

Meeting Notes
Community Meeting on Proposed Medical Marijuana Dispensary at 5200 Harrison Street (Keystone Integrated Care)
5/9/2017

30 people in attendance

Community meeting on proposed medical marijuana dispensary at 5200 Harrison Street – Keystone Integrated Care – Molly Blasier, Russ Cersosimo, Thomas Perko

[Previous discussion had been about heroin overdoses in Lawrenceville]. Coincidentally, in states where medical marijuana became available, opioid overdoses came down by about 25% (Johns Hopkins Study). Russ: spent years in the security system. Tom has background in government contracting and defense. Also has a meat packing place in Butler. Molly was behind the Whole Foods in East Liberty. Teamed up in late 2014. A child named Hanna was given a couple weeks to live. Jumped in to help get medical marijuana immediately to child: within minutes she was recovering. After 2 and a half years she's still alive and fighting. Created education material for the state, formed the PA Medical Cannabis Society and started doing education through events. BOD: State wants to see that leadership has the capacity to handle the logistics of a business. We put together a team that have a variety of experiences: health systems, forensic testing (criminal labs), people who've been directly impacted by the legislation. Heather couldn't be here because her daughter is in the ICU – Heather and her daughter Hanna have been at the forefront of getting this done in Pennsylvania. Were able to access medical marijuana through the Safe Harbor Program. Medical and research advisory board: wanted to have medical thought leaders and researchers advising us and the Management team with experience in regulated markets in other states. Security is very important to this program as well as compliance. We brought in people with experience who can navigate with public safety officials as well and bring them in as stakeholders to guide business decisions. With our location in Lawrenceville, we have the ability to co-locate tenants that also do work around health and wellness.

About medical marijuana in PA: Initial phase – applications have already been submitted. PA will issue up to 12 grower licenses and up to 81 dispensary licenses as part of Phase I, but there are caps to what will be awarded within Southwestern PA and Allegheny County. There's no guarantee that there will be a Phase II, but legislation allows it. There are five primary dispensary locations permitted within Southwest region. We can't build a secondary location within the same county as our primary location. Our primary location is in Westmoreland County. CCoPA has the primary location in Lawrenceville, which would open up secondary sites when there's enough demand. We don't view ourselves as in competition with CCoPA and we see ourselves as complementary. 17 qualifying conditions for receiving medical marijuana card: Autism, PTSD are two that are uncommon compared to other states. We're anticipating a large level of potential patients.

What will come out of the dispensaries: everything looks like it comes out of a pharmacy, this is not smoking reefer. They will have nutrition labels and is required and will be monitored by the state.

Delivery methods: vapors, cartridges, strips/tabs that can be taken right under the tongue, balms, sublingual drops for children. Will not be smoked or leaf; for now will not be in edibles.

Other locations are Cranberry Township and Greensburg. Lawrenceville location: Molly is very familiar with Allegheny County. Like the proximity to CHP and transportation. Was driving around and saw a For Sale sign on Jim Jackson's building (Performance Lighting, which lights sporting events around town). At first we wanted to restore, but then looked at it further, it's run down so we plan on building a new building. We will concentrate on interesting designs and similar designs across all 3 locations.

Permitted by right to build 3 stories. Configuration will be similar to what it is now, except with the building pushed back more towards Butler Street. Entrance from 52nd Street with 9 parking spaces, 11,000 sf – about 3,000 sf per floor. This is a cash business so we're required to have interior access where van can pull in and a door can close and transport product in and out of building without being exposed to the outdoors. Patient would walk into vestibule with secured access. Would present card to security, then be let into reception area. First-time patients would be connected with consultants (consultant room). Required to have a doctor or pharmacist on site at all times. Will consult with the medical professional regarding dose and application. Patients who've been there before would go straight to the dispensary and not go through consultation. Loading dock is off of Harrison Street, will walk from there into a vault and then into the operations office.

Interior is a cross between office and a retail area. Want it to be comfortable. Existing building is 2 stories, so going up 1 floor.

Question & Answer Session:

Jerry Smutzer: Drugs were one of the main issues in this neighborhood for years. Now I see this is a proposal to counteract the opioids with marijuana, but to me this seems like you're just changing where you put your money. Now drug addicts are going to get marijuana. Where will it be grown at?

