

Coastal Healing Inc. Application 1 of 1

Elizabeth Chen, PhD, Department of Public Health
Director, Medical Use of Marijuana Program
RMD Applications, 99 Chauncy Street, 11th Floor, Boston, MA 02111

Coastal Healing Inc.
874 Main Rd.
Westport, MA 02790

July 30, 2018

We herein provide a response to several questions raised by the DPH in the letter dated June 8, 2018.

1. Double DB LLC. currently owns the property at 248 State Rd. Westport, MA. Enclosed is the deed of the property.
- 2 and 3. The lease has been revised to address the questions raised by the DPH. Enclosed is the revised lease for 248 State Rd. Westport, MA.
4. A corrected section E is enclosed with the proper start date.

We herein provide a response to several questions raised by the DPH in the letter dated June 12, 2018.

1. At the time of the original submission of the MOP there was no designated property for the RMD. Soon after the submission of the MOP an adequate property was found that would serve the needs of the proposed RMD. Coastal Healing then attempted to obtain financing from several financial institutions, but these were not receptive to any financing for a Non-Profit that was going to open an RMD. Therefore, an LLC was established that could obtain the proper financing for the property and establish a long-term lease with Coastal Healing.

Enclosed is the corrected response to Question 12 of the MOP and a commercial appraisal for the lease of the proposed property at 248 State Rd. Westport, MA. as requested.

Sincerely



Diego Bernal
CEO Coastal Healing Inc.

RECEIVED

AUG 01 2018

MA Dept. of Public Health
99 Chauncy Street
Boston MA 02111



2018 00008870

Bk: 12404 Pg: 320 Pg: 1 of 2 BS
Doc: DEED 04/08/2018 10:20 AM

Property Address:
248 State Road, WESTPORT,
Massachusetts 02790

MASSACHUSETTS EXCISE TAX
Bristol ROD South 001
Date: 04/08/2018 10:20 AM
Ctrl# 02463618723 Doc# 00008870
Fee: \$1,841.60 Cons: \$360,000.00

Quitclaim Deed

Route 6 Enterprises LLC, a duly organized Massachusetts Limited Liability Company, of Westport, MA, in consideration and in the full consideration of Three Hundred and Sixty Thousand and 00/100 Dollars (\$360,000.00) grant to Double DB LLC, a duly organized Massachusetts Limited Liability Company, Having a usual place of business at 874 Main Road, Westport, MA 02720

with **QUITCLAIM COVENANTS**

That certain parcels of land with buildings and other improvements thereon, located in Westport, Bristol County, Massachusetts 02790, now known and numbered 248 State Road, being bounded and described as follows:

PARCEL 1: A certain parcel of land, with all buildings and improvements thereon, situated in Westport, Massachusetts, on the northerly side of Grand Army Highway, so-called, the southwesterly corner thereof being 1478.5 feet easterly from the north-easterly corner of said Grand Army Highway and Sanford Road, as measured in the northerly line of said Grand Army Highway, and bounded and described as follows:

SOUTHERLY by Grand Army Highway 148.5 feet;

WESTERLY by land heretofore conveyed to Julian Twardzik, et ux, 490.5 feet, more or less;

NORTHERLY by land now or formerly of the Old Colony Railroad, 192.5 feet; and

EASTERLY by other land of Julian Twardzik and Theodore Stasz, by a line forming an angle of 90° with said Grand Army Highway, 492 feet, more or less.

PARCEL II: The land in Westport, Massachusetts, with all buildings and improvements thereon, situated on the northerly side of Grand Army Highway, so-called, the southeasterly corner thereof being 657 feet westerly from an iron pin in a rock set on the north line of said Grand Army Highway, as measured in the northerly line of said Grand Army Highway, bounded and described as follows:

SOUTHERLY by Grand Army Highway fifty feet;

WESTERLY by other land now or formerly of Theodore Stasz and Helen Stasz, 492 feet, more or less;

NORTHERLY by land now or formerly of Old Colony Railroad, fifty feet; and

EASTERLY by other land formerly Lydia Twardzik and Theodore Stasz, 492 feet, more or less, to land now or formerly of the Old Colony Railroad.

