PLEASE DO NOT REMOVE. FOR INSPECTION ONLY.

EVALUATION SUMMARY SHEET

1.	Applicant Name	Narcy Laughlin-Wagner	
2.	Business Entity Name (if applicable)	Midwest Cultivators Group	
3.	Identified Location Address	9105 State Street Omaha, NE 68122	
4.	Is the application **incomplete**?	YES ☐	NO ☒
5.	Were there any disqualifying criminal convictions for any individuals named in the application	YES ☐	NO ☒
6.	Were there multiple applications by the same applicant?	YES ☐	NO ☒
7.	Did the applicant submit a request to license at an address previously recommended to be offered a license?	YES ☐	NO ☒
8.	Did the application **score 70 or less** on the business plan matrix?	YES ☐	NO ☒

Business plan matrix score 80

Recommendation:

If the evaluator responded yes to any question above, the recommendation is to deny.

If the evaluator responded no to all questions above, the recommendation is to offer.

Recommend an offer?	YES ☒	NO ☐

Evaluator Name	[redacted]

PLEASE DO NOT REMOVE. FOR INSPECTION ONLY.

EVALUATION SUMMARY SHEET

1.	Applicant Name	Nancy Laughlin-Wagner		
2.	Business Entity Name (if applicable)	Midwest Cultivators Group LLC		
3.	Identified Location Address	9105 State Street, Omaha, NE 68122		
4.	Is the application **incomplete**?		YES ☐	NO ☒
5.	Were there any disqualifying criminal convictions for any individuals named in the application		YES ☐	NO ☒
6.	Were there multiple applications by the same applicant?		YES ☐	NO ☒
7.	Did the applicant submit a request to license at an address previously recommended to be offered a license?		YES ☐	NO ☒
8.	Did the application **score 70 or less** on the business plan matrix?		YES ☒	NO ☐

Business plan matrix score 62

Recommendation:

If the evaluator responded **yes to <u>any</u> question** above, the **recommendation is to deny**.

If the evaluator responded **no to <u>all</u> questions** above, the **recommendation is to offer**.

Recommend an offer?	YES ☐	NO ☒

Evaluator Name	[redacted]

PLEASE DO NOT REMOVE. FOR INSPECTION ONLY.

EVALUATION SUMMARY SHEET

1.	Applicant Name	NANCY LAUGHLIN - Wagner	
2.	Business Entity Name (if applicable)	MIDWEST CULTIVATORS GROUP LLC	
3.	Identified Location Address	4514 S. 150 ST. OMAHA, NE 68137	
4.	Is the application **Incomplete**?	YES ☐	NO ☒
5.	Were there any disqualifying criminal convictions for any individuals named in the application	YES ☐	NO ☒
6.	Were there multiple applications by the same applicant?	YES ☐	NO ☒
7.	Did the applicant submit a request to license at an address previously recommended to be offered a license?	YES ☐	NO ☒
8.	Did the application **score 70 or less** on the business plan matrix?	YES ☐	NO ☒

Business plan matrix score 74

Recommendation:

If the evaluator responded yes to any question above, the recommendation is to deny.

If the evaluator responded no to all questions above, the recommendation is to offer.

Recommend an offer?	YES ☒	NO

Evaluator Name [redacted]

PLEASE DO NOT REMOVE. FOR INSPECTION ONLY

From:	Robert Wagner
To:	MCC Contact
Subject:	Submission of Cultivator License Application – Midwest Cultivators Group
Date:	Thursday, September 18, 2025 10:01:19 PM
Attachments:	Midwest Cultivators Group Application.pdf

You don't often get email from rlwagner@hotmail.com. Learn why this is important

Dear Commissioners,

On behalf of Midwest Cultivators Group, I am pleased to submit our completed application materials for consideration by the Nebraska Medical Cannabis Commission. Our team has carefully prepared this submission to demonstrate full compliance with the Commission's requirements and to present a clear plan for responsible, patient-centered cultivation operations within the State of Nebraska.

Enclosed with this email are the following documents for your review:

- Completed Cultivator License Application Form
- Business Plan and Operational Procedures
- Security, Compliance, and Safety Policies
- Financial Disclosures and Proof of Funding
- Supporting Appendices (as outlined in the application checklist)

We respectfully request confirmation of receipt of these materials. Should any additional information or clarification be required, our team stands ready to provide supplemental documentation promptly.

We are committed to ensuring that our operations align with the Commission's standards, Nebraska law, and the highest levels of compliance, safety, and patient care. Thank you for your time and consideration.

Sincerely,

Nancy Laughlin-Wagner
Frank L. Hayes
Dave Kanne

Midwest Cultivators Group

REGISTERED CANNABIS ESTABLISHMENT APPLICATION FORM

License type applying for:

- [x] Cultivator
- [ ] Manufacturer
- [ ] Dispensary
- [ ] Transporter

Name of proposed Registered Cannabis Establishment

Midwest Cultivators Group LLC

Applicant information:

First Name	Nancy	Middle Initial	
Last Name	Laughlin-Wagner		
Date of Birth	[redacted]	Social Security Number	[redacted]
Street Address	4514 S 150th St	Ste #	
PO Box			
City, State	Omaha, NE		
Zip Code	68137		
Telephone Number	(402) 707-9507	Email Address	rlwagner@hotmail.com

If applying on behalf of a business entity:

Name of Entity	Midwest Cultivators Group LLC		
State of Incorporation/Organization		Nebraska	
EIN		Registered Agent	Robert Wagner
Street Address	4514 S 150th St		Ste #
PO Box			
City, State	Omaha, NE		
Zip Code	68137		
Telephone Number	(402) 707-9507	Email Address	rlwagner@hotmail.com

Below, list the name and address of the applicant's officers, directors, managers, or owners, including any minority owner who holds five percent (5%) or more of the financial interests (other than a security interest, lien, or encumbrance) or more than five percent (5%) of the voting interests of an entity, including any parent and subsidiary entities:

Nancy Laughlin-Wagner (34%)
4514 S 150th St.
Omaha NE 68137

Frank Hayes (33%)
2703 N 53rd St.
Omaha NE 68104

Dave Kanne (33%)
24347 190th St
Carroll Iowa 51401

Proposed location of Registered Cannabis Establishment:

Street Address	9105 State Street	Ste #	
PO Box			
City, State	Omaha, NE		
Zip Code	68122		
Telephone Number		Email Address	

Do you own the property and building in which the proposed Registered Cannabis Establishment will operate?	Yes ☐	No ☒
If yes, could you provide proof of ownership upon request by the Commission?	Yes ☐	No ☐
If no, do you have a rental agreement or lease demonstrating your right to use the property?	Yes ☒	No ☐
If you do not own the property, provide the name, address, and contact information for the owner of the property:		
David Wenninghoff 402-699-9143 davidwenninghoff@hotmail.com 6707 Wenninghoff Road Omaha NE 68122		

Civil and administrative action:

Has the applicant or any members, officers, directors, and managers had a citation, fine, sanction, injunction or court judgment levied against them, or a business owned by them, involving cannabis or cannabinoid related operations or sales?	Yes ☐	No ☒

A completed application requires the following:

- A criminal history record information check submitted to the Commission by the Nebraska State Patrol as required by 238 NAC 1.
- A summary of the applicant's business experience and a business plan meeting the following criteria:
    - Proof of financial capability to build, launch, and sustain cultivation, including access to capital, a detailed budget, and funding sources;
    - Facility design and operational readiness, including compliance with all applicable state laws and regulations and a demonstration of readiness to commence operations;
    - Demonstration of how the applicant meets the residency requirements in this chapter;
    - Any experience in operating a business in a regulated industry;
    - Any experience in cannabis cultivation, cannabis manufacturing, or cannabis retail;
    - Leadership team qualifications; and
    - Financial projections for the next year.
- A signed attestation.

APPLICANT ATTESTATION

By signing, I attest to the following:

- That I satisfy the residency requirements in 238 Nebraska Administrative Code (NAC) 1 and have not been convicted of a disqualifying offense as listed in 238 NAC 1;
- That any entity associated with my application, including any members, officers, directors, or managers of associated entities, satisfy the residency requirements in 238 NAC 1 and have not been convicted of a disqualifying offense as listed in 238 NAC 1;
- That I am a United States Citizen who has been a resident of Nebraska for no less than four (4) years immediately preceding the application;
- That any business entity I am applying on behalf of is majority owned by United States Citizen(s) who has been a resident(s) of Nebraska for no less than four (4) years immediately preceding the application;
- That the location of the proposed Registered Cannabis Establishment is not within 1000 feet of a covered location as defined in 238 NAC 1;
- That I have paid all state and local taxes that are due, as well as any additional fees imposed by law;
- That any entity associated with my application has paid all state and local taxes that are due, as well as any additional fees imposed by law;
- That I am in compliance with any applicable state or local laws, regulations, or ordinances;
- That any entity associated with my application is in compliance with any applicable state or local laws, regulations, or ordinances; and
- That I understand that failure to comply with all applicable laws or regulations may result in sanctions against my license.

