

**Host Community
Agreement Between
Town of Douglas,
Massachusetts and
Matriline Farms, LLC**

This Host Community Agreement (this "HCA") is made as of February 16, 2021 (the "Effective Date") by and between the Town of Douglas, a Massachusetts municipal corporation, acting by and through its Board of Selectmen, (the "Town"), and Matriline Farms, LLC, a Massachusetts limited liability company with a principal place of business located at 22 Chilton Avenue, Kingston, MA 02364 ("Matriline Farms" or the "Company"). The Town and the Company are collectively referred to as the "Parties" and each as a "Party".

RECITALS

WHEREAS, pursuant to 935 CMR 500.000 et seq. (the "Adult Use Regulations") promulgated by the Massachusetts Cannabis Control Commission (the "Commission"), the Company intends to submit an application to the Commission (the "Adult Use Application") for a license or licenses to operate a Marijuana Cultivator and Manufacturer, as defined by M.G.L. c. 94G, § 1 to be located at 153 Davis Street, Douglas, MA 01516, Douglas, Massachusetts (the "Facility").

WHEREAS, the Adult Use Regulations require that the Company include in its Adult Use Application "documentation in the form of a single-page certification signed by the contracting authorities for the municipality and applicant evidencing that the applicant for licensure and host municipality in which the address of the adult-use Marijuana Establishment is located have executed a host-community agreement specific to the adult-use Marijuana Establishment" (a "Town HCA Certification"). This HCA is intended to constitute the host-community agreement specific to the Company's proposed adult-use Marijuana Establishment in Douglas, pursuant to 935 CMR 500.101(2)(b)(6).

WHEREAS, this HCA shall also constitute the stipulations of responsibilities between the Town, as host community, and the Company, pursuant to M.G.L. c. 94G, § 3(d).

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants set forth in this HCA and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each Party, the Parties agree as follows:

1. **Community Impact Payments - Cultivation/Manufacture Marijuana Establishment.**

(a) **Commitment to Make Community Impact Payments.** The Company agrees to pay the community impact payments (the "CI Payments") specified in this Section 1 to the Town pursuant to M.G.L. c. 94G, §3(d) if the Company obtains one or

more final licenses from the Commission to operate as a Marijuana Cultivator and Manufacturer (as defined in the Adult Use Regulations) at the Facility (a "Massachusetts Adult Use License"). No CI Payments will be due or payable unless the Company obtains a Massachusetts Adult Use License.

(b) **CI Payment Amount.** The CI Payments, if due and payable pursuant to Section l(a) above, shall be in the amount of three percent (3%) of the Gross Receipts received by the Company from sales made from products cultivated or manufactured at the Company's location in the Town of Douglas, Massachusetts of Marijuana, Marijuana Accessories and Marijuana Products, as those terms are defined by M.G.L. c. 94G, § 1, under a Massachusetts Adult Use License ("Covered Sales"). "Gross Receipts" means the aggregate purchase price paid to the Company by wholesale customers for Covered Sales, less the amounts of all refunds, credits, allowances, and adjustments made, and before sales, excise, and other taxes and before amounts collected for the CI Payments. No retail sales, either on premises or through a CCC delivery license are permitted under this HCA.

(c) **Schedule of Payments.** Within ninety days of the close of each calendar year ending after the commencement of Covered Sales at the Facility, the Company shall pay the CI Payment to the Town annually for Covered Sales that were made during the portion (which may be all) of such calendar year (each year being a "CI Period"), payable in quarterly installments. For clarity and by way of example only, if the CI Period starts on November 1, 2018, the first CI Payment is due March 31, 2019 for Covered Sales made from November 1, 2018 through December 31, 2018, the second CI Payment is due March 31, 2020 for Covered Sales made from January 1, 2019 through December 31, 2019 and the fifth and final CI Payment is due January 31, 2024 for Covered Sales made from January 1, 2023 through October 31, 2023. After payment of the fifth payment, the Parties shall meet and negotiate in good faith further payments to the extent allowable by law.

(d) **Documentation.** The Company shall maintain financial records on its Covered Sales made during the CI Period and, upon written request, the Company shall make such documentation available for review by the Town on a confidential basis at the end of each fiscal quarter, including the company's annual financial statements.

