



Posted 6.17.2020 at 12:00pm by JAD

**SELECT BOARD
AGENDA
Tuesday, June 30, 2020
7:00pm**

The Select Board Regular Meeting is being held virtually in accordance with the Governor's Executive Order Suspending Certain Provisions of the Open Meeting Law, G.L.c.30A. S.20. Interested individuals can listen in and participate by phone and/or online by following the link and phone # below.

When: Jun 30, 2020 07:00 PM Eastern Time (US and Canada)

Topic: Select Board - Apple Guy Flowers LLC

Register in advance for this webinar:

https://us02web.zoom.us/webinar/register/WN_vxCVeCYLToiAg5DtEUPI6Q

After registering, you will receive a confirmation email containing information about joining the webinar.

Agenda Item

1. Apple Guy Flowers LLC, an adult use marijuana cultivation establishment, will introduce their team and describe their plans for operation in the Town of Harvard.
2. Select Board and Public Comment/Questions

*Next Regular Select Board Meeting
To be determined*



BUSINESS OVERVIEW

Executive Summary

Apple Guy Flowers (AGF) is a proposed outdoor cannabis farm in Massachusetts. AGF will operate as a Tier II Cultivation facility, licensed by the Massachusetts Cannabis Control Commission. This license type will allow AGF to cultivate 5,000-10,000 square feet of canopy space.

AGF will produce raw cannabis flower, grown using organic methods and natural sunlight. AGF's cultivation methods and attention to detail will allow for the creation of material that is of higher quality than large scale outdoor cultivation facilities but produced at a lower cost than energy-intensive indoor cultivation. This material will then be sold to a licensed product manufacturer, to be turned into cannabis concentrates that are co-branded as a collaboration between AGF and the manufacturer.

AGF's organic, outdoor methods will allow Massachusetts cannabis consumers a sustainable, craft alternative to the products currently available in the market while also competing with prices found on the illicit market.

Company Background and Overview

Company Description

Apple Guy Flowers LLC is a Massachusetts based company aimed at normalizing local cannabis agriculture with high quality, affordable products.

Mission

The mission of Apple Guy Flowers is to produce high quality, organic outdoor cannabis for extract products, to be sold at a competitive price point that helps eliminate the illicit market. AGF hopes to be a leader in proving that there is a place for small farmers in the legal Massachusetts cannabis marketplace.

Vision

The vision of Apple Guy Flowers is to create a world where locally produced cannabis and food are normal parts of everyday life. By offering a sustainable, organic and local product to consumers, AGF hopes to build a loyal following of cannabis consumers.

Key Goals

- Acquire all necessary state and local approvals
- Successfully harvest 50 lbs a year of cannabis flower for use as raw material for extract
- Partner with a product manufacturer to establish a brand and get products to consumers

Situational Analysis

As a registered marijuana business, Apple Guy Flowers [AGF] will operate under the framework and guidance of the Cannabis Control Commission and Massachusetts laws and regulations. AGF will operate as an adult use Tier II Cultivation facility, which allows for up to 10,000 square feet of canopy space.

While the adult use cannabis market has developed significantly in Massachusetts since it was first legalized in 2016, demand still largely outpaces supply. Wholesale prices for a pound of flower are averaging between [\\$3000-\\$4200 as of August 2019](#), much higher than most legal marketplaces in the United States. As of January 2020, there are only two other operating outdoor cultivation facilities in Massachusetts.

PEST

Political	Economic	Social	Technological
<ul style="list-style-type: none"> ● Regulated by the Cannabis Control Commission of Massachusetts ● Municipal approvals required ● State Application Fee: \$200 ● State license renewal Fee: \$1250 ● Significant changes to regulatory system possible as the market matures and federal policy changes 	<ul style="list-style-type: none"> ● Wholesale only, Market currently limited to Massachusetts regulated cannabis businesses ● High demand for raw cannabis material for extracts/edibles ● Outdoor cultivation has much lower start-up/overhead costs compared to other methods 	<ul style="list-style-type: none"> ● Consumers currently do not have access to sungrown, sustainable cannabis grown by local farmers ● Cannabis advertising restricted by state; word-of-mouth and guerilla marketing important 	<ul style="list-style-type: none"> ● Digital seed-to-sale tracking to ensure regulatory compliance ● Outdoor cultivation significantly more sustainable than current indoor/greenhouse methodology ● Use of social/digital media important for marketing due to restrictions on print/TV advertising

SWOT

-	Helpful	Harmful
Internal	Strengths: <ul style="list-style-type: none"> ● Low operating costs, ability to wholesale at lower cost than most operators ● Sustainable and local aspects of business is marketing opportunity ● Experience with cannabis cultivation and agriculture 	Weaknesses: <ul style="list-style-type: none"> ● Vulnerability of outdoor cultivation model to external factors ● Lack of capital compared to other applicants ● Reliance on external vendors/businesses (product manufacturers, transporters)
External	Opportunities: <ul style="list-style-type: none"> ● High demand for raw cannabis materials in current market ● Potential for strong customer loyalty ● Potential for future expansion as markets develop 	Threats: <ul style="list-style-type: none"> ● Uncertain regulatory/legal environment ● Competing in markets with well funded, international corporations ● Competition with illicit market ● Potential future competition from out-of-state markets if federal law changes ● Potential crop failure/weather impacts/contamination

Target Market

The total addressable market is current and prospective cannabis consumers who reside in or visit Massachusetts.