☑ By checking this box, I understand that by signing this form, either by handwritten signature or electronic signature, I am attesting that the information in this application form and all additionally submitted documents are true, accurate, and complete.

Signature	
Printed Name	Nancy Laughlin-Wagner
Date:	09/16/2025

Upon completion, send this document to:

Email: mcc.contact@nebraska.gov

MIDWEST
CULTIVATORS
GROUP

Medical Cannabis Cultivator Business Plan

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Executive Summary

Midwest Cultivators Group LLC is a proposed medical cannabis cultivator based in Nebraska, established to serve the state's new regulated medical cannabis market. The company will operate an indoor, secure greenhouse facility at a location that complies with all zoning restrictions – over 1,000 feet away from any "covered location" (such as schools, licensed childcare facilities, churches, hospitals, or treatment centers) in full adherence to state law. Operations are slated to commence upon award of a cultivator license, with immediate initiation of facility setup and cultivation activities once licensed.

As one of the limited numbers of cultivator licensees allowed statewide, Midwest Cultivators Group aims to become a leading producer of high-quality medical cannabis for Nebraska's patients. The venture is majority Nebraska-owned and led by experienced industry professionals, ensuring it meets all Nebraska Department of Health and Human Services requirements from day one. Midwest Cultivators Group's mission is to safely cultivate and supply premium medical cannabis to licensed manufacturers, in full compliance with Title 238 Nebraska Administrative Code (NAC) Chapter 1 regulations, and to contribute to the health and economic well-being of Nebraskans.

Ownership and Management

Midwest Cultivators Group is a proposed privately held company owned by Nancy Laughlin-Wagner (34%), Dave Kanne (33%) and Frank Hayes (33%). Nancy Laughlin-Wagner, Frank Hayes and Dave Kanne are U.S. citizens, Nancy and Frank are Nebraska residents of over 30 years, satisfying the state's requirement that a cannabis establishment be majority-owned by a Nebraskan resident (minimum four-year residency). Dave Kanne, a resident of Iowa holds the remaining 33% ownership. All ownership interests and managing individuals are fully disclosed per licensing guidelines. This ownership structure guarantees that Midwest Cultivators Group meets the majority local ownership and residency criteria crucial for license eligibility.

Management Qualifications

Chief Executive Officer

Nancy Laughlin-Wagner has more than two decades of executive leadership experience in hospital operations and managed care. She currently serves as Vice President of Population Health and Clinical Operations at a managed care organization. Her prior roles include Vice President of Patient Care Services at Catholic Health Initiatives – Immanuel Medical Center, Chief Executive Officer at Select Specialty Hospital, and Chief Nursing Officer at OrthoNebraska. Nancy is a Registered Nurse and holds a Master's degree in Healthcare Administration. She has an extensive background in hospital operations, meeting regulatory compliance across multiple agencies, ensuring patient safety, and quality outcomes, as well as setting and achieving strategic organizational goals. Nancy will ensure cultivation operations prioritize patient health and adhere to the highest standards of compliance.

Nancy has no disqualifying convictions, has paid all state and local taxes that are due, remains in good standing and in compliance with both state and local laws regulations and ordinances, and has completed the Name Check with Fingerprints at the Omaha State Patrol Office for submission to the Nebraska Cannabis Commission. Nancy also maintains a proven record of responsible and ethical business practices.

Chief Financial Officer

Frank Hayes will serve in a leadership role as Chief Financial Officer. Frank Hayes is the Founder and President of Hayes & Associates, LLC, a CPA and consulting firm he established in Omaha in 1983. With over 40 years of expertise in accounting, taxation, and governance, Frank has provided financial oversight to hundreds of organizations. He is a Creighton University graduate, an Omaha Business Hall of Fame inductee, and a recognized leader through numerous civic and professional awards. He currently serves on the Creighton University Board of Trustees Emeritus, the Greater Omaha Chamber of Commerce Executive Committee, and multiple nonprofit boards. His leadership emphasizes fiscal responsibility, accountability, and transparency—qualities essential to maintaining compliance with Commission requirements.

Frank has no disqualifying convictions, has paid all state and local taxes that are due, remains in good standing and in compliance with both state and local laws regulations and ordinances, and has completed the Name Check with Fingerprints at the Omaha State Patrol Office for submission to the Nebraska Cannabis Commission. Frank also maintains a proven record of responsible and ethical business practices.

Chief Operations Officer

Dave Kanne brings more than 30 years of direct agricultural and business management experience. Since 1993, he has served as co-owner of a family farming operation, overseeing 1,200 acres in a 50/50 corn and soybean rotation as well as a cattle feeding enterprise. In this role, he is responsible for daily operational decisions, including production planning, crop and livestock marketing, and full-cycle bookkeeping and financial management. This long-standing enterprise has required consistent compliance with federal and state agricultural regulations, environmental requirements, and market standards.

Dave has no disqualifying convictions, has paid all state and local taxes that are due, remains in good standing and in compliance with both state and local laws regulations and ordinances, and has completed the Name Check with Fingerprints at the Omaha State Patrol Office for submission to the Nebraska Cannabis Commission. Dave also maintains a proven record of responsible and ethical business practices.

Summary

The leadership team offers a balanced combination of strategic leadership, business management, operational oversight, and financial stewardship. Their collective strengths ensure that the cultivation operation will be managed with integrity, compliance, and long-term sustainability.

Together, they provide the vision, stability, and accountability required to build and maintain a successful medical cannabis cultivation enterprise that meets regulatory standards and serves patients responsibly.

Demonstration of Applicant Residency Requirements:

Midwest Cultivators Group, LLC is fully owned by United States citizen. Nancy Laughlin-Wagner and Frank Hayes, make up 67% of ownership. Nancy Laughlin-Wagner and Frank Hayes, are Nebraska residents and have each resided in Nebraska for well over four years, thereby satisfying the residency requirements set forth in 238 NAC 1 §005.03.

- **Nancy Laughlin-Wagner** – Nebraska resident since 1993, maintains her primary residence in Omaha, Nebraska.
- **Frank Hayes** – Nebraska resident since 1973 maintains primary residence in Omaha, Nebraska.
- **Dave Kanne** – Iowa resident since birth, maintains his primary residence and Farm in Carroll Iowa, and maintains one home in Omaha, Nebraska and one lake home in Fremont, Nebraska.

Nancy Laughlin-Wagner and Frank Hayes maintain Nebraska driver's licenses, file Nebraska state income taxes annually, and have established long-standing community, professional, and family ties within the state of Nebraska.

Accordingly, Midwest Cultivators Group, LLC fully satisfies the statutory requirement of being majority owned by Nebraska residents of at least four years' standing.

Proposed Physical Location

The applicant is considering has identified a primary site for greenhouse cultivation operations, the property owner have agreed to lease the land to Midwest Cultivators Group for medical cannabis cultivation.

Primary location is leased or potentially purchased land from Wenninghoff Farms, located at:

Primary Site:
9105 State Street, Omaha, NE 68122.

Site Owner:
David Wenninghoff
402-699-9143
davidwenninghoff@hotmail.com
6707 Wenninghoff Road Omaha NE 68122

In compliance with Title 238 NAC 1, Chapter 1, Section 005.08, which prohibits cultivator licenses within 1,000 feet of schools, childcare facilities, churches, hospitals, or treatment centers, a review of public directories and zoning maps confirms that no such covered locations exist within 1,000 feet of 9105 State Street Omaha, NE 68122 Site is zoned agricultural, providing ample buffer space from covered locations or other sensitive community institutions.

Operations Plan

Cultivation Method & Facility: Midwest Cultivators Group will cultivate medical cannabis in an indoor secure greenhouse environment. This approach combines the benefits of natural lighting with the security and environmental control of an indoor facility. The greenhouse will be a fully enclosed, climate-controlled structure designed for year-round cultivation. Key features include high-intensity supplemental grow lights, automated irrigation and fertigation systems, and environmental controls for temperature, humidity, and ventilation. The facility will be segmented into dedicated areas for each stage of plant growth: a propagation area for seeds/clones, a vegetative growth room, a flowering room, and a secure storage/processing area for harvested product. At full capacity, the greenhouse will house up to 1,250 flowering cannabis plants at a time, with additional plants in vegetative and seedling stages to maintain continuous production cycles.

This cultivation method allows precise control over growing conditions, which is essential for producing consistent medical-grade cannabis and for preventing pests and contaminants. Midwest Cultivators Group plans an organic-leaning cultivation practice – using soil-less media or organic soil, and approved organic pesticides only if absolutely necessary – to ensure product safety. All fertilizers, pesticides, or other inputs will be logged in detail, and any use of plant protection chemicals will comply with regulations. By closely monitoring plant health and environmental parameters, the operation will optimize yield and quality while mitigating the risk of mold or pest outbreaks.

