ICFA Standards Committee and launch the Grading and Sorting Standards Working Group.

To answer questions pertaining to the long-term funding needs of a successful consumer direct marketing campaign, ICFA started to engage in extensive research and development associated with regional Cannabis Agricultural Commissions targeted for Humboldt, Mendocino, Trinity and Santa Barbara Counties. As such, the development of Agricultural Commission a Statewide Commission for outdoor and mixed-light tier 1 farmers only, that has County opt-in opportunities, has become a priority program for ICFA. Please see the '2018 Program Guide' section of this document, beginning on page 13 and the 'California Sun Grown Agricultural Commission' prospectus on page 37 for more information.

STANDARDS COMMITTEE

In May of 2017 ICFA developed and staffed the ICFA Standards Committee. The Standards Committee's first action was to launch the Grading and Sorting Working Group which held bi-monthly meetings in May and June, and weekly meetings from July thru the end of October. The Grading and Sorting Working Group was tasked with the development of a Grading and Sorting Rubric accompanied by a comprehensive Guidance Document to be used for the quality grading of dried inflorescence, whole plant material, or dried leaf material entering the wholesale and retail markets.

The Grading and Sorting Rubric and the associated Guidance Doc can be found on page 20 of this report. The working group wrapped up the drafting of the rubric and guidance document in early October. ICFA farmer and distribution members implemented the materials during the fall 2017 harvest, providing the opportunity to fine tune the documents before releasing for public comment. On January 29, 2018, the ICFA released the documents linked above, for a 45-day public comment period and will reconvene the Standards Committee in February to work on integrating any comments received.

Once the Standards Committee and the ICFA Board has approved the final Grading and Sorting Rubric and Guidance Doc the focus of the Committee will shift to the development of Harvest and Processing Standards with the intention of developing educational materials that help farmers and processors achieve AAA quality production.

The long-term goal of the Standards Committee is to develop a research based and peer reviewed sustainably grown certification for *Cannabis*, providing the organization with a sustainable revenue stream.

ENVIRONMENTAL RESEARCH AND EDUCATION

ICFA has retained Dr. Nadia Sabeh and Ted Tiffany as advisors in the development and execution of a self-reporting environmental survey. ICFA would like to survey a minimum of 200 and is currently conducting outreach with the goal of equal participation amongst traditional sun grown farmers, all-season greenhouse farmers, indoor farmers and hemp farmers. The environmental survey is designed to assess:

- water usage,
- electrical consumption,
- input totals,
- medium waste,
- plastic waste, and
- plant waste.

In addition to the environmental survey, ICFA modeled the kWh associated with the lighting used in the flower area of seven (7) different cultivation methods. Spurred by the California Department of Food and Agriculture's (CDFA) draft medical cannabis regulations, ICFA calculated the amount of light used by an outdoor cultivation facility, a two-harvest light deprivation facility using natural sunlight for flowering, a three-harvest light deprivation facility using high intensity lighting, an all-season greenhouse facility and an indoor facility. The model then compares the kWh of the various cultivation facilities to that of the average US household over the course of one year. ICFA worked with Ted Tiffany to confirm and finalize the data developed and has transferred the data into a reader friendly 'Energy Consumption Infographic', which can be found on page 28 of this report.

The energy infographic was submitted to CDFA as part of ICFA's official draft medical cannabis regulatory comments. ICFA has also displayed the infographic as posters at numerous events, and most recently, ICFA made three (3) – 8'x10' cloth banners that were displayed at the 2017 Emerald Cup in Santa Rosa, CA. These banners can be checked out by members for display at events throughout the US.

APPELLATION OF ORIGIN RESEARCH AND EDUCATION

Working in partnership with the ICCI and the MAP, ICFA helped to develop an International appellation of origin research proposal. The International appellation of origin research proposal can be read in full starting on page 29 of this report. ICFA believes that appellation of origin branding, such as outlined in California's cannabis statute, should be developed as a terroir based program and in accordance with international standards. This would require a data driven development program, ensuring International acceptance and providing the most stable long-term branding opportunity for California's traditional sun grown cannabis farmers.

In partnership with MAP and with help from sponsors, ICFA hosted multiple appellation of origin and agricultural commission educational summits. These summits were held throughout northern California in Nevada, Humboldt, and Mendocino Counties.

The primary goal of these educational summits was to build stakeholder support for a terroir based appellation of origin program in California. The educational content at these summits included:

- an overview of Internationally recognized designation of origin programs and appellation of origin programs;
- California statute pertaining to the county of origin program and appellation of origin program;
- community supported research; and
- the potential role of regional agricultural commissions.

Due to last minute statute changes that occurred during the Governor's trailer bill, SB 94, the ICFA, in partnership with the MAP, developed a California Appellation Coalition Commitment Letter is available on page 32 of the report. Please feel free to remove the letter, join the 'Coalition' and return to info@ICFA.farm.

SB 94 attempted to provide structure for the development of California's appellation of origin program, however due to the omission of the word 'origin' in the amended statute, the statute could be interpreted to allow 'appellations of standard', 'appellations of practice' and 'appellations of varietal'. Such an interpretation of statute could jeopardize the terroir component of California's appellation of origin program. Terroir is the foundation of internationally recognized appellation of origin programs and the thread that links the products superior quality and reputation to the natural environment in which it is grown.

ICFA, along with MAP and the California Cannabis Industry Association (CCIA), has requested that the Governor's office make the following technical edit to protect California's traditional outdoor cannabis farmers. To date, our edit request has not been granted.

SB 94 Language - *'The bill would require the department, no later than January 1, 2021, to establish a process by which licensed cultivators may establish **appellations of origin standards, practices, and varietals applicable to cannabis grown in a certain geographical area in California.**'*

In 2018, ICFA looks forward to working with the MAP, ICCI and stakeholders to:

- fund Phase 1: Feasibility Study Appellation of *Cannabis*, as outlined in the International Appellation of Origin Research Proposal;
- increase stakeholder input from outdoor and mixed-light tier 1 farmers to the California Department of Food and Agriculture, whom is responsible for the development of California's Appellation of Origin Program; and
- continue educating the public, farmers, legislators and regulatory agencies about the economic and environmental benefits of terroir based appellation of origin programs.

LEGISLATIVE AND REGULATORY ADVOCACY

ICFA hosts regular Public Policy calls that are open to all ICFA members to participate in. To achieve immediate results in ICFA's legislative and regulatory advocacy, the organization retained California Strategies to assist with legislative and regulatory advocacy in Sacramento. ICFA hosted two Stakeholder Lobby Day's in 2017, one in February and a second in

June. ICFA board members testified at multiple legislative hearings and board chair, Kristin Nevedal was appointed to the Department of Consumer Affairs Cannabis Advisory Committee as the industry cultivation representative.

ICFA staff tracked and commented on legislation pertaining to cannabis farming with special attention paid to the Governor's Trailer Bills, SB 94 and SB 131. Comments on SB 131, were limited to the appellation of origin language technical edit mentioned above, and can be viewed on page 36 of this report.

ICFA spent a tremendous amount of time during 2017 tracking and commenting on regulations pertaining to cultivation. ICFA staff and board members attended multiple meetings with the California Department of Food and Agriculture (CDFA), the California Department of Tax and Fee Administration (CDTFA), the State Water Resource Control Board (SWRCB), and participated in the State's Track and Trace Advisory Committee.

ICFA staff and board members monitor and participate in local ordinance and regulatory development, primarily in Humboldt and Mendocino Counties.

2017 SUCCESS LIST

ICFA had tremendous success in California legislation, namely SB 94, and regulatory development. While ICFA is not pleased with the omission of the word 'origin' from SB 94, ICFA was quite pleased by the overall outcome of the Governor's Trailer Bill. After the passage of SB 94, ICFA produced the Governor's Trailer Bill (SB 94) 'Victory One-pager' which outlines ICFA's successes. The 'Victory One-pager' can be reviewed on page 35 of this report.

Additionally, ICFA has a long list of regulatory successes that are critical to the operational and economic well-being of traditional sun grown cannabis farmers. The draft medical cannabis cultivation regulations released in the spring of 2017 by CDFA, were rife with provisions that would have posed significant challenges to traditional sun grown farmers. Here is a brief list of regulatory changes accomplished between draft medical regulations and the release of emergency regulations for commercial cannabis cultivation and processing.

BATCH, LOT AND COMMINGLING OF HARVEST BATCHES OR NON-MANUFACTURED CANNABIS PRODUCTS. Draft MCRSA regulations prohibited cultivators from commingling harvested whole plant material if the material was not harvested on the same date. The draft regulations also prohibited the commingling of harvest batches during the production of non-manufactured products such as pre-rolled cannabis cigarettes. The prohibition on commingling of harvest batches and non-manufactured cannabis products was removed in the Emergency regulations.

SCALED LICENSING. The draft MCRSA regulations offered three types of cultivation licenses – outdoor, mixed-light and indoor. The draft definitions for 'outdoor cultivation', 'mixed-light cultivation', and 'indoor cultivation' would have created a licensing system that forced seasonal cultivators engaging in light deprivation techniques to apply for and obtain a mixed-light license designed to accommodate, and priced accordingly for, all-season cultivators achieving six harvests per year. ICFA specifically requested that the prohibition on utilizing light deprivation techniques be stricken from the 'outdoor cultivation' definition. ICFA expressed concerns that placing seasonal farmers in the same licensing tier as all-season cultivators would unintentionally encourage the use of high-intensity lighting and force seasonal light deprivation farmers into an inequitable scale of economy. The State's Emergency regulations removed the prohibition on light deprivation techniques from the 'outdoor cultivation' definition and created the mixed-light tier 1 license category, establishing a more equitable scale of economy for seasonal light deprivation farmers.

