



1854 Newport Blvd

APPLICANT: 1854 Newport Investments LLC

Operator (dba): Mr. NICE GUY

Request: The request is for a Conditional Use Permit to allow a Cannabis Retail Storefront (Type 10) and Cannabis Retail Non Storefront (Type 9 – Home Delivery) and a Cannabis Business Permit.

EXECUTIVE SUMMARY



Mr NICE GUY is part of a Vertically Integrated Cannabis Supply Chain, with a history of successful operations in Oregon (23 stores) and California (9).

Mr. Nice Guy stands for much more than our unique shopping experiences and service. We pride ourselves in being compliant with state ordinances and local city laws. By doing so, we are able to give the best authentic experience to any consumer who walks through one of the many dispensaries located in Oregon and California. As we look to actively grow our brand across the country we understand that we

will become ingrained in many communities. In collaboration with the communities we are privileged to be a part of, we want to educate our customers about the cannabis industry. We do so while listening to feedback from residents, city officials and staff, customers and vendors alike, to create a relationship that we believe will be beneficial to both us and our society.

As we continue to work and provide any information surrounding cannabis, we also look to invest in the community; working with and donating to local organizations, hiring locally, and also creating partnerships with local businesses. We understand that we alone can't make a difference in a community, but we aim to make a difference.

WHAT WE STAND FOR – WHAT WE BELIEVE:

CONSUMERS FIRST: Begin and end with the premium consumer experience in mind. Exceed our consumer's expectations.

WE PLAY TO WIN: Act with passion and a sense of urgency. Be decisive and creative.

BE A GREAT PARTNER: Collaborate and be trustworthy and fair. Treat everyone the way you want to be treated. Help our partners succeed.

INNOVATION – THINK FORWARD AND THINK BIG: Be courageous and creative. Never settle.

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DO THE RIGHT THING, ALWAYS: Create an environment of honesty and transparency. Act with integrity and never compromise.

MAKE THE WORLD A BETTER PLACE: Show love to every Mr. NICE GUY customer. Enrich our communities. Give back. Advocate for the planet.

OUR MR NICE GUY TEAM MAKES THE DIFFERENCE: Value and develop our people. Be inclusive and strengthen the team. Be accountable – learn from our mistakes. Have fun.

SPEED IN EVERYTHING WE DO: Act with urgency., Be humble. Be nimble. Have a bias for action.

SITE SELECTION: This site was selected because of the visibility to Newport Blvd. This facility will leverage customer awareness and target a more exclusive, upscale customer base. Focus will be on efficiency of servicing repeat customers through online ordering and speed of pick up on site.

Mr. Nice Guy is one of the world's largest vertically integrated Cannabis enterprises. Our businesses encompass 5 licensed operational retail stores in California (4 are in process) and 23 licensed cannabis retail storefronts in Oregon. In Orange County, Mr. Nice Guy's businesses are strong and growing. We are currently on pace for \$100mm in global revenues in 2021. We continue to add more cannabis retail storefronts across the state, increasing our brand recognition and driving our unit cost economics lower from scaling operations.

Mr. Nice Guy's retail stores have sourced this wide variety of products for over five years for our medical and recreational clients from hundreds of producers, cultivators, and manufacturers across the state of California.

Mr. Nice Guy's activities in Santa Ana, CA have made us one of the largest tax generators in all of Orange County, paying over \$3.5mm in taxes on sales in 2020. Our stores and businesses enjoy approved banking, have Union Labor Peace Agreements in place, and are held in high esteem by the cities they operate.

Mr. Nice Guy employees enjoy wages and benefits that well exceed those of other businesses. Our starting wage is at least 133% of the required legal minimums. Our workforces are sourced as locally as possible from the areas we operate, with over a 75% local-hire rate (and we anticipate in Costa Mesa if granted a license, to get that over 90% and as close to 100% as possible of non-management positions).

Mr. Nice Guy cannabis businesses have always engaged in good-faith negotiations with unions under state and local requirements. We have acted proactively and engaged the labor union to become one of the first businesses in Southern California to have a collective bargaining agreement executed. We have worked in partnership with the union to provide high wages, top benefits, and stability for our workforce.

Our stores have not had a single negative incident of crime, code violations, or other infractions with the City or state. We strive to maintain operational standards above and beyond the requirements of the cannabis code – and we have successfully done so during the many years we have operated, navigating a changing regulatory environment surrounding this new industry.