Security and Inventory Controls: The facility's design and daily operations will integrate robust security measures. Access to the greenhouse will be tightly controlled – only authorized personnel will enter cultivation areas, using electronic biometric access controls at entry points. The entire premises will be monitored by a 24/7 video surveillance system with interior and exterior cameras, as required by state regulations. Cameras will cover all critical areas (grow rooms, entrances, storage, etc.), and footage will be recorded and stored securely for the minimum duration mandated by the Nebraska Medical Cannabis Commission for one year. An alarm system with motion detectors and intrusion sensors will be installed to provide instant alerts of unauthorized entry or tampering. Midwest Cultivators Group will also employ or contract licensed security personnel to monitor the premises especially during non-operational hours, ensuring a continuous human security presence in addition to electronic systems.

On the inventory side, Midwest Cultivators Group will implement a seed-to-sale tracking system from the moment cultivation begins. Each plant will be tagged and tracked in a state-approved inventory tracking system, recording its lifecycle from seedling to harvest, and each batch of cannabis will be logged through processing and transfer. This system will integrate with

Nebraska's central tracking database once operational, or otherwise utilize a Commission-approved tracking software to ensure real-time inventory records are maintained for every gram of cannabis. Daily inventory reconciliations will be conducted to compare physical plant counts and product weights with the digital records, quickly flagging any discrepancies. This rigorous tracking meets the state's requirements and prevents any diversion of product.

In summary, security and inventory control are woven into Midwest Cultivators Group' operations plan, providing a secure environment for cultivation and an accurate record of all cannabis produced.

Production Process and Workflow: Midwest Cultivators Group will operate on a continual cultivation cycle.

The workflow begins with acquiring genetic stock (seeds or clones) from legal, reputable sources (only from Nebraska-licensed cultivators or out-of-state authorized sources, per regulations). Plants will be cultivated through vegetative growth and then moved to the flowering stage on a planned schedule to enable staggered harvests. After an approximate flowering period of 8–10 weeks (depending on strain), plants will be harvested, and the raw cannabis (flower buds) will be dried and cured in a controlled environment to preserve medicinal quality. Processed flower will be stored in a secure vault area awaiting transfer. Throughout cultivation and post-harvest handling, strict sanitation protocols will be followed.

Employees are required to wear protective clothing at all times. All equipment will be regularly sanitized, and the facility will be maintained to meet strict sanitary standards, preventing any risk of product contamination. Standard operating procedures include scheduled cleanings and routine pest control inspections. In compliance with state regulations, no on-site cannabis consumption is permitted, and minors are prohibited from entering the premises.

When product is ready, Midwest Cultivators Group will package and label the cannabis for transport to a licensed manufacturer. All transfers of product will take place through a licensed transporter, with required manifests documenting each shipment. The operations plan includes procedures for handling waste material as well: any plant waste (e.g. stalks, unusable leaves, trim that is not processed) will be securely stored and then rendered unusable and unrecognizable (for instance, by grinding and mixing with other inert waste) before leaving the facility for disposal. These operational practices ensure that Midwest Cultivators Group can efficiently produce medical cannabis while maintaining strict security, accuracy in inventory, and compliance with all regulatory standards.

Statement of Compliance with Nebraska Medical Cannabis Regulations

Nancy Laughlin-Wagner, Frank Hayes and Dave Kanne affirm that they have paid all state and local taxes due, as well as any additional fees required by law.

Midwest Cultivators Group has developed this business plan to meet or exceed all requirements of the Nebraska Medical Cannabis Commission's Title 238 NAC Chapter 1 emergency regulations, which implement the Nebraska Medical Cannabis Regulation Act. The company is committed to full compliance in every aspect of the operation, from ownership structure to security, recordkeeping, and environmental safety. Below is a summary of how Midwest Cultivators Group will comply with key regulatory requirements:

Zoning and Location: Midwest Cultivators Group will situate its cultivation facility in compliance with all state and local zoning restrictions. No cultivator license will be issued for premises within 1,000 feet of any covered location, and our chosen site meets this requirement by a wide margin. A covered location includes schools, licensed child care facilities, churches, hospitals, or substance abuse treatment centers, and we have verified that the property has no such facilities in its vicinity. The location is appropriately zoned (industrial/agricultural use as needed for cultivation). By adhering to the 1,000-foot buffer zone, Midwest Cultivators Group ensures the community and regulatory concerns about proximity to sensitive locations are fully addressed.

Background Checks: All individuals with an ownership stake or management role in Midwest Cultivators Group have undergone the required fingerprinting and background checks through the Nebraska State Patrol prior to licensure. Nancy Laughlin-Wagner, Frank Hayes and Dave Kanne have already submitted to preliminary background screenings. None are a "prohibited person" under the regulations – meaning they have no felony convictions or controlled-substance offenses in the last ten years, and no history of regulatory violations related to cannabis. Midwest Cultivators Group authorized the Nebraska Medical Cannabis Commission with the necessary authorizations to review our criminal history records. By ensuring all personnel pass these background checks and meet the good character standards, Midwest Cultivators Group will fully satisfy the state's due diligence requirements for licensees.

Ownership & Residency: Midwest Cultivators Group' ownership structure is tailored to meet Nebraska's strict ownership rules. The company is majority-owned by a Nebraska resident (Nancy Laughlin-Wagner with 34% ownership and Frank Hayes with 33%), fulfilling the requirement that more than 51% of the financial interest in the business is held by someone who has been a Nebraska resident for at least four years. Additionally, all owners with over 5% stake (in this case, Frank Hayes, Nancy Laughlin-Wagner and Dave Kanne) are disclosed in the application with their names, addresses, and ownership percentages. We have included statements in our application attesting that we meet the residency and ownership criteria and that no unreported persons have a significant ownership interest. By structuring our company in compliance with these rules, we demonstrate transparency and adherence to 238 NAC 1's ownership disclosure and Nebraska residency mandates.

Recordkeeping: Midwest Cultivators Group will implement a comprehensive recordkeeping system to maintain all required records for at least seven (7) years, as stipulated by the regulations. We will keep detailed sales invoices and transfer records for every batch of medical cannabis that leaves our facility, including information such as the purchaser (licensed dispensary or manufacturer), the date, quantity, product type, and transport manifest details. We will also maintain daily inventory records tracking the type and quantity of all cannabis on site, all daily transactions (plantings, harvests, sales), and reconcile any discrepancies between inventory and transactions. Records of all incoming inventory (e.g. seeds or clones acquired) and outgoing shipments with corresponding transporter manifests will be catalogued. In addition, Midwest Cultivators Group will log every key cultivation activity for compliance and quality control – for instance, when seeds are planted, when plants enter vegetative or flowering stages, harvest dates, destruction of any plants, and disposal of waste. We will record specifics such as the strain (plant type), THC content/potency of each batch, any organic pesticides or fertilizers applied (including product details and ingredients), samples sent for lab testing and their results, and waste destruction events (with date, method, and staff involved). All records will be stored securely (both in our seed-to-sale software and as backup hard copies) and made available for inspection by regulators at any time. This meticulous approach to recordkeeping ensures full traceability of our cannabis from seed to sale, as required by law.

Security Measures: We have developed a comprehensive security plan that meets and exceeds the requirements of 238 NAC 1. All licensed cannabis establishments must implement security measures to prevent unauthorized access and theft of cannabis, and Midwest Cultivators Group is fully committed to this. Our facility will be equipped with continuous 24/7 video surveillance (high-definition cameras covering all areas where cannabis is present, as well as all entrances/exits) and a monitored intrusion detection system. The security system includes motion detectors, door/window sensors, and a centrally monitored alarm that will notify law enforcement or a security company on any breach. We will maintain video recordings and access logs for at least the minimum duration required, one year's worth of access log data, per state rules. The entire premises is access-controlled – all doors to cultivation and storage areas are secured with commercial-grade locks and electronic biometric access control that logs every entry. Only authorized staff will have access credentials, and each credential is unique to the individual to maintain accountability. We will station licensed security personnel on-site especially during night and high-risk periods, as an additional layer of security. Exterior lighting and perimeter fencing will further deter unauthorized entry. Additionally, our security plan covers the secure transportation of product: whenever cannabis is moved off-site, it will be via licensed transporters and accompanied by detailed manifests and tracking to ensure the product reaches its intended destination safely. By implementing these robust measures, Midwest Cultivators Group always ensures the safety and security of the facility and inventory, fully aligning with state security requirements.