OPERATIONAL ISSUES. The draft MCRSA regulations contained multiple operational issues that would have disproportionately challenged seasonal farmers. Due to the track and trace program the State required that cultivators clearly identify propagation area(s) separately from flowering area(s). Primary amongst the operational concerns, was a prohibition on flowering in designated propagation areas. The restriction went on to require that all seed production occur within a designated propagation area and on entire individual plants. ICFA suggested that the regulations be changed to allow cultivators the ability to flower in a designated propagation area so long as the activity is immediately noted in the track and trace system and the cultivator does not exceed the allotted square footage associated with his/her license. ICFA also requested that cultivators be allowed to generate seed stock in designated flower production area(s). Under the newly release Emergency regulations farmers are now allowed to flower in designated propagation area(s); and use select branch(s) for pollination so long as each branch producing seed has a new UID attached to it, and all changes are dually noted in the track and trace system.

GENERATOR USE. The draft MCRSA regulations prohibited all generator use and failed to define the term ‘generator’, meaning that solar panels, Pelton wheels and other alternative energy generation equipment could have been included under this prohibition. ICFA heard from a significant number of stakeholders whom rely on alternative energy systems that use energy generation equipment such as solar panels and Pelton wheels, about the need to use back-up generators to ensure that the power system can consistently meet the energy demands of the user, especially in cloudy weather or during low flow periods (Pelton wheel). ICFA respectfully requested that the CDFA define the term ‘generator’ as a combustion engine powered generator, and that generators be allowed as back-up energy sources so long as the licensee remains within the energy standards outlined in the regulations. Both to these requested changes were addressed under the Emergency regulations.

ENVIRONMENTAL PROTECTIONS. The draft MCRSA regulations required additional environmental protections for indoor cultivators to ensure that the electrical use associated with these licensees be provided by a combination of on-grid power and renewable source(s). ICFA respectfully requested that this provision be applied to all licensee’s utilizing high-intensity lighting, including mixed-light licensees and nursery operators. The current Emergency regulations have included mixed-light tier 2 and nursery operations in the environmental protection requirements.

LICENSE SURRENDER PROTOCOLS. The draft MCRSA regulations required the license holder to surrender the license if the facility closed for thirty (30) continuous days or longer. This provision would have unintentionally harmed the seasonal farmers’ ability to maintain licensure since they are often close their farms during the months of November thru March of the following year. The requirement to surrender license would have had the unintended consequences of forcing seasonal farmer to reapply for licensure on an annual basis as opposed to engaging in the annual renewal process. ICFA requested that CDFA remove this provision and instead require that seasonal cultivators notify the department, through the track and trace program, once all cannabis has been removed from the cultivation site, additionally noting the anticipated time for the farms next planting season. The requested changes where clearly addressed in the Emergency regulations.

CANNABIS WASTE PROTOCOLS. The draft MCRSA regulations required that all cannabis waste be mixed “50% by volume” with ground non-cannabis material. ICFA expressed storage and environmental concerns regarding the policy, noting that the policy could have hazardous effects on green matter availability and create the need for excessively large storage areas. Additionally, ICFA requested that farmers, processors and manufacturers be allowed to compost cannabis waste on-site in an appropriately designed area. The Emergency regulations successfully addressed these issues by

removing the requirement to grind and mix cannabis waste “50% by volume” and now allow for cannabis waste to be composted on-site at the licensed facility.

PENALTIES. *The draft MCRSA regulations considered the ‘Failure to keep cannabis plants free of pests of limited distribution or pests not known to be established in the state’, a ‘serious violation’ with an associated fine ranging from \$1001 - \$5000. ICFA objected to the ‘serious violation’ nature of this penalty, suggesting that the violation be reduced to a ‘minor violation’, at most. The Emergency regulations have eliminated this violation and strengthened the Integrated Pest Management requirements of the regulation.*

2018 PROGRAM GUIDE

The ICFA board of directors and staff is committed to prioritizing the following issues, at minimum, through the organization’s 2018 Legislative and Regulatory Advocacy Program.

AGRICULTURAL COMMISSIONS. The ICFA has prioritized the development of a consumer direct marketing campaign, environmental research, appellation of origin research, and local and state government relations and regulatory affairs programs. Now that California has moved forward with regulating both medical and adult-use cannabis, these programs will be crucial for the success of the outdoor and mixed-light tier 1 farmer. ICFA believes that by establishing agricultural commissions for these license types that such program needs will be met and a self-funding revenue source will be achieved to ensure longevity for the programs. Additionally, agricultural commissions are the next step to legitimizing *Cannabis* farming in California.

ICFA has retained Louie Brown, with the law firm Kahn, Sores, and Conway to oversee the legislative language development and to assist with the legislative and regulatory advocacy necessary for the successful development of the agricultural commissions. To date, ICFA has drafted and vetted the legislative language, which has been submitted to Legislative Counsel for legal review.

To build stakeholder support, ICFA has developed an Agricultural Commission Development One-pager that provides a basic overview of the benefits of Agricultural Commissions, a development timeline, and a detailed budget. We anticipate running Agricultural Commission Legislation during the 2018 legislative cycle as a sponsored bill. For more information on Agricultural Commissions for outdoor and mixed-light tier 1 farmers, please see the educational one-pager on page 37 of this report.

REGULATORY POLICIES TO PROTECT TRADITIONAL FARMERS. California boasts the fifth largest economy in the world and likely the largest cannabis economy in the world. After more than twenty (20) years of legal medical cannabis California also boasts a very established and mature cannabis marketplace which was built on the back of the traditional sun grown farmer. ICFA is committed to helping ensure that regulatory barriers are reduced to provide equitable access for California’s traditional farmers to the regulated marketplace. ICFA’s 2018 regulatory goals include the following:

DEFINITION CLARITY: Under CDFA’s Emergency Rules, new definitions were created for the Cottage Specialty Outdoor and Specialty Outdoor license types. The new definitions impose plant count limits on the Cottage Specialty and Specialty Outdoor license types, eliminating the draft MCRSA regulations square footage allowances. When cultivators are limited by plant count regulatory models, the cultivator is incentivized to grow the largest plants possible to maximize the yield of their crop. This practice drastically increases the amount of ‘resources’ used during the cultivation

<http://ICFA.farm> or contact the International Cannabis Farmers Association at 916-312-2978

of the crop and prohibits the use of cultivation techniques such as light deprivation which is often used to ensure an early harvest, or assist with the timing of a late planting to reduce the amount of water used. Additionally, by limiting Cottage Specialty Outdoor and Specialty Outdoor license types to plant count based systems, farmers who choose to cultivate more than 25 plants but not more than 2,500 square feet, or more than 50 plants but not more than 5,000 square feet, will be forced to obtain Small Outdoor licenses. This will create an inequitable licensing system for California's smallest outdoor farmers. The ICFA is committed to revising these definitions to ensure that the Cottage Specialty Outdoor license allows for the cultivation of 25 plants or 2500 square feet of mature canopy; and that the Specialty Outdoor license allows for the cultivation 50 plants or 5,000 square feet of mature canopy. In addition, ICFA is seeking clarification regarding the Outdoor Cultivation definition. While this definition no longer prohibits the use of light deprivation techniques, ICFA is seeking clarity that light deprivation techniques may be used by licensed outdoor cultivators.

MICROBUSINESSES: The microbusiness was originally developed to ensure that small businesses have an equitable pathway to engage in the regulated marketplace. However, to realize this opportunity, the ICFA recognizes that modifications will need to be made to the microbusiness regulations. Primary amongst the requested changes is the removal of the requirement that all activities associated with the microbusiness license occur on the same parcel, or property. Majority of California's rural municipalities have prohibited manufacturing, distribution and retail sales on properties zoned appropriately for cultivation meaning that the microbusiness license is currently most available in urban areas resulting in preferential licensing for indoor cultivators. ICFA has respectfully requested that changes be made to the microbusiness license regulations that allow the license holder to conduct microbusiness activities on multiple parcels that are not contiguous. Additionally, ICFA has requested that microbusiness license holders be able to conduct sales at compliant cannabis events to qualify as a retail entity, as opposed to having a 'brick and mortar' storefront or a Type 9 Delivery Service. These simple changes would vastly reduce barriers to entry for California's smallest farmers while providing affordable 'direct to consumer' access that many small farmers already rely on for success.

REDUCING THE BARRIERS OF ENTRY FOR COTTAGE, SPECIALTY AND SMALL FARMERS: While the requested changes to the microbusiness license would significantly help 'reduce barriers to entry', it is important to acknowledge that not all small farmers are interested in engaging in the activities allowed under the microbusiness license. Additionally, many small farmers are challenged by the cost of regulatory expense facing them and are often operating in rural communities that do not have access to a thriving retail markets and maybe located hours from licensed distribution facilities. ICFA is committed to working with regulatory agencies to achieve the ability for Cottage, Specialty and Small type licensed farmers to engage in distribution transportation activities as part of their cultivation license. ICFA also recognizes the importance of direct to consumer access for farmers, such as has been made available pre-2018 through events like the Emerald Cup, Emerald Exchange, and the Healing Harvest Farms' Farmer's Markets. With that said, ICFA is committed to working with regulatory agencies to expand the event licensing sales provisions to allow Cottage, Specialty and Small farmers the ability to conduct retail sales at complaint cannabis events without needing a 'retail' license type. ICFA proposes that the ability to participate in event sales be allowed as part of the cultivation license so long as the licensee uses a licensed distributor to transport the product to the event, and uses a State compliant, Point of Sale system to track all sales conducted at the event.

TAX INCENTIVE CAMPAIGN. Faced with newly implemented weight based cultivation taxes, and the reality that the California Department of Fee and Tax Administration (CDTFA) may adjust the tax rates and/or create new programs as of 2020, the ICFA is committed to pursuing production based tax incentives. ICFA is proposing that production based tax incentives for cannabis be structured similarly to those used to protect small producers in the alcohol industry.

Due to falling wholesale prices in legal market places, coupled with the fact that outdoor and mixed-light tier 1 products commonly fetch the lowest wholesale prices, production based tax incentives would provide the smallest farmers with an opportunity to survive the regulated 'scales of economy'. To better illustrate the economic crisis California's cultivation tax poses on the traditional farmer, ICFA created a cost calculator that analysis's the estimated cost associated cultivating one acre of cannabis. For more economic information please see the 'One Acre Economic Analysis' section, starting on page 41, of this report.

