

Calyx Peak



251 Summer Street, Arlington, MA
Marijuana Retail Establishment
Arlington Select Board Presentation
November 2021



Our Proposal

Calyx Peak of MA seeks to operate
an *Adult-Use Marijuana Retail*
Establishment in the Town of Arlington

Proposal Overview

- We are seeking approval to operate an adult-use marijuana retail establishment at 251 Summer St
- Site selected for location:
 - Adheres to geographic diversity priorities set by the Select Board
 - Correct zoning
 - Availability of parking (10+ dedicated spaces)
- Proposal to tear down existing building and build new facility in line with aesthetic aspirations inspired by the region
- Our team has operated cannabis facilities since 2018, including a newly opened retail dispensary in Kansas City Missouri, with additional retail coming early in 2022 in Swampscott MA and Santa Monica CA





Updates Since Our Prior Submittal

Worcester

Signed HCA
& received
provisional
CCC license

Swampscott

HCA & CCC
provisional
licenses secured.
Construction
begins November
2021

Build out
begins Early
2022

Go Live Date
in March
2022

Store shares a parking lot with the local VFW (Veterans of Foreign War). Calyx worked with VFW and the town to improve the flow of traffic as part of parking lot redesign.

Calyx has worked with the town to mitigate disruption to neighbors by creating more Green Space

Calyx has worked with VFW and town to contribute to the local VFW

Tonight's Presentation







Calyx Peak of MA Overview

- **Stable Financing:** Partnered with Calyx Peak Inc, which has raised/deployed >\$57 mil.
- **Committed to MA:** HCAs w/ Worcester and Swampscott, with provisional permits from CCC.
- **Compliant Record:** Pairs corporate support with local experts to facilitate compliance, audits, and integrate best practices.
- **Management review:** Women-run, minority-owned.
- **Retail Expertise:** CEO Erin Carachilo has 20+ years of experience in retail/finance.
- **Social Equity:** Committed to hiring women, minorities, and those displaced during COVID.



Above: Swampscott exterior rendering

Below: Kansas City interior rendering



Calyx Peak Companies Overview

Calyx Peak has developed industry expertise across multiple states, learning the absolute best practices for our customers and our communities.



California

- One of two provisional dispensary license winners in highly-competitive Santa Monica, CA – currently working through the CUP process with Q2 2022 est. opening.
- 235,000 sq. ft. greenhouse cultivation facility in Santa Barbara County, CA.
- Opened manufacturing and extraction facility in Costa Mesa, CA in September 2019.

Missouri

- Awarded licenses in late 2019/early 2020 for cultivation, manufacturing, and retail (Kansas City)
- Financing secured for Cultivation and build out in progress with expected go live date in May 2022
- Kansas City store renovation completed – opened in October 2021

Ohio*

- 44,000 sq. ft. cultivation facility located in Akron, OH
- We estimate that we hold a 20% market share in the state through sales of our Josh D, Local, and Song brands
- Cultivation began in January 2019 and Manufacturing in October 2019

**Sold to a minority investor in August 2020*



Meet the Team

Calyx Peak has assembled a driven,
dedicated, and diverse team to accomplish
our mission – let us introduce ourselves!

Erin Carachilo, CEO

Erin Carachilo brings over 20 years of experience in consumer products and retail to the cannabis industry. Erin began her career in public accounting before becoming an integral member of the strategic team at FAO Schwarz, serving as the Vice President of Finance. Prior to joining Calyx Peak, Erin served in several roles at IT'SUGAR, the 100-store candy retailer, including heading up Retail Store Operations as well as executing the successful sale of the business to BBX Capital, a publicly traded company.

With her experience in financial planning and analysis, fiscal operations, technology integration, internal controls and inventory management, Erin implements mainstream business best practices in the cannabis industry.

Erin holds an MBA from Villanova University and a Bachelor of Science from Widener University.



Jen McLaughlin, Chief Branding Officer

Jen is a merchant to the core – she lives and breathes product. She has led businesses at Old Navy, Gap, American Eagle, and, most recently, at Talbots, where she helped drive the turnaround of a significant percent of Talbot's business. Jen created new Key Item and Trend assortments and strategies to address market shifts, implemented increased testing, flexible sourcing, and fast pipelines, and instituted catalog strategy and performance analysis. Together these actions drove financial and growth success.

Jen is also a successful entrepreneur in Massachusetts. Together with her husband, she owns and operates: Seabird Coffee Company and Seabird Coffee Roaster (Cohasset MA), Seabird Café (Duxbury MA), and Locales Tacos Y Tequila (Hingham MA).

Jen has a Bachelor of Arts in Apparel Merchandising from Indiana University.



