



CANNABIS LICENSING AND ENFORCEMENT COMMISSION
Malden Police Department Community Room, 800 Eastern Avenue, Malden, MA
Wednesday, June 19, 2019 at 5 PM

Committee Members in Attendance		
√	Ron Hogan	Finance
√	Kevin Molis	Chief of Police
√	Nelson Miller	Bldg. Commissioner
√	Diana Jeong	Mayor's Appt.
√	Jenelle Devits	Council Appt.
√	Kathleen Manning Hall	Clerk <i>Non-voting mem.</i>

Also in attendance: Ward 8 Councillor Jadeane Sica, Ward 4 Councillor Ryan O'Malley, Malden resident Warren Lynch, Ryan Douglas Grandolz, Summer Associate, Foster, Walker & DiMarco.

MINUTES

- 1. Roll Call of Committee members.** Meeting was called to order at 5:04 PM and there was a quorum sufficient to conduct business.
- 2. CLEC Applicant Presentations and Interviews.**

(1) 5-6 PM: Interview of Standard Naturals, LLC **Proposed location: 7 Linehurst Road, Malden**

Representing Standard Naturals:

- Scott Moore: Has two family businesses in Malden, Kappy's on Commercial Street and Main Street. Kappy's has been in business more than 50 years. Has a background in finance.
- Joe Selby: Is a Kappy's owner who has served in the business since 2010, is an attorney; served as an assistant D.A.; has a master's in tax law.
- Steve Selby: Kappy's owner has served 23 years in the family business.
- Mike Dundas: Is working as a consultant for Standard Naturals. Has a contract services agreement to help build a professional Marijuana business. Has worked in the Marijuana business since 2012, mostly in medical and is an expert in regulatory compliance. In 2012 became Chief Executive Officer of Sira Naturals. Sira Naturals is a cultivation and manufacturing company in Milford and has medical marijuana facilities in Cambridge, Needham and Somerville. They will be one of the suppliers to Standard Naturals.

Location:

- Proposed location is unique, on Route 1, a heavily trafficked area on the outskirts of the City with easy access to other towns. They propose to build a 3,000 square foot (with roughly 2,000 sq. ft. retail space) brand-new state-of-the art facility unlike other applicants who are retrofitting old buildings.
- There are 19 parking spots contained within the proposed site. Additional excess capacity is available on the Kappy's site that will provide overflow parking and employee parking. They have no concern about taking parking spots away from Kappy's as they have excess on all but one or two days a year. Given the size of the Kappy's parking lot, they believe they can control crowds, so no traffic builds up on Route 1.
- Question about whether there will be a land lease to the corporation for the parking lot. This structure isn't clear as the applications shows one applicant contributing \$100,000 in "land," yet they said it was a land lease.
- CLEC has concerns about traffic backing up on Route 1. Question to Mike Dundas as to whether his other business locations see the heavy traffic that Route 1 has. His businesses are on main roads, but with more retail marijuana shops opening, he doesn't anticipate that long lines will be an issue. With 17 adult use occupancies in the state, traffic has slowed down.
- Overlook Ridge is the only abutter to the property.
- Hours of operation will mirror Kappy's: 9-9 M-F; Sat. Sun 10-9.

Buildout Costs: Question about leverage profile for building costs – they will self-finance the buildout. No equity investors. The funding shown in the application doesn't make clear the entire picture of who is contributing what to cover all costs.

Security Plan:

- They have a security plan that was not prepared when application was submitted and will get to CLEC. Oversaw two newer Kappy's full security buildouts with cutting edge security.
- Every inch of facility under security; all footage kept for 90 days. Gives the CCC a 90-day lookback for any discrepancies for product being unaccounted for. Every door has access controls with visibility to everyone in the facility. Recording information stored on site and into the cloud. Exterior security is obvious to all who enter the premises which is a deterrent to crime.
- Will have physical security on the ground.
- Computerized inventory security; boxes of product with barcodes may be traced to production facility. Cannabis Control Commission has access, product is delivered, kept in secured locked space. There is a vault area to store product. Several deliveries per week, it is perishable so not a lot of product kept on the premises. Each time product moves from one space to another, it gets scanned.
- Not an all-cash business. Debit cards are accepted. About 60% are debit purchases.
- Customers Must be 21 years to enter facility and generally remain in the store for an average time between 12-15 minutes. Must show I.D. again at point of sale.
- Tracking customers – not mandated by CCC. Business has the ability to keep track of customers. CCC has no requirement for tracking sales. CCC mandates one ounce purchased per customer/transaction within a 24-hour period.

Ownership: Question about who EC Management Corporation is, who owns the entity. Who is East Coast Cannabis? The City wants to ensure that the running of the business is not outsourced. Steve and Joe Selby and Scott Moore work together as a team. They will amend their LLC Agreement to reflect that each of them is a one third-owner of the business. This structure needs clarification.