Establishing production based tax incentives might be the most important component to helping the traditional farmer stabilize and economically thrive over the long term! We must start this conversation now!

As alcohol prohibition ended, small wineries and craft brewers were shut out of market due to the scale of economy established by the implementation of expensive and overly onerous regulations. After nearly thirty years of regulations, small wineries and craft breweries were established and economically stabilized through the implementation of tax incentive programs.

Beer for example, is taxed at a rate of \$18.00 per barrel (31 gallons). However, if the brewer produces less than 2 million barrels then he or she is taxed at a rate of \$7.00 per barrel for the first 60,000 barrels removed from the brewery. If the brewer produces more than 2 million barrels then ALL barrels removed from the brewery are taxed at \$18.00 per barrel.

Wine, is taxed at \$1.07 per gallon if bottled with a 14% or less alcohol rate. If the small winery produces not more than 150,000 gallons of wine per year then it is eligible for a \$.90 tax credit on the first 100,000 gallons of wine removed from the winery. If the winery produces more than 150,000 gallons of wine but less than 250,000 gallons than the tax credit is decreased. However, if the winery produces over 250,000 gallons of wine per year then there is no tax credit available period.

These tax incentives act to support an equitable scale of economy for craft breweries and small wineries. In addition, this tax incentive program unintentionally encourages small producers to stay small, creating a thriving opportunity for small business development in the alcohol industry. ICFA believes that this same system could have profound impacts to the economic stability of small cannabis businesses while establishing an 'incentive' based cap on production.

ICFA is committed to working with the CDTFA, California legislators and industry stakeholders to develop and implement a tax incentive program like the program used to protect small wineries and craft brewers.

CONCLUSION

The ICFA is a volunteer, member and sponsor powered organization. The organizations ability to accomplish the goals set forth is directly impacted by participation and support from the stakeholder community. Anyone can be a member, no-one is turned away. To join the International Cannabis Farmers Association please go to the website, ICFA.farm, and sign up as prompted.

If you are a traditional farmer or an organization that supports traditional sun grown practices, please add to our collective voice by becoming a sponsor. Sponsorship levels are as follows:

SUSTAINING SPONSOR. Sustaining sponsors commit to an annual contribution of \$1,000 - \$4,999 and receive all the benefits of membership including:

<http://ICFA.farm> or contact the International Cannabis Farmers Association at 916-312-2978

- Quarterly calls with government affairs and communications specialists; and
- Exclusive invitations to ICFA events.

BRONZE SPONSOR. Bronze sponsors commit to an annual contribution of \$5,000 - \$9,999 and receive all the benefits of Sustaining Sponsors plus:

- Your logo on our website; and
- Regular briefings with the board.

SILVER SPONSOR. Silver sponsors commit to an annual contribution of \$10,000 - \$49,999 and receive the same benefits as Bronze Sponsors plus:

- Priority branding on consumer-facing campaigns.

GOLD SPONSOR. Gold Sponsors commit to an annual contribution of \$50,000 - \$99,999 and receive the same benefits as Silver Sponsors plus:

- Participation in lobbying days; and
- Priority branding at events.

PLATINUM SPONSOR. Platinum Sponsors commit to an annual contribution of \$100,000 or more and receive the same benefits as Gold Sponsors plus:

- Branded research and research partnership;
- Enhanced marketing opportunities;
- Access to ICFA consultants and strategic partners; and
- Placement of logo on our website homepage and materials with redirect link.

SPONSOR THANK YOU

ICFA's board of directors, staff and stakeholders recognizes that the organizations success is directly related to stakeholder participation and donations from membership and sponsors. It is ICFA's board of directors and the organizations honor and great pleasure working on behalf of traditional farmers and we sincerely thank each of you for your contribution and support of ICFA's work.

SILVER SPONSORS

Flow Kana

Humboldt's Finest

SUSTAINING SPONSOR

Big Rock Ranch

Canyon Creek Farms

Emerald Cup

Emerald Orchard

Emerald Queen Farms

Fire Fly Vaporizer

Green Goat Estates

Lost Coast Botanicals

Mendo Gen / Arcana

Redwood Roots

Salmon Creek Farms

Scarlet Fire

Sun Kissed Farms

Hidden Prairie Farms

HILLSTRONG

Hollie Hall and Associates

Humboldt High 5

Humboldt Sun Growers Guild

Humboldt Seed Company

Sunnabis

Trinity Sungrown

True Humboldt

Wild Seed Oil

Villa Paradiso

APPENDIX

I. CONSUMER SURVEY DATA

DEMOGRAPHICS

	N*	%
White	37	62%
Male	36	60%
25-34	23	38%
Employed	39	65%
Bachelor's Degree	24	40%
\$50K-\$99,999 annual income	20	33%

CANNABIS BEHAVIOR

	N*	%
Use cannabis daily	43	72%
Purchase cannabis weekly	22	37%
Spend \$50-\$100 per visit	33	55%
Get most of cannabis info from friends	18	30%

* Highlights from consumer survey N=60

CANNABIS PREFERENCES AND KNOWLEDGE

	Rating
Flowers the preferred product	4.75/5
Sun grown the preferred method	4.6/5
Aroma the most important when choosing a product	4.37/5
I would like to know how my cannabis is grown	4.52/5
I am concerned about pesticides	4.52/5
I want cannabis grown in an environmentally friendly way	4.57/5
I want to know where in CA my cannabis was grown	4.25/5

SUN GROWN SHOWDOWN

Aspect of cannabis	Sun Grown	Indoor	The Same
Quality	43% (N=25)	25% (N=15)	27% (N=16)
Worse for environment	7% (N=4)	57% (N=34)	20% (N=12)
Uses most water	17% (N=10)	25% (N=15)	30% (N=18)
Largest carbon footprint	3% (N=2)	65% (N=39)	15% (N=9)
Most electricity	2% (N=1)	80% (N=48)	10% (N=6)
Most available	5% (N=3)	47% (N=28)	20% (N=12)
Greatest risk of contamination	12% (N=7)	32% (N=19)	35% (N=21)

II. STANDARDS COMMITTEE

A. INTRODUCTION

The ICFA will be accepting public comment on the Grading and Sorting Rubric and the associated compliance document, starting on February 1, 2018.

Thank you for participating in the public comment period for the grading and sorting rubric. Your participation is essential in this process.

Please follow the instructions below to complete and submit the grading and sorting rubrics to the ICFA:

WHAT YOU WILL NEED:

1. Printer
2. Access to a laminator
3. Wax pen or dry erase marker
4. Paper and pen

HOW TO COMPLETE AND SUBMIT:

1. Print the attached compliance documents and grading rubric(s)
2. Laminate the grading rubric(s)
3. Use a wax pen or dry erase marker to complete the rubric(s)
4. Use the paper and pen to note any comments or suggestions about the functionality of the guidance document and rubric(s)
5. Email your completed comments to info@icfa.farm

Thank you again for your participation in this process. Should you have any questions please contact us directly at info@icfa.farm

B. TESTING PROTOCOLS

CANNABINOID PROFILES (5X): The grading system for cannabinoid profiles is based on current and regional market trends. The cannabinoid profile scale may need to be adjusted based on state and local regulatory requirements as well as fluctuations in adult use and medical cannabis marketplaces. Additional considerations must be taken when scoring the cannabinoid profile of wet material due to the water weight that will be present.

TERPENE PROFILES (MATRIX FOR GRADING TERPENE PROFILES IS YET TO BE DETERMINED): We recognize that terpene quantity, diversity, and quality as an important component to the overall quality of cannabis and cannabis products. However, at this time, we are struggling with a cohesive way to evaluate terpene profiles. We welcome data submissions.

C. CURE

MOISTURE LEVEL (1X): Moisture analysis equipment should be utilized to determine a quantitative understanding to this metric. In the absence of moisture analysis equipment, moisture content may be judged by feeling the product and partially by assessing the smell. Products that are too wet tend to mask the terpene-rich smell that is desired, and the presence of excess moisture will lead to further biological activity, both of which can render a product unsellable. In general, drier product is preferred to wetter product. This is reflected in the grading breakdown.

D. SENSORY PROTOCOLS

SMELL OR AROMA (4X): Smell and/or aroma tend to be the most critical component considered in the purchasing decision. Though certain terpenes and aromas are considered more desirable, there is a broad interest in a wide variety of scent profile. Often, the more unique the better. (Please see supporting terpene documentation starting on page 5) Products treated with smell enriching chemicals should not score well in this category. Additionally, if the plant material has been subject to oxidation, and the smell has degraded to a “hay-like”, “old” or “musty aroma, product will receive a score of 1 for smell.

COLOR OR BRIGHTNESS (2X): The color of the inflorescence should be consistent throughout each sample and should not show signs of grey or black which are indicators of fungal infection. Inflorescence parts with a high density of trichomes can appear bright whitish and crystalline.¹ Inflorescence with a high oil content may present with a light glistening sheen. Inflorescence that are bright with consistently healthy coloring and a light glistening sheen will score the highest in this category.

RIPENESS AND TRICHOME GLAND DEVELOPMENT (3X): Intact, plump, shiny, engorged trichome glands will score best here. Ripeness will be determined by assessing trichome gland color and pistil hair color. Trichome glands should be mostly cloudy, with lesser amounts of amber, and clear glands. As flowers pass peak ripeness cloudy glands will progressively take on an amber appearance as oxygen begins to infiltrate the secretory cells at the base of the gland head; the more amber/brown glands the lower the score. Before glands have reached peak ripeness, they will appear clear and transparent, which will lead to lower scores. Pistil hairs should appear plump and healthy with an orange or red hue. Like the trichomes, pistil hairs will become progressively browner and begin to shrivel as the flower passes peak ripeness; this will lead to a lower score. Before pistil hairs have reached peak ripeness, they will appear white, or purple/pink which may also lead to lower scores in this category.