(e) **CI Payments Relative to Town Costs.** Pursuant to M.G.L. c. 94G, §3(d), a "community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment..." ("Town Costs"). Notwithstanding the foregoing, the Parties acknowledge the difficulty in computing actual Town Costs and agree that three percent (3%) of Gross Receipts is a reasonable approximation of actual Town Costs incurred. The Company acknowledges that the impacts of its operation may be impracticable to ascertain and assess as impacts may result in budgetary increases though not separately identified, and consequently, the Company acknowledges that the payments due under this Agreement are reasonably related to Town Costs and waives any claims to the contrary. The Company acknowledges and agrees that the Town is under no obligation to use the CI Payment in any particular manner.

(f) **No Contest of Local Taxes.** At all times during the CI Period, the real and

personal property and automobiles, if any, located in the Town of Douglas, Massachusetts, owned or operated by the Company, shall be treated as taxable by the Town in accordance with the Town's applicable real and personal property and automobile tax laws and regulations. All applicable real estate, personal and excise taxes due to the Town for that property shall be paid either directly by the Company or by its landlord for such locations within the Town of Douglas, Massachusetts, and the Company for such locations within the Town of Douglas, Massachusetts may not object or otherwise challenge the taxability of such real or personal property and automobiles in accordance with this Section. In the event the Company's landlord objects, the Company agrees to remit the full amount of tax. Further, the Company will remit payment of the local Marijuana Sales tax for all sales in Douglas in accordance with G.L. c. 64N, § 3. Notwithstanding anything herein to the contrary, nothing in this HCA shall prohibit the Company from challenging the fair cash value of all real and personal property, as assessed by the Town, pursuant to an abatement application or otherwise.

(g) Other Payments.

- i. **Water and Sewer Charges:** The Company anticipates that it may make annual purchases of water and sewer services from local government agencies. The Company will pay any and all fees associated with the local permitting of the Douglas Marijuana Establishment.
- ii. **Permit and Connection Fees:** The Company hereby acknowledges and accepts, and waives all rights to challenge, contest or appeal, the Town's building permit fee and other permit application fees, sewer and water connection fees, and all other local charges and fees generally applicable to other commercial developments in the Town.
- iii. **Facility Consulting Fees and Costs:** The Company shall reimburse the Town for any and all reasonable consulting costs and fees related to any land use applications concerning the Facility and any review concerning the Facility, including planning, engineering, legal and/or environmental professional consultants, including peer review costs, and any related reasonable disbursements at standard rates charged by the above-referenced consultants in relation to the Facility.
- iv. **Other Costs:** The Company shall reimburse the Town for the reasonable costs incurred by the Town in connection with holding public meetings and forums substantially devoted to discussing the Facility and/or reviewing the Facility and for any and all reasonable consulting costs and fees related to the monitoring and enforcement of the terms of this Agreement, including, but not limited to independent financial auditors and legal fees. Provided, however, that any upfront payment for such fees and costs shall be offset against the annual CI Payment.

(h) **Late Payment Penalty:** The Company acknowledges that time is of the essence with respect to their timely payment of all funds required under this Agreement. In the event that any such payments are not fully made within thirty (30) days of the date they are due; the Town shall provide the Company with written notice of such failure to make a timely payment. The Company shall have a ten (10) day period to cure such failure to make timely payment from the date of receipt of such notice. If the Company fails to make full payment within such cure period, the Company shall be required to pay the Town a late payment penalty of 5% on the outstanding funds subject to an interest rate of 1.5%, compounding monthly, on the total amount of the outstanding payment and penalty. The penalties set forth herein shall be separate and apart from other penalties set forth in this Agreement.

2. **Odor Control.** The Company shall provide the Town with an odor control plan within 180 days of the execution of this Agreement. Said odor control plan shall be reviewed and approved by an expert selected by the Town at its sole discretion. The cost of said review by the Town's expert shall be borne by the Company. In the event the Town determines in its sole and unfettered discretion that the odor cannot be sufficiently mitigated, it shall notify the Company. Following notice, this Agreement shall be null and void. The Company agrees to minimize all cannabis related odors onsite through use of odor control technologies, including but not limited to appropriate ventilation and air handling equipment and odor resistant packaging. The Company shall employ odor control technology to remove odors and harmful volatile organic compounds (VOCs) from the Facility. The Company shall ensure proper maintenance of all odor mitigation equipment to ensure maximum efficiency. Any reasonable complaints received by the Town concerning odors leaving the Facility that are detectable at abutting properties must be addressed thoroughly and expediently by the Company.