Sanitation & Quality Control: Midwest Cultivators Group will adhere to strict sanitation standards to maintain a clean and safe cultivation environment. While the NAC 238 regulations do not explicitly enumerate "sanitation" rules, they effectively require it through the product testing and quality provisions. We will establish Standard Operating Procedures for hygiene: all employees must follow proper hygiene (clean uniforms, gloves, hair nets as needed), and the grow rooms will be cleaned and sterilized regularly to prevent mold, mildew, or other contamination. Equipment such as trimming tools, tables, and drying racks will be sanitized before and after each use. Our cultivation protocols are designed to produce cannabis that consistently passes all required quality tests – each batch of product will undergo independent laboratory testing for potency and contaminants as mandated. Specifically, before any cannabis leaves our facility, a representative sample from the batch will be tested for THC/CBD potency, water activity (moisture content), and the presence of any adulterants or contaminants. We will only release product that comes with a passing Certificate of Analysis confirming it is free of harmful levels of microbes, pesticides, heavy metals, or other adulterants. If any batch were to fail a test, we would strictly follow the Commission's remediation or destruction protocols strictly. By maintaining a sanitary operation and rigorous internal quality checks (inspecting plants for any sign of mold or pest damage, testing our water and growing medium, etc.), we ensure that our medical cannabis is safe for patients and in full compliance with health and safety regulations. No on-site consumption is allowed, and no product will be administered to patients at our facility, preventing any unsanctioned use on the premises. Overall, our focus on cleanliness and quality control not only meets regulatory expectations but also aligns with our mission to provide pure, effective medicine to patients.

Environmental Impact & Waste Disposal: Midwest Cultivators Group is committed to environmentally responsible operations and will comply with all environmental regulations related to cannabis cultivation. We recognize that Nebraska's rules require proper waste management to prevent diversion and environmental harm. All medical cannabis plant waste will be securely stored and recorded, then rendered unusable and unrecognizable before transport for disposal, per state regulations. In practice, this means plant waste (such as roots, stalks, unusable flower trim) will be ground and mixed with other non-cannabis waste (like soil or compost material) to ensure it cannot be scavenged or reused. We will maintain a medical cannabis waste disposal log noting the date, method of destruction, and personnel responsible for each destruction event. Disposal will be carried out in accordance with all applicable federal, state, and local environmental laws – for example, any chemical waste (nutrient solutions, cleaning agents) will be disposed of properly as hazardous waste if required. The facility is being designed with environmental impact mitigation in mind: high-efficiency LED grow lighting and climate control systems will be used to reduce energy consumption, and we will implement a water recycling or filtration system to minimize water usage and prevent nutrient runoff. Odor control filters will be installed in the ventilation system to prevent cannabis odors from affecting the surrounding area. By proactively managing our environmental footprint and strictly controlling waste, Midwest Cultivators Group will operate sustainably and in full compliance with state mandates on waste and environmental safety.

Emergency Procedures: Midwest Cultivators Group has developed an Emergency Response Plan to handle unexpected events or incidents in a manner that prioritizes safety and compliance. Although not explicitly detailed in 238 NAC 1, having emergency protocols is a best practice. Our plan covers fire emergencies, with the facility equipped with fire suppression systems (sprinklers and extinguishers) and an evacuation route for staff. We will coordinate with the local fire department to ensure our facility meets fire codes and that first responders are familiar with the site layout. For security emergencies such as a break-in or attempted diversion, our security system will immediately alert law enforcement and enact lockdown procedures, all staff will be trained on how to safely respond to a security alarm or threat. In the event of natural disasters or severe weather, the building will have a safe area for personnel, and backup power generators will maintain critical systems during any power outage. We have also established emergency communication protocols: a chain of command for decision-making in a crisis, and designated contacts with state regulators in case an incident needs to be reported (for example, any reportable adverse event or security breach will be communicated to the Commission or other required agency promptly). Regular drills and training sessions will be conducted so that employees know how to react swiftly and correctly to various scenarios – from first aid situations to containment of a chemical spill. By planning ahead for emergencies, Midwest Cultivators Group not only protects its employees and assets but also ensures that compliance is maintained even under duress (e.g., securing inventory and records during an incident). This thorough approach to emergency preparedness underscores our commitment to operate safely and responsibly under all conditions.

In summary, Midwest Cultivators Group is fully prepared to meet all regulatory requirements set forth in Title 238 NAC Chapter 1. This comprehensive compliance approach – covering everything from ownership structure and background checks to security, recordkeeping, product testing, and emergency planning – will position Midwest Cultivators Group as a model licensee. We understand that maintaining compliance is an ongoing obligation, and our management will continuously review and update policies to remain aligned with Nebraska law and any future rule updates.

Market and Product Strategy

Target Market: Midwest Cultivators Group' target market consists of registered medical cannabis manufacturers in Nebraska. By serving licensed manufacturers statewide, Midwest Cultivators Group will indirectly serve Nebraska's patient base, ensuring that there is a sufficient supply of safe and effective medical cannabis for those in need. We recognize that Nebraska's regulations initially limit the number of dispensaries and the number of cultivators. This structure means each cultivator, including Midwest Cultivators Group, will play a significant role in supplying a large region of the state. Our strategy is to collaborate closely with manufacturers and dispensaries to forecast demand and align our production volume and strain selection with patient needs across Nebraska.

Product Offerings: As a cultivator, Midwest Cultivators Group will focus on producing high-quality cannabis flower and plant material, which will then be sold to licensed product manufacturers. We will cultivate a diverse range of medical cannabis strains to address different patient needs. This will likely include: high-CBD, low-THC strains (for patients who need symptom relief without strong psychoactive effects, such as those with epilepsy or anxiety disorders), balanced THC/CBD strains, and higher-THC strains (for severe pain, appetite stimulation in chemotherapy patients, etc.). Each strain will be selected for its proven medical efficacy and will be grown to maximize its therapeutic cannabinoid and terpene profile. For example, we may grow strains rich in CBD for anti-inflammatory or anti-seizure applications, and others rich in THC or specific terpenes for chronic pain or insomnia relief. While Nebraska's current regulations prohibit certain forms of cannabis for end-users (such as smoking products or edibles), Midwest Cultivators Group will produce raw cannabis material that can be further processed into allowable forms. We anticipate supplying cannabis flower that product manufacturers can extract into oils, tinctures, capsules, or tablets – forms that Nebraska dispensaries can legally sell under the rules. All products will be clearly labeled and tracked, and we will coordinate with our buyers to ensure our strains meet the formulation needs of the final products they intend to offer patients.

To support our market strategy, we intend to enter into supply agreements or memorandums of understanding once licenses are awarded, to guarantee outlets for our product. Our pricing strategy will be competitive yet sustainable – we will price our wholesale cannabis to allow purchasers to retail it at patient-affordable prices, while still covering our production costs and a fair profit margin. As the patient count grows over time, Midwest Cultivators Group can scale up production (up to our licensed plant count limit) and possibly expand greenhouse capacity, subject to regulatory approval, to meet increasing demand. Conversely, we will remain flexible to adjust production down if the patient uptake is slower than expected, to avoid oversupply. Our cultivation plan's modular nature (multiple grow rooms) allows us to scale operations incrementally.

Proof of Financial Capability

Funding Strategy

Midwest Cultivators Group has the financial capacity to fully fund cultivation operations in Nebraska. The ownership group will provide all required startup capital and operating reserves through personal equity contributions, ensuring that no outside loans are required to initiate or sustain operations. This approach eliminates reliance on debt financing and underscores the long-term commitment of ownership to the success of the enterprise.

The capitalization plan, supported entirely through owner funding, provides the financial stability necessary to meet startup and operating expenses in full compliance with Nebraska Medical Cannabis Commission requirements.

See Addendum C – Proof of Financial Capability

Detailed Financial Statements

Midwest Cultivators Group affirms its willingness to provide detailed personal financial statements directly to the Nebraska Medical Cannabis Commission. These disclosures will be made outside of the public application submission process to ensure both transparency and the protection of confidential financial information.

Primary Source – Owner Funding (100%)

- Owners will provide all startup capital and at least two years of operating expenses.
- These funds cover licensing fees, compliance bonds, facility development, equipment, staffing, and operational reserves.
- This structure demonstrates financial stability and satisfies Nebraska residency ownership requirements.

Statement on Bank Financing

We have intentionally avoided reliance on traditional bank financing because of potential legal conflicts between state-authorized cannabis operations and federal banking regulations.

Our financial position demonstrates both legitimacy and the ability to secure funds through loans if required. While this option provides contingency assurance, it remains the least-preferred source, as our strategy prioritizes owner contributions to maintain compliance, stability, and operational control.

In summary, Midwest Cultivators Group will fully fund all startup costs and at least two years of operating expenses through owner equity contributions, eliminating the need for outside loans and ensuring financial stability. This owner-funded approach satisfies Nebraska Medical Cannabis Commission requirements, demonstrates long-term commitment, and maintains full operational control.

Financial Plan

Midwest Cultivators Group has prepared a preliminary financial plan to ensure the venture is well-capitalized and financially sustainable. In accordance with state application requirements, we will demonstrate proof of financial capability, including a detailed budget and projections for the business. Below are the key components of our financial plan:

*See Addendum "A" for Itemized capital
*See Addendum "B" for Annual operating costs

Startup Capital: $*1,502,500* – This represents the initial capital required to launch operations. It will cover expenses such as facility acquisition or leasehold improvements, greenhouse construction and outfitting, security system installation, initial equipment (lighting, HVAC, irrigation systems), licensing fees, professional services, and initial working capital for salaries and operating costs before revenue commences. The owners have committed personal capital, with additional financing to be obtained through bank funding.