Chief Daniel Linskey Security Advisor



Daniel Linskey is a managing director in Kroll's Security Risk Management practice, head of the Boston office, and a fellow at the Kroll Institute.

- Former Superintendent-in-Chief of Boston Police Department (BPD)
 - Leadership during the Boston Marathon bombings and the Occupy Movement
- 27-year veteran of the BPD
- Expertise in:
 - Investigations
 - Crisis Response
 - Risk Management
 - Personal, Physical, and Operational Security Strategies

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

Mary Winstanley O'Connor Legal Advisor



Ms. O'Connor is an attorney at Krattenmaker O'Connor & Ingber P.C.

- Named a Massachusetts Super Lawyer in 2004-2005 and 2020-2021, an honor received by only 5% of MA attorneys
- Former member of the Zoning Board of Appeals of the Town of Arlington, MA, for 12 years, including 10 as Chairwoman
- Elected in 2001 to the Board of Assessors for Arlington
- Serves as a trustee on scholarship committees
- Arlington School Committee's appointee to the Arlington Educational Enrichment Fund, Inc., a not-for-profit educational foundation for which she served as President

Michael Bang, CIO



Prior to his role as Chief Investment Officer at Calyx Peak Companies, Michael has over 20 years' experience as a global financial expert and was last at Goldman Sachs as Managing Director of Technology Research.

He has worked on financial analysis, competitive analysis and worked with his clients with total annual revenues of \$400B. During his time in Korea, Michael also worked with the Korean Broadcasting Commission as an informal consultant on new CATV home shopping regulations and often provided feedback to the Korean Ministry of Commerce, Industry, and Energy on how to improve the operating environment for small and medium-sized businesses. In addition, Michael is principal and founder of a commercial real estate company in Ontario, Canada.

Queen's University in Kingston, Ontario, Canada - BA with Honors, Economics.

Dr. Paul Song, Chief Medical Officer



Dr. Song is a 20-year physician radiation oncologist by trade. Paul also serves as CEO of Fuse Biotherapeutics, a company dedicated to developing therapeutics for cancer patients. Previous, Paul was Chief Medical Officer (CMO) at ATGen Global and NKMax since 2014, 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, Dr. Song was the first Visiting Fellow on health policy to the CA Department of Insurance.

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

Gwen Takagawa, Sr Director of Compliance



Gwen manages licensing and compliance for Calyx Peak. Prior to joining Calyx Peak, she led technical writing teams on competitive government bids across the US, published analysis on armed conflict data for the Human Security Report Project, and managed monitoring and evaluation on behalf of government-funded non-profits.

Gwen is a certified Project Management Professional (PMP), has a M.A. in International Affairs from Carleton University (Ottawa, Canada), and a B.A. in International Relations from the University of British Columbia (Vancouver, Canada).

Mark Niedermeyer, Director of Operations & Community Outreach



Mark previously served as Vice President of Institutional Sales Trading for Knight Capital Group, a highly-regulated securities industry. He has also worked in logistics and delivery services for Winston Flowers of Massachusetts.

Mark lived in the Allston-Brighton community for 12 years on North Beacon Street, Cambridge Street, and Summit Avenue.

Mark has a background in nonprofit organizations and is associated with multiple nonprofit organizations, including Boston Gives, The Light Foundation, and other nonprofit organizations that benefit the communities of Massachusetts.

He will take on a full-time day-to-day role at Calyx Peak of MA to execute the Community Outreach and Mission Statement of the company.



Business Model

CPC's Success will be built on:

Vertical Integration

Efficient Service

Appropriate Pricing

Cultivating Loyalty



CPC plans to operate a production and manufacturing facility in the City of Worcester, where we already have a signed Host Community Agreement and have received a provisional permit from the CCC



VERTICAL
INTEGRATION



APPROPRIATE
PRICING

We will carry our signature brands, Local and Song Wellness, at affordable rates, alongside other high-quality brands and products. Our goal is to make our products accessible to all responsible consumers

EFFICIENT SERVICE

We plan for 4 point-of-sale terminals with a goal of 150 transactions per day. Through thoughtful layout and staffing, we will offer guidance and support alongside express service options for experienced consumers. Additionally, we plan to dedicate 2 parking spots to online pickup. Experienced consumers can order online from a menu that is directly tied to the Company's Point of Sale and METRC.

CULTIVATING
LOYALTY



[HOME](#) [SHOP](#) [MISSOURI](#) [CALIFORNIA](#) [MASSACHUSETTS](#)

SMOKE RIGHT SMOKE LOCAL

PREMIUM GENETICS SELECTED AND GROWN
FOR ALL TO ENJOY



From customer appreciation days and consumer education sessions, to consistent quality products and service, we hope to offer a rich customer experience that results in word-of-mouth recommendations and repeat patronage.