If the Board of Selectmen receives three (3) or more complaints within thirty (30) days, the Board may hold a public hearing. Notice of the hearing shall be delivered to the Company in accordance with the Notice provisions set forth herein. Further, the hearing shall be published in a newspaper of general circulation no more than 21 days but no less than 7 days prior to the meeting.

Following said hearing, the Board may order the Company to submit to independent testing to verify or refute the existence of the complained odor at the expense of the Company. Also, the Board of Selectmen may order the Company, at its own expense, to remove or remediate the odor within twenty-four hours or such other time the Board of Selectmen deems reasonable.

The Board shall notify the Company in writing of any order taken pursuant to this section.

If the owner or operator of the Company fails to comply with such order, the Board of Selectmen may revoke this Agreement and the Company shall cease operations. Further, if the Company fails to comply with an order issued pursuant to this Agreement, after seven (7) days, the Town may cause the nuisances created by the odor to be removed, and all expenses incurred thereby shall constitute a debt due the Town of Douglas.

3. **Water Consumption.** The Company shall use reasonable best efforts to minimize water consumption at the Facility.

4. **Waste and Wastewater Controls.** The Company shall ensure that all recyclables and waste, including organic waste composed of or containing finished marijuana and marijuana products, shall be stored, secured, and managed in accordance with applicable state and local statutes, ordinances, and regulations. Liquid waste containing marijuana or by-products of marijuana processing shall be disposed of in compliance with all applicable state and federal requirements, including but not limited to, for discharge of pollutants into surface water or groundwater (Massachusetts Clean Waters Act, M.G.L. c. 21 §§ 26-53; 314 CMR 3.00: Surface Water Discharge Permit Program; 314 CMR 5.00: Groundwater Discharge Program; 314 CMR 12.00: Operation Maintenance and Pretreatment Standards for Wastewater Treatment Works and Indirect Dischargers; the Federal Clean Water Act, 33 U.S.C. 1251 et seq., the National Pollutant Discharge Elimination System Permit Regulations at 40 CFR Part 122, 314 CMR 7.00: Sewer System Extension and Connection Permit Program), or stored pending disposal in an industrial wastewater holding tank in accordance with 314 CMR 18.00: Industrial Wastewater Holding Tanks and Containers. All wastewater will be tested, and EPA reports will be provided to the Sewer Department.

The Company shall utilize a cultivation process that limits the risk of cultivation-related pollutants and contaminants from being discharged into surface water and groundwater. Company agrees to consult with the Town's Water and Sewer Department regarding its cultivation methods and wastewater plan prior to commencing cultivation at the Facility or in the event of a change of the Company's cultivation practices that may result in wastewater discharge at the Facility. The Company shall comply with all reasonable requests of the Town's Water and Sewer Department, including, but not limited to, testing requirements and tank holding requirements if necessary.

The Company will ensure that no fewer than two agents witness and document how the marijuana waste is disposed or otherwise handled (recycled, composted, etc.) in accordance with 935 CMR 500.105(12). When marijuana products or waste is disposed or handled, the Company will create and maintain a written or electronic record of the date, the type and quantity disposed or handled, the manner of disposal or other handling, the location of disposal or other handling, and the names of the two Company agents present during the disposal or other handling, with their signatures. The Company shall keep these records for at least three years.

5. **Term and Termination.**

(a) **Term.** The Term of this Agreement shall be five (5) years from the Effective Date (the "Term"), provided however, the provisions for payment under Section 1 herein, shall survive until the last payment has been remitted to the Town.

(b) **Termination.** In the event Company ceases all Marijuana Cultivator and Manufacturer operations in the Town of Douglas for a period in excess of six (6) consecutive months, this Agreement shall terminate on such six-month date and thereafter be null and void. In the event the Company loses or has its Massachusetts Marijuana Cultivator and Manufacturer license(s), approvals, and/or permits to operate in the Town of Douglas revoked by the Commission or the Town for a period longer than six (6) consecutive months, this Agreement shall terminate on such six-

month date and thereafter be null and void. If this Agreement is terminated due to the Company's noncompliance with the terms hereof or the obligations contained herein, including compliance with local law or compliance with state law as determined by the Commission or another applicable state authority, the Company shall be required to cease operations as a Marijuana Cultivator and Manufacturer in the Town of Douglas following the termination of this Agreement, provided however, that the Company shall be given a reasonable opportunity to cure such noncompliance.

