

Advanced Hemp, Inc.

8687 Melrose Ave., G-320, West Hollywood, CA 90069

Maribel Zheng, Tax Manager

Date: March 31, 2021

Application Facts:

Industry **Manufacturing - Plant Fertilizer**
 NAICS **325300**
 Type of App **New**
 Location **Clark County**
 RDA LVGEA, Michael Walsh

Company Profile

Advanced Hemp, Inc. (Advanced Hemp) is considering establishing a facility in the City of North Las Vegas. The facility will be dedicated to the production of powder and liquid fertilizer. The company is a leading innovator in the field of hydroponics producing premium hydroponics and traditional horticultural products and solutions for global commercial and domestic use. Advanced Hemp is committed to developing products that benefit everyone on a global level as well as tight-knit local communities. By providing high-tech, modern and affordable products, Advanced Hemp helps farmers improve crop yields domestically and in third world countries. The company's R&D team is now recognized as one of the worlds most productive and innovative research teams of significant hydroponic technologies for the indoor grower. *Source: Advanced Hemp, Inc.*

Tax Abatement Requirements:	Statutory	Company Application	Meeting Requirements
Job Creation	50	50	Yes
Average Wage	\$24.16	\$26.51	Yes
Equipment Capex (SU & MBT)	\$1,000,000	\$8,159,769	Yes
Equipment Capex (PP)	\$5,000,000		Yes
Additional Requirements:			
Health Insurance	65%	80%	Yes
Revenues generated outside NV	51%	75%	Yes
Business License	<input type="checkbox"/> Current	<input type="checkbox"/> Pending	<input checked="" type="checkbox"/> Will comply

Total Tax Liability (without tax abatements) **\$10,773,915**

Tax Abatements	Contract Terms	Estimated Tax Abatement
Sales Tax Abmt.	2% for 2 years	\$520,185
Modified Business Tax Abmt.	50% for 4 years	\$88,136
Personal Property Tax Abmt.	50% for 10 years	\$275,180
Total Estimated Tax Abatement over 10 yrs.		\$883,501

Net New Tax Revenues	Direct	Indirect	Taxes after Abatements
Local Taxes			
Property	\$310,408	\$4,328,236	\$4,638,644
Sales	\$0	\$2,333,810	\$2,333,810
Lodging	\$0	\$122,703	\$122,703
State Taxes			
Property	\$16,977	\$251,840	\$268,817
Sales	\$163,195	\$778,911	\$942,106
Modified Business	\$696,419	\$848,493	\$1,544,912
Lodging	\$0	\$39,422	\$39,422
Total Estimated New Tax Revenue over 10 yrs.	\$876,591	\$9,013,823	\$9,890,414

Economic Impact over 10 yrs.	Total	Construction	Total
Total Jobs Supported	287	0	287
Total Payroll Supported	\$125,630,702	\$0	\$125,630,702
Total Economic Value	\$813,161,756	\$0	\$813,161,756

IMPORTANT TERMS & INFORMATION

Tax Abatements are reduction or discount of tax liability and companies do not receive any form of payment.

Total Estimated Tax Abatement is a tax reduction estimate. This estimated amount will be discounted from total tax liability.

Estimated New Tax Revenue is amount of tax revenues local and state government will collect after the abatement was given to applying company.

Economic Impact is economic effect or benefits that this company and it's operations will have on the community and state economy measured by total number of jobs, payroll and created output.



February 17, 2021

Mr. Michael Brown
Executive Director
Nevada Governor's Office of Economic Development
555 E. Washington Avenue, Suite 5400
Las Vegas, Nevada 89101

Dear Mr. Brown,

Advanced Hemp, Inc. is applying to the State of Nevada for the Sales & Use Tax Abatement, the Modified Business Tax Abatement, and the Personal Property Tax Abatement. We request that Advanced Hemp, Inc. be placed on the agenda for the March 31, 2021 GOED Board meeting.

Advanced Hemp, Inc. will create 50 new positions in the first 24 months of operations, with an average hourly wage of \$26.51. The company will make a capital investment of \$8,159,769.00.

Advanced Hemp, Inc. meets and exceeds the three requirements for tax abatements. This application has the full support of the Las Vegas Global Economic Alliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Walsh", with a stylized flourish at the end.