Company &
Team
Overview

**Site Vision
& Suitability**

Employee
Training

Nuisance
Prevention

Business
Model

Safety &
Security Plan

Preventing
Diversion

Benefits to
Arlington

Transformation of 251 Summer Street

Existing Facility	Proposal
Vacant former mechanic shop	Adult use marijuana retailer
Older building	New construction in keeping with Tone of Arlington (blue or green tone)
No landscaping or sidewalk	Refreshed green space & parking area with improved safety
Over 500 feet away from schools, daycares, libraries, parks, and other marijuana retailers	Tasteful signage abiding by Town advertising regulations





251 Summer St. – Interior Ideas

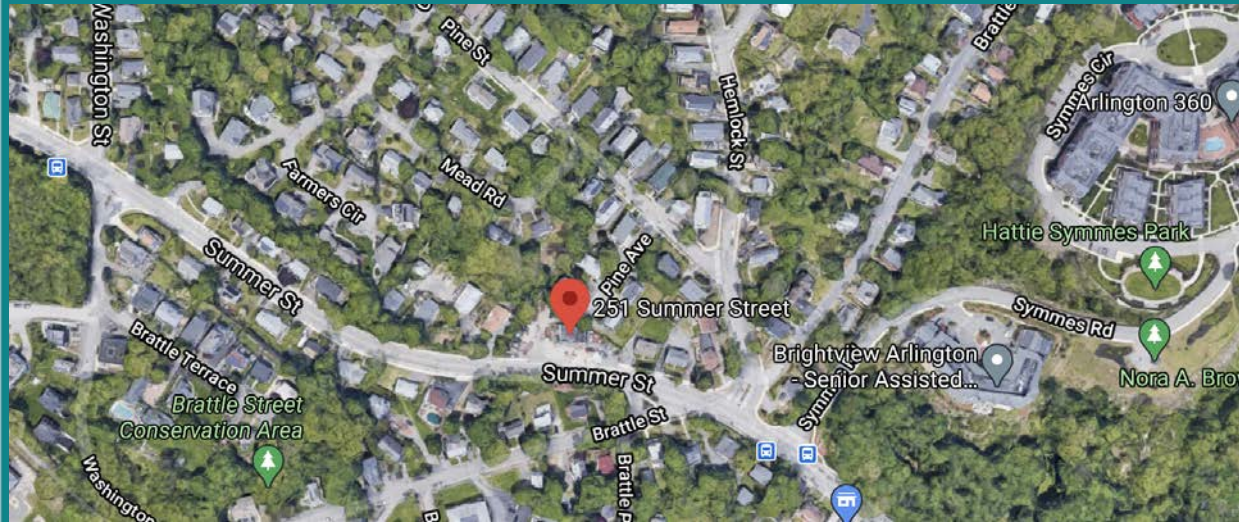
- Clean
- Simple vibe
- Fits the aesthetics of the neighborhood
- Welcoming, safe environment for all customers



Summer Street Suitability

Calyx Peak prides itself on compliance. Site-specific spot audits throughout their facilities have never resulted in a negative outcome.

*In Arlington, we want to start our relationship with the Town on a solid basis of compliance. We have worked hard to identify this location - one of the last locations that **meets all city zoning requirements.***

