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TOWN OF NEEDHAM
BOARD OF SELECTMEN
2016 MAR 30 P 1:18

Mr. Maurice P. Handel
Town of Needham
Board of Selectmen
1471 Highland Avenue
Needham, MA 02492

March 27, 2016

Dear Mr. Handel,

My name is Louis Karger. I have lived in Needham for the past 15 years with the last 12 being at 51 Burr Drive. I am also a Board Member and Treasurer for Sage Cannabis, Inc., one of the three applicants asking for a letter of support or non-opposition to operate a Registered Marijuana Dispensary in Needham. I am writing because the presentations given to the Board on March 22 were rushed, and I believe, as I am sure you do, that the decision before you is too important to make without all of the relevant facts in hand.

As was mentioned at the hearing, the marijuana industry is an industry in transition from an illicit marketplace to a legitimate one. It attracts all kinds of opportunists. The fact of the matter is that in order to build and maintain the type of organization mandated by the Massachusetts Department of Public Health regulations, high levels of skill, integrity, tenacity, and capital are required. There is only one group before you that can do it: Sage.

There are three reasons why the Board should choose Sage over its competitors: (1) capacity; (2) competence; and most importantly (3) trust.

CAPACITY

Sage has operational capacity today. By the time the Board makes its decision, Sage will be ready to plant seeds and begin construction of the Needham dispensary. This is a critical difference between Sage and the other groups because a shorter time to market lowers risk to the Town that the project could stall or worse. We have seen other applicants lose momentum half way through the process because these facilities are so capital intensive, complex and difficult to design and build. It is noteworthy that a shortened timeline also accelerates payment to the Town under the Community Benefit Agreement.

Make no mistake: none of the applicants before you have real-world experience operating facilities to the level required by DPH in Massachusetts. While MPF's application lawyers may know about the DPH application process, once that process is over, the lawyers go away and the operator must actually build and operate the business.

DPH rules require a fully vertically integrated manufacturing, processing and retail organization. MMM has zero operating experience, and MPF has only operated a single dispensary for less than six months in a much less regulated market (unlike Massachusetts, in Oregon a company can be just a dispensary and purchase product from a wholesale market). Retail businesses are relatively easy to operate. By contrast, production of high-quality, pathogen free marijuana medicine is extremely difficult. Neither MPF nor MMM have built a manufacturing or processing facility.

Moreover, MPF does not yet have a license to cultivate from the DPH. This means that it will take them at least eight months build a cultivation facility, two additional months to acquire DPH permission to plant seeds, and at least four months after that to cultivate the first harvest. These estimates are conservative based on actual dispensary experiences in Massachusetts. MPF could not operate in Needham until at least the summer of 2018 (this assumes that the

design development phase of their facility is complete today and that they have no delays at any stage of the process, which is highly unlikely). MMM suffers from a similar problem: though they were granted a DPH license months ago, they have yet to break ground on a cultivation facility. The time that it will take MMM to get up and running is just as long.

COMPETENCE

After coming to know many participants in the Massachusetts medical marijuana industry, I chose to work with Michael Dundas and Sage because Mr. Dundas has built an organization that is second to none in the Commonwealth. Consider for a moment the technical acumen required to build a marijuana cultivation facility. It is often assumed that all marijuana applicants are created equal with regards to technical knowledge. Nothing could be further from the truth. If you want to see it for yourself, go to Colorado and see how many "experienced" cultivators consistently get it wrong.

Under Mr. Dundas' guidance, Sage has spent the last 24 months designing and building a state-of-the-art cultivation and processing facility in Milford. We spent 18 months in the design-development process, and we broke ground on the cultivation facility in October. The facility is a sight to behold, and you owe it to your constituents to come to Milford and take a tour before you make a decision on this issue. The facility itself demonstrates a competence and level of skill that cannot be communicated in words on paper.

TRUST

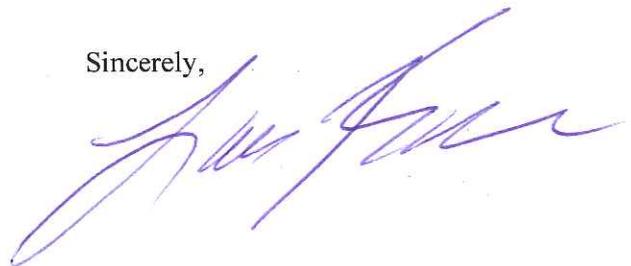
The most important reason that the Board should choose Sage however, is simple: Sage has two longtime Needham residents on its team: myself, and Mitch Breen. Sage is an organization that this Board and other residents can trust and hold accountable because we live here. We work here. We raise our families here. We contribute to the community here.

No one wants Needham to thrive more than we do, and we stand ready to give back to the community in a number of tangible and intangible ways. Some of those ways include the Needham Community Benefit Agreement, the formation of a charitable foundation to direct excess revenues from the Sage organization toward our nonprofit mission and purpose, financial hardship programs for patients in need, and a wounded warrior program for Needham servicemen and women.

Given the nature of this newly developing industry, with a history of non-professional participants from all over the country coming to Massachusetts, you need to work with someone you can trust. Sage is raising the bar, and bringing a level of professionalism never before seen. You owe it to your constituents, to your Town and to yourselves, as stewards of the public trust, to choose the best long-term organization to partner with in medical marijuana.

That partner is Sage Cannabis.

Sincerely,

A handwritten signature in blue ink, appearing to read "John F. ...", is written over the word "Sincerely,".