

Section 3: Operating Questionnaire

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.)*

Calyx Peak of MA, Inc. has extensive experience in the cannabis industry. We are part of a multi-state cannabis company, Calyx Peak Inc ("CPC"), and our executive team are also leaders of CPC.

Calyx Peak Inc cannabis experience

CPC has licenses in three states (California, Missouri, and Massachusetts) and aims to be vertically integrated in these three states by the end of 2022. Therefore, CPC will have practical dispensary experience in Massachusetts and Missouri as well as experience in the competitive California market.

CPC's California greenhouse cultivation has been operational since 2018 and works closely with state regulators to ensure the compliance of the greenhouse. We have never been penalized by California regulators for a compliance issue. In addition, CPC is well-known for producing consistent, high-quality products. The California cultivation team has captured first place at the last two Emerald Cup competitions as well as multiple top-10 finishes for the third consecutive year. This year's Emerald Cup competition was capped with CPC being awarded the inaugural Best in Show award for its Ice Cream Cake strain.

In California, CPC will soon be vertically integrated. CPC's team was awarded one of two highly coveted medical dispensary licenses in the City of Santa Monica in 2018 but was unable to act on that local approval until it was confirmed in November 2020 following a lengthy appeals process. The appeal was related to the City's process for scoring and ranking applicants which was contested by unsuccessful applicants, not by Calyx Peak who was selected in the first round. With a retail site secure, the CPC team is continuing through the state and local permitting process and anticipates operations beginning in mid-2022.

In December 2019 and January 2020, CPC was awarded provisional licenses to operate in Missouri's nascent market, including cultivation, manufacturing, and dispensary licenses. The dispensary will be in the heart of Kansas City, MO, in its West Plaza urban hub. After passing its commencement inspection in September, the local team is preparing for operations in October 2021. Construction has also started on an 82,000 square foot indoor cultivation and non-volatile extraction facility in Smithville, MO. Operations are anticipated to begin by mid-2022.

In Massachusetts, CPC received a provisional adult-use dispensary license located in the Town of Swampscott from the Cannabis Control Commission (CCC) earlier in 2021. With zoning procedures complete, construction of the dispensary is expected to begin in November 2021, with operations expected to begin in the first quarter of 2022. Additionally, CPC has received a provisional Tier 3 cultivation and a product manufacturing license for its facility located in the City of Worcester.

As a result, by the end of 2022, CPC aims to be vertically integrated with practical marijuana experience in three states including dispensary experience in Massachusetts.

Executive team experience in cannabis or similar industries

Calyx Peak of MA's CEO, Erin Carachilo

Erin Carachilo has over 20 years of experience in branded consumer products, omnichannel retail, product development, finance, operations, IT, and green and socially responsible businesses. She is the CEO of both Calyx Peak of MA and CPC, the national cannabis company. She is intimately familiar with highly-regulated aspects of business, from HR to finance to cannabis compliance.

Erin began her career in public accounting before becoming an integral member of the strategic team at FAO Schwarz, serving as Vice President of Finance, where she made significant contributions to the company's growth and strategic plan, including the sale of assets. Prior to joining CPC, Erin served in several roles at IT'SUGAR, the 100-store candy retailer, including heading up Operations, Finance, HR, IT and Planning. During her tenure, two of those stores were in Massachusetts; one MA-specific part of her role ensuring the HR team was compliant with the blue laws. Erin was also the driver of the sale of the business to BBX Capital.

Calyx Peak of MA's Chief Medical Officer (CMO), Dr. Paul Song

Dr. Paul Song is an accomplished physician and researcher with over 20 years of experience in the field of oncology. He serves as the CMO of Calyx Peak of MA Inc and CPC, the national cannabis company. Between medicine, biotherapeutics, and cannabis, Paul has managed and led teams and companies requiring strict compliant programs, including careful adherence to ethics standards and medical guidance for clinical trials.

Paul also serves as CEO of Fuse Biotherapeutics, a company dedicated to developing therapeutics for cancer patients. Previously Paul was Chief Medical Officer (CMO) at ATGen Global and NKMax, overseeing and providing clinical and regulatory support into the major aspects of clinical trials and investigational applications. Paul also served as CMO for Cynvenio Biosystems from 2015 to 2017, overseeing the application of Cynvenio's technology into daily clinical practice as well as directing clinical trials. In 2013, Paul was the first Visiting Fellow on health policy with the California Department of Insurance. He has also held numerous roles with increasing seniority at Berg Health. He was formerly Executive Chairman of the Courage Campaign, a progressive organization of 1,200,000 members. He is a board member of Physicians for a National Health Program and President of its California chapter. He also held a position at the Cedars-Sinai Medical Center Radiation Oncology department.

While he has stopped writing medical recommendations to avoid conflicts of interest due to his engagement with cannabis companies, Paul actively integrated legal medical marijuana into his medical practice for nearly a decade in California, introducing patients and medical professionals to the entire spectrum of cannabinoid medicines that address specific symptoms and medical conditions.

In addition, Paul is an advocate for patient needs. Increasing access to cannabis-based products is personal: Ten years ago, his father was diagnosed with cancer and treated with a cocktail of pharmaceutical medicines, including opioids. As a radiation oncologist who has in the past recommended medicinal cannabis to his patients, he encouraged his father to try medicated edibles. Paul's father was able to replace opioids, which had significant negative side effects, with medicinal cannabis as his primary means of pain management. Paul's father continued to use medicinal cannabis until he passed away at the Saint John's Health Center in Santa Monica.

Dr. Song completed his residency in Radiation Oncology from the University of Chicago Medical Center; completed a brachytherapy fellowship at the Institut Gustave Roussy in Villejuif, France; received an MD from the George Washington School of Medicine and Health Sciences; and earned a BA with honors in Biological Sciences from the University of Chicago.

Calyx Peak of MA's Chief Investment & Strategy Officer, Michael Bang

Michael Bang has more than 20 years of experience in the global financial sector. Michael is the Chief Investment Officer of CPC. At CPC, Michael oversees the spending strategies for the company's portfolio of approximately 300,000 square feet of cultivation space. Since joining Calyx Peak Companies, he has managed the fundraising and deployment of over \$50M into cannabis investments for CPC. This capital efficiency compares favorably to numerous competitors, who have invested much higher figures to build a similar portfolio of assets.

From 2016 until 2020, Michael was the CFO & COO for CPC's licensed cannabis cultivation operation in Nevada. In 2016, he played a critical role in turning around this struggling operation, successfully stabilizing

the company's balance sheet, re-negotiating predatory deals into favorable terms, and securing sufficient investment. That operation received full approval to operate in November 2017.

Michael was also the CEO of a cultivation and manufacturing facility in Ohio from 2017, during license applications, through to the sale of CPC's interests in the facility in 2020. While Michael was involved, the Ohio facility captured over a quarter of the State's wholesale market share, regularly exceeding the State's quality assurance standards.

Prior to his involvement in the cannabis industry, Michael worked as an Investment Analyst and Managing Director of Technology Research at Goldman Sachs Global Investment Research division. In this position, Michael excelled in fundamental bottom-up financial analysis, competitive analysis, and strategic financial planning. Michael also managed clients with total annual revenues of over \$400B. Michael's deep experience and knowledge were leveraged in the development of Calyx Peak of MA's financials, assuring that the financial requirements of the investments to date were carefully and mindfully prepared.

Calyx Peak of MA's Chief Branding Officer, Jen McLaughlin

Jen McLaughlin is an entrepreneur and successful executive with over 20 years successfully driving large well-known retail brands.

Together with her husband and business partner, Jen holds the responsibility for the compliance and permitting of a restaurant with a liquor permit, two coffee cafés, and a coffee roasting facility in Massachusetts. While business operations differ from cannabis facilities, adherence to compliance in HR, finance, permitting, and all other facets of the business remain relevant for both proposed operations.

In her other full-time role, Jen is the Chief of Brands for CPC. She leverages the experience she has gained from managing businesses ranging from \$120-\$500M in revenues at Gap Inc, American Eagle Outfitters, and Talbots.

2. *Describe your business experience in Arlington if any*

Calyx Peak of MA has not operated a business within the Town of Arlington. However, this is our third application before the Select Board for a Host Community Agreement. During this time, Calyx Peak of MA has enjoyed engaging with and learning from the community, local business owners, town staff and elected officials. We have developed great connections within the community and look forward to continuing to work with the community and the town.

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

Calyx Peak of MA is part of Calyx Peak Inc (“CPC”), a company that owns and operates licensed cannabis entities across the United States. In February of 2019, CPC moved its corporate headquarters to Foxborough, MA. Due to the Covid-19 pandemic, the team currently works from home. CEO Erin Carachilo, Chief of Brands Jen McLaughlin, and Director of Operations and Community Outreach Mark Niedermeyer all live and work in Massachusetts.

Over the past four years, Chief of Brands, **Jen McLaughlin**, has launched four food and beverage businesses in Massachusetts:

- Seabird Coffee Company, Cohasset MA: Opened in 2017, this coffee café serves local roasted coffee and locally baked goods.
- Seabird Coffee Roaster, Cohasset MA: Launched in 2019, this brings coffee roasting under the same business umbrella as the café.
- Locales Tacos Y Tequila, Hingham, MA: In 2021 this bar and restaurant began serving Mexican and Baja-style tacos to the community.
- Seabird Café, Duxbury, MA: In October 2021, this became the second café under the Seabird name.

Together with her husband and business partner, Jen owns and operates all four businesses, and was directly responsible for both establishing the businesses and for maintaining compliance. She has worked on: finding appropriately zoned properties and negotiating leases; securing town approval for construction, parking, and permit/license approvals, including appearing before local boards; understanding and implementing requirements for Board of Health and Fire Marshal inspection and approval to open and sell food/beverages and, at the restaurant, wine, beer, and liquor; working with town and utility providers to secure necessary power and utilities upgrades; gutting and renovating facility interiors, including building out all store fixtures; creating menus, purchasing ingredients or products, branding the facilities, and setting up systems to sell to customers. Seabird and Locales Tacos are both popular and well-received, with 4- to 5-star ratings on Yelp and Google reviews.

Erin Carachilo, CEO, formerly held senior roles at IT’SUGAR, which at the time had two stores in Massachusetts. She oversaw operations, finance/planning, and HR, including compliance with Massachusetts blue laws.

Furthermore, Calyx Peak of MA’s Director of Operations and Community Outreach, Mark Niedermeyer, is the co-founder of Green Mattress Recycling, the largest mattress recycling facility in the United States, including operations in Milford, MA.

Mark has also held the following positions in other Massachusetts companies:

- East Coast Director of Sales for Overseas Food Distribution (2014-2018) in the Greater Boston Area
- Vice President of Institutional Sales and Trading at KCG Holdings Inc (2008-2011) in the Greater Boston Area
- Assistant General Manager of Winston Flowers (1999-2008) in the Greater Boston Area

We look forward to growing CPC’s presence here in the Commonwealth.

4. *Provide a preliminary business plan 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).*

Executive summary

Calyx Peak of MA, Inc. is applying for an adult-use marijuana retail establishment in the Town of Arlington, MA. The proposed facility will be located at 251 Summer Street, Arlington, MA. With an approximately 3,000 square foot store and over 7,000 square feet of potential parking, the commercial use property is ideal for the use.

Calyx Peak of MA is uniquely qualified to meet the demands of the Massachusetts marijuana market. We have the requisite experience necessary to design, build, and operate a marijuana retail facility. We are part of Calyx Peak Companies (CPC), which aims to launch dispensary operations in three states (California, Missouri, and Massachusetts) by the time construction of an Arlington dispensary begins.

Having practical adult-use dispensary experience in Massachusetts via Calyx Peak of MA's Swampscott dispensary will help our team navigate CCC regulations while reflecting the values and ideals of the local population. For example, in Swampscott Calyx Peak of MA has worked closely with the Veterans Association and Town to change parking and traffic flow to ensure minimization of disruption to traffic and address concerns of the neighbors regarding the current entrance and exit for the VFW.