- Keystone Integrated Care: Addiction is not a qualifying condition. Someone who self identifies as an addict is not going to be able to move on to medical cannabis.
- Jerry: What does this have to do with the opioids then?
- Keystone Integrated Care: Studies show that there is a 25% (up to 35%) decrease in opioids where there is access to medical marijuana. What we find is people get hooked on opioids by simple injuries and then get hooked and start using heroin. Chronic pain is a qualifying condition. Those are the patients that go to doctors and get prescribed opioids. Medical marijuana has never killed anyone and is completely non-addictive and furthermore won't provide any psychoactive effects in PA.
- Jerry: If a drug addict ate the whole thing?
- Keystone Integrated Care: They would go to sleep.
- Jerry: Where does it come from?

- Keystone Integrated Care: State says it can't happen in the public view, it happens in private homes. People will not medicate in public. Our grow operation will be in Washington County.

Henry Pyatt: Will there be armed people at your facility and is that part of your policy or state law?

- Keystone Integrated Care: One thing we've been trying to balance. There are going to be situations independent from our standard operating procedures where we're responding to community demand. We've left flexibility for security to have it if required, but it's not something we're pushing and think we can be more pro-active in terms of preventing issues. Waiting on state statute before we can give final answer.

Sara Innamaroto: Will this only be available to people who can afford it?

- It takes a dynamic answer for that. Insurance will not pay for this, period. Insurance companies won't even look at it until it's off Schedule 1 status. In the interim, people who participate will have a sliding scale based off income to determine differing price points. It's an out of pocket industry, unfortunately. If we can capture patient outcome and see what's going on with patient ratios and the qualifying conditions, anyone in the insurance business will have interest in buying down their cost exposure per insurable human being. Working with consultants to identify those outcomes so that it's a co-pay instead of coming out of your paycheck.
- Question: How are you banked?
- Keystone Integrated Care: There are a few banks that are willing to figure this out on the fly, they will probably increase as things move forward.
- Sara: When you talk about subsidizing based on income, what does that look like for someone say on public assistance vs. regular retail?
- Keystone Integrated Care: Hard to say. We've got a lot of moving targets in terms of equipment sizing to meet the market. If someone qualifies, we're going to get it as close to product cost as possible. Right to know requests will make some of this public to hold companies accountable.

Cory Ricci: Assuming you get the license, would you start construction right away or would this be on hold?

- Keystone Integrated Care: Our plan is to go right in the ground in Greensburg right away and then maybe 6 months later start Lawrenceville. Because of potential co-tenants with health and wellness facilities, we want to get the property up fast.

Theresa Orseno: What is the cost?

- Keystone Integrated Care: Pegged to black market cost. A gram is going to be around \$50, for instance. For someone in pain that could last about 2 weeks. Commonwealth is determining some of this. From a patient advocate standpoint, you don't want it to cost triple what's in the black market. We don't want to see it in flower form in PA and combustion is a questionable method of delivery, what we don't understand is the price points. Hopeful that people will

maintain ethical margins. We're an LLC, for profit business, so we obviously need to cover our overhead and such and we also want to provide living wages.

- Theresa: someone who suffers from migraines, they're going to get a bottle of pills...?
- Keystone Integrated Care: Modeling based off other states show that patients might spend between \$100-239 per average transaction. There are outliers in the \$15 and \$1,000 range. There are thresholds how much a patient can purchase that the state has created. For modeling we're planning for about \$200 per transaction.

Jesse Perkins: 2nd and 3rd floor plans?

- Keystone Integrated Care: Resourc3 would be one, consultant group. The other would be PAMCS hopefully. Also looking to save space for doctors, researchers and meetings around, for example, medical credit. We see it as a medical office building.
- Jesse: lay-out for parking, my assumption is that this is for the dispensary. With the office space, do you anticipate needing more parking than that?
- Keystone Integrated Care: People coming for medicine, we also anticipate that they'll be biking and taking public transportation. AGH has a huge parking lot nearby. Not as concerned about patients but figuring out where all the employees go. Looking to lease space nearby.
- Matt Galluzzo: Will this require zoning approval?
- Keystone Integrated Care: Everything is as of right now. Not fighting for anything weird.

Jerry Smutzer: The money in the bank--why would there be an issue? If everything is legit, why would the bank have problems taking cash?