The Grantor herein further certifies that this conveyance is not all or substantially all of the assets of this Limited Liability Company in Massachusetts, the sale is made by the Limited Liability Company in its usual course of business and the Limited Liability Company is not taxed as a corporation for federal tax purposes this year.

Deed

grantee

Being the same premises conveyed to this grantor by deed of Fall River Five Cents Savings Bank, by deed dated February 10, 2012 and recorded with the Bristol County South District Registry of Deeds on February 13, 2012 at Book 10295 Page 131

Executed as a sealed instrument this 14 day of March 2018.

ROUTE 6 ENTERPRISES LLC

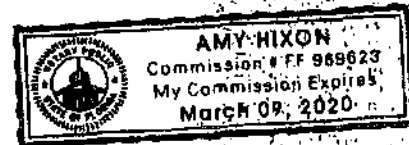
by *Donna M. Viveiros*
Donna M. Viveiros, Manager

State of Florida

On this 14th day of March 2018, before me, the undersigned notary public, personally appeared Donna M. Viveiros, individually and as Manager as aforesaid, who proved to me through satisfactory evidence of identification, which was her ☒ Driver's License; ☐ State ID; ☐ Passport; ☐ Other Government Issued ID; ☐ Other, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that she signed it voluntarily for its stated purpose and the free act and deed of Route 6 Enterprises LLC.

*Sarasota County
State of Florida*

Amy Hixon
Amy Hixon Notary Public
My Commission Expires: March 9, 2020



REAL ESTATE LEASE

This Lease Agreement (this "Lease") is dated 7/30/18, by and between Double DB, LLC a limited liability Company organized under the laws of the Commonwealth of Massachusetts ("Landlord"), and Coastal Healing, Inc., a non-profit corporation formed pursuant to the laws of the Commonwealth of Massachusetts ("Tenant"). The parties (Landlord and Tenant) agree as follows:

PREMISES. Landlord, in consideration of the lease payments provided in this Lease agrees to construct a Ten Thousand (10,000) Square foot building adequate for the Tenant's needs, and designed according to Tenant's specifications, meeting all of the Town of Westport Zoning Requirements, as well as the Commonwealth of Massachusetts requirements for the site of a vertically integrated RMD at a location identified as 248 State Road, Westport, Massachusetts.

TERM. The Term of Lease shall be for Fifteen (15) Years. The lease term will begin on 1/1/19 and will terminate on 12/31/34.

LEASE PAYMENTS. Tenant shall pay to Landlord monthly installments of \$32,266.66, payable in advance on the fifteenth day of each month, for a total lease payment of \$387,200.00/year. Lease payments shall be made to the Landlord at 874 Main Road, Westport, MA 02790, which address may be changed from time to time by the Landlord.

SECURITY DEPOSIT. At the time of the signing of this Lease, Tenant shall pay to Landlord, in trust, a security deposit of \$10,000.00 to be held and disbursed for Tenant damages to the Premises (if any) as provided by law.

POSSESSION. Tenant shall be entitled to possession on the first day of the term of this Lease, and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant shall remove its goods and effects and peaceably yield up the Premises to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.

PROPERTY INSURANCE. Landlord and Tenant shall each maintain appropriate insurance for their respective interests in the Premises and property located on the Premises. Landlord shall be named as an additional insured in such policies. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies. Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Premises. Tenant is responsible for maintaining casualty insurance on its own property.

LIABILITY INSURANCE. Tenant shall maintain liability insurance on the Premises in a total aggregate sum of at least \$2,000,000.00. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by companies reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer prior to any termination of such insurance policies.

MAINTENANCE. Tenant shall have the responsibility to maintain the Premises in good repair at all times during the term of this Lease.

UTILITIES AND SERVICES. Tenant shall be responsible for all utilities and services incurred in connection with their use and occupancy Premises.

TAXES. Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

REAL ESTATE TAXES. Tenant shall pay all real estate taxes and assessments for the Premises.

PERSONAL TAXES. Tenant shall pay all personal taxes and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, along with all sales and/or use taxes (if any) that may be due in connection with lease payments.