In part because of our partnership with multi-state operator CPC, Calyx Peak of MA will be a stable and well-capitalized business partner for the Town of Arlington. In 2019, CPC relocated its corporate headquarters to Massachusetts with the idea of expanding its operations here. To that end, CPC and Calyx Peak of MA applied for and was awarded licenses for Tier 3 cultivation and manufacturing in the City of Worcester in 3Q 2020.

Calyx Peak of MA has assembled a world-class team of executives and experts who will oversee the renovation of the facility and create a strong brand image. Three of the key executives (Erin Carachilo, Jen McLaughlin, and Mark Niedermeyer) make Massachusetts their home.

- Our CEO, Erin Carachilo, has over 20 years of experience in branded consumer products, omnichannel retail, product development, finance, operations, IT, and socially responsible businesses. Erin began her career in public accounting before becoming an integral member of the strategic team at FAO Schwarz, serving as Vice President of Finance, where she made significant contributions to the company's growth and strategic plan, including the sale of assets. Prior to joining Calyx Peak, Erin served in several roles at IT'SUGAR, the 100-store candy retailer, including heading up Operations, IT and Planning. Erin is also the CEO of CPC.
- Our Chief Branding Officer, Jen McLaughlin, is a Massachusetts entrepreneur with four local businesses, in addition to over 20 successful years of driving large well-known brands including Gap Inc, American Eagle Outfitters, and Talbot where she was VP of merchandizing prior to joining Calyx Peak. Jen is also the Chief Branding Officer of CPC.
- Our CFO, Michael Bang, has more than 20 years of experience in the global financesector, and is the principal founder of a commercial real estate company. Michael has leveraged his financial acumen to develop several cannabis entities. Michael is also the CIO of CPC.
- Our Chief Medical Officer, Dr. Paul Song, is a radiation oncologist who has been in practice for 20 years and has overseen clinical and regulatory aspects of clinical trials at a prominent biotech company. Dr. Song is also the CMO of CPC.
- Our Director of Operations and Community Outreach, Mark Niedermeyer, has experience in the highly-regulated securities industry, as well as logistics and delivery services, and has been associated with multiple nonprofits in Massachusetts.
- In addition, Calyx Peak of MA has contracted with Chief Dan Linskey to oversee security operations. Chief Linskey is a managing director in Kroll's Security Risk Management practice, head of the Boston office, and a fellow at the Kroll Institute. He is the former Superintendent-in-Chief of the Boston Police Department and a 27-year veteran of the force. He brings significant expertise in

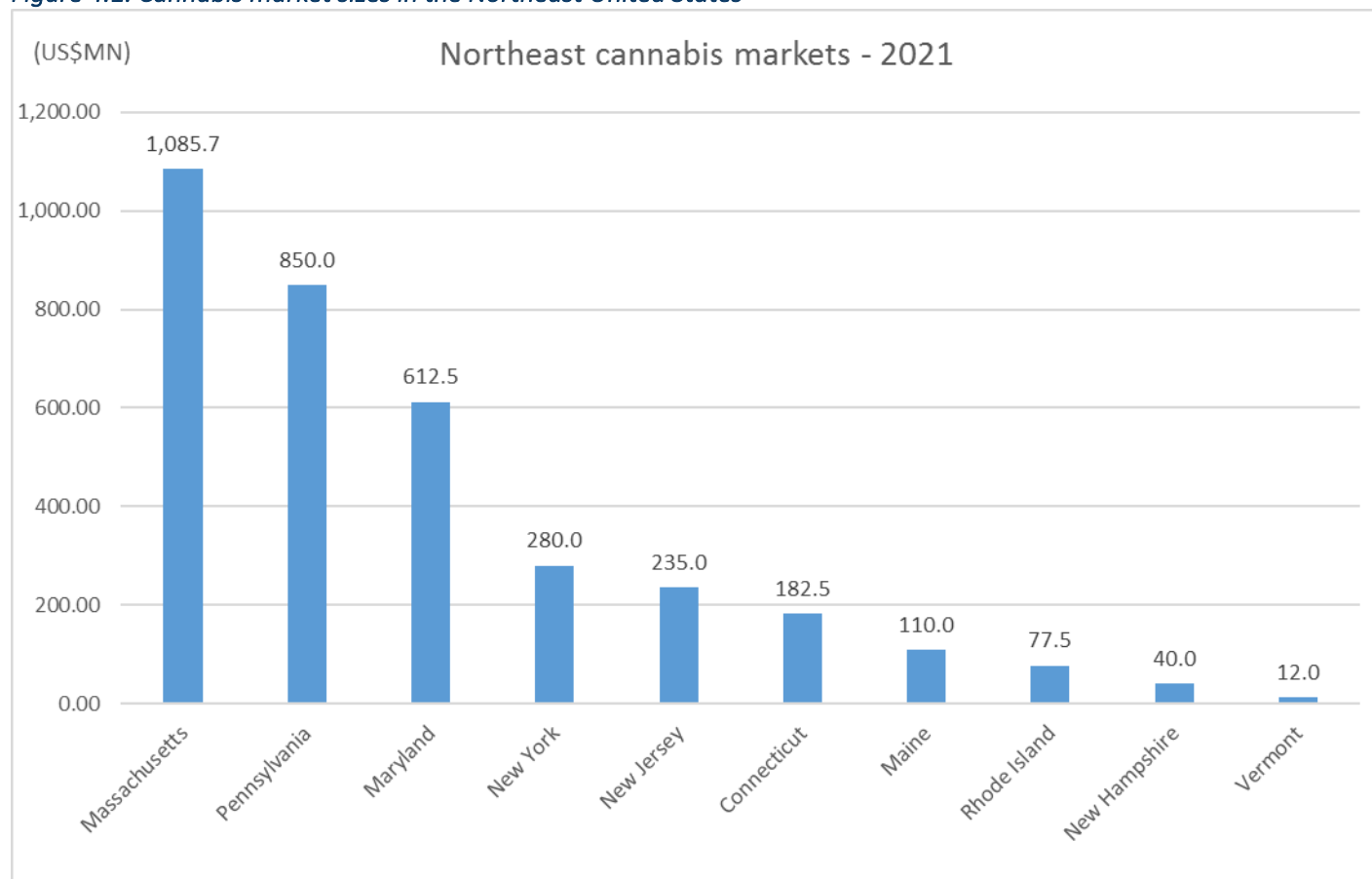
investigations, crisis response, risk management, and operational security strategies.

Calyx Peak of MA will work with existing operators to offer a variety of diverse strains and products for customers in the Town of Arlington. In addition, once Calyx Peak of MA establishes its own cultivation and manufacturing facility, the proposed retail location will be able to offer competitive pricing on CPC's signature brands, LOCAL and SONG, which are among the best-known craft brands on the West Coast and have been quickly gaining recognition across the country.

Opportunity

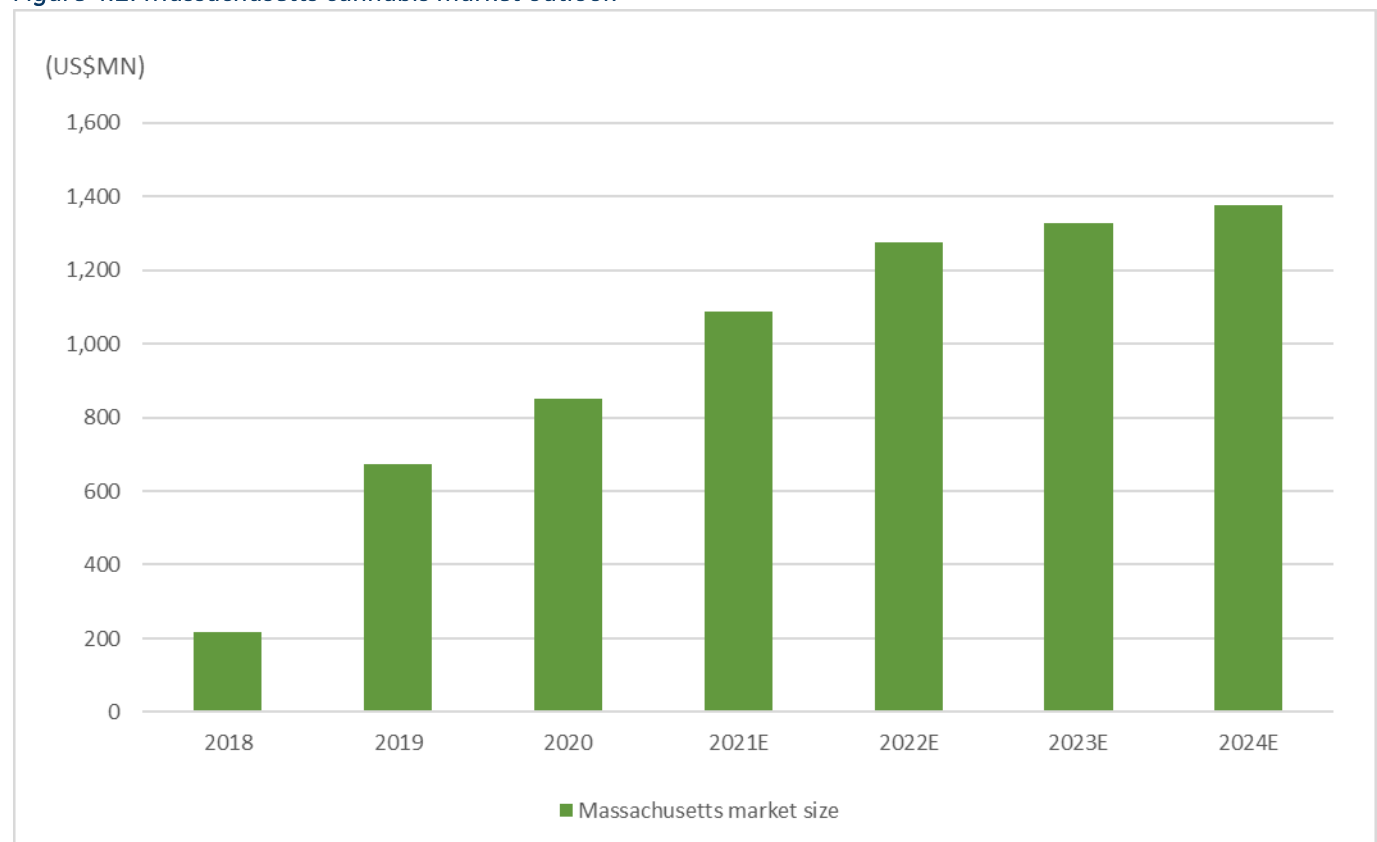
According to the Marijuana Business Factbook 2021, the Massachusetts marijuana market is expected to remain the largest in the northeast United States in 2021. We expect Massachusetts to remain the most significant market in the northeast as adult-use regulations take full effect and more Registered Marijuana Dispensaries (RMDs) are licensed and opened. Calyx Peak of MA expects the Massachusettsmarijuana market to grow 12.8% annually from \$850.1M in 2020 to \$1,374.5M in 2024 (refer to Figure 4.2).

Figure 4.1. Cannabis market sizes in the Northeast United States



Source: Calyx Peak Companies, Marijuana Business Factbook 2021

Figure 4.2. Massachusetts cannabis market outlook



Source: Calyx Peak Companies, Commonwealth of Massachusetts, Marijuana Daily Factbook 2021

Calyx Peak of MA expects the key growth drivers to be the introduction of additional RMDs, growing acceptance among the general population, and lower prices.

Massachusetts introduced adult-use regulations on July 1, 2018. However, cities and towns required time to adopt and implement adult-use regulations. Only two adult-use RMDs had opened by November 20, 2018, according to WBUR News. However, as the Cannabis Control Commission (CCC) took charge of the state marijuana program and more towns realized the potential economic benefits of the program, the number of adult use stores opening accelerated into the end of 2019.