Operating Costs (Annual): *$611,250* per year – Projected ongoing expenses include employee salaries and benefits (for cultivation staff, security personnel, management, etc.), utilities (electricity for lighting and climate control, water, etc.), cultivation supplies (nutrients, growing medium, packaging materials), security monitoring services, insurance premiums (liability insurance, crop insurance), and general administrative costs. We will also allocate funds for regular maintenance of equipment and facility, as well as compliance costs (e.g. software subscriptions for seed-to-sale tracking, lab testing fees for each harvest). A detailed breakdown of monthly operating expenses will be provided in the full financial model.

Facility Design - Construction & Greenhouse Infrastructure

Facility Construction and Greenhouse Infrastructure

Greenhouse Size: To accommodate 1,250 medium-sized plants, we estimate a greenhouse of approximately 10,000 to 15,000 sq. ft. For planning we assume 15,000 sq ft. This allows for ample canopy area (~12 sq. ft. per plant for canopy and aisle space), as well as room for walkways, a processing/drying area, and equipment. The design would likely be a steel-frame greenhouse with polycarbonate or glass panels for durability and insulation. Such structures strike a balance between maximizing sunlight and controlling the environment.

Construction Costs: Commercial cannabis greenhouses typically cost $25–$50 per square foot to build, depending on materials and site conditions. For planning, we use $50/ft² as a high-range estimate to ensure a fully outfitted structure suited to Nebraska's climate (wind and snow loads). This includes foundation work, the greenhouse structure, and basic systems installation. A 15,000 ft² greenhouse at $50/ft² comes to roughly $750,000 for construction. Addendum A, Table 1 details this and other startup capital needs.

Land Acquisition: The facility will be located in a rural area within 50 miles of Omaha. We assume acquiring a parcel of ~5 acres to allow for the greenhouse, driveways, parking, and future expansion. Farmland near Omaha can range from $5,000 to $15,000 per acre depending on proximity to the city. We budget $100,000 to purchase land (e.g. ~5 acres at $20,000/acre). If leasing land, the annual lease cost would be incorporated into operating expenses instead.

Site Preparation: Site work (grading, utilities hook-ups, road access) is included in the construction budget contingency. Nebraska's winters also necessitate a robust concrete foundation/floor and possibly insulation or heating under paths to prevent frost heave. We include a 15% contingency for site prep overruns, given the importance of a solid, climate-resilient structure.

In summary, the greenhouse facility involves a significant upfront investment to build a durable, energy-efficient structure. However, using a greenhouse (vs. an enclosed warehouse) greatly reduces ongoing energy costs by leveraging free sunlight. The translucent design will provide the necessary light for growth while strong steel framing ensures longevity and may even lower insurance premiums due to its durability.

Cultivation Equipment and Systems
A successful year-round cultivation operation requires significant investment in lighting, climate control, and automation beyond the basic greenhouse structure. Key equipment and their costs are summarized below (and were included in Addendum A, Table 1):

- **Lighting:** The greenhouse will use supplemental LED or HID grow lights to maintain optimal light cycles (18-hour vegetative, 12-hour flowering) during short winter days or overcast weather. We budget ~$50,000 for a lighting system, which aligns with industry estimates of $40k–$70k for supplemental lighting in a greenhouse this size. This covers roughly 80–100 high-efficiency LED fixtures (or HID equivalent) plus mounting and electrical work. Using LEDs should lower energy use and heat output, though a mix of HID (HPS) may be used in flowering for spectrum balance. Lighting controls (timers and possibly light sensors) are included to automate schedules and prevent light pollution at night.

- **HVAC and Climate Control:** Maintaining proper temperature and humidity is critical. We allocate ~$50,000 for heating, ventilation, and cooling systems, consistent with partial HVAC costs of $30k–$60k for greenhouse setups. This includes high-capacity heaters (likely gas-fired unit heaters) to keep the greenhouse warm during Nebraska winters, evaporative cooling pads or misting systems for summer cooling, exhaust fans and louvers for ventilation, and dehumidifiers to control humidity (preventing mold during flowering). Environmental controllers will integrate these systems to maintain ideal conditions (e.g. ~75°F and 50% RH in flowering).

- **Irrigation & Fertigation:** To ensure consistent watering and feeding, an automated drip irrigation system will be installed. We budget ~$20,000 for pumps, nutrient reservoirs, drip lines to each plant, and control timers or sensors. This system will deliver nutrient solution to plants on a schedule and can recirculate or drain to waste as needed. Automation helps optimize moisture levels and reduces labor costs. Included here is a water treatment or filtration unit to ensure water quality, and possibly a rainwater catchment system on the greenhouse roof to supplement irrigation water.

- **Benches and Equipment:** Growing 1,250 plants efficiently requires infrastructure like benches or tables, trellis netting for plant support, pruning and harvesting tools, drying racks, and storage containers. We allocate ~$30,000 for these miscellaneous cultivation tools. Some growers opt for movable benches or vertical racks, but in a single-level greenhouse we assume stationary benches that maximize floor space usage.

- **CO2 Enrichment:** Enhancing CO_2 to ~1,000–1,200 ppm during the daytime can significantly boost growth and yields in a closed greenhouse environment. We include ~$10,000 for a CO_2 distribution system (either bottled CO_2 with regulators and piping, or a CO_2 generator tied to the heating system). This system will be used to enrich the atmosphere when vents are closed and lights are on, thereby improving photosynthesis and ultimately increasing yield (contributing to the projected high productivity).

- **Backup Power:** Given the reliance on environmental controls, a backup generator (~$15,000) is included to protect against power outages. This generator would be sized to keep critical systems (lights, fans, security) running for several hours, ensuring plants are not exposed to extreme temperatures or darkness at the wrong phase.

- **Controls & Monitoring:** A centralized climate controller and remote monitoring system (with alerts) will be installed, likely included in HVAC costs. This allows real-time monitoring of temperature, humidity, light levels, and CO_2, and can be managed remotely if needed. Such systems help maintain tight environmental parameters and reduce the risk of crop loss due to equipment failure.

All these equipment investments aim to create an efficient, semi-automated grow that maximizes plant health and yield. The upfront costs are considerable, but by using greenhouse methods (natural light, partial HVAC), we strike a balance between cost and control.

Security Systems and Compliance Infrastructure

Security is a critical component of any cannabis operation, both for legal compliance and asset protection. Nebraska's regulations mandate robust security measures for cultivators, including 24/7 video surveillance, alarm systems, controlled access, and strict inventory tracking. We have planned both one-time and ongoing security costs:

- **Surveillance Cameras:** The facility will be outfitted with a network of high-resolution infrared security cameras covering all interior areas with plants, as well as all entry points and the facility perimeter. At least 30 days of video storage is typically required. We estimate ~$20,000 for the camera system (multiple cameras, NVR storage servers, monitors). This ensures compliance with state rules (continuous recording of all sensitive areas) and deters theft or diversion.

- **Alarm & Access Control:** A professionally installed alarm system will cover doors and windows (with glass-break sensors on the greenhouse, motion detectors inside, etc.). Door access will be controlled by electronic keycard or biometric locks to ensure only authorized staff enter cultivation areas. These systems, plus a panic alarm and backup communications (cellular dialer), are budgeted at ~$10,000. Additionally, a perimeter fence with a secured gate will surround the greenhouse to prevent unauthorized entry (fencing cost included in security budget).

- **Monitoring Service:** We anticipate a monitoring contract with a security company for alarm response, at roughly $500 per month ($6,000/year). This service will alert local law enforcement or on-call security personnel if alarms are triggered outside of normal operating hours. This ongoing cost is included in the operating budget.

- **On-Site Security Personnel:** Security is achieved through technology and strict protocols. To ensure protection after hours, the facility will be staffed by a licensed security guard provided through a contracted security service, in addition to remaining locked and monitored remotely.

- **Seed-to-Sale Tracking:** Compliance tracking systems are a form of security against diversion. Nebraska will implement a state inventory tracking system to log every plant and product. We include in our costs the software and tag fees for this system. Typically, this might cost a few thousand dollars per year (e.g. ~$500 setup and ~$2,000 annual subscription, plus ~$0.25 per plant tag). While a minor cost, it is crucial for compliance: every plant will have a radio-frequency ID tag and every movement (cloning, harvest, disposal) must be recorded. The plan assumes these costs under "compliance software" in the operating budget.
- **IT and Data Security:** All surveillance and tracking data will be kept secure and backed up (with off-site backup for video if required). We budget for necessary networking equipment and IT support as part of either security or administrative costs.

