



City of Seaside
440 Harcourt Ave, Seaside, CA 93955 831.899.6700

CANNABIS DISPENSARY APPLICATION

Business Name			Sugarleaf Seaside		
Owner Name (s)			Reginald Carter, Brian Sheltra		
Mailing Address			[REDACTED]		
City		State	Zip		[REDACTED]
Phone		Email	Fax		N/A
Driver's License #			[REDACTED]		
Dispensary Address			840 Broadway Ave., Suite B-4		
City		State	Zip		93955
Dispensary Square Footage			Total: 1800 sq. ft., Retail Selling Space: ~800 sq. ft.		
Additional Principal Employees			NONE		
Name		Email	N/A		
Mailing Address			N/A		
City		State	Zip		N/A
Driver's License #			[REDACTED]		
Name		Email	[REDACTED]		
Mailing Address			[REDACTED]		
City		State	Zip		[REDACTED]
Driver's License #			[REDACTED]		
Name		Email	[REDACTED]		
Mailing Address			[REDACTED]		
City		State	Zip		[REDACTED]
Driver's License #			[REDACTED]		
Name		Email	[REDACTED]		
Mailing Address			[REDACTED]		
City		State	Zip		[REDACTED]

Please attach any additional employee information on a separate sheet.

OWNER ACKNOWLEDGEMENT OF USE AND AGREEMENT TO RENT

I, Jack Verducci, on behalf of Verducci Enterprises Lp am the owner of the property located at 840 Broadway Av., Suite B-4, Seaside, CA 93955 and I agree to lease my property to Reginald Carter and Brian Sheltra owners of Double Apex Enterprises, LLC, dba Sugarleaf Seaside, if their application for a Use Permit and License is successful. I further stipulate that I understand the following (please initial next to each bullet):

- The use proposed will be a Cannabis related use.
- The use will be a Cannabis Dispensary, operation.
- Allowing this use could result in reduced access to certain banking institutions for the property owner.
- Allowing this use could have certain insurance implications for the property owner.

As the owner of this property, I have researched and understand the implications of leasing my property to a Cannabis Related Use and accept these risks.

Verducci Enterprises Lp 11/9/17
Printed Name Date


Signature


Mailing Address City State Zip

 011-297-002-000
Phone Email Property APN

WARNING: THIS DOCUMENT HAS SECURITY FEATURES IN THE PAPER

Reginald V. Carter

10390 Twin Cities Road
Galt CA 95632

DATE 11/9/17

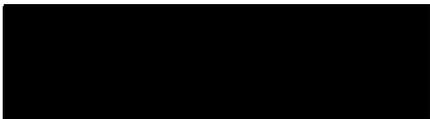
PAY TO THE ORDER OF THE CITY OF SEASIDE

\$3,500⁰⁰

THIRTY FIVE HUNDRED

DOLLARS

MEMO SUGAR LEAF SEASIDE



11/9/17

Date

Pay to the Order of The City of Seaside \$ 3500.00

Three thousand Five hundred and ⁰⁰/₁₀₀ — Dollars



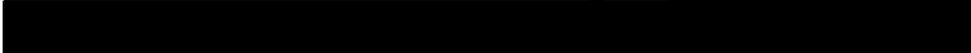
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Wells Fargo Bank, N.A.
California
wellsfargo.com

For Sugarleaf Seaside



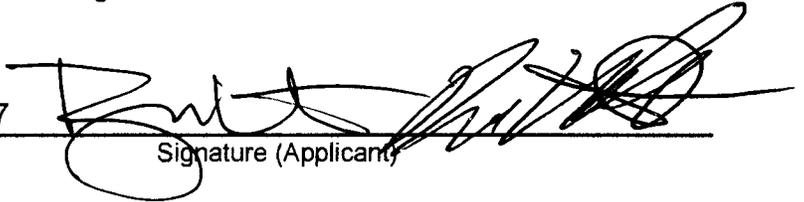
INDEMNIFICATION AGREEMENT

Pursuant to Seaside Municipal Code, and to the fullest extent permitted by law, the Applicant" (owner, tenant or other lawful occupant in possession of the property) hereby agrees to defend, indemnify and hold harmless the City of Seaside, its officers, attorneys, agents, and employees:

1. From any claims, actions, proceedings or liability of any nature (collectively referred to as proceeding) brought against the City or its officers, attorneys, agents or employees, related to the issuance, administration, and/or enforcement of the Cannabis Permit issued by the City to the Applicant. The indemnification is intended to include but not be limited to damages, fees, and/or costs awarded against the City, if any, and cost of suit, attorney's fees, and other costs, liabilities and expenses incurred in connection with such proceeding whether incurred by the Applicant, the City, and/or the parties initiating or bringing such proceeding.
2. The Property Owner hereby agrees to indemnify the City for all of the City's costs, fees, and damages which the City incurs enforcing the indemnification provisions of this Agreement.
3. In the event of a proceeding, the City retains the right to approve counsel to defend the City, all significant decisions concerning the manner in which the defense is conducted, and any and all settlements, which approval shall not be reasonably withheld. The City has the right not to participate in the defense, except that the City agrees to cooperate with the applicant in the defense of the proceeding. If the City Attorney's office participates in the defense or the City retains special counsel, all City Attorney or special counsel fees and costs shall be paid by the Property Owner/Applicant.
4. The defense and indemnification of the City set forth herein shall remain in full force and effect throughout all stages of litigation including appeals of any lower court judgments rendered in the proceeding.
5. Should either party to this Indemnification Agreement bring legal action against the other, (formal judicial proceeding, mediation or arbitration), the case shall be handled in Monterey County, California, and the prevailing party shall be entitled to reasonable attorney's fees which shall be fixed by the judge, arbitrator hearing the case and such fees shall be included in the judgment together with all costs.

Reginald Carter, Brian Sheltra 11/9/17

Print Name and Date



Signature (Applicant)

Print Name and Date

Signature (Zoning Administrator)

Company Name: Sugarleaf Seaside

APN: 011-297-002

Business Address: 840 Broadway Ave, Suite B-4, Seaside, CA 93955

**PROPERTY OWNER ACKNOWLEDGMENT, WAIVER & RELEASE
PRE-APPLICATION**

Verducci Enterprises Lp (the "Property Owner" is the fee owner of the real property commonly known as 840 Broadway Av., Suite B-4, Seaside, CA (the "Property") pursuant to which Reginald Carter and Brian Sheltra, owners of Double Apex Enterprises LLC, dba Sugarleaf Seaside (the "Applicant") has submitted to the City of Seaside (the "City") an application for a permit for a cannabis dispensary pursuant to City of Seaside Ordinance No.: 1041 (the "Ordinance") to be operated at the Property in the event the application is approved.

Property Owner acknowledges that the City has the sole and absolute authority to issue a permit pursuant to the Ordinance.

Property Owner hereby waives and releases City from any claims, actions, or damages in connection with the City's exercise of its authority under the Ordinance related to or arising from the issuance or non-issuance of the Permit.

Property Owner covenants not to sue the City for any claims, actions (whether legal or equitable), or damages related to or arising from the issuance or non-issuance of the Permit.