The service addressable market is cannabis consumers in Massachusetts who purchase cannabis derived products from licensed retailers and who are interested in cannabis that is grown sustainably by local farmers and available at a reasonable price point.

Consumers will be accessed through product manufacturers who are licensed to operate in Massachusetts. In order to maximize the unique branding opportunity for a product that is developed from locally grown sustainable cannabis in Massachusetts, the objective will be to find one or two product manufacturer businesses to develop an exclusivity agreement with to develop a line of products from cannabis provided by AGF. From there, these product manufacturers will be able to distribute these products to licensed retail stores in the state, where consumers will be able to purchase products.

As of January 23rd 2020, there are currently 23 licensed product manufacturers and 36 retailers who are operational, with dozens of additional applicants in the licensure pipeline.

Product

The product will be raw cannabis material to be used to manufacture cannabis products. The particular strains to be cultivated will be chosen based on:

- ability to thrive while growing in an outdoor environment
- ability to produce a large volume of usable product per plant
- cannabinoid production
- terpene production

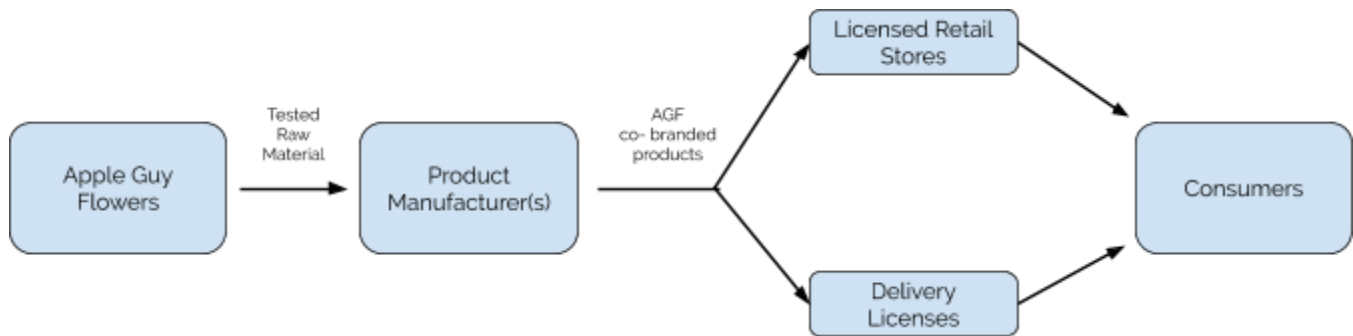
The cannabis will be grown using organic methods and natural sunlight. The size of the cultivation facility will allow each plant to be tended to and inspected regularly to ensure plant quality and health.

Plants will begin either as seeds or clones, depending on the strain and market availability. Plants will be planted in pots filled with organic soil that has been tested by a certified independent lab for contaminants, and placed in an area with adequate sunlight.

The planting will begin in the early spring once the risk of frost has sufficiently diminished, with harvest being completed in the fall before winter conditions set in. Weather forecasts for the site will be closely monitored for potential events that could have an adverse impact on the health of the plants, and mitigating actions to protect the plants will be taken should severe weather develop.

AGF will utilize process controls, non-chemical interventions, and homeopathic solutions to mitigate pest issues while staying regulatory compliant.

AGF will work with a licensed product manufacturer to convert the raw cannabis into products such as shatter, wax, and other forms of concentrates. An ideal product manufacturing partner will have cannabis industry experience, and will also ideally be a local business with similar values and goals as AGF.



Promotion

- AFG will work closely with its partnered product manufacturers to promote its brand and products. The identity of all AGF co-branded products will be formed around:
- AGF’s partnership with existing licensed manufacturers
- AGF’s connections to the local agricultural and cannabis community
- The outdoor, natural growing environment of the product

AFG will ensure that all branding encourages responsible use of cannabis and complies with all applicable Massachusetts regulations. AFG will utilize the following channels for marketing purposes:

- Social Media
- Event Sponsorship/Tabling

AFG will utilize its team members to help staff promotional tables at public events and conventions. This will allow consumers to connect on a personal level with the actual farmers who are harvesting the materials that go into the cannabis products they consume. This will also allow staff to add value at points in the production season when on-site work is minimal, and will also help keep marketing costs low.