Michael Walsh
VP Economic Development
Las Vegas Global Economic Alliance

January 29, 2021

Mr. Michael Brown
Executive Director
Governor's Office of Economic Development
808 West Nye Lane
Carson City, NV 89703

Dear Mr. Brown,

By way of this letter and the attached application, Advanced Hemp, Inc. is requesting tax incentives to assist with our planned operation in the state of Nevada. Recent strategic planning has the company focused on creating a presence in Nevada. A big part of this consideration is the economic incentives offered by the state. A review of our operating costs has shown that we will have lower operating costs in Nevada than we have at our headquarters in California. We anticipate hiring 50 full-time employees at an average wage of \$26.51 within our second year of operations.

A brief history of our company along with an overview of our products is attached. Incorporated in 2019 as a Subchapter C corporation for federal tax purposes, with its headquarters in California State, Advance Hemp, Inc. develops and manufactures premium hydroponics and traditional horticultural products and solutions for global, commercial, and domestic use in the cultivation of vegetables, ornamentals, and grasses (NAICS code 325300).

The economic development incentives offered by the State of Nevada have been an integral factor in our decision making process to locate our operation here in the state. Advanced Hemp, Inc. was examining multiple locations throughout the western states and ultimately, after much due diligence and economic feasibility analysis, Nevada was chosen for its overall incentive package and pro business climate.

We are considering opening a 100,000 sq. ft. facility within the next few months.

Our experience with representatives from the Las Vegas Global Economic Alliance has been positive and we look forward to your approval of our application to assist us with our efforts to expand in your state. If you have any questions, please feel free to call me. Thank you for your time and consideration.

Sincerely,

Michael Straumietis

Michael Straumietis
CEO
Advanced Hemp, Inc.

Enclosures.

ADVANCED HEMP, INC.

Mr. Michael Brown
Executive Director
Nevada Governor's Office of Economic Development
555 E. Washington Ave.
Las Vegas, NV 89101

RE: REQUEST FOR CONFIDENTIALITY OF RECORDS AND DOCUMENTS

Dear Director Brown:

On January 29, 2021, Advanced Hemp, Inc. submitted an application to you as the Executive Director of the State of Nevada Governor's Office of Economic Development ("GOED") requesting approval of economic incentives for their new operation in Nevada. The purpose of this letter is to request confidentiality pursuant to Section 4 of Assembly Bill No. 17 (2015 Regular Session) as codified in NRS 231.069.

Please be advised Advanced Hemp, Inc., specifically deems the following information proprietary and confidential:

- 1) The detailed schedule of Employment List
- 2) The detailed schedule of Capital Equipment List

Thank you for your consideration. If you have any questions or require any further information, please do not hesitate to contact me.

Very truly yours,

Michael Straumietis

Michael Straumietis
CEO

REQUEST FOR CONFIDENTIALITY DETERMINATION

Pursuant to NRS 231.069, and upon the request of applicant Advanced Hemp, Inc. the Executive Director of the Office has determined the:

- (i) The detailed schedule of Capital Equipment List, 5(A)
- (ii) The detailed schedule of Employment List, 5(B)

are confidential proprietary information of the business, are not public records, and shall be redacted in its entirety from the copy of the application that is disclosed to the public.



Michael Brown
Executive Director

February 9, 2021

Date

ECONOMIC DEVELOPMENT

Incentive Application

Company Name: Advanced Hemp, Inc.
 Date of Application: January 29, 2021

Company is an / a: (check one)

- New location in Nevada
 Expansion of a Nevada company

Section 1 - Type of Incentives

Please check all that the company is applying for on this application:

- Sales & Use Tax Abatement
 Modified Business Tax Abatement
 Personal Property Tax Abatement
 Sales & Use Tax Deferral
 Recycling Real Property Tax Abatement
 Other: _____