PROPERTY OWNER:

Verducci Enterprises Lp

By: _____

Its: Manoymy Perstra & GP

Date: 11/17/17

PROPERTY OWNER ACKNOWLEDGMENT, WAIVER & RELEASE
(Cannabis Dispensary Permit # _____)

Verducci Enterprises Lp (the "Property Owner") is the fee owner of the real property commonly known as 840 Broadway Av., Suite B-4, Seaside, CA (the "Property") which property has or will be occupied by Reginald Carter and Brian Sheltra, owners of Double Apex Enterprises LLC, dba Sugarleaf Seaside (the "Tenant") for use as a Cannabis Dispensary (as said term is defined at Section 19.01 K of Chapter 19 of the City of Seaside Municipal Code) as permitted by the City of Seaside, California (the "City") pursuant to City Ordinance No. 1041 (the "Ordinance").

Property Owner acknowledges that the City has the sole and absolute authority to enforce the terms, covenants and conditions of the permit issued to Tenant pursuant to the Ordinance (the "Permit").

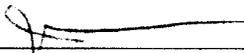
Property Owner acknowledges that the City, in the City's exercise of its authority in connection with the enforcement the Permit may revoke the Permit issued to Tenant.

Property Owner hereby waives and releases City from any claims, actions, or damages in connection with any enforcement taken by the City against the Tenant, including, without limitation, such enforcement action that results in the revocation of the Permit.

Property Owner covenants not to sue the City for any claims, actions (whether legal or equitable), or damages related to or arising from the City's enforcement of the Permit, including, without limitation, such enforcement action that results in the revocation of the Permit.

PROPERTY OWNER:

Verducci Enterprises Lp

By: 

Its: MANUJINI PARNOLLA GP

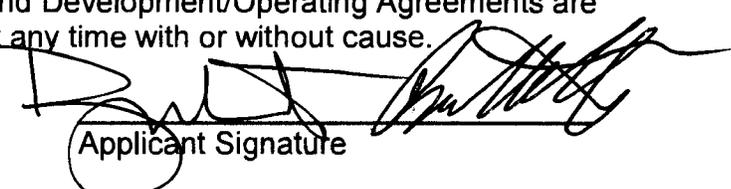
Date: 11/17/17

ACKNOWLEDGEMENT OF APPLICATION PROCESS

I, Reginald Carter and Brian Sheltra hereby acknowledge that I have read and understand the Seaside Commercial Cannabis Ordinance (SMC Chapter 19), and agree to the following:

1. Applicants have no rights to engage in commercial cannabis activities unless granted a Use Permit, Business License and Development/Operating Agreement.
2. All Commercial Cannabis Uses are granted license and use permits for one year only. No property interests, vested right or entitlement to receive a future license to operate a cannabis business shall ever inure to the benefit of such permit as such permits are revocable at any time with or without cause by the City Manager or designee subject to Section 19.09 of the Seaside Municipal Code.
3. Any cannabis related use that receives a Use Permit or Administrative Use Permit shall also execute a Development/Operating Agreement annually agreeing to abide to all conditions of approval at all times. The City Manager or designee can terminate a Development/Operating Agreement at any time with or without cause.
4. All fees paid to the City for processing applications are non-refundable.
5. Any application that is deemed incomplete will be returned to the applicant and submission of a new application will require the applicant to pay a new processing fee.
6. Dispensary Business License Holders shall be responsible for paying 6% of gross revenues quarterly as a business license tax. Failure to pay in a timely manner may result in revocation of the license holder's business license, Use Permit, Administrative Use Permit and Development/Operating Agreement.
7. All non-dispensary Business License Holders shall be responsible for paying 2% of gross revenues quarterly as a business license tax. Failure to pay in a timely manner may result in revocation of the license holder's business license, Use Permit, Administrative Use Permit and Development/Operating Agreement.
8. Applications will be scored by a committee and ranked based on those scores, combined with scores of the Cannabis Expertise Test. Only the highest ranked applications will receive an opportunity to take the Cannabis Expertise Test and proceed to a Use Permit application.
9. No guarantee of a Use Permit, Administrative Use Permit, Business License or Development/Operating Agreement is implied with the submission of an Application.
10. The applicant certifies that all statements in this application are true to the best of the knowledge of the applicant. Untrue statements are grounds for the application to be rejected and for Use Permit, License and Development/Operating Agreement revocation.
11. Use Permits, Business Licenses, and Development/Operating Agreements are for one year and can be revoked at any time with or without cause.

Reginald Carter, Brian Sheltra 11/9/17
Applicant Name and Date (Printed)

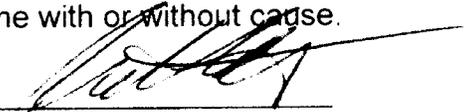

Applicant Signature

ACKNOWLEDGEMENT OF APPLICATION PROCESS

I, Brian Sheltra hereby acknowledge that I have read and understand the Seaside Commercial Cannabis Ordinance (SMC Chapter 19), and agree to the following:

1. Applicants have no rights to engage in commercial cannabis activities unless granted a Use Permit, Business License and Development/Operating Agreement.
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10. The applicant certifies that all statements in this application are true to the best of the knowledge of the applicant. Untrue statements are grounds for the application to be rejected and for Use Permit, License and Development/Operating Agreement revocation.
11. Use Permits, Business Licenses, and Development/Operating Agreements are for one year and can be revoked at any time with or without cause.

Brian Sheltra 11/9/2017
Applicant Name and Date (Printed)

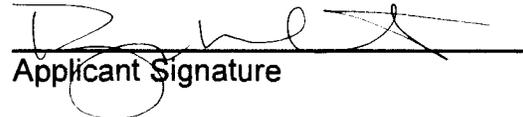

Applicant Signature

ACKNOWLEDGEMENT OF APPLICATION PROCESS

I, REGINALD CARTER hereby acknowledge that I have read and understand the Seaside Commercial Cannabis Ordinance (SMC Chapter 19), and agree to the following:

1. Applicants have no rights to engage in commercial cannabis activities unless granted a Use Permit, Business License and Development/Operating Agreement.
2. All Commercial Cannabis Uses are granted license and use permits for one year only. No property interests, vested right or entitlement to receive a future license to operate a cannabis business shall ever inure to the benefit of such permit as such permits are revocable at any time with or without cause by the City Manager or designee subject to Section 19.09 of the Seaside Municipal Code.
3. Any cannabis related use that receives a Use Permit or Administrative Use Permit shall also execute a Development/Operating Agreement annually agreeing to abide to all conditions of approval at all times. The City Manager or designee can terminate a Development/Operating Agreement at any time with or without cause.
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10. The applicant certifies that all statements in this application are true to the best of the knowledge of the applicant. Untrue statements are grounds for the application to be rejected and for Use Permit, License and Development/Operating Agreement revocation.
11. Use Permits, Business Licenses, and Development/Operating Agreements are for one year and can be revoked at any time with or without cause.

REGINALD V. CARTER 11/9/17
Applicant Name and Date (Printed)


Applicant Signature



DOUBLE APEX ENTERPRISES, LLC

DBA

SUGARLEAF SEASIDE

BUSINESS PLAN

by

Reginald V. Carter and Brian M. Sheltra, Owners

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Mission, Vision & Values

Mission

To provide our customers with the finest, locally-sourced, sustainably-grown and organic (whenever available) cannabis products.

To furnish our clientele with a safe, attractively-appointed retail purchasing experience featuring a courteous, friendly, knowledgeable staff.