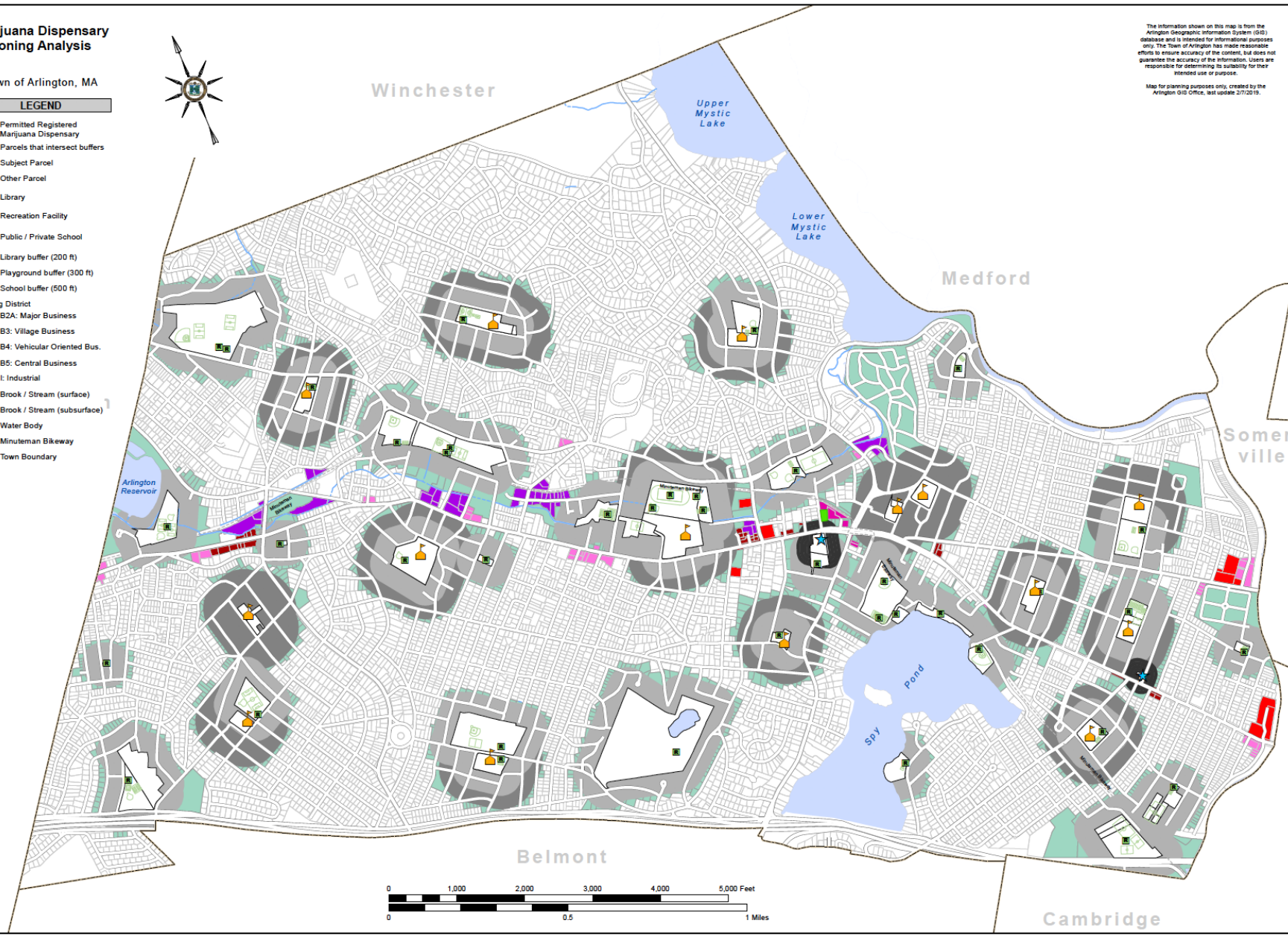


Marijuana Dispensary Zoning Analysis

Town of Arlington, MA

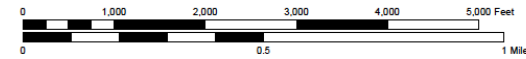
LEGEND

- Permitted Registered
- Marijuana Dispensary
- Parcels that intersect buffers
- Subject Parcel
- Other Parcel
- Library
- Recreation Facility
- Public / Private School
- Library buffer (200 ft)
- Playground buffer (200 ft)
- School buffer (500 ft)
- Zoning District**
- B2A: Major Business
- B3: Village Business
- B4: Vehicular Oriented Bus.
- B5: Central Business
- I: Industrial
- Brook / Stream (surface)
- Brook / Stream (subsurface)
- Water Body
- Minuteman Bikeway
- Town Boundary



The information shown on this map is from the Arlington Geographic Information System (GIS) database and is intended for informational purposes only. The Town of Arlington has made reasonable efforts to ensure accuracy of the content, but does not guarantee the accuracy of the information. Users are responsible for determining its suitability for their intended use or purpose.