DEFAULTS. If Tenant shall default in the payment of the rent, percentage of rent or any additional charges and obligations as outlined in this lease, and such default shall continue for ten (10) days after Landlord shall have given written notice to Tenant of such default, or if this Lease shall be terminated as provided herein, Landlord and or the agents of the Landlord may immediately thereafter reenter the Demised premises, or any part thereof, either by summary process proceedings or by any suitable action or proceedings at law, without being liable to indictment, prosecution or damages therefor, and may re-posses the same and remove any person therefrom, to the end that the Landlord may have, hold and enjoy the demised premises. Notwithstanding the foregoing, only those authorized to possess and handle marijuana for medical use pursuant to Chapter 369 of the Acts of 2012 and its implementing regulations 105 CMR 725.00 et seq., are permitted to possess regulated assets, such as marijuana and marijuana infused products, without being subject to law enforcement actions. Therefore, if Tenant is in default of its obligations hereunder, **all such regulated assets will not be subject to seizure by Landlord or other parties authorized by Landlord to act on its behalf**, unless and until, the Landlord and any third parties acting on its behalf have been authorized to possess such regulated assets pursuant to Ch. 369 of the Acts of 2012 and its implementing regulations 105 CMR 725.00 et seq.. The word "Re-enter/ Reenter", as used herein, is not restricted to its technical legal meaning. If the Lease is terminated or if the Landlord shall re-enter the demised premises pursuant to judgment by or under any summary proceedings or actions allowed by law, due to the default of the Tenant, Tenant shall pay to the landlord damages. If there are costs associated with the removal of marijuana and or marijuana infused products from the demises premises and or obtaining permission from or otherwise complying with the requirements of the Department of Public Health

to enter the demised premises, then these costs shall be borne by Tenant. Parties agree that all winding down and or removal of the Tenant and or his products from the premises shall be done in full conformance with Chapter 369 of the Acts of 2012 and 105 CMR 725.00 et seq..

CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative and shall not be construed as exclusive unless otherwise required by law.

REMODELING OR STRUCTURAL IMPROVEMENTS. Landlord is providing Tenant with a 10,000 square foot structure, built to the Tenant's specifications. Tenant shall have the obligation to conduct any construction required by them for the installation of the office space, dispensary space and any and all machinery and upgrades to the premises, necessary for the production at the leased facility (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also install such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures, and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease. Tenant agrees and understands that all removal must be in conformance with 105 CMR 725.00 et seq..

ACCESS BY LANDLORD TO PREMISES. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, mortgagees. Parties agree and understand that under no circumstances shall any agent of the Landlord or Landlord enter into the leased premises. All access shall be monitored, and all parties shall be escorted at all times within the demised premises. Landlord does not assume any liability for the care or supervision of the Premises. Access by Landlord and the agents of Landlord shall be in conformance with the requirements of 105 CMR 725.00 et seq.. All outside vendors, contractors must obtain a visitor identification badge prior to entering a limited access area and shall be escorted at all times by a dispensary agent authorized to enter the limited access area. The visitor identification badge must be visibly displayed at all times while the visitor is in any limited access area. All visitors must be logged in and out, and that log shall be available for inspection by the Department of Public Health at all times. All visitor identification badges shall be returned to the RMD/ Tenant upon exit.

INDEMNITY REGARDING USE OF PREMISES. To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Premises, except Landlord's act or negligence.

DANGEROUS MATERIALS. Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained, and proof of adequate insurance protection is provided by Tenant to Landlord.

COMPLIANCE WITH REGULATIONS. Tenant shall promptly comply with all laws, ordinances, requirements and regulations, state, county, municipal, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

ASSIGNABILITY/SUBLETTING. Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld.

RECORDING. Tenant may record the lease at the Bristol County Registry of Deeds S.D. at their own election and cost.

NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

David W. Bullis, Manager
Double DB, LLC
874 Main Road
Westport, Ma 02790

TENANT:

Coastal Healing, Inc.
248 State Road
Westport, MA 02790

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

GOVERNING LAW. This Lease shall be construed in accordance with the laws of the Commonwealth of Massachusetts.