(c) **Renewal.** The Parties agree to renegotiate or renew this Agreement prior to the end of the Term. Upon payment of the final CI Payment due pursuant to paragraph 1 herein, the Parties further agree to renegotiate the terms and payments due under Paragraph 1 to the extent permissible by law.

6. Community Support - Marijuana Cultivation and Product Manufacturing Establishment.

(a) to the extent such practice and its implementation are consistent with federal, state, and local laws and regulations and the Company's quality and cost control and security requirements, the Company shall use good faith efforts in a legal and non-discriminatory manner to give priority to qualified local businesses and vendors in the provision of goods (other than Marijuana and Marijuana Products) and services for the construction, maintenance and operation of the Company's business at the Douglas Marijuana Cultivation and Product Manufacturing Establishment;

(b) except for senior management, to the extent such practice and its implementation are consistent with federal, state, and local laws and regulations and the Company's quality and cost control and security requirements, the Company shall use good faith efforts in a legal and non-discriminatory manner to give priority to hire local qualified residents at the Douglas Marijuana Cultivation and Product Manufacturing Establishment; and if requested by the Town, the Company shall assist the Town with, participate in, or contribute to community educational programs on public health and drug abuse prevention, and prevention programs that address youth marijuana use.

7. Town Obligations. The Town agrees: to provide to the Company (or directly to the Commission or other applicable governmental authority (the "Licensing Authority"), if so requested by the Licensing Authority) all documentation and information required or requested by the Licensing Authority from the Town in connection with the Company's Adult Use Application and any licenses requested or issued thereunder and to participate and cooperate (to the extent reasonably requested by the Company or the Licensing Authority) in the Licensing Authority's licensing process as it relates to the Company's Adult Use Application and such licenses, such documentation, information, participation and cooperation to be provided by the Town on a timely basis and so as not to adversely affect the Commission's evaluation and decision on the Company's Adult Use Application. The Town agrees to support the Company's Adult Use Application, but the Town makes no representation or promise that it will act on any other license or permit request from the Company in any particular way other than by the

Town's normal and regular course of conduct and in accordance with its codes, rules, and regulations and any statutory guidelines governing them. Without limiting this Section, within two business days after the Effective Date, the Town will execute a Town HCA Certification as prepared by the Company according to the applicable requirements of the Commission.

8. **Notices.** All notices or other communications under this HCA shall be in writing and addressed as follows and will be deemed delivered upon actual receipt if actual receipt is on a business day and otherwise on the first business day after such receipt:

Town:

Town of Douglas
29 Depot Street
Douglas, MA 01516
Attention: Matthew J. Wojcik,
Town Administrator

Company:

Matriline Farms, LLC
22 Chilton Avenue,
Kingston MA 02364
Attention: Deric Wicker, Manager

9. **Severability.** If under applicable Massachusetts law any term of this HCA is to any extent illegal, otherwise invalid, or incapable of being enforced, such term will be excluded to the extent of such illegality, invalidity or unenforceability; all other terms of this HCA will remain in full force and effect; and, to the extent permitted and possible, the illegal, invalid or unenforceable term will be deemed replaced by a term that is legal, valid and enforceable and that comes closest to expressing the intention of such illegal, invalid or unenforceable term. If application of the preceding sentence should materially and adversely affect the economic substance of the transactions contemplated by this HCA, the Parties shall negotiate in good faith amendments to this HCA so as to result in neutral economic impact to either Party.

10. **Nonpayment of taxes.** CI Payments are expressly included as "other municipal charges" pursuant to M.G.L. c. 40, § 57. A Town of Douglas licensing authority may deny, revoke, or suspend any license or permit, including renewals and transfers, of the Company or agent thereof if the Company's name appears on a list furnished to the licensing authority from the Tax Collector of individuals delinquent on their taxes and/or water bills. Written notice must be given to the Company by the Tax Collector, as required by applicable provision of law, and the Company must be given the opportunity for a hearing not earlier than 14 days after said notice.

11. **Security, Reporting and Emergency Contact.**

(a) **Security.** The Company shall maintain security at the Douglas Cultivation and Product Manufacturing Marijuana Establishment at least in accordance with the security plan which will be submitted by the Company to the Douglas Police Department for approval. Approval of such security plan by the Douglas Police Department is a requirement for the opening of the Douglas Cultivation and Product Manufacturing Marijuana Establishment. In addition, the Company shall at all times comply with all

local applicable laws and regulations regarding the operations of the Douglas Cultivation and Product Manufacturing Marijuana Establishment. Such compliance shall include, but will not be limited to, conditions imposed by the Douglas Board of Selectmen as the local licensing authority.