According to the CCC, adult-use sales reached \$15.3M in 2018. According to the CCC and BDS Analytics, adult-use sales experienced rapid growth in 2019 reaching \$445.1M, up by more than 2800% year over year. Although COVID-19 shelter in place rules shifted sales back into the medical market temporarily, long term the adult use market is expected to drive overall market growth. The CCC data for 2020 confirmed this expectation: the adult-use market reached \$696.8 M, up 56.5% YoY, despite a COVID-19 related lockdown and restrictive regulations placed on vape-related products. Calyx Peak of MA expects the overall Massachusetts adult use program to account for 97.3% of the Massachusetts cannabis market in 2024, compared with 7.6% in 2018.

Driving this robust growth will be a larger portion of the population shifting to recreational consumption (as a medical recommendation will no longer be necessary for purchase), and the opening of additional retail locations. Calyx Peak of MA expects that over 20% of the Massachusetts population could become cannabis consumers by 2024. This compares with results from the 2016 National Survey on Drug Use and Health that indicated that 20.8% of adults aged 18 to 25 and 7.2% of adults 26 and older had used cannabis in the past month. In addition, the Marijuana Business Factbook 2021 estimates that marijuana uses in Massachusetts already reached over 1.0M, 14.5% of the population, at the end of 2020.

Massachusetts also enjoys a very healthy tourist industry. According to the Commonwealth of Massachusetts, more than 20MN people visit the state every year. However, unlike visitors to Las Vegas, Nevada, who may be there for conferences and/or leisure, we believe that a higher proportion of visitors to Massachusetts are family-oriented or historical discovery trips. Therefore, we believe that tourists may not have a significant impact on the Massachusetts adult-use cannabis market.

Unfortunately for the medical cannabis program, the shift towards the adult-use market coincides with trends witnessed in other states such as Nevada and Colorado that have transitioned from medical to adult-use regulations. Calyx Peak of MA's research has found that states' medical programs decline because adult-use products become much easier to obtain. Another factor is that many medical cannabis products are very similar to and even replicate adult-use cannabis products. Many patients opt to buy their medicine through the adult-use program to avoid the hassle of regular doctor's visits, medical card fees, and the onus of registering personal information with the state. This holds true even despite the slightly higher prices the consumers pay because of retail sales taxes.

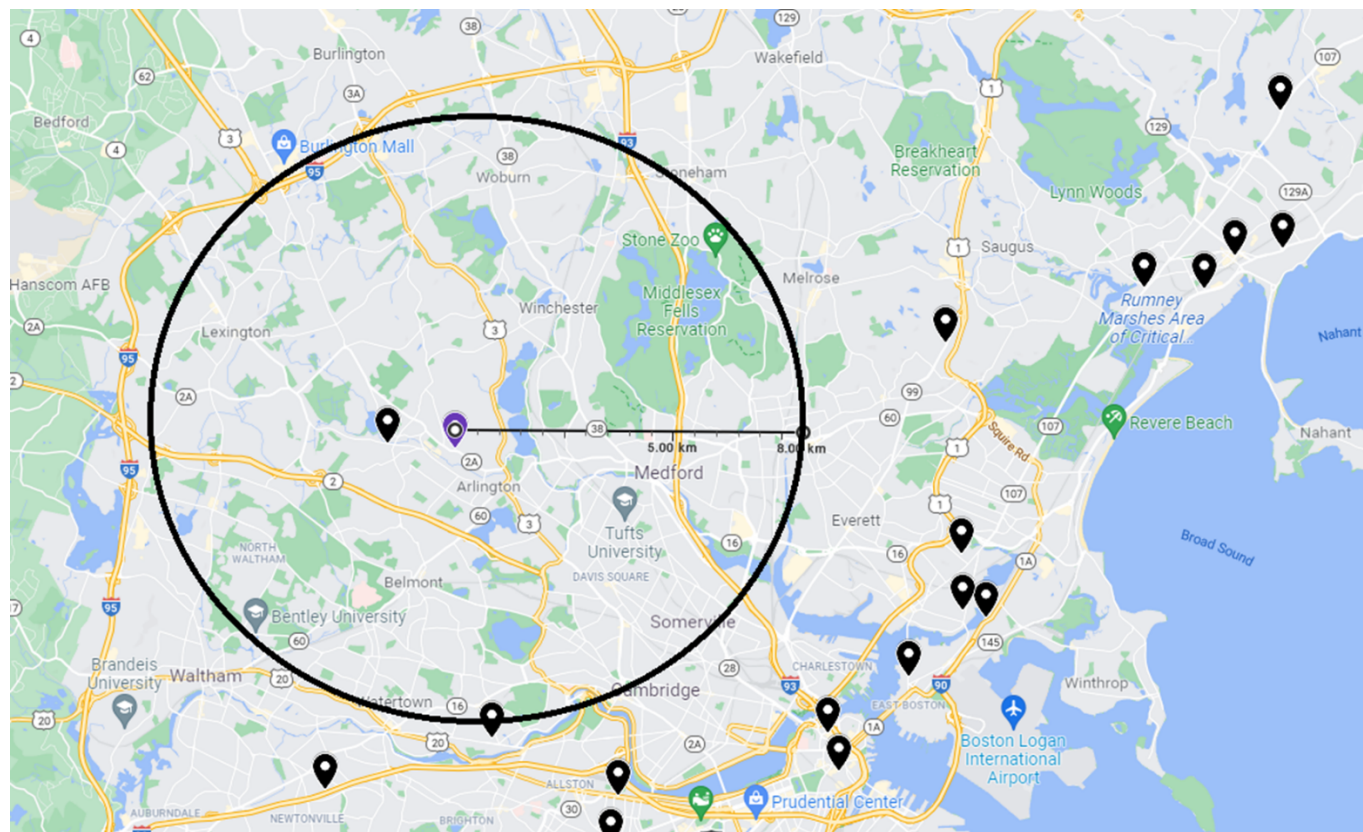
Therefore, we previously expected the Massachusetts medical cannabis market to peak in 2020 and then slowly decline over time. According to the Commonwealth of Massachusetts, the number of active medical marijuana patients reached 59,288 in March of 2019, or roughly 0.9% of the population. Because access to adult-use products was still problematic (not enough dispensaries were licensed under adult-use regulations) we expected that the medical market would grow slowly into the early part of 2020. Calyx Peak of MA expected the Massachusetts active patient count to peak at around 60,000 active patients, about 0.9% of the population, in early 2020 which aligns with the data reported by the Commonwealth.

However, unforeseen events prolonged the life of the medical market. The COVID-19 pandemic resulted in Governor Charles Baker introducing a State of Emergency and ordering all non-essential businesses closed for public safety in 2020. Recreational marijuana dispensaries were included in this order, but registered medical dispensaries were not. Due to this exclusion, the Cannabis Control Commission ("CCC") reported an increase of approximately 300% for medical marijuana patient applications. From March 23rd to April 1st of 2020, there were 1,300 new medical marijuana patients registered with the CCC—a significant increase from the 500 in the 10 days prior.

According to the CCC, there were 170 operational dispensaries (medical and adult use) as of September 2021. Therefore, Calyx Peak expects that the Massachusetts cannabis market will reach \$1,100M in 2021 resulting in an average revenue per dispensary of roughly \$6.5M. Long term, Calyx Peak expects the Massachusetts cannabis market to reach more than \$1,400M long term (refer to Figure 4.2). We estimate that the Massachusetts market may be able to support over 200 viable retail marijuana establishments. This would allow for an average total addressable market size per cultivation of roughly \$7.0MN long term. While it is difficult to determine how many marijuana retailer (dispensary) licenses the state will award, Calyx Peak of MA believes that there is still market growth to support additional dispensaries and that Calyx Peak of MA will be well positioned to be a successful marijuana retailer.

[Calyx Peak of MA hopes to open a licensed retail marijuana establishment.](#) We believe that the site at 251 Summer Street, Arlington, MA, is ideal to house a modern and welcoming facility for adult-use customers. Even though there are 170 dispensaries in Massachusetts, the number of dispensaries within a 5-mile radius of our proposed location is limited. This would allow for a unique opportunity compared to other areas in the state.

Figure 4.3. Building improvements & dispensary setup budget



Note: Purple is 251 Summer Street; black represents operational dispensaries

Source: Calyx Peak of MA, Cannabis Control Commission Massachusetts

We believe Calyx Peak of MA is among the most qualified candidates to build and operate a licensed marijuana retailer in Massachusetts for the following reasons:

- Calyx Peak of MA's executive leaders have a strong history of success in retail environments, including CEO Erin Carachilo and CBO Jen McLaughlin. Complementing this is the medical background of Chief Medical Officer Dr. Paul Song, a radiation oncologist who has been in practice for 20 years.
- By the time construction of the Arlington dispensary begins, CPC should have operational dispensary experience in three states including Massachusetts.
- Calyx Peak of MA is well funded: we are part of Calyx Peak Companies (CPC), which has raised and deployed over \$50M since inception.
- Calyx Peak of MA plans to open a cultivation and manufacturing facility in Massachusetts, provisional Tier 3 license already obtained, which will give the proposed retailer access to high-quality, safe cannabis and infused products at competitive rates.

For these reasons, we are quite confident in our ability to build and operate a compliant and welcoming adult-use retail marijuana establishment in the Town of Arlington.

Execution

Calyx Peak of MA estimates that constructing a secure 3,000 square foot dispensary at our proposed site would cost up to \$1,700,000. To bring the business to positive operating cash flow would take an

additional \$2,523,100.56. This project would be financed by Calyx Peak Inc (CPC). The financing would be in the form of a four-year low-interest loan from CPC to Calyx Peak of MA.

CPC has raised and deployed over \$50MN of capital since inception and was the source of funding for Calyx Peak of MA's cultivation and manufacturing application in the City of Worcester, MA and dispensary application in the Town of Swampscott. In addition, the Swampscott dispensary is being financed in the form of a four-year low interest from CPC to Calyx Peak of MA – similar to what is intended for Arlington if successful. Calyx Peak of MA estimates that the Arlington dispensary will be able to generate sufficient cash flow to redeem the debt and associated interest payment obligations even early in operations.

Figure 4.4. Building improvements & dispensary setup budget

Construction/equipment item	Cost (US\$)
Cost of property renovation	1,015,000.00
Paving, parking, landscaping	150,000.00
Shelving	60,000.00
Security system and safe	175,000.00
Design & planning	25,000.00
Construction permits	15,000.00
Point of sale system	50,000.00
Storage hardware	7,500.00
Display medium/TVs	17,500.00
Supplies	15,000.00
Furniture & office equipment	35,000.00
Software	25,000.00
Other equipment & fixtures	100,000.00
Total	1,690,000.00

Source: Calyx Peak Inc

Calyx Peak of MA estimates that it will take a little over five months to make the necessary renovations to the property located at 251 Summer Street, Arlington, MA to a high-end retail dispensary. The size of facility would allow for at least 4 point-of-sale terminals, high tech security system including security guard onsite during operations, and safe storage for inventory and sales receipts.

We believe that the Arlington dispensary construction project will provide at least 25 local construction and associated jobs. However, in line with guidance from the Town of Arlington, we expect that it will take at least nine months to attain the necessary licenses and permits before construction can even begin. If Calyx Peak of MA is fortunate enough to be awarded the final retail license in Arlington, our expected timeline for construction and operation will be as follows:

Weeks 1-43 (assume Week 1 is first week of November 2021): Attain Host Community Agreement from the Town of Arlington, conduct community outreach meeting, apply for adult-use retailer licenses with the Cannabis Control Commission, obtain special permits from the Arlington Redevelopment Board (“ARB”) and the Board of Health (“BOH”), and obtain additional building permits required for renovation. A general contractor, relevant engineers & architect, and construction project manager would be hired towards the end of the period to help with the relevant permits, design, and ordering building materials.

Weeks 44-48: Begin demolition and cleanup. Erect new metal frame/structure for dispensary building. Connect utilities if possible.

Weeks 49-52: Construction continues with walls and rooms finalized.