To be good stewards of the economic landscape and model corporate citizens within the City of Seaside, giving back to the community and enhancing Seaside's stature within Monterey County, the State of California and the world.

Vision

To bring a high-quality shopping experience to Seaside residents and establish a tourist destination of which the city's residents can be proud.

Values

To be honest and straightforward in all dealings.

To benefit the Seaside community in tangible ways.

To provide our customers with the highest-quality products available.

To maintain strict adherence to all state and local laws at all times.

Section I - Executive Summary

1 - Executive Summary

Sugarleaf Seaside is a retail recreational cannabis store founded in July of 2017 and is the DBA for Double Apex Enterprises, LLC. The partners in the business are Brian Sheltra and Reginald Carter. The company was founded in anticipation of the new California state law legalizing recreational cannabis for adult use.

The partners have selected Seaside, California, for its business location for several reasons: the voters in this coastal city have said “yes” to recreational cannabis businesses, the city government has created a logical new cannabis businesses framework that favors small business owners and is affordable from a retail lease/purchase standpoint. It is also immediately adjacent to Monterey, California, a very popular world-class tourist destination. Like the City of Amsterdam and the State of Colorado, we believe that tourist revenue will add substantially to sales revenues.

Seaside currently does not have a medical cannabis dispensary and is allowing only three new recreational cannabis business permits for 2018. There are currently three medical cannabis retail storefronts and thirteen medical cannabis delivery services within the whole of Monterey County. Starting in 2018 there will be one additional recreational cannabis business in the county which will be located about thirty minutes from Seaside in Carmel Valley. The relatively small number of competitors alongside restrictions on the number of new permits and their locations means that ours will be one of very few options available from which to purchase cannabis. This will give Sugarleaf Seaside a very favorable market position.

The California State Board of Equalization (BOE) reported that total medical cannabis sales were \$1.15 billion in 2014. If we extrapolate the cannabis market size using BOE sales data, the market for Monterey County would be conservatively estimated at \$11.5 million per year.

Assuming that there will be 19 cannabis retail storefronts or delivery services within Monterey County starting in 2018 (including the three new retail businesses in Seaside) and that each could theoretically have an equal share of market, each business could nominally top sales of \$600,000 annually.

However, these figures are for the local residents market only and do not factor in sales from tourism.

Monterey County welcomes 3 million visitors from around the world each year. If retail cannabis sales were to double in Monterey County after recreational use is legalized in 2018 (as occurred in Colorado in 2014), sales could top \$1.3 annually for each of the 19 cannabis retailers. Nevertheless, this is likely a very low estimate. Our realistic financial projections

demonstrate that a conservative sales figure should be greater than \$1.8 million in the first year, with a gross profit in excess of more than \$500,000.

We project that sales would continue to increase in subsequent years.

Management envisions that our target customers enjoy good food and sophisticated entertainment in an attractive environment. Many of them also enjoy travel and sightseeing. The city of Seaside and the retail dispensary of Sugarleaf Seaside will encompass all of these qualities.

Sugarleaf Seaside will have the look and feel of an upscale boutique, rather than a down market smoke shop. Also, because our store will use a proprietary cashless system as well as traditional cash and non-cash payment methods it will look and feel more mainstream, avoiding the weirdness and stigma of a “cash only” business as most cannabis dispensaries are.

Finally, our Community Benefit Plan will ensure that our business gives back substantially to the City of Seaside.

In summary, our business will capitalize on pent-up demand for a product that produces pleasurable effects and will be able to be purchased legally in California starting in 2018. In addition, we will cater to a tourist population that will likely seek out our products and make Seaside a destination for cannabis enthusiasts from around the world.

Section II - Company Overview

2 - Company Overview

Sugarleaf Seaside is a retail recreational cannabis store founded in July of 2017 and is the DBA for Double Apex Enterprises, LLC. The partners in the business are Brian Sheltra and Reginald Carter. The company was founded in anticipation of the new California state law legalizing recreational cannabis for adult use.

Double Apex Enterprises is a family business and as such, the partners have strong support from their wives, parents, children, and friends.

To date the partners have accomplished the following

- Attended numerous California Department of Consumer Affairs hearings on implementation of the upcoming recreational cannabis law.
- Thoroughly read all existing state and local regulations concerning medical cannabis, recreational cannabis and retail store operations.
- Researched the national and local cannabis industry.
- Retained legal counsel specializing in cannabis business operations.
- Located municipalities accepting applications for recreational cannabis dispensaries, selecting Seaside, California, from the possible municipalities as the business location.
- Met with the City of Seaside Economic Development Program Manager on multiple occasions in person, corresponded via telephone and email.
- Traveled to Seaside to personally research viable business locations, assess direct competitors, meet with city planning officials and attend city council meetings.
- Determined business funding sources and verified availability.
- Researched local advertising sources.
- Researched local employment office and temp agencies.
- Researched local Security and CCTV companies.
- Located a viable retail location that conforms with city zoning codes.
- Contracted with local contractors for retail space remodeling.
- Contracted with local cabinet maker to construct retail displays,
- Written a business and marketing plan.
- Created comprehensive security plan.

Section III - Industry Analysis

3 - Market Overview

The city of Seaside (formerly East Monterey) is a city in Monterey County, California, United States, with a population of 33,025 as of the 2010 census. Seaside is located 2.25 miles (3.6 km) east-northeast of Monterey, at an elevation of 33 feet (10 m). Seaside is the home of California State University, Monterey Bay (CSUMB) and the Monterey College of Law, which are located on the site of the former military base Fort Ord. It is the home of the Bayonet and Black Horse golf courses, once also part of the Fort Ord military base, now open to the public, and host to PGA Tour events, including the 2012 PGA Professional National Championship. ⁽¹⁾

According to Weedmaps, the most popular online source for cannabis business locations, there are two storefront cannabis dispensaries and sixteen cannabis delivery services in the Greater Monterey area which includes Seaside ⁽²⁾. Yelp lists zero storefronts and seven delivery services. Leafly, another online cannabis locator, shows zero storefronts and three delivery services.

The partners examined potential new cannabis retail opportunities in Northern California specifically because this has been where the partners have resided and been homeowners for over 20 years. Of the 10 counties that are currently accepting new cannabis related businesses, we settled on Monterey County for the following reasons; Market size, demographics, favorable small business climate, tourism, beautiful location and relative affordability.

Of the local municipalities within Monterey County, Seaside stood out from the rest.

Seaside's residents voted for new recreational cannabis businesses, is cannabis business-friendly, has a logical framework for new cannabis businesses in place that favors small business owners and is affordable from a retail lease/purchase standpoint. It is also immediately adjacent to Monterey, California, a very popular world-class tourist destination. Like the City of Amsterdam and the State of Colorado, we believe that tourist revenue will add substantially to sales revenues.

Seaside is allowing only three new recreational cannabis business permits. There are currently three medical cannabis storefronts and thirteen delivery services in the whole of Monterey County. Starting in 2018 there will be one additional recreational cannabis business in the county which will be located about thirty minutes away from Seaside in Carmel Valley. This will grant us a favorable marketplace position considering that there will be few retail outlets with which to compete.