MANICURE QUALITY (2X): Hand manicured flowers will score highest in this category. Selective, scissor-point trimming is noticeably more desirable in the current market. Broad scissor, or machine trimmed flowers, will score lower, and excessive shaving (calyx cutting) can render the product unmarketable. A careful balance must be struck here to score highly, too loose or too tight of a manicure will hurt scoring. If machine trimming was used, and the product shows evidence, the material being assessed will receive a score of 1 in this category. Missing or mangled apical inflorescence structures will be considered a sign of machine trimming.

¹ AHP Monograph

Inflorescence:

- No spurs;
- No pointed stems, cut on a diagonal;
- Stems at flower base should be tidy with no leaf showing; and
- Stems at the flower base should short but not so short that the flower falls apart when packaged.

Unprocessed Whole Plant Material:

- All yellow and otherwise decomposing leaf and inflorescence should be removed;
- The fine sugar leaves should be fully intact; and
- Fan or water leaf has been removed

Dry Leaf Material:

- Dried Leaf Material should be free of yellow leaves, water leaves & stem pieces.
- Dried Leaf Material should be product that has crystal on it.

STRUCTURE AND DENSITY (2X): Uniformly dense inflorescence with compact structure and limited stem exposure will score the highest in this category. Large trimmed inflorescence (>2 inches dry) should be broken down into smaller sections to avoid concealing internal botrytis damage/sporulation or discoloration. Loose, airy flowers with abnormally wispy and/or a 'stretched' structure will score lower in this category. Inflorescence that are too dense may cause concern in this category, especially as to dense of inflorescence can be a vector for contamination issues. Inflorescence that are excessively large due to a lack of density may also score lower category. The density portion of this category will be based on the average volume that one pound of a specific varietal tends occupy. (i.e. - OG pounds that are excessively large in size/volume will score poorly in this category. Whereas OG pounds that are of a compact volume will score higher in this category.)

Unprocessed Whole Plant Material: Fresh, undried inflorescence, should meet the same criteria as outlined above and have a firm texture and be resilient, or 'spring back' when lightly squeezed. Fresh inflorescence should display a relatively firm resistance when pressed and should not feel mushy or as though the inflorescence might become indented.

E. INFLORESCENCE SIZE (1X)

Under this grading category the scale is designed to score either inflorescence or smalls/littles.

INFLORESCENCE: Inflorescence should be no smaller than a dime and not larger than two (2) inches in diameter or length. The presentation of the material is also of importance. When assessing quantities of inflorescence there should be absolutely no crumbly, leafy debris in the bottom of the packaged inflorescence. There should be uniformity to the product throughout the bag, lot & batch. Inflorescence that are just under the two (2) inch diameter or length threshold and are presented free of debris and do not have a disproportionately large amount of small inflorescence will score best in this category.

SMALL & LITTLES: Inflorescence that are smaller than a dime should be separated out of the premium inflorescence category and put into the smalls, or littles, category of inflorescence product. Small inflorescence do not have to be trimmed but should be free of yellow and otherwise decomposing leaves. Additionally, the smalls, or littles, should be free of fan leaves and stems. There should be a minimal amount of crumbly leafy material in the final product for smalls, or littles, to score well in this category.

F. DEFINITIONS

CANNABINOID means any of a group of closely related compounds that include cannabinol and the active constituents of cannabis.

FRUITY means resembling or containing fruit flavor and/or aroma

FUEL refers to a sharp, pungent, astringent aroma and/or oily consistency reminiscent of gasoline or diesel fuel, as typically expressed by OG Kush and Diesel varieties.

HAND TRIMMED inflorescence is hand trimmed from the harvest through the final products placement into a retail container. Hand trimmed product is harvested without the use of mechanical harvesting equipment and is processed without the use of mechanical leafing, bucking or trimming equipment.

INFLORESCENCE means the complete flower head of a plant including stems, stalks, bracts, and flowers.

PISTILS are the female reproductive part of a flower and consists of a swollen base, also known as the ovary, which contains the potential seeds, or ovules. The ovary is generally surrounded by bract with style, arising from the ovary; and a pollen-receptive tip, the stigma, which is variously shaped and often sticky.

SWEET means having the pleasant taste and/or aroma characteristics of sugar, candy or honey.

TERPENES are organic compounds found in the essential oils of many plants. Terpenes are what gives cannabis and other plants their aroma and flavor. Technically, terpenes are hydrocarbons (compounds that consist exclusively of hydrogen and carbon) and when terpenes combine with oxygen or are otherwise chemically rearranged, they are more precisely referred to as “terpenoids.” For simplicity, however, the term “terpene” is commonly used to encompass terpenoids as well. In addition to terpenoids, terpenes serve as building blocks for a variety of other biologically important compounds.

TRICHOME refers to the small hair or other outgrowth from the epidermis of a plant, typically unicellular and glandular. There are two primary categories of trichomes present on mature cannabis inflorescence;

- glandular, cannabinoid-producing trichomes, and
- non-glandular, non-cannabinoid-producing trichomes

G. CURRENT TERPENE DOCUMENTATION

The unique and distinctive terpene profile of the cultivar defines the flavor and aroma of the cultivar while also providing insight into the effect the cultivar may have on the consumer. In this grading and sorting matrix, terpene profiles are rated based on the percentage of overall terpenes present. Products with high amounts of terpenes present will score best in this category. Rare or unique terpene profiles are particularly desirable.

CARYOPHYLLENE is a clear, colorless or pale yellow liquid that can be extracted from clove oil, cinnamon oil, or several other essential oils. Caryophyllene has a spicy, woody, dry, earthy, sometimes slightly sweet odor and a spicy pepper flavor with camphor and astringent citrus undertones. Caryophyllene helps give black pepper its spiciness.

HUMULENE is found in a wide variety of aromatic plants around the world, including basil, clove, coriander, sunflowers, pine trees, orange trees, sumpweed, and tobacco. It is also found in the essential oils of sage, ginseng, spicebush, ginger, and Chinese laurel trees, and is particularly prodigious in spearmint oil.

LINALOOL is found in hundreds of different plants and some fungi, but it is most commonly associated with lavender. It is also found in high quantities in a certain chemotype of thyme, as well as in coriander, basil, rosewood, birch trees, laurels, citrus fruits, berries, several other fruits, and hops. Linalool is a primary component of lavender essential oil, and is a major component of many other essential oils, including rose, ylang-ylang, geranium, bergamot, jasmine, spearmint, cinnamon, chamomile, and neroli oil. It is also found in black tea, green tea, and oolong tea. Pure linalool is a clear, colorless liquid with a fresh, floral, woody, slightly spicy scent, reminiscent of lavender or lily of the valley. Linalool's aroma is so potent, its odor can be detected at just one part per million in the air, and its sweet, fruity flavor is even more intense.

MYRCENE is found most abundantly in cannabis, although it is not commonly found in ruderalis, or hemp. It is also prevalent in hops, which are closely related to cannabis, as well as in thyme, lemongrass, bay leaves, verbena, parsley, ylang-ylang and mangos. Myrcene has a pleasant odor that is described as earthy, herbal, green, fruity, minty, and spicy, with notes of citrus, cloves, tropical mango, pepper, balsamic vinegar, and grapes. The flavor is described as earthy, orange, and slightly metallic.

PINENE is an important constituent of the resin produced by many different trees, but it is primarily associated with the pine tree, from which its name is derived. It is found in pine needles, pine nuts, and pinecones as well as pine resin. In addition to evergreen trees, pinene is prevalent in olives and olive leaves, sagebrush, rosemary, eucalyptus, basil, parsley, and dill. It can be found in many essential oils, including orange peel oil, coriander oil, lemon oil, cumin oil, peppermint oil, and juniper oil. It is a major component of tea tree oil. Pure pinene is a clear, colorless liquid with a sharp, sweet odor that, unsurprisingly, strongly resembles that of pine and turpentine.

LIMONENE (CITRUS) is a colorless or pale yellow liquid with a strong citrus aroma and flavor. It is most commonly extracted from orange rinds, but can also be obtained from the rinds and pulp of lemons and other citrus fruits. Essential oils derived from citrus fruits are very close to pure limonene, with concentrations up to 95%.

H. DRIED INFLORESCENCE RUBRIC

Testing Protocol	1 pt. Poor Quality	2 pts. Below Market Average	3 pts. Market Average	4 pts. Above Market Average	5 pts. Optimal	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Cannabinoid Profile	[<12% THC] or [<6% CBD & <10% Cannabinoids]	[≥12% THC] or [≥6% CBD & ≥10% Cannabinoids]	[≥16% THC] or [≥8% CBD & ≥12% Cannabinoids]	[≥20% THC] or [≥10% CBD & ≥16% Cannabinoids]	[≥25% THC] or [≥13% CBD & ≥20% Cannabinoids]		5		25	
Category Total									25	
Cure	1 pt. Excessively Moist	2 pts. Excessively Dry	3 pts. Slightly wetter than optimal	4 pts. Slightly drier than optimal	5 pts. Optimal Moisture	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Moisture Level							1		5	
Category Total									5	
Sensory Protocols	1 pt. Poor Quality	2 pts. Below Market Average	3 pts. Market Average	4 pts. Above Market Average	5 pts. Optimal	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Smell or Aroma							5		20	
Color & Brightness							2		10	
Ripeness & Trichome Gland Development							3		15	
Manicure Quality							2		10	
Structure & Density							2		10	
Category Total									65	
Inflorescence Size	<50%	60%-69%	70% - 79%	80% - 89%	90+% Optimal Size	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Inflorescence							1		5	
Smalls & Littles							1		5	
Category Total									5	
Score Card Totals									100	
AAA	90 – 100%									
AA	80 – 89%									
A	70 – 79%									

