

HOST COMMUNITY AGREEMENT FOR THE SITING OF
AN ADULT-USE MARIJUANA CULTIVATION AND PROCESSING FACILITY IN THE
TOWN OF DOUGLAS, MASSACHUSETTS

THIS HOST COMMUNITY AGREEMENT (“Agreement”) is entered into this 10th day of April, 2018 by and between Medicinal Alternatives, Inc., a Massachusetts not-for-profit corporation with a principal office address of 120 Gilboa Street, Douglas, Massachusetts (“OPERATOR”) and the Town of Douglas, a Massachusetts municipal corporation with a principal address of 29 Depot Street, Douglas, MA 01516 (“TOWN”).

WHEREAS, OPERATOR wishes to locate a cultivation and processing facility for an adult-use Marijuana cultivation and processing facility (“CPF”) in TOWN, in accordance with regulations issued by the Cannabis Control Commission (“CCC”); and

WHEREAS, OPERATOR will utilize the premises located at 120 Gilboa Street, Douglas, Massachusetts to the fullest extent possible to cultivate and process marijuana and marijuana products for distribution to manufacturers and retailers pursuant to M.G.L. c, 94G and 935 CMR 500.000 *et seq.* throughout the Commonwealth of Massachusetts; and

WHEREAS, OPERATOR intends to provide certain benefits to the TOWN in the event that it obtains licenses to operate a CPF in TOWN and has received all required local approvals; and

WHEREAS, OPERATOR is seeking licenses from the CCC to operate a cultivation and processing facility for a CPF in TOWN.

NOW, THEREFORE, in consideration of the above, the OPERATOR offers and the TOWN accepts this Host Community Agreement as follows:

1. Annual Payment: OPERATOR will make an annual payment (the “Annual Payment”) to the Town in the amount of \$80,000. The first Annual Payment will be paid in two installments, with the first installment of \$40,000 due on or before the six-month anniversary of the commencement of sales of adult-use marijuana at any retail adult-use dispensary operated by OPERATOR and the second installment of \$40,000 due on or before the 12-month anniversary of the commencement of sales of adult-use marijuana dispensary operated by OPERATOR. Subsequent Annual Payments of \$80,000 will be due on the anniversary of the second \$40,000 installment payment described above. OPERATOR shall notify the TOWN when OPERATOR commences retail dispensing at a site within the Commonwealth of Massachusetts for purposes of establishing the dates of the Annual Payments. In the event that OPERATOR is unable to make the payments described herein, the parties agree to enter into discussions to modify the payment terms to reflect the OPERATOR’S financial capabilities at such time.
2. No Dispensing of Marijuana: No dispensing of Marijuana shall occur at the proposed facility

3. Applicability of Host Agreement: The provisions of this Host Agreement apply only to the OPERATOR'S use of the facility for the cultivation and processing of adult-use marijuana in accordance with M.G.L. c. 94G and regulations issued by the Cannabis Control Commission.
4. Taxes: At all times during the Term of this Agreement, property, both real and personal, owned or operated by OPERATOR shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by OPERATOR or by its landlord, and OPERATOR shall not object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption from paying such taxes. Notwithstanding the foregoing, (i) if real or personal property owned or operated by OPERATOR is determined to be non-taxable or partially non-taxable, or (ii) if the value of such property is abated with the effect of reducing or eliminating the tax which would otherwise be paid if assessed at fair cash value as defined in G.L. c. 59, §38, or (iii) if OPERATOR is determined to be entitled or subject to exemption with the effect of reducing or eliminating the tax which would otherwise be due if not so exempted, then OPERATOR shall pay to the TOWN an amount which when added to the taxes, if any, paid on such property, shall be equal to the taxes which would have been payable on such property at fair cash value and at the otherwise applicable tax rate, if there had been no abatement or exemption; this payment shall be in addition to the payment made by OPERATOR under Section 1 of this Agreement.
5. Purpose: The purpose of this payment is to assist the TOWN in addressing any public health, safety and other effects or impacts the CPF may have on the TOWN. The TOWN shall use the above-referenced payments in its sole discretion consistent with the purpose of the payments.
6. Local Hiring: To the extent permissible by law, OPERATOR commits to hiring local, qualified employees; and preferential treatment will be given to residents of the town if otherwise comparable to a nonresident applicant. In addition to the direct hiring, OPERATOR will work in a good faith, legal and non-discriminatory manner to hire local vendors, suppliers, contractors and builders from the TOWN area whenever otherwise comparable local vendors are available.
7. Improvements to Property: Operator shall make capital improvements to the property such that the property will match the look and feel of the TOWN, and be of construction standards at least at the quality of other nearby businesses.
8. Approval of Manager: If requested by the TOWN, OPERATOR shall provide to the TOWN, for review and approval, the name and relevant information, including but not limited to the information set forth in 935 CMR 500.030, of the person proposed to act as on-site manager of the RMD. The submittal shall include authorization to perform a criminal history (CORI) check. TOWN shall consider such request for approval within

thirty days following submittal to determine, in consultation with the Police Chief, if the person proposed is of suitable character to act as on-site manager. Such approval shall not be unreasonably denied, conditioned or delayed. In the event that TOWN does not provide confirmation or rejection of the proposed on-site manager within thirty days, that manager shall be deemed approved by TOWN. This approval process shall also apply to any change of on-site manager.