Weeks 53-57: Plumbing and electrical are completed so that dispensary hardware and equipment can be installed. Exterior of the building is completed as is a new parking lot.

Weeks 58-61: The remainder of dispensary hardware and equipment is installed. Necessary Town of Arlington and Cannabis Control Commission inspections are conducted. The first retail and reception staff are hired and trained.

Weeks 62-66: Remainder of staff are hired and trained. Final tests of the point-of-sale system, inventory tracking system, and security system are run. Final state licensure is received. Inventory for resale is purchased. Operations begin.

Figure 4.5. Payroll and headcount

	Head Count	Salary
Head of Operations	1	\$85,000
Compliance Officer	1	\$45,000
Shift Manager	1	\$50,000
Inventory Manager	1	\$60,000
Retail Staff	12	\$40,000
Reception staff	2	\$30,000
Administrative staff	1	\$30,000
Maintenance staff	1	\$35,000
Security	3	\$60,000
Total	23	

Source: Calyx Peak Inc.

Calyx Peak of MA plans to hire locally whenever possible. For example, at our Kansas City dispensary all the hires are local. We expect that the Arlington dispensary will provide about 23 full-time positions with a total annual payroll of about \$1,000,000 once fully operational. Calyx Peak of MA also plans to provide employee benefits, including health insurance. Section 10 of this application provides more details about our employee hiring plans.

Sales and Marketing

Building on the successes of CPC's premium cultivators and exceptional service providers in California and Missouri, Calyx Peak of MA plans to offer our customers a high-caliber experience, driving the repeat visits and word-of-mouth referrals that enable enriched relationships.

As a retail operation, the number of customers that visit the Arlington dispensary and the number of transactions conducted per day will determine the success of the dispensary. However, unlike traditional retail businesses, there are restrictions in how Calyx Peak of MA will be able to advertise and market its services. Calyx Peak of MA will comply with state and local regulations surrounding advertising for a marijuana retailer. To promote what we believe will be the most robust and diverse selection of safe marijuana products, we plan to conduct customer appreciation days supported by our own brands as well as third-party brands, conduct education sessions for new consumers on site, hold various promotions for new consumers, and advertise on platforms allowed by the CCC and local regulations. It is our hope that a rich customer experience will result in word-of-mouth recommendations for the dispensary that will help drive traffic numbers above 150 transactions per day.

We anticipate construction of our Worcester cultivation facility to complete in 2022, allowing us to offer customers the exclusive, cup-winning genetics that have taken the West Coast by storm. Using our own house-selected genetics that have won multiple Emerald Cups, and customized, strain-specific cultivation practices, our team of meticulous growers will bring our customers some of the best quality exotic flowers

in the market. We are thrilled to introduce Massachusetts to the Local experience: full complexity, character, and profound effects that can only come from those who have a true love for the game.

We will also work with established Massachusetts brands to offer a full range of products (see Figure 4.6). In terms of flower, we will carry 12 to 15 strains at varying price points, allowing our staff to help customers identify the right strain for their physiology and budget. We will also carry pre-rolls to complement the strain library, alongside a mixture of our own and third-party branded infused products. As in other markets, we anticipate consumer demand to focus on vapes, oil, distillate, and edibles.

Our company's integration with the Worcester cultivation and manufacturing facility will allow us to offer exceptional pricing for the full range of our premium flower and products. The other benefit of being a vertical operation is that we can control the amount of inventory at the retail level. As we monitor inventory through the seed to sale system daily, we would identify which inventory is moving slowly and use promotions to move the inventory more swiftly.

Figure 4.6. Products to be offered by Calyx Peak of MA Category

CATEGORY	PRODUCTS
DRIED FLOWER	1/8 oz, 1/4 oz, 1/2 oz, and 1 oz packages of sativa, indica, and hybrid strains; pre-rolls in various package sizes
INFUSED PRODUCTS	cones, shatter, kief, distillate, vape pens, tanks/cartridges, tinctures, oil, edibles, beverages

Product offerings are only as good as the knowledge of our team. As at our newly-opened store in Missouri, we are focusing on building a knowledgeable foundation for our team, then enhancing that foundation with ongoing education, customer service, and skill-building. We plan to work with Cannabis Trainers, the first group to be certified to offer Responsible Vendor Training in Massachusetts, for a consistent knowledge baseline for all our team members, then to build on that training with strain- and product-specific information direct from the brands.

Our customer can expect a different experience when shopping with us. In addition to education about our genetics and the effects we will focus on harvest specifics, and highlighting the plant to the customer not hiding it from them.

In California, our team of growing pioneers have conquered everything from large scale California vegetables to the smallest boutique cannabis rooms. Everything they do – including waking up at 3 am every morning to check the climate control systems in our grows – is because our team is always competing to be the best representation of what our community has to offer. We're from the most competitive landscape in cannabis, conquering the most prestigious cannabis cup in the world. As we grow our Massachusetts team, at the farm and at the store, we will never stop working to give every cannabis lover what they deserve: the love and craftsmanship of a LOCAL product.

Through visits to the flowers and the farmers, our retail team will go beyond the brand to understand each harvest and strain's potential. Linking growing methodologies with the test results and a deep understanding of the science underlying the plant which will give our team the home-grown sophistication to provide best-in-class service to our community.

With each individual's unique physiology impacting their experience with the products we offer, we pride ourselves on empowering our customers to make informed product choices. We will work with brands to offer the same education to our customers, hosting customer education events, where we will also monitor the questions asked by our customers to ensure we are proactively seeking answers and information from all our brands. We encourage all customers to keep a log of their experience with each product they try so that, together with our knowledgeable budtenders, they can better identify the products that are most likely to have the effects they are seeking.

Beyond the experience in our facility, we will focus our marketing efforts into building brand awareness and strong relationships within the cannabis industry in Massachusetts. We will adopt best in class industry standards with our top accounts helping to drive brand relevancy, awareness, and the ability to directly inform the customer.

Our digital presence will complement our in-person experience, with a Dutchie-based menu system offering a seamless transition from availability online to in-person pick-up or purchase. Our active social media presence will allow us to engage with our audience, address concerns, improve product offerings, and share knowledge about both the cannabis plant and about our facility's events, hours of operation, and contact information. Email communications will further highlight specials, events, job opportunities, and new product offerings, allowing us to extend our relationship with our customers into their inbox.

In order to offer a diverse range of products, reflective of the array of quality products in the state, we will build and strengthen relationships with other licensed cultivators and manufacturers. We will actively participate in trade association events and B2B communication, emphasizing partnership and mutually beneficial opportunities for growth and direct engagement with our communities.

In terms of inventory management, we plan to use the Flowhub point of sale and inventory management system, which integrates with the state-mandated METRC seed-to-sale system. CPC already uses Flowhub at our Kansas City, Missouri dispensary. While METRC is sufficient for minimum state compliance, Flowhub facilitates day-to-day processes and more sophisticated inventory management, supporting an overall positive experience for management, employees, and customers.

Team

Calyx Peak of MA has assembled a world-class team of executives and experts to oversee the construction of the facility, bring product to market, and create a strong brand image.

CEO, Erin Carachilo

Erin has over 20 years of experience in branded consumer products, omnichannel retail, product development, finance, operations, IT, and green and socially responsible businesses. She is the CEO of both Calyx Peak of MA and CPC, the national cannabis company. Erin began her career in public accounting before becoming an integral member of the strategic team at FAO Schwarz, serving as Vice President of Finance, where she made significant contributions to the company's growth and strategic plan, including the sale of assets. Prior to joining Calyx Peak, Erin served in several roles at IT'SUGAR, the 100-store candy retailer, including heading up Operations, IT and Planning. In her role Erin was the driver of the sale of the business to BBX Capital.

Chief Branding Officer, Jen McLaughlin

With over 20 years of experience successfully driving large well-known brands in a rapidly changing retail landscape, Jen has driven outstanding financial and operational results. She launched her career in Bloomingdale's buyers training program, where she spent 3 years before making the shift to vertical merchandising. From there she headed up businesses ranging from \$120-\$500M in revenues at: Gap Inc, American Eagle Outfitters, and Talbots where she was the VP of Merchandising prior to joining Calyx Peak. Key Career Accomplishments include: turning around a struggling business to deliver a \$134MN business accounting for nearly half of total company growth over three years, implement sourcing strategy that reduced lead times by 50% and drove a \$75M revenue increase, product strategy for down trending business that recouped a \$10M loss within two years, and launched 5 different new product categories/businesses.

Jen also launched four businesses in Massachusetts, which she owns and operates with her husband:

- Seabird Coffee Company, Cohasset MA: Opened in 2017, this coffee café serves local roasted coffee and locally baked goods.

- Seabird Coffee Roaster, Cohasset MA: Launched in 2019, this brings coffee roasting under the same business umbrella as the café.
- Locales Tacos Y Tequila, Hingham, MA: In 2021, this bar and restaurant began serving Mexican and Baja-style tacos to the community.
- Seabird Café, Duxbury, MA: In November 2021, this became the second café under the Seabird name.

She has worked on: finding appropriately zoned properties and negotiating leases; securing town approval for construction, parking, and permit/license approvals, including appearing before town councils; understanding and implementing requirements for Board of Health and Fire Marshal inspection and approval to open and sell food/beverages and, at the restaurant, wine, beer, and liquor; working with town and utility providers to secure necessary power and utilities upgrades; gutting and renovating facility interiors, including building out all store fixtures; creating menus, purchasing ingredients or products, branding the facilities, and setting up systems to sell to customers. Seabird and Locales Tacos are both popular and well-received, with 4- to 5-star ratings on Yelp and Google reviews.

Chief Investment & Strategy Officer Michael Bang

Michael Bang has more than 20 years of experience in the global financial sector. Michael is the Chief Investment Officer of CPC. At CPC, Michael oversees the spending strategies for the company's portfolio of approximately 300,000 square feet of cultivation space. Since joining Calyx Peak Companies, he has managed the fundraising and deployment of over \$50M into cannabis investments for CPC. This capital efficiency is quite high compared to competitors who have in some cases invested much higher figures to build a similar portfolio of assets.

From 2016 until 2020, Michael was the CFO & COO for CPC's licensed cannabis cultivation operation in Nevada. In 2016, he played a critical role in turning around this struggling operation, successfully stabilizing the company's balance sheet, re-negotiating predatory deals into favorable terms, and securing sufficient investment. That operation received full approval to operate in November 2017.

Michael was also the CEO of a cultivation and manufacturing facility in Ohio from 2017, during license applications, through to the sale of CPC's interests in the facility in 2020. While Michael was involved, the Ohio facility captured over 20% of the State's wholesale market share, regularly exceeding the State's quality assurance standards.

Prior to his involvement in the cannabis industry, Michael worked as an Investment Analyst and Managing Director of Technology Research at Goldman Sachs Global Investment Research division. In this position, Michael excelled in fundamental bottom-up financial analysis, competitive analysis, and strategic financial planning. Michael also managed clients with total annual revenues of over \$400B. Michael's deep experience and knowledge were leveraged in the development of Calyx Peak of MA's financials, assuring that the financial requirements of the investments to date were carefully and mindfully prepared.

Michael received his BA with Honors in Economics from Queen's University in Kingston, Ontario, Canada.

Chief Medical Officer (CMO) Dr. Paul Song

Dr. Paul Song is an accomplished physician and researcher with over 20 years of experience in the field of oncology. He serves as the CMO of Calyx Peak of MA Inc and CPC, the national cannabis company. Between medicine, biotherapeutics, and cannabis, Paul has managed and led teams and companies requiring strict compliant programs, including careful adherence to ethics standards and medical guidance for clinical trials.