Nebraska's regulations emphasize security *"to safeguard products, premises, and employees"*, including measures like perimeter intrusion detection and personnel ID systems. Our plan meets or exceeds these requirements by investing in a comprehensive security setup. The one-time security installation (~$40k) was detailed in Addendum A, Table 1, and ongoing monitoring and system maintenance are in the operating expenses. These measures not only ensure compliance (avoiding fines or license revocation) but also protect our valuable crop (worth up to $2,000 per pound) from theft, thereby protecting revenue.

Financial Projections

In the first year of full operation, gross revenue is projected at approximately $1.2 million, based on an estimated output of 600 pounds of cannabis sold at an average wholesale price of $2,000 per pound. Revenue is expected to increase in subsequent years as patient demand grows and cultivation methods are refined. Year 2 revenue is projected at $3.0 million (approximately 1,500 pounds at $2,000 per pound), and Year 3 at $4.0 million (approximately 2,000 pounds at $2,000 per pound) with further scaling and operational optimization. These projections will be refined once operations begin and purchase agreements with dispensaries and manufacturers are in place.

Profitability and Break-Even

Based on projected operating expenses of approximately $611,250 per year, the operation is expected to reach break-even during Year 1. By the end of Year 3, the facility is forecast to generate approximately $3.4 million in net profit annually ($4.0 million revenue minus $611,250 expenses), with cumulative profits surpassing the initial startup investment of $1.27 million well before the end of Year 2.

Financial Compliance: We will maintain all required financial records and ensure transparency in our financial operations. All state and local taxes will be paid as due, and appropriate accounting systems will be in place for auditability. Additionally, within 30 days of license issuance, Midwest Cultivators Group will secure the required surety bonds as financial assurance to the state – specifically, a $200,000 reclamation bond (to cover the cost of property restoration or environmental remediation if needed) and a $100,000 performance bond (to ensure lawful operation and compliance). The costs of obtaining and maintaining these bonds have been factored into our financial planning. By having a robust financial plan with capital reserves and required bonds, Midwest Cultivators Group will be well-positioned to operate without risk of financial shortfall, thus protecting patient interests and public safety.

Midwest Cultivators Group is committed to providing the Nebraska Department of Health and Human Services with complete and accurate financial documentation as part of the licensing process, and to remaining financially compliant throughout its operations.

Staffing and Labor Plan (5 Employees)

Our operation will run with a lean team of five full-time employees, which is feasible due to the automation and moderate scale (1,250 plants). Below is the staffing structure and cost:

- **Cultivation Manager / Master Grower (1):** This individual oversees the entire grow operation – from propagation to harvest. Responsibilities include nutrient regimen planning, pest management, staff supervision, and ensuring compliance in cultivation practices. We project an annual salary of $70,000 for this role, reflecting the expertise required.

- **Cultivation Technicians (2):** Two grow technicians will handle daily plant care (watering if not automated, pruning, training plants, monitoring for pests or issues, and assisting in harvests). They also manage post-harvest processing like trimming and drying under the manager's guidance. We budget $50,000 per year each for these positions (total $100,000), which is competitive for agricultural tech roles in the region and accounts for some horticultural experience.

- **Compliance/Quality Manager (1):** This role ensures all record-keeping (seed-to-sale tracking, batch records, lab results) is up to date and that SOPs are followed. They also coordinate testing, manage inventory transfers to buyers (dispensaries or processors), and handle training on security and safety procedures. This position could be combined with an office/administrative manager. We allocate $60,000 per year for this role.

- **Facilities/Security Technician (1):** One employee will double as a facilities maintenance tech and on-site security coordinator. They will monitor the security systems, perform routine maintenance on equipment (HVAC filters, irrigation lines, lighting), and coordinate any repairs or contractors. This jack-of-all-trades position is budgeted at $45,000 per year.

With these five employees, total base payroll is about $275,000 per year. We additionally factor in ~15% for payroll taxes and benefits (health insurance, etc.), bringing the annual labor cost to roughly $316,250. This is reflected in our operating budget table. Each employee will have a defined role but given the small team, there will be cross-training; e.g., during harvest all hands will trim and package, or the compliance manager might step in to water plants if needed.

We expect to operate a single 8-hour shift per day, typically 5 days a week for routine tasks, with some staggered weekend checks or on-call rotations for critical systems (plants still need monitoring 7 days a week). Overtime or part-time help may be needed during peak harvest times. We've included some buffer in the labor budget for seasonal labor or overtime.

This staffing plan should suffice for 1,250 plants because of automation (e.g., automated irrigation reduces manual watering labor). Industry benchmarks often see a ratio of around 200–300 plants per full-time cultivator in controlled environments, so our 1,250 plants with 3 full-time cultivation-focused staff (manager + 2 techs) is within norms. The lean team keeps labor costs controlled, which is crucial in an industry where prices can drop over time.

Operating Costs: Initial and Annual Expenses

Operating expenses cover the ongoing costs to run the business after the initial setup. We distinguish initial working capital (the funds needed to sustain operations before revenue starts) and recurring annual operating costs once the facility is fully running. Below is an overview of these costs, with Addendum B Table 2 providing an annual budget breakdown:

- **Utilities (Energy and Water):** Operating a greenhouse of this size will incur substantial utility bills. We anticipate electricity usage for supplemental lighting (especially in winter), fans, pumps, and dehumidifiers, as well as natural gas or propane for heating. Based on similar operations, we budget around $6,000 per month in utilities on average, which is $72,000 per year. In winter months, heating will drive costs up, whereas in summer, lighting use is lower but cooling fans run more. Water costs for irrigation are modest (cannabis is not very water-intensive compared to field crops, and we may use well water if available). We include water and sewer in this utility estimate as well. This level of utility expense aligns with greenhouse energy savings – by contrast, a fully indoor grow of comparable output could easily exceed double this in electricity costs.

- **Consumable Supplies:** This includes nutrients/fertilizers, growing media (soil or coco coir for pots), pots or grow bags, pest control products (integrated pest management supplies), CO2 refills, and general grow room supplies (gloves, pruning shears, packaging for product, cleaning supplies, etc.). For 1,250 plants with multiple cycles, nutrients and media are significant costs. We estimate $100 per plant per year in consumables, which yields ~$125,000 per year. This rough estimate encompasses everything from root cubes for cloning to soil amendments and organic pesticides. For instance, nutrients might cost $0.50 per plant per day during growth, and if each plant lives ~4 months, that's ~$60 each; add soil/pot replacement at $5 and other incidentals, it accumulates. Our $125k/year allotment covers these ongoing cultivation inputs. In the first cycle, initial supplies (e.g., mother plants or seeds, initial soil fill) were covered as startup inventory ($5k in Addendum A, Table 1).

- **Laboratory Testing Fees:** As mentioned, we allocate $20,000 per year for required lab testing of cannabis flower batches. This assumes perhaps 40 tests a year at ~$500 each (depending on batch sizes and state rules). Each test will measure THC/CBD potency and confirm absence of contaminants to comply with safety standards. It's a necessary cost of doing business and ensures product quality for patients. Failing tests could incur additional costs for remediation or destroying product, so we will also invest in in-house QA to minimize that risk.

- **Insurance and Bond Premiums:** We combine these compliance-related overheads at roughly $20,000 per year (insurance) plus $10,000 per year (bond premiums). So about $30,000/year total for insurance, bonding, and any license renewals. This ensures we remain fully licensed and insured.

- **Security Monitoring & Maintenance:** Ongoing security costs (~$6k/year for monitoring service, as noted) plus maintenance of cameras, alarms, and access systems (we budget a few thousand for repairs or upgrades each year). We roll this into a "Security/Monitoring" line of about $10,000/year in the operating budget. It covers the alarm monitoring contract and an allowance for equipment service (e.g., replacing a failed camera or alarm battery changes).

- **Equipment Maintenance:** Beyond security, other equipment will need upkeep. HVAC filters must be replaced, light bulbs (if HID) changed periodically, irrigation lines cleaned, etc. We set aside $10,000/year for general facility maintenance. This also covers any greenhouse structural maintenance (e.g., replacing polycarbonate panels every so often or snow removal costs in winter from the roof if needed).

- **Administrative & Miscellaneous:** This includes office supplies, software subscriptions (accounting software, compliance software), legal/accounting fees for annual tax filings (notably cannabis businesses face IRS 280E tax restrictions, so accounting is specialized), and any marketing (minimal in a cultivation wholesale business, perhaps just some branding materials or attending industry events to build client relationships). We estimate $10,000/year for these miscellaneous overhead costs.

- **Contingency:** It's prudent to have a contingency for unexpected expenses (equipment failure, pest outbreak requiring crop destruction, etc.). While not explicitly listed in the budget, we would maintain a cash reserve. Our initial working capital of $150k was partly for this reason, and as operations proceed we'd aim to keep 1–2 months of expenses in reserve (~$80k) for emergencies.

