

TOWN OF ARLINGTON

2019 MAY -3 AM 8:41



**MARIJUANA ESTABLISHMENT HOST COMMUNITY AGREEMENT (HCA)  
LICENSE APPLICATION**

*\*\*\*Notice: The following application is for the limited purpose of vetting individuals and businesses seeking a Host Community Agreement with the Town of Arlington. Applicants are encouraged to read the Select Board's "Host Community Agreement Process & Criteria" for a full articulation of the HCA Selection Process in Arlington.\*\*\**

**Section 1. Applicant Information:**

Business Legal Name: Eskar LLC

Business DBA, if different: Eskar

Business Address: 15 Forbes Street, Apartment #2, Boston, MA 02130

Phone: 781-697-9323 Website: \_\_\_\_\_

Federal Employer Identification Number (EIN): 83-4529868

Does the business currently possess any type of marijuana license in the Town of Arlington? ☐ Yes ☒ No

If yes, describe: \_\_\_\_\_

Does the business currently possess any type of marijuana license in the Commonwealth? ☐ Yes ☒ No

If yes, describe: Note: Eskar has been awarded an HCA for a retail permit in the town of Northbridge.  
*(please note, subsidiary companies must identify any and all marijuana licenses held by parent companies/corporations in Massachusetts)*

Primary Contact Name: Michael Hunnewell

Mailing Address: 15 Forbes Street, Apartment #2, Boston, MA 02130

Email: mike.r.hunnewell@gmail.com Phone: 781-697-9323

Emergency Contact: Michael Aldi

Email: ald10435@gmail.com

Phone: 617-833-8795

If you would like mail sent to a different Address, provide alternate mailing information below:

Mailing Contact Name: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

### **A. Business Organization**

*Check only one and provide names as indicated:*

☐ **Sole Proprietor:** Name of Owner: \_\_\_\_\_

☐ **Partnership (Inc. LLP):** Name of Partnership: \_\_\_\_\_

Names of all Partners Who Own More Than 10%: \_\_\_\_\_

\_\_\_\_\_

☐ **Trust:** Name of Trust: \_\_\_\_\_

Names of All Trustees Who Own More Than 10%: \_\_\_\_\_

\_\_\_\_\_

☐ **Corporation (as registered):** \_\_\_\_\_

Name of President: \_\_\_\_\_

Name of Secretary: \_\_\_\_\_ Name of Treasurer: \_\_\_\_\_

☒ **LLC:** Name of LLC: Eskar

Name of All Managers Who Own More Than 10%: Michael Hunnewell, Michael Aldi

\_\_\_\_\_

☐ **Other:** (Attach a Description of the Form of Ownership and the Names of Owners)

## **B. Proposed Marijuana Establishment**

- ☒ Adult-Use Marijuana Retailer
- ☐ Registered Marijuana Dispensary/Medical Marijuana Treatment Center
- ☐ Co-Located Adult-Use/Medical Marijuana Retailer
- ☐ Marijuana Cultivator
- ☐ Craft Marijuana Cooperative
- ☐ Marijuana Product Manufacturer
- ☐ Independent Testing Laboratory
- ☐ Marijuana Research Facility

## Section 2. Priority Status:

### *For Marijuana Retailers Only*

- ☐ **Group A Priority.** Attach proof that the applicant is 1) an Economic Empowerment Applicant, 2) is owned by an Arlington resident(s) or entities with at least 50% of its ownership made up of Arlington residents, or 3) is a cooperatively-owned entity.

An Economic Empowerment Applicant is one who meets ***at least three (3)*** of the following criteria:

- (1) A majority of ownership belongs to people who have lived for 5 of the preceding 10 years in an area of disproportionate impact, as determined by the MA CCC;
- (2) A majority of ownership has held one or more previous positions where the primary population served were disproportionately impacted, or where primary responsibilities included economic education , resource provision or empowerment to disproportionately impacted individuals or communities;
- (3) At least 51% of employees or subcontractors reside in areas of disproportionate impact and by the first business day, the ratio will meet or exceed 75%;
- (4) At least 51% of the employees or subcontractors have drug-related CORI and are otherwise legally employable in cannabis enterprises;
- (5) A majority of ownership is made up of individuals of Black, African American, Hispanic or Latino descent;
- (6) Other significant articulable demonstration of past experience in or business practices that promote economic empowerment in area of disproportionate impact.

- ☐ **Group B Priority.** Attach proof that your company is a Registered Marijuana Dispensary currently operating in Arlington that will continue selling medicinal products.

- ☒ **No Priority.** All applicants who are not Group A or B should check here.



### Section 3. Operating Questionnaire

*The following questions provide applicants an opportunity to respond to the qualitative criteria established by the Select Board for considering applications, which are as follows:*

- a. Completeness and quality of application;
- b. Demonstrated direct experience in the cannabis industry or a similar industry, such sensitive retail and related commercial uses – package stores, establishments with other types of alcohol licenses or age-restricted products;
- c. Relevant business experience in Arlington;
- d. Relevant business experience in the Commonwealth of Massachusetts;
- e. A sound preliminary business plan which evidences applicants' financial resources, proposed scale of operation, inventory sources and plans for inventory management, as well as anticipated costs and revenues;
- f. A strong employee training process and plan to ensure regulatory compliance;
- g. A sound preliminary security plan including inventory security;
- h. A sound preliminary traffic and parking plan demonstrating basic feasibility of the site and/or intended traffic and parking mitigation measures;
- i. For adult-use applicants, intention to co-locate RMD operations to ensure access to Arlington medical marijuana patients;
- j. Commitment to youth safety, abuse prevention, and community education;
- k. Commitment to diversity and local hiring; and
- l. Maintenance of geographic balance in the distribution of marijuana establishments.

*Applicants are encouraged to provide specific information which speaks to each criterion/question. You may respond with separate attached documents as directed and needed.*

1. Describe your direct experience in the cannabis industry or a similar industry (such as sensitive commercial retail enterprises such as package stores, nicotine products, etc.)

Eskar was awarded its first retail HCA for Northbridge and is currently starting the state licensing process.

Also, Vice President Michael Aldi has over a decade of experience investing in and operating various

sucessful ventures in the bar and restaurant industry in Massachusetts. Some examples include

Boston staples Mija, Reel House and Pier 6.

2. Describe your business experience in Arlington if any.

Mr. Aldi and Mr. Hunnewell do not have direct experience operating business in Arlington but both have experience managing community outreach initiatives in order to create mutually beneficial private-public partnerships. The Eskar team work with local officials in order to understand the community perspective and work to operate the businesses in a manner that uplift the community. (References available

3. Describe your experience operating a business within the Commonwealth of Massachusetts.

Mr. Aldi is co-owner of several hospitality services ventures in the state and is educated in all local laws and ordinances pertaining to the retail sale of a regulated substance (alcohol). Mr. Hunnewell is the Director of Business Development for a local defense firm which handles extremely sensitive information. This requires stringent security protocols. \$100K in security updates this year alone

4. Provide a preliminary business plan<sup>1</sup> with particular attention to your proposed scale of retail operation, inventory sources, products to be sold, plan for inventory management, financial resources, marketing expectations, and anticipated costs and revenues (*please attach your full preliminary plan*).

5. Describe your employee training process and plan to ensure regulatory compliance. If available, provide copies of any employee training manuals or policies to employ or plan to employ.

The Eskar team has previous experience training employees on the handling of alcohol and will update their practices to meet the state and town requirements for marijuana. All employees will go through background checks, as well as new hiring training and continuing education protocol. Topics include legal, processing and storage, accounting, inventory, emergency procedures and securit

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<sup>1</sup> Preliminary business, security, and traffic and parking plans need not provide the level of detail subsequent permitting processes will require such as a traffic study or all documents and information required by the Cannabis Control Commission for state licensure. The Select Board should however understand your basic business model and plans for addressing reasonable concerns about parking, security, and management of the flow of anticipated activity at your proposed location.



6. Provide a preliminary security plan identifying your priority security concerns and any site-specific security issues and proposed means of addressing them (please attach your full preliminary plan).
7. Provide a preliminary traffic and parking plan demonstrating basic feasibility of the site and/or intended traffic and parking mitigation strategies (please attach your full preliminary plan).
8. Describe how you will prevent and educate youth and families about dangers of underage exposure to, and the consumption of, recreational marijuana. Describe how the Applicant will sustain these efforts over time.

Eskar will work with local police and the Board of Health to provide educational pamphlets and other material to be distributed around public facilities where the town deems necessary. Eskar will also cosponsor a community outreach event once a year to provide an educational seminar on the dangers of underage exposure. Eskar will also create an education page on their website.

9. Describe how you will inform customers about restrictions on public consumption and workplace use, the risk of second hand smoke, and dangers of operating a motor vehicle while impaired.

It should be noted, customers will not be allowed to consume product on site and will be monitored closely to ensure no violators of this policy. Warning signs will be posted around the store along with educational pamphlets on the issues above. Eskar plans to work with the Board of Health on the educational material and will seek their approval on content.

10. Describe the number and type of jobs expected to be created by your business in Arlington, and how you will attract a local workforce that is also reflects Arlington's commitment to diversity.

Eskar is expected to create over 30 new jobs in the community. Diversity is important to Eskar and the firm plans to employ several diversity initiatives. Some examples include interviewing at least one diversity applicant for every open position, performing a gender pay gap audit once a year, and providing a mentor-protege program for underprivileged people looking to enter the cannabis industry.

11. Describe how your business will support the unique character of your site location's neighborhood, as well as the Town's overall character, history, and culture.

Like many towns around the greater Boston area, Arlington is rich in history and tradition. Eskar plans to preserve this cultural

pride by not altering the exterior of the building. Eskar plans to blend in with the heritage of Arlington, not disrupt it. On the inside

the store will have a more organic and historic feel. Think wood and steel, not white linoleum floors. It is also apparent through

raport with the town the Board of Health maintain a very active role. Eskar plans to work diligenlyt to educate the community on the

responsibilities of consuming cannabis along with working closely with the Board to maintain a healthy environment in Arlington.

Responsive applicants shall also be invited to make a 20 minute presentation to the Select Board after all applications have been received and examined by a Preliminary Review Team. In addition to the foregoing, the presentation will provide applicants an opportunity to address those matters you believe present the best case for your business seeking one of a limited number of licenses.



**Section 4. Site Control Certification and Authorization:**

*If the property has more than one owner, each owner must sign a copy of this form:*

Street Address of Business Location: 23 Broadway, Arlington, MA 02474

Zoning District and Overlay District, if any: \_\_\_\_\_

Assessor's Map \_\_\_\_\_ Block 33 Lot Parcel ID#33-2-3 Ward \_\_\_\_\_

Property Owner's Legal Name; Kentury Ventures LLC

Property Owner's Mailing address (with zipcode): 21 Broadway, Arlington, MA 02474

Property Owner's Type of Business (Check Only One and Provide the Names Indicated):

☐ **Sole Proprietorship:** Name of Owner: \_\_\_\_\_

☒ **Partnership (inc., LLP):** Name of Partnership: Kentury Ventures, LLC

Names of All Partners Who Own More Than 10%: Xiangping Chen

☐ **Trust:** Name of Trust: \_\_\_\_\_

Names of All Trustees Who Own More Than 10% : \_\_\_\_\_

☐ **Corporation:** Name of Corporation: \_\_\_\_\_

Name of President: \_\_\_\_\_

I certify that:

☒ I am the property owner or that I am duly authorized to act as agent for the property owner, For the property Located at 23 Broadway Arlington, MA 02474

☒ Eskar LLC (legal name of Applicant) Has been authorized by me to develop and use the property listed above for the purposes indicated in this application.

☒ I will permit any officials representing the Town to conduct site visits on the property in connection with this application and, if approved, this applicants business.

☒ Should the ownership of this property change before the Town has acted on this application, I will provide updated information and new copies of this signature page.

Owner Signature:  Date: 5/02/2019

Print Name: Xiangping Chen

Title (Owner, Present, Agent, Etc.): Manager

Email: jimmy@gotobus.com Phone: 617-821-5677

## Section 5. Zoning Compliance

*HCA Applicants are reminded that the Arlington Zoning Bylaw permits marijuana business only in those districts set forth in tables 5.5.3 and 5.6.3 subject to special permit requirements and review, and further by default do not permit marijuana establishments within 500 feet of k-12 schools, within 300 feet of Town playgrounds and recreational facilities, and/or within 200 feet of a public library.<sup>2</sup>*

HCA applicants must certify that the site described in Section 4, to the best of their knowledge complies with sections 5.5.3, 5.6.4, and 8.3 of the Arlington Zoning Bylaw with respect to siting restrictions.

I Michael Hunnewell, owner or duly authorized agent of Eskar LLC (legal name of Applicant, hereby certify that:

☒ The proposed site of the Marijuana Establishment as described in this application is within an allowable Zoning District for my intended use.

☒ The proposed site of the Marijuana Establishment as described in this application is ***not within:***

- 500 feet of a k-12 public or private school;
- 300 feet of Town of Arlington playgrounds or recreational facilities; and/or
- 200 feet of a Town of Arlington public library.\*

*\*If a proposed site is within one of the buffer zones set forth in the Zoning Bylaw, applicants must provide a clear statement providing substantial evidence that an exception (which is purely within the the discrction Arlington Redevelopment Board) is feasible due to site-specific conditions .*

Owner Signature:  Date: 5/2/2019

Print Name: Michael Hunnewell

Title (Owner, Present, Agent, Etc.): President

Email: mike.r.hunnewell@gmail.com Phone: 781-697-9323

<sup>2</sup> Marijuana Establishments are also not permitted within 2,000 feet of another like establishment. The Arlington Redevelopment Board may, but is not required to grant relief from buffer zone requirements as set forth in section 8.3.B.2 of the Zoning Bylaw.

## Section 6. Local & State Regulatory Compliance Information:

*Each individual (e.g. partner, trustee, manager) with a 10% or greater ownership stake in the business must complete a separate copy of this form.*

Owner's Name: Michael Hunnewell Ownership Stake (%) 65

1. Has the Owner ever obtained a marijuana related license in any jurisdiction? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_

2. Has the Owner ever had any type of license denied, revoked or Suspended in any jurisdiction? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_

3. Has the Owner ever received a Notice of Violation in any jurisdiction? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_

4. Has the Owner been in compliance for the last 3 years (or since being in business in Massachusetts, whichever is less), and is the Applicant currently in compliance, with all laws and regulations of the Commonwealth of Massachusetts? ☒ Yes ☐ No

If no, explain: \_\_\_\_\_

5. Has the Owner been in compliance for the last 3 years (or since being in business in Arlington, whichever is less), and is the Applicant currently in compliance, with all laws and regulations of the Town of Arlington? ☐ Yes ☒ No

If no, explain: The owner does not operate a business in the city of Arlington

6. Has the Owner been charged in any jurisdiction with any form of wage theft in the last three (3) years? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_



## Section 6. Local & State Regulatory Compliance Information:

*Each individual (e.g. partner, trustee, manager) with a 10% or greater ownership stake in the business must complete a separate copy of this form.*

Owner's Name: Michael Aldi Ownership Stake (%) 30

1. Has the Owner ever obtained a marijuana related license in any jurisdiction? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_

2. Has the Owner ever had any type of license denied, revoked or Suspended in any jurisdiction? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_

3. Has the Owner ever received a Notice of Violation in any jurisdiction? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_

4. Has the Owner been in compliance for the last 3 years (or since being in business in Massachusetts, whichever is less), and is the Applicant currently in compliance, with all laws and regulations of the Commonwealth of Massachusetts? ☒ Yes ☐ No

If no, explain: \_\_\_\_\_

5. Has the Owner been in compliance for the last 3 years (or since being in business in Arlington, whichever is less), and is the Applicant currently in compliance, with all laws and regulations of the Town of Arlington? ☐ Yes ☒ No

If no, explain: The owner does not operate a business in the city of Arlington.