Paul also serves as CEO of Fuse Biotherapeutics, a company dedicated to developing therapeutics for cancer patients. Previously Paul was Chief Medical Officer (CMO) at ATGen Global and NKMax, overseeing and providing clinical and regulatory support into the major aspects of clinical trials and investigational

applications. Paul also served as CMO for Cynvenio Biosystems from 2015 to 2017, overseeing the application of Cynvenio's technology into daily clinical practice as well as directing clinical trials. In 2013, Paul was the first Visiting Fellow on health policy with the California Department of Insurance. He has also held numerous roles with increasing seniority at Berg Health. He was formerly Executive Chairman of the Courage Campaign, a progressive organization of 1,200,000 members. He is a board member of Physicians for a National Health Program and President of its California chapter. He also held a position at the Cedars-Sinai Medical Center Radiation Oncology department.

Paul integrated legal medical marijuana into his medical practice for nearly a decade in California, introducing patients and medical professionals to the entire spectrum of cannabinoid medicines that address specific symptoms and medical conditions.

In addition, Paul is an advocate for patient needs. Increasing access to cannabis-based products is personal: Ten years ago, his father was diagnosed with cancer and treated with a cocktail of pharmaceutical medicines, including opioids. As a radiation oncologist who has in the past recommended medicinal cannabis to his patients, he encouraged his father to try medicated edibles. Paul's father was able to replace opioids, which had significant negative side effects, with medicinal cannabis as his primary means of pain management. Paul's father continued to use medicinal cannabis until he passed away at the Saint John's Health Center in Santa Monica.

Dr. Song completed his residency in Radiation Oncology from the University of Chicago Medical Center; completed a brachytherapy fellowship at the Institut Gustave Roussy in Villejuif, France; received an MD from the George Washington School of Medicine and Health Sciences; and earned a BA with honors in Biological Sciences from the University of Chicago.

Director of Operations and Community Outreach Mark Niedermeyer

Mark Niedermeyer co-founded of GMR NorCal (Green Mattress Recycling), a mattress and box spring recycling company with operations in Massachusetts and California. Now in its third year of operations, GMR is the largest mattress recycling facility in the United States, recycling over 500,000 units per year in state-sanctioned mattress recycling programs.

Mark is the owner and founder of Talbot Road Capital Management, based in the Greater Boston Area. The LLC serves as a vehicle for investment in green ventures, currently including recycling and cannabis.

Mark previously served as the East Coast Director of Sales for Overseas Food Distribution, a 35-year old company that distributes world-class products to food markets in the U.S. and Canada. He developed business opportunities, expanded product lines, and presented to store accounts and major food shows throughout the region.

He also served as Vice President of Institutional Sales Trading for Knight Capital Group; a highly regulated securities industry located in the greater Boston area. In this position, he was instrumental in bringing in new business to a highly saturated market, as well as servicing institutional accounts based in London and the U.S., trading domestic equities and American Depositary Receipts.

Mark has also worked in logistics and delivery services for Winston Flowers of Massachusetts, the largest flower distributor/retailer in the U.S. In this position, he oversaw 40 full-time drivers/delivery trucks in a deadline-oriented workflow and was responsible for the execution and delivery of 400-500 orders per day.

Mark has a background in non-profit organizations and is associated with multiple non-profit organizations such as Boston Gives, The Light Foundation, and other organizations that benefit the communities of Massachusetts. He has a BA in English Language and Literature from Boston College.

Security Consultant Chief Dan Linskey

Chief Dan Linskey has been contracted to oversee security operations for Calyx Peak of MA. He is a managing director in Kroll's Security Risk Management practice, head of the Boston office, and a fellow at

the Kroll Institute. He is the former Superintendent-in-Chief of the Boston Police Department and a 27-year veteran of the force. Dan brings significant expertise in investigations, crisis response, risk management, and operational security strategies.

After retiring from the BPD and prior to joining Kroll, Dan founded the Linskey Group. There, he provided clients with security, law enforcement, and emergency management services, including dignitary protection, cyber security, confidential investigations, incident reviews, and training exercises designed to prepare agencies and facilities for crisis.

Dan holds a B.S. from Curry College. He is a Senior Executive for the State/Local Government Module at Harvard's Kennedy School of Government: National Leadership Preparedness Initiative. He holds certifications from the FBI National Academy at Quantico and the Boston Police Academy. Dan is a recipient of the Boston Police Medal of Honor, State of Massachusetts George L. Hanna Medal of Honor, and Semper Fidelis Society, Semper Fi Marine of the Year Award.

Financial Plan

Calyx Peak of MA expects to begin commercial operations at the Arlington retail marijuana establishment in 1Q 2023 based on the estimate the Town of Arlington has provided that at least 9-12 months are required to obtain all necessary government licenses and permits. The two-key metrics for the Arlington dispensary to reach a net profit will be the number of customers visiting per day (or number of transactions) and the average purchase price per transaction. Based on market data from other established markets, early data released by the CCC, and CPC's experience with retail marijuana operations, we expect an average transaction price (before tax) in the \$90 range and approximately 100 customers per day to start. For the Arlington retail marijuana establishment, the breakeven level of customers per day is expected around the 205 level which we expect to reach in May 2023 about five months after opening.

Therefore, we expect the Arlington retail marijuana establishment to be cash flow positive (defined as cash flow from operations before CAPEX, debt repayment, and dividends) from 2Q23. However, the retail marijuana establishment will be well-capitalized enough to endure this growing period and be ready to begin repaying debt as soon as it is operational. We expect the \$2.5MN loan from CPC to be repaid according to a four-year schedule.

The Arlington retail marijuana establishment is expected to generate net revenue of \$6.1MN in 2023 and then grow by 14.3% annually and generate \$9.1MN in 2026. EBITDA is expected to reach \$1.5MN in 2023 and then grow by 17.7% annually to reach \$2.4MN in 2026. As a result, the small net profit of \$0.1MN in 2023 should improve to a net profit of \$0.8MN in 2026. Please refer to Figures 4.7, 4.8, and 4.9 for annual income statement, balance sheet, and cash flow summaries.

The largest risk factor to our assumptions outside of government policies is competition from other retail marijuana establishments. As of end August 2021, there were two other dispensaries (Revolutionary Clinics in North Cambridge and Apothca) within a reasonable (3 mile) distance. However, the number of retail marijuana establishments in the surrounding area may increase, including Eskar in East Arlington. According to the Cannabis Control Commission there were 39 marijuana license applications from Middlesex County. While it is difficult to determine how many retail marijuana establishment licenses will be granted it is safe to say that the number of dispensaries in the greater Arlington area will be greater than the three currently in operation.

Therefore, in order to stand out among the many dispensaries, Calyx Peak of MA plans to focus on:

- 1) Supplying high-quality, safe and consistent product;
- 2) Best in class customer experience; and
- 3) Competitive pricing.

We believe that we can achieve these goals as we will be supplying product from award winning cultivation and extraction strains and practices. In addition, our retail staff will be highly trained to interact with customers, including first-time consumers, as well as knowledgeable regarding cannabis products, methods of administration, and precautions concerning their use. It is our belief that a value-added customer experience combined with competitive pricing will result in repeat customer visits as well as attracting new customers. This should allow for the Calyx Peak of MA Arlington retail marijuana establishment to be successful long term and to become one of the most competitive retail marijuana facilities in Middlesex County.

Figure 4.7 Income Statement

(US\$)	2022	2023	2024	2025	2026
Gross revenue	0.00	6,080,706.96	8,662,137.71	9,060,406.34	9,069,613.51
Average patients per day	N/A	153	224	241	248
Average spend per patient	N/A	109.22	106.16	103.06	100.01
Net revenue	0.00	5,197,185.44	7,403,536.50	7,743,937.04	7,751,806.42
COGS	100,980.97	2,349,581.56	3,241,741.36	3,375,553.41	3,383,951.06
Raw materials for resale	90,980.97	2,154,500.96	2,978,376.97	3,097,743.31	3,100,805.97
Local tax	0.00	151,374.33	215,636.99	225,551.56	225,780.77
Others	10,000.00	43,706.26	47,727.40	52,258.53	57,364.32
Gross profit	-100,980.97	2,847,603.88	4,161,795.14	4,368,383.63	4,367,855.35
margin (%)	N/A	54.8	56.2	56.4	56.3
SG&A expenses	265,145.83	1,556,204.42	1,878,349.44	1,993,755.17	2,105,007.25
Depreciation	0.00	202,500.00	202,500.00	202,500.00	171,250.00
Labor and payroll expenses	41,145.83	803,125.00	1,168,658.85	1,264,310.22	1,387,972.66
Rent & repairs	193,000.00	250,305.00	257,814.15	265,548.57	273,515.03
Sales, marketing, & professional expenses	20,000.00	114,274.42	56,626.43	59,308.87	60,377.68
Security-related	5,000.00	180,000.00	186,750.00	196,087.50	205,891.88
Others	6,000.00	6,000.00	6,000.00	6,000.00	6,000.00
EBITDA	-366,126.80	1,493,899.46	2,485,945.70	2,577,128.46	2,434,098.10
margin (%)	N/A	28.7	33.6	33.3	31.4
Operating profit	-366,126.80	1,291,399.46	2,283,445.70	2,374,628.46	2,262,848.10
margin (%)	N/A	24.8	30.8	30.7	29.2
Pre-tax profit	-555,710.14	975,662.18	2,028,006.83	2,195,022.70	2,169,542.89
margin (%)	N/A	18.8	27.4	28.3	28.0
Tax paid (280E reflected)	0.00	854,281.16	1,248,538.54	1,310,515.09	1,310,356.61
Net profit	-555,710.14	121,381.02	779,468.28	884,507.61	859,186.28
margin (%)	N/A	2.3	10.5	11.4	11.1

Source: Calyx Peak Companies, BDS Analytics, Commonwealth of Massachusetts

Figure 4.8 Balance Sheet

(US\$, year to December)	2022	2023	2024	2025	2026
Cash & equivalents	99,126.37	90,749.65	513,453.79	975,150.77	1,294,019.39
Inventory	60,653.98	147,657.90	171,963.53	172,192.79	172,311.26
Total short term assets	159,780.35	259,753.74	710,565.25	1,172,525.69	1,491,531.17
Plant, property & equipment	1,650,000.00	1,447,500.00	1,245,000.00	1,042,500.00	871,250.00
Total long term assets	1,650,000.00	1,447,500.00	1,245,000.00	1,042,500.00	871,250.00
Total Assets	1,809,780.35	1,707,253.74	1,955,565.25	2,215,025.69	2,362,781.17
Trade payables	45,490.48	110,743.43	128,972.65	129,144.59	129,233.44
Short term debt	0.00	0.00	0.00	0.00	0.00
Total short term liabilities	45,490.48	110,743.43	128,972.65	129,144.59	129,233.44
Long term debt	2,500,000.00	2,210,839.44	1,661,453.44	1,036,234.33	324,714.67
Total long term liabilities	2,500,000.00	2,210,839.44	1,661,453.44	1,036,234.33	324,714.67
Total liabilities	2,545,490.48	2,321,582.86	1,790,426.08	1,165,378.92	453,948.11
Total shareholders' equity	-735,710.14	-614,329.12	165,139.17	1,049,646.78	1,908,833.05

Source: Calyx Peak Inc, BDS Analytics, Commonwealth of Massachusetts

Figure 4.9 Cashflow Statement

(US\$)	2022	2023	2024	2025	2026
Cash flow from operations					
Net income	-555,710.14	121,381.02	779,468.28	884,507.61	859,186.28
Depreciation & Amortization	0.00	202,500.00	202,500.00	202,500.00	171,250.00
Change in Working capital	-15,163.49	-43,097.18	-9,878.14	-91.52	-48.01
Trade rec	0.00	-21,346.20	-3,801.73	-34.20	-18.39
Inventory	-60,653.98	-87,003.92	-24,305.63	-229.26	-118.47
Trade payables	45,490.48	65,252.94	18,229.22	171.94	88.85
Other non-cash items from ops	0.00	0.00	0.00	0.00	0.00
Total cash flow from operations	-570,873.63	280,783.84	972,090.14	1,086,916.09	1,030,388.27
Cash flow from investments					
Capex	-1,650,000.00	0.00	0.00	0.00	0.00
Other cash flow from investments	0.00	0.00	0.00	0.00	0.00
Total cash flow from investments	-1,650,000.00	0.00	0.00	0.00	0.00
Cash flow from financing					
Change in debt	2,500,000.00	-289,160.56	-549,386.00	-625,219.11	-711,519.66
Common equity	0.00	0.00	0.00	0.00	0.00
Dividend paid	0.00	0.00	0.00	0.00	0.00
Other cash flow from financing	0.00	0.00	0.00	0.00	0.00
Total cash flow from financing	2,315,000.00	-289,160.56	-549,386.00	-625,219.11	-711,519.66
Net change in cash	94,126.37	-8,376.72	422,704.14	461,696.98	318,868.61

Source: Calyx Peak Inc, BDS Analytics, Commonwealth of Massachusetts

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.

