

30-12 Astoria Blvd — Turnaround Proposal

30-12 ASTORIA BLVD

PROPOSED TURNAROUND & LEASE RESTRUCTURING

Prepared for the Landlord and License Holders of 30-12 Astoria Blvd

Where Things Stand

The following outlines the current situation at the property, the proposed turnaround plan, and the terms under which new management will operate the dispensary going forward. This document is intended for the landlord and the license holders (Daniel Boland and Kevin Dunn, equal shareholders in the licensed entity) as a shared framework for the transition.

The current situation: The dispensary at 30-12 Astoria Blvd has been poorly managed since opening. The prior operators failed to install signage, failed to build the customer base, failed to file payroll taxes, and failed to pay their bills. The result is approximately \$100,000 in combined back rent, tax obligations, and unpaid utilities owed on the property. The current lease guarantor, Timothy Derham of Cloud 9 Global, is seeking release from his guaranty.

What's changing: A new management group is taking over operations immediately. We are experienced cannabis operators with industry relationships, capital, and a plan to make this location one of the top-performing dispensaries in Astoria. We're not asking you to trust the same people who created this mess. We're asking you to work with us to fix it.

The Team

License Holders: Daniel Boland and Kevin Dunn are equal shareholders in the CAURD-licensed entity. Both are social equity qualifying applicants under the New York Cannabis Law. They retain full regulatory standing with the Office of Cannabis Management and will continue as the license holders throughout the transition and beyond.

Management Group: The new management team brings cannabis industry experience, payment technology, and retail operations expertise. The group has direct relationships with cannabis brands and distributors who can supply the store with inventory on favorable terms, the capital to invest in an immediate facelift and relaunch, and a long-term plan to grow this into a multi-location business with 30-12 Astoria Blvd as its flagship.

This is not a group of first-timers hoping to figure it out. We know how to run a dispensary, and we know how to make rent.

The Turnaround Plan

Phase 1: Immediate (Days 1–30) — Quick Facelift

From the day we take operational control, the following happens:

- **Outdoor signage installed.** Professional, illuminated exterior sign visible from the bus stop and sidewalk. A-frame sidewalk board with daily specials. Window graphics. The store needs to look like it's open for business, because right now nobody walking by can tell.
- **Local advertising launched.** Flyers and business cards at every bodega, coffee shop, and laundromat within a one-block radius. QR code on the bus shelter directing to online ordering. Social media presence established. Grand reopening campaign.
- **Fresh inventory on the shelves.** Through our existing relationships with cannabis brands and distributors, we can bring in product on consignment and net terms. The store will have a full selection within the first week.
- **New staff, new systems.** Professional POS system, proper cash handling, employee scheduling, and customer service. The store will operate at extended hours to capture morning and evening commuter traffic.
- **Card processing activated.** The store has been cash-only. We are bringing in cashless payment capability on day one, which typically increases per-transaction revenue by 20–30%.

Your benefit: Current rent payments resume immediately from the Effective Date. A professional, well-run business occupies your space instead of the current situation.

Phase 2: Stabilization (Months 1–3) — Back Rent Recovery Begins

As the store ramps revenue, we begin addressing the ~\$100,000 in arrears:

Obligation	Estimated Amount	Resolution Plan
Back rent	~\$48,000–64,000	Security deposit application + monthly payments
Unpaid utilities	~\$10,000–15,000	Direct payment from operations
Property tax arrears (if any)	TBD	Included in payment plan
TOTAL ESTIMATED ARREARS	~\$100,000	

Proposed back rent resolution:

- **Existing security deposit (~\$48,000) applied toward back rent immediately.** This reduces the outstanding balance to roughly \$50,000–65,000.
- **Good-faith monthly payments** against the remaining balance begin no later than Month 2, in addition to current rent. As revenue stabilizes, these payments increase.

- **Target: full resolution of arrears within 6–9 months** from the date we assume operations.

Your benefit: You begin receiving payments against the arrears — something you are not getting now and would not get through an eviction. Eviction takes months, leaves the space vacant, and you still don't collect the back rent. This plan gets you current faster than any alternative.

Phase 3: Lease Restructuring (Months 3–6)

Once operations are stabilized and arrears are substantially resolved, we propose restructuring the lease as follows:

- **New tenant entity.** The lease will be assigned to (or rewritten in the name of) a new holding company controlled by our management group. This gives you a clean, well-capitalized tenant with no legacy baggage from the prior operators.
- **Sublease to the licensed dispensary.** The new tenant subleases the premises to the CAURD-licensed dispensary operator. This means that if anything ever goes wrong with the dispensary entity — regulatory issue, license problem, whatever — the lease stays with the holding company and we can substitute a different operator without disrupting your tenancy.
- **New personal guaranty.** We will provide a personal Good Guy Guaranty from the principals of our management group, replacing the existing guaranty from Timothy Derham. We propose a limited-term guaranty (12–16 months) that terminates upon the tenant being current on all obligations.
- **Security deposit replenishment.** If the existing deposit is applied to back rent, we will work toward replenishing the security deposit to the required level over the first 12 months of the restructured lease, either in installments or as a lump sum once the business is cash-flow positive.
- **All other lease terms remain.** Same rent schedule, same escalation, same term, same renewal options. We're not asking to renegotiate the economics — the lease is fair. We're just asking for a clean tenant on the other side of it.