6. Has the Owner been charged in any jurisdiction with any form of wage theft in the last three (3) years? ☐ Yes ☒ No

If yes, explain: \_\_\_\_\_

## **Section 7. Proposed Host Community Agreement Terms**

*Applicants are invited to provide their own draft HCA proposals with the following minimum requirements and restrictions:\**

1. A Community Impact Fee equal to 3.0% of the establishment's gross sales;
2. Annual filing of financial statements with the Town;
3. Provision of financial reporting records required by the CCC to the Town within a reasonable timeframe;
4. Maintenance of books and other financial records pertaining to the requirements of the HCA consistent with accounting standards and guidelines of the CCC;
5. Commitment to hiring local, qualified employees, and diverse employees to the extent consistent with the law;
6. Commitment to hiring local vendors, suppliers, and contractors from diverse businesses to the extent permitted by law;
7. Commitment to participation in youth health, safety, and prevention programs;
8. Cooperation with the Arlington Police Department to ensure effective security, including periodic meetings to review of security protocols and agreement on the placement of exterior security cameras and devices; and
9. If applicable, commitment to cooperate with the Town to prevent Hardship Cultivation Registration for medical marijuana patients.

*\*Select Board will not accept additional financial incentives or payments to private entities as a condition of HCAs.*

Please submit a proposed HCA with this application. The Town will negotiate the details of HCAs with successful applicants at the direction of the Select Board.

**SECTION 8.      Deadline for Filing and Application Fee**

- Applications must be submitted to the Office of the Select Board located in Town Hall at 730 Massachusetts Avenue, Arlington MA, 02476, no later than ***12 p.m. Friday, May 3, 2019;***
- Applicants must provide a \$250.00 payment to the “Town of Arlington” at the time of submission.
- Applicant presentations shall be made ***Monday, May 20, 2019<sup>3</sup>*** before an open meeting of the Select Board.

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<sup>3</sup> Time and date are subject to change depending in part on Arlington’s Annual Town Meeting and Select Board schedule.

## **Section 3, Question 4**

### **Business Plan**



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# Executive Summary

In 2016 Massachusetts voted "Yes" on Article 4 paving the way for recreational cannabis in the state and setting the stage for an estimated \$2B+ industry. As of December 1st, 2018 only 2 recreational dispensaries have opened. Complex legislation, lack of viable real estate, and other high barriers to entry have drastically hindered the ability for both large and small firms to open cannabis businesses across the state. That being said, those who do gain access to a cannabis permit will benefit greatly. To put it in perspective, according to a report by Marathon Strategies, as of 2014 there were 1,900 liquor stores across the commonwealth. The Massachusetts Cannabis Control Commission has recommended each town have only 1 cannabis store for every 5 liquor stores and many towns have already outright banned the sale of cannabis altogether. Instead of having an average customer base of 3,498 people per store like the alcohol industry, the average cannabis store will have an average customer base between 15,000 to 20,000.

Eskar LLC was created to capitalize on such an opportunity. The company is founded by Mr. Michael Hunnewell, a local Massachusetts resident with an education in biology and over 15 years of experience in high tech enterprises. Mr. Hunnewell ventured into this new and exciting field early to rezone over 26 acres of land in Northbridge, MA for cannabis production and sale. This is now one of the largest cannabis zones in the state. Just getting started, he has assembled a team of the brightest experts in cannabis cultivation, supply chain management, strain genetics, commercial real estate, and local government relations to create a small network of cannabis dispensaries across the state. Mr. Hunnewell's team includes several high profile personnel. Nicholas Zitelli, the Chief Cannabis Officer for High Times Holdings; Gregg Nolan of The Nolan Group, who's group brought the Wynn Casino to Boston along with several of the first cannabis licenses to the state; and Michael Aldi, one of the most influential property managers in the city of Boston and North Shore area. These are just a few of the core team members assembled to tackle this task.

Currently, Eskar has been awarded a Host Community Agreement (HCA) for a retail permit in the town of Northbridge, MA. Looking ahead, the company has also identified other potential locations for their final 2 recreational dispensaries around the greater Boston area. This summary focuses on establishing a retail location in Arlington, Massachusetts.

## Products and Services

Eskar will provide various types of cannabis including; buds, oils, and various edible products. In order to reduce overhead costs, Eskar will focus on recreational products only. Unlike many of the commercial firms in the market already, Eskar doesn't plan to establish a large cultivation facility. Instead, the retail stores will sell the bulk of their products from a variety of growers and vendors in the market. This is a radical departure compared to the traditional firms in the market today. Many of the large firms are vertically integrated, mostly selling the product they grow themselves. This severely limits the variety of options for the customer. This approach is effective in the early years of legalization since there are very few alternatives for the customer to go to. However, as time goes by, the consumer will become much more educated and have more options for stores to

purchase their products from. Eskar plans to use product diversity as a selling point to the consumer.



# Team

## **Michael R. Hunnewell: Sales, Operations**

Michael Hunnewell has over 10 years of government contracting expertise and over 15 years experience in high tech, cutting-edge industries. In 2018 Mr. Hunnewell was able to rezone 26 acres of residential land in Northbridge, MA to industrial for cannabis use, making this one of the single largest pieces of cannabis real estate in the Commonwealth of Massachusetts. Prior to his work founding Eskar, Mr. Hunnewell worked in defense & aerospace, acquiring individual government contracts of over \$4M each alongside commercial orders earning over \$1M each. Mr. Hunnewell tripled shareholder value over a 3-year period for his firm while also opening up global distribution channels to increase sales. From his time in the defense sector, Mr. Hunnewell has garnered extensive experience in handling sensitive information and products. Metamagnetics, Mr. Hunnewell's previous employer, holds a SECRET level organization clearance and recently spent over \$100K in 2019 alone updating their security protocols. Mr. Hunnewell has also worked diligently with the firm's supplier group to make sure Metamagnetics was in compliance with defense manufacturing standards (i.e. ISO9000) and the firm is now an approved supplier to some of the largest defense firms in the world including Lockheed Martin and Raytheon. Mr. Hunnewell received his B.A. in biology from Boston College and his MBA from Northeastern University with a concentration in innovation for high tech industries. He attended graduate school on academic scholarship.

## **Michael Aldi: Real Estate Holdings, Capital Management**

Michael Aldi has over a decade of experience in both the real estate and hospitality industry. In his role as Eskar LLC's head of Real Estate Development and Investor Relations, Mr. Aldi is responsible for all the company's capital raising initiatives and site selection activities. Mr. Aldi is responsible for managing the preparation of complex financial forecasts in addition to conducting in-depth market research for the team's prospective locations. Mr. Aldi has experience in all facets of site selection, lease negotiation, general contracting/construction management, and capital structuring/financing. Mr. Aldi also has experience underwriting structuring opportunities for his family's portfolio of hospitality and real estate investments. Mike graduated from Suffolk University, with a B.A. in Communications and a Minor in Business Management.

## **Raymond Bershtein: Legal Counsel**

Raymond Bershtein's law practice extends to real estate, banking, general business matters, municipal tax liens, finance, health care transactions, trusts and estates and philanthropic governance and administration. Ray represents institutional and individual clients across the real estate spectrum. His considerable real estate experience includes the acquisition, development, permitting, financing, leasing and disposition of retail, office, residential, medical and industrial projects on behalf of developers, investors, owners, tenants and lenders. He has substantial experience negotiating, restructuring, and when necessary litigating issues related to indebtedness



incurred in connection with distressed real estate and other businesses. These responsibilities have included the analysis and implementation of a variety of strategies designed to maximize recovery in litigation, arbitration, bankruptcy, regulatory, and other proceedings. Ray advises a variety of entities, families and entrepreneurs regarding business formation, acquisition, disposition, capitalization, dispute resolution, ownership, employment, succession and related issues. Ray also serves as trustee for a number of clients.

### **Nicolas Zitelli: Product and Genetics (Consultant)**

Nicholas Zitelli is an owner, Director, and Chief Cannabis Officer of High Times Holdings (formerly Trans-High Corporation), parent company for all High Times brands, including media and event platforms. High Times was founded in 1974 and is the longest running and most well-known media company in the world that is solely dedicated to covering all and any of the bases regarding marijuana. Mr. Zitelli is very well versed on local medicinal, adult use marijuana policies, and compliance issues in the states of California, Colorado, Michigan, and Washington, leading to several appointments to consult with state officials on marijuana legislation, implementation, and compliance strategies.

### **Sheldon Aberman: Engineering (Consultant)**

In 2011, Mr. Aberman's hydroponic distribution company, Amerinada, merged with R&M Supply making his firm one of the largest manufacturers and distributors of hydroponic equipment in the United States. This company has distribution operations in 5 states and over 150 employees. Mr. Aberman went on to design thousands of cultivation and manufacturing facilities around the world, ensuring compliance with local ordinances and government legislation, earning him a reputation as one of the world's foremost experts on commercial cannabis cultivation and manufacturing implementation. In September of 2014, Mr. Aberman joined the Canadian Cannabis Corporation (OTC: CCAN) as their CIO in charge of design, implementation, and operations of their 312,000 sq. ft. cultivation center just outside of Toronto, Ontario, Canada.

# Market Overview

## North American Cannabis Market

Although the federal government still considers the use of cannabis a criminal offence, more than half the states in the US have legalized marijuana in some form. Most states sell cannabis for medicinal purposes only, often broadly defined. However, states like Alaska, California, Colorado, Maine, Nevada, Massachusetts, Oregon, and Washington have gone further, legalizing the recreational use. Legal cannabis is more expensive than the black-market variety, but it is better value; three times more potent and only about 50% more expensive<sup>1</sup>.

Legal cannabis sales reached almost \$10 billion in North America in 2017, in a new report from cannabis industry analysts.<sup>2</sup> This represents an unprecedented 33% increase over 2016. The report further predicts the entire legal cannabis market to reach \$24.5 billion in sales – a 28% annual growth rate by 2021 – as more states legalize cannabis for recreational use and existing markets mature.

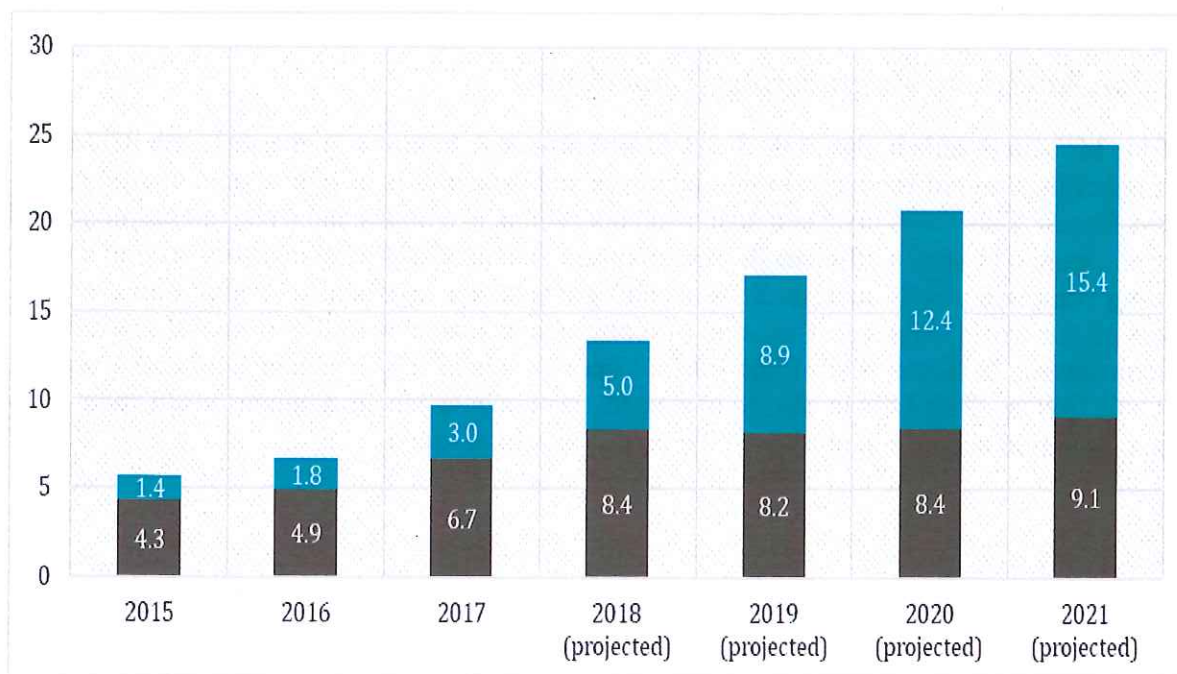


Figure 1. Medical and recreational cannabis sales forecast, billion \$

60% of the U.S. population lives within states that have legalized some form of cannabis use and sales, illustrating the rising acceptance of cannabis nationwide and highlighting the industry's immense potential for future growth. On November 9, 2016 three new states approved cannabis

<sup>1</sup> <http://www.economist.com/blogs/graphicdetail/2016/02/daily-chart-10>

<sup>2</sup> Arcview Market Research in partnership with BDS Analytics



for medicinal use; Arkansas, Florida, and North Dakota. Four others that already had medical cannabis laws, legalized recreational. New markets could create \$7B to \$8B in additional retail revenue for the industry, according to estimates by Marijuana Business Daily.

As of January 2018, there are 30 states that allow cannabis for medical use, 16 states allow Cannabidiol (CBD), 9 States and the District of Columbia now allow for recreational cannabis use. There are 9,397 active licenses for cannabis businesses in the U.S., according to Ed Keating, chief data officer for Cannabiz Media, which tracks cannabis licenses. This includes cultivators, manufacturers, retailers, distributors, deliverers and test labs.

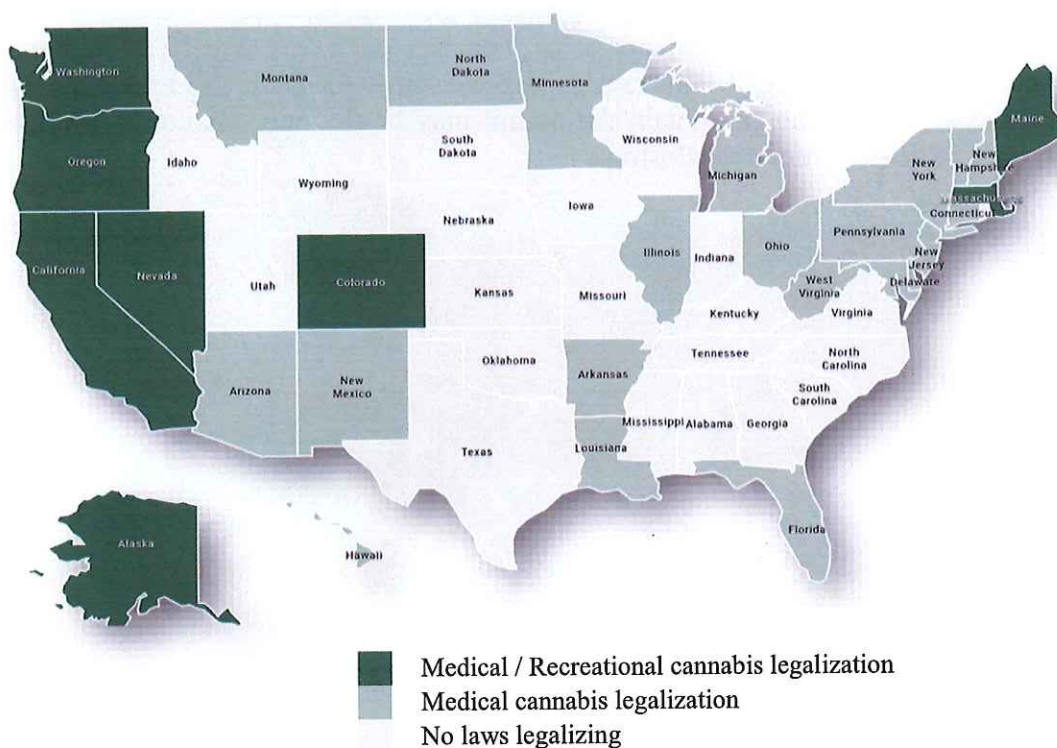


Figure 2: U.S. legalization map. Thirty states and the District of Columbia currently have laws legalizing marijuana in some form.