Implementation Timeline

Midwest Cultivators Group has developed an actionable timeline to launch operations, assuming a cultivator license is awarded. The timeline below outlines key milestones from the point of license approval to achieving full operational status:

License Award (Day 0): Upon notification of award of the medical cannabis cultivator license, Midwest Cultivators Group' owners will immediately convene a project launch meeting. We will review licensing conditions with our legal counsel and ensure all initial compliance tasks (such as fee payments or documentation submissions) are completed. This day marks the official start of the project.

Within 1 Month of License Award:

- o **Site Secured & Preparations:** Finalize the lease or purchase of the chosen facility site and acquire all necessary permits. Begin any necessary site modifications or construction for the indoor greenhouse. Contractors will be scheduled to start work on installing greenhouse structures, HVAC, lighting, and security infrastructure.

- o **Regulatory Filings:** Submit proof of required surety bonds to the Commission within 30 days of licensure (this includes filing a $200,000 reclamation bond and a $100,000 performance bond naming the State of Nebraska as beneficiary). Also, register (if available) with the Nebraska seed-to-sale tracking system and obtain any state-issued inventory tracking tags or credentials, or purchase license to seed tracking system.

- o **Staffing Up:** Initiate the hiring process for key personnel. Post job listings and conduct interviews for critical roles such as Master Grower (lead cultivator), compliance manager, security lead, and cultivation technicians. By the end of Month 1, make initial hires of at least the Master Grower and a security manager to assist with setup.

Month 2 – Month 3: Facility Build-Out and Systems Integration:

- o Complete the build-out of the cultivation facility. Erect and equip the greenhouse structure with all necessary systems: install grow lights, benches, hydroponic/irrigation systems, ventilation fans, odor control filters, and backup generators. Set up the drying/cure room and storage vault.

- o Install and test all security systems. This includes mounting all surveillance cameras and sensors, testing the alarm system, and programming the access control locks for all secure doors. Conduct a security audit with our security consultants to ensure the system covers all required points and is functioning as intended.

- **Seed-to-Sale Tracking Setup:** Implement the inventory tracking software. Input initial inventory (e.g., assign unique ID tags for equipment or initial seeds/clones if they have arrived) and ensure the Master Grower and relevant staff are trained on using the system correctly.

- **Develop SOPs & Training:** During this period, management will finalize Standard Operating Procedures for cultivation, security protocols, recordkeeping, sanitation, and emergency actions. Train all hired staff in these procedures. We will also conduct a mock compliance inspection internally to verify all aspects (security, records, facility specs) are ready for operation and meet regulatory standards.

- **Community & Compliance Checks:** Invite the local fire department or building inspectors to review the facility for any final safety compliance checks. Address any minor issues they identify. Maintain open communication with the Medical Cannabis Commission for any pre-operational inspections or questions.

Month 4: Commence Cultivation Operations:

- Acquire starting plant material (seeds or clones) from approved sources. All acquisitions will be logged into the tracking system with corresponding manifest from the supplier.

- Begin the first cultivation cycle: plant seeds or transplant clones into the cultivation area under the care of the Master Grower. This marks Day 1 of the first grow cycle.

- Continue hiring any remaining staff needed as operations scale up (additional growers or trimmers who will be needed closer to harvest).

- Implement daily recordkeeping: start maintaining cultivation logs, feeding schedules, growth observations, etc., as plants develop. The compliance manager will double-check that all required record categories (as per 238 NAC 1) are being populated from the outset.

Month 5 – Month 6: Operational Ramp-up:

- The plants will be in vegetative growth and then induced to flower according to the cultivation schedule. During this time, we'll monitor plant health and adjust environmental conditions as necessary.

- **Quality Assurance in-process:** The team will scout plants regularly for any pests or issues, applying organic pest management if needed and documenting it. We will also conduct internal testing of a small leaf/soil sample mid-cycle to ensure no contaminants are present (as a proactive quality measure).

- By Month 6, the first batch of plants should be nearing harvest. Begin preparing the harvest area (cleaning and sanitizing all equipment, setting up drying racks, etc.). Coordinate with an independent testing laboratory to schedule sample collection for compliance testing of the first harvest.

Month 6 – Month 7: First Harvest and Testing:

- **Harvest:** In approximately Month 6 or 7 (around 10-12 weeks from planting, depending on strain), perform the first harvest. Plants will be cut, trimmed, and moved to the drying room under controlled conditions. Assign lot numbers to the harvest batch and enter all details into the tracking system.

- **Lab Testing:** Once the product is dried and cured (late Month 6 or 7), collect representative samples of the batch and send them to the licensed cannabis testing laboratory for the required analyses (potency, microbes, pesticides, etc.). Ensure a strict chain of custody for the samples and record all results upon receipt. We expect the lab results turnaround within a week. If any results indicate a need for remediation (which is not expected due to our careful cultivation, but plans are in place), follow the Commission's remediation protocol immediately.

- **Packaging:** While awaiting test results, begin packaging the dried flower into bulk containers or final containers as appropriate for transfer. Each package will be labeled with the tracking information and pending lab approval status. No product will be released until passing lab results are confirmed.

Month 7: Distribution of First Products:

- Assuming the first harvest passes all quality tests, Midwest Cultivators Group will proceed to transfer the product to market. Coordinate with licensed dispensaries and/or product manufacturers that have agreed to purchase our inaugural batch. Generate the required transport manifests detailing the product weight, destination, etc.

- Use a licensed transporter to deliver the product. Each delivery will follow state manifest requirements and security protocols for transportation.

- Revenue generation begins with these first sales. Simultaneously, we will solicit feedback from the buyers on product quality and any adjustments they might need for future batches (e.g., different trimming, moisture levels, etc.).

Month 8 and Beyond: Full Operational Status and Expansion:

- Having completed the first cultivation cycle, Midwest Cultivators Group will move into a continuous production mode. New cycles of plants will be in progress (we plan overlapping cycles so that as one batch is harvested, another is mid-growth, etc., to ensure a steady supply). We will analyze performance from the first cycle (yield per plant, potency results, any issues encountered) and apply lessons learned to subsequent cycles to improve efficiency and quality.

- **Scaling Up:** By Month 8-9, aim to reach full capacity – i.e., maintaining the maximum number of plants allowed in flowering (1,250) at all times, with additional plants in vegetative stages ready to replace harvested ones. This will enable us to hit our target annual production rate.

- **Ongoing Compliance and Monitoring:** Continue to conduct regular compliance audits internally. Prepare for any unannounced inspections by the Commission or law enforcement by keeping all records up-to-date and the facility in strict compliance at all times. By the end of the first year, schedule a comprehensive review of our operations plan against any updated regulations or guidance from the Commission, and make any needed adjustments.

- **Financial and Market Evaluation:** Around Month 12, evaluate the financial performance (actual costs vs. projections, revenue vs. expectations) and adjust the business plan accordingly. Also, assess market conditions – for example, if patient numbers are growing, consider steps to further increase output or efficiency; if there are bottlenecks in distribution (like limited dispensaries), adapt by possibly diversifying strain offerings to what's most needed.

- **Future Milestones:** Looking beyond the first year, key milestones will include reaching profitability, potentially expanding facility capacity (if laws permit and demand supports it), and integrating any new technology or methods to remain a leader in quality. Any expansion or major changes will be done in consultation with regulators to ensure continuous compliance.

By following this implementation timeline, Midwest Cultivators Group aims to smoothly transition from licensure to active operation, ensuring that by the end of the first year we are operating at full scale and providing consistent supply to the Nebraska medical cannabis market. Each step of the timeline has been crafted to maintain compliance with regulatory and to build the business methodically, with an emphasis on safety, quality, and regulatory adherence at every stage.

Throughout this process, Midwest Cultivators Group will maintain open communication with the Nebraska Department of Health and Human Services and the Medical Cannabis Commission, promptly addressing any issues that arise and demonstrating our reliability as a state licensee. With this careful planning and execution, Midwest Cultivators Group will be fully operational and contributing to Nebraska's medical cannabis program on schedule, while upholding the highest standards of business practice and legal compliance.