ENTIRE AGREEMENT/AMENDMENT. This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the

amendment.

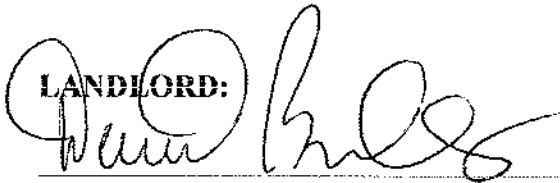
SEVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it

would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

WAIVER. The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

BINDING EFFECT. The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors and assigns.

LANDLORD:

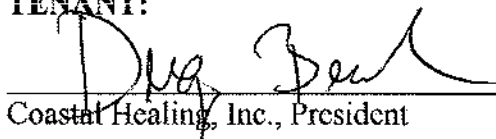


David W. Bullis, Manager Double DB, LLC

Date:

7/30/18

TENANT:



Coastal Healing, Inc., President

Date:

7/30/18

SECTION E: THREE-YEAR BUSINESS PLAN BUDGET PROJECTIONS


Provide the three-year business plan for the proposed RMD, including revenues and expenses.

Projected Start Date for the First Full Fiscal Year: 1/1/2019

Fiscal Year	FIRST FULL FISCAL YEAR PROJECTIONS 2019	SECOND FULL FISCAL YEAR PROJECTIONS 2020	THIRD FULL FISCAL YEAR PROJECTIONS 2021
Projected Revenue	\$ 2,100,000	\$ 2,310,000	\$ 2,540,000
Projected Expenses	\$ 2,100,000	\$ 2,160,000	\$ 2,390,000
VARIANCE:	\$ 0	\$ 150,000	\$ 150,000
Number of unique patients for the year	700	770	847
Number of patient visits for the year	16,800	18,400	20,328
Projected % of patient growth rate annually	---	10%	10%
Estimated purchased ounces per visit	0.5	0.5	0.5
Estimated cost per ounce	\$ 250	\$ 250	\$ 250
Total FTEs in staffing	12	15	18
Total marijuana for medical use inventory for the year (in lbs.)	625	677	735
Total marijuana for medical use sold for the year (in lbs.)	525	577	635
Total marijuana for medical use left for roll over (in lbs.)	100	100	100

Projected date the RMD plans to open: 4/1/2019

ATTESTATIONS

Information on this page has been reviewed by the applicant, and where provided by the applicant, is accurate and complete, as indicated by the initials of the authorized signatory here: 

SECTION C. NON-PROFIT COMPLIANCE

If the applicant is a non-profit corporation, answer each of the questions in Section C to explain how the corporation will remain in compliance with the non-profit requirements of Ch. 369 of the Acts of 2012, the regulations at 105 CMR 725.000, and "Guidance for Registered Marijuana Dispensaries Regarding Non-Profit Compliance." Please refer to the "Guidance for Registered Marijuana Dispensaries Regarding Non-Profit Compliance" document in completing this Section.

11. Please identify any management company that the applicant intends to utilize and summarize the terms of any agreement or contract, executed or proposed, with the management company.

Coastal Healing Inc. does not intend to utilize the services of a management company.

12. Please identify any agreements or contracts, executed or proposed, in which the applicant will engage in a Related Party Transaction and summarize the terms of each such agreement.

The cofounders have entered into agreements to lend the starting capital to the corporation, which will be repaid at 8% per annum by the non-profit corporation.

Please see the attached commitment letters identifying the obligation of co-founders (Diego Bernal and David Bullis) to loan the non-profit corporation the startup capital subsequent to the grant of licensure as an RMD. Said startup capital shall be repaid by the Corporation at 10% per annum.

Please see the attached commitment letter for Cristina Bernal to lend the non-profit corporation with startup capital.

Please see attached the promissory notes identifying a \$100,000 total committed to the corporation by the co-founders (Diego Bernal and David Bullis).

CH has entered into a 15 year lease agreement with Double DB llc for the facility to house the growery and dispensary for Coastal Healing. Diego Bernal and David Bullis are the owners and managers of Double DB llc. Enclosed is the lease agreement.