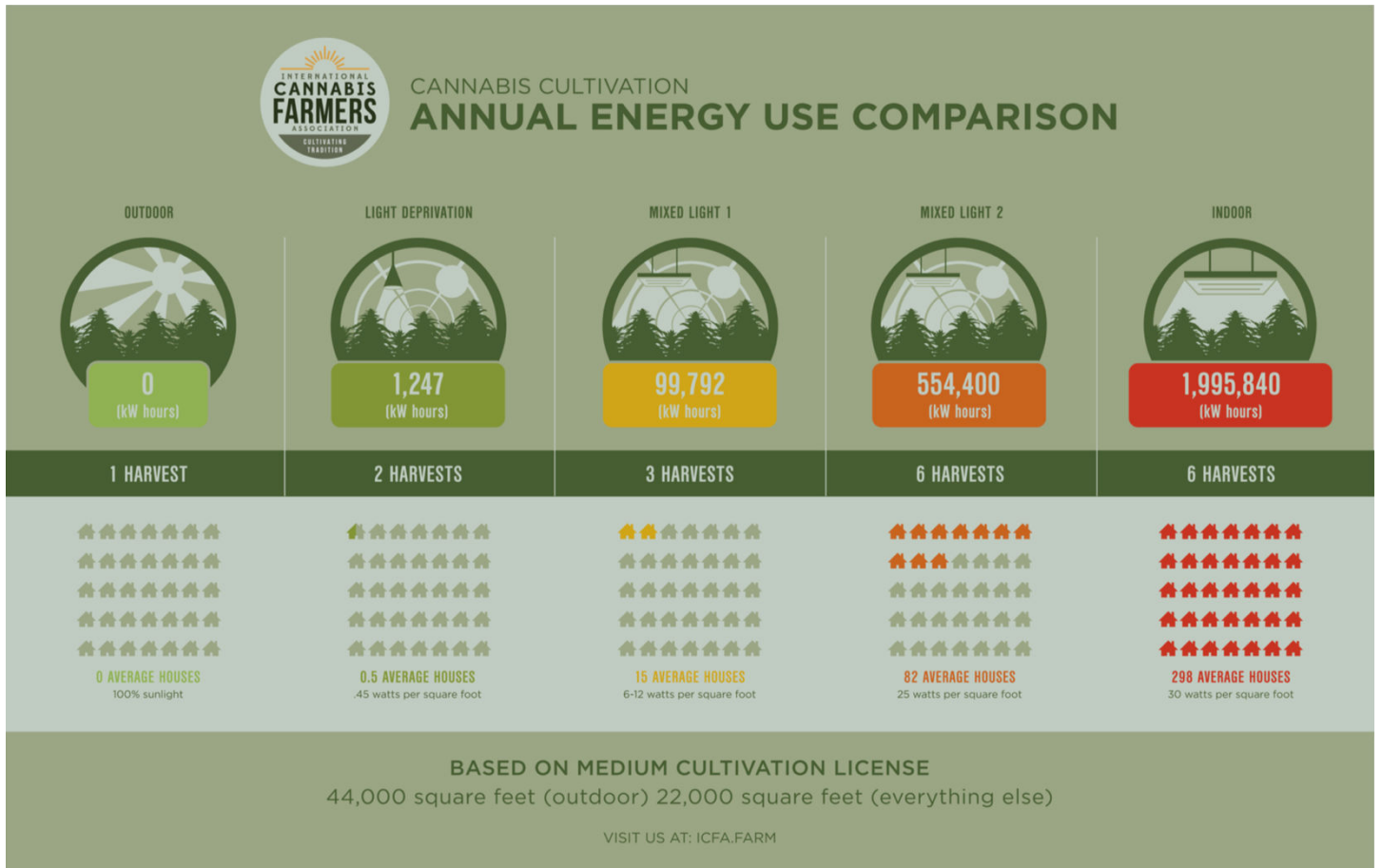
I. DRY LEAF MATERIAL RUBRIC

Testing Protocol	1 pt. Poor Quality	2 pts. Below Market Average	3 pts. Market Average	4 pts. Above Market Average	5 pts. Optimal	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Cannabinoid Profile	[<12% THC] or [<6% CBD & <10% Cannabinoids]	[≥12% THC] or [≥6% CBD & ≥10% Cannabinoids]	[≥16% THC] or [≥8% CBD & ≥12% Cannabinoids]	[≥20% THC] or [≥10% CBD & ≥16% Cannabinoids]	[≥25% THC] or [≥13% CBD & ≥20% Cannabinoids]		5		25	
Category Total									25	
Cure	1 pt. Excessively Moist	2 pts. Excessively Dry	3 pts. Slightly wetter than optimal	4 pts. Slightly drier than optimal	5 pts. Optimal Moisture	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Moisture Level							1		5	
Category Total									5	
Sensory Protocols	1 pt. Poor Quality	2 pts. Below Market Average	3 pts. Market Average	4 pts. Above Market Average	5 pts. Optimal	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Smell or Aroma							5		20	
Color & Brightness							2		10	
Ripeness & Trichome Gland Development							3		15	
Manicure Quality							2		10	
Structure & Density							2		10	
Category Total									65	
Inflorescence Size	<50%	60%-69%	70% - 79%	80% - 89%	90+% Optimal Size	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Inflorescence							1		5	
Smalls & Littles							1		5	
Category Total									5	
Score Card Totals									100	
AAA	90 – 100%									
AA	80 – 89%									
A	70 – 79%									

J. UNPROCESSED PLANT MATERIAL RUBRIC

Testing Protocol	1 pt. Poor Quality	2 pts. Below Market Average	3 pts. Market Average	4 pts. Above Market Average	5 pts. Optimal	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Cannabinoid Profile	[<12% THC] or [<6% CBD & <10% Cannabinoids]	[≥12% THC] or [≥6% CBD & ≥10% Cannabinoids]	[≥16% THC] or [≥8% CBD & ≥12% Cannabinoids]	[≥20% THC] or [≥10% CBD & ≥16% Cannabinoids]	[≥25% THC] or [≥13% CBD & ≥20% Cannabinoids]		5		25	
Category Total									25	
Sensory Protocols	1 pt. Poor Quality	2 pts. Below Market Average	3 pts. Market Average	4 pts. Above Market Average	5 pts. Optimal	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Smell or Aroma							5		20	
Color & Brightness							2		10	
Ripeness & Trichome Gland Development							3		15	
Manicure Quality							2		10	
Structure & Density							2		10	
Category Total									65	
Inflorescence Size	<50%	60%-69%	70% - 79%	80% - 89%	90+% Optimal Size	Points Scored	Multiplier	Total Points	Total Points Possible	Category Score
Inflorescence							1		5	
Smalls & Littles							1		5	
Category Total									5	
Score Card Totals									95	
AAA	90 – 100%									
AA	80 – 89%									
A	70 – 79%									

III. ENERGY INFOGRAPHIC



IV. APPELLATION OF ORIGIN RESEARCH PROPOSAL



Memo: Protecting Regional Farmers Post-Prohibition

Date: April 2, 2017 (original proposal)

From: ICCI

Amended: June 15, 2017 (by ICFA)

Updated: January 30, 2018

RATIONALE: *Cannabis* production during prohibition has been carried out by traditional small farmers, many with cultivars that have specific qualities when grown in the soil and deserve appellation definitions for their contribution and preservation of diverse varieties of *Cannabis*, ensuring biodiversity. These farmers have adopted religious practices as well as cultural methods in their cultivation and harvesting of *Cannabis* that are unique to their regions.

As society moves *Cannabis* into regulated systems, these farmers must have not only a pathway to participating in the regulated market but their agriculture practices should be studied to inform product regulations for these regions. Most traditional small farmers, such as California's 'back-to-the-land' movement and the Rastafarians, have developed agricultural methods that are sustainable, chemical free, and environmentally sound for their regions.

DEFINING APPELLATION OF ORIGIN: Appellation definitions for *Cannabis* should be based on metabolomic expressions of known cultivars that have been grown in the native soil without chemical pesticides. These classifications will require studies that observe and monitor not only the agricultural practices but track the chemical makeup of the plant.

CULTURAL METHODS: To fully document the cultural methods used in cultivating *Cannabis* a study must be conducted observing several regional farmers starting from the preparation of the soil thru post-harvest preparations.

REGULATORY EDUCATION AND SUPPORT: For traditional *Cannabis* farmers to participate in the regulated market, they will require education on documentation, regulatory nomenclature and processes such as batch classifications, proper labeling and recall strategies.

BACKGROUND: In February 2015, Jamaica's legislature voted to amend the nation's cannabis laws in what is known as the "Dangerous Drugs Act of 2015". It was enacted on April 15, 2015. The law includes:

- Possession of up to 2 ounces (56.6 grams) is a petty offence, and will not "result in a criminal record";
- Cultivation of five or fewer plants is permitted;
- Practitioners of the Rastafari faith may use cannabis for religious purposes;
- Tourists with a prescription for medical marijuana may apply for permits to purchase small amounts;
- The amendments open the possibility of a Cannabis Licensing Authority (CLA) to deal with cultivation and distribution of medical marijuana and hemp;
- Jamaica will continue to prosecute traffickers and target the international cannabis trade.

Following the passage of “Dangerous Drugs Act of 2015,” the Jamaican government filed for international appellation of origin status for cannabis. The International Cannabis and Cannabinoid Institute (ICCI), the International Cannabis Farmers Association (ICFA) and the Mendocino Appellations Project (MAP) is working with traditional farmers and multiple governments to create an approach and definitions to ensure Internationally recognized appellation status. It is ICCI, ICFA, and MAP’s hope that developing an Internationally accepted approach can guide governments and traditional farmers globally.

In 2015, the State of California, USA, passed the Medical Cannabis Regulation and Safety Act (MCRSA). A year later, in November of 2016, the people of California voted the Adult Use of Marijuana Act into law. In 2017, the California Legislature reconciled the two systems. During the reconciliation process, the California Department of Food and Agriculture was given until January 1, 2020 to “... establish standards for recognition of a particular appellation of origin applicable to cannabis grown or cultivated in a certain geographical area in California.”