Section 2 - Corporate Information

COMPANY NAME (Legal name under which business will be transacted in Nevada) <u>Advanced Hemp, Inc.</u>			FEDERAL TAX ID # <u>30-1220901</u>
CORPORATE ADDRESS <u>8687 Melrose Ave., G-320</u>	CITY / TOWN <u>West Hollywood</u>	STATE / PROVINCE <u>CA</u>	ZIP <u>90069</u>
MAILING ADDRESS TO RECEIVE DOCUMENTS (If different from above) <u>8687 Melrose Ave., G-320</u>	<u>West Hollywood</u>	<u>CA</u>	<u>90069</u>
TELEPHONE NUMBER <u>323.627.1810</u>	WEBSITE		
COMPANY CONTACT NAME <u>Maribel Zheng</u>	COMPANY CONTACT TITLE <u>Tax Manager</u>		
E-MAIL ADDRESS <u>maribel.zheng@advancednutrients.com</u>	PREFERRED PHONE NUMBER <u>323-395-7539</u>		

Has your company ever applied and been approved for incentives available by the Governor's Office of Economic Development? Yes No

If Yes, list the program awarded, date of approval, and status of the accounts (attach separate sheet if necessary):

Section 3 - Program Requirements

Please check two of the boxes below; the company must meet at least two of the three program requirements:

- A capital investment of \$1,000,000 in eligible equipment in urban areas or \$250,000 in eligible equipment in rural areas are required. This criteria is businesses. In cases of expanding businesses, the capital investment must equal at least 20% of the value of the tangible property owned by the business.
- New businesses locating in urban areas require fifty (50) or more permanent, full-time employees on its payroll by the eighth calendar quarter quarter in which the abatement becomes effective. In rural areas, the requirement is ten (10) or more. For an expansion, the business must increase employees on its payroll by 10% more than its existing employees prior to expansion, or by 25 (urban) or 6 (rural) employees, whichever is greater.
- In both urban and rural areas, the average hourly wage that will be paid by the business to its new employees is at least 100% of the average statewide hourly wage.

Note: Criteria is different depending on whether the business is in a county where the population is 100,000 or more or a city where the population is 60,000 or "urban" area), or if the business is in a county where the population is less than 100,000 or a city where the population is less than 60,000 (i.e., "rural" area).

Section 4 - Nevada Facility

Type of Facility:

- Headquarters
 Technology
 Back Office Operations
 Research & Development / Intellectual Property
 Service Provider
 Distribution / Fulfillment
 Manufacturing
 Other: _____

PERCENTAGE OF REVENUE GENERATED BY THE NEW JOBS CONTAINED IN THIS APPLICATION FROM OUTSIDE NEVADA <u>75%</u>	EXPECTED DATE OF NEW / EXPANDED OPERATIONS (MONTH / YEAR) <u>Mar-2021</u>		
NAICS CODE / SIC <u>325300/424910</u>	INDUSTRY TYPE <u>Plant Nutrients</u>		
DESCRIPTION OF COMPANY'S NEVADA OPERATIONS <u>Fertilizer manufacturer</u>			
PROPOSED / ACTUAL NEVADA FACILITY ADDRESS <u>TBA</u>	CITY / TOWN <u>City of North Las Vegas</u>	COUNTY <u>Clark County</u>	ZIP <u>TBA</u>

WHAT OTHER STATES / REGIONS / CITIES ARE BEING CONSIDERED FOR YOUR COMPANY'S RELOCATION / EXPANSION / STARTUP?

Section 5 - Complete Forms (see additional tabs at the bottom of this sheet for each form listed below)

Check the applicable box when form has been completed.

- 5 (A) Equipment List
- 5 (B) Employment Schedule
- 5 (C) Evaluation of Health Plan, with supporting documents to show the employer paid portion of plan meets the minimum of 65%.
- 5 (D) Company Information Form

Section 6 - Real Estate & Construction (Fill in either New Operations/Startup or Expansion, not both.)