Your benefit: You get a professional, stable tenant with real capital behind it, a replacement guarantor who is invested in the success of the business, and the structural protection of being able to keep the lease intact even if the licensed operator changes. This is materially better than what you have today.

Why This Location Will Succeed

This is one of the best dispensary locations in Queens. Here's what the data shows:

- **The bus stop is right in front of the store.** Five MTA routes (Q19, M60-SBS, Q100, Q101, Q18) stop within steps of the front door. The M60-SBS runs to LaGuardia Airport 24/7. Estimated 3,000–5,000 people wait at that bus stop cluster every day.
- **The N/W subway station is one block away.** 10,000–14,000 subway riders move through the intersection daily. The N/W Astoria line is the fastest-growing segment in the entire subway system.

- **37,000+ people live in the immediate ZIP code.** Median household income: \$97K. Median age: 37. Nearly 60% college-educated. 87% renters. These are young, affluent, transit-dependent professionals — the ideal cannabis customer.
- **The store did \$37,500 in January with no sign and no marketing.** On the first two warm-weather days, it did approximately \$9,000 in 48 hours operating cash-only with zero signage. That's without card processing, without a sign, without a single advertisement. Imagine what happens when we actually let people know it's there.

Properly operated dispensaries in comparable Astoria locations are doing \$80–150K+ per month. We are targeting \$100–150K per month within 6 months of relaunch, growing beyond that as the brand builds. At that revenue level, your rent is comfortably covered with substantial margin, the arrears are being paid down, and the business is a long-term anchor tenant for the property.

What We're Committing To

Commitment	Timing
Current rent paid monthly, on time	Immediately upon taking control
Signage, facelift, and relaunch	Within 30 days
Good-faith payments against arrears begin	Month 2
Lease restructured to new clean entity	Months 3–6
Replacement guarantor in place (replaces Tim Derham)	Upon lease restructuring
Security deposit replenished or payment plan established	Within 12 months of restructured lease
All arrears fully resolved	Target: 6–9 months from start

How Our Money Works

To be fully transparent about how the business is structured financially:

- **All capital we invest is a loan to the business.** Our investment in signage, inventory, marketing, and stabilization is documented as a senior secured loan. It is the first money repaid out of revenue after operating expenses are covered.
- **We charge a 10% management services fee on gross revenue.** This covers our overhead for managing the business — staffing, compliance, financial controls, vendor management, and ongoing operational support.
- **Current rent is an operating expense paid before anything else.** Rent is always the first check written. Our loan repayment and management fee come after rent, payroll, inventory, and other

operating costs.

- **Back rent is paid from available cash flow after operations stabilize.** We are not paying the arrears out of our own pocket as a gift — we're building a business that generates enough revenue to pay you back and still be profitable.

The order of priority is clear: rent first, then operating expenses, then arrears repayment, then our loan recovery. Your interests are ahead of ours.

The Bigger Picture

Our long-term plan is to roll this location into a multi-store cannabis retail operation across New York State. Astoria would be the flagship. We have additional CAURD license relationships in our pipeline, and the intent is to build a branded chain of dispensaries under unified management.

For you, this means:

- **A long-term, stable anchor tenant.** Not a one-off operator hoping to make it work, but a professional organization with the resources and plan to be in this space for the full 10-year lease term and beyond.
- **Rising property value.** A thriving, well-branded dispensary increases foot traffic and visibility for the entire property and surrounding businesses.
- **A partner, not just a tenant.** As this grows, there may be opportunities for the property owner to participate in ways that go beyond the lease — whether that's preferred terms on additional space, equity participation, or other arrangements. We're open to creative structures that align everyone's interests.

What We're Asking

To make this work, we need the following from you:

- **Agreement to apply the existing security deposit toward back rent.** This immediately reduces the outstanding balance and demonstrates movement toward resolution.
- **Forbearance on the remaining arrears.** A written agreement to defer collection of the outstanding balance in exchange for our commitment to a structured repayment plan alongside current rent.
- **Consent to the management transition.** Acknowledgment that new management is operating the dispensary and that you'll work with us on the lease restructuring over the coming months.
- **No eviction proceedings during the stabilization period,** provided we are making current rent payments and good-faith payments against arrears per the agreed schedule.

In return, you get a professional operation in your building, immediate rent flow, a path to full resolution of the arrears, a replacement guarantor, and a long-term tenant with real resources behind it. We believe this is the best available outcome for everyone.

We look forward to discussing this proposal and are available to meet at your convenience.

The Management Group

on behalf of the License Holders of 30-12 Astoria Blvd