(b) **Reporting.** The Company will report any and all incidents to local law enforcement authorities as required pursuant to 935 CMR 500.000 and permit local law enforcement authorities access to the Douglas Cultivation and Product Manufacturing Marijuana Establishment as required pursuant to 935 CMR 500.000.

(c) **Emergency Contact.** The Company shall provide to local law enforcement authorities the name, phone number and address for a person responsible for operations who may be contacted after hours; said contact person shall have been registered successfully by the Commission pursuant to 935 CMR 500.030. Said contact information shall be updated as necessary pursuant to 935 CMR 500.105(1)(c).

12. **Community Impact Hearing Concerns.** The Company agrees to employ its reasonable best efforts to work collaboratively and cooperatively with its neighboring businesses and residents to establish written policies and procedures to address mitigation of any legally and scientifically valid, actionable concerns or issues that may arise through its operation of the Facility, including, but not limited to all reasonable concerns or issues raised at the Company's required Community Outreach Meeting relative to the operation of the Facility; said written policies and procedures, as may be amended from time to time, shall be reviewed by the Police Chief.

13. **Improvements to the Facility Site.** The Company agrees to comply with all laws, rules, regulations, and orders applicable to the Facility, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of such work.

14. **On-Site Consumption Prohibited.** The Company agrees that, even if permitted by statute or regulation, it will prohibit on-site consumption of marijuana and marijuana-infused products at the marijuana cultivation or manufacturing facility.

15. **Closure and Clean-Up.** In the event the Company ceases cannabis operations at the Facility, the Company shall remove all materials, cannabis plants, equipment, and other paraphernalia within thirty (30) days of ceasing operations. To ensure the same, the Company shall provide documentation of a bond or other resources held in an escrow account as the same has been provided to the Commission, naming the Town on such bond if applicable, which they require before licensure is issued, to support the dismantling and winding down of the Marijuana Establishment. The parties acknowledge that the failure to remove cannabis materials in their entirety and within the timeframe set forth as set forth herein will cause actual damage to the TOWN, which damages are difficult or impracticable to calculate and shall pay liquidated damages in the amount of \$50,000 for failure to complete the same or in the event the bond cannot be called.

16. **No Joint Venture.** The Parties hereto agree that nothing contained in this Agreement

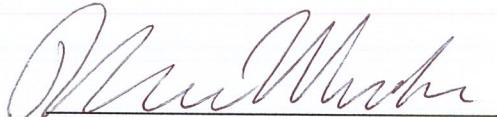
or any other documents executed in connection herewith is intended or shall be construed to establish the Town, or the Town and any other successor, affiliate or corporate entity as joint ventures or partners.

17. **Miscellaneous.** Amendments to this HCA may be made only by written agreement of the Parties. Waivers of any provision of this HCA may only be given by the Party that is the intended beneficiary of this HCA. This HCA is binding upon the Parties and their respective successors and permitted assigns. Neither Party may assign this HCA without the written consent of the other Party, such consent not to be unreasonably withheld, delayed, or conditioned. There are no intended third-party beneficiaries of this HCA and only the Parties hereto have the right to enforce this HCA. The headings in this HCA are for reference only and shall not affect the interpretation of this HCA. This HCA will be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts, other than choice of law principles, and the Parties submit to the jurisdiction of any of the appropriate courts of the Commonwealth of Massachusetts for the adjudication of disputes arising out of this HCA. This HCA will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. This HCA may be signed in counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement. The Parties hereto and all third parties may rely upon copies of signatures to this Agreement to the same extent as manually signed original signatures.

The Parties have executed and delivered this HCA as of the Effective Date.

MATRILINE FARMS, LLC

By:



Moriah Lee Wicker, Manager

TOWN OF DOUGLAS

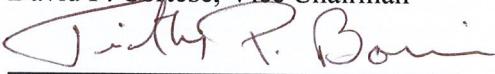
By:



Kevin D. Morse, Chairman



David P. Cortese, Vice Chairman



Timothy P. Bonin

Harold R. Davis

Michael D. Hughes

BOARD OF SELECTMEN