New Operations / Start Up - Plans Over the Next <u>Ten</u> Years	Expansions - Plans Over the Next <u>10</u> Years
<p>Part 1. Are you currently/planning on leasing space in Nevada? <u>Yes</u></p> <p>If No, skip to Part 2. If Yes, continue below:</p> <p style="padding-left: 40px;">What year(s)? <u>2021</u></p> <p style="padding-left: 40px;">How much space (sq. ft.)? <u>100,000</u></p> <p style="padding-left: 40px;">Annual lease cost of space: <u>\$65,000</u></p> <p>Do you plan on making building tenant improvements? <u>Yes</u></p> <p>If No, skip to Part 2. If Yes *, continue below:</p> <p style="padding-left: 40px;">When to make improvements (month, year)? <u>Mar-2021</u></p> <hr style="border-top: 1px dashed black;"/> <p>Part 2. Are you currently/planning on buying an owner occupied facility in Nevada? <u>No</u></p> <p>If No, skip to Part 3. If Yes *, continue below:</p> <p style="padding-left: 40px;">Purchase date, if buying (month, year): _____</p> <p style="padding-left: 40px;">How much space (sq. ft.)? _____</p> <p>Do you plan on making building improvements? _____</p> <p>If No, skip to Part 3. If Yes *, continue below:</p> <p style="padding-left: 40px;">When to make improvements (month, year)? _____</p> <hr style="border-top: 1px dashed black;"/> <p>Part 3. Are you currently/planning on building a build-to-suit facility in Nevada? <u>No</u></p> <p>If Yes *, continue below:</p> <p style="padding-left: 40px;">When to break ground, if building (month, year)? _____</p> <p style="padding-left: 40px;">Estimated completion date, if building (month, year): _____</p> <p style="padding-left: 40px;">How much space (sq. ft.)? _____</p>	<p>Part 1. Are you currently leasing space in Nevada? _____</p> <p>If No, skip to Part 2. If Yes, continue below:</p> <p style="padding-left: 40px;">What year(s)? _____</p> <p style="padding-left: 40px;">How much space (sq. ft.)? _____</p> <p style="padding-left: 40px;">Annual lease cost at current space: _____</p> <p>Due to expansion, will you lease additional space? _____</p> <p>If No, skip to Part 3. If Yes, continue below:</p> <p style="padding-left: 40px;">Expanding at the current facility or a new facility? _____</p> <p style="padding-left: 40px;">What year(s)? _____</p> <p style="padding-left: 40px;">How much expanded space (sq. ft.)? _____</p> <p style="padding-left: 40px;">Annual lease cost of expanded space: _____</p> <p>Do you plan on making building tenant improvements? _____</p> <p>If No, skip to Part 3. If Yes *, continue below:</p> <p style="padding-left: 40px;">When to make improvements (month, year)? _____</p> <hr style="border-top: 1px dashed black;"/> <p>Part 2. Are you currently operating at an owner occupied building in Nevada? _____</p> <p>If No, skip to Part 3. If Yes, continue below:</p> <p style="padding-left: 40px;">How much space (sq. ft.)? _____</p> <p style="padding-left: 40px;">Current assessed value of real property? _____</p> <p>Due to expansion, will you be making building improvements? _____</p> <p>If No, skip to Part 3. If Yes *, continue below:</p> <p style="padding-left: 40px;">When to make improvements (month, year)? _____</p> <hr style="border-top: 1px dashed black;"/> <p>Part 3. Do you plan on building or buying a new facility in Nevada? _____</p> <p>If Yes *, continue below:</p> <p style="padding-left: 40px;">Purchase date, if buying (month, year): _____</p> <p style="padding-left: 40px;">When to break ground, if building (month, year)? _____</p> <p style="padding-left: 40px;">Estimated completion date, if building (month, year): _____</p> <p style="padding-left: 40px;">How much space (sq. ft.)? _____</p>
<p>* Please complete Section 7 - Capital Investment for New Operations / Startup.</p>	<p>* Please complete Section 7 - Capital Investment for Expansions below.</p>

BRIEF DESCRIPTION OF CONSTRUCTION PROJECT AND ITS PROJECTED IMPACT ON THE LOCAL ECONOMY (Attach a separate sheet if necessary):

The manufacturing facility will be dedicated to produce powder fertilizer and liquid fertilizer. The company will work with local business and create new jobs. By working with local vendors and creating new jobs, money is spent in the local economy, which has a multiplier effect as more income is generated for local people and other business. This leads to more tax revenue for the government and better living standards.

Section 7 - Capital Investment (Fill in either New Operations/Startup or Expansion, not both.)