Given that there are a relatively small number of existing options besides delivery cannabis services, the marketplace for a retail cannabis storefront is projected to be very strong. With three recreational cannabis dispensaries starting business in 2018, Seaside will become a world-class destination for recreational cannabis consumers. As Seaside is immediately adjacent to Monterey, a tourist destination for visitors from around the globe, the market will likely be highly lucrative.

4 - Relevant Market Size

Since there are currently no cannabis dispensaries in Seaside and no published cannabis sales statistics for Monterey County, we will use California and Colorado state sales data to extrapolate the relevant market size for Seaside.

In 2010, the population of Seaside was 33,000, Monterey County 415,000 and the entire state of California 39 million. In percentage terms, Monterey County contains about 1% of the population of California⁽³⁾. Reported medical cannabis sales were \$575 million in the first six months of 2016⁽⁴⁾. If we extrapolate the cannabis market size using California State Board of Equalization sales data, this puts the total annualized market for Monterey County conservatively at \$11.5 million.

Assuming that there will be 19 cannabis retail storefronts or delivery services starting in 2018 (including the three new retail businesses in Seaside) within Monterey County and that each business would theoretically achieve an equal share of the market, each business could potentially reach sales of more than \$600,000 annually.

However, the sales data above are for medical cannabis only, as recreational cannabis in California

TOURISM GROWING IN MONTEREY COUNTY

Current Tourism Level
\$2+B < THIS GRAPHIC HYPERLINKED
 Source: Dean Runyan Assoc.

Growth Opportunities
 As an example of the expansion potential of visits from outdoor enthusiasts, the National Heritage Area (NHA) program has conducted surveys that suggest an NHA can increase the number of visitors to an area by as much as three percent. If that were true for Monterey County, it would add another \$60 million in visitor spending per year.
 Source: ADE, Inc.

(Recreation & Wellness)
 Emphasizing both the natural beauty and major agricultural capabilities (vegetables and wine) of the County in developing new offerings in tourism and recreation for County visitors.
\$60M / per yr. based on 3% growth
 Source: ADE, Inc.

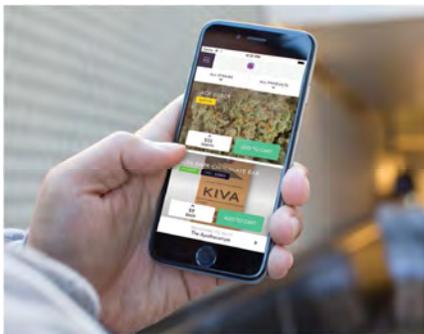
(Tourism)
 Become a center for a new class of vacation / recreation activity focused on environmental study and world-class forums in marine science
 Source: SRI International

Monterey County Economic Development Dept. 831.755.5390
 www.co.monterey.ca.us/EconomicDevelopment/

Source: Monterey County

will not be legal in California until January 2nd, 2018. To estimate recreational retail sales in California, we will use data from Colorado where recreational cannabis was legalized 2014.

Like Monterey County, the state of Colorado is a tourist destination. Using a combination of sales tax receipt information, point-of-sale statistics, and data from county tourist offices, it is possible to impute visitor demand. For example, the *Market Size and Demand for Marijuana in Colorado* ⁽⁵⁾ study estimates that purchases by out-of-state visitors currently represent about 44 percent of metro area retail sales and about 90 percent of retail sales in heavily visited mountain (tourist) communities. Visitor demand is most prevalent in the state’s mountain counties, where combined medical and retail cannabis sales more than doubled after retail sales were legalized in January 2014.



Source: Marijuana Business Magazine

Monterey County receives more than 3 million visitors from around the world each year ⁽⁶⁾. If retail cannabis sales were to double in Monterey County after recreational legalization in 2018, sales could theoretically top \$1.2 million annually for each of the 19 cannabis retailers. That being said, Marijuana Business Magazine estimates that only about 40-45% of cannabis sales come from delivery services ⁽⁷⁾. Therefore, storefronts should capture a disproportionately larger share of the market, especially from tourists.

Monterey County tourism produced \$100 million in local taxes in 2014, an increase of 6 percent over the previous year. Roughly \$2.6 billion was spent by tourists in the county in 2014, with Seaside neighbor Monterey getting the majority of the revenue ⁽⁸⁾.

Our sales projections indicate that the previously mentioned annual revenue figure of \$1.2 million may be somewhat understated. In examining retail statistics such as the number of customer visits per hour, number of hours open, average sale per customer, etc., we can see that realistic sales figures are likely to be well above \$1.8 million in the first year with gross profits in excess of \$500,000 (see “Financial Projections” beginning on page 25.)

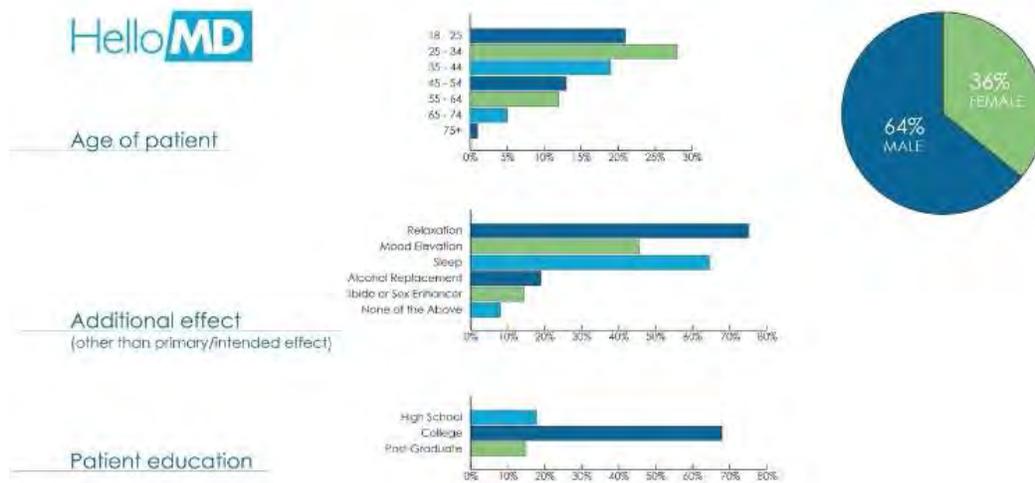
Revenues in subsequent years are projected to grow substantially.

Section IV - Customer Analysis

5 - Target Customers

According to most studies about 65% of cannabis consumers are men, although female usage is trending upward gradually ⁽⁹⁾. Our target customers are ages 30-60, are college educated, earn \$75-150K per year and reside (either permanently or on vacation) within Monterey County.

They have a desire to augment or enhance their social, interpersonal and/or physical activities with the psychoactive effects of cannabis.



Source: MarketWatch.com, 2/24/16

Our target customers have discriminating tastes and are selective about where they spend their disposable income. They enjoy good food and sophisticated entertainment in a beautiful, relaxing environment. Many of them also enjoy travel and sightseeing. Seaside encompasses all of these qualities.

6 - Customer Needs

Customers desire our products because they produce a pleasurable, relaxing effect along with a type of euphoria that they find enjoyable. Our particular target customers appreciate a clean, well-organized, aesthetically pleasing shopping environment. They will expect the staff to be knowledgeable, friendly and professional at all times. The customers will want us to stock a wide range of products with an adequate inventory to minimize “out of stock” occurrences. They will also want some level of exclusivity with regard to product selection; they desire to have access to products that can’t be purchased elsewhere in the local area. Our clientele expects value for money but are astute enough to recognize that product expertise provides them with added value.