Pursuant to 935 CMR 500.105(2)(a), Calyx Peak of MA, Inc. will ensure that all dispensary agents complete training prior to performing job functions. Training will be tailored to the role and responsibilities of the job function. Dispensary agents will be trained for one week before acting as a dispensary agent. At a minimum, all staff shall receive eight hours of on-going training annually. New dispensary agents will also receive employee orientation prior to beginning work with Calyx Peak of MA. Dispensary Managers will be responsible for providing orientation for dispensary agents assigned to their departments. Orientation will include a summary overview of all the training modules.

In accordance with 935 CMR 500.105(2), all current owners, managers and employees of Calyx Peak of MA who are involved in the handling and sale of marijuana will successfully complete the Responsible Vendor Training Program, which qualifies the employee to be designated as a “responsible vendor.” All new employees involved in handling and sale of marijuana will be required to complete this program within 90 days of hire. This program shall then be completed annually; those not selling or handling marijuana may participate voluntarily. Calyx Peak of MA will maintain records of responsible vendor training compliance, pursuant to 935 CMR 500.105(2)(b). Responsible vendor training shall include discussion concerning marijuana’s effect on the human body; diversion prevention; compliance with tracking requirements; identifying acceptable forms of ID, including medical patient cards; and key state and local laws.

Calyx Peak of MA plans to contract with Cannabis Trainers, approved in 2019 by the Massachusetts Cannabis Control Commission as one of the first official Responsible Vendor Training providers. Calyx Peak of MA is part of Calyx Peak Companies (CPC), which has recently held initial training by Cannabis Trainers for the retail team at the Kansas City store anticipated to launch this month, and plans to use this training as a consistent baseline for all retail employees. This training is followed by a mandatory exam employees must pass to receive their training certification.

Additional training by our internal team includes: site-specific safety and security, culture of compliance, hands-on job training, and other topics as appropriate to the position.

All employees will be registered as agents, in accordance with 935 CMR 500.030. All Calyx Peak of MA employees will be duly registered as marijuana establishment agents and complete a background check in accordance with 935 CMR 500.030(1). All registered agents of Calyx Peak of MA shall meet suitability standards as outlined by 935 CMR 500.800.

Training will be recorded and retained in dispensary agents’ files. Training records will be retained by Calyx Peak of MA for at least one year after an agent’s termination. Dispensary agents will undergo continuous quality training and a minimum of eight hours of annual on-going training.

Plan to Ensure Regulatory Compliance

Calyx Peak of MA will ensure regulatory compliance through a multi-pronged approach:

- Employee training
- Corporate compliance support team oversight
- Local legal advisor

Calyx Peak of MA is part of Calyx Peak Companies (CPC), a multi-state cannabis operator. CPC owns and operates licensed cannabis companies in California, Massachusetts, and Missouri, and has never had a citation for a compliance issue from a cannabis regulatory agency. As indicated below, CPC will provide additional guidance and materials to ensure that Calyx Peak of MA maintains regulatory compliance.

Employee Training

As noted above, all dispensary agents will receive extensive initial and annual training, including modules on key state and local laws. The training approach, as implemented in other CPC operations, is to instill a

culture of compliance, in which the ethos “Compliance is everyone’s job” is integrated. Attached is a copy of a standard CPC training module.

During the training process, employees will learn how to report issues without fear of recourse. While CPC’s policies specifically prohibit retaliation, CPC offers employees an anonymous phone number for reporting concerns. CPC also offers human resources support that includes advice and guidance to ensure the workplace is free of retaliatory practices.

Corporate Compliance Support Team

In addition to the local team taking responsibility for day-to-day compliance, CPC maintains a compliance team under the Senior Director of Compliance. This compliance team offers support to all CPC operations, with team members who are independent of specific facilities, allowing CPC to oversee and intervene in the event of compliance concerns.

Compliance team members are also responsible for: managing license renewals; monitoring changes to the regulations throughout the state; overseeing the updating and implementation of standard operating procedures; and periodically auditing the facility to ensure continuous compliance and preparation for any official inspections.

The compliance team also works with each facility to customize standard operating procedures that are consistent with applicable state regulations and that incorporate industry best practices. In the event of a gap between Facility Compliance Officers, the CPC compliance team is also available to provide interim support and guidance.

Professional and Legal Advisors

CPC works closely with attorneys to ensure continuous regulatory compliance of all CPC facilities. CPC already works with local Massachusetts consultants and legal advisors, including Tenax Strategies, Smith, Costello & Crawford, and Krattenmaker, O’Connor & Ingber P.C. In the event that a question regarding regulatory interpretation arises, CPC’s Compliance Officer will work with the appropriate attorney to resolve the concern. CPC’s compliance team has found that setting up these partnerships early facilitates rapid responses in the event of compliance concerns or regulatory questions later on.

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).*

Calyx Peak of MA, Inc.'s security plan is to protect the premises, provide a safe environment for patients, caregivers, staff, visitors and the general public, and to deter and prevent theft and diversion of product. Calyx Peak of MA recognizes and prepares for both internal and external security threats; all employees will complete security training. Security plans will be reviewed and amended as needed. Violation of security policies by Calyx Peak of MA agents and employees is grounds for immediate dismissal.

The proposed facility in the Town of Arlington is a stand-alone building in a tidy neighborhood. As such, there are no out of the ordinary security concerns, but rather the concerns typical of any marijuana retailer regarding secure storage of product, secure receipt of wholesale product, concerns regarding unauthorized entrance and theft, and potential for product diversion.

Calyx Peak of MA plans to tear down the existing structure and rebuild a new facility suitable to the Town's, and the brand's, standards. As such, the building's current lack of security features is not relevant. The team will perform a final security assessment and architecture review prior to finalizing plans for the new facility. Part of this will ensure that there is a secure room for marijuana products, including either the creation of a vault room or a selection of secure safes. Measures will be taken to reduce visibility inside and to mitigate queueing outside (see response to question 7).

Calyx Peak of MA plans to include in the proposed designs a secure, enclosed area with a roll-up door that delivery vehicles could pull into, eliminating visibility of product unloading. During all deliveries, Calyx Peak of MA will have security personnel actively monitor the surrounding area. Product will be unloaded quickly and reviewed against the manifest in the presence of the delivery driver.

Calyx Peak of MA will work with the Town of Arlington's Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the sales commencement date. Such plan will include, but is not limited to,

- Training employees to be aware of, observe, and report any unusual behavior in customers or Calyx Peak of MA's marijuana establishment employees that may indicate the potential for diversion;
- Strictly adhering to CCC Regulations as to certification amounts and time periods;
- Rigorous customer identification and verification procedures required by the CCC; and
- Utilizing seed-to-sale tracking software to closely track all inventory.

Pursuant to 935 CMR 500.110(1)(a)-(q), Calyx Peak of MA will implement sufficient safety measures to prevent unauthorized entrance into the Calyx Peak of MA facility and theft of marijuana from occurring. These security measures include, but are not limited to: positively identifying individuals entering the Calyx Peak of MA facility to limit access to those 21 years or older; preventing loitering; properly disposing of marijuana products; securing entrances and establishing limited access areas for authorized personnel; establishing appropriate limited access areas accessible only to specifically authorized personnel, limited to those essential for efficient operation; ensuring proper storage of marijuana and marijuana products so as to prevent or mitigate diversion, theft, and loss; keeping all safes, vaults, and other secure areas or equipment securely locked and protected from entry, except when being used to remove or replace marijuana; keeping locks in good condition and preventing keys to said locks or other door access controls from being accessible to unauthorized individuals; preventing security measures from being used by persons other than specifically authorized personnel; ensuring proper lighting of the exterior of the Calyx Peak of MA facility; keeping marijuana products out of plain sight; developing emergency procedures; establishing procedures for safe cash handling and cash transportation (in accordance with 935 CMR 500.110(7)); sharing the facility's floor plan with law enforcement; and sharing Calyx Peak of MA's security

plan and procedures and relevant updates with law enforcement and fire services. If Calyx Peak of MA identifies alternate security provisions that might be regarded as adequate substitutes for any security requirements, Calyx Peak of MA will submit a request for acceptance of these provisions pursuant to 935 CMR 500.110(2).

Calyx Peak of MA will have limited access areas identified with clear signage designating the access point for authorized personnel only, pursuant to 935 CMR 500.110(4). Identification badges will be required to be worn at all times by Calyx Peak of MA employees while at the facility or engaged in transportation. All outside vendors, contractors and visitors shall be required to wear visitor badges prior to entering limited access areas and shall be displayed at all times. Visitors shall be logged in and be escorted while at the Calyx Peak of MA facility.

In accordance with 935 CMR 500.110(5), Calyx Peak of MA will have a security system to prevent and detect diversion, theft or loss of marijuana. Pursuant to 935 CMR 500.110(5)(a)-(g), Calyx Peak of MA's security system shall include, but is not limited to: perimeter alarms; failure notification system; duress alarm; video cameras in all areas containing marijuana or used for securing cash; 24-hour recordings that are retained for at least 90 days, contain a date and time stamp and can be exported as still images; and the ability to remain operational during power outages for a minimum of four hours. Additionally, the security system will be maintained in secure locations with a back-up alarm system provided by a company different than that provided by our primary system; or, as has been approved by the CCC for other facilities, a security system with two independent forms of communicating alarm signals (a primary and a backup such as internet and cellular) to a central monitoring station. Access to security systems will be limited to personnel essential to security operations, law enforcement, the security company and the Commission. Calyx Peak of MA will maintain a current list of authorized employees and service personnel with access to the surveillance room. All equipment shall be in good working order at all times and shall be inspected and tested at regular intervals, not exceeding 30 calendar days between inspections and tests. Additionally, trees, bushes, and other foliage outside the establishment shall be maintained so as to prevent a person or persons from concealing themselves from sight.

Any incident occurring at the Calyx Peak of MA facility that is a breach of security shall be immediately reported (at a minimum within 24 hours) to law enforcement and the Commission, pursuant to 935 CMR 500.110(9). Breaches include, but are not limited to, discovery of discrepancies of inventory; diversion, theft or loss of product; criminal action involving the Calyx Peak of MA facility; unauthorized destruction of marijuana or suspicious acts involving said marijuana; loss or alteration of records; alarm activation or failure of the security system; and any other breach of security. Incident reports shall be submitted to the Commission within 10 days of the occurrence of the act and documentation of the incident will be maintained for at least one year or throughout the duration of any related investigation.

Calyx Peak of MA will annually obtain a security system audit by a vendor approved by the Commission and at Calyx Peak of MA's expense, pursuant to 935 CMR 500.110(10). Calyx Peak of MA will submit said report within 30 calendar days after the audit is completed and, if areas of concerns are identified, Calyx Peak of MA will submit a mitigation plan to address the issue within ten business days of submitting the audit.

Calyx Peak of MA will additionally file a satisfactory security and emergency response plan with the Town of Arlington's Police Chief and Fire Chief which includes:

- A description of the location and operation of the security system, including the location of the central control on the premises;
- A schematic of security zones;
- The name of the security alarm company and monitoring company;
- The location of security cameras within and outside of the marijuana establishment;

- A floor plan or layout of the facility identifying all areas within the facility and grounds, including support systems and the internal and external access routes;
- The location and inventory of emergency response equipment and the contact information of the emergency response coordinator for the marijuana establishment;
- The location of any hazardous substances and a description of any public health or safety hazards present on site;
- A description of any special equipment needed to respond to an emergency at the cannabis establishment;
- An evacuation plan;
- Fire alarm system diagram and operational instructions;
- Emergency contacts; and
- Any other information relating to emergency response as requested by the Arlington Fire Department or the Arlington Police Department.