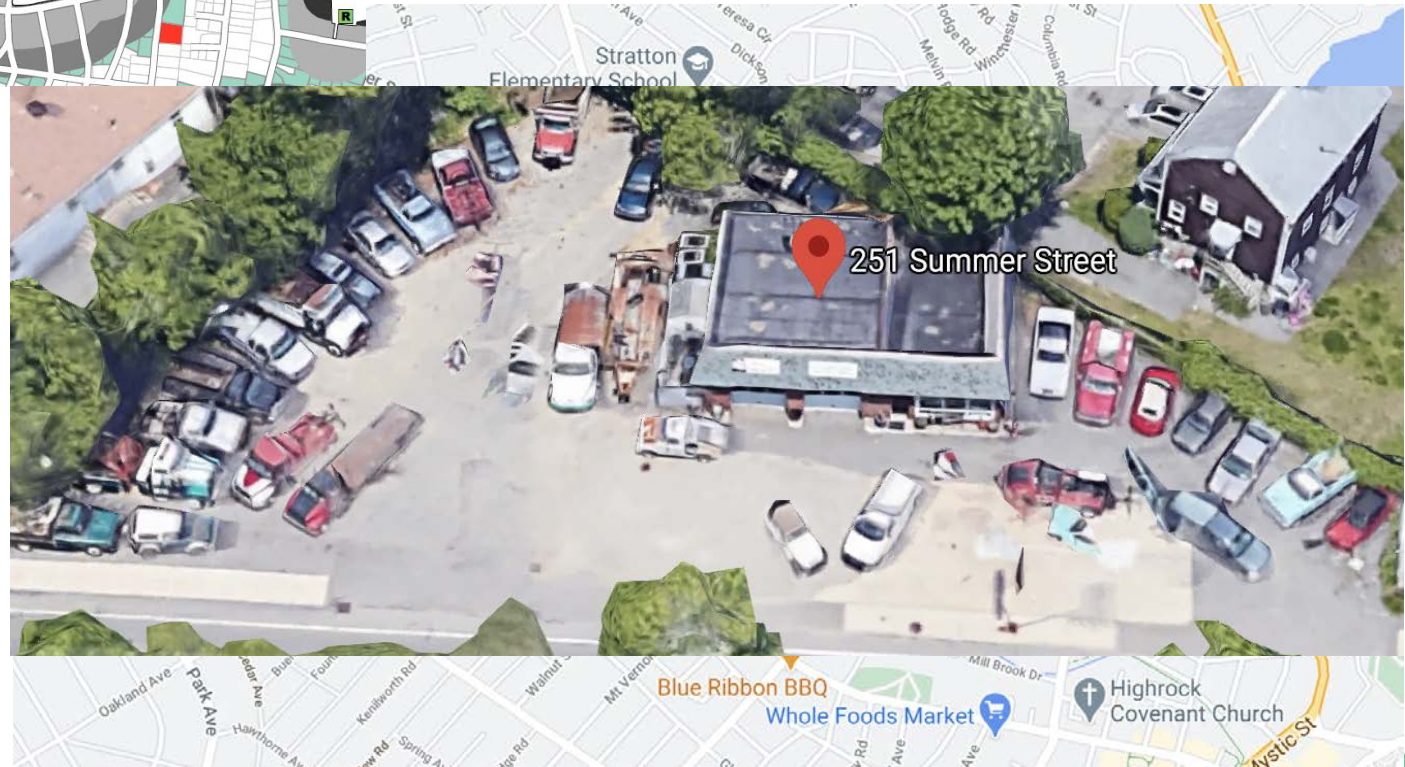
Map for planning purposes only, created by the Arlington GIS Office, last update 2/7/2019.





Zoning Map

Google Maps





Safety & Security

Most companies will say their most valuable asset is their inventory. At Calyx, we believe the most important asset is our people – both Employees and Customers. As such, we design security in conjunction with people/companies who are well versed and established in creating protocols to ensure our people are safe.

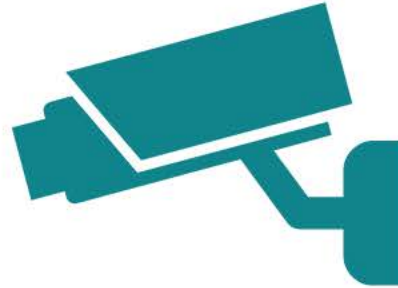
We have engaged Chief Daniel Linskey – who has 27 years experience with the Boston PD, including crisis management in the wake of the Boston Bombings. Chief Linskey will proactively and in conjunction with architects ensure that cameras and internal controls are in place. He in conjunction with our team will be proactive cooperating with the **Arlington Police Department**, who will have access to all security systems.

The Plan

- Security will be on-site during all hours of operation.
 - They are adequately trained to support the business.
 - Training will occur prior to opening and after ongoing monthly/quarterly audit reviews.
 - Training includes on-site active shooter response preparations.
- **All employees** will be trained in rigorous adherence to CCC requirements and industry best practices, to maximize everyone's safety and security.
- Violation of security policies is grounds for immediate dismissal.



Similar to the incident - free marijuana establishments already operated by Calyx, the design of the facility will include **safe and secure storage** for all marijuana products, even during hours of operation. This includes a limited access area where orders are prepared out of sight.