The industry employed 121,000 people in 2017. If cannabis continues its growth trajectory, the number of workers in that field could reach 292,000 by 2021, according to BDS Analytics. The passage of initiatives in California, Nevada, Massachusetts, Maine, Florida, Arkansas, Montana, North Dakota, and West Virginia will add \$7.4 billion to the 2021 market forecast bringing the overall market projection for legal adult-use and medical sales in North America to \$24.5 billion by 2021. That would bring the compound annual growth rate (CAGR) to 28%.

## Massachusetts Market Analysis

Total cannabis spending worldwide is expected to hit \$57B by 2027, of which 67% of the market will come from recreational purchases.<sup>3</sup> In the U.S., firms are racing to establish themselves in the market with deep pockets from financial backing. The legal cannabis industry raised more than \$1 billion in funding in 2016, and *Marijuana Business Daily* estimated that there were 21,000–33,000 legal cannabis businesses operating in the U.S. last year.<sup>4</sup> Legalization in Massachusetts will open the door to 6.8 million people with a state GDP of \$507B.

In 2016, Massachusetts residents voted to legalize recreational cannabis. While cannabis is technically legal at the moment, recreational sales have been slow due to the severe delay in issuing permits for retail stores. Many local town governments/municipalities have voted to either ban or place a moratorium on recreation marijuana sales. This has led to less than 10 stores being open across the entire state in May 2019. This creates an opportunity for firms still looking to enter the market like Eskar. Those who can obtain the permit may be the only retailer within miles for customers, even in denser cities near Boston.

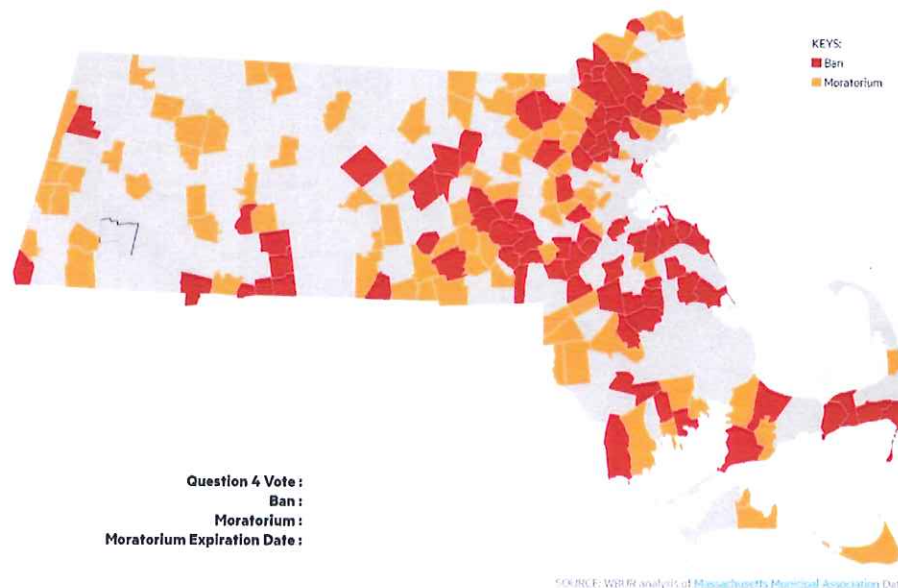


Figure 3 Map of Massachusetts outlining zoning laws on recreational cannabis sales by town. As of October 31st, 2018

2.4M voters in the state of Massachusetts voted in favor of legalization. If we assume those voters will become cannabis consumers, we start to understand just how large this market is. If these voters spend \$100 a month, well below the Colorado average, the Massachusetts market is estimated around \$2.8B. If the average consumer spends \$175 a month, the market balloons to \$5B.

<sup>3</sup> <https://www.foESKARes.com/sites/thomaspellechia/2018/03/01/double-digit-billions-puts-north-america-in-the-worldwide-cannabis-market-lead/#24341c866510>

<sup>4</sup> <https://www.funglobalretailtech.com/research/deep-dive-us-cannabis-economy-fast-growing-industry-facing-regulatory-concerns/>



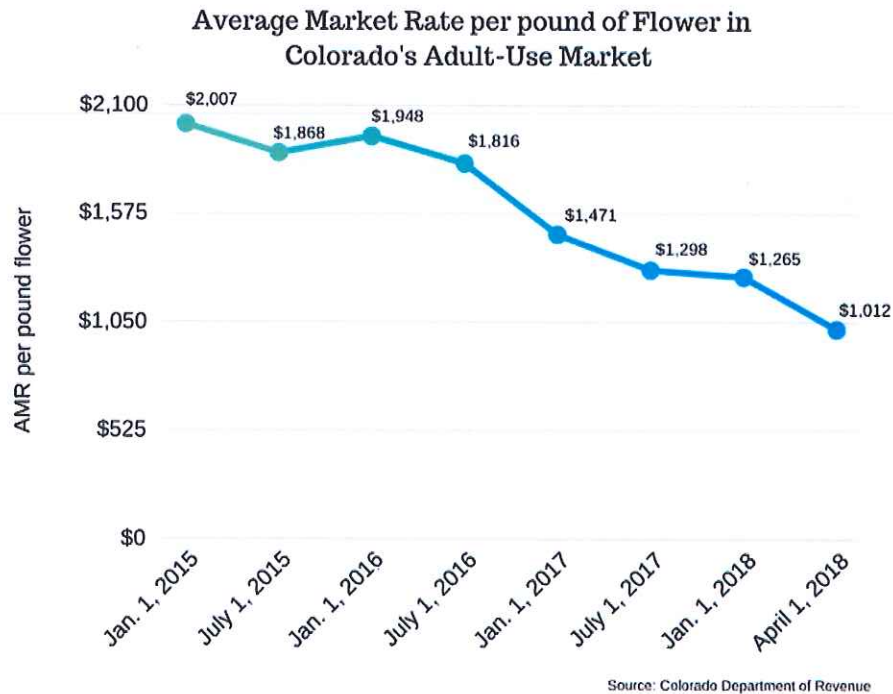
To help speed the implementation of recreational cannabis across the state, the Cannabis Control Commission (CCC) released guidelines and regulations for local municipalities to implement in their respective towns. One of the guidelines was to regulate the number of cannabis stores each town should have. The CCC recommended the number of cannabis stores should be “20% the number of liquor stores.” This puts tremendous leverage in cannabis retailer’s hands. Below is a table of the average number of customers a liquor store has in various states across the US.

LIQUOR STORE DENSITY COMPARISON				
OTA STATE LIQUOR RETAIL DATA				
State	Population	Quota Per Capita	Stores	Pop Per Store
Alaska	731,449	1/3000	101	7242
Arizona	6,553,255	varies locally	1466	4470
Arkansas	2,949,131	1/4000	318	9274
California	38,041,430	1/2500	13806	2755
Florida	19,317,568	1/7500	1367	14131
Indiana	6,537,334	1/3500	359	18210
Kentucky	4,380,415	1/2300	914	4793
Massachusetts	6,646,144	1/2000	1900	3498
Michigan	9,883,360	1/3000	1581	6251
Montana	1,005,141	1/1500	96	10470
New Jersey	8,864,590	1/3000	2260	3922
New Mexico	2,085,538	1/2000	95	21953
Ohio	11,544,225	varies locally	837	13792
Pennsylvania	12,763,536	1/3000	600	21273
South Dakota	833,354	1/1500	75	11111
Utah	2,855,287	1/4925	144	19828
Washington	6,897,012	1/1200	1400	4926
Wyoming	576,412	1/3000	100	5764
Average				10204

Figure 4: Above is a table of the average customer base for a liquor store by state. Data provided by Marathon Strategies.

Per the chart, the average population per liquor store in Massachusetts is 3,498. Due to the 20% store limit for cannabis shops, we can assume the average cannabis retail location will have access to a population of 20,000 people. This doesn’t even take into consideration the fact that many towns across the state have band cannabis sales in their town. Combined with an influx of tourists from other states nearby where cannabis is illegal, the population could climb to 40,000. With online delivery illegal right now, the retail locations hold the majority of access to the market. This is why Eskar’s focus will be on gaining retail permits.

Due to the extreme supply and demand dynamics in the state, there is a risk of a major boom followed by a crash in profitability for those looking to cultivate marijuana. In the first year or so of the market, there will be an extremely limited number of vendors allowed to grow. As more firms are approved by the state, the price per pound of dried cannabis will quickly begin to fall. When recreational cannabis first started selling in Colorado in 2013, the price per pound was around \$3,000. 5 years later, the price has dropped to around \$1,000 per pound. We can see similar effects have happened in other states like Washington.



*Figure 5: Graph of the price per pound of commercial cannabis in the state of Colorado over a 3 year period*

### Weed prices have dropped in Washington state

Average price per gram, July 2014 to September 2017

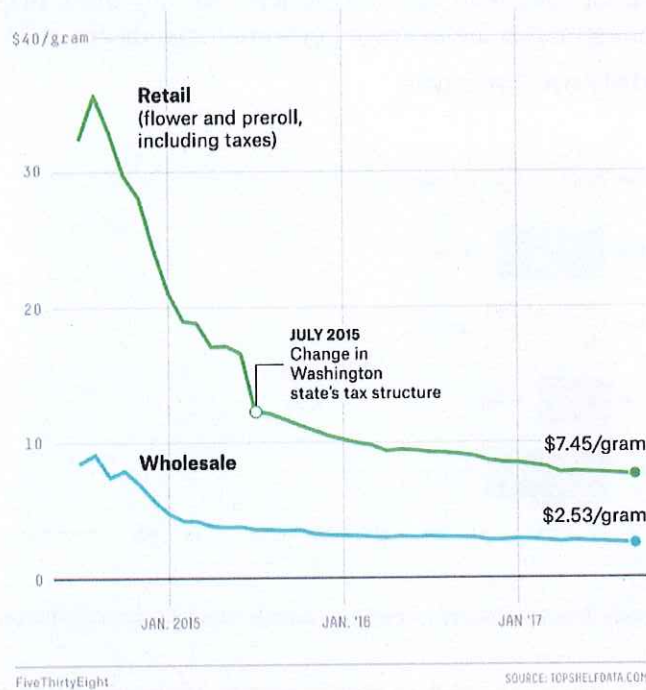


Figure 6: Washington State data on price per gram of cannabis from 2014 to 2017.

This effect will strictly depend on how tightly Massachusetts looks to regulate the market. In the event the state takes a very loose policy on regulation, it highlights two critical action items for smaller operations hoping to be successful in cannabis wholesale. One, if the firm is looking to grow, it is imperative to get the cultivation operation up and running as soon as possible to quickly recoup the initial high start-up costs needed to enter the market. Profitability may be 2X more in the first few years compared to 3 years or more after the first marijuana cultivator is approved. Two, growers will want to stay in the premium market to avoid the inevitable race to the bottom in pricing. High end products have proven to be more price inelastic to supply and demand shifts. Larger firms who have already established in, and even outside the state, will eventually move in and commoditize the product. Eskar has no interest in competing in this white space and will take several initiatives to shield themselves from this sector of the market. The potential market crash also reemphasizes the need to establish retail. By establishing retail, the firm will be able to protect themselves from market crashes and even benefit from the lower wholesale prices. In the short term, it also means Eskar will not be pursuing a large cultivation facility.

### Consumer Behavior

Colorado, who's market surpassed \$1.5B in 2016, has been able to provide a significant amount data on consumer behavior in the cannabis industry. This helps us gain a better understanding of



the total potential market value. As seen in the graph below, over half of the consumer cannabis population in Colorado spends \$200 or more a month. It should be noted, the data doesn't show just how much the consumer spends in the "\$50 or less" or the "more than \$300" category. With this understanding, Eskar estimates the average consumer spends about \$175 a month.

### Amount Spent Monthly on Cannabis

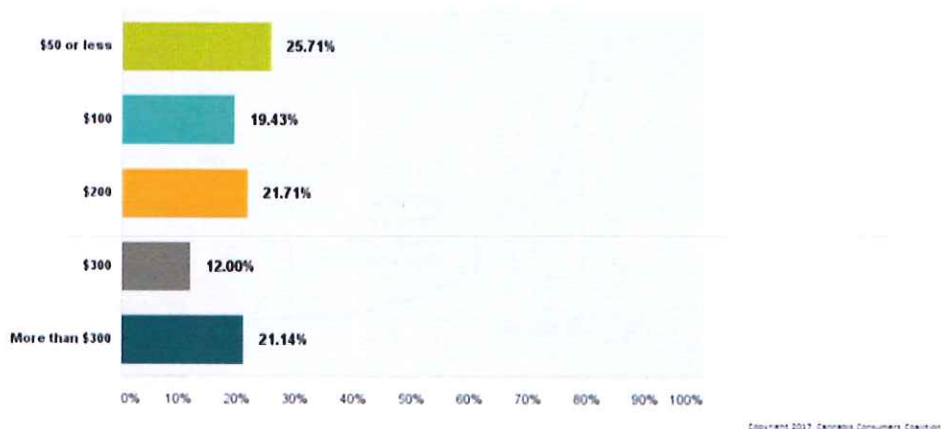


Figure 7: State data from Colorado showing the average spend rate of a cannabis consumer.

This is a critical metric for projecting future retail sales in Massachusetts. So, what is the average cannabis consumer buying? For one, we are seeing a significant shift away from traditional flower products. With the rise of vape products and better consistency of THC dosage in edibles, the average cannabis user is shifting away from tradition consumption methods. This trend is reflected in the chart below.

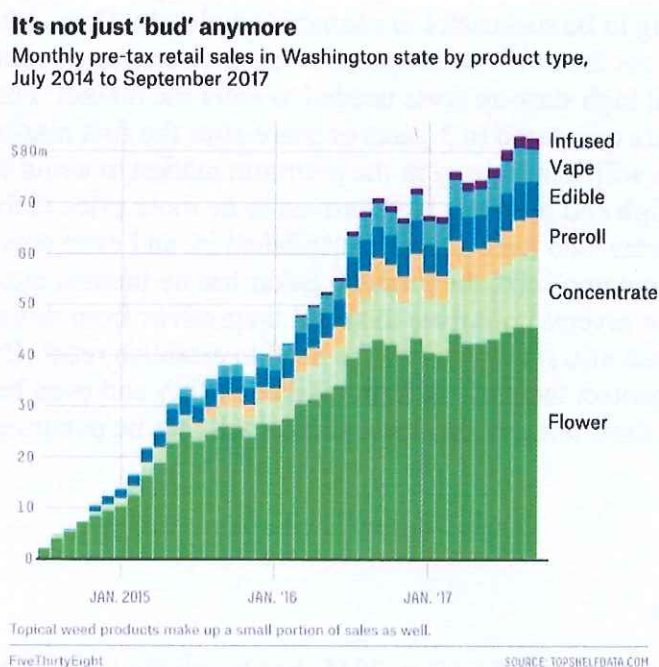
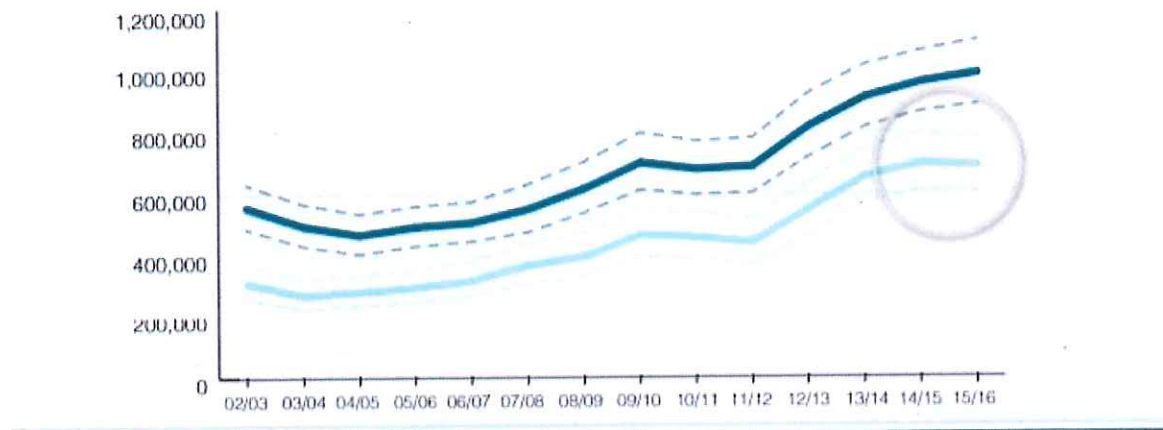


Figure 8: Graph of consumer preference of cannabis products. Notice the shift away from flower to other products like edibles.