New Operations / Start Up	Expansions
How much capital investment is planned? (Breakout below):	How much capital investment is planned? (Breakout below):
Building Purchase (if buying): _____	Building Purchase (if buying): _____
Building Costs (if building / making improvements): <u>TBD</u>	Building Costs (if building / making improvements): _____
Land: _____	Land: _____
Equipment Cost: <u>\$8,159,769</u>	Equipment Cost: _____
Total: <u>\$8,159,769</u>	Total: _____
	Is the equipment purchase for replacement of existing equipment? _____
	Current assessed value of personal property in NV: _____ (Must attach the most recent assessment from the County Assessor's Office.)

Section 8 - Employment (Fill in either New Operations/Startup or Expansion, not both.)

New Operations / Start Up	Expansions
How many full-time equivalent (FTE*) employees will be created by the end of the first eighth quarter of new operations?: <u>50</u>	How many full-time equivalent (FTE*) employees will be created by the end of the first eighth quarter of expanded operations?: _____
Average hourly wage of these <u>new</u> employees: <u>\$26.51</u>	Average hourly wage of these <u>new</u> employees: _____
	How many FTE employees prior to expansion?: _____
	Average hourly wage of these <u>existing</u> employees: _____
	Total number of employees after expansion: _____

* FTE represents a permanent employee who works an average of 30 hours per week or more, is eligible for health care coverage, and whose position is a "primary job" as set forth in NAC 360.474.

OTHER COMPENSATION (Check all that apply):

- Overtime Merit increases Tuition assistance Bonus
 PTO / Sick / Vacation COLA adjustments Retirement Plan / Profit Sharing / 401(k) Other: _____

BRIEF DESCRIPTION OF ADDITIONAL COMPENSATION PROGRAMS AND ELIGIBILITY REQUIREMENTS (Attach a separate sheet if necessary):

Section 9 - Employee Health Insurance Benefit Program

Is health insurance for employees and is an option for dependents offered?: Yes (**attach health plan and quote or invoice**) No

Package includes (check all that apply):

- Medical Vision Dental Other: _____

Qualified after (check one):

- Upon employment Three months after hire date Six months after hire date Other: 1st day of the month, following a 30-day waiting period

Health Insurance Costs:	Percentage of health insurance premium by (min 65%):
Plan Type: <u>PPO plan</u>	
Employer Contribution (annual premium per employee): \$ <u>4,956</u>	Company: <u>80%</u>
Employee Contribution (annual premium per employee) \$ <u>1,239</u>	Employee: <u>20%</u>
Total Annual Premium: \$ <u>6,195</u>	

[SIGNATURE PAGE FOLLOWS]

Section 10 - Certification

I, the undersigned, hereby grant to the Governor's Office of Economic Development access to all pertinent and relevant records and documents of the aforementioned company. I understand this requirement is necessary to qualify and to monitor for compliance of all statutory and regulatory provisions pertaining to this application.

Being owner, member, partner, officer or employee with signatory authorization for the company, I do hereby declare that the facts herein stated are true and that all licensing and permitting requirements will be met prior to the commencement of operations. In addition, I and /or the company's legal counsel have reviewed the terms of the GOED Tax Abatement and Incentives Agreement, the company recognizes this agreement is generally not subject to change, and any material revisions have been discussed with GOED in advance of board approval.

Michael Straumietis

Name of person authorized for signature

Michael Straumietis

Signature

CEO

Title

2021-01-29

Date

Nevada Governor's Office of Economic Development

555 E. Washington Ave., Ste 5400 • Las Vegas, Nevada 89101 • 702.486.2700 • (Fax) 702.486.2701 • www.diversifynevada.com

Site Selection Factors

Company Name: Advanced Hemp, Inc.

County: Clark County

Section I - Site Selection Ratings

Directions: Please rate the select factors by importance to the company's business (1 = very low; 5 = very high). Attach this form to the Incentives Application.

Availability of qualified workforce:	<u>5</u>	Transportation infrastructure:	<u>5</u>
Labor costs:	<u>5</u>	Transportation costs:	<u>5</u>
Real estate availability:	<u>5</u>	State and local tax structure:	<u>5</u>
Real estate costs:	<u>5</u>	State and local incentives:	<u>5</u>
Utility infrastructure:	<u>5</u>	Business permitting & regulatory structure:	<u>5</u>
Utility costs:	<u>5</u>	Access to higher education resources:	<u>5</u>

Please summarize the importance of the abatement program to your decision (please include at least a paragraph summary):

Property Tax, Sales and Use Tax, and Modified Business Tax represents a major expense for the company. The abatement program can bring significant savings for the company.

