

HOST COMMUNITY AGREEMENT FOR THE SITING OF  
A REGISTERED MARIJUANA DISPENSARY IN THE TOWN OF DOUGLAS, MASSACHUSETTS

THIS HOST COMMUNITY AGREEMENT ("Agreement") is entered into this 4th day of October, 2016 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 a Registered Marijuana Dispensary ("RMD") for the medical use of marijuana, in TOWN, in accordance with regulations issued by the Commonwealth of Massachusetts Department of Public Health ("DPH"); and

WHEREAS, OPERATOR will serve its non-profit purpose of providing marijuana for medical use, educational materials, and related products, to medical use of marijuana patients in municipalities throughout the Commonwealth of Massachusetts; and

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

WHEREAS, OPERATOR is seeking a Certificate of Registration from the DPH to operate a cultivation and processing facility for a RMD 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: Beginning one year after the commencement of retail dispensing of marijuana at any retail RMD operated by OPERATOR and continuing on the anniversary thereof for each successive year while this Agreement is in effect, OPERATOR will make an annual payment (the "Annual Payment") to the Town. The first Annual Payment will be in the amount of \$100,000, and each succeeding Annual Payment will be in the amount of \$150,000. OPERATOR shall notify the TOWN when OPERATOR commences retail dispensing at a site within the Commonwealth of Massachusetts for purposes of establishing the date of the first Annual Payment.
2. Initial Payment: Upon the first day of cultivation at the proposed facility, the OPERATOR shall make a one-time payment of \$10,000 to the TOWN towards the purchase of an ambulance.
3. No Dispensing of Marijuana: No dispensing of Marijuana shall occur at the proposed facility

4. 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 medical marijuana in accordance with Chapter 369 of the Acts of 2012, An Act For The Humanitarian Use of Medical Marijuana and regulations issued by the Commonwealth of Massachusetts Department of Public Health.
5. 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.
6. Purpose: The purpose of this payment is to assist the TOWN in addressing any public health, safety and other effects or impacts the RMD may have on the TOWN. The TOWN shall use the above-referenced payments in its sole discretion consistent with the purpose of the payments, but shall make a good faith effort to allocate some portion of said payments for community wellness programs, and other efforts and initiatives for the support of the health.
7. 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.
8. 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.

9. 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 105 CMR 725.030, 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.
10. 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 RMD employees to be aware of, observe, and report any unusual behavior in visitors or other RMD employees that may indicate the potential for diversion; (ii) strictly adhering to certification amounts and time periods (per DPH guidelines); and (iii) utilizing seed-to-sale tracking software to closely track all inventory at the RMD.
11. 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 RMD 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 DPH during their security and architectural review process.
12. 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.

13. Registration and Approvals Required: The obligations of OPERATOR and the TOWN recited herein are specifically contingent upon the obtaining a Final Certificate of Registration for the operation of a RMD from the DPH to operate in TOWN, and all necessary local permits and approvals.
14. 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 RMD, 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.
15. Support for Registration: TOWN shall support OPERATOR's application for registration of its RMD by the DPH, and work with OPERATOR to assist in securing such registration.
16. Reduction in Payments: Should TOWN enter into an agreement with any other RMD for siting in TOWN at material terms more favorable to that RMD than the terms of this Agreement are to OPERATOR, this Agreement shall be modified to reflect those terms.
17. Assignment: OPERATOR shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the TOWN.
18. Compliance: OPERATOR shall comply with all laws, rules, regulations and orders applicable to the operation of an RMD, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the operation of an RMD.
19. 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.
20. 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.

21. 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.
22. 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.
23. 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.
24. 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 RMD in the TOWN.
25. 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 26 with the word "Confidential."
26. 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.

27. 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.

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

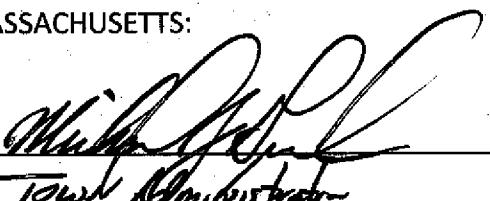
29. Headings: The article, section, and paragraph headings in this Agreement are for convenience only, are no part of this Agreement and shall not affect the interpretation of this Agreement.

30. 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.

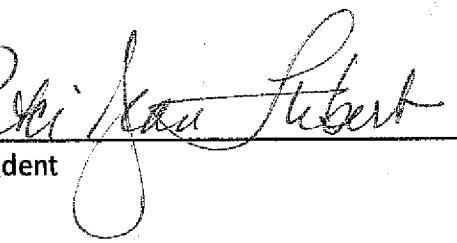
31. Signatures. Facsimile signatures affixed to this Agreement shall have the same weight and authority as an original signature.

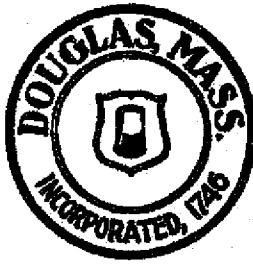
The following signature indicate that the parties hereby agree to the terms set forth in this Agreement as per the date set forth on page 1 of this Agreement.

For the TOWN OF DOUGLAS  
MASSACHUSETTS:

By:   
Its: 

For MEDICINAL ALTERNATIVES, INC.:

By:   
Its: President



# TOWN OF DOUGLAS

Kevin D. Morse, Chairman  
Michael D. Hughes, Vice Chairman  
Timothy P. Bonin  
David P. Cortese  
Harold R. Davis

## OFFICE OF THE SELECTMEN

29 Depot Street • Douglas, MA 01516

508-476-4000

Fax: 508-476-1070

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Michael J. Guzinski  
Town Administrator

Suzanne L. Kane  
Administrative Assistant

To Whom it may concern:

The Douglas Board of Selectmen, does hereby provide non-opposition to Medicinal Alternatives, Inc to operate a Registered Marijuana Dispensary in the Town of Douglas. I have been authorized to provide this letter on behalf of the Board of Selectmen by a vote taken at a duly noticed meeting held on October 4, 2016.

The Board of Selectmen has verified with the appropriate local officials that the proposed RMD facility is located in a zoning district that allows such use by right or pursuant to local permitting.

Sincerely,

Michael Guzinski, Town Administrator

10-5-16

Date