Supplier: Consultant Mike Dundas and has an open-ended agreement for 1-2 years to help them run the business and that will end and then he will continue on as a supplier (Sira Naturals) for a third of their product. Business owners have reached out to other suppliers as well.

Employees: New business is hoping to hire 30 employees with a preference to Malden residents. Will have ongoing health and safety training “train the trainers” approach. They will train managers who will train their staff. Owners pride themselves on the great relationships with Kappy’s employees. All Kappy’s employees receive extensive training about making responsible sales before they begin work. Will hold a job fair and hope to recruit at least 75% Malden residents.

Sales Projections: Five-year projection: \$1M in sales per month, \$12M per year.

Giving Back to the Community: Giving back to the community is something that the company will continue, Kappy’s has always given back to the City of Malden.

(2) 6-7 PM: Keltic Green, Inc. Proposed location: 75 Broadway

Representing Keltic Green:

- Justin Smith, CEO, lives in Littleton. Business Management Degree from Suffolk. 15 Years of real estate sales and development. Has RE Sales license. He is also pursuing a Cannabis license in Boston - application is in, and he is at the community meetings phase. He would like to have three licenses. Justin is the sole owner.
- Mike Allen, Chief of Security; has 30-years of experience in law enforcement and security; retired chief of police in Rochester, NH; has military background; has created Cannabis Business. Last 2.5 years been involved as a consultant with security buildouts in Cannabis facilities in MA.
- Joe Giannino, Head of Public Affairs & Regulatory Work. Has worked in various levels of Government in public relations. Owns lobbyist firm Government Relations Group. Works for several marijuana franchises in MA, including Sanctuary Medicinals. Has an annual consulting contract and is not sure how long he will be with Keltic.

Keltic began with a Powerpoint presentation outlining their mission.

Location:

- 75 Broadway, 3,500 Square foot building with 44 parking spots, 2 are designated handicapped. Will utilize drive through lane for 16 employee spots.
- Have signed a long-term lease.
- Will bring a blighted building back to life. Plan to renovate the property - showed the floor plan; will keep original design but add their branding.
- Within 75 feet of a residential property does not meet buffer zone requirements. Need to get a variance through the City Council. Their plan is to have a discussion with the abutting property owners to accommodate them. Is currently a blighted site, their business will address that issue with making the area secure.
- Have a banking relationship with Gardner Federal Credit Union.

Buildout Costs: No other equity owners.

Security Plan:

- Electronic access on doors, video camera coverage throughout entire location. There are three levels of access to product. To get into vault area, access card and fingerprint scan are required.

- Expanded entry vestibule upon entering the facility. Customers will be I.D.'d upon entering and then will be presented with a menu. Customers may proceed to a budtender to assist them or they may proceed directly to point of sale. All orders will be tracked.
- Will have minimum of one onsite unarmed security officer present for the hours of operation. Staff will be trained to look for suspicious behaviors.
- They will have positive ID through verification scanners to prevent looping – in which a customer attempts to purchase more product than allowed. Purpose is to make sure that product is not getting into the wrong hands.
- Secure delivery process - anticipate a couple of deliveries per week in unmarked vehicles. Will notify police when deliveries are on route as a courtesy.
- There will be between 6 to 8 point of sale locations. Time in and out is estimated at 7-10 minutes.
- No marijuana disposal will be onsite. All disposed of product will be returned to distributor.

Ownership: Justin Smith will be 100% owner of business and will be providing capital. This will be his first retail establishment. Tyler O'Hazo is listed as COO and Kerry O'Hazo is CEO each have 10% control. They live in Connecticut and will relocate to this area. Conor McLaughlin was listed on the original Articles of Organization, however has transferred all rights to Keltic Green.

Supplier: Wholesale supplier Sanctuary Medicinals of Littleton, MA will supply products, processing facility – will not be exclusive suppliers. Sanctuary Medicinals offers training and mentorship program to retail establishment employees.

Employees: They anticipate 15. Sanctuary Medicinals may assist with hiring. Will be very selective with employees. Will hold job fairs to get high percentage of Malden residents as employees.

Sales Projections: With an investment \$1M, the project they will earn \$8M by year 2; \$15M by year 3 and \$17M gross by year 5. Discussion on how they arrived at these projections.

Giving Back to the Community – Their application mentions donating \$25K to Revere addiction. They will work with the City and community to see what Malden would like them to donate to and look forward to supporting Malden causes. Employees are required to provide volunteer and community services in schools, etc.

- 3. New Business:** The process will be to first conduct all interviews and conduct deliberations at the end.
- 4. Review and approval of May 22, 2019 Minutes.** Motion by Diana Jeong to approve the Minutes of May 22, 2019, seconded by Nelson Miller and approved unanimously.
- 5. Next meeting:** June 26, 2019 for the purpose of conducting additional candidate interviews.

Motion to adjourn at 7:15 PM by Nelson Miller and seconded by Diana Jeong. All in favor, meeting adjourned.