### Appendix Figure 1: Colorado Past-Year and Past-Month Adult Marijuana Consumers



Source: SAMHSA NSDUH. 2002/03-2015/16 Population Estimates.

Figure 9: Colorado data on the number of cannabis users over the years. Recreational use became legal in 2012.

Along with user preference changing compared to the “traditional” mold, we can also expect to see more users entering the market as legalization continues. We have seen in states where recreational cannabis has been legal for several years now, the percentage of consumers in those states continue to increase. This gives Eskar confidence in extrapolating the number of cannabis consumers in the market based on voters’ numbers. All this lays the ground work for a consumer base that is hungry for product and will continue to grow in numbers for years to come. Even the crash of wholesale prices will continue to fuel retail sales as more consumers leave the black market for legal competitive products.

# Mobilization Plan

## Pre-Permit Rollout

Eskar is well under way to attain all of the prerequisites for retail permits in Massachusetts. It estimates that by April 2020 it will have approval by the Massachusetts Cannabis Control for its first retail dispensary, approval for the processing permit, and their 2<sup>nd</sup> & 3<sup>rd</sup> retail locations should be complete by June 2020.

Before Eskar can apply for their permits they must complete the following steps:

1. Control of real estate for its intended use
2. Confirm property meets the town zoning requirements
  - a. Achieve variances if the property fails the zoning requirements
3. Confirm location has the support of the local municipality
4. Letter of Intent from property manager where the firm seeks to operate
5. Host community forum
6. Sign Community Host Agreement
7. Finish confirmation of compliance with local zoning (Special permit if needed)
8. Finish state submission packet

Steps 1-4 don't necessarily happen in chronological order. It should also be noted Step 6 is the most critical step in this process. The host community agreement (HCA) is a document in which the town and marijuana business outline the terms and payments the business needs to uphold if it wishes to operate in the town. This may be in the form of a 3% sales tax, which goes directly to the town, or an agreement to operate within certain business hours. Upon signing the document, the business may start the permitting process with the state for their license. The town will not sign more HCAs than it plans to issue permits. This means once an HCA is obtained, the business has a high probability of obtaining a permit.

The Massachusetts Cannabis Control Commission (MCCC) caps the number of retail permits (locations) for any business entity at 3. Firms may have a 9.9% equity stake in additional retail firms beyond their 3 stores, but it may not have "control" of those additional firms. The definition of control is being hotly debated right now. In March of 2019, the Boston Globe published an article highlighting several firms violating the "3 Permit Rule." Worse, the firms in question were bragging to investors how they have tried to exploit loopholes in the law. This has caused the state licensing authority to highly scrutinize future permits. Eskar hopes to gain its second permit in Arlington leaving the potential for one more store somewhere in the commonwealth.

## Post-HCA Rollout

As permits are approved by the Cannabis Control Commission, Eskar will then begin the detail, design, and engineering for the retail locations. The engineering and design timeline will take 90 days to prepare all the required documents for permitting. The permitting approval process for

towns like of Northbridge and Boston is estimated to take another 90 days once the permit applications are submitted. Arlington's special permit process is different from most towns in Massachusetts. However, the town has provided guidance stating Eskar should expect to wait about 1 year before opening its door if it is selected to move forward with the permitting process.

#### Typical Retail Permitting Requirements: (See Permitting Process Section for full Outline)

- Final Engineered Construction Documents (CD's)
- Final Architectural and Engineering CD's
- Dry Utility Coordination (Electrical, Telephone, Natural Gas)
- Administrative Code Compliance Review (By Municipality)
- Calculation of Permit, Review, and Impact Fees

#### Retail Timeline

- Detail Engineering Complete: Month 3
- Permit Applications Submitted: Month 4
- Permit Applications Approved: Month 6
- Begin Construction: Month 7
- Complete Construction: Month 9
- Hardware & Software Systems Installed: Month 10
- Security Systems Installed: June Month 11
- C/O: Month 11
- Store Open for Business: Month 12

#### Retail Hiring Plan:

Eskar will begin the recruiting process for critical retail personnel in May 2020. We expect a 60 days recruitment process and 30 days for the Cannabis Control Commission to conduct background checks. As long as personnel receive their licenses to work in the facility, they will start full time in June 2020. As Eskar doesn't plan to have the certificate of occupancy for the facility until May 1, 2020 personnel will meet offsite where they will go through extensive onboarding and management training that includes the following subject matter:

#### Onboarding

- Distribute on boarding package and Employee Handbook
- Review Employee Policies & Procedures with Employees
- Employee Sign off of Policies & Procedures and Employee Handbook
- HR Paperwork

#### Employee Training

- Safety & Health
- CCC Compliance
- Role & Responsibilities
- Management Training
- Security Protocols



- Leadership Training (where applicable)
- Diversity
- Workplace Harassment policy

### Employee Training

Eskar's team has experience implementing staff training programs necessary to mitigate the risk of sale of alcohol to minors as well as best practices for the avoidance of legal issues related to violations of Massachusetts State Liquor Laws. Mr. Aldi will be able to leverage this experience as well as his strong track record of compliance in order to enforce the similar guidelines necessary to regulate the sale of retail cannabis.

All dispensary employees will go through a comprehensive training. The program incorporates the Commonwealth of Massachusetts requirements and regulations including background checks, as well as new-hire training and continuing education protocol.

The training program will include the following:

Legal - We will distribute a worksheet regarding the state of the law as well as include a section in our manual and SOP's addressing the law, compliance, and law enforcement interaction.

Processing and Storage - This will outline the procedures regarding how medicine will be received, handled, and stored safely.

Accounting and Cash Procedures - This will include training on the Point of Sale, how to manage cash, accounting, and banking procedures.

Inventory Control Plan - This will spell out how Pharm House will address inventory and includes protocols to ensure operational consistency and proper compliance with the Commonwealth of Massachusetts.

Emergency Procedures - Will provide the specific protocols in case of medical, police or other emergencies to ensure rapid response involving the appropriate personnel and/or outside authorities.

Security - Patient, worker, and neighborhood security is our highest priority. As discussed more fully in our Security Plan, we institute state-of-the-art security procedures to take advantage of the security industry's best practices and most up-to-date technology. This will ensure that our dispensary facility operates at the highest level of legal compliance and security preparedness

### Inventory Management

Eskar's attached business plan is the result of working directly with leaders in the Cannabis cultivation and distribution network nationally. All cost of goods sold (COGS) information was derived through consultation with members of the team at Revolutionary Clinics, who are leaders in the Medical cannabis space in Massachusetts.



Additionally, advisors and members of the Eskar team include real estate, legal, economic, and investment professionals, who manage all capital raising, cash-flow/economic modeling, and investor relation initiatives. Our analyst has conducted demographic and market demand studies in order to determine initial demand and procurement needs by product type. Based on our team's relationship with current operators in the cannabis industry, our analytics leverage the data already available from markets in the western U.S. that have been operating for several years.

In order to comply with all inventory tracking issues, Eskar has already begun exploring software options to aid in point-of-sale entries that integrate with the tracking of inventory and compliance with METRC. The strongest technology platform identified is called TREEZ.

TREEZ is an enterprise quality retail management software powering the leading dispensaries in the United States. As a trusted provider for the industry's most reputable cannabis businesses, TREEZ is used to manage over \$1B in sales transactions annually. This platform is created in order to help ensure constant compliance with state Track-and-Trace systems such as the METRC, essentially offering "seed-to-sale" traceability that Auto-updates to reflect current state regulations, keeping Eskar compliant.

In order to manage inventory, Eskar's team will be able to leverage current technologies in order to employ an inventory scanning and logging program that efficiently catalogues each inventory item in real-time upon delivery. This system will also link to point-of-sale terminals, creating one continuous tracking loop. Given that Mr. Aldi has extensive experience in procurement and inventory management within the bar/restaurant industry, he will be able to leverage these best practices used in his restaurants in order to streamline the management of cannabis inventory and sales.

# Arlington Overview

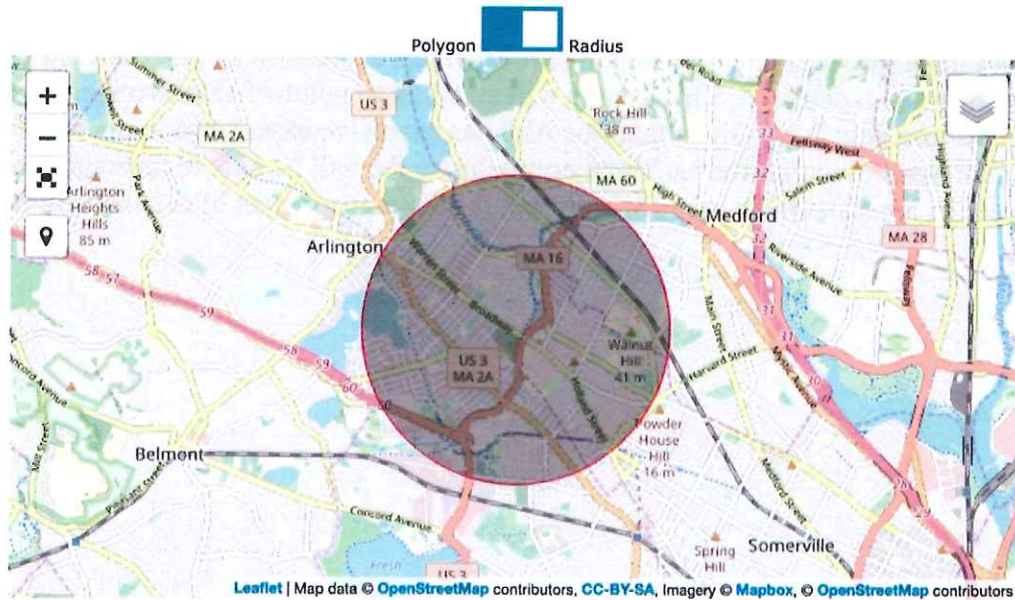
## Arlington

### Stages of Permit Process

Part of Process	Completed
Control of Property	X
Confirmed Approved Zoning	X
Local Municipality Approval	X
Signed LOI	
Host Community Forum	
Sign Community Host Agreement	
Obtain Special Permit	
State Application Complete	

### Population Density

#### Population Inside a Area Search Map



#### 1 | PCI DSS Best Practices

Recommended for: CIOs, CSOs, IT managers, compliance managers and PCI auditors Tufin

#### 2 | Get Earth & 360° View Maps Now - Enter Location For Earth Maps.

Enter Any Location. Get the MyEarthMap App. Get Earth & Satellite 360° Maps Now. [myearthmaps.net](http://myearthmaps.net)

#### Input

Add Radius manually : Radius  km OR  miles Location :