- Keystone Integrated Care: It's legal in the commonwealth of PA but the big asterisk is in no uncertain terms, people who participate are acknowledging that they are violating federal law and that this only applies in the commonwealth jurisdiction.
- Jerry: If it's illegal federally, why would we even have this conversation?
- Keystone Integrated Care: The law federally is saying to each state individually, if you would like medical marijuana you have a right to choose, but federal law is keeping it as a regulated drug. Banks that are federally insured want nothing to do with this as a consequence. However, there are state credit unions and state banks that are permitted to do business with us.

Alex on Carnegie: As the laws expand and if PA starts allowing edibles and recreational, will you expand your business to accommodate that?

- Keystone Integrated Care: We were part of the advocacy that led to the legislation. One thing that PA did well was maintain a medical focus. We don't see ourselves expanding to edible format. Physicians are looking at bio-viability, so there will be a balance of not bringing that into an allowable form. We might see opening up for vaporization in a more broad-based form, but PA is pretty conservative. Our focus is on medically accepted methods of delivery.

Commander Zett: What about folks going to the other office spaces? How will they enter?

- Keystone Integrated Care: Different door, different elevator.

Deirdre Kane: How do you propose to be a great steward as a community partner?

- Keystone Integrated Care: Our big thing is education. Two years ago you couldn't say marijuana in public. Now things are changing. We like to go out and educate to see people that could be benefitting. I had ADD medicine and it was really bad. I have a personal mission to get out there and help the world. Have a written agreement with UPMC to do this education work state-wide.
- Keystone Integrated Care: We're finding that Narcan is great in terms of bringing someone back to life, but there's a resource constraint put on law enforcement and first responders. When someone gets administered Narcan and goes through that cycle, that's a problem for law enforcement and other programs aren't getting as much funding, so we would look for opportunities for community impact that are aligned with our mission.

Dave Breingan: Just to clarify, you will need a special exception through zoning for the use, right?

- Keystone Integrated Care: We've been told that we have to go through a process with zoning but people wouldn't be able to deny it if everything is being done right.

Angela Tuulaupau: In other states, medical marijuana leads to recreational marijuana and that brings a lot of money into those states. This is a highly profitable industry: what are you doing with the profits that's public reaching?

- Keystone Integrated Care: We're committed to host agreement and social responsibility. Don't know what that will be. We're committed to workforce development training in addition to physician training. We found that people that use medical marijuana often come from chronic pain situations and lack basic food and dietary protocols to achieve baseline level of success in wellness. Interested in bringing those kinds of solutions. Want to be a good neighbor. Will take at least 3 years to make profit because the patient population needs to be educated. Not the cash cow you think it is, this takes a while to get up and going. We strive to be very transparent not only in the testing process (what's in the medicine) but also what we're doing in the business community as a medical marijuana company.
- Question: Would that mean investing in community farming and gardening?
- Keystone Integrated Care: Hyper-local focus on sourcing is definitely something we're interested in.

Don Kahler: Will your company be publicly owned at some point?

- Keystone Integrated Care: Staying private for now.

Deirdre Kane: Are you partnering with any of the larger health companies in Pittsburgh?

- Keystone Integrated Care: We've had a lot of interesting conversations with the health community but everyone is pretty handcuffed right now.

Jeff: What are the employment levels per dispensary?

- Keystone Integrated Care: 19-30 in a steady state. Includes security, drivers, behind the scenes staffing. If we were to receive the growing/processing license it would be upwards of 50-75.

Dave Breingan: Your grow facility – will it distribute to other dispensaries?

- Keystone Integrated Care: We are planning on white labeling and contracting with standalone dispensaries. Actively having conversations with companies like Jake's (Cannabis Company of PA). 16 standalone entities that we maintain conversations with around wholesaling.

Theresa: It seems like this is a done deal but you all seem like you don't know.

- Keystone Integrate Care: We're hoping to get notice of award by end of June.

Closed door community discussion – main points

- Team presented gentrification of East Liberty as a positive: gentrification is not what we want in Lawrenceville
- Parking is already bad in Upper Lawrenceville and plans don't provide sufficient parking for their employees and guests
- Want to see more specifics on community benefits – they don't seem to be as community minded as the last dispensary that came out to a community meeting