They also value safety and full compliance with state and local laws. To this end, our employees and security staff will be required under store policy to demonstrate their understanding of the legalities surrounding cannabis. They will be assigned regular reading of current legislation and must pass an internally-prepared examination to be hired as well as for continued employment. Education in this area is vital and will be ongoing for all management and staff.

Section V - Competitive Analysis

7 - Direct Competitors

Our direct competitors include storefront cannabis dispensaries as well as delivery services. However, it must be noted that after recreational adult use is legalized on January 2nd, 2018, in California, the proportion of sales from medical cannabis via delivery services as well as recreational cannabis via delivery services may decrease as accessibility from a storefront location will be available locally for the first time. The storefronts that currently exist sell only medical cannabis.



Source: Google

Those customers who are home-bound (from cancer or other debilitating illness) and in need of medical cannabis will continue to use delivery services. Heavy use (daily) customers who know which products they want and do not want to “shop” for new merchandise will likely also continue to use delivery services.

However, customers who are new to the recreational cannabis market will very likely have a strong, innate curiosity about the products and shopping for them legally for the first time. They are product naive and will seek out novel retail storefront locations. They will have little to no knowledge of delivery services and in any case will want to experience in-person selection, advice from a live person and legal purchase from a convenient retail location. These customers want the “adventure” they cannot obtain from a delivery service.

Medical cannabis will remain out of reach for most recreational consumers due to the fact that they would first be required to obtain a valid doctor’s certificate identifying a legitimate need

for medical cannabis. The cost for the certificate is usually around \$50.00 and will be a needless and time-consuming hassle to acquire for recreational purposes.

Furthermore, cannabis businesses that are currently licensed to sell medical cannabis MUST have a separate license (and usually a separate location) to sell recreational cannabis.

The direct competitors we have identified are as follows:

Storefront Locations

Monterey Bay Alternative Medicine

Del Rey Oaks, CA (2.1 mi. from Seaside, 3.9 mi. from Monterey)

- Strengths: currently in business, brand awareness among customers. Rated 4.1 stars by 263 reviewers.
- Weaknesses: medical cannabis only (requires a separate license to sell recreational cannabis), location away from Monterey.
- Opportunities: leverage medical license.
- Threats: new license for recreational may be possible (but not likely.)

Higher Level of Care

Castroville, CA (13.0 mi. from Seaside, 15.7 mi. from Monterey)

- Strengths: currently in business, brand awareness among customers. Rated 4.8 stars by 285 reviewers.
- Weaknesses: medical cannabis only (requires a separate license to sell recreational cannabis), location away from Monterey.
- Opportunities: leverage medical license.
- Threats: new license for recreational may be possible (but not likely.)

Reef Side

Santa Cruz, CA (39.9 mi. from Seaside, 42.3 mi. from Monterey)

- Strengths: popular, currently in business, brand awareness among customers. Rated 4.7 stars by 583 reviewers.
- Weaknesses: medical cannabis only (requires a separate license to sell recreational cannabis), location far away from Monterey.
- Opportunities: leverage medical license.
- Threats: negligent due to distance.

Delivery Services

- The Nug Company, Monterey, CA – 4.9 by 318 reviewers
- High North, Monterey, CA – 5.0 by 35 reviewers
- Golden Essential Delivery, Seaside, CA – 4.8 by 35 reviewers
- Nature’s Ethos Collective, Monterey, CA – 4.7 by 29 reviewers
- Sticky Thumb 831, Monterey, CA – 5.0 by 10 reviewers
- Greenline Organics Delivery, Monterey, CA – 4.4 by 20 reviewers
- Tranquility Health Collective, Monterey, CA – 4.7 by 101 reviewers
- Monterey Sanctuary, Monterey, CA – 4.9 by 224 reviewers
- Summit Collective, Monterey, CA – 5.0 by 141 reviewers
- 831 Quality Co., Monterey, CA – 5.0 by 77 reviewers
- Stoney Overnight Delivery, Monterey, CA – 5.0 by 15 reviewers
- Monterey Compassionate Bay Delivery, Monterey, CA – 4.8 by 42 reviewers
- Coastal Cannabliss, Monterey, CA – 4.7 by 45 reviewers
- Big Sur Cannabotanicals, Carmel, CA – 5.0 by 3 reviewers
- Garden Gateway, Monterey, CA – 4.7 by 7 reviewers
- ‘Ono Baked Goods, Pacific Grove, CA – 5.0 by 3 reviewers

Management has personally visited each “local” medical cannabis storefront competitor to assess their individual strengths and weaknesses. The above ratings for each are based on user feedback from Yelp, Weedmaps and Leafly to provide objectivity.

8 - Indirect Competitors

We define our indirect competitors as retail storefronts and delivery services that offer our target customers with the opportunity to experience a similar sensation legally. For now, this will include neighborhood liquor stores, “big box” alcohol stores, traditional bars, pubs and wine bars.

The indirect competitors we have identified are as follows (all within a 15 mi. drive from Monterey):

- BevMo Carmel, CA
- BevMo Salinas, CA
- Bottles N' Bins Liquors & Deli Monterey, CA
- 10th Street Liquors Monterey, CA
- Monte Vista Wines & Spirits Monterey, CA
- Lopez Taqueria Monterey, CA

- Cork N' Bottle Monterey, CA
- Valnizza's Deli & Market Monterey, CA
- Monterey Cork 'n' Bottle Liquors Monterey, CA
- Trader Joe's Monterey, CA
- Bargetto Winery of Cannery Row Monterey, CA
- Sovino Wine Bar & Merchant Monterey, CA
- A Taste of Monterey - Wine Market & Bistro Monterey, CA
- Cork 'n' Bottle Pacific Grove, CA
- Lopez Liquors & Fine Wines Carmel-By-The-Sea, CA
- Fremont Liquors Seaside, CA
- Daney's Mini Mart Monterey, CA

9 - Competitive Advantages

We have developed a novel retail model and associated payment system based on existing platforms and technologies. We believe that our proprietary system will be attractive to our customers while simplifying the transfer of cash.

Currently, most cannabis retailers accept only cash as a form of payment due to complicated federal banking laws ⁽¹⁰⁾. Even community banks, which may be exempt from federal regulations, may not be 100% safe for cannabis-generated cash deposits. This places a burden on the customer to carry cash with them when visiting a dispensary or requires them to use the ATM (usually for a fee) within the dispensary. As we have largely moved to a cashless society with the nearly ubiquitous use of debit and credit cards, consumers will likely find this system archaic and irksome. ATM fees (and the perhaps undesired ATM location listing on the customer's bank statement) make this option less than optimal.

We will implement a cashless option that allows customers to pay via well-known services such as PayPal as well as numbered (anonymous) online accounts via our company website. This will allow the customer to transfer funds (essentially "prepayment" for goods) from their bank into an online account they set up on our website. This will



Source: BusinessWire.com

effectively serve as a type of debit transaction from an account they can replenish as needed. Our system thus frees the customer from the burden of carrying cash and relieves the business from holding large amounts of currency which can be a security risk. Because our store will use the previously mentioned proprietary cashless system as well as traditional non-cash payment

methods it will look and feel more mainstream, avoiding the weirdness and stigma of a “cash only” business as nearly all cannabis dispensaries are.