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).

The proposed site at 251 Summer Street includes approximately 7,000 square feet of dedicated parking space to meet the needs of the store. Furthermore, the location is 0.4 miles away from the 77 MBTA Bus Route and the Minuteman Commuter Bikeway. Between the access to on-site parking, public transit and bike paths, there are ample modes of transportation for the consumer to utilize. Additionally, Calyx Peak of MA will seek to optimize traffic flow into and out of the parking lot utilizing appropriate ingress and egress points and parking area configurations.

Calyx Peak of MA does not anticipate issues with traffic or parking. In the event of a high volume of customers, Calyx Peak of MA will implement expediting procedures that will facilitate quick turnover and reduce the likelihood of parking issues or spillover into the street. These procedures will include a measure for taking express orders from customers in line who have already made purchasing decisions and don't require additional help from a retail employee, thus allowing those orders to be filled more quickly. CPC is working with technology provider Dutchie on implementing express orders for the Missouri retail store this fall and, if successful, plans to implement a similar solution for the Arlington store.



We build into our plan ways to accommodate queuing, such as an internal waiting area where identification can be verified but also where customers can wait until there is space to accommodate them in the main dispensing area. This can increase our capacity by 10-15 additional customers. As previously noted, we also plan express services to expedite processing customers who know what they want to purchase and do not need guidance/assistance from our trained retail staff.

Additionally, when we anticipate heightened demand, we will involve security in managing traffic and people. We plan to speak with the Arlington Police Department about the potential to hire off-duty police officers to assist with these types of situations.

We have also included an updated traffic impact statement for the location. Please see the addendum for further information.

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.

Calyx Peak of MA takes very seriously the risks and dangers of underage exposure to and consumption of recreational marijuana. Guided by our Chief Medical Officer Dr. Paul Song and his analysis of available research, our company website currently recommends against recreational use prior to the age of 25 years. Specifically, our website reads:

“Calyx Peak cultivates quality, integrity, craftsmanship, and care for our community. That’s why we suggest being 25 before enjoying our products, when scientific research suggests that the human brain is fully formed. Care for your brain. We do.”

While we acknowledge we must comply with state regulations that allow sales to people aged 21-24 years old, our dispensary will also include signage and pamphlets that explain the dangers of underage exposure to, and the consumption of, recreational marijuana. Our dispensary agents will receive training not just on the risks, but also how to explain those potential dangers.

Dispensary agents will also be trained to prevent sale of cannabis directly to youth, including detailed training on verifying identification cards. When we identify fraudulent cards, we will confiscate them, refuse access to the premises, and submit the cards to the Arlington Police Department. In addition, CPC staff will be trained to monitor for signs of potential diversion, including refusing sales to individuals who make statements that suggest they plan to share their purchases illegally, such as with underage youth.

Dispensary training will be reinforced with annual retraining, including on prevention of and education about underage exposure to and consumption of recreational marijuana.

Outside our facility, we plan to engage with our community and support the Town of Arlington and local non-profits by sponsoring drug awareness programs or school-based drug education programs.

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

CPC will prepare a pamphlet summarizing these restrictions and dangers. A copy will be placed into each purchase bag. Employees will be trained on pamphlet contents and to review contents with consumers who self-identify as new to marijuana consumption. The retailer facility will feature signage repeating this information, as well as a sign reminding customers during their exit from the store. No one will be permitted to consume marijuana on or near the property.

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.

As detailed in Figure 10.1 below, we expect the Arlington dispensary will provide about 23 full time positions with a total annual payroll of over \$1,000,000 once fully operational. Calyx Peak of MA also plans to provide employee benefits including health insurance. CPC’s goal is for all employees to be full-time so that they can qualify for benefits. We do not want to provide a “minimum wage”: we want our employees to be able to live off their salaries. Our financial model adds 25% of salary for benefits, making the assumption that all employees qualify, and will cover health benefits. In California, an employee noted that jobs with Calyx Peak Companies are more attractive than other cannabis opportunities in part because of the benefits offered. We strive to be the type of employer that retains its people because we treat them well.

Figure 10.1. Payroll and headcount

	Head Count	Salary
Head of Operations	1	\$85,000
Compliance Officer	1	\$45,000
Shift Manager	1	\$50,000
Inventory Manager	1	\$60,000
Retail Staff	12	\$40,000
Reception staff	2	\$30,000
Administrative staff	1	\$30,000
Maintenance staff	1	\$35,000
Security	3	\$60,000
Total	23	

Source: Calyx Peak Inc

To the extent that such a practice and its implementation are consistent with federal and state laws and regulations, Calyx Peak of MA plans to hire locally whenever possible. This will require the company to work in a good faith, legal and nondiscriminatory manner to give reasonable preference to qualified Arlington residents. Calyx Peak of MA will also endeavor in a good faith, legal and non-discriminatory manner to use local vendors and suppliers where possible.

We are a part of Calyx Peak Inc (CPC), which has proven at its facilities across the nation that it prioritizes local hires. For example, at our Kansas City dispensary all hires are local residents.

Additionally, we strongly believe that our staff should reflect the community. The Calyx Peak of MA executive team includes two Asian individuals, who make up half the leadership team. CPC's leadership nationally also has a strong representation of women in leadership positions; seventy-five percent (75%) of CPC's Vice Presidents are women. If possible, we will work with local groups, such as the Arlington MA Diversity Task Group, to promote diversity in our team.

In order to achieve our goals, we will advertise for positions locally. By offering competitive salaries with benefits to all employees as well as appropriate job training, we anticipate that we will achieve our goals to hire a diverse, local workforce.

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.

The proposed facility at 251 Summer St, Arlington, MA, is an aging auto shop in Arlington. While under its prior use the facility was functional but not particularly attractive, Calyx Peak of MA proposes to tear down the building, replacing it with a more attractive storefront in keeping with the neighborhood's aesthetic. We will also improve curb appeal and the overall community feel with new landscaping and Arlington architecture.

In keeping with the aesthetics of Calyx Peak Companies ("CPC"), we intend to create an updated architectural presence. Our CEO, Erin Carachilo, likens this to offering the storefront as a "gift to the street"—the result of a process of evaluating the environs and the facility in order to come up with a façade that enhances the street. Our intention is to propose a storefront in keeping with the tone of Arlington that also reflects our quality and the elegance of our brand, that tastefully attracts customers.

Calyx Peak of MA will ensure that any proposed designs or changes are in line with the Town of Arlington Environmental Design Review (EDR) standards.

In particular, Calyx Peak of MA will:

- Preserve the landscape, through improvements that are in line with aspirational standards in the

area;

- Consider the relation of the building to the environment in all proposed renovations;
- Monitor traffic, parking, and pedestrian patterns to ensure the facility does not negatively impact circulation;
- Work with appropriate professionals to ensure no renovations have a negative impact on surface water drainage, if applicable;
- Abide by all applicable restrictions and regulations on advertising features; and
- Carefully plan and work with the Town of Arlington's Police and Fire Departments to ensure the safety of the surrounding neighborhood, the premises and its patrons and staff.

Section 6: Local & State Regulatory Compliance Information

Calyx Peak of MA Ownership Disclosures

Calyx Peak Inc. owns 100% of Calyx Peak of MA Inc.

The following individuals have at least 10% interest in Calyx Peak of MA, through their interest in Calyx Peak Inc. A Local & State Regulatory Compliance Information form is enclosed for each of these owners.

- Hyong-gue Michael Bang – 27.30%
- Beomhee Lee – 22.68%
- Howard Keum – 20.62%
- Dong Hyun Kim – 13.24%

All other individuals are below the 10% ownership threshold.

Marijuana-related licenses in Other Jurisdictions

All owners have marked “yes” to question 1 (has the owner ever obtained a marijuana related license in any jurisdiction). The related licenses are disclosed below.

Licenses in Massachusetts

As noted elsewhere in this application, Calyx Peak of MA Inc. (Applicant entity) holds the following provisional licenses in the Commonwealth of Massachusetts:

License Type	Location	CCC License #
Cultivation (adult use)	Worcester	MC281927
Manufacturing (adult use)	Worcester	MP281574
Retail (adult use)	Swampscott	MR283842

Licenses in Other States

Calyx Peak Inc. (Applicant’s parent company) has interests in companies holding marijuana-related licenses in other states.

License Type	Location	License #
Retail (medical)	Kansas City, Missouri	DIS000074
Cultivation (medical)	Smithville, Missouri	CUL000045
Manufacturing (medical)	Smithville, Missouri	MAN000016
Cultivation	Carpinteria, California	CCL18-0001656, CCL18-0001672, CCL18-0001640, CCL18-0001669, CCL18-0001728, CCL18-0001730 CCL18-0001748, CCL18-0001731 CCL18-0001651, CCL18-0001671 CCL18-0001733, CCL18-0001735 CCL18-0001689
Distribution (self-transport)	Carpinteria, California	C13-0000014-LIC
Retail (medical)	Santa Monica, California	State license pending; received local selection letter following competitive application.

Section 7: Proposed Host Community Agreement Terms

HOST COMMUNITY AGREEMENT FOR MARIJUANA ESTABLISHMENTS BETWEEN CALYX PEAK OF MA, INC. AND THE TOWN OF ARLINGTON, MASSACHUSETTS

This HOST COMMUNITY AGREEMENT FOR MARIJUANA ESTABLISHMENTS (“Agreement”) is entered into pursuant to M.G.L. c. 94G, §3(d) on this _____ day of November, 2021 by and between **CALYX PEAK OF MA, INC.**, a Massachusetts limited liability corporation with a principal office address of PO Box 1358, Mansfield MA 02048 (“OPERATOR”) and the **TOWN OF ARLINGTON** a Massachusetts town with a principal address of 730 Mass Ave. Arlington, MA 02476, by and through its Town Administrator (“TOWN”).

WHEREAS, On November 8, 2016 Massachusetts voters approved the legal cultivation, processing, distribution, sale and use of marijuana for adult use through Chapter 334 of the Acts of 2016, an Act for The Regulation and Taxation of Marijuana; and

WHEREAS, On July 28, 2017, Governor Baker signed the General Court’s revised law on the subject, “An Act to Ensure Safe Access to Marijuana” adopted as Chapter 55 of the Acts of 2017 (the “Act”); and

WHEREAS, Massachusetts, acting through the Cannabis Control Commission (the “CCC”) implemented regulatory framework for the regulation of the adult use of marijuana establishments through 935 CMR 500.000 et. seq. on March 23, 2018 (the “CCC Regulations”); and

WHEREAS, A “marijuana establishment” as defined in the CCC Regulations means a Marijuana Cultivator, Craft Marijuana Cooperative, Marijuana Product Manufacturer, Marijuana Retailer, Independent Testing Laboratory, Marijuana Research Facility, Marijuana Transporter, or any other type of licensed marijuana-related business, except a medical marijuana treatment center; and

WHEREAS, OPERATOR seeks licensure as a Marijuana Retailer to locate and operate a marijuana establishment in the TOWN at 251 Summer St, Arlington, MA, 02474 in accordance with applicable CCC regulations and such approvals as may be issued by the TOWN in accordance with its Zoning Bylaw and other applicable regulations in effect at the time that the CCC deems that the OPERATOR’s application is complete; and

WHEREAS, OPERATOR intends to provide certain benefits to the TOWN upon receipt of CCC licensure to operate its Marijuana Retailer business in the TOWN and upon receipt of all required local approvals to do so; and

WHEREAS, OPERATOR and TOWN agree that the OPERATOR's Marijuana Retailer business will impact TOWN resources in ways unique to such businesses and will draw upon TOWN resources such as TOWN's road system, law enforcement, fire protection services, inspectional and permitting services, public health services in a manner not shared by the general population and shall cause additional unforeseen impacts upon the TOWN; and

WHEREAS, M.G.L. c. 94G, §3 (d) requires "that a marijuana establishment or a medical marijuana treatment center seeking to operate or continue to operate in a municipality which permits such operation shall execute an agreement with the host community setting forth the conditions to have a marijuana establishment or medical marijuana treatment center located within the host community which shall include, but not be limited to all stipulations of responsibilities between the host community and the marijuana establishment or a medical marijuana treatment center....."