#### Output

The estimated population in the defined area is 61,250



# Financials

## Profit & Loss Forecast (5 Years)

	Year 1		Year 2		Year 3		Year 4		Year 5	
	Total	% of Income	Total	% of Income	Total	% of Income	Total	% of Income	Total	% of Income
<b>Income</b>										
Flowers	\$ 6,272,000	64.0%	\$ 6,460,160	64.0%	\$ 6,653,965	64.0%	\$ 6,853,584	64.0%	\$ 7,059,191	64.0%
Concentrates	\$ 2,597,000	26.5%	\$ 2,674,910	26.5%	\$ 2,755,157	26.5%	\$ 2,837,812	26.5%	\$ 2,922,946	26.5%
Edibles	\$ 833,000	8.5%	\$ 857,990	8.5%	\$ 883,730	8.5%	\$ 910,242	8.5%	\$ 937,549	8.5%
Topicals	\$ 98,000	1.0%	\$ 100,940	1.0%	\$ 103,968	1.0%	\$ 107,087	1.0%	\$ 110,300	1.0%
		0.0%		0.0%		0.0%		0.0%		0.0%
<b>Total Sales</b>	<b>\$ 9,800,000</b>	<b>100.0%</b>	<b>\$ 10,094,000</b>	<b>100.0%</b>	<b>\$ 10,396,820</b>	<b>100.0%</b>	<b>\$ 10,708,725</b>	<b>100.0%</b>	<b>\$ 11,029,986</b>	<b>100.0%</b>
<b>Total Income</b>	<b>\$ 9,800,000</b>	<b>100.0%</b>	<b>\$ 10,094,000</b>	<b>100.0%</b>	<b>\$ 10,396,820</b>	<b>100.0%</b>	<b>\$ 10,708,725</b>	<b>100.0%</b>	<b>\$ 11,029,986</b>	<b>100.0%</b>
<b>Cost of Goods Sold</b>										
Flowers	\$ 2,473,706	25.2%	\$ 2,547,917	25.2%	\$ 2,624,355	25.2%	\$ 2,703,085	25.2%	\$ 2,784,178	25.2%
Concentrates	\$ 967,750	9.9%	\$ 996,783	9.9%	\$ 1,026,686	9.9%	\$ 1,057,487	9.9%	\$ 1,089,211	9.9%
Edibles	\$ 416,500	4.3%	\$ 428,995	4.3%	\$ 441,865	4.3%	\$ 455,121	4.3%	\$ 468,774	4.3%
Topicals	\$ 45,733	0.5%	\$ 47,105	0.5%	\$ 48,518	0.5%	\$ 49,974	0.5%	\$ 51,473	0.5%
		0.0%		0.0%		0.0%		0.0%		0.0%
		0.0%		0.0%		0.0%		0.0%		0.0%
<b>Total Cost of Goods Sold</b>	<b>\$ 3,903,689</b>	<b>39.8%</b>	<b>\$ 4,020,800</b>	<b>39.8%</b>	<b>\$ 4,141,424</b>	<b>39.8%</b>	<b>\$ 4,265,667</b>	<b>39.8%</b>	<b>\$ 4,393,637</b>	<b>39.8%</b>
<b>Gross Profit</b>	<b>\$ 5,896,311</b>	<b>60.2%</b>	<b>\$ 6,073,200</b>	<b>60.2%</b>	<b>\$ 6,255,396</b>	<b>60.2%</b>	<b>\$ 6,443,058</b>	<b>60.2%</b>	<b>\$ 6,636,350</b>	<b>60.2%</b>
<b>Expenses</b>										
<b>Fixed Expenses</b>										
Credit Card Fees		0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
<b>Insurance Expense</b>										
Health	\$ 10,000	0.1%	\$ 10,200	0.1%	\$ 10,404	0.1%	\$ 10,612	0.1%	\$ 10,824	0.1%
Liability	\$ 20,000	0.2%	\$ 20,400	0.2%	\$ 20,808	0.2%	\$ 21,224	0.2%	\$ 21,649	0.2%
Workers Comp	\$ 20,000	0.2%	\$ 20,400	0.2%	\$ 20,808	0.2%	\$ 21,224	0.2%	\$ 21,649	0.2%
<b>Total Insurance Expense</b>	<b>\$ 50,000</b>	<b>0.5%</b>	<b>\$ 51,000</b>	<b>0.5%</b>	<b>\$ 52,020</b>	<b>0.5%</b>	<b>\$ 53,060</b>	<b>0.5%</b>	<b>\$ 54,122</b>	<b>0.5%</b>
<b>Payroll Expenses</b>										
Counter Staff/Cashiers	\$ 240,000	2.4%	\$ 247,200	2.4%	\$ 254,616	2.4%	\$ 262,254	2.4%	\$ 270,122	2.4%
Bonus	\$ 10,000	0.1%	\$ 10,300	0.1%	\$ 10,609	0.1%	\$ 10,927	0.1%	\$ 11,255	0.1%
Management	\$ 260,000	2.7%	\$ 267,800	2.7%	\$ 275,834	2.7%	\$ 284,109	2.7%	\$ 292,632	2.7%
Stock Room Staff/ BOH	\$ 80,000	0.8%	\$ 82,400	0.8%	\$ 84,872	0.8%	\$ 87,418	0.8%	\$ 90,041	0.8%
Payroll Taxes	\$ 30,000	0.3%	\$ 30,900	0.3%	\$ 31,827	0.3%	\$ 32,782	0.3%	\$ 33,765	0.3%
Management Fee	\$ 150,000	1.5%	\$ 154,500	1.5%	\$ 159,135	1.5%	\$ 163,909	1.5%	\$ 168,826	1.5%
<b>Total Payroll Expenses</b>	<b>\$ 770,000</b>	<b>7.9%</b>	<b>\$ 793,100</b>	<b>7.9%</b>	<b>\$ 816,893</b>	<b>7.9%</b>	<b>\$ 841,400</b>	<b>7.9%</b>	<b>\$ 866,642</b>	<b>7.9%</b>
Rent Expense	\$ 90,000	0.9%	\$ 92,700	0.9%	\$ 95,481	0.9%	\$ 98,345	0.9%	\$ 101,296	0.9%
Percentage Rent	\$ 161,700		\$ 166,551		\$ 171,548		\$ 176,694		\$ 181,995	
CAM/ Real Estate Taxes	\$ 22,060	0.2%	\$ 22,722	0.2%	\$ 23,403	0.2%	\$ 24,106	0.2%	\$ 24,829	0.2%
<b>Total Rent Expense</b>	<b>\$ 112,060</b>	<b>1.1%</b>	<b>\$ 115,422</b>	<b>1.1%</b>	<b>\$ 118,884</b>	<b>1.1%</b>	<b>\$ 122,451</b>	<b>1.1%</b>	<b>\$ 126,125</b>	<b>1.1%</b>
<b>Utilities</b>										
Cable	\$ 6,000	0.1%	\$ 6,180	0.1%	\$ 6,365	0.1%	\$ 6,556	0.1%	\$ 6,753	0.1%
Electric	\$ 15,000	0.2%	\$ 15,450	0.2%	\$ 15,914	0.2%	\$ 16,391	0.2%	\$ 16,883	0.2%
Gas	\$ 15,000	0.2%	\$ 15,450	0.2%	\$ 15,914	0.2%	\$ 16,391	0.2%	\$ 16,883	0.2%
Water	\$ 10,000	0.1%	\$ 10,300	0.1%	\$ 10,609	0.1%	\$ 10,927	0.1%	\$ 11,255	0.1%
<b>Total Utilities</b>	<b>\$ 46,000</b>	<b>0.5%</b>	<b>\$ 47,380</b>	<b>0.5%</b>	<b>\$ 48,801</b>	<b>0.5%</b>	<b>\$ 50,265</b>	<b>0.5%</b>	<b>\$ 51,773</b>	<b>0.5%</b>
<b>Total Fixed Expenses</b>	<b>\$ 978,060</b>	<b>10.0%</b>	<b>\$ 1,006,902</b>	<b>10.0%</b>	<b>\$ 1,036,599</b>	<b>10.0%</b>	<b>\$ 1,067,177</b>	<b>10.0%</b>	<b>\$ 1,098,661</b>	<b>10.0%</b>
<b>Variable Expenses</b>										
Advertising/PR	\$ 25,000	0.3%	\$ 25,750	0.3%	\$ 26,523	0.3%	\$ 27,318	0.3%	\$ 28,138	0.3%
Bank Service Charges	\$ 500	0.0%	\$ 515	0.0%	\$ 530	0.0%	\$ 546	0.0%	\$ 563	0.0%
Counter Supplies/packaging	\$ 200,000	2.0%	\$ 206,000	2.0%	\$ 212,180	2.0%	\$ 218,545	2.0%	\$ 225,102	2.0%
Cleaning	\$ 42,000	0.4%	\$ 43,260	0.4%	\$ 44,558	0.4%	\$ 45,895	0.4%	\$ 47,271	0.4%
CPU & Internet	\$ 22,000	0.2%	\$ 22,660	0.2%	\$ 23,340	0.2%	\$ 24,040	0.2%	\$ 24,761	0.2%
Contributions	\$ 2,000	0.0%	\$ 2,060	0.0%	\$ 2,122	0.0%	\$ 2,185	0.0%	\$ 2,251	0.0%
Dues & Subscriptions	\$ 2,000	0.0%	\$ 2,060	0.0%	\$ 2,122	0.0%	\$ 2,185	0.0%	\$ 2,251	0.0%
Equipment Rental		0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Legal & Accounting	\$ 20,000	0.2%	\$ 20,600	0.2%	\$ 21,218	0.2%	\$ 21,855	0.2%	\$ 22,510	0.2%
Licenses & Permits	\$ 5,000	0.1%	\$ 5,150	0.1%	\$ 5,305	0.1%	\$ 5,464	0.1%	\$ 5,628	0.1%
Office Supplies	\$ 12,000	0.1%	\$ 12,360	0.1%	\$ 12,731	0.1%	\$ 13,113	0.1%	\$ 13,506	0.1%
Payroll Fees	\$ 5,000	0.1%	\$ 5,150	0.1%	\$ 5,305	0.1%	\$ 5,464	0.1%	\$ 5,628	0.1%
Printing & Production	\$ 12,000	0.1%	\$ 12,360	0.1%	\$ 12,731	0.1%	\$ 13,113	0.1%	\$ 13,506	0.1%
Professional Fees	\$ 15,000	0.2%	\$ 15,450	0.2%	\$ 15,914	0.2%	\$ 16,391	0.2%	\$ 16,883	0.2%
Repairs & Maintenance	\$ 15,000	0.2%	\$ 15,450	0.2%	\$ 15,914	0.2%	\$ 16,391	0.2%	\$ 16,883	0.2%
Supplies	\$ 25,000	0.3%	\$ 25,750	0.3%	\$ 26,523	0.3%	\$ 27,318	0.3%	\$ 28,138	0.3%
Security	\$ 160,000	1.6%	\$ 164,800	1.6%	\$ 169,744	1.6%	\$ 174,836	1.6%	\$ 180,081	1.6%
Training	\$ 10,000	0.1%	\$ 10,300	0.1%	\$ 10,609	0.1%	\$ 10,927	0.1%	\$ 11,255	0.1%
Trash Removal	\$ 15,000	0.2%	\$ 15,450	0.2%	\$ 15,914	0.2%	\$ 16,391	0.2%	\$ 16,883	0.2%
Uniforms	\$ 10,000	0.1%	\$ 10,300	0.1%	\$ 10,609	0.1%	\$ 10,927	0.1%	\$ 11,255	0.1%
<b>Total Variable Expenses</b>	<b>\$ 597,500</b>	<b>6.1%</b>	<b>\$ 615,425</b>	<b>6.1%</b>	<b>\$ 633,888</b>	<b>6.1%</b>	<b>\$ 652,904</b>	<b>6.1%</b>	<b>\$ 672,492</b>	<b>6.1%</b>
<b>Total Expenses</b>	<b>\$ 1,575,560</b>	<b>16.1%</b>	<b>\$ 1,622,327</b>	<b>16.1%</b>	<b>\$ 1,670,487</b>	<b>16.1%</b>	<b>\$ 1,720,081</b>	<b>16.1%</b>	<b>\$ 1,771,153</b>	<b>16.1%</b>
<b>Net Operating Income</b>	<b>\$ 4,320,751</b>	<b>44.1%</b>	<b>\$ 4,450,873</b>	<b>44.1%</b>	<b>\$ 4,584,910</b>	<b>44.1%</b>	<b>\$ 4,722,977</b>	<b>44.1%</b>	<b>\$ 4,865,197</b>	<b>44.1%</b>
<b>tax rate</b>	<b>20%</b>									
<b>Business Income Tax</b>	<b>\$ 864,150</b>		<b>\$ 890,175</b>		<b>\$ 916,982</b>		<b>\$ 944,595</b>		<b>\$ 973,039</b>	
<b>Free Cash AFTER TAX for Distribution</b>	<b>\$ 3,456,601</b>	<b>35%</b>	<b>\$ 3,560,699</b>	<b>35%</b>	<b>\$ 3,667,928</b>	<b>35%</b>	<b>\$ 3,778,382</b>	<b>35%</b>	<b>\$ 3,892,158</b>	<b>35%</b>



# Appendix: State Permitting Guidelines

It's fair to say a majority of the risk investing in a cannabis venture in Massachusetts is surviving the permitting process. Per the evidence presented in the market overview section, there will be a highly restricted market for cannabis retail locations. If a business can get a permit, one can predict with confidence, the venture will be extremely profitable. That being said, the permitting process is extremely complex and difficult to navigate. It is important to dedicate a section of the business plan to this process.

## Establishing a Massachusetts Cannabis License

### Types of License

Before applying for a license, the applicant needs to check with the local municipalities on the individual rules established in the town they are looking to establish their business. Note, many of the towns and municipalities have established moratoriums, a temporary ban on the use and sale of cannabis. An outright permanent ban is more complicated and less understood. The commission for now will not issue licenses in areas where the municipality has issued a ban. It should be noted the state permits the local municipalities to keep the moratorium in place "for a reasonable time." An establishment must be at least 500 ft from a school, though a bylaw or ordinance can be established for exceptions. Licenses in Massachusetts are good for one year at a time and must be renewed before they expire. The following licenses available are:

- **Cultivator**
  - License is based on square footage
  - License tier (size of facility) can be changed if output needs to be increased or reduced.
- **Craft Marijuana Cooperative**
- **Microbusiness**
- **Product Manufacturing**
  - An entity authorized to obtain, manufacture, process and package marijuana and marijuana products, to deliver marijuana and marijuana products to Marijuana
- **Testing**
- **Retail**
- **Transporter**
- **Research**

There are three major submission packets required. You cannot start the submission process until at least one of the three packets are submitted. The three sections include the Intent packet, Background Check packet, and the Management and Operations packet. A more detailed process is outlined and is as follows:

**1. Create an account on the CCC website**

1.1. <https://mass-cannabis-control.com/>

**2. Submit Intent Packet**

2.1. Individual and entities involved in the submission

2.2. Funding sources

2.3. Proposed locations of the building

2.4. Host agreement and outreach forms

2.4.1. The agreement may include a community impact fee of up to 3% of gross sales to be paid to the host community, as long as the fee is reasonably related to real costs imposed on the municipality due to the establishment or RMD operating there. The agreement may not be effective for longer than five years.

2.5. Social and economic impact analysis

**3. Submit Background Check Profile**

3.1. Names and information of all people listed in the intent packet submission

**4. Submit Management and Operations Profile**

4.1. Business Registration

4.2. Business Plan

4.3. Operating Policies and Procedure

**5. Pay Application Fee**

A more detailed process can be found here:

<https://mass-cannabis-control.com/wp-content/uploads/2018/04/Guidance-for-Marijuana-Establishment-Licensure-Applicants.pdf>

Once submitted the commission has 60 days to deny or approve the applicant. Please note beyond this, all members involved in the cannabis industry, must create a registered agent process.

**Community Forum/Outreach**

The community outreach must be filed 6 months prior to the submission of the intent package. An applicant must ensure that the meeting notice includes the time, place, and subject matter of the meeting and the proposed address of the marijuana establishment.

The notice must be:

- Published in the local newspaper
- Filed with the town or city clerk, the planning board, the contracting authority for the municipality, and local licensing authority for adult use of Cannabis, if applicable



- Mailed to abutters of the proposed address of the Marijuana Establishment, owners of land directly opposite on any public or private street or way, and to the abutters within 300 feet of the property line

*The following template is provided to assist applicants seeking to be licensed as a Marijuana Establishment under 935 CMR 500.000, which establishes the regulatory requirements for adult use marijuana in the Commonwealth. This template is not legal advice. If you have questions regarding the legal requirements for licensure in the Commonwealth, you are encouraged to consult an attorney.*

*Notice is hereby given that a Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for (insert date) at (insert time) at (insert location). The proposed (type(s) of Marijuana Establishment) is anticipated to be located at (insert address of proposed Marijuana Establishment). There will be an opportunity for the public to ask questions.*

The follow issues should be addressed in the meeting:

- Location of the proposed Marijuana Establishment.
- What type(s) of Marijuana Establishment will be sited at the location?
- Is the proposed Marijuana Establishment allowed under current zoning bylaws/ordinances or is a zoning amendment required to allow it to go there?
- Is the proposed Marijuana Establishment allowed by right or does it require local zoning permitting? What permits are required?
- Is there a local licensing regulation pertaining to Marijuana Establishments?
- Is there a local Board of Health regulation pertaining to Marijuana Establishments?
- Does the proposed location comply with the 500-foot buffer zone from existing public or private school buildings (K-12)? Do local bylaws or ordinance create a smaller buffer zone?
- If the applicant is moving into an existing building or building a new one, will its premises comply with the security requirements set forth in 935 CMR 500?
- What steps will be taken by the Marijuana Establishment to prevent diversion to minors?
- Information demonstrating how the applicant intends to ensure that the location will not constitute a nuisance to the community as defined by law.
- A plan for how the Marijuana Establishment will positively impact the community. If the applicant is a marijuana retailer, be aware of whether the municipality has passed the local tax option and prepared to answer questions.
- Be familiar with the Host Community Agreement requirements and be prepared to answer questions about them.



# Contact:

Michael Hunnewell  
President  
Eskar LLC  
781-697-9323

**Section 3, Question 6**  
**Preliminary Security Plan**

## 21 Broadway, Arlington, MA Draft Security Plan

The location 21 Broadway is an old bank which most of the security systems were left behind and intact. Security walls, video recording systems, and the vault were all left behind allowing Eskar to utilize the infrastructure for their marijuana retail business. This makes the location an ideal structure to hold a retail permit as the current bank infrastructure goes above and beyond some of the state cannabis commission requirements. That being said, upon a thorough review of the site with a security consultant, Eskar will add additional infrastructure to make sure the site completes the necessary security requirements for the state and town of Arlington. The following security plan is in response to both the town of Arlington and Cannabis Control Commission 500.110 Security Requirements for Marijuana Establishments and outline initial responses to the requirements stated. Responses to requirements are in red.

1. **General Requirements.** *A Marijuana Establishment shall implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the Marijuana Establishment. Security measures taken by the licensee to protect the premises, employees, consumers and general public shall include, but not be limited to, the following:*
  - a. *Positively identifying individuals seeking access to the premises of the Marijuana Establishment or to whom or marijuana products are being transported pursuant to 935 CMR 500.105(14) to limit access solely to individuals 21 years of age or older;*  
*Before entering the sale floor, all entrants will be greeted by a security guard along with staff to check IDs. One solution being evaluated is the IDVisor Sentry and IDentiFake combo system by TokenWorks Inc. (<https://www.idscanner.com/solutions/cannabis-dispensaries-marijuana-retailers/>). The system uses state of the art facial recognition software along with a database of all 50 states to ensure fake IDs are not accepted. Staff will also be trained to spot underage persons trying to enter.*
  - b. *Adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by these regulations and its enabling statute are allowed to remain on the premises;*  
*Staff and security will monitor the parking lot for loiterers as part of employee training. External cameras will monitor exterior of the building. If traffic becomes troublesome during first few months of opening, Eskar will work with police to mitigate both traffic and loiterers. Additionally, floor space will be designed to have a waiting area to prevent lines outside the building if it ever became an issue.*
  - c. *Disposing of marijuana in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;*  
*Per state requirements for disposal of cannabis products, trained staff will be sure to isolate cannabis products with active THC from other products. From there the products will be destroyed in a manner that renders the active ingredients inert. Per regulations, two registered agents will witness and document the process. Eskar will also work with a third party vendor to destroy and remove products that can't be disposed on site or cannot be removed with regular waste.*



- d. *Securing all entrances to the Marijuana Establishment to prevent unauthorized access*  
Eskar will be modifying 21 Broadway to establish 2 entrances to store. The vestibule where the AtM machine was situated in the old bank will become the customer access point to the building. This will assure customers entering the store will not interfere with employees of other businesses in the building. The rear entry of the building will be for Eskar employees only to allow the delivery of goods into the building. Each door will be keycode locked.
- e. *Establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;*  
Along with the modification of entry points to the building, areas of the store will be sectioned off with varying level of access to personnel through the use of security doors with electronic keycode locks. For example, all staff will have access to the front door but only the manager on duty will have access to the vault by establishing security levels for each employee.
- f. *Storing all finished marijuana products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;*  
The old bank vault which was left on the premise after the old bank moved out will become the new vault to store marijuana goods. This will go well beyond the required security protocol for the state and is an added benefit of retrofitting an old bank for the Eskar's purpose.
- g. *Keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;*  
As stated earlier. All doors containing product will be security doors with keycard access.
- h. *Keeping all locks and security equipment in good working order;*  
Equipment will be inspected daily by floor manager along with a full security audit quarterly.
- i. *Prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;*  
Keycards issued to staff will required to be worn at all times and will include a photo ID of the staff member. Any lost cards must be reported immediately. Upon notification, the old card will be deactivated and a new card will be issued to the staff member.
- j. *Prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;*  
Alarm system and video surveillance area will be kept in a separate room in the back office of the store. The room will be locked with keycard access only awarded to the floor manager and security team.
- k. *Ensuring that the outside perimeter of the Marijuana Establishment is sufficiently lit to facilitate surveillance, where applicable;*  
Outside perimeter will install security cameras to monitor the parking lots, front entry and rear entry. The parking lot will have outdoor lighting with a timer to turn on at dusk.