Of course, customers may also pay in cash or use the ATM in our lobby. They may also pay in bitcoin, a virtual currency that is accepted as payment in a large and growing number of retail establishments, both cannabis and non-cannabis.

Our store will also be competitively advantaged with a well-educated staff that is knowledgeable of our range of products as well as the industry as a whole. In addition, they will be thoroughly trained in the pharmacology of our products. Our Customer Service Representatives (CSRs) will also have the opportunity to become product specialists and provide expert consultation with other staff members and customers on their specific area of expertise.



Source: ThingLink.com

Our premises will be organized, well-merchandised, clean and visually appealing. The store will have more the look and feel of an upscale boutique rather than a down-market head shop. Our signage will point to the fact that we are a well-appointed and professional organization. Our marketing appeal will be top of the line and first rate.

Perhaps the biggest competitive advantage Sugarleaf Seaside will

have is our people. Sugarleaf Seaside’s CSRs will be pleasant, well-dressed, professional and knowledgeable. As previously stated, our goal is to have our store recognized as the best presented with the most educated staff. Our CSRs will be trained to pharmaceutical standards, including pharmacokinetics, pharmacodynamics, special populations, the elderly, dosing and adverse events. This will help ensure that our staff dispenses appropriate advice to our customers and help prevent unwelcome side-effects. It will also make certain that our staff members are knowledgeable, well-spoken and confident in their abilities.

We will routinely test our employees for illegal drug use and not hire those who test positive for illegal drugs under any circumstances at any time. Random drug-testing will be ongoing in nature. We will dismiss anyone who tests positives for illegal drugs. To help ensure a safe and pleasant environment, we will not permit any drug or alcohol use within 12 hours of a shift.

Section VI - Marketing Plan

10 - Products & Services

We will offer a wide variety of the most popular products available on the retail cannabis market. Our store will specialize in local, sustainable and organic products, capitalizing on a trend that appears to have tremendous staying power. We will also feature premium, rare and/or hard-to-find products for the discriminating tastes of our target customers.



Products to be offered for sale at Sugarleaf Seaside will include, but not be limited to:

- Marijuana (loose and packaged)
- Edibles (cookies, brownies, etc.)
- Concentrates (gel caps, tinctures, etc.)
- Topicals
- Vape products
- Inhalers
- Select paraphernalia



We will give high priority to vendors who source their products locally.

11 - Pricing

Our pricing will be value-based, offering our customers a range of products that are surprisingly affordable while maintaining a reasonable profit margin. We will partner with our wholesalers to determine market-based retail pricing. Sugarleaf Seaside will also feature premium and ultra-premium products that are more expensive and difficult to come by. In short, we will be the medium-to-high-price brand that incorporates consummate quality for our customers.

12 - Promotions Plan

All of our promotional activity will utilize local businesses, thus tapping into their geographic and familiarity with local consumers. This will include cabinetry, construction, plumbing, storage, advertising, printing services, signage, design services, etc. In this way, we will capitalize on local knowledge and expertise while ensuring that our investment benefits

community small businesses. Our investment will contribute in countless ways to the local Seaside economy.

Once the opening date has been established, we will issue a series of press releases to local media announcing the date and time. Locally-sourced temporary staff will distribute postcard coupons in advance of opening day. If allowed, we will also utilize the services of local concierges, maître d's, taxi/ride-share drivers, etc., to raise awareness of our location. We will invite travel agents and local celebrities to our soft opening and local city officials to our grand opening and ribbon cutting ceremony.

We will also capitalize on pent-up demand. As we have seen in other strong tourist destinations like Las Vegas where recreational cannabis became legal on July 1st of 2017, demand literally overwhelmed the three dispensaries ⁽¹¹⁾. In Seaside and adjacent Monterey we will host or sponsor pre-opening day festivals and events, promoting our dispensary to adults age 21 years of age or older in the process via booths, collateral material and promotional merchandise.

In the weeks leading up to the grand opening we will also decorate the storefront windows with full-size non-cannabis window graphic applications to further create excitement and underline brand identity.



Source: Whole Foods Market

13 - Distribution Plan

Our distribution will be on-premise sales only, in accordance with our license and state law. Products may not be consumed in or around the premises. Our security and staff will ensure that minors will not be allowed in or around Sugarleaf Seaside at any time or for any reason.

Section VII - Operations Plan

14 - Key Operational Processes

We will conduct extensive, pharmaceutical-grade product and industry training prior to opening our doors. Staff will be required to pass an internally prepared examination in order to work in the store. Staff must also maintain their knowledge and stay up-to-date on laws and regulations. The owners will ensure that standards are held to the highest levels.

We will have an operations manual for each store function to ensure standardization of procedures as well as customer service. This manual will be continually updated and maintained.

Management will maintain, in a secure environment, a Customer Relationship Management (CRM) database to ensure quality control and customer service standards. The database will also be a safeguard to confirm that all forms of ID presented are legitimate and electronically verified.

15 - Milestones

As of this date, Thursday, November 9, 2017, we have laid the groundwork for building a successful recreational cannabis dispensary. Significant future milestones will be as follows:

- Startup funds have been sourced and raised
- Attended Seaside City Council Meetings – July-September
- Completed business, security and marketing plans – September 1, 2017
- Thoroughly review state and local regulations – September 7, 2017
- Retain experienced cannabis industry attorney – August, 2017
- Attend Seaside City Council Meetings – Through December, 2017
- Retained experienced cannabis consulting team – August, 2017
- Secure store location and LOI – September 25, 2017
- Apply for permit from the City of Seaside – November, 2017
- Apply for permit from the State of California – December, 2017
- Obtain permit from the City of Seaside – December, 2017

- Obtain permit from the State of California – 1Q, 2018
- Design logo and signage – December, 2017
- Order store signage and window graphic film – December, 2017
- Complete store renovations – January, 2018
- Complete store fixture installations – January, 2018
- Store opening – 1Q, 2018

Clarification will be obtained by December, 2017, as to the state permitting process since it is currently under development and has yet to be finalized. Seaside has passed its ordinance and will award its three permits in December, 2017. All state agencies have targeted the fall of 2017 as their deadline as the law goes into effect on January 2nd, 2018.

16 - Community Benefit Plan

Sugarleaf Seaside’s owners are passionate about making their business a success. They are also passionate about giving back to the community of Seaside. As future Seaside residents as well as business owners, they have a vested interest in making and keeping Seaside vibrant, successful and attractive. To that end, they have created three community-based programs that will contribute to the well-being of Seaside and its residents:

- Seaside Clean & Green
- Veterans Liberty Program
- Sugarleaf College Plan

Seaside Clean & Green is a community proposal designed to keep Seaside’s parks, streets, and greenbelts fresh, green and lush. Our program will provide funding for new plantings, upgrade watering systems and pick up trash in designated areas. This program will help ensure that the city’s beautiful landscape is free of rubbish and help beautify its green spaces.

Because the owners are both United States Armed Forces veterans, they have a strong desire to help other veterans in need, especially those that have mental health issues or have service-related disabilities. Their **Veteran’s Liberty Program** will make health service transportation and mental health counseling services available to qualified veterans at no cost to them. It will also provide cannabidiol (CBD) as an anxiolytic for qualifying veterans at no cost.