Addendum A - Itemized Startup Capital

Itemized Startup Capital Requirements

Table 1. Startup Capital Estimates – *Initial costs to establish the cultivation facility (one-time expenditures).*

Startup Item	Estimated Cost
Land Purchase (approx. 5 acres)	$100,000
Greenhouse Structure (15,000 sq ft @ ~$50/ft²)	$750,000
Environmental Control Systems (built-in infrastructure, included above)	–
Construction Subtotal (structure + land)	**$900,000**
Supplemental Grow Lights (LED/HID fixtures, wiring)	$50,000
HVAC & Climate Control (heaters, fans, evap coolers, dehumidifiers)	$50,000
Irrigation & Fertigation System (drip lines, pumps, tanks, automation controls)	$20,000
Benches, Trays, and Grow Equipment (plant tables, trellis, pruning tools)	$30,000
CO2 Enrichment System and Sensors	$10,000
Backup Generator (for power outages)	$15,000
Cultivation Equipment Subtotal	**$175,000**
Security System (cameras, alarms, access control, fencing)	$40,000
Initial Inventory (Clones/Seeds to start genetics)	$5,000
Licensing Application Fee (Nebraska cultivator license)	$10,000
First-Year License Fee (Nebraska, small/mid producer)	$10,000
Regulatory Bonds Required (Reclamation + Performance)	$30,000*
Professional Services (legal, architectural, engineering fees)	$30,000
Initial Working Capital (3–6 months operations before revenue)	$150,000
Other Startup Costs Subtotal	**$275,000**
Base Total (Construction + Equipment + Other Costs)	**$1,350,000**
15% Contingency Reserve	**$202,500**
Grand Total (Capital + Contingency)	**$1,502,500**

*Bond Note: $20k reclamation bond + $10k performance bond filed with the state. Typically secured via surety (~5% annual premium ≈ $1,500), not a direct full expenditure, but capital must be available.

Addendum B – Annual Operating Costs

The initial working capital ($150k) covered the first few months of these expenses until first revenue came in. Now that we have a sense of each line item, Table 2 presents the projected recurring annual operating costs once the facility is at steady state:

Table 2. Annual Operating Budget – *Ongoing yearly costs after startup (at full production capacity).*

Expense Category	Annual Cost (USD)	Notes
Labor (5 Staff)	$316,250	(Salaries + 15% taxes/benefits)
Electricity & Fuel Utilities	$72,000	(Lighting, HVAC, pumps; average $6k/month)
Water & Wastewater Utilities	$5,000	(Irrigation water; modest cost or well maintenance)
Nutrients & Grow Media	$80,000	(Fertilizers, soil/coco, additives for all cycles)
Other Cultivation Supplies	$45,000	(Pest control, CO_2, trimming supplies, packaging)
Lab Testing & QA	$20,000	(3rd-party lab fees for product testing)
Security Monitoring & System Maint.	$10,000	(Alarm monitoring ~$6k + equipment upkeep)
Insurance (Property, Liability, Crop)	$20,000	(Premiums for comprehensive coverage)
Bond Premiums	$15,000	(Surety bond annual cost for $300k coverage)
License Fee (Annual Renewal)	$10,000	(State cultivator license renewal fee)
Seed-to-Sale System & Compliance Software	$3,000	(Seed tags & software, other compliance tools)
Professional Services (Acctg/Legal)	$5,000	(Accounting, legal, and tax preparation)
Property Tax & Insurance	$10,000	(Local property taxes on land/facility)
Total Annual Operating Costs	**$611,250**	*Approximately $50,940 per month*

Table 2: Projected annual operating expenses for the greenhouse operation at full scale.

The above $611k/year (around $50k/month) is the expected cost to keep the business running. In the very first year, actual expenses will be a bit lower since full production ramps up over months (for example, nutrients usage and lab testing costs will scale with production).

HAYES & ASSOCIATES, L.L.C.
CPAs | Consultants

September 17, 2025

Nebraska Medical Cannabis Commission
301 Centennial Mall South
Lincoln, NE 68508

Re: Proof of Financial Capability – Application for Cultivator License

Members of the Commission,

On behalf of Midwest Cultivators Group, I offer this letter in support of Midwest Cultivators Group our application to be licensed as a cultivator of medical cannabis in the State of Nebraska. As one of the owners of Midwest Cultivators Group, I, Frank L. Hayes, wish to affirm that we possess the financial capability and access to capital necessary to build, launch, and sustain a compliant and successful cultivation operation.

Through my role as Managing Shareholder of Hayes & Associates, LLC, a Nebraska-based accounting and advisory firm, I have developed extensive expertise in financial management, capital planning, and sustainable business operations. These professional skills, along with my personal resources and established financial relationships, will directly support the financial foundation of Midwest Cultivators Group.

Specifically, our team is able to provide:

1. **Access to Capital** – Verified banking relationships and lines of credit sufficient to cover construction, equipment acquisition, initial operating costs, and working capital needs.
2. **Established Financial Reserves** – Ownership resources and liquidity positioned to serve as a reliable funding base throughout the build-out and launch phases.
3. **Operational & Financial Expertise** – A demonstrated history of managing complex financial operations and regulatory compliance, which will be applied to ensure the responsible stewardship of cultivation operations.
4. **Sustainability Planning** – A comprehensive financial framework that anticipates operating costs, cash flow management, and capital reinvestment to secure the long-term viability of the cultivation business.

As an ownership group, we are fully committed to ensuring that Midwest Cultivators Group is financially sound, regulatory compliant, and strategically positioned to serve Nebraska patients, support the state's medical cannabis program, and contribute to local economic growth.

Thank you for your consideration. Please do not hesitate to contact me should you require additional information or supporting documentation.

Respectfully,

Frank L. Hayes

Frank L. Hayes

STATE OF NEBRASKA

United States of America, } ss.
State of Nebraska }

Secretary of State
State Capitol
Lincoln, Nebraska

I, Robert B. Evnen, Secretary of State of the State of Nebraska, do hereby certify that

MIDWEST CULTIVATORS GROUP LLC

was duly formed under the laws of Nebraska on September 16, 2025;

all fees, taxes, and penalties due under the Nebraska Uniform Limited Liability Company Act or other law to the Secretary of State have been paid;

the Company's most recent biennial report required by section 21-125 has been filed by the Secretary of State;

the Secretary of State has not administratively dissolved the company;

the Company has not delivered to the Secretary of State for filing a Statement of Dissolution;

a Statement of Termination has not been filed by the Secretary of State.

This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's financial condition or business activities and practices.

In Testimony Whereof,

I have hereunto set my hand and affixed the Great Seal of the State of Nebraska on this date of

September 17, 2025

Secretary of State

Verification ID 7af9cc6 has been assigned to this document. Go to ne.gov/go/validate to validate authenticity for up to 12 months.

NEBRASKA STATE PATROL
CRIMINAL HISTORY RECORD CHECK RECEIPT

SEND TO:

MEDICAL CANNABIS COMMISSION
MCC
PO BOX 95046
LINCOLN, NE 68509

REQUESTED BY:

NANCY ANN LAUGHLIN-WAGNER
4514 S 150TH ST
OMAHA, NE 68137

RECEIPT NUMBER : 2025NF507366

RECEIPT DATE : 9/17/2025

PAYMENT INFORMATION:

PAYMENT TYPE	REFERENCE NUMBER		PAYMENT AMOUNT
INTERNET	94407770		$30.00
		TOTAL :	$30.00

REFERENCE :

LAST NAME	FIRST NAME	MIDDLE	SUFFIX
LAUGHLIN-WAGNER	NANCY	ANN	

CRIMINAL IDENTIFICATION DIVISION
NEBRASKA STATE PATROL
4600 Innovation Dr.
LINCOLN, NEBRASKA 68521
PHONE: (402) 479-4971
SECURE FAX: (402) 479-4321

NEBRASKA STATE PATROL
CRIMINAL HISTORY RECORD CHECK RECEIPT

SEND TO:

MEDICAL CANNABIS COMMISSION
MCC
PO BOX 95046
LINCOLN, NE 68509

REQUESTED BY:

FRANK L HAYES
2703 N 53RD ST
OMAHA, NE 68104

RECEIPT NUMBER : 2025NF507423

RECEIPT DATE : 9/17/2025

PAYMENT INFORMATION:

PAYMENT TYPE	REFERENCE NUMBER	PAYMENT AMOUNT
INTERNET	94408474	$30.00
	TOTAL :	$30.00

REFERENCE :

LAST NAME	FIRST NAME	MIDDLE	SUFFIX
HAYES	FRANK	L	

CRIMINAL IDENTIFICATION DIVISION
NEBRASKA STATE PATROL
4600 Innovation Dr.
LINCOLN, NEBRASKA 68521
PHONE: (402) 479-4971
SECURE FAX: (402) 479-4321

NEBRASKA STATE PATROL
CRIMINAL HISTORY RECORD CHECK RECEIPT

SEND TO:

MEDICAL CANNABIS COMMISSION
MCC
PO BOX 95046
LINCOLN, NE 68509

REQUESTED BY:

DAVID LAWRENCE KANNE
24347 190TH ST
CARROLL, IA 51401

RECEIPT NUMBER : 2025NF507369

RECEIPT DATE : 9/17/2025

PAYMENT INFORMATION:

PAYMENT TYPE	REFERENCE NUMBER		PAYMENT AMOUNT
INTERNET	94351414		$30.00
		TOTAL :	$30.00

REFERENCE :

LAST NAME	FIRST NAME	MIDDLE	SUFFIX
KANNE	DAVID	LAWRENCE	

CRIMINAL IDENTIFICATION DIVISION
NEBRASKA STATE PATROL
4600 Innovation Dr.
LINCOLN, NEBRASKA 68521
PHONE: (402) 479-4971
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