- l. Ensuring that all marijuana products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;  
Product will be kept within the building. No windows will see into the store. All customers will be given a bag to conceal their purchases as they leave the premise.
- m. Developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of marijuana, and conduct an assessment to determine whether additional safeguards are necessary;  
Reporting and theft policies will be documented in employee handbook and will be part of training with both customer service staff and security team.
- n. Developing sufficient additional safeguards as required by the Commission for Marijuana Establishments that present special security concerns; and  
Additional safeguards addressed throughout plan. Eskar will meet with municipal staff to address special security concerns that may arise.
- o. Sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.  
Eskar will hold quarterly meetings with the chief of police and fire during the first year of operation to review security plans and procedures. From year 2 on, the meetings will be held once a year. Time and frequency of meetings can be altered based on feedback from community.

2. **Alternate Security Provisions.**

- a. Notwithstanding the requirements specified in 935 CMR 500.110(1), (5) and (6), if a Marijuana Establishment has provided other, specific safeguards that may be regarded as an adequate substitute for those requirements, such measures may be taken into account by the Commission in evaluating the overall required security measures.
- b. The applicant or licensee shall submit a request for an alternative security provision to the Commission on a form as determined and made available by the Commission. Upon receipt of the form, the Commission shall submit the request to the chief law enforcement officer in the municipality where the Marijuana Establishment is located or will be located. The Commission shall request that the chief law enforcement officer review the request and alternative security provision requested and, within 30 days,
  - i. certify the sufficiency of the requested alternate security provision; or
  - ii. provide the Commission with a statement of reasons why the alternative security provision is not sufficient in the opinion of the chief law enforcement officer.

The Commission shall take the chief law enforcement officer's opinion under consideration in determining whether to grant the alternative security provision, provided that it shall not be determinative. If no response is received from the chief law enforcement officer or a designee within 30 days of submitting the request to the chief law enforcement officer, the Commission shall proceed with a determination.

At this time Eskar does wish to request any alternate security provisions.

3. **Buffer Zone.** The property where the proposed Marijuana Establishment is to be located, at the time the license application is received by the Commission, is not located within 500 feet of a pre-existing public or private school providing education in kindergarten or any of grades one

through 12, unless a city or town adopts an ordinance or by-law that reduces the distance requirement. The distance under 935 CMR 500.110(3) shall be measured in a straight line from the nearest point of the property line in question to the nearest point of the property line where the Marijuana Establishment is or will be located.

See appendix B

4. **Limited Access Areas**

- a. All limited access areas must be identified by the posting of a sign that shall be a minimum of 12" x 12" and which states: "Do Not Enter—Limited Access Area—Access Limited to Authorized Personnel Only" in lettering no smaller than one inch in height.
- b. All limited access areas shall be clearly described by the filing of a diagram of the registered premises, in the form and manner determined by the Commission, reflecting entrances and exits, walls, partitions, vegetation, flowering, processing, production, storage, disposal and retail sales areas.
- c. Access to limited access areas shall be restricted to employees, agents or volunteers specifically permitted by the Marijuana Establishment, agents of the Commission, state and local law enforcement and emergency personnel.
- d. Employees of the Marijuana Establishment shall visibly display an employee identification badge issued by the Marijuana Establishment at all times while at the Marijuana Establishment or transporting marijuana.
- e. All outside vendors, contractors and visitors shall obtain a visitor identification badge prior to entering a limited access area, and shall be escorted at all times by a marijuana establishment agent authorized to enter the limited access area. The visitor identification badge shall be visibly displayed at all times while the visitor is in any limited access area. All visitors must be logged in and out and that log shall be available for inspection by the Commission at all times. All visitor identification badges shall be returned to the Marijuana Establishment upon exit.

Comments to the requirements above: customers will be allocated to only one room. The back office of the store will be only accessible to staff via the keycard security system and will be label clearly at section 4 states.

5. **Security and Alarm Requirements for Marijuana Establishments Operating Enclosed Areas**

- a. A Marijuana Establishment located, in whole or in part, in a building, greenhouse or other enclosed area shall have an adequate security system to prevent and detect diversion, theft or loss of marijuana or unauthorized intrusion, utilizing commercial grade equipment which shall, at a minimum, include:
  - i. A perimeter alarm on all building entry and exit points and perimeter windows, if any;
  - ii. A failure notification system that provides an audible, text or visual notification of any failure in the surveillance system. The failure notification system shall provide an alert to designated employees of the Marijuana Establishment within five minutes after the failure, either by telephone, email or text message
  - iii. A duress alarm, panic alarm or hold-up alarm connected to local public safety or law enforcement authorities
  - iv. Video cameras in all areas that may contain marijuana, at all points of entry and exit and in any parking lot which shall be appropriate for the normal lighting



*conditions of the area under surveillance. The cameras shall be directed at all safes, vaults, sales areas and areas where marijuana is cultivated, harvested, processed, prepared, stored, handled or dispensed. Cameras shall be angled so as to allow for the capture of clear and certain identification of any person entering or exiting the Marijuana Establishment or area;*

- v. 24-four hour recordings from all video cameras that are available immediate viewing by the Commission upon request and that are retained for at least 90 calendar days. Recordings shall not be destroyed or altered, and shall be retained as long as necessary if the Marijuana Establishment is aware of a pending criminal, civil or administrative investigation or legal proceeding for which the recording may contain relevant information;*
- vi. The ability to immediately produce a clear, color still photo whether live or recorded;*
- vii. A date and time stamp embedded in all recordings, which shall be synchronized and set correctly at all times and shall not significantly obscure the picture;*
- viii. The ability to remain operational during a power outage; and*
- ix. A video recording that allows for the exporting of still images in an industry standard image format, including .jpg, .bmp and .gif. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that may be played on a standard computer operating system. All recordings shall be erased or destroyed prior to disposal.*
- b. All security system equipment and recordings shall be maintained in a secure location so as to prevent theft, loss, destruction and alterations.*
- c. In addition to the requirements listed in 935 CMR 500.110(5)(a) and (b), the Marijuana Establishment shall have a back-up alarm system, with all the capabilities of the primary system, provided by a company supplying commercial grade equipment, which shall not be the same company supplying the primary security system, or shall demonstrate to the Commission's satisfaction alternate safeguards to ensure continuous operation of a security system.*
- d. Access to surveillance areas shall be limited to persons that are essential to surveillance operations, law enforcement authorities, security system service personnel and the Commission. A current list of authorized employees and service personnel that have access to the surveillance room must be available to the Commission upon request. If the surveillance room is on-site of the Marijuana Establishment it shall remain locked and shall not be used for any other function.*
- e. All security equipment shall be in good working order and shall be inspected and tested at regular intervals, not to exceed 30 calendar days from the previous inspection and test.*
- f. Trees, bushes and other foliage outside of the Marijuana Establishment shall be maintained so as to prevent a person or persons from concealing themselves from sight.*

*It should be noted that typically installing security systems needed to meet the requirements above may cause complaints from the property owner and/or the*

community nearby. Since the old bank already has most of these systems in place, Eskar sees no issues implementing these systems as they are already installed on site today.

6. **Security and Alarm Requirements for Marijuana Establishments Operating an Open Cultivation Facility**

Eskar will not be operating a cultivation facility at this time. This section of the code does not apply to the company's desired business use.

7. **Incident Reporting**

a. *A Marijuana Establishment shall notify appropriate law enforcement authorities and the Commission of any breach of security immediately and, in no instance, more than 24 hours following discovery of the breach. Notification shall occur, but not be limited to, during the following occasions:*

- i. discovery of discrepancies identified during inventory;*
- ii. diversion, theft or loss of any marijuana product;*
- iii. any criminal action involving or occurring on or in the Marijuana Establishment premises;*
- iv. any suspicious act involving the sale, cultivation, distribution, processing or production of marijuana by any person;*
- v. unauthorized destruction of marijuana;*
- vi. any loss or unauthorized alteration of records related to marijuana;*
- vii. an alarm activation or other event that requires response by public safety personnel or security personnel privately engaged by the Marijuana Establishment;*
- viii. the failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last more than eight hours; or*
- ix. any other breach of security.*

b. *A Marijuana Establishment shall, within ten calendar days, provide notice to the Commission of any incident described in 935 CMR 500.110(7)(a) by submitting an incident report in the form and manner determined by the Commission which details the circumstances of the event, any corrective action taken, and confirmation that the appropriate law enforcement authorities were notified.*

c. *All documentation related to an incident that is reportable pursuant to 935 CMR 500.110(7)(a) shall be maintained by a Marijuana Establishment for not less than one year or the duration of an open investigation, whichever is longer, and made available to the Commission and law enforcement authorities upon request.*

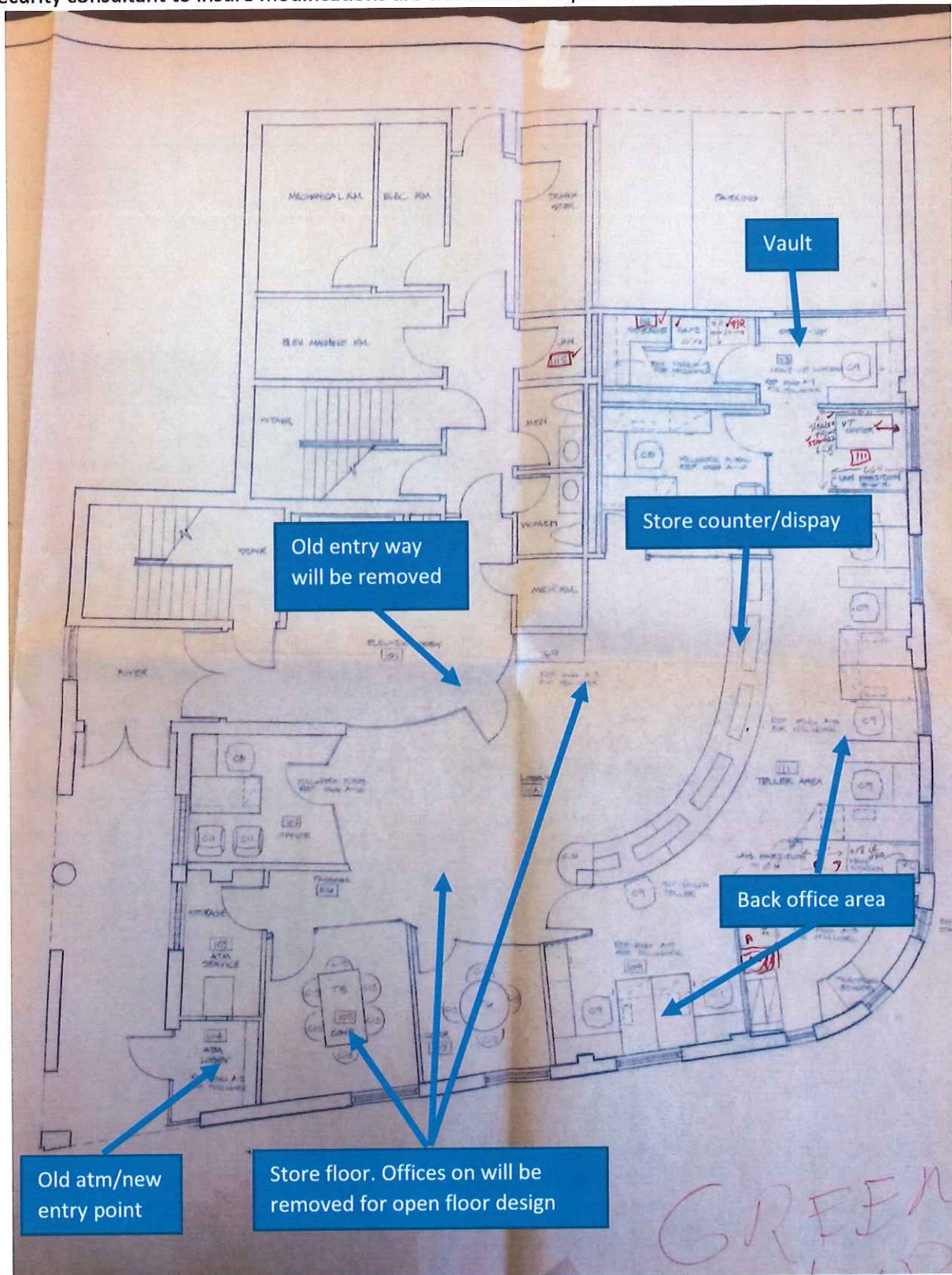
*The following incident reporting requirements will be covered in the employee handbook for both customer service staff and security personnel.*

8. **Security Audits**

*A Marijuana Establishment must, on an annual basis, obtain at its own expense, a security system audit by a vendor approved by the Commission. A report of such audit must be submitted, in a form and manner determined by the Commission, no later than 30 calendar days after the audit is conducted. If the audit identifies concerns related to the establishment's security system, the Marijuana Establishment must also submit a plan to mitigate those concerns within ten business days of submitting the audit.*

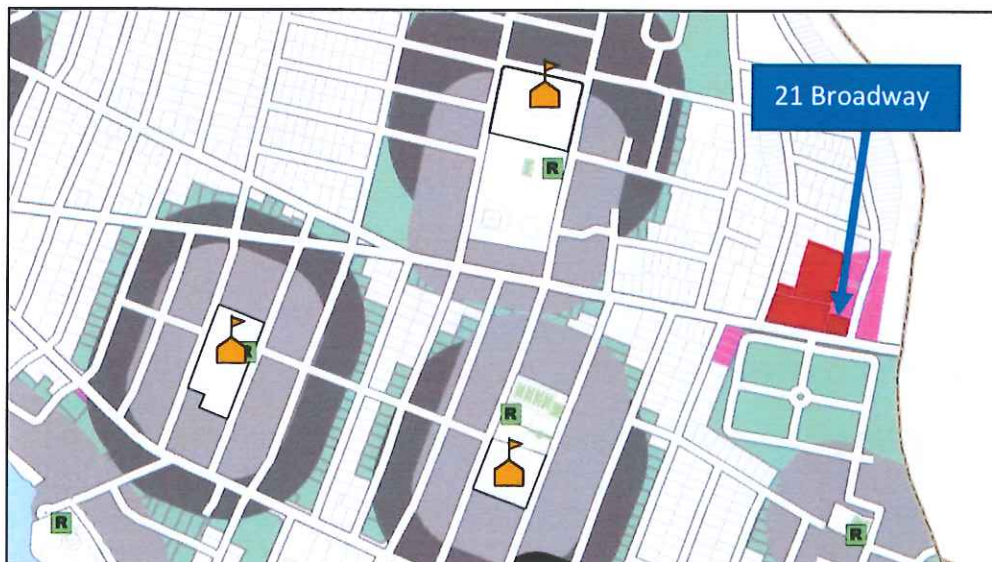


Below is the old floor plan to the bank at 21 Broadway. Eskar will be working with a design team and security consultant to insure modifications are within state requirements and town code.