We adhere to all aspects of the METRC track-and-trace programs, utilizing state-of-the-art technological systems, and ensure that all requirements of the BCC are met in every aspect of our business units. Mr. Nice Guy currently employs approximately 230 team members across all of our multi-state cannabis businesses. We anticipate hiring at least 8 people upon launch in the City if granted these licenses from the City, with many more planned as we grow the future with the City.

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Hours of Operation: 7 am to 10 pm.

Build Out: The building is small, with the existing footprint preserved. The interior build out is anticipated to move swiftly, and the exterior façade will be modernized.

Site Improvements: The site will have the same building location, size of building, parking and site flow. The Drive Thru will be eliminated.

Supply Chain: This will be operated by an experienced Team that is fully integrated here in California and Oregon. Their licensed Salinas cultivation facility will transport flower via the Teams Licensed Distributor to a Licensed Santa Ana Facility to be packaged into jars and Pre Rolls. Other Licensed Facilities will package a variety of cannabis forms. The Team outsource extracting Flower into Oil, and the Oil is utilized in manufacturing House Brands. The Team has relationships with other Top Selling Brands. The Finished Packaged Goods are brought last mile from the Manufacturing / Packaging Licensed Facilities to Mr. NICE GUY by the Teams licensed Distribution vehicle.

Target Customer: The store will offer a limited item supply curated to a higher end customer, with higher ticket averages and lower customer counts. The lower SKU count is designed intended to provide a wide enough variety to cater to the upscale customer.

Operations: The Team will relocate an experienced Manager from another location. Employees are hired based on criteria and characteristics they can perform and add value in a highly regulated industry. The facility is designed with Safety, Security and operational excellence. All Employees go through onboarding training, and depending on roles, various levels of ongoing training, supported by an SOP Operations Manual. Periodic meetings take place to reinforce safety, security and operations process, and a chance to report and discuss any opportunities for improvement.

The facility is designed to facilitate speed in customer orders and have a higher percentage of sales via Order Online – Pick Up In Store and Home Delivery. One Counter will be dedicated to the Order Online / Pick Up In Store Customers who know what they want and seek an efficient transaction. One Counter Area will be allocated to a more consultative Customer experience, where a little more time can be spent on Cannabis Education.

Compliance: The Operation utilizes a Point of Sale and Track & Trace technology to achieve regulatory compliance and efficiently manage the business. All cannabis and cash are entered, reported, audited, and analyzed, with discrepancies investigated and reported as necessary. The operation will implement a noncash transaction option for Retail, that reduces the amount of cash to handle, and corresponding threats.

Members – Chamber of Commerce: The Team is a member of the Chamber of Commerce and sponsored the Mayor's State of the City last year.

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Employees: Because of the smaller retail space footprint, this store will have fewer Employees. We will prioritize hiring locals, who can walk, bike or take public transportation with a focus on operational skill sets, trainability and demonstrated ability to deliver a quality customer experience. All efforts will be to hire local. It weaves operations into the fabric of the community, and locals can walk or bike. We will partner with the Chamber of Commerce on “Hire Local” and use temporary signs to target drive by, bike by potential employees. Cannabis jobs are good paying jobs, with opportunities for advancement and creation of careers. The Team will look to hire from Orange Coast Community College, due to success in hiring from this demographic, who is in convenient proximity to out location.

All Employees and Owners are police background checked prior to employment and issuing a badge.

Neighborhood Compatibility: The Team is an experienced operator who has successfully launched and sustained several Cannabis Retail Stores. The Team employs a “Good Neighbor Policy” by providing contact information, a commitment to discussion and issue resolution, picking up trash and having the Security Guard be a neighborhood asset. Parking exceeds requirements, so no neighborhood impacts anticipated and will be monitored. All surrounding properties will have a phone number to contact the Managers of the Cannabis operation. The Security Guard and Parking Lot Manager have responsibilities to monitor the parking lot to make sure no loitering, that trash is picked up, and specific goals to know the neighborhood and neighbors. The Guard will be a neighborhood asset. The Site is being developed to respect neighbors.

The Team held an outreach event, inviting the surrounding neighborhood and relevant parties for a meet and greet to introduce the Team and discuss and questions and listen to comments.