This project will be led by Department of Vegetable Growing and Floriculture and the Department of Viticulture and Enology at Mendel University, Czech Republic and the Department of Crop Sciences and Agroforestry, Faculty of Tropical AgriSciences at Czech University of Life Sciences Prague. The project will include an International Advisory Group composed of experts and farmers from each country participating in the study. The project will include multiple phases, will span over 3 years once funded, and will cost approximately \$1,035,500. Some funds will be provided by the ICCI, ICFA and MAP, as well as participating governments and agencies.

PHASE 1: FEASIBILITY STUDY APPELLATION OF CANNABIS

COST: \$40,000

TIMELINE: 6 months

Lead Investigators: ICCI, ICFA and MAP

OVERVIEW: Bring together world experts to evaluate the relationship of *Cannabis* and appellations including, but not limited to, documenting traditional knowledge as well as the relationship of genetic material and changes to the external environment to create a process forward for establishing appellation of origin criteria for cannabis.

PHASE 2: REGIONAL OUTREACH, EDUCATION & MAPPING

COST: \$445,500 (\$20k per region annually)

TIMELINE: 12 months, per region

PROJECT MANAGER: ICCI, ICFA and MAP along with other lead investigators

OVERVIEW: ICCI, ICFA and MAP will coordinate traditional farmers through direct outreach and educational programs regarding appellation of origin, with a primary mission to identify regionally distinct groups of traditional

farmers. By combining the methodologies utilized to develop Internationally recognized appellation of origin bio-regions for other crops, with those used to identify Mendocino County California's bio-regions, we plan to establish a comprehensive program that ensures International recognition of *Cannabis* specific bio-regions. This phase will serve to strengthen the work that has already begun in Mendocino County and Jamaica while expanding the focus to begin Phase 2 of the study in well-known cultivation regions within the state of California, including Humboldt County, CA.

PHASE 3: CROP MANAGEMENT & ECOLOGY IN TRADITIONAL SYSTEMS OF CANNABIS PRODUCTION

COST: \$500,000 (approximately \$2500 US per farm)

TIMELINE: 1 year

LEAD INVESTIGATOR: ICCI, ICFA and MAP along with regional strategic partners, researchers and advisors.

OVERVIEW: Following the ethical principles stated in The ISE Code of Ethics (International Society of Ethnobiology, 2006), all the applicable laws including the intellectual property rights and protection of traditional knowledge and use and management of plant resources; this multidisciplinary approach will combine classic anthropological participant observation and data collection techniques. This approach is designed to provide a complete description of traditional agricultural and postharvest handling practices in *Cannabis* production among traditional farmers, as well as document the genetic and metabolomics data needed to establish appellation criteria.

PHASE 4: PUBLISH AND FILE APPELLATION OF ORIGIN

COSTS: \$50,000 per Country

TIMELINE: 3 months after phase 1, 2 & 3 are complete

PROJECT MANAGER: ICCI, ICFA and MAP with all other lead investigators

OVERVIEW: ICFA will coordinate the publishing of the results of phases 1, 2 & 3, file needed paperwork to establish appellation of origin for the participating Country, and make recommendations for countries with traditional *Cannabis* farmers.

V. APPELLATION OF ORIGIN: COMMITMENT LETTER

HERITAGE APPELLATIONS COALITION



CONTEXT

The global phenomenon of *Cannabis* prohibition has entered a critical transition period. Mounting evidence and favorable public opinion regarding the value of *Cannabis* has reached critical mass. As a result, myriad social, economic, and political interests are driving a global thrust into the regulated production and trade of *Cannabis* as a commodity.

The United States has been the driver of a decades long international drug war. In the US, the social justice response to *Cannabis* prohibition and participation in illicit economy has been nationwide and across all demographics. Over generations, the cannabis producing regions of California established as an epicenter of resistance to these unjust policies, integral to driving forward a significant social movement and complex economic system, nationally. The prohibition era *Cannabis* farmer holds a special prestige in this historic transition, they are the living legacies of a pioneering American movement.

Our heritage cannabis farmers must be protected and empowered at this critical juncture, so they may not just survive cannabis regulation, but determine it. Currently, heritage cannabis farmers are at a severe disadvantage in the emerging regulatory framework and commodities market. They are under-resourced, socially disadvantaged, and lack adequate political representation. Within this at-risk population resides a legacy of knowledge, practice and varietals that will be quickly and permanently lost if we do not act immediately to protect our heritage cannabis farmers. Appellation systems are a tool designed to protect the future of the small hand craft producer and their regions.

GEOGRAPHICAL INDICATIONS

Appellation of Origin (AO) fall within a more generalized category of intellectual property rights (IP) known as Geographical Indications (GI). Geographical Indications grant exclusive rights to use the name of a place on labels of products produced in that place.

Appellation of Origin are a special kind of GI in that these designations are awarded to products that have proven that the qualitative characteristics of the product are a result exclusively of its geographical origin. Necessarily, the qualifying criteria and standards of AO are complex. These are based upon terroir, the natural environmental conditions of a region, as well as the traditional knowledge of the agriculturalists therein.

Appellations systems have a heritage of their own. The origins go back as far as 1411, when Charles VI granted a monopoly to the people of Roquefort-sur-Soulzon, for the ripening of Roquefort Cheese, which they had been doing for centuries.

American Viticultural Areas (AVA) is the geographical designation system used in the United States for wine. AVAs are simple GIs, and carry no qualitative, varietal, methodology or traditional knowledge qualifications. Vintners in California

are presently working to evolve their AVA system to an AO system. This presents a tremendous opportunity for the *Cannabis* and wine industries to work in coalition to establish an authentic, internationally recognized appellation of origin system for the United States.

STANDARDS

GI designations are the first step in protecting heritage cannabis producers. Because the only necessary qualifier for GI is that the product is produced in the associated region, GI protections apply broadly to all regional products, including those produced by indoor, greenhouse, mixed light as well as traditional methods of cultivation. **We are committed to working with cannabis producing regions to establish regional Geographical Indications, such as County of Origin programs.** GI programs exist for Humboldt and Mendocino Counties, and a California GI program is in the works.

Appellation of Origin designations are reserved for products that have been proven to be qualitatively superior due to their production within the natural environment and use of traditional farming practices. By definition, crops produced using artificial climates, engineered soil and genetically modified organisms do not qualify for AO.

Establishing AO requires region specific research to identify and analyze the unique environmental, cultural & botanical determinants, as well as the qualitative expressions of crops, that collectively define the region as a distinct appellation. This body of criteria is then developed into region specific standards that govern the varieties, methodologies, production & distribution for the appellation. **We are committed to comprehensive, region specific research & analysis to establish determining criteria and standards for AO.**

COMMUNITY DRIVEN RESEARCH

The traditional knowledge, regional identity and genetic legacies that our heritage *Cannabis* farmers hold will define their appellations and the standards therein. Appellations are regional legacies, and they are most effectively developed and managed by the agricultural communities therein. **We are committed to community driven research, maximum stakeholder input and thorough, thoughtful, regional appellations development.**

CONSIDERATIONS

Regulated producer regions with restrictive acreage and zoning provisions will be reliant upon the diversification of market opportunity that appellations systems provide. These regions will not be able to compete on a commodities market dominated by large scale industrial agriculture. Instead, these regions must excel in the craft market, based entirely upon quality, which appellations standards assure and incentivize. Appellations attracts tourism, multiplying localized market opportunities including; direct farm to consumer sales, guided tours, retail stores, farmers' markets, retreats, events, tasting rooms, education, hospitality.

We recognize that though many *Cannabis* operators will not qualify for Appellation of Origin, the appellation regions as a whole, and thereby all operators therein, will nonetheless benefit. Farmers using methodology that does not qualify for AO have the opportunity to be included by diversifying their cultivation practices so that a portion of their crop may qualify.

The standards associated with Appellation of Origin will drive environmentally regenerative farming in practice. Due to the notoriety of appellations these regenerative farming practices will be broadcast to the world and establish over time as

<http://ICFA.farm> or contact the International Cannabis Farmers Association at 916-312-2978

a part of regional identity. In this way, California’s heritage cannabis farmers will have the opportunity to build on their legacy & brand as pioneers in both the cannabis and environmental movements.

In establishing AO for *Cannabis*, we are setting an international precedent by qualifying an annual crop for AO recognition. Customizing established AO systems to include new agricultural products has historically proven to be successful. By basing our *Cannabis* AO system on internationally acclaimed heritage AO systems, we are paving the way for our heritage *Cannabis* farmers to access the most prestigious international craft market.

COMMITMENT

In this pursuit, we are committed to cooperating to develop shared vision, goals, and strategies that have been and/or will be decided by the Coalition. We are committed to the planning and collaboration that such coalitions undertake and understand that it will take time. We acknowledge the contributions and expectations of the other members of the Coalition.

As general evidence of our commitment, we agree to do the following:

- Appoint a representative(s) to attend coalition meetings and activities,
- Authorize that representative to make decisions on our behalf, except for decisions
- regarding _____ [specify exceptions, if appropriate]
- Read minutes, reports and newsletters to keep abreast of coalition decisions/activities
- Disseminate relevant information to organizational members or employees through
- emails, list-serves, social media, websites and publications.
- Keep coalition informed of our organization’s related activities.

(Check all that apply) Our organization can offer the following resources to the Coalition:

- Fiscal sponsorship
- Grass-roots organizing
- In-kind contributions of staff time, expertise, material resources, venues, event and/or media exposure _____ [specify]
- Coalition member recommendations _____ [specify]
- Other _____ [specify]

(Specify) Name of Organization

Signature of Representative to Coalition

Date _____



The sensible regulations included in the Governor's Trailer bill will help ensure that California's transition into adult use marijuana in 2018 protects consumers as well as ensures that traditional sun grown farmers can do more than just survive, but rather thrive.

During the negotiations over the Trailer Bill, ICFA worked to ensure:

BIFURCATION WAS REMOVED: The original version of the Trailer Bill required that medical and adult use licenses be separate. This would have resulted in the need to choose between serving a patient or an adult use consumer and due to the propensity for banning commercial cannabis activities and the exclusionary nature of zoning policies, we were concerned that bifurcation would disproportionately challenge small producers who would need to acquire and develop additional properties to serve both markets. This provision was removed.