This zoning map was provided by the town of Arlington highlighting all the buffer areas and viable properties within the right zoning outside the buffer zones. Buffer zones include schools, “recreational areas”, and public libraries. 21 Broadway is zoned B2A, major business, an approved zone to operate a marijuana business. The map all shows the store would be well beyond any required buffer zone distances.



## Section 3, Question 7

### Preliminary Traffic Study

## 21 Broadway, Arlington, MA Traffic and Parking Plan

Traffic is a major concern for local municipalities. If Eskar is awarded a permit to open in Arlington, the traffic impact will be nowhere near the volume some of the retail establishments are seeing today. This is due to additional stores opening up over the next few months, easing the supply shortage of product available to cannabis customers. Nevertheless, traffic mitigation is a serious criterion to consider. In response to the town's submission request, Eskar has performed a brief preliminary traffic study. 21 Broadway has provided at least 4 private parking spots for Eskar employees and is in negotiations to purchase more. An aerial view of the building highlights the large parking lot supporting the building in figure 1. There also looks to be at least another 20-40 public parking spots nearby situated on both Broadway and Sunnyside Ave. Eskar hired Vanasse & Associates Inc. to perform a traffic memo. The firm has performed over 20 traffic studies for various cannabis firms across the commonwealth and came highly recommend to Eskar. The full traffic summary is attached. At 3,000 sq ft, the retail store can expect the follow traffic:

Weekday Daily	760
Weekday Morning Peak Hour	
Entering	17
<u>Exiting</u>	<u>14</u>
Total	31
Weekday Evening Peak Hour	
Entering	33
<u>Exiting</u>	<u>33</u>
Total	66
Saturday Daily	778
Weekday Evening Peak Hour	
Entering	55
<u>Exiting</u>	<u>54</u>
Total	109

Based on these numbers, Eskar is confident they can work with Vanasse and the town of Arlington to effectively handle this traffic level. If additional spaces are needed, there are plenty of properties nearby with empty lots Eskar can work with to acquire additional parking.



Figure 1: Aerial view of the building. Lease includes at least 17 spots for parking. Parking lot enters on Broadway and exits onto Sunnyside Ave.

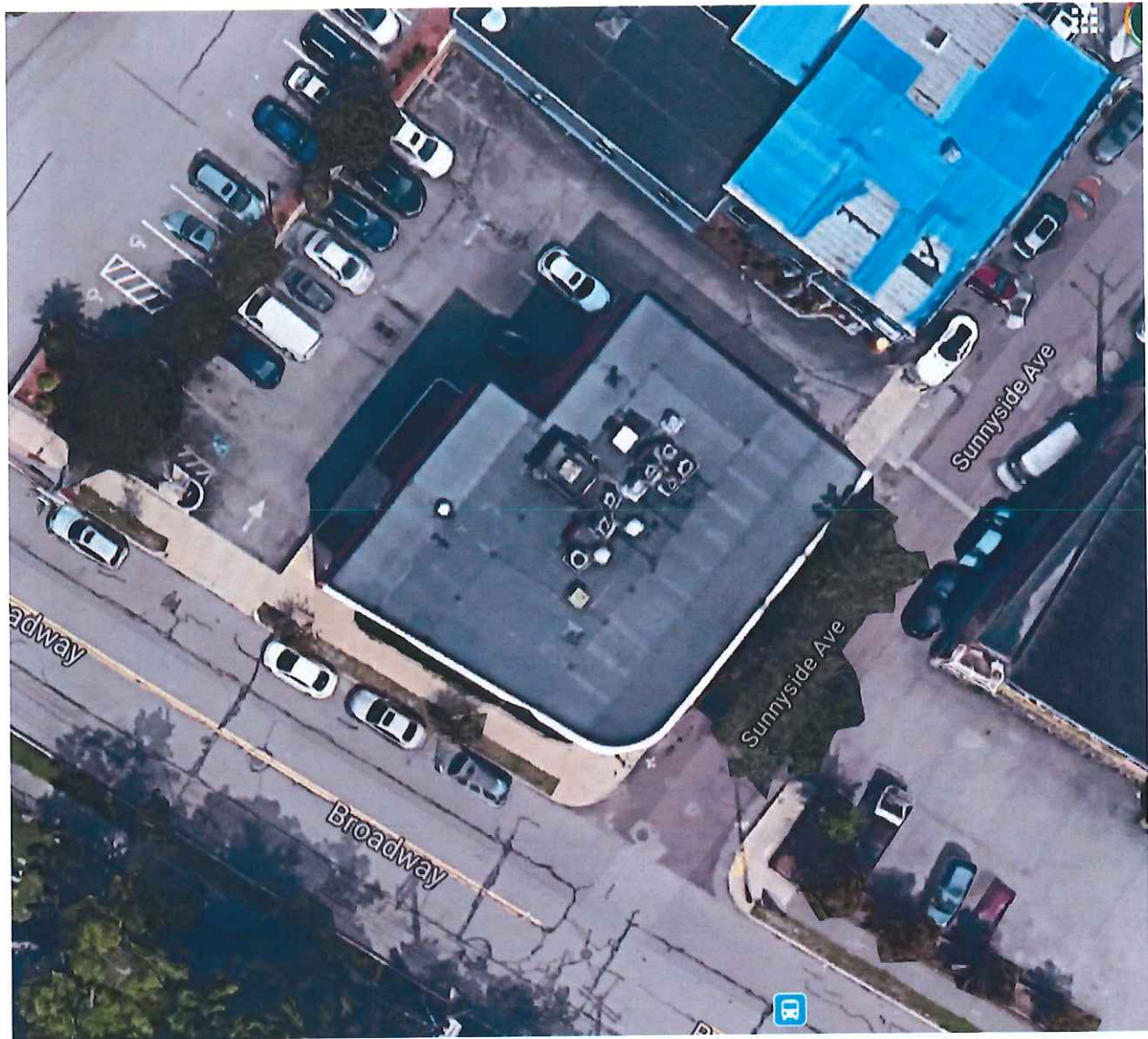


Figure 2: Zoomed out aerial view of the property. Over 700 feet of 1 hour parking is available along Broadway alone. These spaces are vacant most of the time given a cemetery abutts the road. Also, there are large parking lots available to the other businesses nearby.

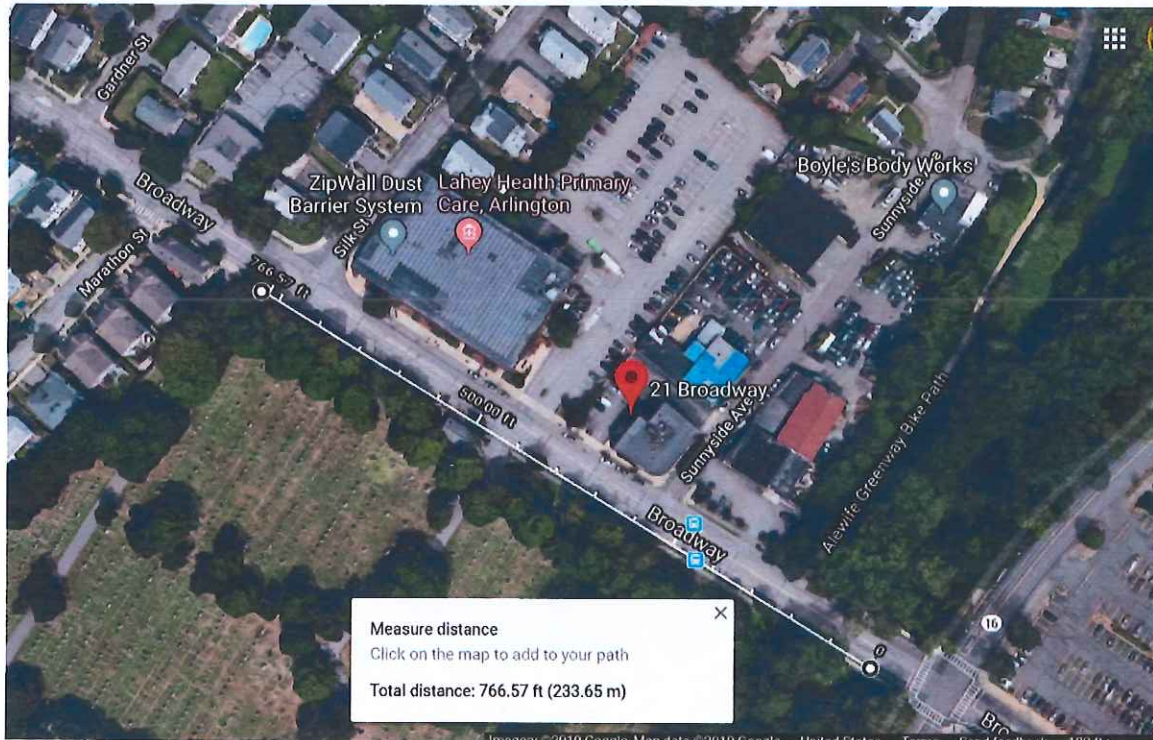


Figure 3: Image of Broadway. As you can see there is public parking on both sides of the road. One side is adjacent to a cemetery leaving plenty of open space throughout the day.





Figure 4: View of main section of the parking lot. Eskar private entrance seen on the right by the glass doors.



Figure 5: Backside of the building and exit out of the parking lot. Additional parking spaces can be seen on the left. These spaces are not visible in the aerial view.

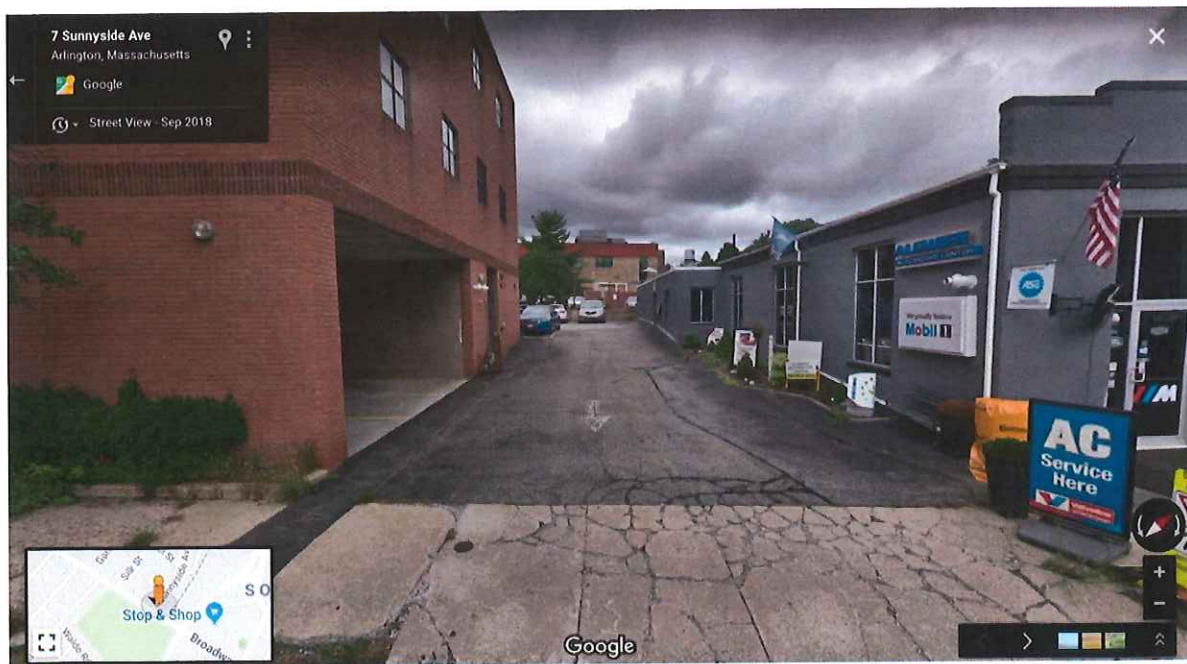
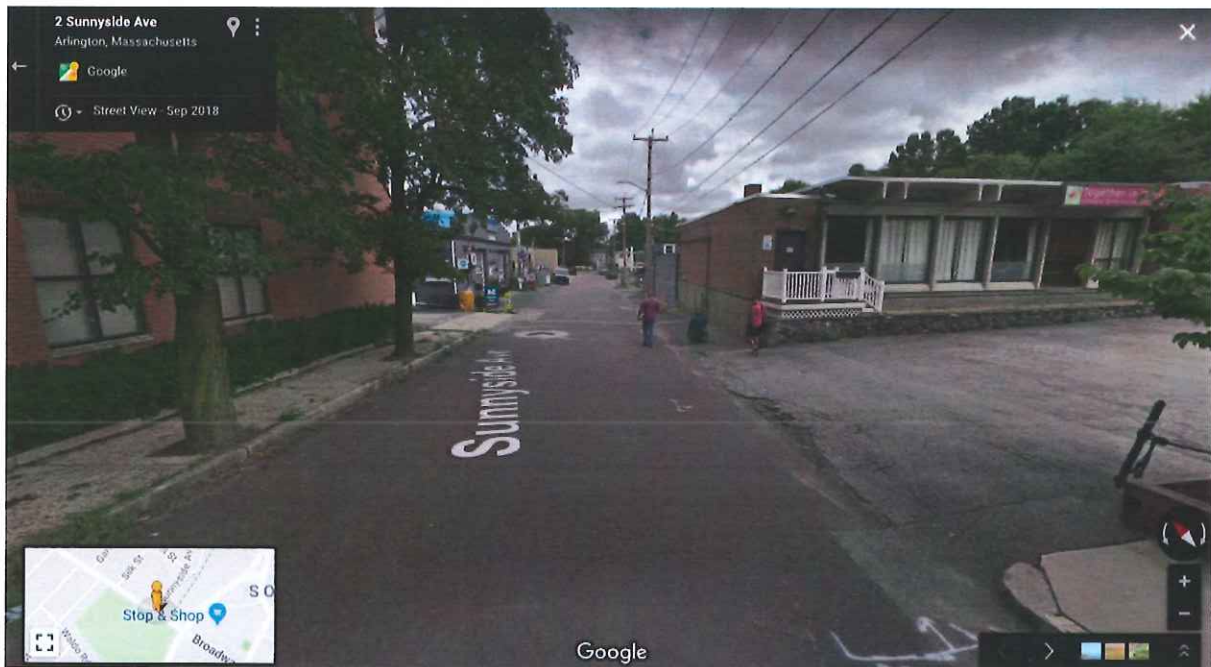




Figure 6: View of Sunnyside Ave. Additional street parking seen on the left of the image.



## MEMORANDUM

**TO:** Mr. Michael Hunnewell  
Eskar LLC  
15 Forbes Street, Apt. #2  
Boston, MA 02130

**FROM:** F. Giles Ham, P.E. *FGH*  
Vanasse & Associates, Inc.  
35 New England Business Center Drive  
Suite 140  
Andover, MA 01810  
(978) 474-8800

**DATE:** April 25, 2019

**RE:** 8264

**SUBJECT:** Proposed Marijuana Dispensary  
21 Broadway  
Arlington, Massachusetts

As requested, Vanasse & Associates, Inc. (VAI) has provided trip generation estimates for the proposed Marijuana Dispensary to be located at 21 Broadway in Arlington, Massachusetts. The proposed project will consist of a 3,000 sf retail dispensary with 20 parking spaces.

### Trip Generation

In order to develop the traffic characteristics of the proposed project, trip-generation statistics published by the Institute of Transportation Engineers (ITE)<sup>1</sup> for Land Use Code (LUC) 882 – Marijuana Dispensary was utilized.

Table 1 provides the Trip Generation estimates.