Seaside’s high school graduation rate is on the rise and we would like to help those students and their families who want to continue into college go even further. That’s why we’ve developed the **Sugarleaf College Plan** scholarship to finance a select number of qualified applicants for one year of college preparatory or private school. Scholarship winners already in the plan may apply to have subsequent years’ school fees paid for as well. This should serve as an incentive for the student (and family) to keep their grades and extracurricular activities at a high level.

Section VIII - Management Team

17 - Management Team Members



Brian Sheltra – United States Air Force veteran (F-15E Crew Chief) and Regional Financial manager for Capital One Auto Finance. Following his six years in the Air Force, he worked in the automotive industry for over a decade. Brian has a strong retail sales background, enhanced by his retail finance experience. Brian has been with Capital One since 2007 where he has earned President’s Club honors in five of his 10 years with the company. Brian is married to [REDACTED].



Reginald Carter – United States Navy veteran (Permit-class nuclear submarine) and Regional Sales Manager for Bayer. With an M.S. in marketing from Northwestern University, Reg has major advertising industry experience. In addition he has strong pharmaceutical expertise having worked for some of the industry’s best such as Merck, Schering-Plough and Wyeth earning President’s Club and the Global B3 competition for sales excellence. Reg and his wife [REDACTED].

18 - Management Team Gaps

While both partners have strong retail sales backgrounds along with restaurant management, financial, business-to-business, healthcare and pharmaceutical experience, neither has run a cannabis business. To help close this gap, we have brought in a well-known and respected management consultant team from within the industry, and will continue to do so for the foreseeable future.

In addition, both of the partner’s wives will be active in the business. Brian’s wife [REDACTED] has extensive sales experience which includes retail management and as a Corporate Certified Sales Trainer for the Landry’s restaurant organization. Reg’s wife [REDACTED] has significant customer service and organizational experience with more than 20 years as a Registered Nurse and Certified Case Manager.

19 - Board Members

This sub-section is not applicable as we will not have an outside board.

Section IX - Financial Plan

20 - Revenue Model

Sugarleaf Seaside sells retail recreational cannabis products to adults, aged 21 and older. We purchase the products at wholesale and re-sell them with a moderate markup. Our products will be primarily priced to be largely at parity with our competitors to eliminate price as a differentiating factor. However, we will have better inventory on the most popular items and sell premium products that our competitors do not carry. Our store will be the best merchandised and our employees will be the most knowledgeable, professional and friendly.

21 - Financial Highlights

In our first year of operation we project that revenues will grow as brand awareness increases and our inventory continues to develop in breadth and depth. Each year we expect incremental growth as the industry matures and our business model solidifies.

The revenue projections below are realistic and highly achievable given the limited number of retail purchase locations that will be available. We are basing our projections on the current California State Board of Equalization (BOE) tax data for cannabis businesses (medical data only at this time), California Department of Consumer Affairs (DCA) estimates for industry sales within the state and the extensive report done by the Colorado Department of Revenue.

We request that the reader keep in mind that the projections we have made are conservative and may be understated by 30% or more. This is due in large part to the effect that tourist spending may have on sales. In Colorado, for example, *sales more than doubled* in heavy tourist destinations once the recreational law took effect in 2014. If this is true for our location then our actual sales may be significantly higher than projections.

Projected Revenues 2018

Q1 \$455,550
Q2 \$455,550
Q3 \$672,000
Q4 \$518,000
Year 1 Total - \$2,352,000

Projected Revenues 2019 \$2,587,200

Projected Revenues 2020 \$2,975,280

Projected Revenues 2021 \$3,272,808

Projected Revenues 2022 \$3,632,816

For 2018 our key expenses are expected to be:

- Rent/lease
- Attorney fees/retainer
- Insurance
- Cannabis industry consultant fees
- Signage
- Store fixtures
- Security System
- Startup inventory
- Marketing costs
- Employees and training
- Taxes
- Permits and licensing fees

With the national average for net revenue for retail businesses averaging about 12.5%, our projected gross profit in the first year will be \$529,800. This profit will be reinvested in the business and used to fund our community benefit programs.

22 - Funding Requirements/Use of Funds

The partners are investing \$250,000 of their personal funds into the business and are not seeking investors. Funds will be used for startup costs listed earlier in this document.

23 - Exit Strategy

While many businesses are begun with the end goal of selling it after it has become successful, the partners have the opposite exit strategy in mind. As Seaside is such a pleasant place to live and raise a family, the owners plan to re-locate themselves and their families to the area once the permit has been granted. After many years, once the business has matured and become successful, the partners plan to turn operations over to their adult children so that the owners can eventually retire in the coastal environs of Seaside. It will start as a family business and remain a family business. Unless there is a dramatic shift in cannabis legislation, the owners will grow with the community and remain there well into their sunset years.

Section X - Appendix

24 - Supporting Documentation

Please see attached bibliography, articles and studies. Please also refer to the financials on the following pages.

Cost of Goods Sold

SUGARLEAF SEASIDE COST OF GOODS SOLD

	Hourly Cost	Weekly Cost	Monthly Cost	Annual Cost
Hourly Employee Wage (6)	\$115.50	\$4,620.00	\$18,480.00	\$240,240.00
Security Personnel (4)	\$160.00	\$6,400.00	\$25,600.00	\$332,800.00
Management Salaries	\$120.19	\$4,807.69	\$20,833.33	\$250,000.00
Leased Space	\$15.63	\$625.00	\$2,500.00	\$32,500.00
Insurance	\$7.21	\$288.46	\$1,250.00	\$15,000.00
Telephones	\$1.56	\$62.50	\$250.00	\$3,250.00
Internet	\$1.22	\$48.75	\$195.00	\$2,535.00
Electricity	\$2.50	\$100.00	\$400.00	\$5,200.00
Gas	\$0.63	\$25.00	\$100.00	\$1,300.00
Water	\$1.88	\$75.00	\$300.00	\$3,900.00
Sewer/Garbage	\$0.47	\$18.75	\$75.00	\$975.00
Local Permits/Taxes/Fees	\$3.37	\$134.62	\$583.33	\$7,000.00
State Taxes/Fees	\$6.01	\$240.38	\$1,041.67	\$12,500.00
Federal Taxes/Fees	\$4.81	\$192.31	\$833.33	\$10,000.00
Community Benefit Plan	\$24.04	\$961.54	\$4,166.67	\$50,000.00
Inventory/Merchandise*	\$345.00	\$13,800.00	\$55,200.00	\$717,600.00
Total	\$810.00	\$32,400.00	\$131,808.33	\$1,684,800.00

*Assumes a 50% average profit margin on all goods.