Production and Operations

Location

The cultivation location will be a small plot of farmland in northern Massachusetts, in a municipality that has not prohibited marijuana businesses from operating. The location will be selected in order to minimize startup costs and to maximize the efficiency of the cultivation operation.

Business Partners

AFG will utilize multiple business partners.

The Mensing Group

The mensing Group led by attorney Blake Mensing will be leading the municipality and state negotiations.

C3RN

AGF is utilizing C3RN for license application and municipal approval support.

Transportation

AGF will utilize a licensed marijuana transporter to move sold product to licensed product manufacturers. AGF will either utilize the transportation of the product manufacturer to accomplish, or AGF will contract with a licensed third party transporter.

Security

AGF will partner with a security contractor for assistance with the design and implementation of security systems and protocols that meet the requirements of MA law and regulations.

Agricultural Supplies

AGF will acquire all necessary agricultural supplies through small business vendors who are local to the area.

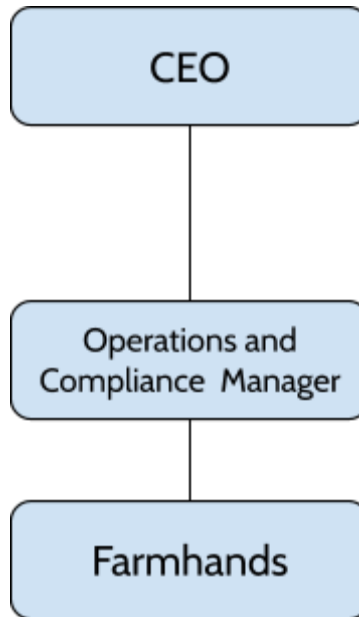
Accounting

AGF will utilize a third party accountant to manage financial accounts and to perform audits.

Production Plan

The growing process will usually commence in April, once the risk of frost and winter weather has significantly diminished. Temporary greenhouses will be constructed, and soil will arrive on-site and be mixed with proper nutrients. In May, clones will be planted in their pots. As the plants grow, trellising will begin to train the plants to grow in a way that maximizes the amount of sunlight and airflow the plant receives. During the early summer, sidewall trellising will be added to help support the weight of the plants as they continue to grow. Employees will carefully monitor the plants for any signs of rot or infestation, and will also prune any fan leaves that are inhibiting further growth. The sidewalls of the greenhouse will also be removed to increase air flow. In August and early September, pruning will continue, and employees will monitor for any signs of mold as wetter, cooler weather becomes more likely. As cooler weather approaches, the sidewalls of the greenhouses will be re-installed and fans will be utilized to maintain airflow. In October, the plants will be harvested and hung to dry, before being transported to a product manufacturer for processing.

Org Chart



Risks and Mitigation Actions

Crop Failure

A partial or complete crop failure would have a significant impact on AGF’s ability to be successful. As a result of federal prohibition, cannabis growers do not have any form of crop insurance that they can purchase to mitigate the financial impact of crop failure.

The two most common causes of crop failure are weather and pests/microbials. Weather-related crop failure can occur at any point in the grow cycle, but is most economically damaging when it occurs in the weeks leading up to harvest, when it is too late in the season to replant and the buds of the cannabis plant are fully formed.

A number of steps will be taken to mitigate the likelihood of crop failure due to weather conditions. Plants will be carefully selected based on their ability to thrive in New England’s climate. At the beginning of the season, short and long term weather forecasts will be carefully considered before planting begins to ensure the risk of frost is kept to a minimum. Weather will continue to be monitored throughout the growing season, with appropriate countermeasures taken to help protect the plants and agricultural equipment against any severe weather events.

Pests and microbials can also cause crop failure. Plants will be selected for their resistance to infestation and will be maintained in such a way to increase air flow and limit moisture buildup in order to minimize potential microbial growth. Plants will be closely inspected on a daily basis to look for signs of infestations or microbial growth. Any infected plants will be immediately quarantined to prevent further spread.

Theft

While no cannabis businesses in Massachusetts have been victimized by theft of cannabis products since the medical program was voted into law in 2012, cannabis remains a highly valuable commodity on the illicit market and would have a devastating impact on the company's financial and regulatory security. A number of steps will be taken to minimize theft, including adhering to Massachusetts security regulations at all times of operation. A security perimeter will be established around the facility, and law enforcement will be notified anytime an unauthorized person attempts to access the site. Law enforcement will also be informed of the day and time of any product transfers that will be occurring. Finally, standard operating procedures will be established and closely adhered to in order to minimize the threat of employee diversion.