Parking: The project is parked to code. Bike Racks will be prominently featured. Employees will be offered Ride Sharing vouchers if they are unable to walk, ride a bike, use public transportation. This will maximize parking for Customers.

Landscaping: The landscaping will introduce a new and modern pallet with drought tolerant landscaping and Trees.

Walkability – Bikeability -Active Transportation: This project is located on a major street with active transportation elements introduced and more planned. We have featured a Bike Rack. We will Hire Local so that employees can bike & walk. We encourage Ride Share of carpools and technology. We will have promotions to incentivize Customers to choose walking, biking, public transportation options. We will work with the City to tie into their activities to encourage and facilitate active transportation.

There is a Bus Stop directly in front of the property, on Newport Blvd.

Odor: HVAC and carbon filter elements are introduced to address any potential odors, with the standard, no detectable odor outside the facility. All products are finished packaged goods, which minimizes or eliminates the potential of odor.

Partner with Chamber of Commerce: The Chamber has embraced Cannabis and is developing to key projects in support of the Cannabis Industry and Operators. 1) Hire Local: Chamber will have a portal where the Operator can list open positions. The Chamber will actively promote. 2) Shop Local: Chamber will actively promote Cannabis Retailers approved by the City.

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Partner with Cultural Arts Committee: Operator seeks to work with the City of the Arts to introduce local artists. The specific projects are yet to be determined, the intent is to identify local artists who can produce art for the interior. Consider an approved Mural, and seek opportunities to support the Utility Box program. All ideas are welcome.

Security Plan, Technology Solutions, Process and Training: The reviewed and approved Security Plan is prepared and installed by a trusted local subject matter expert who has a dozen and a half Costa Mesa projects, and several dozen in Southern California. He and the company have the necessary credentials and experience to provide plans, systems, installations, process and training. The concept of a plan, development and implementation is the “Secure Layered Onion”. The outer layer is hardened, and several layers are introduced designed to slow down and prevent unwanted access, and control access. The Perimeter has facility design in mind when developing the Site Plan and Floor Plan. Perimeter lighting is added as a deterrent and to enhance external video surveillance at night. Any windows have a Security Film. All doors are secure access. Customers check in, Visitors sign in. There are specific areas Customers can go, and Limited Access Areas (properly signed) where only badged Employees or Visitors escorted by an Employee. The Cannabis and Cash are in secure storage areas, with limited access. The Security System can be remotely viewed. Other tools are motion detectors in strategic areas, 100% video surveillance saturation wherever cannabis is located (Including full coverage of external loading and unloading) panic buttons and some proprietary elements to protect people, cannabis and cash. These systems and process have manuals and are integrated into training programs.

Security Plan: a 126-page plan was submitted and reviewed by the City 3rd Party expert and was approved without comments. It contained a thorough demonstration of compliance with extensive narrative supported by diagrams to say and show how the operation will comply with State and City Regulations. Covered all aspects of a secure and compliant Cannabis Retail operation components like theft reduction, cash management, Morning – Start of Shift – During Shift – End of Shift SOP’s. It covered both the Retail operations as well as Home Delivery.

Security Guards: A Security Guard will be onsite 24 hours a day, unless modified by City Council. This 3rd Party Security company has a credentialed, experienced subject matter expert ownership to facilitate the hiring and training of Guards based on a handbook of specific Standard Operating Procedures. The onsite Guard monitors the day to day operations, periodically makes rounds inside and out, oversees all unloading and loading of deliveries. The company has all the required State Licenses and Insurance.

Business Plan: A 87-page Business Plan was submitted and received approval without comments. The Plan covers vast requirements from proof of capital, a plan and budget to open and operate. Facility Diagrams. Standard Operating Procedures. Customer Check In. It covered both the Retail operations as well as Home Delivery.

Deliveries: All loading and unloading will occur in a space, closest to the Secure Door. All loading and unloading activities will be under video camera surveillance and under the supervision of the Guard.

Home Delivery: The Retail location will support the pickign and packing of orders. All orders are dispatched using technology to track the vehicles. All aspects are consistent to State and City requirements.

Waste Management: A container is located in the secure storage area, should the unlikely event of cannabis waste be created. Most would be returned to the Distributor or rendered unrecognizable and unusable, and properly disposed of.

Signage: Compliant internal and external signs to meet State and City requirements, and assist customers on way finding and no access areas.