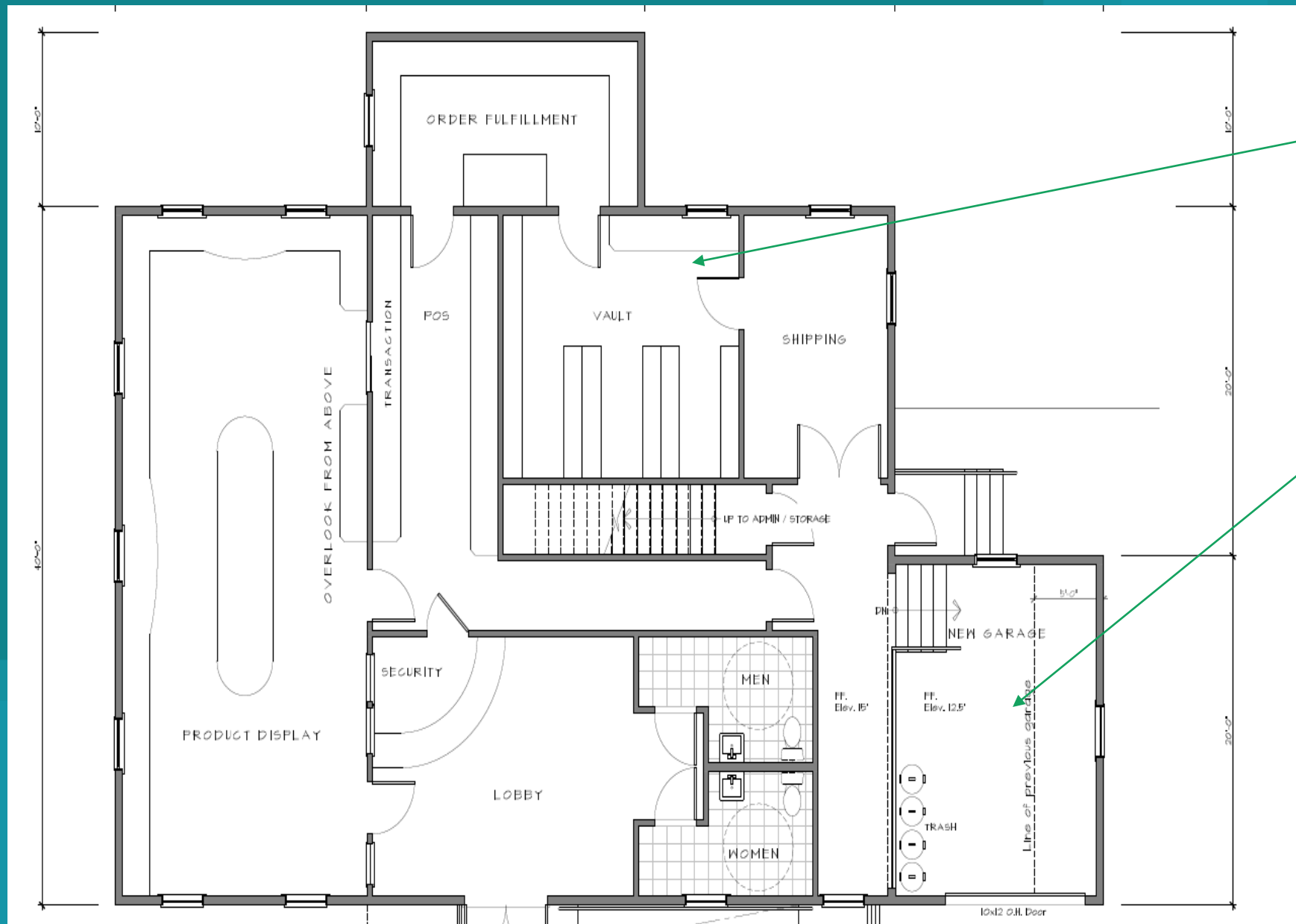
Commercial-grade alarm and surveillance systems overseen by **experienced security personnel**:

- HD video surveillance systems in all areas that contain marijuana, all entry- and exit-points, the perimeter of the facility, and the street.
- **Trackable** key cards that limit access to certain areas based on employee.
- Redundant intrusion detection systems and panic, duress, and hold up alarms.
- Backup systems to remain operational even during power outages.



Secure wholesale delivery environment including a security presence. Comparable to other designs, we are planning to have a garage included as part of our build out. This will:

- Ensure that **all** product transactions occur inside a secure building fully visible to security.
- Mitigates concerns of deliveries/noise disruption during the day. Appointments will be scheduled and buzzed in upon arrival and showing appropriate identification.



Secure vault with multiple cameras and card access.

Secure garage. All deliveries will be done inside.

Estimated 15-20 cameras indoors with multiple additional cameras planned for the exterior to monitor the parking lot and road.

Cash Audits



**Inventory &
Control Audits**

**Third Party
External Audits**

Company uses Flowhub which tracks employee usage at registers by ID. This ID is linked to their WURK ID (WURK is cannabis compliant payroll software that the company also uses)



Internal team, aided by software, ensures all inventory is accounted for, properly stored, and logged in the appropriate system at all times.



At our expense, Calyx Peak obtains external security audits by vendors approved by the Commission to identify weaknesses in our physical, digital, and interpersonal security.



**Community
Education**

**Diversion
Prevention**

**Nuisance
prevention**

**On-Site
Education**



Community Education

- In conjunction with our Swampscott store, coordinating meetings with local veterans' groups to educate on the potential benefits of marijuana.
- Having local meetings that include Dr. Song to educate on the safe use of marijuana for medicinal or recreational purposes.