TAX COLLECTION WAS CLARIFIED: It was important to maintain language that allows the BOE to create new tax programs starting in 2020. Such tax programs should include incentives designed to balance scales of economy that are likely to disproportionately impact small producers faced with declining prices in the marketplace. We were successful in getting this clarification.

ANTI-MONOPOLY PROVISIONS WERE REINSTATED: Reinstating the anti-monopoly provisions was of the utmost importance to assure that traditional sun grown farmers are provided a level playing field. We ensured this language was in the bill.

AN EVENT PERMIT WAS ADDED TO THE BILL: This provision will allow for the furtherance of on-site consumption at events that allow traditional sun grown farmers to showcase their products.

CASH PAYMENTS AND COLLECTION SYSTEMATIZED: Thanks to the work of ICFA and others, the bill require that no later than January 1, 2018, the bureau and any other related departments, ensure that there is a safe and viable way to collect cash payments for taxes and fees related to the regulation of cannabis activity throughout the state.

NORTH COAST OFFICE ADDED: The Trailer Bill requires that the bureau shall establish an office on the North Coast to collect fees and taxes.

APPELLATIONS OF ORIGIN PROVISION: As a core, programmatic tenant of our association we are pleased that the Legislature has instructed the California Department of Food and Agriculture to develop an appellations program. We will be heavily involved in the development of this program which is sure to protect sun grown farmers throughout the state.

VII. SB 131

The Honorable Jerry Brown August 4, 2017

Governor, State of California
State Capitol Building
Sacramento, CA 95814



Re: MAUCRSA (SB94) – Request for Technical Change

Dear Governor Brown:

We request a technical change in the text of SB94 on page 11. Here is the text we believe to be erroneous:

“The bill would require the department, no later than January 1, 2021, to establish a process by which licensed cultivators may establish appellations of standards, practices, and varieties applicable to cannabis grown in a certain geographical area in California.

Currently the above language does not include the word ‘origin’ in reference to the term ‘appellation’. In all other statute referencing this topic your office used the terminology ‘appellation of origin’. If the language on page 11, referred to above, were to be taken literally, it would mean that cultivators could create appellations of standards, appellations of practices and appellations of varieties, which would be putting an entirely new global meaning and interpretation on national and international appellation of origin systems. It is important to note that to qualify as appellations of origin the quality or characteristics of the product must result exclusively or essentially from its geographical origin not the standards or practices applied to the production of the product or the varieties utilized to produce the product.

There is not a single appellation of origin in the world that is not based on the products exclusive or essential link to the natural environment in which the product was produced. Appellations of Origin do have secondary requirements that are based on each specific appellation of origin region’s traditions, often referred to as Traditional Knowledge. These secondary requirements often include: standards, practices and varieties that the cultivator must adhere to in order to qualify their product under the appellation of origin. Examples of this include Champagne which is produced in the Champagne region of France and can only be made from three (3) select varieties of grapes. Because of this, we believe the text was supposed to read:

“The bill would require the department, no later than January 1, 2021, to establish a process by which licensed cultivators may establish appellation of origin standards, practices, and varieties applicable to cannabis grown in a certain geographical area in California.

We believe that by inserting the word ‘origin’ into the text that it will preserve the intent of the legislation and we are writing to ask for your assistance in assuring that this occurs.

Sincerely,

Dustin Moore / Executive Director
Dustin@ICFA.farm / ‘Cultivating Tradition’

36 <http://ICFA.farm> or contact the International Cannabis Farmers Association at 916-312-2978

SUN GROWN CANNABIS

Agricultural Commission

Amidst the backdrop of recent significant legal, regulatory and political changes in the *Cannabis* landscape, the International Cannabis Association (ICFA) was formed by farmers, scientists, stakeholders and other thoughtful stakeholders to establish the science, data and consumer education necessary to break down barriers around sun grown *Cannabis* and to promote the quality and ecological superiority of traditionally farmed *Cannabis* and *Cannabis*-derived products.



Despite the ecological superiority of sun grown *Cannabis*, current regulations often favor or outright require indoor grown *Cannabis*. Traditional sun grown *Cannabis* farmers and thoughtful stakeholders must reframe current conceptions about sun grown *Cannabis* to ensure its longevity within California's rapidly changing political landscape.

As detailed below, the ICFA has developed a clearly defined plan to achieve these goals. Central to this plan is the formation of an Agricultural Commission, which can then serve as the hub and funding source for all subsequent activities.

AGRICULTURAL COMMISSIONS IN CALIFORNIA

An Agricultural Commission is created in law to allow a specific agricultural product to use the power of state government to perform roles beneficial to the industry. Commissions are established through the Legislature and overseen by the California Department of Food and Agriculture.

Through the establishment process, Agricultural Commissions are granted the police power of the State and are thereby quasi-governmental in nature, inherently providing credibility in the Capitol and amongst regulators. These are among the many advantages that have resulted in Agricultural Commissions being widely utilized by other California industries, including regional wine grape growers and the cut flower industry.

For decades, a vast number of agricultural industries in California have utilized Agricultural Commissions to allow their industry to come together under a common purpose; to help lobby for favorable regulations and market the industry, amongst a number of other activities that have helped each particular industry thrive – even in the face of burdensome regulations.

The powers of the Commission are vested in the industry participants who exercise their powers through the Commission structure, governed by a board of directors comprised of industry participants. This board structure provides industry actors with confidence that their Agricultural Commission will carry out the organization's mission in the best interest of the agricultural product the Commission is organized around.

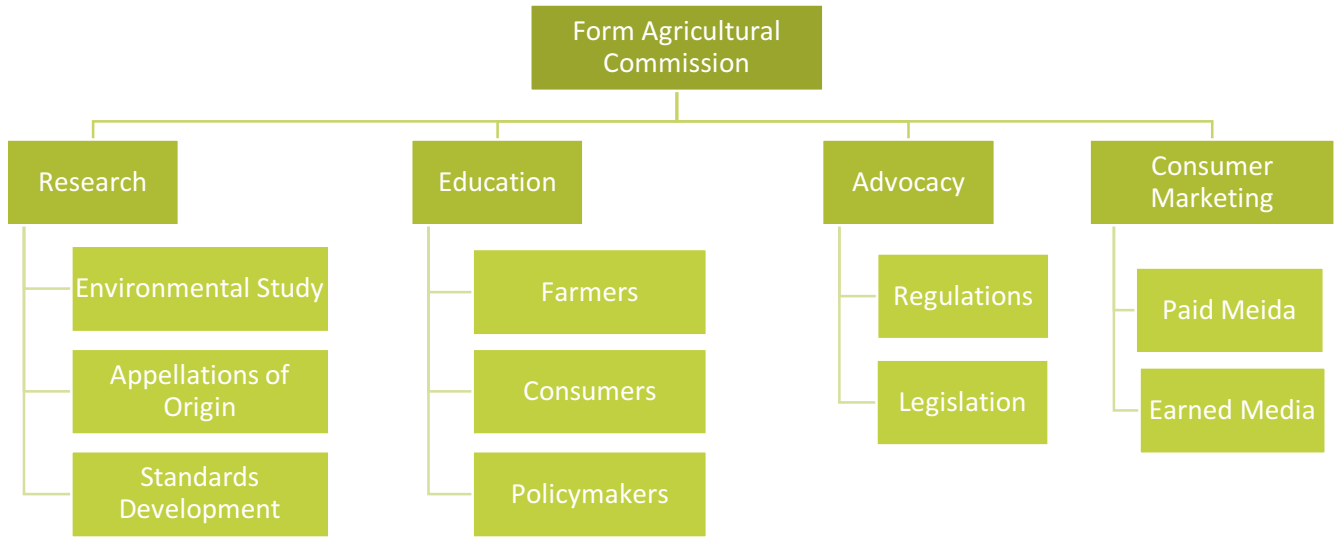
Once established in law, an Agricultural Commission is funded through assessments that are collected by the Commission through a “handler” or “distributor.” These assessments provide the Commission with a stable funding source while eliminating the so called “free rider” issue found in many industry associations and trade groups. This funding stability will ensure the Commission is able to achieve success in promoting the quality and ecological superiority of traditionally farmed *Cannabis* and *Cannabis*-derived products.

ROLE OF AN AGRICULTURAL COMMISSION FOR SUN GROWN CANNABIS

While there are many different industry associations and trade groups advocating for the *Cannabis* industry, there is no fully funded entity that is able to organize and advocate for sun grown *Cannabis* in California. This is why, the ICFA strongly believes that the formation of an Agricultural Commissions is critical to the future success of sun grown *Cannabis* in California.

Considering the size of the State and the unique challenges sun grown cultivators face, we believe that organizing Commissions und by county under a statewide framework will provide for a structure that recognizes the unique advantages and challenges present in California’s different growing regions. To start, ICFA is proposing establishing three Commissions in the Counties of Humboldt, Mendocino, Santa Barbara, and Trinity. While these Commissions will work with farmers in their individual counties, they will also work collaboratively through a statewide body to find efficiencies in operations and coordinate on issues impacting the industry statewide.

The Commissions will be responsible for funding the promotion, advertising, education, market research, production research, and direct government advocacy efforts for sun grown *Cannabis*. Under the Agricultural Commission’s umbrella, we will undertake the following:



RESEARCH and develop sun grown industry standards that address best practices to reduce ecological impact and standardize the unique quality of traditionally farmed sun grown *Cannabis* through Appellations of Origin. Additionally,

we believe our studies will produce conclusive data that asserts the superiority of sun grown *Cannabis* that we will use in Education, Advocacy, and Consumer Marketing efforts.

EDUCATE farmers, consumers, and policymakers about the quality and ecological superiority of traditionally farmed sun grown *Cannabis* through compliance and sustainability programs for farmers, regulatory and advocacy materials and programs, and consumer direct educational programs.