	Number Customers per Hour	Number Customers per Week	Number Customers per Month	Number Customers per Year
Average Sale \$50.00	16.2	648.0	2,592.0	33,696.0
Average Sale \$75.00	10.8	432.0	1,728.0	22,464.0
Average Sale \$100.00	8.1	324.0	1,296.0	16,848.0

Startup Costs

SUGARLEAF SEASIDE STARTUP COSTS

Item	Cost
Lease First/Last/Deposit	\$15,000
Remodeling/Improvements	\$85,000
Furniture	\$2,250
Store Display Fixtures	\$9,000
Retail Design Consultant	\$800
Cannabis Industry Consultant	\$3,500
Attorney	\$5,000
Insurance	\$5,000
Safe	\$2,500
Metal Detector	\$2,500
Computers/Tablets/Printers	\$3,700
Retail Software	\$1,750
Telephones/Cellular Phones	\$650
Television Monitors	\$1,200
Signage	\$4,500
Starting Inventory (One Month)	\$55,200
Marketing/PR	\$4,500
Trademark Registration	\$500
Logo Design	\$500
Website/Hosting	\$750
Local Permits/Fees	\$7,000
State Permits/Fees	\$12,500
Total	<u><u>\$223,300</u></u>

First Year Projections (continued)

SUGARLEAF SEASIDE FINANCIAL PROJECTIONS
First Year Projections

	July	August	September	October	November	December	Year 1
Sales							
# Customers per Hour	17	16	15	14	12	11	168
# Hours Open per Day	10	10	10	10	10	10	120
# Customers per Day	170	160	150	140	120	110	1680
# Days Open per Month	28	28	28	28	28	28	336
Total # Customers	4760	4480	4200	3920	3360	3080	47040
Avg. Sale per Customer	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Total Sales	\$238,000.00	\$224,000.00	\$210,000.00	\$196,000.00	\$168,000.00	\$154,000.00	\$2,352,000.00
Cost of Goods Sold (CGS)							
	\$140,400.00	\$140,400.00	\$140,400.00	\$140,400.00	\$140,400.00	\$140,400.00	\$1,684,800.00
Gross Profit							
% of Sales	41.01%	37.32%	33.14%	28.37%	16.43%	8.83%	28.37%
Gross Profit \$	\$97,600.00	\$83,600.00	\$69,600.00	\$55,600.00	\$27,600.00	\$13,600.00	\$667,200.00
				Q3 Gross Sales		Q4 Gross Sales	
				\$672,000.00		\$518,000.00	

Five Year Projections

SUGARLEAF SEASIDE FINANCIAL PROJECTIONS					
<u>CONSERVATIVE</u> Five Year Projections					
	Year 1	Year 2	Year 3	Year 4	Year 5
	2018	2019	2020	2021	2022
Sales					
# Customers per Hour	14	15	18	19	21
# Hours Open per Day	10	10	10	10	10
# Customers per Day	140	154	177	195	214
# Days Open per Month	28	28	28	28	28
# Months Open per Year	12	12	12	12	12
Total # Customers	47,040	51,744	59,506	65,456	72,656
Avg. Sale per Customer	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Total Sales	\$2,352,000.00	\$2,587,200.00	\$2,975,280.00	\$3,272,808.00	\$3,632,816.88
Cost of Goods Sold (CGS)					
	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00
Gross Profit					
% of Sales	32.31%	29.57%	38.76%	44.32%	49.84%
Gross Profit \$	\$529,800.00	\$765,000.00	\$1,153,080.00	\$1,450,608.00	\$1,810,616.88

SUGARLEAF SEASIDE FINANCIAL PROJECTIONS					
<u>MODERATE</u> Five Year Projections					
	Year 1	Year 2	Year 3	Year 4	Year 5
	2018	2019	2020	2021	2022
Sales					
# Customers per Hour	14	15	18	19	21
# Hours Open per Day	10	10	10	10	10
# Customers per Day	140	154	177	195	214
# Days Open per Month	28	28	28	28	28
# Months Open per Year	12	12	12	12	12
Total # Customers	47,040	51,744	59,506	65,456	72,656
Avg. Sale per Customer	\$50.00	\$55.00	\$60.00	\$65.00	\$70.00
Total Sales	\$2,352,000.00	\$2,845,920.00	\$3,570,336.00	\$4,254,650.40	\$5,085,943.63
Cost of Goods Sold (CGS)					
	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00
Gross Profit					
% of Sales	32.31%	35.97%	48.96%	57.17%	64.17%
Gross Profit \$	\$529,800.00	\$1,023,720.00	\$1,748,136.00	\$2,432,450.40	\$3,263,743.63

SUGARLEAF SEASIDE FINANCIAL PROJECTIONS**AGGRESSIVE Five Year Projections**

	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022
Sales					
# Customers per Hour	13	14	16	18	20
# Hours Open per Day	10	10	10	10	10
# Customers per Day	130	143	164	181	199
# Days Open per Month	28	28	28	28	28
# Months Open per Year	12	12	12	12	12
Total # Customers	43,680	48,048	55,255	60,781	67,467
Avg. Sale per Customer	\$75.00	\$85.00	\$95.00	\$105.00	\$125.00
Total Sales	\$3,276,000.00	\$4,084,080.00	\$5,249,244.00	\$6,381,975.60	\$8,433,324.90
Cost of Goods Sold (CGS)					
	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00	\$1,822,200.00
Gross Profit					
% of Sales	32.31%	55.38%	65.29%	71.45%	78.39%
Gross Profit \$	\$1,453,800.00	\$2,261,880.00	\$3,427,044.00	\$4,559,775.60	\$6,611,124.90

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[Redacted]

Signage and Notices.

In addition to the requirements mentioned elsewhere in this document, business identification signage for Sugarleaf Seaside will conform to the requirements of the Seaside Municipal Code, including, but not limited to, seeking the issuance of a City sign permit.

No signs placed on the premises of our store will obstruct any entrance or exit to the building or any window.

Each entrance to the store will be visibly posted with a clear and legible notice indicating that smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the store or adjacent property is strictly prohibited.

Business identification signage will be for identification only, and will not contain any logos or information that identifies, advertises, or lists the services or the products offered. We will not advertise by having an individual holding a sign and advertising the business to passersby, whether they are on the premises or elsewhere including, but not limited to, the public right-of-way. We will not use "A Frame" style signs in front of business or on curbside.

Odor Control

Odor control devices and techniques will be incorporated to ensure that odors from cannabis are mitigated to the maximum extent reasonably possible to minimize off-site detection. We will provide sufficient odor absorbing ventilation and exhaust systems so that odor generated inside the store that is distinctive to its operation is mitigated to the maximum extent reasonably possible to minimize off-site detection, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use

by common tenants or the visiting public, or within any other unit located inside the same building as our store.

Closing Notes

We will absolutely prohibit (i) loitering by individuals outside, whether the loitering is occurring immediately outside the dispensary or anywhere else on the property or parcel; (ii) on-site consumption of cannabis or alcohol; (iii) loud car stereos or activities disruptive to the neighboring businesses or residences outside the store, whether the disruption is occurring immediately outside the store or anywhere else on the property; and (iv) the presence of anyone appearing to be under the age of 21 without a valid, government-issued ID to prevent underage use.

We will notify the City Manager or designee within twenty-four (24) hours after discovering any of the following:

- Discrepancies identified during inventory.
- Diversion, theft, loss, or any criminal activity involving the dispensary or any agent or employee of the dispensary.
- The loss or unauthorized alteration of records related to cannabis, customers, employees or other agents of the dispensary.
- Any other breach of security.

Agents or employees of the City requesting access to our store or the records required to be maintained by our dispensary will be given unrestricted access.

We will promote dispensary-sponsored substance abuse programs to help those individuals for whom alcohol or drugs have become problems in their lives and help them regain control of their lives.

We will implement and monitor procedures for cash management, security, and storage.

We will secure worker's compensation insurance covering employees of the dispensary.

We will secure general liability insurance with an aggregate limit not less than \$1,000,000.00.