On-site Education

- Employees will go through regular training from a 3rd party to ensure accurate communication of information.
- Working with local vendors to have literature regarding their product on-site, available for customers and employees.
- Additional on-site literature for customers to understand the pros and cons of marijuana use.



Nuisance Prevention

- We will not tolerate:
 - Any disturbance of the peace.
 - Public consumption of cannabis.
 - Illegal drug activity.
 - Illegal parking or violations of state and local traffic laws.
 - Queuing of patrons or other obstructions of the public of private way.
- Tasteful signage and security cameras remind patrons to be good neighbors.
- Security staff mitigate problems and enforce rules.

Diversion Prevention

- Working closely with the Arlington Police Department.
- Training employees on behavior that may indicate diversion, either on behalf of customers or other employees.
- Regular inventory reconciliation with the track & trace system.
- Thorough security protocols and oversight.
- Instilling in staff a culture of compliance: if you see something, say something.



HCA that provides
the City of Arlington
with authority to
direct funds

Increased **tax
revenue** through
local option
agreements

Participation in
**neighborhood
civic and business
associations**

Estimated 18 full-
time positions with
benefits including
health insurance.
Total annual payroll:
approx. \$800,000

Well-paying,
salaried jobs with a
preference to hire a
**local, diverse
workforce**

Support for local
**charitable
institutions** and
community-building
initiatives

A **robust
community
outreach program**
to ensure our
proposal is built on
a foundation of
local input

LOCAL Community Involvement



When creating our brands, what stood out was to be “LOCAL” – hence the name. We promote items that are by the community and for the community. LOCAL Community involvement is not just something that is discussed but something we actively encourage throughout the organization. We provide substantial paid time off to participate in charitable acts and give back to our LOCAL community.



California

- Charities worked with include:
 - Girls Inc
 - Santa Barbara Food Bank
 - Carpinteria Children's Project
 - Police Athletic League Charity Events

Some of the activities our employees have participated in include school volunteering, parks and ocean clean up, and serving our LOCAL environment

Massachusetts

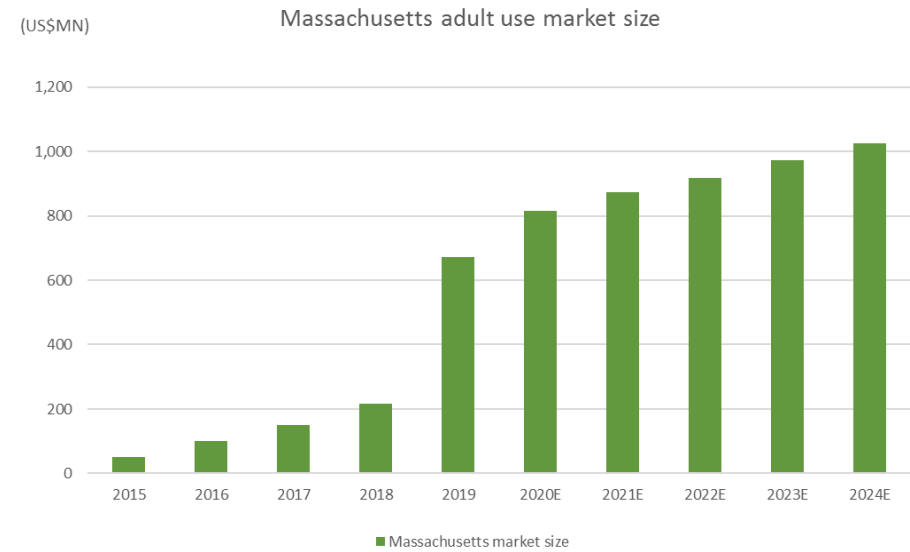
- Donating and working with the Urban League of MA whose mission is to enable adults in Eastern MA to overcome racial, social barriers, economic inequities, sexual and domestic violence and promote employment and economic development opportunities.
- Actively working with our veteran neighbors in Swampscott via donations and future opportunities

Missouri

- While a new state, the company has already started working with local groups. Currently supporting a local 5k which promotes youth prevention and education.
- *The company does not include any branding or Marijuana THC messaging in our involvement.*