ADVOCATE for increased access to traditionally farmed sun grown *Cannabis* and *Cannabis*-derived products, and the preservation of traditional farming communities by lobbying state and local officials for inclusive public policy that favors sun grown *Cannabis*, and engage in grassroots and grass-tops political strategies to reinforce our direct lobbying efforts which we believe is paramount to the success of the industry.

CONSUMER DIRECT MARKETING will be a major focus for the Commissions. Broad paid and earned media campaigns will be the main tenant of the marketing campaigns and will be driven by the research conducted by the Commissions. Also, the Commissions will strategically partner with local organizations such as tourism commissions and visitors' bureaus to promote local canna tourism.

THE PROCESS OF FORMING AN AGRICULTURAL COMMISSION

An Agricultural Commission is established through the creation of a law that sets out the powers and parameters of that specific Commission. The advantages of this mechanism for establishment is that it provides the sponsors broad flexibility in establishment the Commission, including the powers of the Commission, how it will be structured, governed, and the ability to assess qualified industry participants to fund the Commission's operations.

As with any legislative process, the potential drawbacks include the necessary role with the State legislature which can be time consuming and requires specific expertise to navigate the complexities.

Appreciating that we needed to have the right team in place to be successful, we have hired the law firm of Kahn, Soares & Conway, LLP ("KSC") to serve as legal counsel and chief legislative advocates for the commission formation process. KSC is California's premiere agricultural law and legislative advocacy firm and its founding partner, George Soares, developed the first agricultural commission created in California. He has played a role in the development of subsequent commissions in California.

LEGISLATIVE DRAFTING

Working with partners at KSC, we spent Q4 of 2017 flushing out the key provisions of our proposed Agricultural Commission and formalizing this endeavor by drafting the language into a format sufficient for introduction in the legislature.

To date, the ICFA has contributed \$10,000 toward the drafting effort. We are working in the immediate term to secure the additional funding necessary to complete the drafting process by the end of the year.

LEGISLATIVE IMPLEMENTATION

Once drafting is complete, we will introduce the legislation to create the Agricultural Commission in Q1 of 2018. This timeline is driven by the legislative calendar and will place the Commission on schedule to complete the legislative process in 2018. We anticipate the legislation will complete both houses of the legislature in Q3 of 2018, be signed by the Governor in Q4 of 2018, and become effective in law on January 1, 2019 through the standard legislative process.

INDUSTRY APPROVAL

Once the Commission has completed the legislative process and become a law, it must be ratified by the industry participants who will be governed by the Commission to be fully implemented. The ratification is completed through a ballot/voting process conducted by CDFA of all sun grown *Cannabis* license holders in the targeted jurisdictions. As proposed, the ratification vote would occur by County. To help ensure a smooth ratification process, we anticipate running a full campaign effort to help educate and inform these farmers of the value of Commission ratification.

NEXT STEPS

LEGISLATIVE IMPLEMENTATION – JANUARY 2018 THROUGH DECEMBER 2018

COSTS: \$45,000 per Quarter beginning January 1, 2018 for a total of **\$180,000**

OVERVIEW: Coordinate with Political, Government Relations, and Public Affairs teams to pass legislation implementing each commission (Humboldt/Santa Barbara/Mendocino/Trinity) in 2018.

CAMPAIGN JUNE 2018 THROUGH JUNE 2019

COSTS: TBD

OVERVIEW: Political team will develop and implement strategies to run and win campaigns necessary to secure industry approval for Agricultural Commission to begin operations.

WE NEED YOUR HELP

The consequences of inaction are too great to let this problem go ignored. With your help, we can implement the plan outlined above to successfully shape the political and reputational narrative around traditionally farmed sun grown *Cannabis*. A robust effort is already underway with significant impacts for our industry. Now is the time to join our collective voice.

You can support this endeavor by directly funding our Agricultural Commission efforts. We will be in touch in the coming days to discuss the generous monetary contribution you or your organization can put forth to save California's sun grown *Cannabis* industry from current regulations that often favor or outright require indoor and greenhouse cultivation.

IX. ONE ACRE ECONOMIC ANALYSIS

COST OF STATE LICENSING

License Category	License Type(s)	Licensed Square Footage	Application Cost	License Cost	Harvests Per Year	Cumulative Square Footage
Outdoor	Type 3	44,000.00	\$1,555.00	\$13,990.00	1	44,000.00
Totals				\$15,545.00		44,000.00
						\$0.35*
Mixed Light 1	Type 3	22,000.00	\$2,885.00	\$25,970.00	2	44,000.00
	Type 2	10,000.00	\$1,310.00	\$11,800.00	2	20,000.00
	Type 2	10,000.00	\$1,310.00	\$11,800.00	2	20,000.00
Subtotals		42,000.00	\$5,505.00	\$49,570.00		84,000.00
Totals				\$55,075.00		84,000.00
						\$0.66*
Mixed Light 2	Type 3	22,000.00	\$4,945.00	\$44,517.00	6	132,000.00
	Type 2	10,000.00	\$2,250.00	\$20,235.00	6	60,000.00
	Type 2	10,000.00	\$2,250.00	\$20,235.00	6	60,000.00
Subtotals		42,000.00	\$9,445.00	\$84,987.00		252,000.00
Totals				\$94,432.00		252,000.0
						\$0.37*
Indoor	Type 3	22,000.00	\$8,655.00	\$77,905.00	6	132,000.00
	Type 2	10,000.00	\$3,935.00	\$35,410.00	6	60,000.00
	Type 2	10,000.00	\$3,935.00	\$35,410.00	6	60,000.00
Subtotals		42,000.00	\$16,525.00	\$148,725.00		252,000.00
Totals				\$165,250.00		252,000.00
						\$0.66*

* Cost per cumulative square foot.

COST ANALYSIS

Outdoor Flower	Mixed Light 1 Flower	Mixed Light 2 Flower	Indoor Flower	Trim
\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$75.00
\$1,000.00	\$1200.00	\$1400.00	\$1600.00	\$75.00
\$800.00	\$1,000.00	\$1200.00	\$1400.00	\$75.00
\$500.00	\$800.00	\$1,000.00	\$1200.00	\$75.00

Production Rates		Expenses Accounted For				
Gram Flower/SF	Grams Trim/SF	Production Cost	Processing Cost	Distribution: Gross Receipts	State Leaf Tax	State Flower Tax
27	15	\$125.00	\$175.00	20%	\$2.75	\$9.25

ECONOMIC ANALYSIS

License Type	Pounds of Flower	Pounds of Trim	Gross Receipts	Flower Tax	Leaf Tax	% of Gross Receipts Paid to Taxes	Distribution Cost	Production Cost	Processing Cost	Net Receipts
Outdoor	2616.74	1453.74	\$2,725,770.93	\$387,277.53	\$63,964.76	17%	\$545,154.19	\$327,092.51	\$457,929.52	\$913,262.42
Mixed Light 1	4995.59	2775.33	\$5,203,744.49	\$739,348.02	\$122,114.54	17%	\$1,040,748.90	\$624,449.34	\$874,229.07	\$1,747,779.63
Mixed Light 2	14986.78	8325.99	\$15,611,233.48	\$2,218,044.05	\$366,343.61	17%	\$3,122,246.70	\$1,873,348.02	\$2,622,687.22	\$5,314,131.88
Indoor	14986.78	8325.99	\$15,611,233.48	\$2,218,044.05	\$366,343.61	17%	\$3,122,246.70	\$1,873,348.02	\$2,622,687.22	\$5,243,313.88
Outdoor	2616.74	1453.74	\$2,725,770.93	\$387,277.53	\$63,964.76	17%	\$545,154.19	\$327,092.51	\$457,929.52	\$913,262.42
Mixed Light 1	4995.59	2775.33	\$6,202,863.44	\$739,348.02	\$122,114.54	14%	\$1,040,748.90	\$624,449.34	\$874,229.07	\$2,547,074.78
Mixed Light 2	14986.78	8325.99	\$21,605,947.14	\$2,218,044.05	\$366,343.61	12%	\$3,122,246.70	\$1,873,348.02	\$2,622,687.22	\$10,109,902.80
Indoor	14986.78	8325.99	\$24,603,303.96	\$2,218,044.05	\$366,343.61	11%	\$3,122,246.70	\$1,873,348.02	\$2,622,687.22	\$12,436,970.26
Outdoor	2616.74	1453.74	\$2,202,422.91	\$387,277.53	\$63,964.76	20%	\$440,484.58	\$327,092.51	\$457,929.52	\$494,584.01
Mixed Light 1	4995.59	2775.33	\$5,203,744.49	\$739,348.02	\$122,114.54	17%	\$1,040,748.90	\$624,449.34	\$874,229.07	\$1,747,779.63
Mixed Light 2	14986.78	8325.99	\$18,608,590.31	\$2,218,044.05	\$366,343.61	14%	\$3,721,718.06	\$1,873,348.02	\$2,622,687.22	\$7,712,017.34
Indoor	14986.78	8325.99	\$21,605,947.14	\$2,218,044.05	\$366,343.61	12%	\$4,321,189.43	\$1,873,348.02	\$2,622,687.22	\$10,039,084.80
Outdoor	2616.74	1453.74	\$1,417,400.88	\$387,277.53	\$63,964.76	32%	\$283,480.18	\$327,092.51	\$457,929.52	-\$133,433.61
Mixed Light 1	4995.59	2775.33	\$4,204,625.55	\$739,348.02	\$122,114.54	20%	\$840,925.11	\$624,449.34	\$874,229.07	\$948,484.47
Mixed Light 2	14986.78	8325.99	\$15,611,233.48	\$2,218,044.05	\$366,343.61	17%	\$3,122,246.70	\$1,873,348.02	\$2,622,687.22	\$5,314,131.88
Indoor	14986.78	8325.99	\$18,608,590.31	\$2,218,044.05	\$366,343.61	14%	\$3,721,718.06	\$1,873,348.02	\$2,622,687.22	\$7,641,199.34