**Table 1**  
**TRIP-GENERATION\***

	3,000 sf
Weekday Daily	760
Weekday Morning Peak Hour:	
Entering	17
Exiting	14
Total	31
Weekday Evening Peak Hour:	
Entering	33
Exiting	33
Total	66
Saturday Daily	778
Weekday Evening Peak Hour:	
Entering	55
Exiting	54
Total	109

Source: *Institute of Transportation Engineers – Trip Generation*  
10th Edition.

\*ITE LUC 882 – Marijuana Dispensary

<sup>1</sup>*Trip Generation*, 10th Edition; Institute of Transportation Engineers; Washington, DC; 2017.

As can be seen in Table 1, the Project is expected to generate approximately 31 new vehicle trips (17 entering and 14 exiting) during the weekday morning peak-hour and 66 new vehicle trips (33 entering and 33 exiting) during the weekday evening peak-hour. During the Saturday midday peak hour, the Project is expected to generate approximately 109 new vehicle trips (55 entering and 54 exiting). On a daily basis, the project will generate 760 trips (380 entering and 380 exiting) during weekday and 778 trips (389 entering and 389 exiting) during a typical Saturday.

A more detailed traffic analysis can be provided to the Town, as the project move through the permitting process.

cc: File



## APPENDIX

### TRIP GENERATION

**Institute of Transportation Engineers (ITE)**  
**Trip Generation, 10th Edition**  
**Land Use Code (LUC) 882 - Marijuana Dispensary**

Average Vehicle Trips Ends vs: 1,000 sf of GFA  
Independent Variable (X): 3

**AVERAGE WEEKDAY DAILY**

$T = 252.7 * (X)$   
 $T = 252.7 * 3$   
 $T = 758.10$   
 $T = 760.00$   
 $T = 760$  vehicle trips  
with 50% ( 380 vpd) entering and 50% ( 380 vpd) exiting.

**WEEKDAY MORNING PEAK HOUR OF ADJACENT STREET TRAFFIC**

$T = 10.44 * (X)$   
 $T = 10.44 * 3$   
 $T = 31.32$   
 $T = 31$  vehicle trips  
with 56% ( 17 vph) entering and 44% ( 14 vph) exiting.

**WEEKDAY EVENING PEAK HOUR OF ADJACENT STREET TRAFFIC**

$T = 21.83 * (X)$   
 $T = 21.83 * 3$   
 $T = 65.49$   
 $T = 66$  vehicle trips  
with 50% ( 33 vph) entering and 50% ( 33 vph) exiting.

**SATURDAY DAILY**

$T = 259.31 * (X)$   
 $T = 259.31 * 3$   
 $T = 777.93$   
 $T = 778$  vehicle trips  
with 50% ( 389 vpd) entering and 50% ( 389 vpd) exiting.

**SATURDAY MIDDAY PEAK HOUR OF GENERATOR**

$T = 36.43 * (X)$   
 $T = 36.43 * 3$   
 $T = 109.29$   
 $T = 109$  vehicle trips  
with 50% ( 55 vph) entering and 50% ( 54 vph) exiting.

**ESKAR, LLC.**

**HOST COMMUNITY AGREEMENT FOR THE SITING OF AN ADULT-USE  
MARIJUANA RETAILER ESTABLISHMENT IN THE TOWN OF ARLINGTON**

This Host Community Agreement (the “**Agreement**”) is entered into this \_\_\_\_ day of \_\_\_\_\_, 2019 (the “**Effective Date**”) by and under the laws of the Town of Arlington, Massachusetts, a municipal corporation duly organized under the Laws of the Commonwealth, acting through its Board of Selectmen, with a principal address of \_\_\_\_\_ (hereinafter the “**Municipality**”) and Eskar, LLC. with a principal office address of \_\_\_\_\_ (hereinafter “**Licensee**”) (Municipality and Licensee, collectively the “**Parties**”).

**RECITALS**

WHEREAS, Licensee intends to locate a licensed Marijuana Retailer Establishment (“**MRE**”) at 19-23 Broadway, Unit 1F, ,Arlington, MA (hereinafter the “**Facility**”) for the dispensing of adult use marijuana in accordance with M.G.L. ch. 94G and 935 CMR 500.000 et seq. (“**State Law**”), and such approvals as may be issued by the Municipality, and other applicable regulations, as may be amended (“**Local Law**”); and

WHEREAS, M.G.L. ch. 94G, § 3(d), and the regulations issued thereunder, require that Municipality and Licensee execute an agreement setting forth the conditions to have the Facility within it that must include, but not be limited to, all stipulations of responsibilities between the host community and the marijuana establishment; and

WHEREAS, the Municipality recognizes this development and Facility will benefit the Municipality and its citizens through increased economic development, offering products in a safe, licensed and secure setting; additional employment opportunities for residents, and a strengthened local tax base; and

WHEREAS, the Parties intend by this Agreement to satisfy the provisions of M.G.L. c.94G, § 3(d), applicable to the operation of a MRE in the Municipality; and

NOW THEREFORE, in consideration of the mutual promises of the Parties contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

**AGREEMENT**

1. **Authorization.** The Parties respectively represent and warrant that:

- a. Each is duly organized and existing and in good standing, has the full power, authority, and legal right to enter into and perform this Agreement, and the



execution, delivery and performance hereof and thereof (i) will not violate any judgment, order, state law, bylaw, or regulation, and (ii) do not conflict with, or constitute a default under, any agreement or instrument to which either is a party or by which either party may be bound or affected; and

- b. This Agreement has been duly authorized, executed and delivered and constitutes legal, valid and binding obligations of each party, enforceable in accordance with its terms, and there is no action, suit, or proceeding pending, or, to the knowledge of either party, threatened against or affecting wither wherein an unfavorable decision, ruling or finding would materially adversely affect the performance of any obligations hereunder, except as otherwise specifically noted in this Agreement.

2. **Local Permitting.** Licensee agrees that it is required to obtain all local permits required pursuant to Massachusetts Law and the Municipality's Bylaws and regulations. Provided the Municipality acts in accordance with the procedures set forth in G.L. c.44, §53G, Licensee shall be required to pay the reasonable costs of the employment by the Municipality's boards and/or officials of outside consultants, including without limitation, engineers, architects, scientists and attorneys required to review the application for such local permits required to operate the Facility.

3. **Community Impact.** Licensee anticipates that the Municipality will incur additional expenses and impacts upon the Municipality's road system, law enforcement, fire protection services, inspectional services and permitting services, public health services, abuse prevention efforts, and potential additional unforeseen impacts upon the Municipality. Accordingly, in order to mitigate the financial impact upon the Municipality and use of the Municipality's resources, the Licensee agrees to make a donation or donations to the Municipality, in the amounts and under the terms provided herein (the "**Community Impact Payments**")

4. **Host Community Payments.**

a. **MRE Community Impact Payments.** In the event that Licensee obtains a final license, or any other such license/or approval as may be required under State Law, for the operation of a MRE in the Municipality from the Massachusetts Cannabis Control Commission ("**CCC**"), and receives all required approvals from the Municipality to operate a MRE at the Facility, then Licensee agrees to the following:

- i. The Licensee shall make quarterly community impact payments to the Municipality in an amount equal to three percent (3%) of the gross sales of all marijuana and marijuana-infused products at the Facility (the "**MRE Community Impact Payment**").

b. **Timely Payment.** Licensee acknowledges that time is of the essence with respect to performance of its obligations hereunder and that late payments shall be subject to interest at the rates prescribed by G.L. c. 59, §57, provided that no interest shall be due if such default is cured within ten (10) days following written notice of default. If Licensee fails to cure such default within said ten (10) days following written notice thereof, interest shall be due from the date of the original default. These payments or benefits shall be made payable to the Municipality at the direction of the Town Manager.

5. **Annual Filing.** Licensee shall notify the Municipality when it commences sales at the Facility and shall submit quarterly financial statements to the Municipality, which shall include certification of itemized gross sales, and all other information required to ascertain compliance with the terms of this Agreement if required by applicable Massachusetts law.

6. **Term and Termination.** The term of this Agreement shall be for five (5) years from the date the Facility first opens to the public ("Term"). All payments required hereunder shall remain in effect for the duration of the Term and shall be renewable by the Licensee for consecutive five (5) year renewal terms upon the expiration of each Term on the same terms and conditions as set forth herein.

7. **Acknowledgements.** The Municipality understands and acknowledges that Payment due pursuant to this Agreement are contingent upon the Licensee's receipt of all state and local approvals to operate a MRE at the Facility. The Licensee acknowledges that the Municipality's support for the Facility is contingent upon the Payment due pursuant to this Agreement.

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applicable real estate and personal property taxes for that property shall be paid either directly by Licensee or by its landlord, and neither Licensee nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption from paying such taxes. Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by Licensee is determined to be non-taxable or partially non-taxable, or (ii) if the value of such property is abated with the effect of reducing or eliminating the tax which would otherwise be paid if assessed at fair cash value as defined in M.G.L. ch. 59, §38, or (iii) if Licensee is determined to be entitled or subject to exemption with the effect of reducing or eliminating the tax which would otherwise be due if not so exempted, then Licensee shall pay to the Municipality an amount which when added to the taxes, if any, paid on such property, shall be equal to the taxes which would have been payable on such property at fair cash value and at the otherwise applicable tax rate, if there had been no abatement or exemption; this payment shall be in addition to the payments made by Licensee under Section 4 of this Agreement.

9. **Local Sales Taxes.** The Parties acknowledge that the Municipality has imposed a local sales tax upon the sale or transfer of marijuana or marijuana products by a marijuana retailer operating within the Municipality, pursuant to the provisions of G.L. c.64N. Accordingly, Licensee, as required by applicable law, shall remit to the Massachusetts Department of Revenue the excise tax rate determined by the Commonwealth of Massachusetts for the sale of adult-use marijuana and adult-use marijuana-infused products, currently at 3.0% of gross annual sales. Pursuant to G.L. c.64N, §3, the excise taxes received by the Department of Revenue “shall at least quarterly be distributed, credited and paid [to the Town] by the state treasurer”. Nothing herein shall limit the ability of the Municipality to adjust the local sales tax in the future, should the law be amended to allow for an increase in such allowable sales tax.

10. **Community Support and Additional Obligations.**

- a. Local Vendors – To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Licensee shall use good faith efforts in a legal and non-discriminatory manner to give priority to qualified local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance, and continued operation of the Facility.
- b. Employment/Salaries – Except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Licensee shall use good faith efforts in a legal and non-discriminatory manner to hire qualified residents of the Municipality as employees of the Facility.
- c. Approval of Manager - If requested by the Municipality, the Licensee shall provide to the Municipality, for review, the name and relevant information, including but not



limited to the information set forth in 935 CMR 500.030, of the person proposed to act as on-site manager of the Facility. The submittal shall include authorization and all fees necessary to perform a criminal history (CORI) check or similar background check. The Municipality shall consider such request for approval within thirty (30) days following submittal to determine, in consultation with the Police Chief, if the person proposed would not be qualified to act as on-site manager based on applicable Massachusetts laws and regulations. Such approval shall not be unreasonably denied, conditioned or delayed. This approval process shall also apply to any change of on-site manager.

- d. Education - Licensee shall provide staff to participate in Municipality-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with any of the Municipality's public safety departments to mitigate any potential negative impacts of the Facility. In addition, Licensee commits to the provision of educational materials related to health, safety and responsible use of the products offered at the Facility. These materials shall be readily available at the point of purchase.
- e. The Licensee shall, at least annually, provide the Municipality with copies of all reports submitted to the CCC regarding Licensee's operations at the Facility.
- f. The Licensee will work cooperatively with all necessary municipal departments, boards, commissions, and agencies ensure that Licensee's operations are compliant with all of the Municipality's applicable codes, rules, and regulations.

11. **Application Support.** The Municipality agrees to submit to the CCC all documentation and information required by the CCC from the Municipality for the Licensee to obtain approval to operate a MRE at the Facility. The Municipality agrees to support Licensee's application(s) for a MRE with the CCC but makes no representation or promise that it will act on any other license or permit request in any particular way other than by the Municipality's normal and regular course of conduct and in accordance with their codes, rules, and regulations and any statutory guidelines governing them.

This Agreement does not affect, limit, or control the authority of the Municipality's boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Municipality, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Municipality, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for a MRE to operate in the Municipality, or to refrain from enforcement action against the Licensee and/or the Facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

12. **Security.** Licensee shall maintain security at the Facility in accordance with a security plan presented to the Municipality and approved by the CCC. In addition, Licensee shall



at all times comply with State Law and Local Law regarding security of the Facility. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring Licensee's agents to produce their Program ID Card to law enforcement upon request.

To the extent requested by the Municipality's Police Department, and subject to the security and architectural review requirements of the CCC, the Licensee shall work with the Municipality's Police Department in determining the placement of exterior security cameras, so that at least two cameras are located to provide an unobstructed view in each direction of the public way(s) on which the facility is located.

Licensee agrees to cooperate with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures.

To the extent requested by the Municipality's Police Department, the Licensee shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Facility. Such plan shall include, but is not limited to, (i) training Licensee employees to be aware of, observe, and report any unusual behavior in authorized visitors or other Licensee employees that may indicate the potential for diversion; and (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Facility.

13. **Governing Law.** This Agreement shall be governed and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principals of conflicts of law thereof.
14. **Amendments/Waiver.** Amendments or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all Parties, prior to the effective date of the amendment.
15. **Severability.** If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by the court of competent jurisdiction, the validity, legality, and enforceability of the remaining terms and conditions of this Agreement shall not be deemed affected thereby unless one or both Parties would be substantially or materially prejudiced. Elimination or reduction of any payment required hereunder shall constitute substantial or material prejudice to the Municipality. If any term or condition deemed unlawful concerns the right of the Municipality to the payment and use of any part of the Annual Payments, the parties agree that such part of the Annual Payments paid and to be paid to the Municipality hereunder shall constitute a grant or donation for the purposes set forth herein, and shall be held and used accordingly. Further, the Licensee agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and, the Licensee shall pay for all reasonable fees and costs incurred by the Municipality in defending and enforcing this Agreement.

16. **Successors/Assigns.** This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. The Municipality shall not assign or transfer any interest or obligations in this Agreement without the prior written consent of the Licensee, which shall not be unreasonably delayed, conditioned, or withheld. The Licensee shall not assign, sublet or otherwise transfer any interest, its rights nor delegate its obligations under this Agreement unless in compliance with the applicable requirements, if any, of the CCC.
17. **Force Majeure.** If and to the extent that either party is prevented from performing its obligations hereunder by an event of *force majeure*, such party shall be excused from performing hereunder and shall not be liable in damages or otherwise, and the Parties shall instead negotiate in good faith with respect to appropriate modifications of the terms hereof. For purposes of this Agreement, the term *force majeure* shall mean the supervening causes described here, each of which is beyond the reasonable control of the affected party: acts of God, fire, earthquakes, floods, explosion, actions of the elements, war, terrorism, riots, mob violence, a general shortage of labor, equipment, facilities, materials, or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, laws or orders of any governmental or military authorities, or any other cause similar to the foregoing, not within the control of such party obligated to perform such obligation.
18. **Entire Agreement.** This Agreement constitutes the entire integrated agreement between the Parties with respect to the matters described. This Agreement supersedes all prior agreements, negotiations and representations, either written or oral, and it shall not be modified or amended except by a written document executed by the Parties hereto.
19. **Notices.** Except as otherwise provided herein, any notices, consents, demands, requests, approvals, or other communications required or permitted under this Agreement shall be in writing and delivered by hand or mailed postage prepaid, return receipt requested, by registered or certified mail or by other reputable delivery service, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following address:

To the Municipality:

Town of Arlington

To the Licensee:

Eskar, LLC.

TBD



20. **Third-Parties**. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Municipality or the Licensee.

[SIGNATURE PAGE FOLLOWS]

DR

IN WITNESS WHEREOF, the Parties hereto have duly executed this Host Community Agreement on the date set forth above.

**TOWN OF ARLINGTON**

**ESKAR, LLC.**

\_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

DR

DR