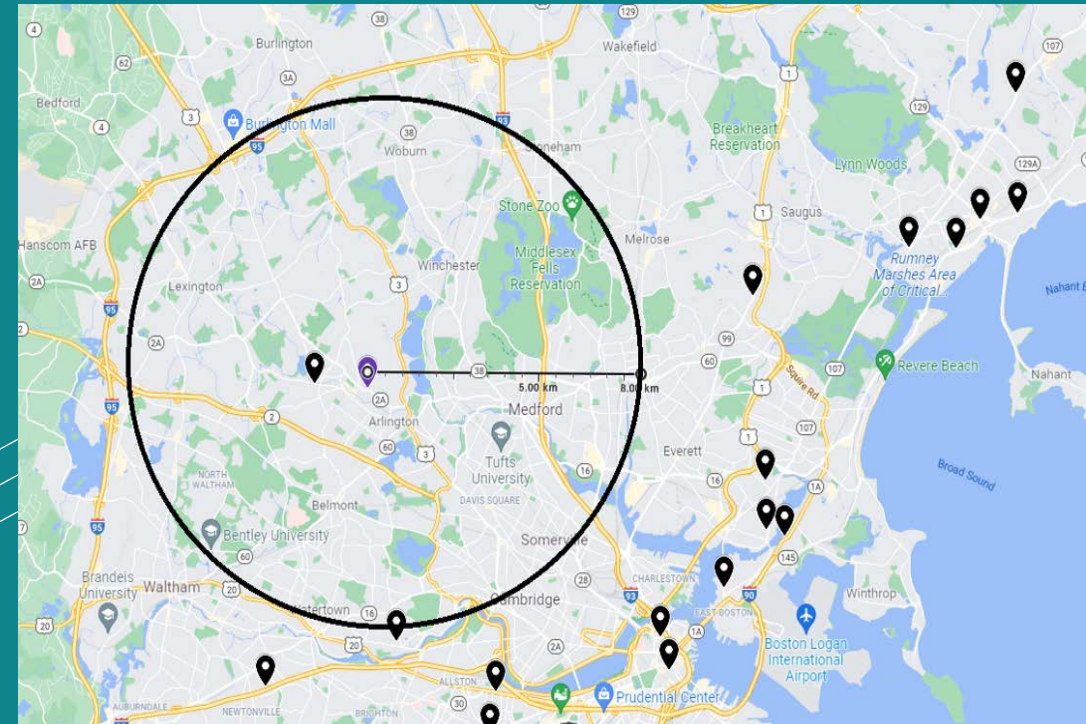
Massachusetts Market Analysis



Company currently holds a license in Swampscott with expectation to open in Q1 2022. Arlington's close proximity will allow for synergies across the locations.

Market Size: Given limited licenses within 5 miles, company estimates sales of \$5-7 million. Arlington can see additional tax revenue with tax range of \$125-175 thousand at the 2.5% rate.

Massachusetts is the largest cannabis market in the Northeast. We expect the adult use cannabis market to challenge \$1.0 billion in market size in the next few years.



Arlington Market Analysis

(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

Response to Preliminary Review Memos



Response

- In 2020, the Study Group had noted that the applicant has the opportunity to build a new structure and design a parking lot for maximum efficiency on this site. This opportunity remains with the current application.
 - Calyx Peak would seek to retrofit the existing site unless necessary due to the current delays in obtaining construction materials.
- The Study Group noted that in the application submitted by Calyx Peak in 2020, the applicant had committed to not advertise to adults ages 21 to 25. While according to state law dispensaries cannot prohibit sales to adults within that age range, the Study Group questioned whether the applicant would continue their prior commitment to not advertise to adults under the age of 25.
 - Calyx Peak remains committed to only advertising to consumers above the age of 25. This has remained consistent for the company.
- If the applicant intends to perform any excavation of the site, then it is requested that they do an analysis of the impact of blasting compared to drilling and the length of the process of either procedure as part of the site development phase of work.
 - Calyx Peak has no plans to conduct any excavation on the site but would proceed with necessary protocol to address these concerns if needed.
- The Study Group questioned the salary caps provided for future employees, and whether the applicant could follow through on their stated intent to employ Arlington residents at the salaries identified.
 - Calyx Peak seeks to be the best partner to the Town of Arlington and hiring from within the community is key to build that partnership. Adjusting wages as needed for the cost of living is aligned with Calyx Peak's company values.



Response

- As the site is currently an auto use, the applicant is requested to clean up the site to DEP standards.
 - The environmental clean up has been completed by the land owner and the land owner is in possession of a clean 21-E form.
- The Study Group questioned whether the applicant could provide more concrete details regarding ingress and egress of traffic to the site.
 - If selected for a Host Community Agreement, Calyx Peak would work with the engineers to determine the best plan of action that would address these concerns which would be approved by the Town.
- We note that both traffic management and customer queuing issues would require early consultation with the Arlington Police Department and be codified in the MOA and security plan.
 - If selected for a Host Community Agreement, Calyx Peak would conduct a meeting with the Police Chief early on and work with the department through the various approvals and after operations commence.



Questions?



We look forward to serving your
community with the utmost respect,
compassion, and integrity.