NOW, THEREFORE, in consideration of the above and the mutually agreed promises contained herein, the OPERATOR and the TOWN agree as follows:

1. **Licensure:** All rights and obligations under this Agreement are expressly conditioned upon the OPERATOR's receipt of license from the CCC allowing the operation of its marijuana establishment within TOWN and upon OPERATOR's obtaining all local approvals for the same. If OPERATOR fails to secure licensure from the CCC or any required local approvals, this Agreement shall be null and void.
2. **Compliance and Cooperation:** OPERATOR shall comply with all state laws, regulations and orders applicable to marijuana establishments, and all municipal laws, bylaws, regulations and orders applicable to the operation of marijuana establishments in TOWN, such provisions being incorporated herein by reference.
 - a. OPERATOR shall be responsible for obtaining all necessary licenses, permits, and approvals required for the operation of its marijuana establishment and shall work cooperatively and in good faith with the TOWN in securing the prompt and efficient siting, planning, permitting and preparation for opening of its marijuana establishment.
 - b. OPERATOR agrees and understands that the TOWN'S execution of this Agreement shall not: (i) require or obligate the TOWN or its departments or boards to issue such permits and approvals as may be necessary for the OPERATOR to operate its marijuana establishments in the TOWN; (ii) affect, limit, or control the authority of TOWN boards, commissions, councils, and departments from carrying out their respective powers and duties to decide upon and to issue, deny, or otherwise act on applicable permits and other approvals

under the laws and regulations of the Commonwealth, or the TOWN's bylaws and regulations; or (iii) cause the TOWN to refrain from enforcement action against the OPERATOR for violations of the terms and conditions of such permits and approvals, or such laws, regulations and/or bylaws.

3. **Community Impact Fee:** OPERATOR shall pay a community impact fee as allowed by M.G.L. c. 94G, § 5 (d) ("Impact Fee") in the amounts and under the terms provided herein. OPERATOR shall pay the sum of 3% of Gross Sales, due as follows:
 - a. For the first year through fifth years of this Agreement, OPERATOR shall pay to the TOWN the sum of 3% of Gross Sales no later than 90 days after OPERATOR's full fiscal year end, which is December 31.
4. **Application of Impact Fee:** OPERATOR expressly acknowledges and agrees that the TOWN is under no obligation to use the payments made hereunder in any particular manner and that the payments are classified as General Fund under M.G.L. c. c. 44, § 53.
5. **Filing of Financial Statements with the Town:** Upon request, financial statements will be filed with the Town. If required to do so, OPERATOR will file financial statements on an annual basis.
6. **Maintenance of Books and other Financial Records:** OPERATOR shall maintain its books, financial records and other compilations of data pertinent to the requirements of this Agreement in accordance with standard accounting practices and the regulations or guidelines of the CCC. All records shall be retained for a period of at least seven (7) years.
7. **Payment as Condition of Operation, Default and Remedy.** Payment as set forth above is necessary for OPERATOR's continued operation in the TOWN. Failure to make the required payments as scheduled and a failure to cure the failure to pay within 30 days of the due date, shall constitute breach of this Agreement and may serve as cause for TOWN's immediate review, upon 10 business days' notice to OPERATOR by the Board of Selectman. OPERATOR shall be in default of this Agreement if any of the following occur:
 - a. OPERATOR fails to make the required payments pursuant to Paragraph 3 above, and such failure is not cured within ten (10) business days of written notification from TOWN; or
 - b. OPERATOR breaches any other provision of this Agreement, and such failure is not cured within thirty (30) days of written notification from TOWN

As remedy for any such breach, the TOWN may, among other remedies, revoke or limit the permission of the OPERATOR to operate in the TOWN and to issue an order to cease and desist with all operations upon such written notice from the TOWN. Payment means any payment paid from the OPERATOR to the TOWN pursuant to the terms of this Agreement.

8. **Reporting:** OPERATOR shall provide the TOWN with all copies of its publicly available filings to the Cannabis Control Commission, Secretary of the Commonwealth's Corporations Division, and the Massachusetts Department of Revenue, within a reasonable timeframe, as requested.
9. **Confidentiality:** To the extent permitted by M.G.L. c. 66, § 10, (the "Public Records Law") OPERATOR may provide to the TOWN certain financial information, investment materials, products, plans, documents, details of company history, know-how, trade secrets, and other nonpublic information related to OPERATOR, its affiliates and operations (collectively, the "Confidential Information"). TOWN (inclusive of its employees, agents, representatives or any other of its affiliated persons) shall not, at any time during the term of this Agreement or thereafter, disclose any Confidential Information to any person or entity, except as may be required by court order or law. Further, the address of a marijuana establishment's cultivation or production facilities and any documents describing, depicting or otherwise outlining a licensee's security schematics or global positioning system coordinates, physical layout, as well as policies, procedures, practices, and plans pertaining to security are exempt from M.G.L. c. 66.
10. **Term:** The term of this Agreement is five years, terminating on _____, unless sooner terminated by:
 - a. revocation of OPERATOR's license by the CCC; or
 - b. OPERATOR's voluntary or involuntary cessation of operations; or
 - c. the TOWN's termination of this Agreement for breach of the conditions contained herein that remain uncured 60 days from the date of notice of such breach.
11. **Renegotiation/Applicability:** The terms of this Agreement shall continue in full force and effect unless the parties reach accord on a subsequent agreement, provided, however, that in no event shall OPERATOR be permitted to continue to operate its marijuana establishments after termination as set forth in paragraph 10a., 10b., and 10c. above.
12. **Security and Public Safety:** The OPERATOR shall work with the TOWN's Police Department and the TOWN's Fire Department to determine the placement of interior and 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.

OPERATOR will maintain a cooperative relationship with the Police Department and the Fire Department, including but not limited to meetings with the Departments, as required, to review operational concerns, cooperate in investigations, and communication to Police Department of any suspicious activities on or in the immediate vicinity of the site. Such camera(s) may be altered by the CCC during their security and architectural review process.

13. Prevention of Diversion: OPERATOR shall work with the TOWN's Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the sales commencement date. Such plan will include, but is not limited to, (i) training employees to be aware of, observe, and report any unusual behavior in customers or OPERATOR's marijuana establishment employees that may indicate the potential for diversion; (ii) strictly adhering to CCC Regulations as to certification amounts and time periods; (iii) rigorous customer identification and verification procedures required by the CCC; (iv) utilizing seed-to-sale tracking software to closely track all inventory; and (v) participation in youth health, safety, and prevention programs.

14. Emergency Response Information: OPERATOR shall file a satisfactory security and emergency response plan with the TOWN's Police Chief and Fire Chief which includes: (i) A description of the location and operation of the security system, including the location of the central control on the premises; (ii) a schematic of security zones; (iii) the name of the security alarm company and monitoring company, if any; (iv) a floor plan or layout of the facility identifying all areas within the facility and grounds, including support systems and the internal and external access routes; (v) the location and inventory of emergency response equipment and the contact information of the emergency response coordinator for the marijuana establishment; (vi) the location of any hazardous substances and a description of any public health or safety hazards present on site; (vii) a description of any special equipment needed to respond to an emergency at the cannabis establishment; (viii) an evacuation plan; (ix) any other information relating to emergency response as requested by the Arlington Fire Department or the Arlington Police Department; and (x) the location of security cameras within and outside of the marijuana establishments.

15. Local Hiring: To the extent that such a practice and its implementation are consistent with federal and state laws and regulations, OPERATOR will work in a good faith, legal and nondiscriminatory manner to give reasonable preference in the hiring of employees for its marijuana establishment to qualified Arlington residents. OPERATOR will endeavor to hire local, qualified employees and diverse employees to the extent consistent with law and with the demands of OPERATOR's business. OPERATOR will

endeavor in a good faith, legal and non-discriminatory manner to use local vendors, suppliers and diverse businesses where possible.

16. **Assignment:** OPERATOR shall not assign or transfer this Agreement, in whole or in part, or grant any license, concession or permission therein without 30 days' prior written notice of its intent to do so. If this Agreement shall be so assigned or transferred, TOWN shall be entitled to receive payments from such assignee or transferee. No such assignment or transfer shall be deemed a waiver or release of the assignee or transferee from full performance hereunder, and the Agreement shall be binding upon any such assignee or transferee. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.
17. **Agreement as to Agricultural Exemption:** OPERATOR agrees to comply with all laws, rules, regulations and orders applicable to the facility, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits and approvals required for the performance of such work. The OPERATOR agrees not to assert or seek exemption as an agricultural use under the provisions of from the requirements of the TOWN's Zoning Bylaws pursuant to M.G. L. c. 40A, § 3.
18. **Notice:** Any and all notices 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 delivered by other reputable delivery service, to the parties as set forth below or furnished from time to time in writing hereafter by one party to the other party. Any such notice or correspondence shall be deemed given when so delivered by hand; if so mailed, when deposited with the U.S. Postal Service; or if sent by private overnight or other delivery service, when deposited with such delivery service.

If to TOWN:	If to OPERATOR:
Adam Chapdelaine, Town Manager Town of Arlington 730 Mass Ave. Arlington, MA 02476 Telephone: (781) 316 - 3010 Fax: (781) 316 - 2019 Email: achapdelaine@town.arlington.ma.us	Erin Carachilo, CEO PO Box 1358 Mansfield MA 02048 Telephone: (610) 368-5895 Email: erin.carachilo@calyxpeak.com

19. **Governing Law:** This Agreement shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts and the parties hereto submit to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

20. **Integration of Writings.** This Agreement, including all documents incorporated herein by reference, 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.
21. **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 TOWN or the OPERATOR.
22. **Waiver:** The obligations and conditions set forth in this Agreement may be waived only by a writing signed by the party waiving such obligation or condition. Forbearance or indulgence by a party shall not be construed as a waiver, nor limit the remedies that would otherwise be available to that party under this Agreement or applicable law. No waiver of any breach or default shall constitute or be deemed evidence of a waiver of any subsequent breach or default. The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.
23. **Retention of Regulatory Authority:** By entering into this Agreement, TOWN does not waive any enforcement rights or regulatory authority it currently holds over any business in TOWN.
24. **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 Massachusetts Attorney General or the Cannabis Control Commission, 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.
25. **Amendment:** This Agreement may only be amended by a written document duly executed by the parties hereto. No modification or waiver of any provision of this Agreement shall be valid unless duly authorized as an amendment hereof and duly executed by the TOWN and the OPERATOR.
26. **Headings:** The article, section, and paragraph headings in this Agreement are for convenience only, are no part of this Agreement and shall not affect the interpretation of this Agreement.

27. **Counterparts:** This Agreement may be signed in any number of counterparts all of which taken together, shall constitute one and the same instrument, and any party heretomay execute this Agreement by signing one or more counterparts.

28. **Signatures:** Digital signatures affixed to this Agreement shall have the same weight andauthority as an original signature.

IN WITNESS WHEREOF, this Agreement has been executed on the date below, as a sealed instrument by OPERATOR's duly authorized officer, and by the Town of Arlington.

[SIGNATURE ON FOLLOWING PAGE]

Town of Arlington, Massachusetts by its
Select Board

Calyx Peak of MA, Inc:

Stephen W.
DeCoursey,
Chair

By: Erin Carachilo
CEO



Diane M.
Mahon,
Vice Chair

Lenard
Diggins,
Member

Eric D.
Helmuth,
Member

John V.
Hurd,
Member