9. Prevention of Diversion: To the extent requested by the TOWN'S Police Department, OPERATOR shall work with the TOWN'S Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of cultivation and processing operations within the facility. Such plan will include, but is not limited to, (i) training CPF employees to be aware of, observe, and report any unusual behavior in visitors or other CPF employees that may indicate the potential for diversion; (ii) strictly adhering to dispensing amounts and time periods (per CCC guidelines); and (iii) utilizing seed-to-sale tracking software to closely track all inventory at the CPF.
10. Security: To the extent requested by the TOWN'S Police Department, OPERATOR shall work with the TOWN'S Police Department in determining the placement of exterior security cameras, so that at least two cameras are located to provide an unobstructed view in each direction of the public way(s) on which the CPF is located. OPERATOR will maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, cooperation in investigations, and communication to Police Department of any suspicious activities on the site. Such cameras may be altered by the CCC during their security and architectural review process.
11. Off-Set of Payments: If the TOWN receives other payments from OPERATOR (other than additional voluntary payments made by OPERATOR), or from the Department of Revenue or any other source, the funds for which have been collected from OPERATOR, including but not limited to taxes imposed by an act of the legislature of the Commonwealth of Massachusetts, or a mandate from the TOWN for said payments, the amounts due from OPERATOR to the TOWN under the terms of this Agreement shall be reduced by the amount of such other payments.
12. Registration and Approvals Required: The obligations of OPERATOR and the TOWN recited herein are specifically contingent upon the obtaining licenses for the operation of a CPF from the CCC to operate in TOWN, and all necessary local permits and approvals.
13. Cooperation: TOWN shall work cooperatively and in good faith with OPERATOR in securing the prompt and efficient siting, planning, permitting and preparation for opening of the CPF, provided that nothing herein shall require TOWN to waive any review and approval rights set forth in applicable statutes or regulations and provided further that

TOWN shall retain the right to provide comments and recommendations regarding design and security.

14. Support for Registration: TOWN shall support OPERATOR's application for licensure of its CPF by the CCC, and work with OPERATOR to assist in securing such licensure.
15. Reduction in Payments: Should TOWN enter into an agreement with any other CPF for siting in TOWN at material terms more favorable to that CPF than the terms of this Agreement are to OPERATOR, this Agreement shall be modified to reflect those terms.
16. Assignment: OPERATOR shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the TOWN.
17. Compliance: OPERATOR shall comply with all laws, rules, regulations and orders applicable to the operation of a CPF, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the operation of a CPF.
18. Retention of Regulatory Authority: By entering into this Agreement, TOWN does not waive any enforcement rights or regulatory authority it currently holds over any business in TOWN.
19. Notices: Any and all notices, or other communications required or permitted under this Agreement, shall be in writing and delivered by hand or mailed postage prepaid, return receipt requested, by registered or certified mail or by other reputable delivery service, to the parties at the addresses set forth on Page 1 of this Agreement or furnished from time to time in writing hereafter by one party to the other party. Any such notice or correspondence shall be deemed given when so delivered by hand, if so mailed, when deposited with the U.S. Postal Service or, if sent by private overnight or other delivery service, when deposited with such delivery service.
20. Severability: If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by the court of competent jurisdiction, the validity, legality, and enforceability of the remaining terms and conditions of this Agreement shall not be deemed affected thereby unless one or both parties would be substantially or materially prejudiced.
21. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts and the submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

22. Entire Agreement: This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the parties with respect to the matters described. This Agreement supersedes all prior agreements, negotiations and representations, either written or oral, and it shall not be modified or amended except by a written document executed by the parties hereto.

23. Termination: This Agreement shall terminate at the time that either of the following occur:

- a. The TOWN notifies OPERATOR of the TOWN's termination of this Agreement for cause; or
- b. OPERATOR ceases to operate a CPF in the TOWN.

24. Confidentiality: OPERATOR may provide to the TOWN, certain financial information, investment materials, products, plans, documents, details of company history, know-how, trade secrets, and other nonpublic information related to OPERATOR, its affiliates and operations (collectively, the "Confidential Information"). TOWN (inclusive of its employees, agents, representatives or any other of its affiliated persons) shall not, at any time during the term of this Agreement or at any time thereafter, disclose to any person or entity, any Confidential Information, except as may be required by court order or law. Operator shall mark each plan, page, or transmission subject to Article 24 with the word "Confidential."

25. Waiver: The obligations and conditions set forth in this Agreement may be waived only by a writing signed by the party waiving such obligation or condition. Forbearance or indulgence by a party shall not be construed as a waiver, nor limit the remedies that would otherwise be available to that party under this Agreement or applicable law. No waiver of any breach or default shall constitute or be deemed evidence of a waiver of any subsequent breach or default.

26. Amendment: This Agreement may only be amended by a written document duly executed by both of the Parties. No modification or waiver of any provision of this Agreement shall be valid unless duly authorized as an amendment hereof and duly executed by the TOWN and the OPERATOR.

27. Modifications: Modifications to this Agreement may only be effective if made in writing and signed by both Parties.

28. Headings: The article, section, and paragraph headings in this Agreement are for convenience only, are no part of this Agreement and shall not affect the interpretation of this Agreement.

29. Counterparts: This Agreement may be signed in any number of counterparts all of which taken together, shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing one or more counterparts.

30. Signatures: Facsimile signatures affixed to this Agreement shall have the same weight and authority as an original signature.

The following signature indicate that the parties hereby agree to the terms set forth in this Agreement as per the date set forth on page 1 of this Agreement.

For the TOWN OF DOUGLAS
MASSACHUSETTS:


Kevin D. Morse, Chairman


David P. Corte, Vice Chair


Timothy P. Bonin


Harold R. Davis


Michael D. Hughes

For MEDICINAL ALTERNATIVES, INC. :


Peter DeCarlo, President