Equipment Schedule, Detailed

The Office has determined the detailed equipment schedule as described in this application constitutes confidential proprietary information of Advanced Hemp, Inc. and is not a public record.

Employment Schedule, Detailed

The Office has determined the detailed employment schedule as described in this application constitutes confidential proprietary information of Advanced Hemp, Inc. and is not a public record.

5(C) Evaluation of Health Plans Offered by Companies

Company Name: Advanced Hemp, Inc. County: Clark County

Total Number of Full-Time Employees: 50

Average Hourly Wage per Employee \$26.51
 Average Annual Wage per Employee (implied) \$55,138.72

COST OF HEALTH INSURANCE

Annual Health Insurance Premium Cost: \$6,194.50
 Percentage of Premium Covered by:
 Company 80%
 Employee 20%

HEALTH INSURANCE PLANS:

Base Health Insurance Plan*:	Regence Classic \$1000 PPO Plan
Deductible - per employee	\$ 1,000
Coinsurance	80%-90%/20%-10%
Out-of-Pocket Maximum per employee	\$ 4,500

Additional Health Insurance Plan*:	Regence Classic \$750 PPO Plan
Deductible - per employee	\$ 750
Coinsurance	80%-90%/20%-10%
Out-of-Pocket Maximum per employee	\$ 5,000

Additional Health Insurance Plan*:	Regence Classic \$0 PPO Plan
Deductible - per employee	\$ -
Coinsurance	0% / 0%
Out-of-Pocket Maximum per employee	\$ 500

*Note: **Please list only "In Network" for deductible and out of the pocket amounts .**

Generalized Criteria for Essential Health Benefits (EHB)

[following requirements outlined in the Affordable Care Act and US Code, including 42 USC Section 18022]

Covered employee's premium not to exceed 9.5% of annual wage	2.8%	MMQ
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Annual Out-of-Pocket Maximum not to exceed \$8,550 (2021)	\$4,500	MMQ
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Minimum essential health benefits covered (Company offers PPO):

- (A) Ambulatory patient services
- (B) Emergency services
- (C) Hospitalization
- (D) Maternity and newborn care
- (E) Mental health/substance use disorder/behavioral health treatment
- (F) Prescription drugs
- (G) Rehabilitative and habilitative services and devices
- (H) Laboratory services
- (I) Preventive and wellness services and chronic disease management
- (J) Pediatric services, including oral and vision care

No Annual Limits on Essential Health Benefits

I, the undersigned, hereby declare to the Governor's Office of Economic Development that the facts herein stated are true, and that I have attached a qualified plan with information highlighting where our plan reflects meeting the 65% minimum threshold for the employee paid portion of the plan for GOED to independently confirm the same.

Michael Straumietis

Michael Straumietis

Name of person authorized for signature

Signature

CEO

2021-01-29

Title

Date

5(D) Company Information

Company Name: Advanced Hemp, Inc.

County: Clark County

Section 1 - Company Interest List

Directions: Please provide a detailed list of owners and/or members of the company. *The Governor's Office of Economic Development strives to maintain the highest standards of integrity, and it is vital that the public be confident of our commitment. Accordingly, any conflict or appearance of a conflict must be avoided. To maintain our integrity and credibility, the applicant is required to provide a detailed list of owners, members, equity holders and Board members of the company.*

(a) Name	(b) Title
Michael Straumietis	CEO

Section 2 - Company Affiliates and/or Subsidiaries

Are there any subsidiary or affiliate companies sharing tax liability with the applicant company? No Yes

If Yes, continue below:

Directions: In order to include affiliates/subsidiaries, under the exemption letter, they must to be added to the Contract. Per standard practice GOED requires a corporate schematic to understand the exact relationships between the companies. Please populate the below table to show the exact relationships between the companies and include:

1. The names as they would read on the tax exemption letter.
2. Which entity(ies) will do the hiring?
3. Which entity(ies) will be purchasing the equipment?

Name of Subsidiary or Affiliate Entity, Role and Legal Control Relationship

Please include any additional details below: