



# Report on Host Community Agreements and Marijuana Establishments

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Massachusetts Cannabis Control Commission:  
Report to the Massachusetts Legislature

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## Executive Summary of the Report on Host Community Agreements and Marijuana Establishments

### Background

- The Cannabis Control Commission has published Guidance on Host Community Agreements (HCAs).
- More than 50 HCAs submitted by municipalities, applicants or members of the public were reviewed as part of this study.
- The Commission reviewed public comments on this issue from municipal attorneys, industry attorneys and advocates.

### Issues

- The statute does not provide express authority to the Commission to review HCAs.
  - The legislative history shows proposed language to give the Commission express authority was eliminated during the legislative process.
- The statute does not currently prohibit municipalities from charging fees authorized under state law in addition to the 3% community impact fee. State agencies may not enact regulations that conflict with governing statute.
- Municipalities have general contracting authority under state law and are authorized to charge fees under specific statutes.
- Municipal officials and industry representatives have interpreted the flexible language of the statute differently. HCA terms vary widely across the state.
- As the cap on the community impact fee is measured by gross sales, it has a greater impact on small businesses that hold one marijuana establishment license than larger, vertically integrated businesses that hold multiple licenses and can transfer product internally without creating a “sale.”
- Municipal officials and industry representatives have conflicting interpretations of the five-year time limitation.



- Many HCAs characterize the community impact fee or payments beyond it as a “gift,” but the Department of Revenue Division of Local Services has determined those funds may not be accounted as “gifts” because they are not truly voluntary.
- Some HCAs require payments to charities or non-profit corporations.
  - Since statute describes HCAs as a contract regarding the responsibilities between a municipality and a marijuana establishment, eliminating language regarding gifts to third parties may be more consistent with the intent of the statute.
- Although other states have local control and even development agreements similar to HCAs, Massachusetts is currently the only state that mandates them for all types of licensees.

## Recommendations

- If the Legislature wishes to empower the Commission to regulate, review and enforce HCAs under G.L. c.94G § 3(d), it may wish to consider amending the statutory language to provide express authorization to strengthen the Commission’s ability to defend appeals of any decision on HCAs.
- If the Legislature wishes to restrict municipalities from including payments in HCAs that exceed the community impact fee, it may wish to clarify the statutory language to confine payments to the community impact fee.
- The Legislature may wish to consider making host community agreements optional at the discretion of the municipality.
- To be responsive to certain situations as the industry matures, language authorizing the Commission to regulate HCAs may include the power to modify or vary the statutory requirements so as to exempt certain classes of license or a particular applicant if a manifest injustice due to extraordinary circumstances would otherwise result.
- To address the impact to small businesses of the current cap on the community impact fee, the Legislature may wish to re-evaluate the cap or delegate to the Commission the authority of setting the cap by regulation.
- To address any concerns by municipalities or licensees that a community impact fee is too much or too little, the Legislature may wish to authorize the Commission to review requests to review the community impact fee in the HCA and direct the fee to be altered, if appropriate.
- The effect of any proposed changes to the requirements for host community agreements on existing contracts between municipalities and licensees should be evaluated.



# Report on Host Community Agreements and Marijuana Establishments

## I. Introduction

The mission of the Cannabis Control Commission (“Commission”) is to honor the will of the voters of Massachusetts by safely, equitably and effectively implementing and administering the laws enabling access to medical and adult use marijuana in the Commonwealth. The mission embodies the values expressed in both the ballot initiative codified as Chapter 334 of the Acts of 2016 and the historic work performed by the Legislature in Chapter 55 of the Acts of 2017, *An Act to Ensure Safe Access to Marijuana* (“the Act”) amending Chapter 334 and adding additional protections for the public health, safety and welfare of the Commonwealth.

After promulgating final regulations and commencing its licensing operations in the spring of 2018, the Commission began to receive complaints from representatives of applicants and cannabis advocates that, when negotiating host community agreements, municipalities were requesting payments beyond the community impact fees described in the G.L.c.94G § 3(d).

On June 22, 2018, the Commission received a letter from the Chairs of the Joint Committee on Marijuana Policy for the 190<sup>th</sup> General Court, Senator Patricia Jehlen and Representative Mark Cusack, asking the Commission to review host community agreements and determine any agreements that provide for fees in excess of a 3% community impact fee to be unenforceable. During public meetings held in July and August of 2018, the Commission discussed the issue, agreed to draft a guidance on host community agreements and invited public comment on the guidance and host community agreements. On August 23, 2018, the Commission voted 4-1 not to review host community agreements at that time, but to collect host community agreements voluntarily and study them. At the same, the Commission published its Guidance on Host Community Agreements.

This report provides a history of the law, discusses the language in G.L.c. 94G § 3(d), explains treatment of local control in other states and possible legislative solutions to allow the Commonwealth to move forward in a safe, equitable and effective manner.

## II. Brief Legislative and Regulatory History

The Massachusetts Regulation and Taxation Act, also known as Question 4, was approved by voters on the November 8, 2016 with 53.7% voting in favor of the question and 46.3% voting against. Question 4 was codified as Chapter 334 of the Acts of 2016. In Chapter 334 of the Acts of 2016 (“Ch.334”), a subsection barred any agreements with host municipalities from imposing fees “not directly proportional and reasonably related to the costs imposed upon the city or town by the operation of the marijuana establishment.”<sup>1</sup> The Legislature thereafter postponed certain deadlines imposed by Ch. 334 for six months to allow legislators time to propose amendments to the law. In June, 2017, both the House (H.3776) and Senate (S.2097) introduced bills proposing to amend the law and address issues that had not been initially addressed. On July 19, 2017, following a Conference Committee, the House and Senate



announced H.3818, which was signed into law by Governor Baker on July 28, 2017 and became the Act.

The Cannabis Control Commission was appointed on September 1, 2017. The Commission promulgated draft regulations on December 22, 2017 and final regulations were approved on March 6, 2018 and published on March 23, 2018. Priority certification was granted to eligible applicants commencing on April 1, 2018. Applications for general (non-priority) licenses for marijuana establishments were accepted starting on June 1, 2018. The first provisional licenses were granted on July 02, 2018. The first final licenses were granted on October 4, 2018. The first notices to commence operations were issued on November 7, 2018 to MCR Labs, LLC and CDX Analytics, which started operations on November 13 and November 16, 2018, respectively. The first notices to commence operations at retail locations were sent on November 16, 2018 to New England Treatment Access, LLC and Cultivate Holdings, LLC with both entities opening on November 20, 2018.

### III. The Plain Language of the Statute

The language governing host community agreements is set forth in G.L.c.94G § 3(d):

A marijuana establishment or a medical marijuana treatment center seeking to operate or continue to operate in a municipality which permits such operation shall execute an agreement with the host community setting forth the conditions to have a marijuana establishment or medical marijuana treatment center located within the host community which shall include, but not be limited to, all stipulations of responsibilities between the host community and the marijuana establishment or a medical marijuana treatment center. An agreement between a marijuana establishment or a medical marijuana treatment center and a host community may include a community impact fee for the host community; provided, however, that the community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center and shall not amount to more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center or be effective for longer than 5 years. Any cost to a city or town imposed by the operation of a marijuana establishment or medical marijuana treatment center shall be documented and considered a public record as defined by clause Twenty-sixth of section 7 of chapter 4.

In the eighteen months since G.L.c.94G was enacted, questions have come to the Commission regarding interpretation of its terms. There are multiple interpretations of the terms. This memorandum does not represent the Commission's legal opinion.

As detailed below, the plain language does not mention the Commission or authorize it to regulate host community agreements and the legislative history indicates that such express authority had been included during legislative discussions, but was later removed. The absence of such express authority leaves the Commission in a weakened position and limits any potential actions it may take when it is asked to regulate to resolve disagreements among stakeholders over interpretations of the law.



*A. The Plain Language of G.L. c.94G Provides No Express Authority to the Commission to Review Host Community Agreements*

The plain language of the statute provides no express authority to the Commission to review or take enforcement action regarding host community agreements. The Commission is not mentioned in G.L.c.94G § 3(d). The parties to the agreement, however, are expressly identified: the marijuana establishment/medical marijuana treatment center and the municipality. The plain language also states numerous mandates expressed through the word “shall.”<sup>ii</sup> None of them direct the Commission to review host community agreements or implement regulations regarding the review of host community agreements. Where the Legislature has desired to empower an agency with a mandate or discretionary powers in other areas of law, it has stated so expressly.<sup>iii</sup>

Similarly, there is no language expressly authorizing the Commission to either review host community agreements or implement regulations regarding host community agreements in G.L.c.94G § 4, the provision that provides a detailed list of the powers of the Cannabis Control Commission and the issues it may regulate. Although the combination of specific statutory authority to issue regulations on limited subjects does not preclude implied authority to issue regulations on other subjects, it does allow Courts to give special scrutiny to an agency's assertion of implied authority to promulgate regulations on the omitted subject-matter.<sup>iv</sup>

Such scrutiny adds an additional burden to the defense against any appeal of any action taken by the Commission regarding host community agreements, especially where such action involves challenging a duly negotiated agreement entered into by a municipality. Municipalities are presumed under the law to act honestly and in good faith in the actions taken on behalf of public welfare, including the negotiating of contracts, unless demonstrated otherwise.<sup>v</sup> Providing express authority to the Commission to regulate host community agreements will therefore reduce the burden on the Commonwealth, and therefore the costs, of defending such an appeal.

*B. The Plain Language of G.L. c.94G Does Not Prohibit Municipalities From Collecting Other Funds Permitted by Existing State Law*

In the plain language of G.L.c.94G § 3(d), there is no restriction on municipalities requiring them only to collect the community impact fee. There is also no prohibition against municipalities accepting any other fee permitted by law. The community impact fee itself is explicitly optional under the statute: “[A]n agreement between a marijuana establishment or a medical marijuana treatment center and a host community may include a community impact fee for the host community.” The term “may” is used to when a requirement is discretionary.<sup>vi</sup>

Rather than limiting municipalities to collecting only the community impact fee, the statute clearly states that the stipulation of responsibilities and the optional community impact fee are only two items in host community agreements and other provisions may be included. It does so by using the terms “include, but not be limited to” and “include:”



“...shall execute an agreement with the host community setting forth the conditions to have a marijuana establishment or medical marijuana treatment center located within the host community *which shall include, but not be limited to*, all stipulations of responsibilities between the host community and the marijuana establishment or a medical marijuana treatment center...”

“An agreement between a marijuana establishment or a medical marijuana treatment center and a host community may *include* a community impact fee for the host community;”

When a statute seeks to define something, as G.L.c.94G § 3(d) seeks to define a host community agreement, use of the word "includes" is generally interpreted to be a term of extension, rather than a term of limitation. It conveys the idea that there are other items includable, even though they are not listed.<sup>vii</sup>

In other words, it identifies a specific item or items, but allows the inclusion of other items. Here, G.L.c.94G § 3(d) requires a stipulation of responsibilities and gives host communities discretion as to whether to require a community impact fee, but if it is required, the community impact fee cannot exceed 3%. The statute does not, however, clearly preclude municipalities from collecting other funds allowed by law<sup>viii</sup> and provides no test or standard by which the Commission is to determine whether the collection of such funds is reasonable.

Accordingly, if the Commission were to draft regulations that forbade or limited any payment outside the optional community impact fee, such regulations would be subject to challenge as beyond the Commission’s statutory authority. No agency can adopt a substantive rule that clashes with substantive requirements found in its own enabling statute.<sup>ix</sup>

If the Legislature desires to specify what may be appropriately included in a host community agreement, the Legislature could clarify that payments under host community agreements are limited to the community impact fees identified by G.L.c.94G § 3(d) and that payments otherwise expressly authorized by law need not be included in the host community agreement. To provide further clarity, the Legislature could also insert language that municipalities are prohibited from charging fees to marijuana establishments that are not expressly authorized by law. Additionally, the Legislature could insert language preventing businesses from being charged up-front payments toward a community impact fee without a clawback provision, which may promote equitable treatment for applicants.

#### IV. Legislative History Indicates the Legislature Intended to Provide Flexibility

When there is ambiguity in a statute, Courts look to the legislative history for guidance as



to legislative intent.<sup>x</sup> There has been significant public debate regarding not only the meaning of the plain language of G.L.c.94G § 3(d), but also the Legislature’s intent when drafting it. Members of the Commission reviewed the letter sent to it from the then-Chairs of the Joint Committee on Marijuana Policy, Senator Patricia Jehlen and Representative Mark Cusack, which provided insight into legislative intent, in conjunction with the established legislative history detailed below.

In November, 2016, Massachusetts voters approved Question 4, which contained a provision regarding host community agreements that restricted all fees to be directly proportional and reasonably related to the costs imposed upon the city or town by the operation of the marijuana establishment:

No agreement between a city or town and a marijuana establishment shall require payment of a fee to that city or town that is not directly proportional and reasonably related to the costs imposed upon the city or town by the operation of a marijuana establishment. Any cost to a city or town by the operation of a marijuana establishment shall be documented and considered a public record as defined by clause Twenty-Sixth of section 7 of chapter 4 of the General Laws. Ch. 334 of Acts of 2016, Section 5.

It only applied to marijuana establishments for adult use, unlike the current language of G.L.c.94G § 3(d), which also expressly addresses medical marijuana treatment centers. It also did not mandate that every marijuana establishment must have a host community agreement, it merely placed limits on those that did, that such payments must be “directly proportional and reasonably related to the costs imposed upon the city or town by the operation of a marijuana establishment.”

When the Senate and the House published their bills, two different versions of G.L.c.94G § 3(d) emerged. S.2097 remained close to the language proposed in Question 4. It did not require marijuana establishments to enter into host community agreements, but instead limited the payments of those that did, and expressly empowered the Commission to promulgate regulations regarding such agreements:

An agreement between a city or town and a marijuana establishment shall not require the payment of a fee to that city or town that is not directly proportional and reasonably related to the costs imposed upon the city or town by the operation of a marijuana establishment; provided, however, that the commission shall issue regulations governing such agreements, including a requirement that agreements include a cap and specified duration on fees associated with the agreement; provided further, that a cap shall be reasonably related to the costs imposed upon the city or town by the operation of a marijuana establishment and shall be expressed as a percentage of gross sales. A cost to a city or town by the operation of a marijuana establishment shall be a public record under clause Twenty-Sixth of section 7 of chapter 4. (S.2097)





H.3776 contained language that mandated a host community agreement in all municipalities not only for adult use marijuana establishments, but also medical marijuana facilities; it did not contain language capping all payments to municipalities; and it did not authorize the Commission to regulate host community agreements:

An adult use cannabis establishment, a medical use cannabis establishment, a marijuana product manufacturer or a marijuana cultivator seeking to operate in a municipality which permits such operation shall execute an agreement with the host community setting forth the conditions to have a cannabis establishment located within the host community which shall include, without limitation, all stipulations of responsibilities between the host community and the adult use cannabis establishment or medical use cannabis establishment. An agreement between an adult use cannabis establishment or medical use cannabis establishment and a host municipality shall include a community impact fee for the host community; provided, however, that the community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the cannabis establishment. Any cost to a city or town by the operation of a cannabis establishment shall be documented and considered a public record as defined by clause Twenty-sixth of section 7 of chapter 4 of the General Laws. (H.3766)

The language of the House bill was similar to language in the Gaming Commission regulations which require applicants to demonstrate that they have entered into host community agreements. 203 CMR 123.02 (“An applicant for a gaming establishment license must sign an agreement with the host community setting forth the conditions to have a gaming establishment located within the host community; provided, however, that the agreement shall include a community impact fee for the host community and all stipulations of responsibilities between the host community and the applicant, including stipulations of known impacts from the development and operation of a gaming establishment.”) Under the Gaming Commission regulations, the signed host community agreement is not reviewed by the Gaming Commission, but instead posted on the Gaming Commission website, along with a summary approved by the host community’s City Solicitor or Town Counsel.<sup>xi</sup> It is also published in a local newspaper and on the municipality’s website for the purposes of providing information to voters before an election is held regarding the gaming establishment.<sup>xii</sup>

The bill that emerged from Conference Committee adopted the House language, with certain changes, and became the language of the Act. Explicitly eliminated from the Act were the proposed restrictions that no fee would be imposed that was not directly proportional and reasonably related to costs imposed by a marijuana establishment’s operation. Also stricken

was the express authorization to the Commission to promulgate regulations. The language in the first sentence was changed to “shall include, but not be limited to” a stipulation of responsibilities, which some interpret as effectively providing flexibility to municipalities to insert additional requirements.<sup>xiii</sup>



As discussed below, the flexibility of the language in G.L.c.94G § 3(d) has allowed municipalities, marijuana establishments and registered marijuana dispensaries to reach agreements with a broad variety of payment arrangements. Currently, the Commission interprets the language consistent with the legislative history. If a more limited ability to contract between marijuana establishments and municipalities is desired, a change in the Act that expressly delegates authority to the Commission to interpret and regulate host community agreements is needed.

## V. Specific Issues of Interpretation

Questions have come to the Commission regarding competing interpretations of the language in G.L.c.94G § 3(d). Many inquiries have arisen in response to real world conditions that were not present when the Legislature was crafting the language in 2017. The Commission wishes to highlight these issues in the hopes of working with the Legislature collaboratively to resolve any ambiguities in a manner that protects the public health, safety and welfare, while respecting the decision of the voters in 2016.

### A. Community Impact Fee

A number of host community agreements require a community impact fee of 3% gross sales.<sup>xiv</sup> One municipality opted to initially expressly exceed the maximum percentage of gross sales revenue set by G.L.c.94G § 3(d) by requiring a community impact fee of 4% gross sales revenue, but later amended affected agreements.<sup>xv</sup> Another municipality set a community impact of 3% gross sales revenue and a community benefit payment of an additional 2% gross sales revenue.<sup>xvi</sup> Other municipalities have opted for different or changing percentages up to 3% gross sales.<sup>xvii</sup> Some have opted for a set amount rather than a percentage of gross sales,<sup>xviii</sup> contending that as long as the set amount does not exceed 3%, it is compliant with the law.<sup>xix</sup> Some host community agreements require no monetary payment.<sup>xx</sup>

The issue of how the 3% gross sales cap should be interpreted has been raised by industry advocates and attorneys as well as municipal attorneys.<sup>xxi</sup> There is no language specifying that 3% gross sales is measured annually, although that interpretation is certainly suggested by context. More significant is the tension as to how the 3% gross sales revenue should be applied to establishments holding multiple licenses, sometimes in the same physical location and other times in different municipalities. Every entity may hold up to 3 of any type of license, except that a craft cooperative license is limited to 1 entity and microbusinesses may not hold stakes in any other marijuana establishment.<sup>xxii</sup> If the 3% gross sales measurement is applied per marijuana establishment, as the statute requires, rather than per license, small businesses are

impacted more than larger businesses that hold multiple licenses. Applying the 3% gross sales measurement to each license may, however, pose an excessive burden to businesses holding multiple licenses. As municipalities are interpreting how the 3% gross sales revenue cap applies differently across the Commonwealth, there is inconsistency that creates uncertainty amongst both the business community and the municipalities. The Legislature may wish to consider re-evaluating how the cap is applied or delegating the authority to do so to the Commission.



*Time Limit of the Host Community Impact Fee:* Another area of interpretative difference is the time limit on the host community agreements. A plain reading of the second sentence of G.L.c.94G § 3(d) suggests that the five-year limit applies only to the community impact fee:

An agreement between a marijuana establishment or a medical marijuana treatment center and a host community may include a community impact fee for the host community; provided, however, that the community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center and shall not amount to more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center or be effective for longer than 5 years.  
G.L.c.94G § 3(d).<sup>xxiii</sup>

The first sentence, however, clearly suggests that a host community agreement is required not only for the initial years that a marijuana establishment operates, but also for its entire operating life:

A marijuana establishment or a medical marijuana treatment center seeking to operate or *continue to operate* in a municipality which permits such operation shall execute an agreement with the host community...  
G.L.c.94G § 3(d) (emphasis supplied).

The discrepancy may be intentional, so as to require a repeated re-evaluation of the community impact fee itself and whether it is supported by costs documented by the host community as a public record, without causing a lapse in the stipulation of responsibilities in the host community agreement itself, which is the position taken by the Commission in its guidance. Most agreements, however, have been drafted such that the entire agreement expires within five years of its execution, except that many require that the agreement be extended until such time that the parties have agreed to a new agreement. Representatives of marijuana establishments contend that such extension clauses violate the five-year limit in G.L.c.94G § 3(d).<sup>xxiv</sup>

#### B. Gifts, Grants & Compelled Donations

*Gifts or Grants to Municipalities:* Many host community agreements have also included terms that require a marijuana establishment to make monetary “gifts” or “grants” either expressly identified as gifts or grants pursuant to G.L.c.44 § 53A<sup>xxv</sup> or not.<sup>xxvi</sup> Some host community agreements describe the community impact fee itself as a gift or grant pursuant to G.L.c.44 § 53A. A number of host community agreements require the marijuana establishment to make monetary donations to charitable organizations or create boards to direct such donations.<sup>xxix</sup> These type of provisions are not unique to marijuana establishment agreements or even the Commonwealth. They occur in other types of development agreements, most recently host community agreements with gaming establishments.<sup>xxx</sup>

In a local finance opinion issued on September 24, 2018, the Department of Revenue



Division of Local Services issued a Local Finance Opinion (“LFO”) opining that such payments may not be accounted as “gifts” or “grants” pursuant to G.L.c.44 § 53A:

These payments lack the donative intent that is an essential characteristic of the genuine gift required by that statute. A gift is ordinarily defined as a voluntary payment of money or transfer of property made without consideration. Although a private party’s decision to engage in a regulated activity or contract with a municipality may be one of choice, it is doing so with the expectation of receiving valuable consideration in return, i.e., a privilege or benefit, or some municipal action or authorization. In this case, the execution of a host agreement is a condition precedent to being able to operate or continue to operate as a licensed marijuana establishment or registered medical marijuana treatment center. It is doubtful that any payments the establishment or treatment center agree to make are for a purpose other than to obtain the necessary host agreement. “[T]he nature of a monetary exaction must be determined by its operation rather than its specially descriptive phrase.” Emerson College v. Boston, 391 Mass. 415, at 424 (1984) (quoting Thomson Electric Welding Company v. Commonwealth, 275 Mass. 426, at 429 (1931)).<sup>xxxii</sup>

Although the LFO limits itself in scope to the issue of how funds received as “gifts” under G.L.c.40 § 53A may be accounted, the language clearly implies that payments characterized as “gifts” that are not genuine voluntary payments, but instead a monetary exaction to secure a benefit from the municipality. As such, the monies received may not be segregated into a gift or grant account to be spent without appropriation. Instead, they must be credited to the general fund and only spent by appropriation of the legislative body.

The LFO does not declare the payments outside the 3% limit of G.L.c.94G § 3(d) to be unlawful. Instead, it merely directs the municipalities receiving them to account for them in a different manner, which begs the question of how to characterize the amounts compelled by host community agreements that are beyond the community impact fee.

Typically, a compelled donation to a community in association with a business is also associated with development or improvement of land.<sup>xxxiii</sup> An “exaction” is generally a condition associated with a permit to develop land that requires a public facility or improvement to be provided at the developer’s expense, such that the development does not inflict increased costs upon the community’s taxpayers. The improvements are usually directly associated with the development, such as improvements to streets, water supply and wastewater disposal systems. Another commonly used municipal tool is the “linkage fee” which are also referred to as “impact fees” or “mitigation fees.” Linkage fees are usually related to developments that will create an increased demand in the area for affordable housing, which itself creates increased demand on governmental services. The host municipality will typically charge a per-square-foot fee on new commercial, industrial or residential developments that can be anticipated to generate an increased need for affordable housing. The City of Boston, for example, charges \$9.03 per square foot for housing and \$1.78 per square foot for jobs training. There are also “in-lieu”



fees, which are typically charged instead of requiring the developer to build a public improvement to address project impacts. The Massachusetts Department of Fish and Game administers an In-Lieu Fee Program that allows a fee payment as mitigation for project impacts to federally-regulated aquatic resources.<sup>xxxv</sup> Historically in Massachusetts, host community agreements have been used for residential and commercial developments.

Massachusetts General Laws do not provide general express, broad authorization to municipalities to charge exactions, or linkage or impact fees, although they have been expressly authorized in limited circumstances such as the gaming statute, G.L.c.23K, and G.L.c.94G § 3(d).<sup>xxxvii</sup> Some municipalities have also implemented ordinances allowing exaction or linkage fees to be charged. The ability of municipalities to impose conditions requiring developers to offset negative impacts of their proposed use has, however, been recognized by the United States Supreme Court as responsible land use policy and upheld against challenge. The ability is not without limits. The U.S. Supreme Court established a standard in its decision in Nollan v. California Coastal Comm'n, 483 U.S.825 (1987) and Dolan v. City of Tigard, 512 U.S. 374 (1994) that any such demand from a municipality must have a nexus and rough proportionality between what is demanded by the municipality and the social costs of the applicant's proposal. In 2013, the U.S. Supreme Court extended the same analysis to the imposition of monetary exactions in Koontz v. St. Johns River Water Management District, 570 U.S. 595 (2013).

In the interest of clarity and ease of enforcement, the Legislature may wish to consider eliminating the inclusion of payments to municipalities beyond the community impact fee in host community agreements. Municipalities are permitted to charge for any services they provide, such as police details, fees for local permits and licenses, and such fees need not be included under the umbrella of a host community agreement.<sup>xi</sup> Although caselaw suggests that municipalities are permitted generally to address the negative social impacts of a development through exactions, the Legislature has provided an express means for them to do so through the community impact fee in G.L.c.94G §3(d). Municipalities have expressed concern that the community impact fee should not be narrowly construed to only address costs that "reasonably related" to impacts created by a particular marijuana establishment, but should be allowed to fund impacts perceived to be created by marijuana establishments generally, such as drug education programs, drug recognition expert training and impacts to municipal resources.<sup>xli</sup> If municipalities feel that the community impact fee is not sufficient to fund offsetting the negative impacts, the Legislature may consider empowering the Commission to consider requests to exceed the fee in instances where the municipality can demonstrate through documentation that the fee is inadequate. Similarly, after the initial drafting of the agreement, if businesses feel that a community impact fee charged is not reasonably related to the costs imposed upon the municipality by the operation of the business or exceeds legal limits, the Legislature may consider empowering the Commission to review requests to reduce such fees, and make municipalities subject to such an order, where the business can demonstrate through documentation that the fee is excessive.

*Gifts or Grants to Third-Parties:* A number of host community agreements require the donation of certain amounts to an identified or particular type of local charity or non-profit,<sup>xlii</sup> a local charity or non-profit of the marijuana establishment's choice, or in some cases, a



donation guided by local officials or directed by a community relations board consisting of members from the marijuana establishments and appointees selected by municipal officials.<sup>xliv</sup> Although municipal leaders have commented that the host community agreements merely codify a desire by marijuana establishments to voluntarily support local charities or non-profits, the inclusion of these provisions are not consistent with the intent expressed in G.L.c.94G § 3(d) that host community agreements reflect a stipulation of responsibilities between the only two parties to the contract: the municipality and the marijuana establishment. The Legislature may wish to consider amending G.L.c.94G § 3(d) to clarify that payments to third parties may not be mandated in exchange for signing host community agreements or empowering the Commission to do so through express regulatory authority.

## VI. Local Control in Other States

At the time of this report, Massachusetts is the only state that expressly requires host community agreements for marijuana establishments and medical marijuana establishments, although states have other forms of local control. Oregon, requires a land use compatibility statement (LUCS) be completed by local government before an application may proceed.<sup>xlv</sup> In Washington, the licensing board notifies the local authority of the city or town in which the proposed marijuana business is located and the local authority has 20 days to respond with an approval, objection or no response.<sup>xlvi</sup> In Colorado, licensees for applications must confirm that the local authority where a business plans to operate allows marijuana businesses to operate within their jurisdiction and obtain a license to operate from that local authority.<sup>xlvii</sup> Nevada requires a zoning approval letter from the local jurisdiction, compliance with buffer zone requirements, and a copy of the Certificate of Occupancy, as well as a local business license.<sup>xlviii</sup> Alaska requires applicants to give notice to their local government and any community council in the area of the proposed license. They must also announce their proposed business in a newspaper of general circulation to provide notice to the public, or radio station in areas where no newspaper is circulated.<sup>xlix</sup>

In California, the application requires a local authorization in the form of a license, permit or other authorization, demonstrating that the applicant is authorized to conduct commercial cannabis activity at the premises.<sup>1</sup> Much of the licensing of marijuana establishments is done at the local level. A state regulation authorizes, but does not require, the use of “development agreements” by municipalities for development generally.<sup>li</sup> They are not confined to marijuana. For example, the City of Greenfield, California expressly requires a “development agreement” as part of its permitting process for a medical dispensary.<sup>lii</sup> The mandated contents of the development agreement are set forth in administrative regulations<sup>liii</sup> and include the filing of security plans, site plans, demonstration of adequate insurance, performance of community relations work, required indemnification of municipal officials, an agreement to defend the City and its agents, as well as reimburse any court costs and attorneys’ fees incurred. In addition to any costs imposed upon the City by the facility, the dispensary is required to pay an annual fee of between \$15-20 per square foot, until the City adopts a means to otherwise tax the facility. Cultivators are also required to pay for costs associated with reviews required under the California Environmental Quality Act (“CEQA”).



Local control varies from state to state and each state’s approach to engaging with municipalities regarding cannabis has differed. The Commission hopes to partner with the Legislature to explore the best solutions for the Commonwealth.

## VII. Conclusion

This report is intended to provide stakeholders with an analysis of the issues addressing host community agreements for marijuana establishments and medical marijuana treatment centers in the Commonwealth as well as possible solutions to move forward in a manner that balances the needs of the public, consumers, patients, business owners, and municipalities. Any changes suggested in this report or otherwise determined to be appropriate by the Legislature should include adequate time for all parties affected to achieve compliance.

Carefully clarifying legislative language to build upon the groundbreaking work performed by the Legislature in 2017 and confer regulatory authority upon the Cannabis Control Commission over host community agreements will promote a safe and equitable cannabis industry in the Commonwealth of Massachusetts.

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<sup>i</sup> Ch. 334 of the Acts of 2016, Section 3(d).

<sup>ii</sup> It is well-established that the word “shall” indicates a mandate from the Legislature. See Galenski v. Erving, 471 Mass. 305, 309, 28 N.E.3d 470 (2015); Hashimi v. Kalil, 388 Mass. 607, 609, 446 N.E.2d 1387 (1983); United States v. Monsanto, 491 U.S. 600, 607 (1989); Dubois v. United States Dep’t of Agric., 102 F.3d 1273, 1291 (1st Cir. 1996).

<sup>iii</sup> See e.g., Mandatory promulgation of regulations: G.L. c. 112 § 5K (Board of Registration in Medicine regarding investigation into complaints); G.L. c.128C § 3 (Gaming Commission); G.L. c.175 § 111H (Commissioner of Insurance regarding lead abatement activities); G.L. c.15D § 8 (Board of Early Education and Care regulations regarding child care); Discretionary promulgations of regulations. G.L.c. 140 § 131 (Secretary of Executive Office of Public Safety regarding firearms licensing); G.L. c.167B § 2 (Commissioner of Bank); G.L. c. 152 § 5 (Director of the Department of Industrial Accidents regarding workers compensation).

<sup>iv</sup> See Life Ins. Assoc. v. Commissioner of Ins., 403 Mass. 410, 414, 530 N.E.2d 168, 171 (1988), Grocery Mfrs. of Am. v. Department of Pub. Health, 379 Mass. 70, 75-77 (1979).

<sup>v</sup> See La Pointe v. License Bd. of Worcester, 389 Mass. 454, 459 (1983).

<sup>vi</sup> The use of the word 'may' imports a discretionary power. Provencal v. Commonwealth Health Ins. Connector Authy., 456 Mass. 506, 513, 924 N.E.2d 689 (2010); Brittle v. Boston, 439 Mass. 580, 594, 790 N.E.2d 208 (2003) ("may" is permissive, not mandatory); Turnpike Amusement Park, Inc. v. Licensing Commn. of Cambridge, 343 Mass. 435, 437, 179 N.E.2d 322 (1962) ("The word 'may' in a statute commonly imports discretion"); Colony of Wellfleet, Inc. v. Harris, 71 Mass. App. Ct. 522, 527, 883 N.E.2d 1235 (2008) (quoting from Cline v. Cline, 329 Mass. 649, 652, 110 N.E.2d 123 (1953) ("Massachusetts law has consistently held that the word 'may' in a statute 'is a word of permission and not of command.'")); Brennan v. Election Commrs. of Boston, 310 Mass. 784, 786, 39 N.E.2d 636 (1942) ("In general, throughout our statutes, the distinction between words of permission or discretion and words of command, including the distinction between 'may' and 'shall,' has been carefully observed.").

<sup>vii</sup> 2A N. Singer, *Sutherland Statutes and Statutory Construction* 133 (4th ed. 1984); see also Federal Election Com. v. Massachusetts Citizens for Life, Inc., 769 F.2d 13, 17 (1st Cir. 2010).

<sup>viii</sup> For example, G.L. c.44 §53G allows municipalities to charge applicants the costs of a technical review of an application under certain circumstances.



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<sup>ix</sup> Globe Newspaper Co. v. Beacon Hill Architectural Comm’n, 40 F.3d 18, 23 (1<sup>st</sup> Cir. 1994).

<sup>x</sup> Ajemian v. Yahoo!, Inc., 478 Mass. 169, 182, 84 N.E.3d 766 (2017).

<sup>xi</sup> 205 CMR 123.02; 205 CMR 124.04.

<sup>xii</sup> 203 CMR 124.04.

<sup>xiii</sup> Municipal attorneys have argued that such flexibility permits municipalities to, for example, to enter into tax increment financing agreements (“TIF”) under G.L. c.50 § 59, which allows development of property to bring business and investment to a community by allowing the business to receive a negotiated and temporary reduction in taxes based on the pre-developed property value. See August 6, 2018 Letter from KPLaw.

<sup>xiv</sup> See e.g., City of Amesbury and Alternative Therapies Group, Inc.; Town of Amherst and GTI; Town of Brewster and Nature’s Alternative, Inc.; Town of Brewster and The Haven Center, Inc.; City of Brockton and Nature’s Embrace; Town of Charlton and Healthwise Foundation, Inc.; City of Chelsea and Jolo Can; Town of Easthampton and Apical, Inc.; Town of Easthampton and Herbology Group, Inc.; Town of Easthampton and I.N.S.A, Inc.; Town of Easthampton and The Verb is the Herb; City of Fitchburg and Atlantic Medical Partners, Inc.; City of Fitchburg and Cypress Tree Management; Town of Franklin and New England Treatment Access, LLC; Town of Holyoke and Rise Holdings, Inc.; Town of Lanesborough and Liberty, Inc.; City of Lynn and Massachusetts Patient Foundation, Inc.; Town of Montague and 253 Organic, LLC; City of Newton and Garden Remedies, Inc.; Town of North Adams and Evergreen Strategies, Inc.; Town of Northampton and Bodelles Edibles; Town of Northampton and Galil Greenery; Town of Northampton and Green Biz; Town of Northampton and Hampshire Hemp; Town of Northampton and Just Healthy; Town of Northampton and New England Treatment Access; Town of Northampton and Northampton Enterprises; Town of Northampton and Stoned Puppy; Town of Oxford and Curaleaf, Inc.; City of Peabody and Phytotherapy; Town of Rowley and Verdant Medical; City of Salem and Alternative Therapies Group, Inc.; Town of Shrewsbury and Prime Wellness; Town of Uxbridge and Xiphias Wellness; Town of Wellfleet and Atlantic Medical Partner; Town of Williamstown and Silver Therapeutics; City of Worcester and Good Chemistry of Massachusetts, Inc.

<sup>xv</sup> See City of Fall River and The Giving Tree Health Center; City of Fall River and Hope Heal Health, Inc.; City of Fall River and Northeast Alternatives.

<sup>xvi</sup> See Town of Lanesborough and Liberty.

<sup>xvii</sup> Town of Georgetown and Greenbridge Health, Inc.; Town of Holliston and Brighton Health Advocates; Town of Holliston and NECC; Town of Monson and Holistic Industries, Inc.; Town of Montague and 253 Organic, LLC; Town of Plymouth and Triple M Host Community Agreement; Town of Uxbridge and Xiphias Wellness Host Community Agreement; Town of Wellfleet and Atlantic Medical Partners, Inc. Host Community Agreement.

<sup>xviii</sup> See e.g., City of Fitchburg and and Cypress Tree Management; City of Fitchburg and Massachusetts Patient Foundation, Inc.; Town of Georgetown and Greenbridge Health, Inc.; Town of Holliston and Brighton Health Advocates; Town of Holliston and NECC; Town of Monson and Holistic Industries, Inc.; Town of Montague and 253 Organic, LLC; Town of Salisbury and Alternative Therapies Group; Town of Uxbridge and Xiphias Wellness.

<sup>xix</sup> See e.g., Town of Littleton and Sanctuary, Inc.; Town of Medway and Phytotherapy, Inc.; Town of Milford and Sira, Inc.; Town of Plainfield and 27 Broom Street, LLC.

<sup>xx</sup> See e.g., City of Salem and CDX Analytics; Town of Framingham and MCR Labs, LLC.

<sup>xxi</sup> See August 6, 2018 Letter from Massachusetts Municipal Lawyers Association; August 6, 2018 Letter from KPLaw; August 6, 2018 Letter from Weedmaps, Inc.





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xxiii See 935 CMR 500.050(1)(b) (three licenses); 935 CMR 500.050(3)(d)(one license for craft marijuana cooperatives); 935 CMR 500.050(9)(c) (one license for microbusinesses).

xxiii The way the sentence is worded, the last antecedent rule would suggest that the clause “or be effective for longer than 5 years” qualifies the term “community impact fee” rather than the term “agreement.” See Bednark v. Catania Hospitality Group, Inc., 78 Mass. App. Ct. 806, 812 (2011) (the last antecedent rule is “the general rule of statutory as well as grammatical construction that a modifying clause is confined to the last antecedent”). The last antecedent rule is not, however, absolute and if a plain language interpretation leads to an unreasonable result, a different interpretation may be supported. Id.

xxiv See August 6, 2018 letter from Vicente Sederberg.

xxv See Town of Easthampton and Apical, Inc.; Town of Easthampton and INSA ; Town of Easthampton and The Verb is the Herb; City of Fall River and The Giving Tree Health Center; City of Fall River and Hope Heal Health, Inc.; City of Fitchburg and Atlantic Medical Partner; Town of Montague and 253 Organic, LLC.

xxvi See Town of Brewster and Nature’s Alternative; Town of Brewster and THC; Town of Easthampton and Apical, Inc.; Town of Easthampton and Herbology, Inc.; City of Fitchburg and Atlantic Medical Partners; City of Fitchburg and Massachusetts Patient Foundation; Town of Lanesborough and Liberty, Inc.; City of Lynn and Mass Patient Foundation, Inc.; Town Medway and Phytotherapy, Inc.; Town of North Adams and Valley Green Grow, Inc.; City of Peabody and Phytotherapy, Inc.

xxvii See Town of Bellingham and Good Chemistry; Town of Easthampton and Apical, Inc.; Town of Easthampton and the Verb is Herb, Inc.; Town of Franklin and New England Treatment Access, Inc.; Town of Georgetown and Greenbridge Health, Inc.; Town of Hollistown and NECC; Town of Littleton and Sanctuary Medicinals, Inc.; City of Lynn and Massachusetts Patient Foundation, Inc.; Town of Medway and Phytotherapy, Inc.; ; Town of Monson and Holistic Industries, Inc.; Town of Plainfield and 27 Bloom St. LLC; Town of Salisbury and Alternative Therapies Group, Inc.; Town of Sharon and Four Daughters, Inc.; Town of Wellfleet and Atlantic Partners, Inc.; Town of Williamstown and Silver Therapeutics.

xxviii See City of Amesbury and Alternative Therapies Group, Inc.; Town of Brewster and Nature’s Alternative; Town of Brewster and The Haven Center, Inc.; City of Chelsea and Jolo Can; City of Fitchburg and Massachusetts Patient Foundation; City of Newton and Garden Remedies, Inc.; Town of North Adams and Evergreen Strategies; Town of Northampton and Green Biz; Town of Northampton and Bodelles Edibles; Town of Northampton and Galil Greenery; Town of Northampton and Hampshire Hemp; Town of Northampton and Just Healthy; Town of

Northampton and Northampton Enterprises; Town of Northampton and New England Treatment Access, Inc.; Town of Northampton and Stoned Puppy; Town of Oxford and Curaleaf; City of Peabody and Phytotherapy; City of Salem and Alternatives Therapies Group, Inc.; Town of Salisbury and Alternative Therapies Group; Town of Somerset and Solar Therapeutics; Town of Williamstown and Silver Therapeutics.

xxix See City of Fitchburg and Atlantic Medical Partners, Inc.; City of Fitchburg and Cypress Tree Management; City of Fitchburg and Garden Remedies, Inc.; City of Fitchburg and Revolutionary Clinics; Town of Plymouth and Triple M.

xxx In each agreement, in addition to costs relating to the direct impact of the gaming establishment to the community, additional community payments are described. It should be noted that the scale of the figures is very different for gaming. One month’s gross gaming revenue from the MGM resort in Springfield was \$26,952,096. See Host Community Agreement By and Between the City of Everett, Massachusetts and Wynn MA, LLC (creating Everett Citizens Foundation to promote local groups, associations, and programs with important City initiatives with

an annual payment of at least \$250,000 to be increased by 2.5% per year); Host Community Agreement By and



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Between City of Springfield, Massachusetts and Blue Tarp Redevelopment, LLC (\$1,000,000 unrestricted grant to the City, creation of Community Development Fund to administer annual grants of \$2,500,000 to support specific

community initiatives and general betterment of the City and its residents); Host Community Agreement By and Between the Town of Plainville and Ourway Realty, LLC (for the first 10 years, monthly payments alternating between 1.5% gross gaming revenue and set annual payment of \$2,700,000 with increase if slot machines are increased, replaced with monthly 2% gross gaming revenues to be paid starting in the eleventh year).

xxxix See Department of Revenue Division of Local Services, LFO-2018-3.

xxxix Another example is the percentage of revenue required to be donated to municipalities towards public, education and governmental programming in municipalities and cable television license agreements under G.L. c.166A. <https://www.mass.gov/lists/cable-television-licenses>

xliv Greater Franklin Developers Ass'n, Inc. v. Franklin, 49 Mass.App.Ct. 500, 503, 730 N.E.2d 900 (2000) (rejecting “school impact fee” imposed on new residential developments); Barberry Homes, Inc. v. Rodenhiser, 25 Mass. L. Rep. 254 (2008) (rejecting mitigation fee requiring donation to fund expansion to local senior center).

xliv Article 80 of Boston Zoning Code, § 80B-7.4(a), § 80B-7.5(a).

xliv <https://www.mass.gov/files/documents/2017/01/sj/ilfp-fact-sheet-ma-ilfp-fees.pdf>

xlvi For example, the Town of Littleton has used host community agreements relating to affordable housing developments, subdivision development, commercial development to mitigate impacts to the surrounding community. See <https://www.littletonma.org/board-selectmen/host-community-agreements>.

xlvi G.L. c.40A § 9, for example, authorizes zoning ordinances or by-laws to provide for special permits “authorizing increases in the permissible density of population or intensity of a particular use in a proposed development; provided that the petitioner or applicant shall, as a condition for the grant of said permit, provide certain open space, housing for persons of low or moderate income, traffic or pedestrian improvements, installation of solar energy systems, protection for solar access, or other amenities.” G.L. c.111 § 150A requires owners of solid waste facilities to pay its host municipality a fee per ton of solid waste disposed in lieu of property taxes, G.L. c.16 § 24A.

xlvi August 6, 2018 Letter from Medford; see also Ch. 356 of the Acts of 2016 (Everett); Ch. 488 of the Acts of 1989 (Chelsea).

lxix Koontz v. St. Johns River Water Mgmt Dist., 570 U.S. 595, 605 (2013) (citing Village of Euclid v. Ambler Realty Co., 272 U. S. 365 (1926)).

lxi G.L. c.40 § 22F (municipal authority to collect fees); see also Emerson College v. Boston, 391 Mass. 415, 424-25 (1984) (limits on the ability to assess fees).

lxii August 6, 2018 Letter from the Town of Amherst; August 6, 2018 Letter from Massachusetts Municipal Lawyers Association; August 1, 2018 Letter from Town of Hudson.

lxiii City of Brockton and Nature’s Embrace; City of Chelsea and Jolo Can ; Town of Northampton and Green Biz ; Town of Northampton and New England Treatment Access, Inc. ; Town of Oxford and Curaleaf ; City of Salem and Alternatives Therapies Group, Inc.

lxiii City of Amesbury and Alternative Therapies Group; Town of Brewster and The Haven Center, Inc.; City of Fitchburg and Massachusetts Patient Foundation; City of Newton and Garden Remedies, Inc.; Town of North



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Adams and Evergreen Strategies; Town of Salisbury and Alternative Therapies Group; Town of Somerset and Solar Therapeutics.

<sup>xliv</sup> City of Fitchburg and Atlantic Medical Partners; City of Fitchburg and Cypress Tree Management; City of Fitchburg and Massachusetts Patient Foundation; Town of North Adams and Valley Green Grow; Town of Northampton and Bodelles Edibles; Town of Northampton and Galil Greenery; Town of Northampton and Green Biz, Inc.; Town of Northampton and Hampshire Hemp; Town of Northampton and Just Healthy; Town of Northampton and New England Treatment Access; Town of Northampton and Northampton Enterprises; Town of Northampton and Stoned Puppy; Town of Williamstown and Silver Therapeutics.

<sup>xlv</sup> [https://www.oregon.gov/olcc/marijuana/Documents/RecreationalMarijuana\\_LandUseCompatibilityStatement\\_OLCC.pdf](https://www.oregon.gov/olcc/marijuana/Documents/RecreationalMarijuana_LandUseCompatibilityStatement_OLCC.pdf)

<sup>xlvi</sup> [https://lcb.wa.gov/mjlicense/authority\\_notification](https://lcb.wa.gov/mjlicense/authority_notification)

<sup>xlvii</sup> <https://www.colorado.gov/pacific/enforcement/retail-marijuana-business-license-application>

<sup>xlviii</sup> <https://tax.nv.gov/uploadedFiles/taxnvgov/Content/FAQs/Application%20Checklist%20October-November%202018.pdf>

<sup>xliv</sup> <https://www.commerce.alaska.gov/web/Portals/9/pub/MCB/MarijuanaApplication/MarijuanaEstablishmentLicenseApplicationInstructions.pdf>

<sup>l</sup> <https://www.cdph.ca.gov/CDPH%20Document%20Library/ControlledForms/cdph9041.pdf>

<sup>li</sup> Cal Gov Code §65865.

<sup>lii</sup> <https://ci.greenfield.ca.us/169/Approved-Regulatory-Permits>

<sup>liii</sup> <https://ci.greenfield.ca.us/DocumentCenter/View/779/Administrative-Regulations-Final-2-23-16?bidId=>



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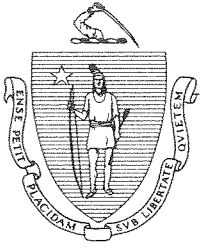
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COMMONWEALTH OF MASSACHUSETTS  
**THE GENERAL COURT**  
STATE HOUSE, BOSTON 02133-1053

July 13, 2018

Steven Hoffman, Chair  
Cannabis Control Commission  
101 Federal Street  
13<sup>th</sup> Floor  
Boston, MA 02110

Dear Chairman Hoffman,

As respective co-chairs of the Joint Committee on Marijuana Policy, we remain concerned and vigilant with the speed by which licenses have been awarded to prospective marijuana establishments. We as co-chairs appreciate and understand all of the hard work and long hours you have put in to this process of creating this new industry. And we believe that the adult-use marijuana marketplace in Massachusetts could be a model for states around the country because of your efforts to encourage access to the market by those disproportionately affected by the war on drugs. Although through this process of issuing licenses to marijuana establishments, we have begun to have multiple concerns in the success to grow this industry in Massachusetts.

Of particular concern to us is what we understand to be the wide-spread practice by municipalities and prospective applicants to enter into host community agreements that undermine state statute and our collective efforts to disincentivize and successfully migrate the illicit consumption of marijuana within the Commonwealth into a legalized, well-regulated, tested, and taxed system.

Pursuant to §3(d) of Ch. 94G of M.G.L., "A marijuana establishment or a medical marijuana treatment center seeking to operate or continue to operate [...] shall execute an agreement with the host community." Such host community agreements "may include a community impact fee for the host community"; however, such fees, if so included and duly executed, "shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center" and shall not "amount to more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center." Such agreements are prohibited by statute to be effective for longer than a total of five years.

Pursuant to §5(b) of Ch. 94G of the M.G.L., the Massachusetts Cannabis Control Commission ("CCC") is authorized to approve a marijuana establishment license application if, among others, "(1) [...] the applicant is in compliance with this chapter."

Consistent with this interpretation, the CCC is directed pursuant to §55 of Ch. 55 of the Acts of 2017, "notwithstanding any general or special law to the contrary," to promulgate regulation, guidelines and protocols "necessary for the issuance of licenses pursuant to chapter 94G of the General Laws" and shall "administer the laws and regulations relating to licensing in this chapter" [§4(a1/2)(d) Ch. 94G M.G.L.].



Further, “the commission shall have all the powers necessary or convenient to carry out and effectuate its purposes” including, but not limited to executing “(iii) all instruments necessary or convenient for accomplishing the purposes of this chapter.” [§4(a) Ch. 94G M.G.L.].

Therefore, as pursuant to §3(d) of Ch. 94G M.G.L., all marijuana establishments must have a host agreement in order to be considered compliant with said chapter – a requirement for licensure and approval by the CCC – it is our interpretation, and intent, that the CCC has the authority and is required to therefore review any such community host agreements to ensure their compliance with statute. Such review should take particular note of any agreements which include mitigation fees or contributions of any kind, ensuring they conform with the restrictions imposed by statute. This includes that such fees or contributions of any kind are “reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment,” do not equal, in total, to more than “3 percent of gross sales of the marijuana establishment,” and that the agreement is not effective for longer than a total of five years.

Simply put, prospective licensees are required to ensure compliance with **all** statutory and regulatory requirements in order for the CCC to be statutorily authorized to award a license.

Finally, §3(a) of Ch. 94G outlines the processes by which a community may legally allow or disallow the operation of marijuana establishments, noting the statutory rights of certain existing marijuana establishments and medical marijuana treatment centers pursuant to Section 3(a)(1)(i).

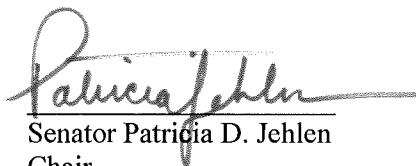
Given these statutory underpinnings, it is our hope that the CCC will ensure the conformance of these laws with respect to issuing any such licenses to prevent municipalities from using community host agreements as a form of prohibition.

In conclusion, we thank you for your review and consideration of this matter and again for your hard work on establishing this regulatory scheme. If you or your staff have any questions, please do not hesitate to contact us.

Sincerely,



Representative Mark J. Cusack  
Chair  
Joint Marijuana Policy Committee



Senator Patricia D. Jehlen  
Chair  
Joint Marijuana Policy Committee

Cc: Kay Doyle, Commissioner  
Jennifer Flanagan, Commissioner  
Britte McBride, Commissioner  
Shaleen Title, Commissioner  
Shawn Collins, Executive Director  
David Lakeman, Director of Governmental Affairs

## **Guidance on Host Community Agreements**

To be licensed, a Marijuana Establishment must execute a Host Community Agreement (“HCA”) with the municipality in which it intends to be located. *See* 935 CMR 500.101 (1)(a)(8) and (2)(b)(6).<sup>1</sup> This document provides guidance to municipalities and applicants so that they can work cooperatively to structure an HCA in compliance with M. G. L. c. 94G, § 3(d).

Section 3(d) of chapter 94G, states, in relevant part:

“A marijuana establishment or a medical marijuana treatment center seeking to operate or continue to operate in a municipality which permits such operation shall execute an agreement with the host community setting forth the conditions to have a marijuana establishment or medical marijuana treatment center located within the host community which shall include, but not be limited to, all stipulations of responsibilities between the host community and the marijuana establishment or a medical marijuana treatment center. An agreement between a marijuana establishment or a medical marijuana treatment center and a host community may include a community impact fee for the host community; provided, however, that the community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center and shall not amount to more than 3 percent of the gross sales of the marijuana establishment or medical marijuana treatment center or be effective for longer than 5 years. Any cost to a city or town imposed by the operation of a Marijuana Establishment or medical marijuana treatment center shall be documented and considered a public record as defined by clause Twenty-sixth of section 7 of chapter 4.”

Under the statute, HCAs must include the terms necessary for a Marijuana Establishment to operate within a community. As with any agreement, terms should be negotiated between willing parties to the contract. In this context, the parties to the HCA are the owners or otherwise authorized representatives of the Marijuana Establishment and the contracting authority for the municipality. The parties should negotiate and agree to their respective responsibilities. The parties should also be aware of and abide by the constraints imposed by the plain language of M. G. L. c. 94G, § 3(d). It is clear from the statute, that the Legislature intended for a municipality to act reasonably in negotiating with a Marijuana Establishment that seeks to operate within its community. The costs and impacts of hosting a Marijuana Establishment will understandably vary from municipality to municipality and negotiated HCAs should reflect the particular impacts on the host community.

It is also important that the parties to the HCA be mindful of not only the statutory language in M. G. L. c. 94G, but also the context in which an HCA is required to be negotiated. Section 3(d) of chapter

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<sup>1</sup> A Marijuana Establishment with multiple physical locations, such as a craft marijuana cultivation cooperative, must execute a HCA for each municipality in which it has a physical presence.

94G should be read in conjunction with M. G. L. 64H and 64N, the statutes that allow for the taxation of adult-use marijuana. Taken together, these statutes authorize and limit the assessments allowed on marijuana, marijuana products and Marijuana Establishments.

**Taxes.** The Legislature explicitly authorized municipalities to adopt an optional local excise tax of up to 3%, as applied to retail transactions, in addition to state sales and excise taxes.<sup>2</sup> In so doing, the Legislature established the ceiling for state-authorized taxes that may be assessed on a Marijuana Establishment:

- the 6.25% sales tax;
- the 10.75% excise tax on marijuana and marijuana products; and
- the optional 3% local tax, which may be applied to retail sales only.

**Community Impact Fee.** The community impact fee authorized by G.L. c. 94G, § 3(d) is optional and separate and apart from the taxes described above. To be authorized under the statute, and consistent with the decisional law on fees, a community impact fee included in an HCA must meet certain legal requirements.<sup>3</sup> The fee charged must be in exchange for a benefit that is sufficiently specific and special to the Marijuana Establishment and assessed in such a way that it justifies assessing the cost to this limited group as opposed to the general public, even if the public sees some benefit.<sup>4</sup> Moreover, the fee should be reasonably designed to compensate the municipality for the costs of providing the benefit.<sup>5</sup>

Accordingly, any HCA structured consistent with G. L. c. 94G, § 3(d), may include a community impact fee, provided that the community impact fee does not amount to more than 3% of the gross annual sales of the Marijuana Establishment and meets the legal requirements of permissible fees. A community impact fee included in an HCA must be more than simply called a community impact fee; it must be structured appropriately.

### **What are examples of required conditions?**

Under section 3(d) of Chapter 94G, all HCAs should include terms that describe the conditions that the municipality and Marijuana Establishment must satisfy for that establishment to operate within that host community.

Individual conditions can vary widely. The following list should not be construed as exhaustive or exclusive, but merely serves as an illustration of conditions:

- In the case that the Company desires to relocate the Marijuana Establishment within [Name of Municipality] it must first obtain approval of the new location before any relocation

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<sup>2</sup> See M. G. L. c. 64H, § 2 and M. G. L. c. 64N, §§2 and 3(a).

<sup>3</sup> See generally *Emerson College v. Boston*, 391 Mass. 415 (1984).

<sup>4</sup> *Denver St. LLC v. Town of Saugus*, 462 Mass. 651, 659-660 (2012).

<sup>5</sup> *Silva v. City of Attleboro*, 454 Mass. 165, 173 (2009).

- The Company agrees that jobs created at the facility will be made available to [Name of Municipality] residents. [Municipality] residency will be one of several positive factors in hiring decisions at the facility but shall not be determinative and shall not prevent the Company from hiring the most qualified candidates and complying will all Massachusetts anti-discrimination and employment laws.
- Termination by the Company: The Company may terminate this Agreement ninety (90) days after the cessation of operations of any facility within [Name of Municipality]. The Company shall provide notice to [Municipality] that it is ceasing to operate within the [Municipality] and/or is relocating to another facility outside the [Municipality] at least ninety (90) days prior to the cessation or relocation of operations. If the Company terminates this Agreement, the final annual payment as defined in Paragraph X of this Agreement shall be paid to the [Municipality] by the Company. The Company shall pay the final annual payment to [Municipality] within thirty (30) days following the date of termination.
- A key-and-lock system shall not be the sole means of controlling access to the Marijuana Establishment. The Company agrees to implement a method such as a keypad, electronic access card, or other similar method for controlling access to areas in which marijuana or marijuana products are kept in compliance with 935 CMR 500.110.
- The Company agrees to provide a paid police detail for the purposes of traffic and crowd management during peak hours of operation, which shall include, but may not be limited to, Fridays between 3:00 pm -8:00 pm; Saturdays and Sundays.
- [Municipality] agrees to submit to the Commission, or other such licensing authority as required by law or regulation, certification of compliance with applicable local bylaws relating to the Company's application for licensure and/or operation where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request including by not limited to Special Permit or other zoning applications submitted by the Company in any particular way other than in accordance with the municipality's governing laws.
- The [Municipality] agrees to work with the Company, if approved, to assist the Company with community support, public outreach and employee outreach programs.
- The Company agrees to work collaboratively with the Municipality and provide staff to participate in a reasonable number of Municipality-sponsored educational programs on public health and drug abuse prevention geared toward public health and public safety personnel.

The type and nature of the conditions included in an HCA are unlimited by Section 3(d) of Chapter 94G. Indeed, the only required prerequisite is that the HCA identifies the party responsible for fulfilling its

respective responsibilities under the agreement. As such, the Commission is likely to take a broad view of acceptable conditions.

### **What is permissible as part of a community impact fee?**

Under Section 3(d), an HCA may also “include a community impact fee for the host community.” The statute does not include a definition of what constitutes a “community impact fee” and does not provide for elements of the fee, but it does impose other express limitations on any community impact fee included as part of an HCA:

1. **The community impact fee must be “reasonably related to the costs imposed upon the municipality by the operation of the Marijuana Establishment or medical marijuana treatment center.”**

There are two categories of generally acceptable types of fees: user fees and licensing or regulatory fees. A licensing or regulatory fee is based on the municipality’s authority to regulate businesses or activities. Regardless of what category it falls into, the fee charged must be in exchange for a benefit received by the Marijuana Establishment in such a way that justifies assessing the cost to that establishment, even if the public also receives some benefit.

The Commission views fees that are “reasonably related” as those that compensate the municipality for its actual and anticipated expenses resulting from the operation of the Marijuana Establishment. While some latitude is to be given to municipalities to plan for their expenses, the municipality must identify the plan specifics to justify the fee. As section 3(d) requires, it is important that the fee bears some reasonable relation to the costs of providing municipal services or other benefits and not merely be a fee without designation of its origins or justification of its amount. Moreover, there must be a proportionality between the cost or impact claimed by the community and the fee required of the Marijuana Establishment.<sup>6</sup> Municipalities are cautioned against relying on fees that are simply revenue generators in negotiating with Marijuana Establishments and planning their municipal budgets, as these fees may not withstand judicial scrutiny.

Some anticipated costs that may reasonably be included in a fee of up to 3% of gross annual sales include services such as:

- Traffic intersection design studies where additional heavy traffic is anticipated because of the location of retail establishment;
- Environmental impact or storm water or wastewater studies anticipated as the result of cultivation;
- Public safety personnel overtime costs during times where higher congestion or crowds are anticipated;
- Additional substance abuse prevention programming during the first years of operation;

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<sup>6</sup> Koontz v. St. John’s River Water Management District, 133 S. Ct. 2686 (2013); See also Attorney General’s letter on Hanover Annual Town Meeting Warrant Articles #22 and 23 (Zoning), December 1, 2014.

- Municipal inspection costs.

The list delineated above is not intended to be exhaustive or exclusive and is merely provided as illustrative examples.

**2. The HCA must limit the community impact fee to not more than 3% of the gross annual sales of the Marijuana Establishment.**

The Commission emphasizes that there is a strict limitation on the amount of the community impact fee that a Municipality may collect as part of an HCA. The fee is capped at 3% of the Marijuana Establishment's gross annual sales.

Any fee that is more than 3% of gross annual sales is not a valid community impact fee. Moreover, any fee whether characterized as a fee, donation or other exaction, including any assessment above 3% of gross annual sales, must also comply with applicable law and the legal requirements discussed above. The Commission reiterates that, consistent with the statutory requirement of "reasonable relation" and case law on exactions there must be a proportionality between the cost or impact claimed by the community and the fee required of the Marijuana Establishment. As stated G.L. c. 94G, §3 (d), the community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center and shall not amount to more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center.

**3. The community impact fee is limited to a term of 5 years.**

The Commission reads this provision consistent with the plain language of the statute, which states in relevant part that "the community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center and shall not...be effective for longer than 5 years." The community impact fee is strictly limited to a term of 5 years or less. Parties may consider negotiating a fee with a shorter duration. This may be particularly helpful to reaching an agreement where the parties have difficulty ascertaining specific costs and wish to revisit the community impact fee once more information relevant to the particular Marijuana Establishment is available. Both G.L. c. 94G, §3 (d) and the Commission's regulations at 935 CMR 500. 103 (4)(d) anticipate the collection and publication of additional information on the costs imposed by the operation of Marijuana Establishments.

At, or before, the conclusion of the term of the preceding community impact fee, the parties may choose to negotiate a new, optional community impact fee which shall similarly be limited to a term of 5 years or less. Regardless of whether the parties choose to negotiate a new community impact fee, the Commission interprets the strict time limitation of G.L. c. 94G, §3 (d) as extinguishing the preceding community impact fee upon the expiration of 5 years or less, whichever was originally agreed to by the parties.

Applicants for licensure as a Marijuana Establishment are strongly encouraged to seek legal advice from a licensed attorney regarding the negotiation of an HCA. Eligible licensees and applicants for licensure may be qualified to receive services through the Commission’s Social Equity program. If you are a participant in the Social Equity program or are interested in learning more about the services offered as part of the Social Equity program, please contact the Commission at (617) 701-8400.

August 6, 2018

**Lauren F. Goldberg**  
lgoldberg@k-plaw.com

BY ELECTRONIC MAIL ONLY (CannabisCommission@mass.gov)

Hon. Steven J. Hoffman and  
Members of the Cannabis Control Commission  
101 Federal Street, 13<sup>th</sup> Floor  
Boston, MA 02110

Re: Proposed Guidance Re: Host Community Agreements

Dear Commissioner Hoffman and Members of the Cannabis Control Commission:

I am writing as the Managing Attorney of KP Law, P.C. This firm represents approximately one third of the Commonwealth's cities and towns as Town Counsel or City Solicitor and represents other municipalities as special counsel in a variety of legal capacities, including advising on the evolving area of local marijuana regulation. The Firm regularly assists clients with all aspects of implementing the Act to Ensure Safe Access to Marijuana, Chapter 55 of the Acts of 2017 (the "Act"), including the negotiation of Host Community Agreements (HCA) pursuant to G.L. c.94G, §3(d). On behalf of the Firm, I respectfully submit the within comments on the proposed "Guidance on Host Community Agreements" (the "Guidance").

In reviewing the draft Guidance, we agree in substantial part with the Commission's restatement of the provisions of G.L. c.94G, §3(d) and summary thereof with respect to negotiating a community impact fee and the distinction between a fee-based payment and a tax. The primary concern we address in these comments is the statement on page 5 of the draft Guidance, which provides as follows:

Any fee that is more than 3% of gross sales is not a community impact fee.  
Moreover, any fee whether characterized as a fee, donation or other exaction, including any assessment above 3% of gross sales, must also comply with the legal requirements discussed above.

For the reasons stated herein, it is our position that this paragraph does not accurately reflect the law. Municipalities, as corporate citizens, may freely negotiate arms-length transactions with third parties. In our opinion, it would be contrary to public policy and beyond the scope of the Commission's regulatory authority to offer guidance that seeks to limit the authority of municipalities and possible licensees in that manner.

With respect to Section 3 of the Commission's draft Guidance concerning the ability of municipalities and applicants to re-negotiate a new community impact fee following the initial five-



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year limitation imposed by the Act, we have concerns as to the Commission’s interpretation of the law.

## 1. Municipalities Have General Contract Authority.

Municipalities are corporate citizens imbued with the general power to contract. Pursuant to G.L. c.40 §4 “a city or town may make contracts for the exercise of its corporate powers, on such terms and conditions as are authorized” by its respective legislative body. The only limitation imposed on such authority is that the purpose and terms may not be “inconsistent with any applicable provision of any general or special law.” See G.L. c.40, §4.

Municipal authority to contract with a Marijuana Establishment operator does not derive solely from G.L. c.94G, §3(d). Instead, it is based on the more general legislative grant to municipalities to enter into contracts. In fact, prior to the passage of G.L. c.94G, §3(d), municipalities and Medical Marijuana Treatment Center operators routinely entered into host community agreements despite an absence of specific statutory authorization or regulatory mandate to do so. Under the Act, G.L. c.94G, §3(d) now provides for the negotiation of a host community agreement as a mandatory requirement for operators of all types of commercial marijuana enterprises. The Act obligates Marijuana Establishments to enter into the types of agreements that were already common practice under the broader municipal contracting rights of G.L. c.40, §4. See Salisbury Water Supply Co. v. Salisbury, 341 Mass. 42, 45-46 (1960) (finding that specific legislation allowing for contracts was not dependent upon the more general legislative grants to towns of power to make contracts).

Of course, interpretation of the law in this regard would also apply to Marijuana Establishment operators, in that an operator would similarly be prohibited from entering into a contract in exercise of its corporate powers. One should not interpret the statute to so limit the ability of a private party in this manner.

## 2. Limitations on “Fee-Based” Payments under G.L. c.94G, §3(d)

The Act makes the HCA mandatory and provides specific limitations on the municipality’s ability to impose a “fee” for purposes of recouping the specific costs incurred by the municipality as a consequence of an establishment locating within the municipality. As the Commission acknowledges in its draft Guidance, the term “fee” has a very specific legal meaning in the municipal context. See Emerson College v. City of Boston, 391 Mass. 415, 424-425 (1983). To the extent a municipality charges any entity a “fee,” such fee must be reasonably related to the costs incurred by the municipality and meet all other aspects of the Emerson College test. Consistent with Emerson, therefore, we do not dispute, that a “fee” must be reasonably related to the costs imposed

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on the municipality, documented by the municipality, and capped per the Act at no more than 3% of gross sales.

### 3. Legal Authority to Enter into Agreements for Non-Fee-Based Payments

While G.L. c.94G §3(d) establishes a mandatory requirement for Marijuana Establishments to enter into Host Community Agreements and clearly allows for the assessment of a “fee” as part of that agreement, the statute does not expressly limit the authority of municipalities to address other payments or non-monetary benefits. General Laws c.94G, §3(d) simply states that an HCA “may include a community impact fee”; it does not state that such fee is exclusive, that no other payments to a municipality may be made, nor does it restrict a municipality from accepting additional payments or non-monetary benefits. Similarly, the law does not prevent a municipality or Marijuana Establishment operator from agreeing to and memorializing such terms as part of the HCA. Where such restrictive language does not appear in the statute, it would be inappropriate for the Commission to interpret the statute in this manner.

Additionally, Massachusetts law explicitly authorizes municipalities to accept donations of money and goods in accordance with G.L. c.44, §53A and 53A ½. Further, pursuant to G.L. c.50, §59, municipalities are authorized to enter into Tax Increment Financing (TIF) agreements with landowners under which a developer may be granted a property tax exemption of up to 100% of the tax increment. A TIF agreement provides a direct, upfront benefit to a developer in the form of tax relief, and the money saved on taxes helps to pay the project’s construction costs. In the process of negotiating such TIF agreements, many municipalities and private developers enter into contractual agreements whereby the developer pays the municipality for other off-site improvements or makes monetary contributions to the municipality as part of the negotiation of the TIF agreement. Such payments may be incorporated directly into the TIF agreement, or agreed upon as separate development or mitigation agreements intended specifically to address the impacts upon the municipalities due to the growth of businesses anticipated by the TIF agreements. While municipalities may not have a precise knowledge of the impacts at the time that the TIF agreements are negotiated, they can reasonably anticipate those impacts and provide appropriate mitigating measures as part of the TIF agreements. Although the statute addresses matters of tax increment financing, and imposes certain limitations on such agreements, that statute has not been interpreted as limiting the ability of a municipality to negotiate appropriate additional terms with a private party, including the provision of non-tax related benefits.

In another analogous context, many municipalities have entered into host community agreements in connection with casino development projects, including payments that are not strictly fee-based. Under G.L. c.23K, §15(8), applicants for gaming licenses were also required to enter into host community agreements and submit the same to the Gaming Commission. In that context, it was required that the agreement include a community “impact fee.” Like the HCA provision in G.L.

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c.94G, §3(d), no other payment is authorized or excluded. Although the impact fee for casinos is not expressly limited to a percentage of gross sales, as it is in the Act, the Legislature’s use of the term “impact fee” clearly suggests a reasonable relationship between the amount of the payment and the actual impacts that would need to be mitigated. It is notable, however, that every HCA entered into for casinos within the Commonwealth included much more by way of payments to the host community, amounting to millions of dollars, in addition to the impact fees. The next paragraph of G.L. c.23K, §15, governing Surrounding Community Agreements, includes substantially similar language requiring impact fees for neighboring communities, and some of these agreements have included additional payments as well. All of the Host and Surrounding Community Agreements (and summaries of the HCAs) are on the Massachusetts Gaming Commission website: [www.massgaming.com](http://www.massgaming.com). Importantly, particularly in light of the highly regulated nature of the casino industry, the Massachusetts Gaming Commission does not review the substance of the HCAs submitted.

Here, the Commission’s draft Guidance does not accurately reflect the scope of common municipal contracting practice, project-based development, or the statutory authorization acceptance of contributions. In fact, there is ample legal basis for municipalities to enter into contractual agreements that include both fees and payments and non-monetary benefits that are not strictly fee-based.

#### 4. The Draft Guidance Improperly Suggests a Need to Correct Unsubstantiated Allegations of Municipal Overreach.

The draft Guidance, and much of the press surrounding the initial roll out of the marijuana industry in Massachusetts, suggests that there is a need for strict limits on municipal authority to negotiate HCAs based on conjecture alone. Essentially, it has been incorrectly presumed that Marijuana Establishments are in an unequal bargaining position when negotiating HCAs and that the marijuana industry is in need of protection from municipal overreach. Notably, the Commission has only been accepting license applications for less than three months with respect to marijuana cultivation and manufacturing establishments, and less than two months with respect to marijuana retailers specifically. There has been no substantiation of the assertion, often reflected in industry-favored news reports, that municipalities have failed to engage in good-faith negotiations with respect to HCAs. In fact, municipalities are owed a legal presumption that they act honestly and in good faith in the actions taken on behalf of public welfare, including the negotiating of contracts, unless demonstrated otherwise. La Pointe v. License Bd. of Worcester, 389 Mass. 454, 459 (1983). There is simply no verifiable basis for asserting that municipalities have acted unreasonably or in bad faith with respect to HCA negotiations and need oversight or regulation of their contracting authority with respect to HCAs, particularly where their actions have been consistent with lawful contracting practice.

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Our experience with numerous municipal clients indicates that the negotiation of HCAs has been a streamlined and amicable process in which many Marijuana Establishments have willingly offered municipalities various payment proposals, some based on percentages of sales, others based on set payments, and many with an offer to provide payments and commitments for ongoing charitable/non-profit contributions in addition to a community impact fee. We are unaware of any instance in which a municipality has made financial demands that an applicant claimed to be unable to meet and for which the municipality subsequently refused to enter the HCA. In all instances, the experience of our clients have reflected willing, good-faith negotiations on the part of all parties.

Negative reporting concerning the slow roll-out of licenses to some degree also reflects a basic unfamiliarity with municipal processes. The contracting authority in the majority of towns in Massachusetts is the board of selectmen. It is incumbent on municipal boards engaged in the negotiation of these agreements to do so in a transparent and public fashion under the strict requirements of the Open Meeting Law. Discussion of these matters must take place in properly posted and noticed open meetings. Municipalities are being inundated with requests to negotiate agreements that cannot be fully addressed in a one or two week time period, which appears to be the industry expectation. Municipalities that do not fully engage the public in the process of negotiating these agreements run a substantial risk of political fallout. In one instance, the decision of one contracting authority to enter into a HCA without full public participation resulted in a severe citizen backlash that generated a citizen-petitioned effort to rescind the regulatory zoning and ban Marijuana Establishments in their entirety. Thus, it cannot be said that, only two or three months into the state licensing process, municipalities have been responsible for holding up the industry. Municipalities are constrained by the public process required by law as well as the need to properly serve and inform their residents. This necessary governmental process does take time.

The draft Guidance further presumes that municipalities are using the HCA process as a bar to the entry in the marketplace of smaller establishments and those applicants that qualify under the Commission's social equity program. It is the Cannabis Control Commission, not municipalities, that is expressly charged with diversity licensing goals that would provide for the meaningful participation of those municipalities disproportionately impacted by cannabis prohibition enforcement. The Commission has a mandate to develop and implement training programs to meet the goals of meaningful participation in these municipalities, which it has done through offering technical assistance to social equity applicants, providing fee waivers and initial exclusive access to certain types of licenses. Although municipalities are not statutorily required to provide preferential or more favorable contract terms to social equity applicants, it is our experience that municipalities remain cognizant of the Act's encouragement of full participation in the market for all types of applicants. Thus, we have routinely advised our clients to negotiate contracts with individual applicants on a case-by-case basis, taking into account all aspects of the application, including whether an applicant has qualified under the social equity program.

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5. Public Policy Weights in Favor of Allowing Flexibility in the Negotiation of HCAs.

It is in the best interest of both municipalities and the marijuana industry to allow for flexibility in the calculation and negotiation of HCA payments. Although Ballot Question 4 passed in November, 2016 by a margin of 53.7%, many communities in the Commonwealth voted by a majority against this measure and in others, the margin by which it passed was closer than the state margin. In a number of communities in which Ballot Question 4 passed by a narrow margin, it has subsequently been established that there was not wide municipal support for having the commercial-side of this business locate within the community. In order for municipalities to pass zoning amendments to reasonably regulate the time, place and manner in which these establishments locate, the municipality must obtain a 2/3 vote of the legislative body, which in many communities is an open Town Meeting comprised of residents of the Town. It has been challenging to get public consensus on how the marijuana industry should be locally regulated in municipalities, and the meetings at which the laws to specifically regulate these uses have been proposed as zoning amendments have frequently been highly emotionally charged and contentious.

Municipalities are under no specific legal obligation under the Act to enact zoning to enable Marijuana Establishments to locate within their communities and many municipalities have specifically opted out of allowing commercial Marijuana Establishments. The question of whether to implement an outright ban also requires a 2/3 vote of the legislative body to enact a zoning amendment.

The Host Community Agreement, while providing an opportunity to have municipalities reimbursed for its quantifiable impacts through a fee-based payment, should also permit an entity looking to locate within a community the opportunity to make a showing of good-will towards that community through a benefit that might not otherwise be directly related to quantifiable impacts. Allowing applicants the flexibility to offer other payments as part of a HCA, such as contributions to the Town's scholarship fund or annual celebration fund may be a valuable demonstration on the part of a Marijuana Establishment that they are eager to be a contributing part of the community over and above the reimbursement of actual impact costs.

A showing of a willingness to contribute to the greater community benefit and to establish good will as a corporate citizen in this regard may be useful in convincing municipalities that are split on the question of whether to allow commercial establishments a further incentive to implement regulatory zoning and embrace commercial establishments as a permitted use within the municipality. This type of payment is certainly not unique to marijuana businesses. Other types of companies routinely make such demonstrations of good will to a community by offering to be a community partner in a variety of ways. Publicly codifying these agreements in an HCA enables an applicant to acknowledge that a Marijuana Establishment is interested in playing an ongoing community role to the benefit the residents.

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Moreover, in the absence of statutory language prohibiting the same, municipalities and Marijuana Establishments must be allowed flexibility with respect to these agreements. On the municipal side, there must be an acknowledgement that the quantification of impacts for purposes of recouping the fee-based impact payment from business may be extremely difficult, especially in the many municipalities that have limited staff and ability to track and fully document the specific local impacts of each individual business that is located within the city or town. Other impacts, such as the direct correlation between substance abuse and the locating of a particular entity within a particular community may simply be unquantifiable. Thus, a willingness to contribute, for example, a set amount towards community mental health services or substance abuse programs on an ongoing basis, regardless of whether the Town has fully documented or quantified the five-year impact of the establishment, is a valuable tool for businesses and municipalities alike. On the industry side, there are many reasons for which a Marijuana Establishment may want to agree upon a fee that is not strictly based on a percentage of gross sales, such as the desire to avoid independent financial audit and disputes over percentage of sales.

6. Resolving Ambiguity in Statutory Interpretation is Beyond the Scope of the Commission's Authority.

The Commission's regulatory authority is circumscribed as it relates to Host Community Agreements. Although the Commission has broad regulatory authority with respect to state licensing and enforcement, the Act also gives municipalities a substantial role to play in the roll out of this industry – a role that is not subject to oversight or review by the Commission. The law provides the Commission with no adjudicatory responsibility for reviewing ordinances or bylaws or determining whether the efforts undertaken by municipalities to implement this law are unreasonably impracticable. According to the plain language of the law, the Commission is not the arbiter of the areas in which municipalities have been given local oversight of this industry. The Act gives municipalities independent oversight concerning the time, place and manner and the ability to limit or prohibit these uses on the local level, as well as the ability to license Marijuana Establishments and enter into HCAs. That power is not dependent upon or otherwise circumscribed by the Commission's separate oversight of state licensing.

Chapter 94G does not specifically provide the Commission with any oversight or enforcement with regard to HCA provisions. If the General Court wished to provide such authority, it surely had that opportunity when drafting Chapter 55 of the Acts of 2017. There have been recent examples where the General Court acted to expressly give a state agency direct enforcement authority. For example, the previous version of the Open Meeting Law required the Attorney General or a District Attorney to seek enforcement of the Law by going to court to request an order against the offending public body. G.L. c.39, §23B. By contrast, the revised Open Meeting Law provides the Attorney General direct authority to nullify actions taken by a public body in violation, or to reinstate a suspended or terminated employee, among other powers. Similarly, prior to 2009,

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the State Ethics Commission was required to bring a civil action in court against an alleged violator of the Conflict of Interest Law in order to seek damages or restitution. Under the current version of Chapter 268A, §21, however, the State Ethics Commission may conduct its own adjudicatory proceeding and issue such orders without resorting to the courts.

In comparison, the statute provides Commission with no adjudicatory authority in any capacity, particularly as it relates to review and oversight of municipal actors and the role specifically provided to municipalities under the Act.

In summary, there are clearly legal arguments advanced on both sides of the question of whether G.L. c.94G §33(d) must be interpreted as the sole avenue for municipalities to receive any type of financial payment from Marijuana Establishments. The law does not expressly state that a municipality is precluded from accepting any further financial donative payments from an applicant or using flexible approaches to the calculation of a fee-based payment. To interpret this law as suggested in the Guidance in such a fashion would run contrary to the rights of municipalities under G.L. c.44 §53A and 53A1/2 and the general contracting authority of G.L. c.40 §4. If it was the intention of the legislature to impose such a limitation, it would be in the interest of all stakeholders for the legislature to provide such a clarifying amendment to resolve any ambiguity created by the language of G.L. c.94G, §3(d). However, it is, respectfully, not the role of the Commission to impose its interpretation of this provision on municipalities. To the extent there is ambiguity in the law, the rules of statutory construction must be applied and the judiciary has the duty and authority to resolve any disputes that may arise.

#### 7. Host Community Agreement Duration

Finally, we take issue with language in Section 3 of the Draft Guidance which suggests that a community impact fee has a finite limitation of five years and is not subject to renegotiation. The first line of G.L. c.94G, §3(d) states:

A marijuana establishment or a medical marijuana treatment center seeking to operate or continue to operate in a municipality which permits such operation shall execute an agreement with the host community setting forth the conditions to have a marijuana establishment or medical marijuana treatment center located within the host community which shall include, but not be limited to, all stipulations of responsibilities between the host community and the marijuana establishment or a medical marijuana treatment center.

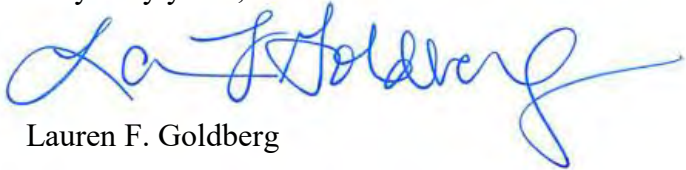
Thus, there is clear statutory mandate for communities and Marijuana Establishments to have an ongoing HCA governing the terms of the business relationship and the municipality. The five-year language, stated below clearly applies by its clear terms only to the HCA community impact fee, not to the HCA agreement itself.

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Further, there is no express limitation in the Act on the renegotiation of a community impact fee after the initial five-year term. While the initial start-up impacts of establishing a marijuana business within a municipality may decrease over time, it is unlikely that impacts will fully dissipate after five years. Municipalities should not be restricted in their ability to recoup those expenses long-term through the renegotiation of a new community impact fee. Certainly, after five years the parties to the agreement will be in a better position to quantify the fee-based payments. It is entirely foreseeable that agreements that initially impose 3% of gross sales as an impact fee will find those fee-based payments substantially reduced upon renegotiation of a second five-year term for a renewed community impact fee. However, it would be unreasonable to expect that municipalities are not entitled to a re-negotiation of any type of fee or payment after the initial HCA is established.

If you have any questions concerning these comments, please do not hesitate to contact me or my partner, Katherine Laughman.

Very truly yours,



Lauren F. Goldberg

LFG/KDL  
643077/KPL/0001





## ***Massachusetts Municipal Lawyers Association***

August 6, 2018

Cannabis Control Commission  
101 Federal Street, 13<sup>th</sup> Floor  
Boston, MA 02110  
[CannabisCommission@Mass.Gov](mailto:CannabisCommission@Mass.Gov)

Dear Members of the Cannabis Control Commission:

The Massachusetts Municipal Lawyers Association (“MMLA”) hereby submits its comments on the two draft documents recently issued by the Commission: (1) “Guidance on Host Community Agreements” (“HCA Guidance”), and (2) “Guidance on Local Equity” (“Equity Guidance”).

The members of MMLA provide legal representation and advice to Massachusetts municipalities. As such, MMLA’s members have been active in the implementation of both the medical-marijuana and adult-use-marijuana statutes, and have assisted municipalities in preparing zoning bylaws and ordinances, establishing procedures for the consideration of applications by proposed medical marijuana treatment centers (“MMTCs”) and adult-use Marijuana Establishments (“MEs”), and negotiating host community agreements (“HCAs”) between municipalities and applicants for a variety of both medical and adult-use marijuana enterprises. MMLA’s comments in this letter are based on its members’ experiences in working both with municipal officials and with the applicants.

The Commission is charged with the complex task of implementing a detailed regulatory system, and applying it to a newly-emerging industry with multiple forms of economic enterprise. While MMLA appreciates the Commission’s efforts to provide information to both municipalities and applicants, to assist with the implementation of this process, MMLA is concerned that both the HCA Guidance and the Equity Guidance may be perceived as restrictive rather than suggestive in nature. Given the novelty of the legalized marijuana industry, it is difficult to project and predict the economic and social costs and benefits, as well as the structure of the industry that will emerge over time. The

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Commission should ensure that what is offered as “guidance” is not interpreted to limit the flexibility and creativity of municipalities and applicants, as they work together to address a variety of local conditions and business opportunities. Further, MMLA is concerned that the Guidance documents may be interpreted as advocating on behalf the regulated industry, rather than offering the policy position of a neutral regulator.

Based on the experience of MMLA’s members with the implementation of the marijuana statutes, MMLA objects to assertions that municipalities are responsible for delaying the implementation, or that the process of obtaining local approvals (including the negotiation of HCAs) is unduly burdensome to applicants. To the extent that the Guidance documents are intended to put pressure on municipalities to accelerate local licensing of applicants, this objective is unwarranted and is likely to be counterproductive.

Municipalities have been implementing the marijuana statutes in accordance with the requirements and provisions of those statutes, state zoning and public-health statutes, and the home-rule powers granted to municipalities under the Massachusetts Constitution. Those municipalities that have opted to ban or limit MEs by legislative action (accompanied, when required, by ballot questions at municipal elections) have exercised the authority granted by G.L. c. 94G (“Chapter 94G”). Other municipalities have imposed temporary moratoria to allow sufficient time for developing and adopting general and zoning bylaws/ordinances that will be consistent with Chapter 94G. Still others have their legislative and regulatory framework in place, and are accepting and processing zoning-permit applications while also negotiating HCAs. This process may not be as rapid as some might like or expect, but this reaction may reflect prior unfamiliarity with local land-use permitting schedules and public-hearing requirements, and with the varied forms of municipal governance in Massachusetts that, by law, divide decision-making authority among boards and officials.

The Commission should recognize that impact fees negotiated under HCAs, as well as costs associated with the local permitting process, are among the many capital and operational costs that MEs will face in determining where to locate facilities and whether a particular facility will be profitable. Other costs include the cost of facility construction; wholesale product costs and other costs of preparing products for sale; labor costs, including training, wages, and benefits; facility rental and utility costs; the costs associated with applying for state permits and complying with ongoing testing and reporting requirements; advertising and promotion costs; borrowing costs for capital invested in the operation (or, if self-financed, opportunity costs of the invested funds); and a variety of other overhead costs associated with any business. Many of these costs are beyond the ability or authority of the Commission to control, and most of these costs will exceed the payments incorporated into an HCA. Before deciding to insert itself in the negotiations between applicants and municipalities, the Commission should consider whether its resources would be better devoted to other means of assisting applicants in business planning and best operational practices that will result in long-term success. This is particularly true for

“social-equity” applicants who, according to the Commission’s own survey, most often cite lack of access to capital, and the lack of a business plan, as obstacles to entering the industry. (The need for municipal approval is the next most-frequently cited obstacle, but it is not evident that greater municipal requirements have been imposed on such applicants than on others.)

MMLA offers the following further comments on the specific provisions of the Guidances:

### **HCA Guidance**

1. The Commission should not suggest, or seek to require, that all community impact fees be a percentage of sales. Doing so would limit the flexibility of municipalities and applicants to craft fee structures that are to their mutual advantage. While Chapter 94G states that the “community impact fee . . . shall not amount to more than 3 per cent of the gross sales” of the ME or MMTC, it does not specify or require that the fee must be established as a percentage of sales. Given the uncertainty of projecting sales for a new business operation (particularly in a newly-established industry where average revenues are unavailable), some municipalities and applicants have chosen to agree on fixed dollar amounts (for example, “\$100,000 in the first year, \$150,000 in the second year. . .”) rather than a percentage of sales. Another reason for this approach is to avoid accounting and auditing expenses and the potential for disputes over procedures for calculating revenues. Further, HCAs have been negotiated in which the percentage of sales to be paid increases over time, which benefits ME operators by reducing the fee in the start-up years when revenue and profits are likely to be lower. In other instances, HCAs have based fees on a per-unit cost (such as “\$0.10 per gram”), rather than a percentage of overall sales. The Commission should not discourage such flexible approaches.
2. As it is difficult to project revenue, it is also difficult to project costs imposed on the municipality. Chapter 94G, Section 3(d) states that fees are to be reasonably related to the costs imposed on the municipality, but it does not require municipalities to estimate anticipated expenses, as the HCA Guidance seems to imply.
3. Chapter 94G is silent as to how community-impact fees are to be established for non-retail MEs (such as cultivators, producers, and testing labs), where a percentage of “gross sales” would be difficult to determine or compute. The HCA Guidance should acknowledge this gap in the statute, and leave it to municipalities and applicants to negotiate appropriate fees.
4. Chapter 94G states that the community impact fee in an HCA “shall not . . . be effective for longer than 5 years.” MMLA contends that this provision does not preclude the parties from negotiating a new fee after the initial 5-year period, based on the parties’ experience with the “costs imposed upon the municipality” by the operation of an ME or MMTC. Municipal costs may decline over time, but the costs may also continue or increase. The parties should be free to negotiate appropriate remedies. The Commission itself recognizes that the costs and benefits of MEs remain to be determined over time, and seeks to collect data on that topic. See 935 CMR 500.103(4)(d).

5. The HCA Guidance misstates the criteria required for a regulatory fee, such as that to be imposed by means of an HCA. The HCA Guidance cites Emerson College v. Boston, 391 Mass. 415 (1984), and asserts that the fee “must be voluntary in nature,” which is among the “tests” set forth in Emerson College for a valid municipal fee. However, subsequent appellate cases addressing regulatory fees have distinguished such fees from the proprietary user fee at issue in Emerson College, and have held that the voluntariness of the fee is inapplicable to regulatory fees. See, e.g., Silva v. City of Attleboro, 454 Mass. 165, 172 and n.9 (2009) (distinguishing Emerson College as applicable only to proprietary fees; “the question whether a regulatory charge is voluntarily incurred is of no relevance in determining whether that charge is a fee or a tax.”) Silva also makes clear that a fee intended to compensate a municipality for the cost of regulation meets the other Emerson College tests, because the participants in the regulated industry “receive particularized benefits in the form of a well-regulated industry,” and whether the receipts are deposited in a general fund is “not decisive,” as the determinative question is whether the charges are “reasonably designed to compensate” the municipality for its anticipated revenue-related expenses. Id., at 171-173, and cases cited. Further, the costs which may be included in a fee are not simply the direct costs of enforcing regulatory provisions, but include as well all expenses imposed on the municipality by the regulated business, and “all the incidental consequences that may be likely to subject the public to cost in consequence of the business licensed.” Emerson College, at 425 n.16. For a fee to be valid, “it is sufficient that the revenue collected is not significantly and consistently in excess of the cost of providing the services.” Commonwealth v. Caldwell, 25 Mass. App. Ct. 91, 97 (1987). “[R]easonable latitude just be given to the [municipality] in fixing [the amount of] charges,” and such charges should “not be scrutinized too curiously even if some incidental revenue were obtained.” Southview Coop. Housing Corp. v. Rent Control Bd. Of Cambridge, 396 Mass. 395, 403 (1985). The party objecting to a fee bears the burden of proving its invalidity. Silva, at 168, and cases cited.

6. The community impact fee is intended to compensate the municipality for its costs. The determination of such a fee should not bar an ME or MMTC from providing additional community benefits, whether in the form of donations to non-profit organizations, production and distribution of educational materials, staff assistance with substance-abuse training programs, or other activities related to the ME or MMTC’s operation.

7. MMLA strongly disagrees with the Guidance’s implication that mitigation costs for such items as traffic controls or wetlands impacts are to be included within, and capped by, the community impact fee. Mitigation for land-use and environmental impacts, which are normally addressed for any applicant within the conditions of zoning special permits, municipal stormwater permits, and wetlands Orders of Conditions issued under the Wetlands Protection Act and municipal wetlands bylaws/ordinances, must continue to be within the purview of the municipal boards, commissions, and officials responsible for those permit requirements. Further, under G.L. c. 44, §53G, permitting boards have authority to require applicants to bear the cost of pre-permit technical review, and these costs, likewise, should be

considered separate from the HCA community impact fee. As a practical matter, HCAs are likely to be negotiated by the municipality's executive authority, whether that be the Board of Selectmen, a Town Manager, or a Mayor, and those officials do not have authority to determine the conditions of land-use permits for which other entities are responsible.

8. The Commission should add other items to the list of eligible costs, such as inspection costs incurred by such municipal agencies as the Board of Health, the Fire and Police Departments, and Water and Sewer Departments. Further, the HCA Guidance should make clear that the list is illustrative, not limiting.

9. The Commission should seek input from the Department of Revenue as to how impact fees are to be accounted for and made available for expenditure. In the case of fees paid by MMTCs, DOR has previously opined that such fees must be deposited in the municipal general fund. See DLS Bulletin 17-05B. If the same is true for impact fees paid under a HCA authorized by Chapter 94G, municipalities would not be able to segregate impact fees and use them as a direct source to offset ME-related municipal costs.

10. As MMLA understands the HCA Guidance, the document presents the Commission's interpretation of Chapter 94G (particularly Section 3(d)), and suggests appropriate terms to be included in an HCA, without limiting the range of other provisions. If it is the Commission's intent to establish a regulatory mechanism for reviewing and approving the terms of HCAs, or for imposing terms on a municipality and an applicant that they have not mutually agreed to, MMLA does not agree that the Commission currently has the statutory or regulatory authority to implement such a mechanism. Further, such an approach would likely hinder, rather than advance, the growth of the marijuana industry, by reducing support at the municipal level and creating uncertainty and delay in negotiations between municipalities and applicants. MMLA is also concerned that an attempt to abrogate contractual agreements between private parties and a municipality in this context will have implications for other public-private agreements, such as tax-increment financing agreements and development agreements.

### **Equity Guidance**

1. Chapter 94G gives the Commission a mandate to consider "economic empowerment" or "social equity" in the Commission's licensing decisions. The Equity Guidance appears to encourage, or even direct, municipalities to make "social equity" a factor in approving ME licenses. However, Chapter 94G does not provide municipalities with either the authority or duty to do so. Municipal decisions that "play favorites" among applicants may be subject to challenge from unsuccessful applicants, or from other parties (such as abutters) with standing to challenge zoning permit decisions.

2. In the context of zoning approvals, a decision that is based on factors unrelated to land-use factors and impacts is particularly problematic. Approving one applicant, and denying another, based on the identity of the applicants and not on the projects' compliance with zoning requirements, is legally suspect. Further, special permits and variances ordinarily "run with the land" rather than being linked to the identity of the applicant. A condition that prevents a special permit from being exercised by someone other than the initial applicant, or that makes a transfer of ownership subject to approval by the Special Permit Granting Authority ("SPGA"), might not withstand judicial scrutiny. Therefore, a municipal board that gives special consideration to a social-equity applicant when issuing a special permit may lack the ability to prevent a different entity, not entitled to such special consideration, from relying on that permit in the future.
3. The State Zoning Act, at G.L. c. 40A, §1A, limits the municipal boards that may be designated as an SPGA to the zoning board of appeals, the planning board, the board of selectmen, or the city council. (Under G.L. c. 40A, §9, the zoning bylaw/ordinance may designate different SPGAs for different types of special permits.) Therefore, if it is the intention of the Equity Guidance to suggest a form of "one-stop shopping" for a ME applicant in which a single entity approves an HCA and a zoning special permit, this will not be possible unless the SPGA identified in the zoning bylaw/ordinance to issue special permits for MEs is also the municipal contracting authority for the approval of the HCA. The identity of the contracting authority will depend on the provisions of the municipal charter. In short, "one-stop shopping" may not be feasible.
4. Even where it would be possible to have the same entity negotiate an HCA and issue a zoning special permit, there are arguments to be made against such an arrangement. For example, if a town's board of selectmen is both the contracting authority and the SPGA for MEs, there is a risk that the special permit decision will be based on reasons unrelated to land-use considerations, or that one applicant will receive a special permit, and another denied, because one applicant is more willing than the other to agree to HCA terms that favor the municipality.
5. As the above example indicates, a municipal approval system for MEs that allows or encourages the municipality to favor one applicant over another will not necessarily operate to the benefit of social-equity applicants, unless great care is taken in establishing the criteria. In any case, the favorable treatment should be limited to the approval of an HCA, and not to the approval of a special permit or other land-use permits (such as wetlands permits) that require other considerations unrelated to the identity of the applicant.
6. The Equity Guidance suggests designating the revenue received from the municipal excise tax and the community impact fee for specific purposes. In Massachusetts, this would require state legislative authorization, since all municipal revenue, unless otherwise specified by statute, is placed in the municipal general fund for subsequent appropriation. See G.L. c. 44, §53.

7. MMLA questions the basis for the assertion in the Equity Guidance that rental prices would be significantly affected by “overly strict zoning rules and large buffer zones.” MEs will be competing for rental space (or owned property) with all other types of allowed uses in a zoning district, so that real-estate prices will reflect the overall market and the demand for commercial or industrial property, not specifically for use as an ME. The economic advantages of “large businesses,” or their financial ability to outbid smaller businesses, will exist regardless of the zoning requirements.
8. It is inconsistent to contend, in one paragraph, that requiring a separation between MEs disadvantages smaller enterprises, and in the next paragraph, that MEs should not be “crowded into small sections of a municipality.” Different municipalities have taken different approaches. Some have imposed distance requirements to discourage multiple entities from being located in close proximity, while others see an advantage in the “synergy” of similar types of businesses being located in a compact area. It is difficult to predict which situation is more advantageous for a social-equity ME seeking to compete with larger, better-financed MEs.
9. MMLA suggests that the Equity Guidance should use a term such as “separation requirement” to refer to municipally-mandated minimum distances between MEs, to avoid confusion with the buffer-zone requirements in Chapter 94G and the Commission’s regulations that require minimum distances between MEs and certain protected uses, such as schools.
10. The paragraphs in the Equity Guidance on the effect of legalizing marijuana on under-age access and use of marijuana seem unrelated to the purpose of the Equity Guidance.
11. Zoning laws must be uniform, within each zoning district, for each type of use and structure permitted. See G.L. c. 40A, §4. Therefore, a zoning bylaw/ordinance which allowed for separation requirements to be waived, based on the identity of the applicant, would violate the uniformity requirement, as well as providing a potential basis for a challenge to an approved zoning permit as being unrelated to the purposes of zoning.
12. The Equity Guidance advocates that municipalities give “priority status” to social-equity applicants for a limited period of time. For similar reasons to those previously stated, this type of priority treatment could not be extended to applicants for zoning permits, as SPGAs must accept all zoning applications and act upon them according to the time requirements established in Chapter 40A.

13. In short, the Equity Guidance should clarify that any “special treatment” for social-equity applicants is limited to the approval of HCAs, and does not extend to the operation of zoning bylaws/ordinances. (This is clearer in the final page of the Equity Guidance than it is earlier in the document.)

Thank you for your consideration.

Very truly yours,



John J. Goldrosen, Esq.

Chair, MMLA Marijuana Resource and Response Committee





August 3, 2018

Steven J. Hoffman, Chair  
Cannabis Control Commission  
101 Federal Street, 13th Floor  
Boston, MA 02110

**RE: Draft Guidance Host Community Agreements**

Dear Chair Hoffman and Members of the Cannabis Control Commission,

On behalf of the cities and towns of the Commonwealth, the Massachusetts Municipal Association is writing to offer comments on the draft guidance on Host Community Agreements. We would like to express our appreciation to the Commission members and staff for the opportunity to provide input on this document and hope that we may continue to work closely with the Commission members and staff on any further development of guidance documents or regulations.

Municipal officials have been on the front line of implementing the new law and have a responsibility to ensure that it is done in a balanced way that maximizes the benefits of the health and safety concerns, and possible adverse effects on residents, business, neighborhoods, economic development plans, or other important considerations. As part of the implementation process, municipalities and private recreational marijuana establishments have been negotiating terms in their host community agreements, and we have heard from a number of communities that these negotiations have largely been a positive experience with both sides coming to the table to negotiate freely and in good faith.

The MMA believes that adoption of a guidance by the Commission at this point is premature and overreaching. Contracting between local governments and private entities is a long-established practice to which providing limiting guidance could have long-term effects on the ability of municipalities to contract freely, even outside the marijuana industry. The MMA strongly supports existing municipal contracts that allow for the negotiation of monetary or development donations for the benefit of the municipality. Some examples include housing development contracts, host community agreements with the gaming industry, and contracts with the movie industry. The MMA believes that limiting the guidance to the distinction between a tax and fee unnecessarily diverts the discussion away from contract law, when in fact a host community agreement is simply a contract.

Additionally, it is likely that once the marijuana industry becomes more established in Massachusetts, and the market becomes saturated, private marijuana establishments will gain the upper hand in the negotiations. Tying the hands of municipalities will severely limit their ability to come to the table as equals, and could undermine their ability to represent the public's interest in a balanced setting.

We applaud the Commission for taking its time in the thoughtful roll-out of regulations and guidance thus far. We emphasize that municipal officials should have the same opportunity to thoughtfully roll-out a new industry in their own cities and towns. Implementation of new zoning bylaws and ordinances takes time, and municipalities should be afforded latitude to establish the marijuana industry in a way that is agreeable to the constituents in their respective communities. This includes the ability to properly vet private marijuana establishments and negotiate agreeable terms in the host community agreement. We hope that the Commission will stand strong against the pressure from industry acolytes who wish to short-circuit the public process for their own private purposes and gain.

The MMA hopes that the Commission will hold off on issuing guidance for host community agreements at this time and continue to work closely with the MMA and municipalities. As of July 26, there were 85 license applications under review at the Commission, with many more to come. The MMA fears that this guidance would become more of a hindrance than a help to the fair negotiation of future host community agreements, and also to those that already exist. We would also caution the Commission that weighing in on the terms of these contracts is a slippery slope, and that over-regulation of municipal contracts may amount to improper adjudication.

Thank you very much for your consideration. If you have any questions or wish to receive additional information, please do not hesitate to have your office contact me or MMA Legislative Analyst Brittney Franklin at (617) 426-7272 at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Beckwith". The signature is stylized and cursive.

Geoffrey C. Beckwith  
Executive Director & CEO



MARK E. RUMLEY  
City Solicitor

# City of Medford

LAW DEPARTMENT

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KIMBERLY M. SCANLON  
Assistant City Solicitor

August 6, 2018

Chairperson Steven J. Hoffman  
Cannabis Control Commission  
101 Federal Street  
Boston, MA 02110

Re: Comments of the City of Medford on *Guidance on Host Community Agreements*

Dear Chairperson Hoffman:

Commissioner McBride's "*Guidance on Host Community Agreements*" sheds well-reasoned and welcomed light on the various components of G.L. c 94G §3(d).

On the matter of "*community impact fees*" the Commissioner rightly emphasizes that fees need to be reasonably related to the municipal costs that arise from the operation of the marijuana establishment.

The "*Guidance*" offers some examples of the anticipated costs that "may reasonably be included in a fee of up to 3% of the gross sales" such as traffic, environmental, public safety overtime and substance abuse prevention.

While these suggestions are helpful, the City of Medford offers the following comments that are based on the following principle:

**In order for an "*impact fee*" to be genuinely "*reasonably related*" to municipal costs related to the marijuana establishment - the dialogue between the municipality and the marijuana establishment needs to be based – to the greatest extent possible- on "*objective*" standards.**

Among the perils of unfettered "*subjectivity*" while discussing "*impact*" are:

- a) A municipality/town may base its "*needs*" request on its pre-existing deficiencies and set forth a random "*wish list*" of important but unrelated budgetary items.
- b) Conversely, the marijuana establishment may be tempted to offer various unrelated "*benefits*" to the city in the hope that by offering these additional items the permitting process will be made correspondingly easier because municipal focus may be on the "*candy being offered*" as opposed to conducting a substantive review.

**First Comment**

**There is Need for a Regulatory Mechanism to Measure “Community Impact”**

In order to properly focus the dialogue between the municipality/town and the marijuana establishment regulatory protocols could be crafted to provide an objective tool to measure “community impacts”. Models of such a regulatory tool are the “linkage” ordinances that have been adopted in Medford, Boston and Cambridge.

The enabling legislation allowing local linkage exaction fees in the City of Medford is found in Chapter 488 of the Acts of 1989. Pursuant to this legislation the Revised Ordinances of the City of Medford were amended to require “linkage payments” from large scale developers to offset the impacts of larger real estate developments on public infrastructure and municipal services resulting from a particular real estate development.

Projects which are identified as residential projects pay fees, prior to the issuance of a building permit for a) water facilities, b) sewer c) parks, d) police, e) fire and f) roads<sup>1</sup>.

**Second Comment**

**The Process would be Enhanced by Allowing a Municipality/Town To Assess a “Peer Review” Fee on Prospective Marijuana Establishments**

The assessment of a “review fee” to be paid by the marijuana establishment prior to the negotiation of the “host community agreement” would allow the municipality/town to have the benefit of professional input and discernment on the impact nexus between the marijuana establishment and the community.

The amount of the fee could vary depending on the nature/type of marijuana establishment business.

This review fee would be akin to fees paid to some communities for “peer review”

For example, the Ordinances in the City of Chelsea<sup>2</sup> contains two provisions relating to peer review.

Regarding “Planned Development” the Chelsea ordinance states:

*“In considering such an application for a design review, the department of planning and development may consult an architect, city planner or urban designer at the expense of the applicant, providing that in no case the applicant is charged by the department of*

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<sup>1</sup> Before the issuance of a building permit, a fee is paid to the City. The calculation of that fee is based on the size and type of project and a corresponding methodology for determining the fee amount. For example, a multiple family project with 15 units would pay a fee of \$3903.97 per unit for a total of \$58,559.55.

<sup>2</sup> Thank you to John DePriest, Chairperson of the City of Medford Community Development Board and Director of Planning and Development in the City of Chelsea for this contribution regarding “peer review”.

*planning and development more than one percent of the construction costs of processing and application for a design certificate.”*

In addition, in regard to “*Smart Growth*” the Chelsea Ordinance states:

*“The applicant shall be required to pay for reasonable consulting fees to provide peer review of the plan approval application, pursuant to MGL, Ch 40R, Section 11(a). Such fees shall be held by the city in a separate account and used only for expenses associated with the review of the application by outside consultants, including, but not limited to, attorneys, engineers, urban designers, housing consultants, planners, and others. Any surplus remaining after the completion of such review, including any interest accrued, shall be returned to the applicant forthwith.”*

An additional example is found in Department of Housing and Community Development regulations 760 CMR 56.05 (5) that provides for “consultant review” as part of the process of approval for “40B” projects. It states:

*“Consultant Review”*

*“(a) If, after receiving an application, the Board determines that in order to review that application it requires technical advice in such areas as civil engineering, transportation, environmental resources, design review of buildings and site, and (in accordance with 760 CMR 56.05(6) review of financial statements that is unavailable from municipal employees, it may employ outside consultants. Whenever possible it shall work cooperatively with the Applicant to identify appropriate consultants and scopes of work and to negotiate payment of part or all of consultant fees by the Applicant. Alternatively, the Board may, by majority vote, require that the Applicant pay a reasonable review fee in accordance with 760 CMR 56.05(b) for the employment of outside consultants chosen by the Board alone. The Board should not impose unreasonable or unnecessary time or cost burdens on an Applicant. Legal fees for general representation of the Board or other Local Boards shall not be imposed on the Applicant.”*

### **Conclusion**

The relationship between marijuana establishments and municipalities/towns is a new one. These unchartered waters require a proper assessment of the impact on municipal/town services.

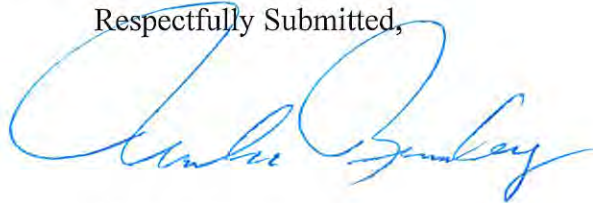
Requiring a payment for this assessment by the marijuana establishment is justified as part of the cost of doing business.

Conversely, requiring a “*rational nexus*” between the impact attributable to the marijuana establishment and the amount of the “*impact fee*” is a matter of fairness to the residents of the communities where this business will take place.

**August 6, 2018**  
**Cannabis Control Commission**  
**Page 4**

Thank you for the opportunity to present these comments.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Mark E. Rumley", is written in a cursive style.

Mark E. Rumley

Cc: Mayor Stephanie M. Burke, President Richard Caraviello and Members of the Medford City Council, Kimberly Scanlon Assistant City Solicitor, Lauren DiLorenzo Director of the Office of Community Development, Leo A. Sacco Chief of Police, Paul Mochi Building Commissioner, Mary Ann O'Connor Director of Health Department, Penny Funiolo Prevention and Outreach Manager.

MER/mr

*Town of*



# AMHERST *Massachusetts*

TOWN HALL  
4 Boltwood Avenue  
Amherst, MA 01002-2351

August 6, 2018

Cannabis Control Commission  
101 Federal Street, 13th Floor  
Boston, MA 02110

Dear Commissioners:

Thank you for your recent draft guidance on Host Community Agreements (HCAs) between municipalities and marijuana establishments, and for seeking feedback from municipalities. Amherst has four substantive comments that we would like to see addressed in the final guidance, all of which relate to actual or expected costs incurred by the municipality because of the existence of marijuana establishments in town: 1) recognition that both the costs and impacts will vary from municipality to municipality and that HCAs should reflect particular impacts on the host municipality; 2) confirmation that general costs attributable to all marijuana establishments can be proportionally recovered from all marijuana establishments; 3) clarification of permissible fees in excess of the 3% Community Impact Fee; and 4) inclusion of adherence to local licensing requirements and local regulations as a permissible required condition.

First and foremost, it is critical that the guidance provides municipalities with the flexibility to enter into agreements that reflect each community's unique characteristics and values. For example, the median age of an Amherst resident is 21.6 years old – almost two decades younger than the median age statewide. Amherst's population is also in constant flux, with nearly 5,000 new arriving annually as first year students at UMass, Amherst College, and Hampshire College. Therefore, Amherst anticipates substantial costs associated with educating our residents about the legal and responsible use of marijuana, as well as enforcement of underage consumption, that may not be as significant an impact on a municipality with an older and more permanent population. Though the guidance indicates this may be permissible "during the first years of operation," in Amherst, this programming will need to extend well beyond the first years of operation as we annually welcome thousands of new students and employees from states and countries that regulate marijuana use very differently.

As a designated community of disproportionate impact, Amherst also has a strong interest in creating an environment that helps equity applicants. Just as some communities may need to use a portion of the Community Impact Fee for additional traffic enforcement personnel, it is important to our community that Amherst has the ability to invest a portion of the Community Impact Fee in a local technical assistance program to assist equity applicants. Maintaining flexibility in how a municipality may use the Community Impact Fee is paramount to ensuring that each community addresses the impacts of local marijuana establishments in a way that is suited to that particular community.

Second, the guidance must confirm that municipalities are able to recover, as part of the Community Impact Fee, costs which are “reasonably related” to the existence of marijuana establishments, but cannot be easily attributed to a particular establishment. A few examples of these types of costs include:

- **Education:** with such a young and ever-changing population, Amherst is particularly concerned that we will have significant and ongoing costs related to educating our residents as a result of marijuana establishments locating here.
- **Drug Recognition Expert Training:** in order to identify people driving under the influence of marijuana, public safety officers may need additional training.
- **Municipal Employee Time:** municipal employees anticipate spending significant time related to permitting (and potentially locally licensing) marijuana establishments. Staff has already spent hundreds of hours reading, researching, and learning about the marijuana laws, drafting zoning and other regulations, attending and testifying at public meetings, and holding internal staff meetings to prepare for the presence of marijuana establishments, and we expect much of this work to continue as the landscape continues to shift.

Each of these are “reasonably related” to the existence of marijuana establishments in Amherst, but cannot be easily attributed to any particular establishment. The draft guidance seems to indicate that an impact must be attributable to a specific establishment, but does not discuss more general impacts that the municipality will have to pay for. Confirmation that these costs are appropriate uses of the Community Impact Fee, and direction on how to proportion the costs among several marijuana establishments (e.g. proportional to gross sales, equally among all establishments, etc.), would be greatly beneficial.

Third, the guidance states that fees in excess of 3% of a marijuana establishment’s gross sales may be permissible if it complies with legal requirements. However, the rest of the guidance seems to indicate that municipalities may not enter into agreements where the total payments exceed 3% of gross sales. This seems inconsistent and difficult to interpret. We would appreciate additional clarification, and examples, of fees that could exceed 3% of gross sales.

Fourth, we would appreciate adding to the examples of required conditions section of the guidance specific language about local licensing because Amherst anticipates developing a local license once the town’s forthcoming Board of License Commissioners has been appointed. We also plan to incorporate a required condition in our Host Community Agreements that marijuana establishment operators will be subject to the local license, and any local regulations by the local licensing authority or other boards with jurisdiction, such as the Board of Health. We think it would be helpful to include this in the guidance for other municipalities that may be considering the same approach.

Amherst appreciates that the Cannabis Control Commission recognized that municipalities were struggling with the parameters of HCAs and was willing to issue guidance to help cities and towns better understand the law and regulations. We hope that the final guidance document will address the three points we raised, which will further municipal understanding of what costs are recoverable as part of the Community Impact Fee.

Thank you in advance for your consideration and we look forward to our concerns being addressed in the final guidance. Please don’t hesitate to reach out to me to discuss in more detail any of the issues raised in this letter.



Sincerely,

A handwritten signature in black ink that reads "Geoff Kravitz". The signature is written in a cursive style with a large initial "G".

Geoff Kravitz  
Economic Development Director  
Town of Amherst  
(413) 259-3079  
[kravitzg@amherstma.gov](mailto:kravitzg@amherstma.gov)



Thomas Moses  
Executive Assistant  
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[tmoses@townofhudson.org](mailto:tmoses@townofhudson.org)

August 1, 2018

Commonwealth of Massachusetts  
Cannabis Control Commission  
101 Federal Street, 13<sup>th</sup> Floor  
Boston, MA 02110

**RE: Comment on Draft Guidance on Host Community Agreements**

Dear Cannabis Control Commission:

From the municipal perspective, the Town of Hudson has a few concerns about the CCC's interpretation of language contained in Massachusetts General Laws Chapter 94G §3(d). More specifically, we are concerned about how the CCC views the sentence "An agreement between a marijuana establishment or a medical marijuana treatment center and a host community may include a community impact fee for the host community, provided, however, that the community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or the medical marijuana treatment center and shall not amount to more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center or be effective for longer than 5 years."

The CCC's interpretation of "reasonably related" may be unduly limiting. There had been widespread illegal use of marijuana in Massachusetts for decades. The sudden legalization of marijuana itself or even the establishment of legal outlets in a community may have minimal incremental costs. After five years of experience in Colorado and Washington, many feared outcomes have failed to materialize ([https://www.washingtonpost.com/news/wonk/wp/2016/10/13/heres-how-legal-pot-changed-colorado-and-washington/?utm\\_term=.f9c204474864](https://www.washingtonpost.com/news/wonk/wp/2016/10/13/heres-how-legal-pot-changed-colorado-and-washington/?utm_term=.f9c204474864)). The case can be made that legal marijuana actually reduces costs. Nevertheless, historical and existing social and governmental costs remain. We maintain that a municipality should be able to use impact fee revenue to offset existing embedded costs such as for drug education, medical response and enforcement.

The CCC has relied on past court decisions to caution that broad use of fee revenue can cause a fee to be characterized as an illegal tax. This may be so, but it is outside of the CCC's jurisdiction to rule on this. This a matter for the courts to

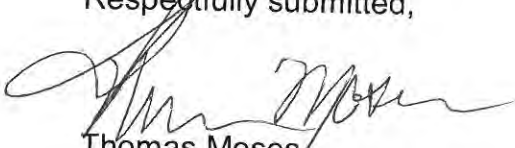
decide based on the set of facts and evidence of individual cases. We can make the case that embedded costs are "reasonably related" to the presence of marijuana in a community and is a different situation than, say, a community that charges a \$50,000 water hookup fee and use the proceeds to pay for tennis court resurfacing. This concept is not unprecedented in Massachusetts where bottle bill revenue goes to support recycling efforts and utility surcharges go to energy efficiency programs.

Another concern is that the CCC's proactive approach in interpreting the meaning of "reasonably related" creates challenges for the Commission itself and the communities that host establishments. Will the CCC monitor the use of funds? Will it require special audits? What will happen if communities collect this revenue but can't use it? Compliance could become costly and may be characterized as an unfunded mandate, unless of course the CCC allows this revenue stream to also fund compliance.

We would not raise these issues without also suggesting a solution. The Community Preservation Act provides for a surcharge (not a tax) that can be used for very specific purposes such as historic preservation and open space. A similar model could be employed for marijuana impact fees. We would even go so far as suggesting that there be four separate "buckets" for 1) enforcement, 2) medical response, 3) drug education, and 4) incremental costs such as you have outlined, but may also include local efforts to mitigate the effects of increased electricity and water consumption by grow facilities. A local committee could even oversee usage of the funds, as with the CPA.

Please consider these changes as a way to enhance the effectiveness of host community agreements.

Respectfully submitted,



Thomas Moses  
Executive Assistant

August 6, 2018

Massachusetts Cannabis Control Commission  
101 Federal Street, 13<sup>th</sup> Floor  
Boston, MA 02110

ATTN: Public Comment Letter Regarding Draft Guidance on Host Community Agreements

Dear Chairman Hoffman, Commissioner Doyle, Commissioner Flanagan, Commissioner McBride, Commissioner Title, and Executive Director Collins:

Following the release of the Cannabis Control Commission's draft Guidance on Host Community Agreements, we want to commend the Commission for the proactive steps it has taken in recent weeks to address one of the greatest structural obstacles for individual licensing applicants and the regulated adult-use cannabis market more broadly.

We believe that the lack of clear guidelines for and enforcement of host community agreements stand as a significant contributor to the slow rollout of a functioning and well-regulated adult-use cannabis system. If left unaddressed, we further believe that municipalities will continue to leverage the required host community agreement negotiation process to either (1) demand monetary and nonmonetary contributions above what is allowable under Chapter 94G, Section 3(d); (2) improperly delay the licensing of marijuana establishments; or (3) effectively ban marijuana establishments from their communities without following the appropriate local control processes delineated in Chapter 94G, Section 3.

Given the breadth and scope of our organization's work in adult-use jurisdictions across the United States, Canada, and Europe, it's worth highlighting that Massachusetts is the only state to mandate the execution of host community agreements between local governments and licensing applicants. While we appreciate the Commonwealth's prioritization of local control, we feel the mandatory host community agreement negotiation process is a unique facet of Massachusetts's cannabis policy framework that necessitates an appropriate level of guidance and enforcement to ensure that municipalities adhere to the laws that were approved by voters in November 2016 and reinforced by the General Court in July 2017. To this end, we applaud the Commission for engaging in this thoughtful and needed discussion.

We strongly encourage the Commission to issue final guidance on host community agreements that reinforces the clear parameters for such agreements established pursuant to Chapter 94G, Section 3(d) and emphasizes that municipalities have an obligation to negotiate host community agreements in good faith and within a reasonable timeframe. Additionally, we urge the Commission to enforce host community agreements—as the Commission currently does for all other application components—to ensure that they conform to state law.

Addressing the matter of host community agreements is absolutely critical to prevent further delays in the licensing of marijuana establishments and the imposition of overly-burdensome host community agreements that will undermine the transition of cannabis consumption from the illegal market to a successful and well-regulated adult-use cannabis industry.

## **An Unfettered Host Community Agreement Negotiation Process Will Continue to Severely Undermine the Commonwealth’s Regulated Adult-Use Cannabis Market**

A host community agreement negotiation process that continues to lack the appropriate level of guidance and enforcement will continue to severely undermine Massachusetts’s regulated adult-use cannabis market along two fronts: (1) by artificially increasing legal market prices well above those existing in the illegal market and (2) by severely restricting consumer access.

- **Host Community Agreements Artificially Increasing Legal Market Prices:** In terms of legal market prices, host community agreements that contain excessive community impact fees and other monetary and nonmonetary contributions will dramatically increase legal market price levels—to the point that a substantial share of consumers will simply refuse to convert from the illegal market. Recognizing the importance of maintaining a degree of price competitiveness between licensed marijuana establishments and illicit market operators, the Massachusetts General Court debated the appropriate rate of state and local taxation at length in 2017, ultimately settling on an all-in effective tax rate of 20 percent. To the extent that municipalities impose excessive community impact fees upon marijuana establishments throughout the supply chain (e.g. 3 percent on marijuana cultivators, 3 percent on marijuana product manufacturers, and 3 percent on marijuana retailers), effective cannabis tax rates will reach upwards of 30 percent, and additional monetary and nonmonetary contributions will push effective tax rates even higher. Such high tax rates will severely undermine the competitiveness and success of the legal market. As Fitch Ratings emphasized in a 2017 report on California’s cannabis industry, “high cannabis taxes will encourage black market sales and limit potential local government revenues from this new market.”<sup>1</sup> The same economic forces apply to the Commonwealth’s cannabis industry.
- **Host Community Agreements Illegally Reducing Consumer Access:** In terms of consumer access, the Cannabis Control Commission’s existing regulatory framework provides no guidelines or parameters for the negotiation of host community agreements beyond “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 Marijuana Establishment is located have executed a host community agreement” (935 CMR 500.101(1)(a)(8)). Absent greater guidance, a number of municipalities have used the host community agreement negotiation process to effectively (1) delay the licensing of marijuana establishments, (2) reduce the number of marijuana establishments below the 20 percent off-premise liquor license floor, or (3) ban marijuana establishments outright without following the appropriate local control process delineated in Chapter 94G, Section 3(a). To the extent municipalities continue to use the mandated host community agreement negotiation process to delay, reduce the number of, or ban marijuana establishments, this will significantly constrain consumer access to the regulated market and further entrench the Commonwealth’s sizeable illegal cannabis market.

Taken together, the potential for host community agreements to improperly increase legal market prices and reduce consumer access poses a major structural challenge for the Commonwealth’s nascent cannabis industry.

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<sup>1</sup> Fitch Ratings. “Fitch: Illicit Sales Will Limit California Cannabis Revenues,” in *Press Releases*, September 25, 2017 <https://www.fitchratings.com/site/pr/1029632>.

## **The Cannabis Control Commission Should Issue Official Guidance That Sets Clear Parameters around the Host Community Agreement Negotiation Process**

Providing municipalities with official guidance that clearly sets parameters around what is allowable under Chapter 94G, Section 3(d) is absolutely critical to ensure that host community agreements conform to state law. We commend the Commission for its draft Guidance on Host Community Agreements released on July 26, 2018 and believe it adds much needed clarity for municipalities and licensing applicants alike on this important matter.

Specifically, we applaud the Commission for highlighting that community impact fees (1) must be “reasonably related to the costs imposed upon the municipality by the operation of the Marijuana Establishment or medical marijuana treatment center,” (2) cannot exceed 3 percent of the gross sales of the Marijuana Establishment, and (3) cannot be imposed for a period—in aggregate—that exceeds five years. We strongly urge the Commission to include these recommendations in its final guidance document and to emphasize that additional monetary and nonmonetary contributions falling outside of these clear limitations are not allowable under Massachusetts Law or pursuant to longstanding case law.

That said, there are three areas we believe the Commission can provide additional clarity for the parties involved in negotiating host community agreements: (1) required conditions, (2) timeframe, and (3) determining parties subject to community impact fees.

### *Required Conditions*

Regarding required conditions, the Commission provides a wide range of “required conditions” and states that “the Commission is likely to take a broad view of acceptable conditions.” We believe the existing language is overly broad and may result in municipalities including unnecessarily onerous requirements that fall beyond what is allowable under Massachusetts Law. Accordingly, we encourage the Commission to emphasize that such conditions must be “reasonably related to the costs imposed upon the municipality” and cannot be “unreasonably impracticable” as defined in Chapter 94G, Section 1.

### *Timeframe*

In order to ensure that municipalities do not utilize the host community agreement negotiation process to improperly delay or ban the opening of marijuana establishments, we believe the Commission should explicitly state that municipalities should negotiate these agreements in good faith and within a reasonable timeframe and that a failure for a municipality to do so violates the local control framework delineated in Chapter 94G, Section 3.

### *Determining Parties Subject to Community Impact Fees*

Chapter 94G, Section 3(d) states that a “marijuana establishment or a medical marijuana treatment center” seeking to operate “shall execute” a host community agreement, which “may include” a community impact fee for the host community subject to the restrictions described above. However, the statute provides that such fees “shall not amount to more than 3 per cent of the gross sales” of the marijuana establishment or medical marijuana treatment center. The term “marijuana establishment” is defined within Chapter 94G as a marijuana cultivator, an independent testing laboratory, a marijuana product manufacturer, a marijuana retailer, or “any other type of licensed marijuana-related business.” However, the community impact fee is specifically linked to “gross sales.” Chapter 94G restricts the abilities of each of these business types in terms of their ability to “transfer” possession of marijuana or

marijuana products through the sale of such products to consumers. Notably, only the definition of “marijuana retailer” allows for the direct “transfer” of marijuana or marijuana products to consumers. The definition for a marijuana retailer also contains the only reference within the definitions of a marijuana establishment to a “sale” (Note: emphasis added):

*“Marijuana retailer”, an entity licensed to purchase and deliver marijuana and marijuana products from marijuana establishments and to deliver, sell or otherwise transfer marijuana and marijuana products to marijuana establishments and to consumers.*

Finally, Chapter 64N, Section 2 establishes state and local taxes for marijuana and marijuana products. Consistent with Chapter 94G, Chapter 64N provides that taxes are to be “imposed upon the sale of marijuana or marijuana products” defined as a sale by (Note: emphasis added) “a marijuana retailer to anyone other than a marijuana establishment.” Therefore, consistent with Chapters 64N and 94G, only a marijuana retailer can be subject to a community impact fee, as only a marijuana retailer can be directly linked to gross sales.

Even though cultivators and processors are statutorily barred from conducting sales to consumers, contrary to this interpretation, municipalities have required marijuana cultivators and marijuana product manufacturers to enter into host community agreements that contain community impact fees that are tied to the future sale(s) of such marijuana or marijuana products even where the sale is located in a separate municipality—a municipality which has its own host community agreement and related fees. As an example of the market distortion due to the current application of community impact fees by municipalities: XYZ Cannabis, Inc., a cultivator in Town A, whose products are processed/manufactured by XYZ Cannabis, Inc. in Town B, and ultimately sold by XYZ Cannabis, Inc. in Town C, if each community executes a host community agreement connected to a 3% community impact fee, in total, a potential of 9% of XYZ Cannabis Inc’s (parent company) revenues, in addition the state and municipality’s 20% sales and excise tax, would be taken up by regulatory fees. Such a rate (effectively up to 29%) serves to sustain the illicit market, countering the CNB’s mission. Unfortunately, this example likely simplifies market realities which will involve processors and manufacturers mixing or blending marijuana and marijuana products—perhaps from even multiple cultivation licensees—before wholesaling to or selling these reformulated products at a marijuana retailer, creating a scenario that would make impossible accurately collecting such fees.

Without correction, such interpretation will result in an inefficient market distortion towards large, vertically integrated—and even co-located—companies<sup>2</sup>, wherein all sales are internal and confined to a specific municipality, thereby evading these multiple, compounded layers of unintended community impact fees.

### **The Cannabis Control Commission Should Choose to Enforce Host Community Agreements**

While the issuance of official guidance provides much needed clarity for the parties involved in negotiating host community agreements, there is effectively no reason for municipalities to adhere to such guidance and the parameters established by Chapter 94G, Section 3(d) unless the Commission chooses to enforce these agreements. We believe the Commission has an important role to play in

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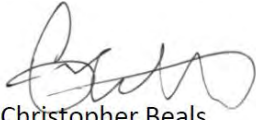
<sup>2</sup> Benjamin Hansen, Keaton Miller, and Caroline Weber. “The Taxation of Recreational Marijuana: Evidence from a Reform in Washington State,” NBER Working Paper No. 23632, July 2017, <http://www.nber.org/papers/w23632>.

ensuring that host community agreements conform to state law. Therefore, we urge the Commission to enforce these agreements.

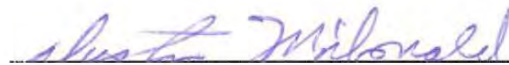
The Commission's enforcement of host community agreements is clearly authorized by Massachusetts Law, as reinforced by Senator Patricia D. Jehlen and Representative Mark J. Cusack, Co-Chairs of the Joint Committee on Marijuana Policy, in their July 2018 letter to the Commission.

Thank you again for the informed and proactive steps you have recently taken to address this important issue and for the opportunity to provide public comment. If you have any questions about this matter, please feel free to reach out at any time.

Sincerely,



Christopher Beals  
President and General Counsel



Dustin McDonald  
Vice President of Government Relations





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## Memorandum

To: Cannabis Control Commission  
From: Vicente Sederberg LLC  
Date: August 6, 2018  
Re: Comment to the draft *Guidance on Host Community Agreements*

## Introduction

Vicente Sederberg LLC (“VS”) submits this Memorandum in response to the Cannabis Control Commission’s (the “**Commission**”) request for comment regarding its draft *Guidance on Host Community Agreements* (the “**Guidance**”) released on July 26, 2018. VS represents a significant number of clients seeking to operate a Marijuana Establishment (“**ME**”) in Massachusetts and, in particular, has or is negotiating a medical and/or adult-use host community agreement (“**HCA**”) with approximately fifty cities and towns across the Commonwealth. In light of the Commission’s request for comment, we want to provide some additional information which might assist the Commission in providing its Guidance.

## Background

Pursuant to M.G.L. c. 94G § 3(d) (“§ 3(d)”), HCAs must include the terms necessary for an ME to operate in a community. The Massachusetts legislature set up an approval process whereby an application cannot be approved by the Commission until the applicant has obtained local approval in the form of an HCA.

As Commissioner Title aptly puts it, the legislature was balancing two different interests. The first interest is the desire not to force municipalities to bear any burden from adult-use operations if they choose to host an ME. The second interest is in creating a diverse and inclusive cannabis industry in MA. For that reason, the statute and regulations contain provisions that provide municipalities with a tax revenue source they can utilize as they deem fit, as well as an optional community impact fee, with limitations, which reimburses municipalities’ expenses related to hosting an ME.

The community impact fee is not unlimited in scope. According to § 3(d) a community impact fee must be (1) reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment or medical marijuana treatment center, (2) not amount to more than 3 percent of the gross sales of the ME or medical marijuana treatment center, or (3)

be effective for longer than 5 years. In addition to assuring fundamental fairness in the negotiation of these fees, these limitations were put in place as a means to prevent a bidding war between prospective ME applicants, which would foreseeably result in mostly wealthier, non-Social Equity and non-Economic Empowerment applicants winning out lucrative local support agreements.

From the perspective of VS, the negotiation and effectuation of HCAs has been slow, but for the most part, deliberate. Local approval processes are cumbersome and delays customary, whether due to cramped municipal schedules, overburdened administrative staffs and chance absences and unavailability of local officials. It is an unfortunate truth that many businesses that otherwise qualify as a “Priority Applicant” under 935 CMR 500.02 will, in effect, be denied those rights because of delays in negotiating an HCA. Nonetheless, our clients are sympathetic to the circumstances of these municipalities and acknowledge that most are seeking to work in good faith toward the desired end. However, there have been substantial problems thus far with the negotiation process and the substantive provisions resulting therefrom.

Simply put, local municipalities have enormous leverage in negotiating HCAs. By requiring the completion of an HCA, M.G.L. c. 94G effectively makes municipalities the true gatekeeper of the adult-use licensing process. As stated previously, no adult-use application can be reviewed or approved without an executed HCA. For businesses already burdened by the need to pay significant real estate holding fees, licensing fees and construction costs—all prior to the receipt of any revenues—there is a significant incentive for them to acquiesce to onerous financial provisions in order to get an executed HCA. In many instances, these HCAs are the key to obtaining commitments from finance partners. Some communities have implemented competitive “Request for Proposal” processes in which the value of a company’s financial commitment in a proposed HCA is a key component for awarding local approvals, thereby risking the appearance of a bidding war for licenses at the local level. In particular, there has been a proliferation of HCAs which appear to flout the provision limiting the imposition of community impact fees to three percent of gross revenues (the “Three Percent Rule”) as set forth in § 3(d). In effect, many municipalities appear to view the Three Percent Rule as a floor, instead of a ceiling.

We are seeing several types of clauses in HCAs which appear to conflict with the Three Percent Rule and other requirements of § 3(d), as follows:

1. “Annual Community Benefit Payment” Clauses. Many HCAs now include clauses which require the payment to the municipality of an “annual benefit payment”. These required payments are often explicitly stated to be separate from, or unrelated to, the “impact fees” delineated in other portions of the HCA. These municipalities view the legislature’s intent in promulgating the Three Percent Rule very narrowly, as if it applied only to a specific subset of allowable payments known as “impact fees” from businesses to local governments, as opposed to a broader limitation on all payments from these businesses to local governments. These municipalities appear to believe that as long as they delineate payments as something other than “impact fees,” they can require payments beyond three percent of gross revenues in any amount that the market will allow. The resulting

payments from “negotiations” of these types of provisions often ranges from \$25,000 per year to \$100,000 per year.

While nothing in state law prevents any of these businesses from voluntarily making donations to local government, these annual benefit payments are anything but voluntary and not required of any similar retail or manufacturing businesses residing within the communities.

2. “Annual Charitable Contribution” Clauses. Many HCAs contain provisions requiring businesses to set aside specified annual amounts for charitable donation in addition to requiring payment of community impact fees. In many cases, the business and the municipality are expected to mutually appoint members to a charitable board to administer the funds. Many of our clients have a sincere interest in making voluntary charitable donations to a wide variety of causes, but HCAs which “require” charitable donations are very often not voluntary at all and are inherently suspect under § 3(d) as discussed *infra*.
3. “Flat Fee” Payment Clauses. Many HCAs include a community impact fee set forth as an annual “flat fee” in a designated amount, sometimes increasing or decreasing in subsequent years of the HCA. A flat fee intended to definitively set a reasonable impact fee makes sense as a means to provide budgetary certainty to businesses and municipalities alike. Nonetheless, such provisions may result in violations of the Three Percent Rule to the extent that the payments exceed three percent of a business’ gross revenues.
4. “Reimbursement of Costs” Clauses. Many municipalities are including specific provisions requiring businesses to reimburse the municipality for its costs in negotiating and implementing the HCA, often including specific reimbursement of legal fees and other professional services in addition to a community impact fee.
5. Payments Continuing Beyond Five Years. Many of our clients are now seeing proposed terms in HCAs which may result in extending impact fee payments beyond the maximum five-year duration set forth in Section 3(d). In particular, one common clause provides for the parties to commence negotiations for a new five-year term before the expiration of the initial five-year period. It then requires that until a new agreement is reached—even if after the expiration of the five-year period—the payment provisions of the existing HCA applicable during the final year of the HCA will prevail.
6. “Reopener” Clauses. Many municipalities are requesting that HCAs include clauses that require businesses to re-open negotiations or amend HCA payment levels to the municipality if the business enters into an agreement with a different municipality with terms which are more favorable to the local government than those in the subject HCA.

## Analysis and Recommendation

In order to provide greater understanding to potential licensees and municipalities alike, the Commission's Guidance on this issue should directly address each of the HCA provisions described herein and set forth its analysis of the application of the law thereto. Our firm's analysis of the application of the law to each of these issues and recommendations for the Guidance document follow:

### A. Annual Community Benefit Payment Clauses and Charitable Contribution Clauses.

A municipality does not have the power to levy, assess, or collect a tax unless the power to do so in a particular instance is granted by the legislature; however, a municipality may impose a fee. Denver Street LLC v. Town of Saugus, 462 Mass. 651, 652 (Mass. 2012) ("Denver"); Silva v. Attleboro, 454 Mass. 165, 168 (Mass. 2009), quoting Commonwealth v. Caldwell, 25 Mass.App.Ct. 91, 92 (Mass. App. 1987). There are two kinds of fees that a municipality may charge: (1) user fees, based on the rights of the entity as proprietor of the instrumentalities used; and (2) regulatory fees, founded on police power to regulate particular businesses or activities. Denver, 452 Mass. at 652; Emerson College v. Boston, 391 Mass. 415, 424 (Mass. 1984) ("Emerson"). There are three traits that distinguish fees, which may be charged by a municipality, from taxes, which require specific legislative authorization: fees are (1) charged in exchange for a particular government service which benefits the party paying the fee in a manner not shared by other members of society; (2) paid by choice, in that the party paying the fee has the option of not utilizing the governmental service and thereby avoiding the charge; and (3) collected not to raise revenues but to compensate the governmental entity providing the services for its expenses. Denver, 452 Mass. at 652; Emerson, 391 Mass. at 424-25. Thus, in order for a municipality to exact a community impact fee it must comply with statutory limitations and the three-part Emerson factors for distinguishing a permissible fee from an impermissible tax. See Denver, 452 Mass. at 652-67; Emerson, 391 Mass. at 415-28. For purposes of this memorandum, we focus on the first Emerson factor, as it is dispositive of the issue.

In determining whether a fee is charged in exchange for a particular government service which benefits the party paying the fee in a manner not shared by other members of society, a Massachusetts court will look to whether the services for which the fee was imposed are sufficiently particularized as to justify distribution of the costs among a limited group rather than the general public. Denver, 462 Mass. at 660; Emerson, 391 Mass. at 425. This inquiry does not involve an exact measuring or quantifying of the comparative economic benefits of the limited group and the general public. Denver, 462 Mass. at 660. Instead, the inquiry is whether the limited group is receiving a benefit that is, in fact, sufficiently specific and special to its members. Denver, 462 Mass. at 660; Emerson, 391 Mass. at 424. A benefit is sufficiently specific and special to the members of a limited group when it is of direct benefit to the limited group and not a benefit that is largely shared with the general public. See Denver, 462 Mass. at 660; Silva, 454 Mass. at 165-71; Emerson, 391 Mass. at 424; Greater Franklin Developers Association, Inc. v. Town of Franklin, 49 Mass.App.Ct. 500, 500-503 (Mass.App.Ct. 2000) ("Franklin").

In Denver, the court found that a sufficiently particularized benefit existed when plaintiff developers sought immediate access to a sewer bank on which there would have otherwise been a moratorium on new connections had it not been for a connection fee the Town of Saugus assessed on new connections. 462 Mass. at 653-61. Although the sewer bank system and new connection fee was established pursuant to an administrative consent order between the Town and the Department of Environmental Protection as a means to reduce public health and environmental risks resulting from a deficient sewer system, the court considered these new immediate access connections as a benefit that was not shared by anyone other than those who paid the charge because the specific benefit there was an immediate connection that would not have otherwise been possible. See id. at 653-61. Thus, the benefit was sufficiently particularized because immediate access is a direct benefit to new developers and not a benefit that is largely shared with the general public which is not seeking an immediate new access. See id. at 653-61.

In contrast, a benefit is not sufficiently specific and special to the members of a limited group when it is not of direct benefit to the limited group but of a largely shared benefit with the general public. In Emerson, plaintiff college brought action against the City of Boston challenging the imposition of a charge for fire protection against the owners of certain buildings that by reason of their size, type of construction, use and other relevant factors required the city to employ additional firefighters, deploy additional equipment and purchase equipment different in kind from that required to provide fire protection for the majority of structures. 391 Mass. at 46-426. There, the court found that the fee assessed on the plaintiff's class of building owners was not in relation to a particularized benefit to the limited group but a largely shared benefit of the general public because in a large, densely populated city like Boston, the prevention of damage to buildings by fire is an object which affects the interests of all the inhabitants and relieves them from a common burden and danger. See id. Thus, the benefits of augmented fire protection are not limited to the owner of certain buildings because the capacity to extinguish a fire in any particular building safeguards not only the private property interests of the owner, but also the safety of the building's occupants as well as that of surrounding buildings and their occupants. Id.

Similar to Emerson, in Greater Franklin Developers Association, Inc. v. Town of Franklin ("Franklin"), the court found that school impact fees imposed by the Town of Franklin on new residential developments to cover cost of expanding schools were in relation to a benefit that was not a direct benefit to the limited group of new residents but a largely shared benefit between the general public and the new residents. 49 Mass.App.Ct. 500, 500-503. The Court considered the fact that money from these fees was earmarked for capital improvements, such as a new cafeteria or an entirely new school, to find that the fee was of a directly shared benefit with the general public. See id. If the funds were to be used for a new cafeteria or school that only fee payers, the new residents, would have been able to use and benefit from, then the court would have most likely come out in favor of the first Emerson factor. See id. Thus, the perceived benefit in Franklin was not sufficiently particularized to the limited group of new residents. See id.

VS is skeptical that Annual Community Benefit Payments and Annual Charitable Contributions clauses can withstand scrutiny under the first Emerson factor. Both types of clauses appear to seek to exact payments for benefits unrelated or extraneous to a statutorily

limited community impact fee—benefits which are directly shared with the public and not sufficiently particular to ME applicants, as the statutorily defined community impact fee is. The community impact fee is valid both because it is legislatively permitted and because it is defined as a fee that reimburses municipalities for actual costs incurred to the benefit of ME applicants. The Annual Community Benefit Payments and Annual Charitable Contributions, however, are for benefits that are generally shared, such as for general community expenditures or programs that may or may not be related to MEs’ activities.

The Commission should specifically state in its Guidance that Annual Community Benefit Payments and Charitable Payment Clauses which are included in HCAs and are paid in addition to a three percent impact fee are presumptively violative of § 3(d). Such payment clauses that are included within an HCA which separately includes an impact fee which is less than three percent of gross revenues remain suspect if they cannot relate these payments to a benefit provided to the licensee in particular, as opposed to the public at large. The Commission should similarly state in its Guidance that payments under such provisions in HCAs –whether in addition to impact fees totaling three percent of gross revenues or which relate to general public benefits -- should be explicitly stated as “voluntary” and “discretionary” only and that failure by a licensee to make such payments should not result in punitive results under an HCA.

A modified statement by the Commission might be warranted with respect to already executed HCAs which contain these problematic clauses, as the potential invalidation of HCAs already negotiated and executed could potentially slow down the business’ application even more by requiring renewed and potentially time-consuming further negotiations. Rather than prompting such delay, the Commission should take the position that these previously executed HCAs are deemed valid for purposes of its application process, but requesting that both parties to an HCA provide a statement to the Commission within 90 days that indicates their understanding that all payments set forth in an HCA exceeding three percent of gross revenues or for benefits that are shared by the public as a whole, as opposed to the licensee at issue, are presumed to be voluntary in nature under their HCA. Those parties that agree to execute the requested statement will have appropriately addressed the question of compliance with Emerson and created clarity on the issue with respect to their HCA. Those communities and/or operators that refuse to execute the statement will not have their HCA automatically invalidated, but will acknowledge their disagreement with the Commission and raise a potential issue as to the “voluntary” nature of the agreement, which is supposed to be an overarching element under the statutory Guidance.

In addition, the Commission should consider making a clear statement that notwithstanding the legal requirement of an executed HCA, if a municipality terminates an HCA for failure to make payments which violate § 3(d), the operator’s state license will not be withdrawn or suspended.

#### B. Flat Fee Payments

Flat fee payment clauses are more easily analyzed under § 3(d). Even assuming that such payments can be structured to pass muster under Emerson, they cannot be allowed to violate the Three Percent Rule if it turns out that gross revenues are insufficient to allow for the full flat fee

payment. The Commission's Guidance must require that these clauses, at a minimum, include a provision that clearly states notwithstanding the flat fee called for in the HCA, payments may not exceed three percent of gross revenues upon comparison of the flat fee to the subsequent calculation of three percent of gross revenues at the end of the applicable year. Undoubtedly, remedying an overpayment by an operator when a flat fee exceeds three percent of gross revenues could be problematic for municipalities in practice. A municipality's budget process could be unnecessarily disrupted if it were required to "refund" overpayments from depleted local coffers. Nonetheless, even this problem is easily remedied by allowing any overpayments in a given year to be credited toward flat fee payments due in subsequent years.

#### C. Reimbursement of Costs Clauses

Clauses requiring an operator to pay costs associated with negotiating or implementing an HCA in addition to requiring reimbursement by a community impact fee are inherently suspect under § 3(d). It is difficult to see why these costs are not related to impacts which are already intended to be reimbursed by a community impact fee. Nonetheless, we acknowledge that there is a practical budgetary consideration which makes these issues difficult. For example, in the common scenario in which an impact fee based upon a percentage of annual revenues can only be determined after the conclusion of the fiscal year, a municipality is forced to incur these types of fees without having received any payment from the operator therefor. These difficulties are easily remedied, however, by structuring an HCA to allow for businesses to pay these costs to the municipality as an "up-front" payment, with a subsequent crediting against the impact fees which are later determined to be due. Accordingly, the Commission's Guidance should make clear that costs and fees which are not otherwise borne by other similar retail or industrial businesses should be presumably covered and not separate from the impact fees contemplated under the law.

#### D. Payments Continuing Beyond Five Years.

Provisions extending the duration of the payment of fees for a period beyond five years until a new agreement is reached do little more than extend the disparity in negotiating leverage between the parties. In five years, the parties will renew discussions as to an appropriate impact fee formulation. Again, licensees will be entirely dependent upon the municipality to execute a host agreement without which its operations must cease. Allowing these clauses provides little incentive for municipalities to accede to any reductions in fees which may be warranted by the evidence, as their refusal will preserve the status quo.

These clauses violate the clear dictate of § 3(d) that impact fees have a reasonable relationship to the costs imposed on the municipality. There is no reason to assume that what is deemed reasonable today for the fifth year of a HCA will be reasonably related to applicable costs in a sixth and succeeding years of an HCA. The Commission's Guidance should explicitly reject these clauses.

## E. Reopener Clauses

Reopener clauses are an obvious effort to evade the requirement that the fees have a reasonable relation to the costs imposed on a community. In the context of “impact fees”, every situation is different. Each business is different in scope, proximity and effect on neighboring businesses and residents, and each community is unique as to population and existing resources, among other factors. Any HCA which blindly equates the type and scope of impacts from one community to another ignores the implicit mandate in the law that the fee have a reasonable relationship to the impacts *on that specific community*.

Moreover, these types of provisions impose a significant administrative burden on businesses by potentially requiring multiple re-negotiations of HCAs, not to mention the difficulties of operating without budgetary certainty. The Commission’s Guidance should make clear that a Reopener Clause may trigger a renewed good-faith negotiation between the parties, but not an automatic imposition of another payment formula upon a business.

### Conclusion

We are hopeful that the Commission will take the above items into consideration in revising its Guidance. Given the significant negotiating disparity between the parties which inherently impacts all of these agreements, a clear statement with respect to each of these issues is required. The Commission should reject an interpretation of the Three Percent Rule which seeks to limit its impact to a narrow set of business-to-government payments and express its presumption that aggregate payments under an HCA exceeding three percent of gross revenues or which relate to benefits shared broadly among the general public violate the statute. Further, the Commission should directly address the potential for violations of the law posed by flat fee payment schemes, reimbursement clauses, payments extending beyond five years and reopener clauses.





# Local Finance Opinion

LFO-2018-3  
September 24, 2018

**TOPIC:** Money from Marijuana Establishments and Medical Marijuana Treatment Centers

**ISSUE:** Accounting treatment of local option excises on retail sales of marijuana for adult use and impact fees and any other payments required or received from marijuana establishments and medical marijuana treatment centers in connection with their operation

This LFO addresses questions and provides guidance regarding the municipal finance law and accounting treatment of money from marijuana establishments and medical marijuana treatment centers. It does not address how payments by those establishments or treatment centers are treated for purposes of host community agreements.

**1. What is the general rule about accounting for money received by a city, town or district officer or department?**

All money received or collected by a city, town or district from any source is credited to its general fund and can only be spent after appropriation unless a general or special law provides for an exception and different treatment, *i.e.*, a general or special law expressly reserves the revenue stream for expenditure for a particular purpose or allows expenditure by a municipal or district department or officer without appropriation. [G.L. c. 44 § 53](#).

**2. What money could a marijuana establishment or a medical marijuana treatment center generate for a municipality?**

Municipalities may (1) impose a local excise on the retail sales of marijuana for adult use and (2) negotiate impact fees or other payments under a community host or other agreement with a marijuana establishment or medical marijuana treatment center in connection with its siting and operation in the municipality.

**3. How does a municipality impose a local excise on retail sales of marijuana for adult use?**

A city or town may impose a local excise on the retail sale of marijuana for adult use by accepting [G.L. c. 64N, § 3](#). Acceptance is by majority vote of the community's legislative body, subject to charter. The maximum excise rate communities may impose is 3%. If a city or town in which a marijuana retailer is located accepts G.L. c. 64N, § 3, all sales by the marijuana retailer that are subject to the state excise on marijuana retail sales will also be subject to the host community's local excise. The excise does not apply to the sale of marijuana or marijuana products by a medical marijuana treatment center. [G.L. c. 64N, § 4](#). See [Bulletin 2018-3, Local Excise on Retail Sales of Marijuana for Adult Use](#).

**4. How does a municipality obtain impact fees or other payments from a marijuana establishment or medical marijuana treatment center?**

A marijuana establishment or a medical marijuana treatment center that wants to operate or continue to operate in a municipality must execute a community host agreement with the municipality. [G.L. c. 94G, § 3\(d\)](#). The community host agreement must include, but is not limited to, all responsibilities of both parties with respect to the operation of the establishment or center within the municipality. The agreement may include payment of a community impact fee by the marijuana establishment or medical marijuana treatment center in order to mitigate the costs imposed upon the municipality by the operation of the establishment or treatment center within its borders. [G.L. c. 94G, § 3\(d\)](#).

**5. Is there an exception to the general rule for money related to the operation of a marijuana establishment or medical marijuana treatment center?**

No. There is no general law that establishes a different accounting treatment for (1) revenues generated by the local sales excise on retail sales of marijuana for adult use or (2) payments made under community host or other agreements with marijuana establishments or medical marijuana treatment centers. Therefore, the money belongs to the general fund and can only be spent by appropriation. [G.L. c. 44 § 53](#).

**6. How do accounting officers treat money related to the operation of a marijuana establishment or medical marijuana treatment center?**

Accounting officers must credit all of the following to the general fund:

1. Collections from local option excises on retail sales of marijuana for adult use and
2. Payments made by a marijuana establishment or medical marijuana treatment center regardless of the characterization of the payments by the parties.

State law governs the municipal finance and accounting treatment of payments made by a marijuana establishment or medical marijuana treatment center, not a host community or other agreement between the municipality and the establishment or treatment center. It is not within our regulatory purview to determine the nature of those payments for purposes of [G.L. c. 94G, § 3\(d\)](#). For municipal finance law purposes, however, payments made by an establishment or treatment center under a host community or other agreement in connection with, or to mitigate the costs imposed by, the location and operation of the establishment or treatment center within the municipality are in the nature of exactions or mitigation payments that belong to the general fund. They cannot be reserved in or credited to a separate gift or grant account, trust fund, revolving fund or other special revenue fund and cannot be spent without appropriation or appropriated as an available fund. They belong to the general fund because no general law establishes a different accounting treatment for money related to the operation of these establishments or treatment centers specifically or from exactions or mitigation payments generally.

We understand that some of these agreements have characterized all or some of the payments as gifts or gifts in the nature of trusts. However, a payment made by a private party to a municipality in connection with a regulated activity, contract or other municipal action is not a gift, donation or grant within the meaning of and for the purposes of [G.L. c. 44, § 53A](#). Therefore, it may not be accounted for in a separate account and spent without appropriation. These payments lack the donative intent that is an essential characteristic of the genuine gift required by that statute. A gift is ordinarily defined as a

voluntary payment of money or transfer of property made without consideration. Although a private party's decision to engage in a regulated activity or contract with a municipality may be one of choice, it is doing so with the expectation of receiving valuable consideration in return, *i.e.*, a privilege or benefit, or some municipal action or authorization. In this case, the execution of a host agreement is a condition precedent to being able to operate or continue to operate as a licensed marijuana establishment or registered medical marijuana treatment center. It is doubtful that any payments the establishment or treatment center agree to make are for a purpose other than to obtain the necessary host agreement. "[T]he nature of a monetary exaction must be determined by its operation rather than its specially descriptive phrase." [Emerson College v. Boston](#), 391 Mass. 415, at 424 (1984), quoting [Thomson Electric Welding Company v. Commonwealth](#), 275 Mass. 426, at 429 (1931).

**7. Is there a way under state law that a municipality may dedicate payments made by a marijuana establishment or medical marijuana treatment center for later appropriation for particular purposes?**

Yes. A municipality may use a local acceptance option to dedicate all, or a portion of at least 25%, of the collections of the excise on retail sales of marijuana or payments from a community host and other agreement payments to a general or special purpose stabilization fund established under [G.L. c. 40 § 5B](#). For the procedure that must be followed to accept and use this local option, see Section II of [Informational Guideline Release \(IGR\) No. 17-20, Stabilization Funds](#). Under this option, these collections and payments may be dedicated to stabilization funds because they are not earmarked for a particular purpose under current state law. In addition, the excise on marijuana retail sales is not a locally assessed tax or excise specifically excluded from dedication.

**8. How will the Bureau of Accounts treat balance sheet reservations of payments from a marijuana establishment or medical marijuana treatment center when certifying free cash?**

The Bureau of Accounts will close balance sheet reservations of payments from marijuana establishments or medical marijuana treatment centers when calculating the available funds of a municipality (free cash). [G.L. c. 59, § 23](#). This is consistent with its policy with respect to similar payments made under host, development or other agreements with other private parties that also belong to the general fund.

**9. What agency has regulatory jurisdiction over issues related to the operation of marijuana establishments or medical marijuana treatment centers?**

The state's [Cannabis Control Commission](#) determines whether marijuana establishments or medical marijuana treatment centers meet licensing or registration standards required to operate. Questions regarding the interpretation of the statute, regulations and other guidance related to the implementation of marijuana for adult use or medical purposes should be directed to the Commission.



Kathleen Colleary, Chief  
Bureau of Municipal Finance Law

**CITY OF AMESBURY**

**AND ALTERNATIVE THERAPIES GROUP, INC.**

**HOST COMMUNITY AGREEMENT**

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 3<sup>rd</sup> day of April 2018 by and between Alternative Therapies Group, Inc., a Massachusetts not-for-profit corporation with a principal office address of 24R Pleasant St, Unit 2, Newburyport, MA, 01950 ("the Company"), and the City of Amesbury, a Massachusetts municipal corporation with a principal address of 62 Friend Street, Amesbury, MA 01913 ("the City"), acting by and through its Mayor.

WHEREAS, the Company wishes to locate a Registered Marijuana Dispensary ("RMD") and/or a Recreational Marijuana Establishment for adult use ("RME") dispensing facility in the City in accordance with regulations issued by the Commonwealth of Massachusetts Department of Public Health and/or issued by the Commonwealth of Massachusetts Cannabis Control Commission ("DPH & CCC"); and

WHEREAS, the Company intends to provide certain benefits to the City in the event that it receives a license from the state of MA to operate an RMD dispensing facility (the "State License") and receives all required local permits and approvals;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company offers and the City accepts this Agreement in accordance with G.L c.44, §53A, and the Company and the City agree as follows:

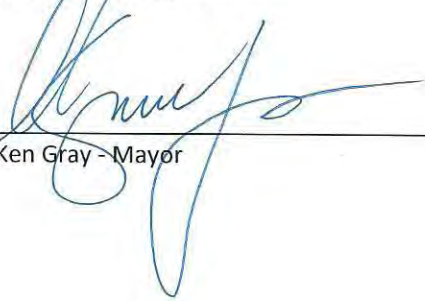
1. The Company agrees to make payments to the City, in the amounts and under the terms provided herein (the "Funds"). The Company shall furnish the City with annual Profit and Loss Statements, as soon as they become available, reflecting gross sales figures for the RMD dispensing facility located in the City.
2. In the first five (5) years of operation, the Company shall pay to the City 3.00 percent of the RMD's annual gross sales revenue generated in the City, to be paid within 60 days after the end of each year of operation. In the event that the RMD facility is not allowed to operate 7 days per week, the percentage shall be 2.00 percent.
3. The terms of this Agreement shall be renegotiated by the Company and the City in good faith following five (5) years of continuous operation of the RMD facility, or sooner, in the event that the City enters into a host community agreement with an additional RMD. The terms of this Agreement shall continue in full force and effect unless the parties reach accord on a subsequent agreement. Any renegotiation of this Agreement shall include a review of positive and negative impacts upon the City, its residents, and businesses resulting from operation of the RMD, including, without limitation, community health, associated business growth, traffic, crime, use of City resources, proximate property value impacts, and other documented impacts.
4. While the purpose of these payments is to assist the City in addressing any public health, safety and other effects or impacts the RMD dispensing facility may have on the City, the City may expend the above-referenced payments at its sole and absolute discretion.

5. The Company, in addition to any payments specified herein, shall annually contribute to public charities in an amount no less than a sum of \$25,000, said charities to be determined by the Company in its reasonable discretion.
6. The provisions of this Agreement shall be applicable as long as the Company operates a RMD dispensing facility or RME in the City, pursuant to a license issued by DPH and/or CCC, subject to the provisions of Paragraph 10, below.
7. The Company agrees that, even if permitted by statute or regulation, it will continue to prohibit on-site consumption of marijuana and marijuana-infused products at its facilities in the City.
8. The Company will make efforts to hire qualified employees who are City residents, and to utilize vendors based in the City.
9. The Company agrees that the value of the real property of the RMD dispensing facility shall be treated as taxable and the Company shall not object to or otherwise challenge the taxability of such real property, but reserves any rights it might have with respect to the valuation of same. The Company, to the extent that it maintains its classification as a non-profit organization pursuant to applicable Massachusetts law, shall be exempt from or subject to, as may be applicable, the payment of taxes on personal property to the same extent as similar organizations and facilities operating within the City.
10. The obligations of the Company and the City recited herein are specifically contingent upon the Company obtaining the State License for operation of a RMD dispensing facility and/or RME in the City, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate a RMD dispensing facility in the City.
11. This Agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the RMD dispensing facility or RME to operate in the City, or to refrain from enforcement action against the Company and/or its RMD dispensing facility and/or RME for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.
12. The Company shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City.
13. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the City nor the Company shall assign or transfer any interest in the Agreement without the written consent of the other.

14. The Company agrees to comply with all laws, rules, regulations and orders applicable to the RMD dispensing facility or RME, 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. The Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the City's Zoning Bylaws.
15. 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 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.
16. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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.
17. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.
18. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the City with respect to the matters described herein. 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.
19. This Agreement shall also be null and void in the event that the Company shall not locate a RMD dispensing facility and/or RME in the City or shall relocate such RMD dispensing facility and/or RME out of the City. In the case of any relocation out of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of occupation of the RMD dispensing facility and/or RME within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company.
20. The terms of this agreement shall be renegotiated by the parties if and when the Commonwealth of Massachusetts or the City of Amesbury adopts a new excise tax, fee, or assessment that entitles the City to collect revenue from the Company beyond that which the City is entitled to collect pursuant to the terms of this agreement and pursuant to Section 13 of Chapter 55 of the Acts of 2017, as codified in Section 3 of Chapter 64N of the General Laws of Massachusetts.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF AMESBURY



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Ken Gray - Mayor

ALTERNATIVE THERAPIES GROUP, INC.



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Christopher Edwards – Executive Director

**TOWN OF AMHERST**  
**AND GTI-MASSACHUSETTS NP CORP.**  
**HOST COMMUNITY AGREEMENT**

THIS COMMUNITY BENEFIT AGREEMENT (“AGREEMENT”) is entered into this <sup>13<sup>th</sup></sup> day of March, 2018 by and between GTI-Massachusetts NP Corp., a Massachusetts not-for-profit corporation with a principal office address of 109 State Street, Suite 404, Boston, MA 02109 (the “Company”), and the Town of Amherst, a Massachusetts municipal corporation with a principal address of 4 Boltwood Avenue, Amherst, MA 01002 (the “Town”), acting by and through its Town Manager.

WHEREAS, the Company wishes to locate a Medical Marijuana Treatment Center engaged solely in dispensing marijuana for medical purposes (the “MMTC”) in the Town at 169 Meadow Street, in accordance with Chapter 369 of the Acts of 2012 and applicable regulations, as such state and regulations have and may be further amended or replaced by Chapter 55 of the Acts of 2017 (the “Act”) and such approvals as may be granted by the Town in accordance with its Zoning Bylaw and other applicable regulations, as may be amended;

WHEREAS, it is the intention of the Company that its MMTC will engage in the sale of marijuana for medical purposes as may be permitted by the Commonwealth of Massachusetts Department of Public Health (the “DPH”), the Cannabis Control Commission (the “CCC”), or such other state licensing or monitoring authority, as the case may be, and for those purposes may operate the MMTC in the Town; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives a Final Certificate of Registration from the DPH or such other license and/or approval as may be required to operate the MMTC in Town (the “State License”) and receives all required local permits and approvals;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company and the Town enter into this Agreement in accordance with G.L. c.44, §53A, on the following terms:

1. The parties anticipate that the Town will incur additional expenses and impacts on the Town’s road system, law enforcement, fire protection services, inspectional and permitting services, public health services, and potential additional unforeseen impacts. Accordingly, in order to mitigate the financial impact on the Town and the use of Town resources, the Company shall provide as a gift certain donations to the Town, in the amounts and under the terms provided herein set forth in Section 2 (the “Annual Contribution”). The Treasurer of the Town shall hold the Annual Contribution in a separate account, to be expended by the Select Board without further appropriation pursuant to G.L. c.44, §53A, in the Town’s sole discretion for any lawful purpose in accordance with state statute and regulation. While the purpose of this Agreement is to assist the Town in addressing the potential health, safety, and other effects or



impacts of the MMTC may have on the Town and on municipal programs, services, personnel, and facilities, the Town may expend the Annual Contribution funds at its sole and absolute discretion, as determined by the Select Board. Notwithstanding the Annual Contribution, nothing shall prevent the Company from making additional donations from time to time to causes that will support the Town, including but not limited to local drug abuse prevention/treatment/education programs.

2. The Company agrees to donate as the Annual Contribution, for each Calendar Year during which the MMTC is open and engaged in retail sales activities, 3% of gross sales. The first Annual Contribution shall be made on the first day of the thirteenth month following the date of commencement of sales in the Town (the "Sales Commencement Date") and each year on the same date thereafter.

"Calendar Year" shall mean the 12 month period commencing January 1<sup>st</sup> and ending December 31<sup>st</sup>. "Gross Sales" shall mean and include the total revenue from the sale of marijuana and any and all retail products at the MMTC located in the Town, regardless of whether those products contain, or facilitate the use, inhalation or ingestion of marijuana or marijuana infused products.

With regard to any year of operation for the MMTC which is not a full Calendar Year, the applicable Annual Contribution shall be calculated based upon Gross Sales during the period of occupation of the MMTC within the Town, but in no event shall the Town be responsible for the return of any funds already provided to it by the Company.

The Company shall notify the Town when the Company commences sales within the Town. On or before March 1<sup>st</sup> of each year, the Company shall provide the Town Manager with the following: a certified statement from the Company's accountant verifying the Gross Sales from the MMTC for the preceding Calendar Year (the "Annual Statement"); copies of the Company's periodic financial filings to the DPH, the CCC, or such other state licensing or monitoring authority, as the case may be, documenting Gross Sales; and a copy of its annual filing as a non-profit corporation, if any, with the Massachusetts Office of the Attorney General.

3. In addition to the Annual Statement and the reporting requirements of Section 3.360.4 of the Town's Bylaws, on or before March 1<sup>st</sup> of each year, the Company shall provide the Town Manager with an annual report detailing the following information for the preceding Calendar Year:

- (a) the total number of patients served by the MMTC (provided same is not a privacy violation);
- (b) descriptions of any incidents on-site at the MMTC that required a public safety response;
- (c) any new MMTC locations opened by the Company in Massachusetts;
- (d) the name and relevant information as set forth in 105 CMR 725.030(B)(1 through 4 and 6), of the person proposed to act as on-site manager of the MMTC; and
- (e) any material change to the Company's ownership, management, or structure.

4. The Company, being aware of and sensitive to the presence of college students in Amherst and in an effort to be a positive, contributing member of the Town's business community, shall regularly engage in meetings or discussions with the Town to review topics of mutual concern such as tasteful, professional marketing & branding and responsible practices regarding the sale of edible marijuana infused products.

5. The Company agrees to provide staff to participate in a reasonable number of Town-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with Town health and public safety departments to mitigate any potential negative impacts of the MMTC on the Town's emergency response services, whether to the University of Massachusetts – Amherst or otherwise.

6. To the extent requested by the Town's Police Department, and consistent with the DPH's Regulations, or such applicable state regulation, as the case may be, the Company 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 Sales Commencement Date. Such plan will include, but is not limited to, (i) training MMTC employees to be aware of, observe, and report any unusual behavior in patients, caregivers, authorized visitors or other MMTC employees that may indicate the potential for diversion; (ii) strictly adhering to certification amounts and time periods pursuant to applicable state regulations; (iii) rigorous patient identification and verification procedures through the Online System of DPH, CCC, or such other state licensing or monitoring authority, as the case may be; (iv) utilizing seed-to-sale tracking software to closely track all inventory at the MMTC; and (v) refusing to complete a transaction if the patient or caregiver appears to be under the influence of drugs or alcohol. Notwithstanding the foregoing, the MMTC shall allow qualified personal caregivers to obtain and transport marijuana from a MMTC on behalf of a registered qualifying patient consistent with guidelines issued by DPH, CCC, or such applicable state licensing or monitoring authority, as the case may be.

7. To the extent requested by the Town's Police Department, and consistent with the DPH's Regulations, or such applicable state regulation, as the case may be, the Company shall work with the Town's Police Department in determining the placement of interior and 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 MMTC is located. The Company shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinity of the MMTC and with regard to any anti-diversion procedures. Such camera(s) may be altered by the DPH, CCC, or such other state licensing or monitoring authority, as the case may be, during their security and architectural review process upon approval by the Police Department.

8. The Company shall make efforts to hire qualified employees who are Town residents to the extent consistent with the law and with the demands of the Company's business. The company shall also endeavor, in a good faith, legal, nondiscriminatory manner to use local

vendors, suppliers, contractors and builders where possible. Town residency shall be a positive factor in hiring decisions at the MMTC.

9. At all times during the Term of this Agreement, property, both real and personal, owned or operated by Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Company or by its landlord, and neither Company nor its landlord shall object or otherwise challenge the taxability of such property. The Company reserves its right to challenge, through an abatement or other legal or equitable mechanism, the value of such real estate and personal property.

10. The Company shall provide to the Town, for review, the name and relevant information, including but not limited to the information set forth in 105 CMR 725.030, or such applicable state regulation, as the case may be, of the person proposed to act as on-site manager of the MMTC. If requested by the Town, the Company shall also make the on-site manager available to appear before the Select Board.

11. The Annual Contribution referenced herein shall be compensatory to the Town for all impacts of the MMTC's operation in the Town including all reasonable indirect cost. Payment of any applicable taxes shall be in addition to the Annual Contribution. Nothing herein shall be construed to exempt the MMTC from payment of local, state and federal taxes. The Town shall provide, on an annual basis at the request of the MMTC, evidence as contemplated in MGL c. 94G, §3(d) detailing the total costs imposed upon the Town by the operation of all MMTCs located in the Town (the "Annual Town Cost").

12. In the event that there is a material change in circumstances such that (i) the Town is legally authorized to impose a tax against the revenue or profits of the Company, and the Town imposes such a tax, then the amount the Town receives in the form of tax payments from the Company shall be credited towards and deducted from the Annual Contributions; or (ii) the Company's business fails to perform as expected such that compliance with this Agreement would cause a substantial burden on the Company, the Town and the Company agree to renegotiate this Agreement to allow the Company continued operation with modification of the required payments provided for herein.

13. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining the final Certificate of Registration or such other license and/or approval as may be required from DPH, CCC, or such other state licensing or monitoring authority, as the case may be, for operation of the MMTC in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate the MMTC in the Town (including without limitation a Certificate of Occupancy from the Amherst Building Commissioner) with all appeal periods exhausted without appeal, or if litigation of any nature relative to the site, use, or operation is pending, then the Company's obligations are contingent upon satisfactory resolution and order by a court of competent jurisdiction allowing siting, use and operation satisfactory to the Company.

14. This Agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and

to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the MMTC to operate in the Town, or to refrain from enforcement action against the Company and/or its MMTC for violation of the terms of said permits and approvals or said statutes, bylaws, and regulations.

15. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign sublet or otherwise transfer any interest in the Agreement, in whole or in part, without prior the written consent of the other, which shall not be unreasonably withheld, delayed, or conditioned.

16. The Company agrees to comply with all laws, rules, regulations and orders applicable to the MMTC, 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. For the purposes of the MMTC, the Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.

17. Any and all notices, consents, demands, requests, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

If to the Town            Paul Bockelman, Town Manager  
   4 Boltwood Ave.  
   Amherst, MA 01002

If to the Company:    Peter Kadens, CEO  
   325 W. Huron Street  
   Suite 412  
   Chicago, IL 60654

18. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement. Provided, however, that if any provision which is the same as, or similar to in purpose, intent or otherwise included in this Agreement has been found by a court of competent jurisdiction to be

unenforceable, illegal, invalid or otherwise offensive, then the Company may, at its sole cost and expense, challenge said provision in this Agreement and the immediately preceding sentence prohibiting challenge shall not apply.

19. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement. This Agreement may be executed by an electronically transmitted signature and/or in any number of counterparts, each of which shall be deemed and agreed to be an original, but all of which, taken together, or with appended counterpart signature pages, shall constitute one and the same instrument. It shall be sufficient that the signature of each party appear on one or more such counterparts or counterpart signature pages.

20. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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.

21. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Town or the Company.

22. The Town may terminate this Agreement at any time by providing written notice to the Company.

23. This Agreement shall continue in effect for so long as Company operates the MMTC within the Town, or five (5) years from the date of this Agreement, whichever is earlier. Before the conclusion of the term of this Agreement, the parties may renegotiate a new Host Community Agreement in accordance with the G.L. c. 94G, § 3(d) as such law may be amended or replaced. The Parties may use the Annual Town Cost during any renegotiations in determining future payment needs, taking into account actual and anticipated effects, and may utilize a review of annual costs associated with the MMTCs in Town and a survey of costs associated with MMTCs in surrounding and similarly situated towns.

24. The Annual Town Cost shall be shared equally amongst all operational MMTCs in Town. Nothing in this Agreement shall require the Company to contribute greater than 3% of its Gross Sales towards the Annual Town Cost ("Maximum Contribution"). If the equal division of the Annual Town Cost shall result in a deficiency such that the Town would not receive its total Annual Town Cost, then any MMTC which has not reached its Maximum Contribution shall share equally in payment of the deficiency up to their Maximum Contribution.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TOWN OF AMHERST

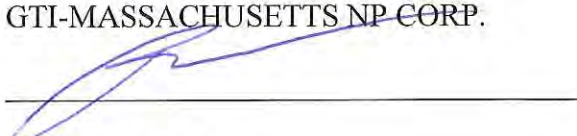


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By: Paul Bockelman

Its: Town Manager

GTI-MASSACHUSETTS NP CORP.



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By: Peter Kadens

Its: CEO

**MEMORANDUM OF UNDERSTANDING AND  
HOST COMMUNITY AGREEMENT**

This Agreement is made and entered into as of this 26<sup>th</sup> day of September, 2017, by and between the TOWN OF BELLINGHAM, a Massachusetts municipal corporation with its principal office at the Bellingham Municipal Center, 10 Mechanic Street, Bellingham, Norfolk County, Massachusetts, acting by and through its Board of Selectmen (the "Board of Selectmen") as its Chief Executive Officer, (the "Town") and GOOD CHEMISTRY OF MASSACHUSETTS, INC., a Massachusetts a not-for-profit corporation with its principal office at 50 Congress Street, Suite 420, Boston, Suffolk County, Massachusetts, ("Good Chemistry") (collectively, the "Parties") in connection with Good Chemistry's proposal to locate a registered marijuana dispensary (RMD), a.k.a. a Medical Marijuana Treatment Center (MMTC), in the Town for cultivation of marijuana in accordance with the laws of the Town and of the Commonwealth of Massachusetts, as now in effect and as hereinafter enacted.

**WITNESSETH**

WHEREAS Good Chemistry wishes to locate an RMD/MMTC facility (the "Facility") in the William Way Industrial Park at 20-28 William Way, Bellingham, Norfolk County, Massachusetts (the "Locus"), for the cultivation of marijuana as aforesaid; and

WHEREAS the Facility is contemplated to be developed in three (3) phases: Phase 1 to be comprised of 9,000 square feet in the existing building on the Locus plus 1,600 square feet in an adjacent building for auxiliary use; Phase 2(A) to be comprised of an additional 30,000 square feet to be constructed on the Locus; and Phase 2(B) to be comprised of an additional 30,000 square feet to-be-constructed on the Locus.

WHEREAS the Facility is to be restricted to the cultivation, possession, processing, distributing and wholesaling of marijuana as authorized by Massachusetts law explicitly excluding any retail sales; and

WHEREAS the Town desires certain guarantee(s) from Good Chemistry, including but not limited to: assurances that the Facility will be used only for the cultivation and processing of marijuana, unless otherwise hereafter allowed by law; a commitment to pay real estate and personal property taxes as may be attributable to the Locus, the Facility and improvements required or deemed appropriate for the operation thereof, notwithstanding any exemption(s) to which Good Chemistry may be entitled; and financial contribution(s) so as to mitigate the potential effects or demands of the Facility; and

WHEREAS Good Chemistry, as a good neighbor and a soon-to-be contributing member of the Town's business community, desires to provide these guarantees and others to the Town so long as the contingencies below are satisfied; and

WHEREAS the Town is under no obligation to host the Facility or to support the development thereof, but is willing to do so if and for so long as Good Chemistry satisfies its commitments hereunder;

NOW THEREFORE, for good and valuable consideration and the mutual promises and recitations set forth herein, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

### AGREEMENT

1. Restriction on Use. Based on Good Chemistry's anticipated use of the Locus both short- and long-term as a RMD/MMTC for the cultivation, possession and processing of marijuana pursuant to the laws of the Town and of the Commonwealth of Massachusetts, it has offered to restrict and the Town hereby requires that it restrict its use thereof in perpetuity as follows: use of the Facility shall be restricted to the cultivation, possession, processing, distributing and wholesaling of marijuana in accordance with applicable law(s) as now in effect and as hereinafter enacted, explicitly excluding any retail sale of such marijuana at or from the Locus.

2. Property Taxes. Good Chemistry acknowledges that real property taxes will be as assessed on the Locus by the Town's Board of Assessors, as will taxes on all personal property thereat. Good Chemistry hereby agrees to pay all taxes as aforesaid regardless of its current or future status as a not-for-profit organization; or, alternatively and at the Town's election, Good Chemistry hereby agrees to enter into an agreement for a payment-in-lieu-of-taxes, a.k.a. a PILOT agreement, with the Town if authorized by law, with payment(s) thereunder equal to the real estate and personal property taxes otherwise due from Good Chemistry. Notwithstanding Massachusetts' future determination(s) relative to enforcement of the payment of real property or personal property taxes by Good Chemistry, Good Chemistry shall not challenge the taxability of the Locus, the Facility or the improvements required or deemed appropriate for the operation thereof, but agrees to pay the same as if taxes could be assessed and enforced by the Town.

3. Financial Contributions. In the event that Good Chemistry obtains from the Massachusetts Department of Public Health (DPH) a final Certificate of Registration, or an equivalent use marijuana license from the Cannabis Control Commission (CCC), for operation of the Facility in the Town and receives any and all permit(s) and/or license(s) required from the Town for it to locate, occupy and operate the Facility at the Locus, Good Chemistry hereby agrees to:

a. Make an initial, one-time contribution to the Town in the amount of \$20,000.00, upon the issuance of the final Certificate of Registration or equivalent use marijuana license as aforesaid, and in no event later than ten (10) calendar days thereafter.

b. In addition to and not as a substitute for the foregoing, make the following, annual contributions to the Town: (i) on the first anniversary of Good Chemistry's first sale from its Worcester dispensary, it shall pay to the Town the sum of \$30,000.00, the same sum to thereafter be paid annually, except as hereafter modified; (ii) following the sale of marijuana cultivated in the 30,000-square-foot portion of the building to be constructed on the Locus, a.k.a. Phase 2(A), the aforesaid, annual payment shall immediately increase from \$30,000.00 to \$70,000.00; and, following the sale of marijuana cultivated in the remaining 30,000-square-foot



portion to be constructed on the Locus, a.k.a. Phase 2(B), the aforesaid, annual payment shall immediately increase from \$70,000.00 to \$110,000.00.

c. On the first anniversary of Good Chemistry's first sale from its Worcester dispensary, it shall make an annual payment of \$10,000 to the Town's "Celebration Account", said payment to be made annually in addition to all other payments.

d. On the first anniversary of Good Chemistry's first sale from its Worcester dispensary, it shall make an annual payment of \$10,000 to the Town's "Youth Service Account", said payment to be made annually in addition to all other payments.

The foregoing contributions shall be gifted to the Town c/o its Board of Selectmen, per G.L. c. 44, § 53A, for further appropriation by the Board as deemed appropriate.

Said contributions are meant to be reasonably related to the costs imposed upon the Town by operation of the Facility; except as otherwise provided by law. Insofar as G.L. c. 94G, § 3(d) is deemed to restrict the term of the above contributions to five (5) years, the Town and subject to Massachusetts law, Good Chemistry shall thereafter renegotiate this Agreement on substantially the same or better terms as are provided herein, in good faith.

4. Local Hiring Preference. Good Chemistry will use its best efforts to hire Bellingham residents, and will conduct a job fair or utilize another, similar recruiting mechanism to effectuate the same.

5. Security. Good Chemistry shall maintain a cooperative relationship with the Bellingham Police Department, including but not limited to attending periodic meetings to review operational concerns, if any, cooperation in investigation(s) and communication of any suspicious activity or activities at or around the Locus or the Facility. Good Chemistry will make available to the Police Department the same video feeds and records that are available to the DPH or the CCC.

6. Compliance with Legal Requirements. Good Chemistry shall comply with all laws, rules, regulations and orders applicable to the operation of the Facility, including those of the Town, and shall be responsible for obtaining all necessary licenses, permits and approvals required for its construction and operation. This Agreement does not affect, limit, or control the authority of Town officials, departments, boards or commissions to exercise their respective powers and duties to decide upon and to issue or deny applicable licenses, permits and approvals, whatever they may be. Notwithstanding any provision of this Agreement to the contrary, the Parties hereto agree and acknowledge that Good Chemistry is bound to comply with applicable Massachusetts laws and regulations, including but not limited to 105 CMR 725.000, *et seq.*, as may hereafter be supplanted or superseded by regulations, guidelines and/or protocols promulgated by the CCC. Such laws and regulations shall control if, at any point in the future, there arises a conflict between any such law or regulation and any bylaw or regulation of the Town.

7. Licenses and Permits. It is expressly understood and agreed by the Town and by Good Chemistry that, by accepting the taxes, contributions and donations referenced herein, the Town makes no representations or promises whatsoever that it will act on any application for a license or permit in a particular way other than in accordance with the Town's normal and regular course of conduct and pursuant to applicable rules and regulations and any statutory guidelines governing them.

8. Letter of Support or Non-Opposition. The Board of Selectmen will issue a letter of non-opposition for the Facility as described in materials and shown on plans submitted to said Board and dated September, 20<sup>th</sup> 2017.

9. Notice. Any and all notices or other communications required or permitted hereunder 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 below or furnished from time to time in writing hereafter by one Party to the other. Any such notice or correspondence shall be deemed given when so delivered by hand, when deposited with the U.S. Postal Service, if mailed, or when deposited with a private overnight or other delivery service, if so deposited.

For the Town:

Town of Bellingham Board of Selectmen  
Bellingham Municipal Center  
10 Mechanic Street  
Bellingham, Massachusetts 02019

For Good Chemistry:

Good Chemistry of Massachusetts, Inc.  
50 Congress Street, Suite 420  
Boston, Massachusetts 02109

10. Effective Date. This Agreement shall take effect on the date first above written, subject to the contingencies noted herein. This Agreement shall continue in effect per the terms of this Agreement.

11. Governing Law. This Agreement shall be governed by the laws of the Commonwealth of Massachusetts. Any dispute arising hereunder shall be directed to the appropriate court for adjudication and may be enforced by the Town as an action for breach of contract, in equity or for any other relief as may be available to it. Should Good Chemistry violate any of term(s), condition(s), provision(s) or requirement(s) herein, the Town is expressly permitted to pursue preliminary or permanent injunctive relief including but not limited to immediate cessation of Good Chemistry's operations at the Locus.

12. Amendment. Any amendment hereof or the waiver of any term, condition, covenant, duty or obligation hereunder may be made only by an instrument in writing executed by all signatories to the original Agreement, prior to the effective date of said instrument.

13. Severability. Should any term or condition of this Agreement or any application thereof be held invalid, illegal or unenforceable to any extent by a 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 by the same.

14. Binding Effect; Non-Transferability. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives, which shall expressly include any entity related or subsidiary to Good Chemistry; provided, however, that neither the Town nor Good Chemistry shall assign or transfer any interest in the Agreement without the prior, written consent of the other.

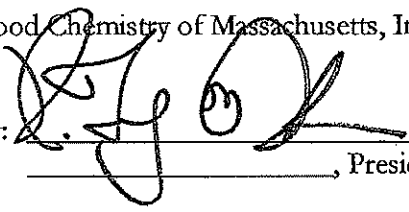
15. Entire Agreement. This Agreement constitutes the entire integrated agreement between the Parties hereto with respect to the matters described herein. This Agreement supersedes all prior agreements, negotiations and representations of the Parties, either written or oral, and it shall not be modified or amended except by a written document executed by the parties hereto as above-described.

16. Discontinuance. In the event that Good Chemistry ceases to operate in the Town or in any way loses, relinquishes, forfeits or has its license revoked by the Commonwealth of Massachusetts, this Agreement shall become null and void.

17. Fees and Surcharges and Taxes. Any amounts due hereunder are in addition to any fees, surcharges or taxes which may be assessed by the Town from time to time, including but not limited to application fees, building permit fees and public safety and Board of Health fees.

IN WITNESS WHEREOF, the Parties, by their representative(s) hereunto duly authorized, execute this Memorandum of Understanding and Host Community Agreement as of the date first above written, the same to be binding upon and inure to the benefit of their respective successors and assigns.

Good Chemistry of Massachusetts, Inc.

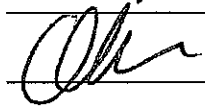
By:  \_\_\_\_\_, President

The Town of Bellingham,  
by its Board of Selectmen

By:  \_\_\_\_\_

By:  \_\_\_\_\_

By:  \_\_\_\_\_

By:  \_\_\_\_\_

By:  \_\_\_\_\_

**TOWN OF BREWSTER AND  
NATURE'S ALTERNATIVE, INC.**

**HOST COMMUNITY AGREEMENT**

This Host Community Agreement ("Agreement") is entered into this [10<sup>th</sup>] day of August 2018 by and between NATURE'S ALTERNATIVE, INC., a Massachusetts corporation, and any successor in interest, with a principal office address of 2 Seaport Lane, Boston (the "Company"), and the TOWN OF BREWSTER, a Massachusetts municipal corporation with a principal address of 2198 Main Street, Brewster, MA 02631 (the "Town"), acting by and through its Board of Selectmen in reliance upon all of the representations made herein.

WHEREAS, the Company wishes to locate an approximately 3,200 square foot Adult Use Marijuana Retail Establishment ("Marijuana Retailer") for the retail sales of adult use marijuana and marijuana products (the "Facility") at a parcel of land with approximately 1.860 acres located at 1195 Long Pond Road, Brewster, MA 02631, more accurately described by the deed recorded with the Barnstable County Registry of Deeds Book 29912, page 293, and on Map 85 and numbered 85-111-0 in the Assessor's database, in accordance with and pursuant to applicable state laws and regulations, including, but not limited to 935 CMR 500.00, and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable local regulations; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives the requisite licenses from the Cannabis Control Commission (the "CCC") or such other state licensing or monitoring authority, as the case may be, to operate the Facility and receives all required local permits and approvals from the Town;

WHEREAS, the parties intend by this Agreement to satisfy the provisions of G.L. c.94G, Section 3(d), applicable to the operation of the Facility, such activities to be only done in accordance with the applicable state and local laws and regulations in the Town;

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Town agree as follows:

**1. Recitals**

The Parties agree that the above Recitals are true and accurate and that they are incorporated herein and made a part hereof.

**2. Annual Payments**

In the event that the Company obtains the requisite licenses and/or approvals as may be required for the operation of the Facility, and receives any and all necessary and required permits and licenses of the Town, and at the expiration of any final appeal period related thereto, said matter

not being appealed further, which permits and/or licenses allow the Company to locate, occupy, and operate the Facility in the Town, then the Company agrees to provide the following Annual Payments:

A. Community Impact Fee

The Company anticipates that the Town will incur additional expenses and impacts on the Town's road and other infrastructure systems, law enforcement, fire protection services, inspectional services, and permitting and consulting services, as well as unforeseen impacts on the Town. Accordingly, in order to mitigate the financial impact on the Town and use of Town resources, the Company agrees to pay an Annual Community Impact Fee to the Town, in the amount and under the terms provided herein.

1. Company shall pay an Annual Community Impact Fee in an amount equal to three percent (3%) of the gross sales from marijuana and marijuana product sales at the Facility. The term "gross sales" shall mean the total of all sales transactions of the Facility without limitation, whether wholesale or retail, and shall include but not be limited to all sales occurring at the Facility, including the sale of adult use marijuana, marijuana infused products, paraphernalia, and any other products sold by the Facility.
2. The Annual Community Impact Fee shall be made in quarterly installments per the Town's fiscal year (July 1 - June 30). The Annual Community Impact Fee for the first year of operation shall be prorated based on the number of months the Facility is in operation. The Facility shall be deemed in operation upon receipt of both an occupancy permit from the Building Commissioner and the issuance of a final license from the Cannabis Control Commission. The Annual Community Impact Fee shall continue for a period of five (5) years. At the conclusion of each of the respective five year terms, the parties shall negotiate in good faith the terms of a new Annual Community Impact Fee as an Amendment to this Agreement. Provided, however, that if the parties are unable to reach an agreement on a successor Community Impact Fee, the Annual Community Impact Fee specified in Paragraph 2.A.1 of this Agreement shall remain in effect and shall not be reduced below the amount set forth above until such time as the Parties negotiate a successor Community Impact Fee.
3. The Town shall use the above referenced payments in its sole discretion, but shall make a good faith effort to allocate said payments to offset costs related to road and other infrastructure systems, law enforcement, fire protection services, inspectional services, public health and addiction services and permitting and consulting services, as well as unforeseen impacts upon the Town.

B. Annual Community Benefit Payments

In addition to the Annual Community Impact Fee, the Company shall additionally pay an Annual Community Benefit Payment in accordance with the following:

1. Annual Community Benefit Payments: For as long as the Facility is in operation, the Company shall pay to the Town the annual sum of \$25,000. Provided, further that the Annual Community Benefit Payment shall be paid within 30-days of the end of each 12 months after the opening date of the Facility.
2. The parties hereby recognize and agree that the Annual Community Benefit Payment to be paid by the Company shall not be deemed an impact fee subject to the requirements or limitations set forth in G.L. c.94G, §3(d).

C. Additional Costs, Payments and Reimbursements

1. 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.
2. Facility Consulting Fees and Costs: The Company shall reimburse the Town for any and all reasonable third-party consulting costs and fees related to any land use applications concerning the Facility, negotiation of this and any other related agreements, and any review concerning the Facility, including planning, engineering, legal and/or environmental professional consultants and any related reasonable disbursements at standard rates charged by the above-referenced consultants in relation to the Facility that may be required in addition to the Planning Board's review under the Bylaw, for which reimbursement will be required pursuant to G.L. c.44 §53G. Any additional legal costs associated with facilities consulting and permitting shall derive from the \$5,000 legal fee contribution previously paid by the Company to the Town in conjunction with the negotiation of this Agreement. Provided, however, that if legal fees exceed the \$5,000 contribution, additional funds may be required under this provision.
3. Other Costs: The Company shall reimburse the Town for the actual 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.
4. Late Payment Penalty: The Company acknowledges that time is of the essence with respect to its timely payment of all funds required under Section 2 of this Agreement. In the event that any such payments are not fully made within five (5) days of the date they are due, the Company shall be required to pay the Town a late payment penalty equal to five percent (5%) of such required payments if the Company fails to cure the default within five (5) days following issuance of written notice from the Town of the default.

#### D. Annual Charitable/Non-Profit Contributions

The Company, in addition to any funds specified herein, shall annually contribute to public local charities/non-profit organizations in the Town, or a regional non-profit organization that directly benefits residents of the Town, in an amount no less than \$15,000, said charities/non-profit organizations to be determined by the Company with the approval of the Board of Selectmen in its reasonable discretion. The Annual Charitable Non/Profit Contribution shall be made annually beginning on the first anniversary following the commencement of sales at the Facility, and shall continue for the term of this Agreement.

#### E. Annual Reporting for Host Community Impact Fees and Benefit Payments

The Company shall submit annual financial statements to the Finance Director and Town Administrator no later than July 31 of each calendar year with a certification of its annual sales. The Company shall maintain books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the CCC. All records shall be kept for a period of at least seven (7) years. Upon request by the Town, the Company shall provide the Town with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the CCC and Department of Revenue for purposes of obtaining and maintaining a license for the Facility

During the term of this Agreement and for three years following the termination of this Agreement the Company shall agree, upon request of the Town, to have its financial records examined, copied, and audited by an Independent Financial Auditor, the expense of which shall be borne by the Company. The Independent Financial Auditor shall review the Company's financial records for purposes of determining that the Annual Payments are in compliance with the terms of this Agreement. Such examination shall be made not less than thirty (30) days following written notice from the Town and shall occur only during normal business hours and at such place where said books, financial records and accounts are maintained. The Independent Financial Audit shall include those parts of the Company's books and financial records which relate to the payment, and shall include a certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement. The independent audit of such records shall be conducted in such a manner as not to interfere with the Company's normal business activities.

### **3. Local Vendors and Employment**

To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company will make every effort in a legal and non-discriminatory manner to give priority to local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire Town residents and make reasonable efforts to utilize women-owned, minority-owned, and veteran-owned vendors within the Town. The

Company's shall report annually to the Board of Selectmen on the number of Brewster residents employed at the Facility.

#### **4. Local Taxes**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord and neither the Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit or agricultural exemption or reduction with respect to such taxes.

Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by the Company 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 the Company 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 the Company 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 the Company under Section 2 of this Agreement.

#### **5. Security**

To the extent requested by the Town's Police Department, and subject to the security and architectural review requirements of DPH and the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the Town's Police Department in determining the placement of exterior security cameras.

The Company agrees to cooperate with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility and with regard to any anti-diversion procedures.

To the extent requested by the Town's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Facility.

#### **6. Community Impact Hearing Concerns**

The Company agrees to employ its best efforts to work collaboratively and cooperatively with its neighboring businesses and residents to establish written policies and procedures to address mitigation of any concerns or issues that may arise through its operation of the Facility, including, but not limited to any and all 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 and approved by the Board of Selectmen prior to commencement of operations and shall be incorporated herein by reference and made a part of this Agreement, the same as if each were fully set forth herein.

## 7. Additional Obligations

### A. Permitting

The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining a license for operation of the Facility in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate the Facility in the Town.

### B. Retained Authority of the Municipality

This agreement does not affect, limit, or control the authority of the Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments or to enforce said statutes, bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Facility to operate in the Town, or to refrain from enforcement action against the Company and/or the Facility for violation of the terms of said permits and approvals or said statutes, bylaws, and regulations.

### C. Annual Reporting

The Company shall file an annual written report with the Board of Selectmen in connection with its annual financial submissions on July 31 of each year for purposes of reporting on compliance with each of the terms of this Agreement and shall, at the request of the Board of Selectmen, appear at a regularly scheduled meeting to discuss the Annual Report.

### D. Annual Inspections

The Company agrees that it will voluntarily submit to a minimum of one annual inspections by the Police, Fire and Building Departments to ensure compliance with the terms of this Agreement and other local approvals. This provisions shall not preclude the municipality or any of its departments from conducting inspections at other times during the year to address enforcement matters or respond to complaints. Access to the Facility by local inspecting agents shall be provided in accordance with state regulations concerning access to the Facility.

### E. Limitations on Other Uses

The Company agrees that it will not engage in the on-site social consumption. The Delivery of adult use marijuana directly to consumers shall only be permitted in compliance with state law, subject to required local approvals and either amendment of this Agreement or negotiation of a new Host Community Agreement to address such use.

F. Improvements to the Property

The Company shall make capital improvements to the property such that the property will match the look and feel of the Town and the surrounding parcels, and be of construction standards at least at the quality of other nearby businesses.

**8. Re-Opener/Review**

The Company or any "controlling person" in the Company, as defined in 935 CMR 500.02, shall be required to provide to the Board of Selectmen notice and a copy of any other Host Community Agreement entered into for any establishment in which the Company, or any controlling person in the Company, has any interest and which is licensed by the CCC or DPH as the same type of establishment as the entity governed by this agreement.

In the event the Company or any controlling person enters into a Host Community Agreement for a MMTC or a Marijuana Retailer, either individually or as co-located uses, with another municipality located on Cape Cod, Nantucket and/or Martha's Vineyard with a census population of less than 20,000 that contains financial terms resulting in payments of a Community Impact Fee or other payments totaling a higher percentage of gross sales for the same type of establishment than the Company agrees to provide the Town pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the Town equivalent or superior to those provided to the other municipality. The re-negotiation of the Host Community Agreement under this provision would not preclude the Company from operating during the negotiation of the successor agreement, provided the Company is in full compliance with all other terms of this Agreement.

**9. Municipal Support**

The Town agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, the required certifications relating to the Company's application for a license to operate the Facility where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any zoning application submitted for the Facility, in any particular way other than by the Town's normal and regular course of conduct and in accordance with its rules and regulations and any statutory guidelines governing them.

**10. Term**

Except as expressly provided herein, this Agreement shall take effect on the date set forth above, and shall be applicable for as long as the Company operates the Facility in the Town with the exception of the Community Impact Fee, which shall be subject to the five (5) year statutory limitations of G.L. c.94G, §3(d).

### **11. Successors/Assigns**

The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the Town, and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.

Events deemed an assignment include, without limitation: (i) Company's final and adjudicated bankruptcy whether voluntary or involuntary; (ii) the Company's takeover or merger by or with any other entity; (iii) the Company's outright sale of assets and equity, majority stock sale to another organization or entity for which the Company does not maintain a controlling equity interest; (iv) or any other change in ownership or status of the Company; (v) any assignment for the benefit of creditors; and/or (vi) any other assignment not approved in advance in writing by the Town.

### **12. Notices**

Any and all notices, consents, demands, requests, approvals 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, and 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.

To: Town Administrator  
Town of Brewster  
2198 Main Street,  
Brewster, MA 02631

To Licensee: Nature's Alternative, Inc.  
2 Seaport Lane  
Boston, MA 02210

### **13. Severability**

If any term of condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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 the Town would be substantially or materially prejudiced. Further, the Company agrees that it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement.

### **14. Governing Law**

**21. Nullity**

This Agreement shall be null and void in the event that the Company does not locate the Facility in the Town or relocates the Facility out of the Town. Further, in the case of any relocation out of the Town, the Company agrees that an adjustment of Annual Payments due to the Town hereunder shall be calculated based upon the period of occupation of the Facility within the Town, but in no event shall the Town be responsible for the return of any funds provided to it by the Company.

**22. Indemnification**

The Company shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the Town, their agents, departments, officials, employees, insurers and/or successors, by any third party arising from or relating to the development of the Property and/or Facility. Such indemnification shall include, but shall not be limited to, all reasonable fees and reasonable costs of attorneys and other reasonable consultant fees and all fees and costs (including but not limited to attorneys and consultant fees and costs) shall be at charged at regular and customary municipal rates, of the Town's choosing, incurred in defending such claims, actions, proceedings or demands. The Company agrees, within thirty (30) days of written notice by the Town, to reimburse the Town for any and all costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

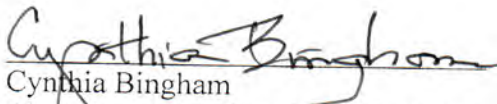
**23. Third-Parties**

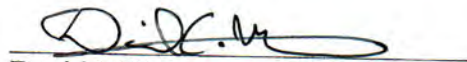
Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Town or the Company.

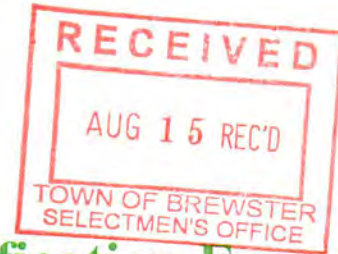
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

TOWN OF BREWSTER

NATURE'S ALTERNATIVE, INC.

  
Cynthia Bingham  
Chairman of the Board of Selectmen  
On behalf of the  
Town of Brewster

  
David Miller  
CEO



## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

### Applicant

I, DAVID MILLER, (*insert name*) certify as an authorized representative of NATURE'S ALTERNATIVE, INC. (*insert name of applicant*) that the applicant has executed a host community agreement with BREWSTER, MA (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on AUGUST 10, 2018 (*insert date*).

Signature of Authorized Representative of Applicant

### Host Community

I, CYNTHIA BENSHAM, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for BREWSTER, MA (*insert name of host community*) to certify that the applicant and BREWSTER, MA (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on AUGUST 10, 2018 (*insert date*).

Signature of Contracting Authority or  
Authorized Representative of Host Community

**TOWN OF BREWSTER AND  
THE HAVEN CENTER, INC.**

**HOST COMMUNITY AGREEMENT**

This Host Community Agreement (“Agreement”) is entered into this 25 day of July, 2018 by and between THE HAVEN CENTER, INC., a Massachusetts corporation, and any successor in interest, with a principal office address of 245 Route 6A, Orleans, MA (the “Company”), and the TOWN OF BREWSTER, a Massachusetts municipal corporation with a principal address of 2198 Main Street, Brewster, MA 02631 (the “Town”), acting by and through its Board of Selectmen in reliance upon all of the representations made herein.

WHEREAS, the Company wishes to locate a 4142 square foot licensed Medical Marijuana Treatment Center (“MMTC”) and a Marijuana Retailer for the dispensing and retail sales of medical marijuana and adult use marijuana (the “Facility”) at 4018 Main Street, Brewster, Assessor’s Map 138 Parcel 42, in accordance with and pursuant to applicable state laws and regulations, including, but not limited to 105 CMR 725.00 and 935 CMR 500.00, and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable local regulations; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives the requisite licenses from the Department of Public Health and/or the Cannabis Control Commission (the “CCC”) or such other state licensing or monitoring authority, as the case may be, to operate the Facility and receives all required local permits and approvals from the Town;

WHEREAS, the parties intend by this Agreement to satisfy the provisions of G.L. c.94G, Section 3(d), applicable to the operation of the Facility, such activities to be only done in accordance with the applicable state and local laws and regulations in the Town;

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Town agree as follows:

**1. Recitals**

The Parties agree that the above Recitals are true and accurate and that they are incorporated herein and made a part hereof.

**2. Annual Payments**

In the event that the Company obtains the requisite licenses and/or approvals as may be required for the operation of the Facility, and receives any and all necessary and required permits and licenses of the Town, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which permits and/or licenses allow the Company to locate, occupy

and operate the Facility in the Town, then the Company agrees to provide the following Annual Payments:

A. Community Impact Fee

The Company anticipates that the Town will incur additional expenses and impacts on the Town's road and other infrastructure systems, law enforcement, fire protection services, inspectional services, and permitting and consulting services, as well as unforeseen impacts on the Town. Accordingly, in order to mitigate the financial impact on the Town and use of Town resources, the Company agrees to pay an Annual Community Impact Fee to the Town, in the amount and under the terms provided herein.

1. Company shall pay an Annual Community Impact Fee in an amount equal to three percent (3%) of the gross sales from marijuana and marijuana product sales at the Facility. The term "gross sales" shall mean the total of all sales transactions of the Facility without limitation, whether wholesale or retail, and shall include but not be limited to all sales occurring at the Facility, including the sale of adult use marijuana, medical marijuana, marijuana infused products, paraphernalia, and any other products sold by the Facility.
2. The Annual Community Impact Fee shall be made in quarterly installments per the Town's fiscal year (July 1 - June 30). The Annual Community Impact Fee for the first quarter of operation shall be prorated based on the number of months the Facility is in Operation. The Facility shall be deemed in operation upon receipt of both an occupancy permit from the Building Commissioner and the issuance of a final license from the Cannabis Control Commission. The Annual Community Impact Fee shall continue for a period of five (5) years. Within 60 days prior to the conclusion of each of the respective five year terms, the Company shall meet in person with the Town Administrator to negotiate in good faith the terms of a new Annual Community Impact Fee as an Amendment to this Agreement, subject to approval of the Board of Selectmen. Provided, however, that if the parties are unable to reach an agreement on a successor Community Impact Fee, the Annual Community Impact Fee specified in Paragraph 2.A.1 of this Agreement shall be paid as a Community Benefit Payment in the amount set forth above until such time as the parties negotiate a successor Community Impact Fee.
3. The Town shall use the above referenced payments in its sole discretion, but shall make a good faith effort to allocate said payments to offset costs related to road and other infrastructure systems, law enforcement, fire protection services, inspectional services, public health and addiction services and permitting and consulting services, as well as unforeseen impacts upon the Town.

B. Annual Community Benefit Payments

In addition to the Annual Community Impact Fee, the Company shall additionally pay an Annual Community Benefit Payment in accordance with the following:

1. Annual Community Benefit Payments: For as long as the Facility is in operation, the Company shall pay to the Town the annual sum of \$25,000. Provided, further that the Annual Community Benefit Payment shall be paid within 30-days of the end of each 12 months after the opening date of the Facility.
2. The parties hereby recognize and agree that the Annual Community Benefit Payment to be paid by the Company shall not be deemed an impact fee subject to the requirements or limitations set forth in G.L. c.94G, §3(d).

C. Additional Costs, Payments and Reimbursements

1. 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.
2. Facility Consulting Fees and Costs: The Company shall reimburse the Town for any and all reasonable third-party consulting costs and fees related to any land use applications concerning the Facility, negotiation of this and any other related agreements, and any review concerning the Facility, including planning, engineering, legal and/or environmental professional consultants and any related reasonable disbursements at standard rates charged by the above-referenced consultants in relation to the Facility that may be required in addition to the Planning Board's review under the Bylaw, for which reimbursement will be required pursuant to G.L. c.44 §53G. Any additional legal costs associated with facilities consulting and permitting shall derive from the \$5,000 legal fee contribution previously paid by the Company to the Town in conjunction with the negotiation of this Agreement. Provided, however, that if legal fees exceed the prior \$5,000 contribution, additional funds may be required under this provision.
3. Other Costs: The Company shall reimburse the Town for the actual 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.
4. Late Payment Penalty: The Company acknowledges that time is of the essence with respect to its timely payment of all funds required under Section 2 of this Agreement. In the event that any such payments are not fully made within five (5) days of the date they are due, the Company shall be required to pay the Town a late payment penalty equal to five percent (5%) of such required payments if the



Company fails to cure the default within five days following issuance of written notice from the Town of the default.

**D. Annual Charitable/Non-Profit Contributions**

The Company, in addition to any funds specified herein, shall annually contribute to public local charities/non-profit organizations in the Town, or a regional non-profit organization that directly benefits residents of the Town, in an amount no less than \$15,000, said charities/non-profit organizations to be determined by the Company with the approval of the Board of Selectmen in its reasonable discretion. The Annual Charitable Non/Profit Contribution shall be made annually beginning on the first anniversary following the commencement of the sales at the Facility, and shall continue for the term of this Agreement.

**E. Annual Reporting for Host Community Impact Fees and Benefit Payments**

The Company shall submit annual financial statements to the Finance Director and Town Administrator no later than July 31 of each calendar year with a certification of its annual sales. The Company shall maintain books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the CCC. All records shall be kept for a period of at least seven (7) years. Upon request by the Town, the Company shall provide the Town with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as required by the CCC and Department of Revenue for purposes of obtaining and maintaining a license for the Facility

During the term of this Agreement and for three years following the termination of this Agreement the Company shall agree, upon request of the Town, to have its financial records examined, copied, and audited by an Independent Financial Auditor, the expense of which shall be borne by the Company. The Independent Financial Auditor shall review the Company's financial records for purposes of determining that the Annual Payments are in compliance with the terms of this Agreement. Such examination shall be made not less than thirty (30) days following written notice from the Town and shall occur only during normal business hours and at such place where said books, financial records and accounts are maintained. The Independent Financial Audit shall include those parts of the Company's books and financial records which relate to the payment, and shall include a certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement. The independent audit of such records shall be conducted in such a manner as not to interfere with the Company's normal business activities.

**3. Local Vendors and Employment**

To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company will make every effort in a legal and non-discriminatory manner to give priority to local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility when such contractors and suppliers are properly qualified and price

competitive and shall use good faith efforts to hire Town residents and make reasonable efforts to utilize women-owned, minority-owned, and veteran-owned vendors within the Town. The Company shall report annually to the Board of Selectmen on the number of Brewster residents employed at the Facility.

#### **4. Local Taxes**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord and neither the Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit or agricultural exemption or reduction with respect to such taxes.

Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by the Company 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 the Company 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 the Company 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 the Company under Section 2 of this Agreement.

#### **5. Security**

To the extent requested by the Town's Police Department, and subject to the security and architectural review requirements of DPH and the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the Town's Police Department in determining the placement of exterior security cameras.

The Company agrees to cooperate with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility and with regard to any anti-diversion procedures.

To the extent requested by the Town's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Facility.

#### **6. Community Impact Hearing Concerns**

The Company agrees to employ its best efforts to work collaboratively and cooperatively with its neighboring businesses and residents to establish written policies and procedures to address mitigation of any concerns or issues that may arise through its operation of the Facility, including,

but not limited to any and all 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 and approved by the Board of Selectmen prior to commencement of operations and shall be incorporated herein by reference and made a part of this Agreement, the same as if each were fully set forth herein.

## 7. Additional Obligations

### A. Permitting

The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining a license for operation of the Facility in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate the Facility in the Town.

### B. Retained Authority of the Municipality

This agreement does not affect, limit, or control the authority of the Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Facility to operate in the Town, or to refrain from enforcement action against the Company and/or the Facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

### C. Annual Reporting

The Company shall file an annual written report with the Board of Selectmen in connection with its annual financial submissions on July 31 of each year for purposes of reporting on compliance with each of the terms of this Agreement and shall, at the request of the Board of Selectmen, appear at a regularly scheduled meeting to discuss the Annual Report.

### D. Annual Inspections

The Company agrees that it will voluntarily submit to a minimum of one annual inspections by the Police, Fire and Building Departments to ensure compliance with the terms of this Agreement and other local approvals. This provisions shall not preclude the municipality or any of its departments from conducting inspections at other times during the year to address enforcement matters or respond to complaints.

### E. Limitations on Other Uses

The Company agrees that it will not engage in the cultivation, processing or manufacturing of medical marijuana or on-site social consumption of adult use marijuana. The delivery of adult use marijuana directly to consumers shall only be permitted in compliance with state law, subject to

required local approvals and either amendment of this Agreement or negotiation of a new Host Community Agreement to address such use. .

F. Improvements to the Property

The Company shall make capital improvements to the property such that the property will match the look and feel of the Town and the surrounding parcels, and be of construction standards at least at the quality of other nearby businesses.

8. Re-Opener/Review

The Company or any “controlling person” in the Company, as defined in 935 CMR 500.02, shall be required to provide to the Board of Selectmen notice and a copy of any other Host Community Agreement entered into for any establishment, either for medical marijuana or adult use marijuana, in which the Company, or any controlling person in the Company, has any interest and which is licensed by the CCC or DPH as the same type of establishment as the entity governed by this agreement.

In the event the Company or any controlling person enters into a Host Community Agreement for a MMTC or a Marijuana Retailer, either individually or as co-located uses, with another municipality located on Cape Cod and/or Nantucket and/or Martha’s Vineyard with a census population of less than 20,000 that contains financial terms resulting in payments of a Community Impact Fee or other payments totaling a higher percentage of gross sales for the same type of establishment than the Company agrees to provide the Town pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the Town equivalent or superior to those provided to the other municipality.

9. Municipal Support

The Town agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, the required certifications relating to the Company’s application for a license to operate the Facility where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any zoning application submitted for the Facility, in any particular way other than by the Town’s normal and regular course of conduct and in accordance with its rules and regulations and any statutory guidelines governing them.

10. Term

Except as expressly provided herein, this Agreement shall take effect on the date set forth above, and shall be applicable for as long as the Company operates the Facility in the Town with the exception of the Community Impact Fee, which shall be subject to the five (5) year statutory limitations of G.L. c.94G, §3(d).

## **11. Successors/Assigns**

The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the Town, and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.

Events deemed an assignment include, without limitation: (i) Company's final and adjudicated bankruptcy whether voluntary or involuntary; (ii) the Company's takeover or merger by or with any other entity; (iii) the Company's outright sale of assets and equity, majority stock sale to another organization or entity for which the Company does not maintain a controlling equity interest; (iv) or any other change in ownership or status of the Company; (v) any assignment for the benefit of creditors; and/or (vi) any other assignment not approved in advance in writing by the Town.

## **12. Notices**

Any and all notices, consents, demands, requests, approvals 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, and 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.

To: Town Administrator  
Town of Brewster  
2198 Main Street, Brewster, MA 02631

To Licensee: The Haven Center  
P.O. Box 2036  
Orleans, MA 02653

## **13. Severability**

If any term of condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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 the Town would be substantially or materially prejudiced. Further, the Company agrees that it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement.

**14. Governing Law**

This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

**15. Entire Agreement**

This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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.

**16. Amendments/Waiver:**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.

**17. Headings:**

The article, section, and/or paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts**

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

**19. Signatures.**

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

**20. 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.

**21. Nullity**

This Agreement shall be null and void in the event that the Company does not locate the Facility in the Town or relocates the Facility out of the Town. Further, in the case of any relocation out of the Town, the Company agrees that an adjustment of Annual Payments due to the Town hereunder shall be calculated based upon the period of occupation of the Facility within the Town, but in no event shall the Town be responsible for the return of any funds provided to it by the Company.

**22. Indemnification**

The Company shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the Town, their agents, departments, officials, employees, insurers and/or successors, by any third party arising from or relating to the development of the Property and/or Facility. Such indemnification shall include, but shall not be limited to, all reasonable fees and reasonable costs of attorneys and other reasonable consultant fees and all fees and costs (including but not limited to attorneys and consultant fees and costs) shall be at charged at regular and customary municipal rates, of the Town's choosing, incurred in defending such claims, actions, proceedings or demands. The Company agrees, within thirty (30) days of written notice by the Town, to reimburse the Town for any and all costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

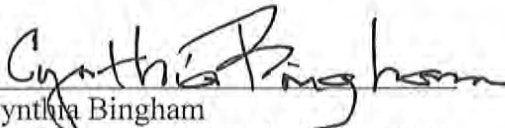
**23. Third-Parties**


Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Town or the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

TOWN OF BREWSTER

THE HAVEN CENTER, INC.

  
Cynthia Bingham  
Chairman of the Board of Selectmen  
On behalf of the  
Town of Brewster

  
Chris Taloumis  
President

## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

### Applicant

I, CHRISTOPHER TALDUMIS, (*insert name*) certify as an authorized representative of THE HAVEN CENTER, INC (*insert name of applicant*) that the applicant has executed a host community agreement with TOWN OF BREWSTER (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on JULY 25 2018 (*insert date*).



Signature of Authorized Representative of Applicant

### Host Community

I, CYNTHIA A. BINGHAM, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for TOWN OF BREWSTER (*insert name of host community*) to certify that the applicant and TOWN OF BREWSTER (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on JULY 25 2018 (*insert date*).



Signature of Contracting Authority or  
Authorized Representative of Host Community



**HOST COMMUNITY AGREEMENT  
BETWEEN THE CITY OF BROCKTON  
AND  
NATURE'S EMBRACE**

This Agreement (the "Agreement") entered into this 25<sup>th</sup> day of September, 2018 by and between the CITY OF BROCKTON, acting by and through its Mayor, with offices at 45 School Street, Brockton, Massachusetts 02301 ("the City") and Nature's Embrace, Inc., a duly organized Massachusetts corporation with a principal office address of 221 Oak Street Brockton, Massachusetts 02301 ("the Company").

WHEREAS, the Company wishes to operate as a marijuana retailer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 ("the Retail Establishment"); and

WHEREAS, Company, notwithstanding any exempt status, intends to pay all local taxes attributable to its operation, including sales taxes and real estate taxes on the space within which the Establishment is located;

WHEREAS, Company desires to be a responsible corporate citizen and contributing member of the business community of the City, and intends to provide certain benefits to the City over and above typical economic development benefits attributable with similar new manufacturing and retail concerns locating in the City;

WHEREAS, the Parties intend Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations as a marijuana retailer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company's operation of the Retail Establishment, the City will incur both tangible and intangible costs, expenses, and impacts on the City and its resources, including but not limited to the following: road system, traffic, public infrastructure, noise, security and law enforcement, public safety, inspectional services, public health, permitting services, youth prevention & education, public safety awareness campaigns, drug abuse rehabilitation, administrative services, educational materials and office supplies, inspections, municipal officials time, municipal resources like electricity and water, and potential additional unforeseen impacts upon the City.

Accordingly, in order to mitigate the direct and indirect financial impact upon the City and

use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments"). Company shall make annual community impact payments, pursuant to G.L. c. 94G, §3, as amended by Stat. 2017 c. 55 §25, to the City in the amount of three percent (3%) of gross retail sales of marijuana or Marijuana Infused Products (MIPs) from the Premises. With respect to any wholesale sales of marijuana or MIPs from the Premises to third parties, or to another operation or location owned by Company that operates outside the City of Brockton, Company shall also make an annual community impact payment in the amount of 3% of gross wholesale sales of marijuana and MIPs.. For the purposes of calculating the annual community impact payment, gross sales derived from such wholesale sales shall be assigned a commercially reasonable market value. At all times, Company shall retain documentation on wholesale sales from the Premises to any other operation or location owned by Company, and on the data used to calculate commercially reasonable market prices for such wholesale sales. Company shall provide such documentation to the City annually as provided in Paragraph 4.

In the event the Legislature raises the current three percent maximum amount of community impact payments that a marijuana retailer may pay to a municipality pursuant to 94G, §3(d), Company shall pay a community impact payment based upon the highest percentage of gross sales from the Premises and at such a rate as allowed by the Legislature.

It is expressly agreed by the Parties that in the event Company executes a Host Community Agreement pursuant to 94G, §3, with any other municipality that pays to said municipality a community impact fee greater than the community impact fee provided in Paragraph 2 of this Agreement, Company shall pay to the City the same community impact fee provided to said other municipality.

## **2. Payments**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Retail Establishment in the City by the Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate the Retail Establishment in the City (the "Opening"), then the Company agrees to provide the following Payment for each year this Agreement is in effect. Provided, however, that if the Company fails to secure any such other license and/or approval as may be required, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a) The Company shall make the Annual Payments specified in Paragraph 1:

**Community Impact**, on a quarterly basis each calendar year on the following schedule: January 1, April 1, July 1, and October 1 beginning on the first of such dates after the opening.

- b) The Company shall make the Annual Donations specified in Paragraph 3: **Donation for Drug Related Education and Drug Prevention Programs**, on a quarterly basis each calendar year on the following schedule: January 1, April 1, July 1, and October 1 beginning on the first of such dates after the opening.

### **3. Donation for Drug Related Education and Drug Prevention Programs.**

The Company, as permitted by law, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to a non-profit entity or entities in an amount of five percent (5%) of the first \$500,000.00 in gross retail sales of marijuana or MIPs and five percent (5%) of the first \$500,000.00 gross wholesale sales of marijuana cultivated at the Premises and MIPs manufactured at the Premises, for the purposes of drug related education and drug prevention programs for the benefit of the general health, safety and well being of the City residents. (the "Annual Donations").

The drug education programs and drug prevention programs shall be held for the benefit of Brockton based non-profit entities operating within the City boundaries. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2 and documented pursuant to Paragraph 4. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

For the purposes of calculating the Donation for Drug Related Education and Drug Prevention Programs, gross sales derived from such wholesale sales shall be assigned a commercially reasonable market value. At all times, Company shall retain documentation on wholesales from the Premises to any other operation or location owned by Company, and on the data used to calculate commercially reasonable market prices for such wholesale sales. Company shall provide such documentation to the City annually as provided in Paragraph 4.

### **4. Annual Filing.**

Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Retail Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous

calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain pursuant to its marijuana retailer license for the Retail Establishment from the CCC.

During the term of this Agreement and for three (3) years following termination of this Agreement, the City shall have the right to examine, audit and copy (as its sole cost and expense), the Company's business records (financial or otherwise) as related to the determination of the required Payment as outlined in Paragraph 2. The inspection of business records by the City shall occur only during normal business hours at such place where books, financial records and accounts are maintained. The City's examination, copying, or audit of such records shall be conducted in such a manner as not to interfere with Company's normal business activities.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the Parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be held in ownership by a for-profit company and be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall seek a non-profit exemption from paying such taxes.

**7. Community Support and Additional Obligations.**

- a) Local Vendors: To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local professionals, businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Retail Establishment.
- b) Employment: Except for senior management, and to the extent permissible by

law, the Company shall use good faith efforts to hire City residents.

- c) Drug Related Educational and Prevention Programs: If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four (4) in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.
- d) Wholesale purchase of marijuana and/or MIPs: The City supports and encourages the purchase of wholesale marijuana and MIPs produced in the City of Brockton. As an incentive to further this commitment to local purchasing, if Company proves to the satisfaction of the City that it purchased at least 85% of its wholesale marijuana or MIPs from a cultivator or manufacturer that operates within the City of Brockton boundaries, the City will reduce the five percent (5%) Annual Donation for Marijuana Related Education and Prevention Programs provided for in Paragraph 3 to three percent (3%) of gross sales of marijuana or MIPs.

#### **8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local ordinances relating to the Company's application for a License to operate the Retail Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Ordinances of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Ordinances, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Retail Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Retail Establishment for violation of the terms of said permits and approvals or said statutes, Ordinances, and regulations.

#### **9. Security.**

- a) Company shall maintain security at the Retail Establishment at least in

accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment and the security thereof. Such compliance shall include but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.

- b) To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.
- c) Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Retail Establishment, and with regard to any anti-diversion procedures.
- d) Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

#### **10. On-site Consumption.**

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 Retail Establishment.

#### **11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This Agreement shall continue in effect for so long as the Company operates the Retail Establishment or any similar Marijuana Retail Establishment within the City, or.

one (1) year from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the Parties may renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth or Local Licensing Authority, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2 above.

### **12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company does (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its reasonable legal fees associated with the negotiation of this Agreement; (2) relocates the Retail Establishment out of the City; or (3) ceases operations of a Retail Establishment. In the case of relocation or closure out of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is closed or relocated out of the City prior to the first anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to two hundred fifty thousand dollars (\$250,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts. Evidence of the security for this obligation shall be made in the form of a payment bond with a surety acceptable to the City.

### **13. Force Majeure.**

Each Party is excused from performing its obligations under this Agreement to the extent that such performance is prevented by an act or event (a "Force Majeure Event") that: (i) is beyond the reasonable control of, and is not due to the fault or negligence of such Party, and (ii) could not have been avoided by such Party's exercise of due diligence, including, but not limited to, a labor controversy, strike, lockout, boycott, transportation stoppage, action of a court or public authority, fire, flood, earthquake, storm, war, civil strife, terrorist action, epidemic, or act of God; provided that a Force Majeure Event will not include economic hardship, changes in market conditions, or insufficiency of funds.

Conditions Regarding Force Majeure Event. A Party claiming a Force Majeure Event must: (i) use commercially reasonable efforts to cure, mitigate, or remedy the effects of its nonperformance; provided that neither Party will have any obligation hereunder to settle a strike or labor dispute; (ii) bear the burden of demonstrating its existence; and (iii) notify the other Party of the occurrence of the Force Majeure Event as quickly as reasonably possible, but no later than three business days after learning of the occurrence of the Force Majeure Event. Any Party that fails to notify the other Party of the occurrence of a Force Majeure Event as required by this Section will forfeit its right to excuse performance of its obligations due to such Force Majeure Event. When a Party claiming a Force Majeure

Event is able to resume performance of its obligations under this Agreement, it will immediately give the other Party notice to that effect and resume performance.

**14. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the Superior court of Plymouth County in the Brockton session.

**15. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**16. Severability.**

If any term or condition of the 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.

Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and, to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**17. Successors/Assigns.**

This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**18. Compliance.**

Company agrees to comply with all laws, rules, regulations and orders applicable to the Premises, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary license(s), permit(s), and approvals required for the performance of renovation or construction of the Premises.

Company agrees to comply with all State and local laws, rules, regulations, and orders



applicable to the Marijuana Enterprise provided pursuant to this Agreement, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary license(s), permit(s), and approvals required for the performance of establishing and operating the Marijuana Enterprise.

**19. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**20. Counterparts.**

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

**21. Indemnity.**

Company shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, liabilities, actions, causes of action, costs and expenses, including attorney's fees, arising out of Company's breach of this Agreement or the gross negligence or misconduct of the Company or Company's agents or employees.

**22. Signatures.**

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

**23. Entire Agreement.**

This Agreement 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. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor Bill Carpenter  
Brockton City Hall  
45 School Street  
Brockton, MA 02301

To Company: Nature's Embrace  
221 Oak Street  
Box 148  
Brockton, MA 02301

With a Copy To: James Smith, Esq.  
Smith, Costello & Crawford  
50 Congress Street  
Suite 420  
Boston, MA 02109

**25. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against the City.

[SIGNATURE PAGE TO FOLLOW]

In witness whereof, the Parties have hereafter set faith their hand as of the date first above written.

In witness whereof, the Parties have hereafter set faith their hand as of the date first above written.

**For the City of Brockton:**

Honorable Mayor Bill Carpenter  
City of Brockton  
45 School Street  
Brockton, MA 02301

Signature: Bill Carpenter  
Date: 9/25/18

**For Nature's Embrace:**

David Clifford, President  
221 Oak Street  
Box 148  
Brockton, MA 02301

Signature: [Signature]  
Date: 9/17/2018

Approved as to form only:

[Signature] 9-25-18  
Law Department Date

## HOST COMMUNITY AGREEMENT

This Host Community Agreement (the "HCA") is entered into as of 4/27/2017 2017 by and between the Town of Charlton (the "TOWN"), a municipal corporation duly organized under the laws of the Commonwealth, acting through its Board of Selectmen (the "SELECTMEN"), and Healthwise Foundation, Inc., a Massachusetts nonprofit corporation, with a principal place of business at 66 Clarendon Street, Unit 4, Boston, MA 02116 and a regular place of business at 60 Prospect Street, North Brookfield, MA 01535, ("HEALTHWISE")

This HCA represents the understanding and agreement between the TOWN and HEALTHWISE (the "PARTIES") with respect to development of a tract of land with improvements in the vicinity of Masonic Home Road and Worcester Road in the Town of Charlton and the use thereof for a registered marijuana dispensary ("RMD") in a manner consistent with MA Department of Public Health ("DPH") Regulations, 105 CMR 725.000, et. seq. (the "Regulations") implementing the Humanitarian Medical Use of Marijuana Act, Ch. 369 of the Acts of 2012 (the "Act"). The tract of land (the "PROPERTY") is shown as three lots with Parcel ID's 34A-A-10, 34A-A-9, and 34A-A-7 on a Plan entitled "Assessor's Map 34A" dated January 2016 and prepared by CMRPC. The development of the PROPERTY is also subject to a Remuneration Agreement (the "REMUNERATION AGREEMENT"), entered into contemporaneously with and as an essential part of and incorporated by reference in this HCA, attached as Appendix A, which provides compensation to the TOWN in order to secure approval for HEALTHWISE to utilize the PROPERTY for its intended use as a licensed marijuana dispensary.

### RECITALS

WHEREAS, HEALTHWISE plans to commence a significant capital investment in the development of a site located on the PROPERTY, to prepare the site appropriately for the intended use, and to commence such intended use as a licensed marijuana dispensary (the "PROJECT"); and

WHEREAS, the TOWN recognizes this development and PROJECT will benefit the TOWN and its citizens through increased economic development, additional employment opportunities for residents, and a strengthened local tax base; and

WHEREAS, the PARTIES agree and acknowledge that the TOWN has identified certain concerns with respect to the impact of the construction of the expanded and improved facilities on the PROPERTY, as well as their subsequent operation; and

WHEREAS, the PARTIES intend to enter into this HCA as a means of memorializing their obligations with respect to mitigation of these impacts, as well as their intention to collaborate to the fullest extent possible to ensure the proposed improvements and operations occur efficiently;

NOW, THEREFORE, in consideration of the mutual promises of the parties contained herein and other good and valuable consideration, including but not limited to the

right of HEALTHWISE to liquidate or otherwise convey any lots owned by HEALTHWISE which are not being used for the PROJECT, the receipt and sufficiency of which is hereby acknowledged, the PARTIES hereby agree as set forth herein.

1. The PARTIES respectively represent and warrant that to the best of their knowledge:
  - a. Each is duly organized and existing and in good standing, has the full power, authority, and legal right to enter into and perform this HCA, and the execution, delivery and performance hereof and thereof (i) will not violate any judgment, order, law, bylaw, or regulation, and (ii) do not conflict with, or constitute a default under, any agreement or instrument to which either is a party or by which either party may be bound or affected; and
  - b. This HCA has been duly authorized, executed and delivered, this HCA constitutes legal, valid and binding obligations of each party, enforceable in accordance with its terms; there is no action, suit, or proceeding pending, or, to the knowledge of either party, threatened against or affecting either wherein an unfavorable decision, ruling or finding would materially adversely affect the performance of any obligations hereunder, except as otherwise specifically noted in this HCA.
2. In the event that external repairs and remodeling are required for the initial development of the PROPERTY, aesthetic concerns shall be reviewed by an Advisory Group (the "AG"), convened for this purpose and with a membership consisting of HEALTHWISE officials and two individuals to be designated by TOWN. The AG shall review and advise in writing as to proposed exterior aesthetic and/or decorative design choices to ensure the site and building design fits the character of its environs as well as the community at large, within reason.
3. HEALTHWISE commits to the provision of educational materials related to health, safety and responsible use of the products offered at the proposed site. These materials shall be readily available at the point of purchase. Such materials shall be published and distributed by HEALTHWISE and made available to the residents of the TOWN. All educational materials shall be developed in consultation with the Massachusetts Department of Public Health, the Charlton Board of Health, the Charlton Police Department, and other reasonable, relevant private groups as identified by the aforementioned, named entities. HEALTHWISE shall provide one age-appropriate system of drug awareness and/or drug abuse prevention-related educational programming, with materials, or like event per academic year for each of the TOWN school levels, e.g. Elementary, Intermediate, and Secondary. The aforesaid materials and event shall be developed in

conjunction with the Chief of Police and the Superintendent of the Dudley-Charlton Regional School District.

4. HEALTHWISE is deeply committed to being a Good Neighbor to the TOWN. Therefore, where allowed by Federal, State and Municipal laws and regulations, a "Local Labor Hiring Preference" shall exist for all residents of the TOWN applying for employment by the HEALTHWISE at the Charlton site. That is, within the confines of the law, and to the extent candidates meet the minimum required qualifications needed for a particular position, HEALTHWISE shall use its best efforts to employ Charlton residents before considering other candidates for open positions. In addition to the direct hiring, HEALTHWISE will work in a good faith, legal and non-discriminatory manner to hire local vendors, suppliers, contractors and builders from the Charlton area where possible.
5. HEALTHWISE shall design and operate the PROPERTY and any RMD thereon at all times in compliance with applicable MA law, the Regulations and all local bylaw, rules and regulations, and commits to close, ready, and transparent cooperation with the Charlton Police Department and other regulatory bodies (e.g. the Charlton Board of Health). HEALTHWISE therefore shall facilitate the reasonable provision of real-time access to the internal and external security real-time camera footage feeds to the Chief of Police of the Town of Charlton or the Chief's designated agent within the Charlton Police Department. HEALTHWISE shall also preserve all such security videotapes for a period of six months (or in the event of an arrest, until such arrest and charges have been finally resolved by a Court) and shall make them available to the Chief or the Chief's designee upon request. HEALTHWISE shall work with the Charlton Police Department in determining the placement of exterior security cameras, at HEALTHWISE's sole expense to ensure compliance with DPH security requirements and the Chief of Police's requirements.
6. HEALTHWISE has committed to a Good Neighbor Policy regarding the TOWN. As an expression of this Policy, HEALTHWISE shall exercise its best efforts to seek reasonable ways to contribute to the growth, development, and long-term success of the TOWN. In addition to the aforementioned items, HEALTHWISE shall contribute monetary remuneration to the TOWN. The terms shall be set forth in an agreement entitled "REMUNERATION AGREEMENT". The finalized REMUNERATION AGREEMENT is attached to this HCA as "Appendix A".
7. HEALTHWISE and the TOWN shall form an Advisory Taskforce, consisting of Healthwise Officers and officials of the TOWN, including the Health Director or other designee of the Board of Health, the Town Administrator, the Chief of Police, the Fire Chief, the Board of Selectmen, or their respective

designees, and a citizen representative appointed by the Selectmen. This Advisory Task Force shall convene as necessary, as well as timely whenever the Selectmen or Town Administrator so requests, in order to provide ongoing consultation and advice to HEALTHWISE.

8. This HCA and any REMUNERATION AGREEMENT may only be modified by the express written consent of both parties. All notices or requests required or permitted hereunder shall be in writing and addressed, if to the TOWN as follows, and shall be delivered either in hand or by certified or first class mail or by express mail by a nationally recognized delivery service (e.g., UPS or FedEx):

Town Administrator  
Town of Charlton  
Charlton Municipal Offices  
37 Main Street  
Charlton, MA 01507

If to HEALTHWISE as follows:

General Counsel  
Healthwise Foundation, INC.  
60 Prospect Street  
North-Bronkfield, MA 01535

Each of the PARTIES shall have the right by notice to the other to designate different and/or additional persons to whom notices and copies of notices must be sent, and to designate changes in address.

9. If and to the extent that either party is prevented from performing its obligations hereunder by an event of Force Majeure, such party shall be excused from performing hereunder and shall not be liable in damages or otherwise, and the parties shall instead negotiate in good faith with respect to appropriate modifications of the terms hereof. For purposes of this HCA, the term Force Majeure shall mean the supervening causes described here, each of which is beyond the reasonable control of the Party failing to perform: acts of God, fire, earthquakes, floods, explosion, actions of the elements, war, terrorism, riots, mob violence, a general shortage of labor, equipment, facilities, materials, or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, laws, regulations, and/or orders of any governmental or military authorities, or any other cause similar to the foregoing, not within the control of such party obligated to perform such obligation.

A. The failure to perform a requirement of this Agreement shall be considered to have been caused by a Force Majeure event if the following criteria are met: (1) an event delays performance of a requirement of this Agreement beyond the time for performance established herein; (2) such event is beyond the control and without the fault of Party failing to perform and the Party failing to perform's employees, agents, consultants, and contractors; and (3) such delay could not have been prevented, avoided or minimized by the exercise of reasonable due care by the Party failing to perform's employees, agents, consultants, and contractors.

B. Financial inability and unanticipated or increased costs and expenses associated with the performance of any requirement of this Agreement shall not be considered a Force Majeure Event.

C. If any event occurs that delays or may delay the performance of any requirement of this Agreement, the Party failing to perform shall immediately, but in no event later than 5 days after obtaining knowledge of such event, notify the other Party in writing of such event. The notice shall describe in detail: (i) the reason for and the anticipated length of the delay or potential delay; (ii) the measures taken and to be taken to prevent, avoid, or minimize the delay or potential delay; and (iii) the timetable for taking such measures. If the Party failing to perform intends to attribute such delay or potential delay to a Force Majeure event, such notice shall also include the rationale for attributing such delay or potential delay to a Force Majeure event and shall include all available documentation supporting a claim of Force Majeure for the event. Failure to comply with the notice requirements set forth herein shall constitute a waiver of such Party's right to request an extension based on the event.

D. If the other Party determines that the failure to perform is caused by a Force Majeure event, and the Party failing to perform otherwise complies with the notice provisions set forth above, the other Party shall extend in writing the time for performance of such requirement. The duration of this extension shall be equal to the period of time the failure to perform is caused by the Force Majeure event. No extension shall be provided without the consent of both Parties for any period of time that the Party failing to perform's failure to perform could have been prevented, avoided or minimized by the exercise of due care.



E. A delay in the performance of a requirement of this Agreement caused by a Force Majeure event shall not, of itself, without the consent of both Parties, extend the time for performance of any other requirement of this Agreement.

10. Failure by HEALTHWISE to perform any term or provision of this HCA shall not constitute a default under this HCA unless HEALTHWISE fails to immediately commence and to then prosecute with best efforts and commercially reasonable due diligence to fully cure, correct or remedy such failure within thirty (30) days of the earlier of: (a) receipt of written notice of such failure from the TOWN or (b) when HEALTHWISE or its employees, officers, contractors or agents knew or with reasonable care should have known of such failure; or, if such cure, correction or remedy despite such efforts cannot be so completed within said thirty (30) days, HEALTHWISE thereafter fails to complete such cure, correction or remedy within ninety (90) days of the earlier of (a) or (b) above, or, with respect to defaults which cannot be remedied within such ninety (90) day period, within such additional period of time as is required to reasonably remedy such default, if HEALTHWISE is exercising due diligence in the remedying of such default and provided the TOWN consents to such further extension.

11. In the event of a situation which the TOWN reasonably determines may pose a serious threat to public safety or health, all cure periods shall be seven days, or, with respect to defaults which cannot be remedied within such seven (7) day period, within such additional period of time as is required to reasonably remedy such default, provided: (a) HEALTHWISE is exercising due diligence in the remedying of such default; and (b) the TOWN consents in writing to such further extension. This provision shall not derogate from enforcement of any MA law, regulation or code, nor of any town bylaw, code or regulation by the Chief of Police or police department, the Fire Chief or fire department, the Health Director or Board of Health, and/or the Building Inspector or any other town official, board or body having jurisdiction as to same.

12. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts without reference to its law concerning conflict of laws, and the Parties agree that any dispute as to the Agreement shall be decided by a Court of law, be it Commonwealth or federal, sitting in Worcester County, MA. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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. Nothing in this Agreement shall be construed as or deemed to constitute a waiver of or limitation on any legal right of enforcement the TOWN has under applicable law.

13. Except for the REMUNERATION AGREEMENT attached as Appendix A, this HCA sets forth the entire agreement of the parties with respect to the subject matter thereto. The failure of any party to strictly enforce the provisions hereof shall not be construed as a waiver of any obligation hereunder. This HCA can be modified only in a written instrument signed by the SELECTMEN and HEALTHWISE. Neither Party may assign this Agreement, nor its rights or obligations hereunder, without the prior, written consent of the other Party. This HCA, including the REMUNERATION AGREEMENT, shall: (a) be binding upon and inure to the benefit of the PARTIES and their successors and permitted assigns; and (b) continue in full force and effect for so long as HEALTHWISE or any successor or permitted assign operates a marijuana dispensary or facility in the Town of Charlton.

Executed under seal.

TOWN OF CHARLTON ADMINISTRATOR

By: \_\_\_\_\_

Robin Leal Craver

Title: Town Administrator

Hereunto duly authorized

Date: \_\_\_\_\_

HEALTHWISE FOUNDATION, INC.

By:  \_\_\_\_\_

Name: Dr. Michael J. McMenamin, Esq.

Title: Executive Director

Date: 4/25/2017

**APPENDIX A**

**REMUNERATION AGREEMENT**

This REMUNERATION AGREEMENT is entered into as of 4/27/ 2017 by and between the Town of Charlton (the "TOWN"), a municipal corporation duly organized under the laws of the Commonwealth, acting through its Board of Selectmen (the "SELECTMEN") and Healthwise Foundation, Inc., a Massachusetts nonprofit corporation, with a principal place of business at 66 Clarendon Street, Unit 4, Boston, MA 02116 and a regular place of business at 60 Prospect Street, North Brookfield, MA 01535 ("HEALTHWISE") (collectively, the "PARTIES").

**RECITALS**

WHEREAS, the TOWN has requested a remuneration agreement from HEALTHWISE as a condition of approval of HEALTHWISE's siting and operation of a licensed marijuana dispensary in Charlton, in conjunction with and as part of a Host Community Agreement ("HCA"), this Remuneration Agreement constituting an essential part of the HCA and being attached thereto as Appendix A, and

WHEREAS, HEALTHWISE acknowledges that its presence in Charlton foreseeably will or could cause increased demand on TOWN services, and

WHEREAS, HEALTHWISE and the TOWN have a mutual interest in the long-term sustainable development of both the HEALTHWISE project, public health and safety, and the economic growth of the TOWN, and

NOW, THEREFORE, in consideration of the mutual promises of the parties contained herein and for other good and valuable consideration, the receipt and sufficiency of which they hereby acknowledge, the PARTIES hereby agree as set forth herein:

1. HEALTHWISE, its assignee, nominee, or successor thereof, shall remit to the TOWN the full mill rate of HEALTHWISE's assessed property value in accordance with the standard property taxation schedule for the TOWN, with an estimated annual payment of **\$10,575.00**; and agrees that neither it nor any nominee, successor or permitted assign shall seek a tax exemption from such taxes during any period covered by this Agreement unless seeking a valid abatement of property taxes due to circumstances outside of HEALTHWISE'S control, provided that HEALTHWISE under no circumstances shall seek, nor receive, an exemption or abatement based on its charitable corporation status, nature or use.

2. HEALTHWISE shall also remit to the TOWN the excise tax rate determined by the Commonwealth for sale of recreational marijuana and marijuana-infused products, currently at 2.0% of gross annual sales, for an estimated annual payment of **\$300,000.00**
  - a. If this excise tax or any similar tax rate is modified or otherwise changed by the valid actions of the government or any other authority, the PARTIES shall have the right, upon written notice by one Party to the other Party, to an automatic adjustment of the aforesaid remittance to reflect the modified rate, effective as of the date of such notice, to reflect the change in circumstances.
    - i. For means of illustration, if, hypothetically, an authority were to validly increase the allowable relevant excise tax rate to 10%, the 2% excise tax under current consideration in this Agreement would be automatically raised to 10% to reflect that margin upon notice of either party.
  - b. The introduction of or increase in any local excise tax or similar by TOWN shall trigger an immediate automatic adjustment of the REMUNERATION AGREEMENT to reflect that such tax or charge is payable in addition to the other payments addressed in this Agreement.
3. HEALTHWISE shall also remit to the TOWN a sum derived from EITHER 3% of the gross sales of medical marijuana and medical marijuana-infused items OR **\$300,000.00**, whichever is greater, per annum. ↓
4. HEALTHWISE shall deliver a charitable grant to the TOWN to be used for purposes of general health, safety, and/or education programming in the amount of **\$50,000.00** per annum. ↓
5. These total payments or benefits shall be delivered to TOWN on or by the 365<sup>th</sup> day from the commencement of the Payment Term. The "Payment Term" shall commence with the first date of licensed commercial operations in Charlton by HEALTHWISE under their Final Certificate of Registration conferred by the Department of Public Health.
6. All payments or benefits required by this Agreement shall be made payable to "Town of Charlton" unless the Town Administrator directs that any such be made payable to a specific Town account. All such shall be hand-delivered or mailed to the address set forth in the HCA, or, if so authorized by the Town Administrator, by electronic fund transfer to the Town.
7. These payments or benefits shall remain in effect for the full term of HEALTHWISE's or any successor or permitted assign's use of the Charlton site for the purposes of a licensed marijuana dispensary. Upon permanent

voluntary or involuntary termination of such use, payments or benefits shall immediately cease.

Executed under seal.

IN WITNESS WHEREOF, the parties hereto have caused this REMUNERATION AGREEMENT to be duly executed as of the date first set forth above.

TOWN OF CHARLTON ADMINISTRATOR

By: 

Robin Leal Craver

Title: Town Administrator

Hereunto duly authorized

Date: 4/27/2017

HEALTHWISE FOUNDTION, INC.

By: 

Name: Dr. Michael A. McMenamin, Esq.

Title: Executive Director

Date: 4/25/2017

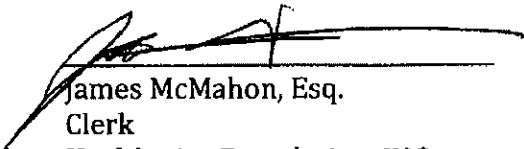
I, the undersigned, hereby certify that I am the Clerk of Healthwise Foundation, INC., a Corporation duly organized and existing under the laws of the Commonwealth of Massachusetts; that the following is a true copy of resolutions duly adopted by the Board of Directors of said Corporation at a meeting duly held on the day of August 20th, 2015, at which a quorum was present; that such resolutions have not been rescinded or modified; and that within said Corporation, the titles and duties of "President" and "Executive Director" are synonymous and are fulfilled by a single officer:

### Section 3. Duties of Officers

The duties and powers of the officers of the Corporation shall be as follows:

**PRESIDENT--The president shall be the principal executive officer of the Corporation and, subject to the control of the board shall in general supervise and control all the daily or short-term transactions, business, and affairs of the Corporation.** He shall preside at all meetings of the stockholders. He shall be present at each annual meeting of the board a report of the condition of the business of the Corporation. He shall cause to be called special meetings of the board in accordance with these bylaws. He shall appoint and remove, employ and discharge and fix the compensation of all servants, agents, and employees of the Corporation other than the duly appointed officers. **He may sign and make all contracts and agreements in the name of the Corporation.** He shall see that the books, reports, statements and certificates required by the statutes are properly kept, made and filed according to law. He may sign all notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn by the treasurer. He shall enforce these bylaws and perform all duties incident to the position and office, and which are required by law.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 25th day of April, 2017:

  
James McMahon, Esq.  
Clerk  
Healthwise Foundation, INC.



**TOWN OF CHARLTON  
OFFICE OF THE TOWN ADMINISTRATOR**


**37 Main Street  
Charlton, MA 01507  
WWW.TOWNOF CHARLTON.NET  
Phone (508) 248-2206  
Fax (508) 248-2066**

Robin L. Craver, Town Administrator  
[robin.craver@townofcharlton.net](mailto:robin.craver@townofcharlton.net)

**Healthwise Foundation, INC: Letter of Non-Opposition**

TO WHOM IT MAY CONCERN:

The Board of Selectmen of the Town of Charlton does hereby provide non-opposition to Healthwise Foundation, INC to operate a Registered Marijuana Dispensary in Charlton. I have been authorized to provide this letter on behalf of the Board of Selectmen of the Town of Charlton by a vote taken duly noticed meeting held on April 11, 2017. The Board of Selectmen of the Town of Charlton has verified with the appropriate local use by right or pursuant to local permitting.

Name:   
Robin L. Craver, Town Administrator

Date: 4/27/2017

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA ESTABLISHMENT  
IN THE CITY OF CHELSEA**

This Agreement (the "Agreement") entered into this \_\_\_\_\_ of \_\_\_\_\_, 2018 by and between the City of Chelsea with a principal address at 500 Broadway, Chelsea, Massachusetts (the "City") and JOLO CAN LLC, a duly organized Massachusetts limited liability corporation with a principal office address of 80 Eastern Avenue, Chelsea (the "Company"). The City and the Company are collectively referred to as the Parties.

WHEREAS, the Company intends to apply to the Cannabis Control Commission (the "Commission") to operate as a Marijuana Cultivator, Product Manufacturer and Retailer at the property located at 80 Eastern Avenue within the City (the "Premises" or the "Facility"), pursuant to G. L. c. 94G and 935 CMR 500; and

WHEREAS, the Parties acknowledge that the Commission will request certain information from the City as part of the Commission's licensing process for the Premises and the City will respond promptly to those requests; and

WHEREAS, this Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations at the Premises; and

WHEREAS, Company desires to provide community impact fee payments to the City pursuant to M.G.L. c. 94G, § 3(d) and 105 CMR 725 Chapter 369 of the Acts of 2012, and any successor statutes and regulations, in order to address any reasonable costs imposed upon the City by Company's operations in the City; and

WHEREAS, the City supports Company's intention to operate a cultivation and retail store for sale of recreational, adult-use marijuana in the City; and

WHEREAS, the Parties intend by this Agreement to satisfy the provisions of M.G.L. c. 94G, §3(d), as established by the Act, applicable to the operation of an adult use recreational retail store and cultivation establishment in the City;

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

a. The City anticipates that, as a result of the Company's operation at the Premises, the City will incur additional expenses and impacts upon its road system, law



enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of the City's resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments").

b. These Annual Payments shall be in addition to and separate from the 3% local sales tax required to be paid to the City pursuant to M.G.L. c. 64N, §3.

## **2. Payments.**

In the event that the Company obtains a final license from the Commission for operation as a marijuana establishment and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate as a marijuana establishment in the City (the "Opening") then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect:

- a. Company shall make an Annual Payment in an amount equal to three percent (3%) of gross revenue from the retail sales of marijuana and marijuana products, as those terms are defined in 935 CMR 500, from the Premises.
- b. The Company shall make the Annual Payment on the first day of the fourteenth month following the date of the Opening (the "Annual Payment Date") and subsequent Annual Payments shall be due on the Annual Payment Date.
- c. The Company agrees to voluntarily donate a total of Sixty Thousand Dollars (\$60,000.00) to Chelsea non-profits who have substance and drug abuse prevention programs over a two year period. The first donation of Thirty Thousand Dollars (\$30,000) shall be due two weeks after receipt of an occupancy permit by the City of Chelsea Inspectional Services Department for the Facility. The second donation of Thirty Thousand Dollars (\$30,000) shall be due one year later. The City Manager along with the City Council shall distribute the funds to all non-profit organizations who submit grant requests. A final distribution list shall be provided to the Company.
- d. The Company shall notify the City when it commences sales at the Facility and shall submit annual financial statements to the City to prove the Annual Payment amounts at such time as it makes the payments. Upon request, the Company shall provide the City or its agents with the same access to its financial records (to be treated as confidential, to the extent allowed by

law) as it is required by the Commonwealth to obtain and maintain a license at this Facility.

**3. City Response to the Cannabis Control Commission.**

The City agrees to respond to the Commission within 60 days of a request from the Commission and to provide such other information as may be requested by the Commission in connection with the Company's applications for licenses at the Premises and cooperate in good faith in the Commission licensing process.

**4. Re-Opener/Review.**

In the event that the City enters into a host community agreement with another marijuana establishment, as that term is defined in G. L. c. 94G, § 1, that contains terms that are more favorable financially or otherwise to that marijuana establishment than those provided under this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the Company equivalent or superior to those provided to the other marijuana establishment.

**5. Local Taxes and Ordinances**

At all times during the term of this Agreement, the property, both real and personal, owned or operated or leased by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**6. Community Support and Additional Obligations.**

- a. To the extent permissible by law, the Company shall make good faith efforts in a legal and non-discriminatory manner to hire or contract with local

businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Premises.

- b. Except for senior management, and to the extent permissible by Massachusetts laws, the Company shall use good faith efforts to ensure at least 50% of the non-management employees of the Company working at the Facility shall be Chelsea residents.
- c. The Company agrees that it shall pay all of its employees at the Facility at least the Living Wage required to be paid by the City and all contractors with the City. Such Living Wage is set each February 1<sup>st</sup> by the City and is currently at \$12.57 per hour as of Feb. 1, 2018. Failure of the Company to pay all employees at the Facility at least this Living Wage shall be a material breach of this Agreement.
- d. The Company agrees that it shall install technology to eliminate any odors impacting the neighborhood and to minimize noise from any generators, HVAC systems or other mechanical equipment, including any equipment utilized to reduce odors.
- e. The Company will work cooperatively with all necessary City departments, boards, commissions, and agencies to ensure the company's operations are in compliance with all local ordinances, rules and regulations.
- f. The Company shall maintain a broom clean environment on its premises and on the sidewalks surrounding its Facility.
- g. The Company shall install cameras outside of its Facility which provide views of the sidewalks on the Premises and adjacent properties. To the extent feasible, said cameras shall be accessible to the Chelsea Police Department through the City's citywide camera surveillance system.
- h. If contacted by a representative of the City, the Company shall respond promptly and substantively.
- i. The Company shall maintain its marijuana establishment license in good standing with the Commission and comply with all applicable Commission regulations.

## **7. Security**

Company shall maintain security at the Facility in accordance with a security plan presented to the City and approved by the Chelsea Licensing Commission and the Commission. The Company further agrees:

- a. Company shall maintain security at the Facility at least in accordance with the security plan presented to the City and the Commission. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Facility and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation, after-hours contact information and access to surveillance operations.
- b. To the extent requested by the Chelsea Police Department, and subject to the security and architectural review requirements of the Commission, the Company shall work with the City's Police Department in determining the placement of exterior security cameras. To the extent feasible, the Facility's camera system shall be accessible by the Chelsea Police Department's citywide camera surveillance system.
- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures.
- d. To the extent requested by the City's Police Department, acting in good faith, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan, such plan to be in place prior to the commencement of operations at the Facility. Such plan shall include, but is not limited to, (i) training the Company employees to be aware of, observe, and report any unusual behavior in authorized visitors or other Company employees that may indicate the potential for diversion; and (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Facility. This may include the hiring of police details as per the reasonable recommendation of the Police Chief.
- e. The Company agrees that any delivery of cash from marijuana sales at the facility, to either a banking facility or a tax collecting facility of the Commonwealth, shall be accomplished by means of an armored car service to the extent feasible and allowed by law. The plan for such cash deliveries shall be provided in advance to the Chelsea Police Department and must be approved by the Police Chief.
- f. Company shall promptly report the discovery of the following to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during

inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport of marijuana; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**8. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein and shall expire if the Company ceases to do business in the City or in any way loses or has its license revoked by the Commission or on the date that the Company makes its fifth Annual Payment to the City for its fifth year of operations (the "Termination Date"), unless the allowable term of host community agreement payments in G.L. c. 94G, §3(d) shall be extended by the Legislature in which case this Agreement shall remain in full force and effect. Within 120 days of the Termination Date, the parties shall commence negotiations for a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced.

**9. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts.

**10. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**11. Severability.**

If any term or condition of the 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.

**12. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**13. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**14. Counterparts.**

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

**15. Signatures.**

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

**16. Entire Agreement.**

This Agreement 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.

**17. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City:                                  Thomas G. Ambrosino,  
City Manager  
500 Broadway  
Chelsea, MA 02150

With a Copy to:

City Solicitor  
Room 307  
City Hall  
500 Broadway  
Chelsea, MA 02150

To Company: Miguel Londono  
JOLO CAN LLC  
80 Eastern Ave  
Chelsea, MA 02150

With a Copy to:

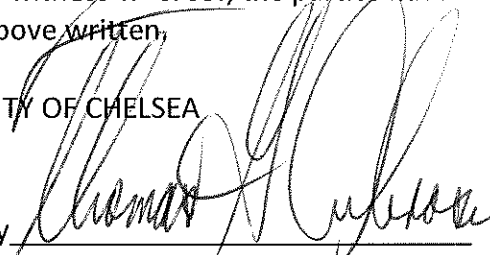
Kevin Conroy, Esq.  
Foley Hoag LLP  
155 Seaport Boulevard  
Boston, MA 02210

**18. Third-Parties.**

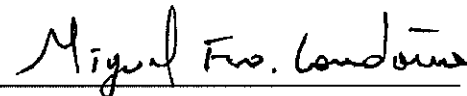
Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the City or the Company.

In witness whereof, the parties have hereafter set faith their hand as of the date first above written,

CITY OF CHELSEA

By   
Thomas G. Ambrosino  
City Manager Duly Authorized

JOLO CAN LLC

By   
Miguel F Londono  
Duly Authorized

CITY OF EASTHAMPTON

APICAL, INC.

HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this <sup>TH</sup> 19 day of April 2018 by and between APICAL, INC. (a/k/a or f/k/a GreenLife Dispensary, Inc.), a Massachusetts Corporation with a principal office address of 19 Wemelco Way, Easthampton, MA 01027 (the "Company"), and the CITY OF EASTHAMPTON, a Massachusetts municipal corporation with a principal address of 50 Payson Avenue, Easthampton, MA 01027 (the "City").

WHEREAS, the Company wishes to locate a Marijuana Establishment at 19 Wemelco Way, Easthampton, MA (the "Facility"), with three (3) Marijuana Licenses: Marijuana Cultivator, Marijuana Product Manufacturer, and Marijuana Retailer (collectively referred to as the "Licenses") in the City in accordance with Chapter 334 of the Acts of 2016, The Regulation and Taxation of Marijuana Act, as amended by Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Marijuana, (collectively referred to as the "Act.") and applicable regulations issued by the Commonwealth of Massachusetts Cannabis Control Commission ("CNB") and such approvals as may be issued by the City in accordance with its Zoning Bylaw and other applicable regulations (collectively the "Regulations"); and

WHEREAS, for purposes of licensure, the Company is required to submit to the CNB documentation evidencing that the Company and City have executed a host community agreement.

WHEREAS, the Company intends to provide certain benefits to the City in the event that it receives a Final License from the CNB to operate a Marijuana Establishment in Easthampton at 19 Wemelco Way (the "Licensee") and receives all required local permits and approvals; and

WHEREAS, notwithstanding the anticipated benefits to certain members of the community, the Company may impact City resources in ways unique to the business of the Licensee and draw upon City resources in a manner not shared by the general population.

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company offers, and the City accepts this Agreement in accordance with G.L c.44, §53A, and the Company and the City agree as follows:

1. The parties anticipate that the City may incur additional expenses and impacts upon the City's road system, law enforcement, fire protection services, inspectional services and permitting services, public health services, and potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate any such impacts upon the City and use of City resources, the Company shall provide as a donation to the City a community impact fee. The Company agrees to make fee payments to the City, in the amounts and under the terms provided herein (the "Funds"). The Company shall furnish the City with annual Profit and Loss Statements, as soon as they become available, reflecting



gross sales figures ("Gross Sales") for the Licensee located in the City. Additionally, the Company shall provide the City with copies of its periodic financial filings to the CNB documenting Gross Sales.

2. The Company acknowledges and agrees that the City is under no obligation to use the donation payments made hereunder in any particular manner, and that the payments shall constitute donations in accordance with G.L. c. 44, §53A. The Company shall pay to the City the following sums:
  - a. For each year in the term of this agreement the Company shall pay to the City a "Community Impact Fee" that is reasonably related to the costs imposed upon the City by the operation of the Marijuana Establishment. The Company shall notify the City in writing when the Company commences sales within the City.
  - b. Payment Schedule:
    - i. Upon the mutual signing of this Agreement, the Company shall make a payment to the City in an amount equal to \$10,000.00. Said payment shall be due within seven (7) business days of the mutual signing of this Agreement
    - ii. First Year of Operation: A payment of \$75,000 or 3% of sales revenue, whichever is greater, shall be made to the City. The Company shall ~~provide \$15,000.00,~~ consisting of two payments of \$7,500.00 each to be made within thirty (30) days after each of the following milestones: (1) receipt of the Company's provisional license as a Marijuana Retailer from the CNB; and (2) receipt of all necessary local permits, including but not limited to: Special Permit, site plan review, occupancy permit, etc. issued by the City as required to commence Marijuana Retail operations. The balance of the payment shall be made no later than one year from the first day of sales.
    - iii. Years Two-Five: An annual payment to the City in the amount equal to 3 percent of sales revenue. Payments shall be made semi-annually each calendar year within thirty (30) days of the 1<sup>st</sup> of January and within thirty (30) days of the 1<sup>st</sup> of June, beginning on the first of such dates after the opening.
    - iv. In addition to the foregoing the City of Easthampton shall levy a 3% tax upon recreational sales pursuant to Chapter 55 of the Acts of 2017.
  - c. Donations:
    - i. The Company agrees to donate up to \$2,500.00 to the Emily Williston Memorial Library, a non-profit educational institution, located in Easthampton, MA. This donation shall be made sixty (60) days after the end of the first year of operation.
    - ii. The Company shall donate \$2,500.00 to the City to be used for public safety programs. This donation shall be made within sixty (60) days after the end of the first year of operation.

- iii. The Company shall donate \$2,500.00 to the City's Public School Department. This donation shall be made within sixty (60) days after the end of the first year of operation.
  - iv. Should the City realize an increase in substance abuse among students within its school district and/or the youth of the City as determined by a written report from the City's Police Department in consultation with the City's Public School Department, at the conclusion of each year, the Company shall provide grant funding for drug enforcement, awareness, or abuse programs not to exceed \$2,500.00 per year.
3. While the purpose of these payments is to assist the City in addressing any public health, safety and other effects or impacts the Marijuana Establishment may have on the City, the City may expend the above-referenced payments at its sole and absolute discretion.
4. Default, Term and Termination
- i. The Company and the City in good faith following five (5) years of continuous operation of the Marijuana Establishment shall, if allowed by law, renegotiate the terms of this Agreement. The terms of this Agreement shall continue in full force and effect unless the parties reach accord on a subsequent agreement. Any renegotiation of this Agreement shall include a review of positive and negative impacts upon the City, its residents, and businesses resulting from operation of the Marijuana Establishment, including, without limitation, community health, associated business growth, traffic, crime, use of City resources, proximate property value impacts, and other documented impacts.
  - ii. The obligations set forth in this Agreement shall cease immediately and become null and void, and this agreement shall terminate, if the Company ceases operating a recreational marijuana establishment and/or medical marijuana treatment center in the City which is defined as conducting retail sales. The Company shall be in default of this Agreement if any of the following occur:
    - 1. The Company fails to make any of the required payments of the Host Community Impact Fee, and such failure is not cured within fifteen (15) business days of written notification from the City of said breach;
    - 2. The Company breaches any other provision of this Agreement, and such failure is not cured within thirty (30) days of written notification from the City of said breach.
    - 3. The Company breaches any other provision of this Agreement, and such failure is not cured within thirty (30) days of written notification from the City of said breach.
    - 4. In the event of a default by the Company, the City may elect to either terminate this Agreement or seek recovery of amounts owed pursuant to this Agreement through a court order.

5. Real Estate Taxes - At all times during the term of this agreement, real estate taxes for the property (ies) at which the Company operates will be paid to the City and the Company shall not seek a non-profit exemption from paying such taxes.
  
6. Re-Opener/Review
  - i. The City will revisit the total amount and allocation noted above every 24 months to ensure that the City's priorities are being met and the Company has fulfilled its commitment to the City's satisfaction.
  - ii. In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.  
In the event that the Company seeks local or state approval, or both, to allow on-site consumption of marijuana, then the parties shall reopen this Agreement and negotiate amendments necessary to provide the City with funds to ensure the adequate protection of the health, safety, and general well-being of residents and patrons.
  
7. The provisions of this Agreement shall be applicable as long as the Company operates the Marijuana Establishment in the City, pursuant to a license issued by CNB.
  
8. The Company shall make efforts to hire qualified employees who are City residents, and to utilize local vendors and suppliers, contractors and builders where possible.
  
9. In cooperation with and to the extent requested by the City's Police Department, and consistent with the Regulations, the Company shall work with the City's Police Department to implement a compliant diversion prevention plan, a form of which plans to be in place prior to the commencement of sales in the Town ("Sales Commencement Date"). Such plan shall include, but is not limited to, (i) training employees to be aware of, observe, and report any unusual behavior in patients, caregivers, authorized visitors or other employees that may indicate the potential for diversion; (ii) strictly adhering to sales amounts and time periods (per CNB guidelines); (iii) rigorous customer identification and verification procedures; and (iv) utilizing seed-to-sale tracking software to closely track all inventory at the Facility.
  
10. To the extent requested by the City's Police Department, and consistent with the Regulations, the Company shall work with the City's Police Department in determining the placement of interior and exterior security cameras are located to provide an unobstructed view in each direction of the public way(s) on which the Facility is located. The Company shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinity of the Licensee and with regard to any anti-

diversion procedures. Such camera(s) may be altered by the CNB during their security and architectural review process upon approval by the Police Department.

11. The production, handling, marketing and sale of edible marijuana-infused products ("MIPs") by the Company shall be in accordance with the Regulations, including the packaging and labeling requirements set forth in 935 CMR 500.150(E).
12. The on-site consumption of marijuana products shall be prohibited.
13. This Agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Ordinances of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, ordinances, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Company to operate in the City, or to refrain from enforcement action against the Company and/or its Licenses for violation of the terms of said permits and approvals or said statutes, ordinances, and regulations.
14. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the City nor the Company shall assign, sublet or otherwise transfer any interest in the Agreement without the written consent of the other. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.
15. The Company agrees to comply with all laws, rules, regulations and orders applicable to the Licenses, 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.
16. Any and all notices, consents, demands, requests, approvals, 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.

17. Amendments/Waiver – Amendments, or waivers of any term, condition, or covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all parties to the original Agreement, prior to the effective date of the amendment.
18. Indemnification- Upon the effective date of this Agreement, the Company shall defend, indemnify, and hold harmless the City, its officers, employees and agents, (“Indemnified Parties”) against all claims, actions, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities and suits involving the Indemnified Parties, including reasonable attorneys’ fees, reasonable experts’ fees, and associated court costs (“Liabilities”) that arise from or relate in any way to the enforcement by the Federal government of the United States Controlled Substances Act or any other federal law governing medical marijuana and/or recreational marijuana. The foregoing express obligation of indemnification running to the City shall not be construed to negate or abridge any other obligation of indemnification running to the City which would exist at common law or under other provisions of this Agreement. This indemnification shall survive the termination or expiration of this Agreement for a period equal to the applicable statute of limitations period. If any action or proceeding is brought against the City arising out of any occurrence described in this section, upon notice from the City the Company shall, at its expense, defend such action or proceeding using legal counsel approved by the City, provided that no such action or proceeding shall be settled without the approval of the City. Notwithstanding anything to the contrary in this Section, the Company’s indemnification obligations hereunder shall not exceed \$75,000.
19. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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. Further, the Company agrees it shall not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.
20. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.
21. This Agreement, including all documents incorporated herein by reference, constitutes

the entire integrated agreement between the Company and the City with respect to the matters described herein. 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.


22. Failure to Locate and/or Relocation - This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.
23. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

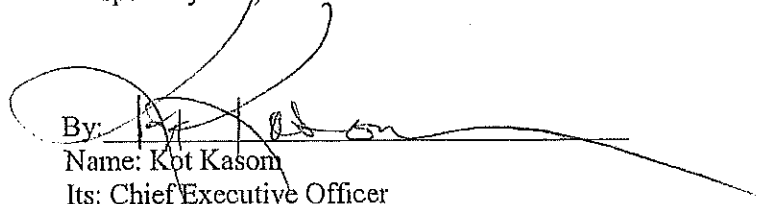
[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF EASTHAMPTON

APICAL, INC. (a/k/a or f/k/a GreenLife  
Dispensary Inc.)

By:   
Name: Nicole LaChapelle  
Its: Mayor  
Duly Authorized

By:   
Name: Kot Kasom  
Its: Chief Executive Officer  
Duly Authorized

HERBOLOGY GROUP, INC.'S HOST COMMUNITY AGREEMENT FOR THE SITING OF  
A MARIJUANA FACILITY IN THE CITY OF EASTHAMPTON

This Agreement entered into this seventh day of May, 2018 by and between the City of Easthampton, acting by and through its Mayor, with a principal address of 50 Payson Avenue, Easthampton, MA 01027 (hereinafter the "City") and Herbology Group, Inc., a Massachusetts corporation with a principal office address of 82 Wendell Avenue, Suite 100, Pittsfield, MA 01201 (hereinafter "Company").

WHEREAS, Company wishes to locate a licensed Registered Marijuana Dispensary ("RMD"), located at 195 Northampton Street, Easthampton, MA 01027 (hereinafter the "Facility") in the City in accordance with the laws of the Commonwealth of Massachusetts and the laws and ordinances of the City;

WHEREAS, Company wishes to locate a recreational marijuana retail facility ("RMF") at the Facility operated pursuant to a Marijuana Retailer license;

WHEREAS, Company, notwithstanding any exempt status, intends to pay all local taxes attributable to its operation, including real estate taxes on the space within which the Facility is located;

WHEREAS, Company desires to be a responsible corporate citizen and contributing member of the business community of the City, and in the event the contingencies noted below are met, intends to provide certain benefits to the City over and above typical economic development benefits attributable with similar new manufacturing and retail concerns locating in the City; and

WHEREAS, the City believes that the Company's operation of the RMD and/or RMF at the Facility, coupled with its various contributions to the City, as set forth herein, would advance the public good.

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and for the mutual promises set forth below, the parties agree as follows:

1. **Host Community Payments.**

In the event that Company obtains Final Certificate(s) of Registration or their equivalent for the Company's operations of a RMD and/or a RMF (each a "Certificate", together the "Certificates") at the Facility by the Massachusetts Department of Public Health or the Cannabis Control Commission, as the case may be (each, as applicable, the "Licensing Authority"), and receives any and all necessary and required permits and licenses of the City, and at the expiration of any final appeal period related thereto said matter not being appealed further, which said permits and/or licenses allow Company to locate, occupy and operate the RMD or RMF at the Facility, then Company agrees to make an annual host community payment pursuant to the following schedule:



- a. First Year of Operation: A payment of \$75,000 or 3% of sales revenue, whichever is greater, shall be made to the City. The Company shall provide \$15,000, consisting of two payments of \$7,500 each to be made within thirty (30) days after each of the following milestones: (1) receipt of a provisional license as a Marijuana Retailer from the CCC; and (2) receipt of all necessary local permits, including but not limited to: Special Permit, occupancy permit, etc. issued by the City as required to commence Marijuana Retail operations. The balance of the payment shall be made no later than one year from the first day of sales.
- b. Years Two – Five: An annual payment to the City in an amount equal to 3 percent of sales revenues. Payments shall be made quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the opening.
- c. Upon the mutual signing of this Agreement, the Company shall make a payment to the City in an amount equal to \$10,000.00, not as an impact fee, rather in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts. Said payment shall be due within seven (7) business days of the mutual signing of this Agreement.

2. **Payments.** The Company shall make the payments set forth in Section 1, above, to the City of Easthampton. The parties understand and acknowledge that the City is under no obligation to use the payments described in Section 1 above in any particular manner.

3. **Other Payments.** Company anticipates that it will make annual purchases of water, and sewer from all local government agencies. Company will pay any and all fees associated with the local permitting of the Facility.

4. **Re-Opener/Review.**

- a. The City will revisit the total amount and allocation noted above every 24 months to ensure that the City's priorities are being met and Company has fulfilled its commitment to City's satisfaction.
- b. In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.
- c. In the event that the Company seeks local or state approval, or both, to allow on-site consumption of marijuana, then the parties shall reopen this Agreement and negotiate amendments necessary to provide the City with funds to ensure the adequate protection of the health, safety, and general well-being of residents and patrons.

5. **Local Taxes.** At all times during the Term of this Agreement, property, both real and personal, owned or operated by Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Company or by its landlord, and neither Company nor its landlord shall 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, leased or operated by Company 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 Company 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 Company shall pay to the City 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 Company under Section 1 of this Agreement.

In addition to the foregoing the City of Easthampton may levy a 3% tax upon recreational sales pursuant to Chapter 55 of the Acts of 2017. The Company shall, at least annually, provide the City with sales and/or other financial records showing the recreational sales for the prior year to determine the taxes owed. The Company shall maintain its book, financial records and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any regulations and applicable guidelines issued by the applicable Licensing Authority. All for such records shall be kept for a period of seven (7) years. The provisions of this section shall survive the termination or expiration of this Agreement.

## 6. **Community Support and Additional Obligations.**

- a. Local Vendors – To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Company will make every effort in a legal and non-discriminatory manner to give priority to local businesses and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility. Company shall use good faith efforts to ensure that at least 50 percent (50%) of the vendors and/or contractors utilized by the Facility will be based in the City.
- b. Employment/Salaries – Except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Company shall use good faith efforts to ensure that at least fifty percent (50%) of the employees at the Facility will be City residents.
- c. Company shall provide the City with annual reports indicating the percentages of vendors and employees in accordance with paragraphs (a) and (b) above.

- d. The Company shall, at least annually, provide the City with copies of all reports submitted to the Licensing Authority regarding operations at the Facility.

7. **Support.** The City agrees to submit to the Licensing Authority letters supporting the Company's application for the Certificates to operate a RMD at the Facility and agrees to provide support as required by the Licensing Authority with respect to the Company's application for a Certificate to operate a RMF at the Facility. The City agrees to support Company's applications with the Licensing Authorities but makes no representation or promise that it will act on any other license or permit request in any particular way other than by the City's normal and regular course of conduct and in accordance with their rules and regulations and any statutory guidelines governing them. The City agrees to use best effort to work with Company, if approved, to help advise Company on their community support and employee outreach programs.

8. **Security.** The Company shall at all times comply with all applicable state and local laws and regulations regarding the operations of the Facility and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their identification to law enforcement upon request.

Company shall promptly report the discovery of the following to City police within 24 hours: diversion of marijuana; unusual discrepancies identified during inventory, theft, loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, registered qualifying patients, personal caregivers, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

9. **Term and Termination.** This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as Company operates the Facility, or five (5) years from the date of this Agreement, whichever is earlier.

At the conclusion of the term of this agreement, the parties shall, if allowed by law, renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. The City may continue to assess a local sales tax after said date if permitted by applicable law.

The Company shall be in default of this Agreement if any of the following occur:

- A. The Company fails to make any of the required payments described in Section 1 hereof, and such failure is not cured within fifteen (15) business days of written notification from the City of said breach;

- B. The Company breaches any other provision of this Agreement, and such failure is not cured within thirty (30) days of written notification from the City of said breach.

In the event of a default by the Company, the City may elect to either terminate this Agreement or seek recovery of amounts owed pursuant to this Agreement through a court order.

10. **Failure to Locate and/or Relocation.** This Agreement shall be null and void in the event that the Company shall (1) not locate the RMF nor the RMD in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate both the RMF and RMD out of the City. In the case of relocation out of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by Herbology. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, Herbology shall pay the City as liquidated damages an amount equal 3% of retail sales up to the time of relocation, but not less than twenty-five thousand dollars (\$25,000).

11. **Governing Law.** This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

12. **Amendments/Waiver.** Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.

13. **Severability.** If any term or condition of the 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.

14. **Indemnification.** Upon the effective date of this Agreement, the Company shall defend, indemnify, and hold harmless the City, its officers, employees and agents, (“Indemnified Parties”) against all claims, actions, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities and suits involving the Indemnified Parties, including reasonable attorneys’ fees, reasonable experts’ fees, and associated court costs (“Liabilities”) that arise from or relate in any way to the enforcement by the Federal government of the United States Controlled Substances Act or any other federal law governing medical marijuana and/or recreational marijuana and that arise out of the operations of the Company. The foregoing express obligation of indemnification running to the City shall not be construed to negate or abridge any other obligation of indemnification running to the City which would exist at common law or under other provisions of this Agreement. This indemnification shall survive the termination or expiration of this Agreement for a period equal to the applicable statute of

limitations period. If any action or proceeding is brought against the City arising out of any occurrence described in this section, upon notice from the City the Company shall, at its expense, defend such action or proceeding using legal counsel approved by the City, provided that no such action or proceeding shall be settled without the approval of the City. Notwithstanding anything to the contrary in this Section, the Company's indemnification obligations hereunder shall not exceed \$75,000.

13. **Successors/Assigns.** This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the City nor Company shall assign or transfer any interest in the Agreement without the written consent of the other.

14. **Entire Agreement.** This Agreement 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.

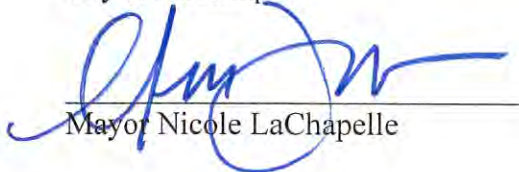
15. **Notices.** Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To City: Mayor Nicole LaChapelle  
City of Easthampton  
50 Payson Avenue  
Easthampton, MA 01027

To Company: Herbology Group, Inc.  
C/O Vicente Sederberg  
Seaport East, 2 Seaport Lane, 11<sup>th</sup> Floor  
Boston, MA 02210

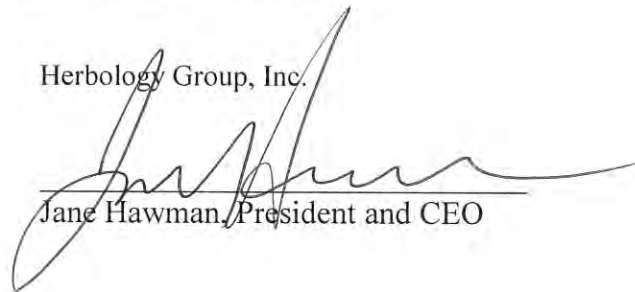
Notice shall be deemed given (a) two (2) business days after the date when it is deposited with the U.S. Post Office, if sent by first class or certified mail, (b) one (1) business day after the date when it is deposited with an overnight courier, if next business day delivery is required, (c) upon the date personal delivery is made, or (d) upon the date when it is sent by facsimile, if the sender receives a facsimile report confirming such delivery has been successful and the sender mails a copy of such notice to the other party by U.S. first-class mail on such date. In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

City of Easthampton



Mayor Nicole LaChapelle

Herbology Group, Inc.



Jane Hawman, President and CEO



## CITY OF EASTHAMPTON

*Mayor Nicole LaChapelle*

50 Payson Avenue, Suite 115, Easthampton, MA 01027- 2263

413-529-1470 Fax 413-529-1488

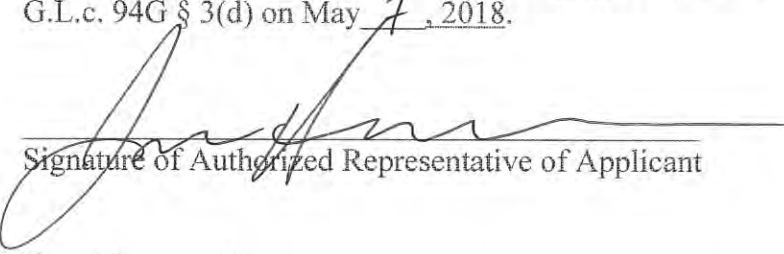
e-mail: mayor@easthampton.org

### City of Easthampton - Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is "misleading, incorrect, false, or fraudulent" is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

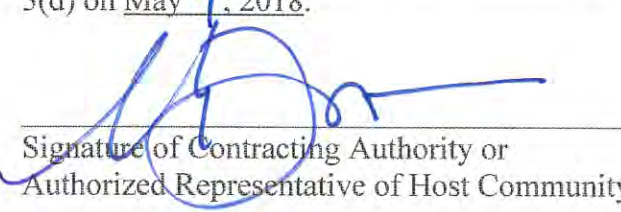
#### **Applicant**

I, Jane Hawman, certify as an authorized representative of Herbology Group, Inc. that the applicant has executed a host community agreement with the City of Easthampton pursuant to G.L.c. 94G § 3(d) on May 7, 2018.

  
\_\_\_\_\_  
Signature of Authorized Representative of Applicant

#### **Host Community**

I, Mayor Nicole LaChapelle, certify that I am the contracting authority or have been duly authorized by the contracting authority for the City of Easthampton to certify that the applicant and the City of Easthampton has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on May 7, 2018.

  
\_\_\_\_\_  
Signature of Contracting Authority or  
Authorized Representative of Host Community

**HOST COMMUNITY AGREEMENT**  
BETWEEN  
**THE CITY OF EASTHAMPTON**  
AND  
**I.N.S.A., INC.**

This **Host Community Agreement** (“Host Agreement”) is entered into pursuant to M.G.L. c. 94G, §3(d) as amended by Chapter 55 of the Acts of 2018 this \_\_\_ day of April 2018 by and between the City of Easthampton, a municipal corporation existing within the Commonwealth of Massachusetts with offices at 50 Payson Ave., Easthampton, MA 01027, acting by and through its Mayor, hereinafter referred to as the “City,” and I.N.S.A., Inc., f/k/a Hampden Care Facility, Inc., a Massachusetts corporation, with a usual place of business located at 122 Pleasant St., Easthampton, MA 01027, hereinafter referred to as “INSA.” The City and INSA shall be collectively referred to herein as “the Parties.”

WHEREAS, INSA has been incorporated under the Massachusetts General Laws to provide cannabis for medical use to patients of INSA and INSA has been licensed by the Massachusetts Department of Health for the same at 122 Pleasant Street, Easthampton, MA (the “Dispensary”) with sales of medical cannabis commencing on February 3, 2018;

WHEREAS, INSA desires to engage in adult use retail sales of cannabis at an adult use retail cannabis establishment within the City on or after July 1, 2018 as provided by 935 CMR 5.000 and Chapter 55 of the Acts of 2017. For purposes of this Host Agreement adult use retail cannabis sale shall include all non-medical retail sales of cannabis or cannabis infused products but not accessories, as the same may be permitted by the Commonwealth of Massachusetts and the City under applicable ordinance and law, which adult use retail sales of cannabis shall take place in an adult use retail cannabis establishment. For purposes of this Host Agreement the terms marijuana and cannabis shall be interchangeable with the same definition for each;

WHEREAS, nothing contained herein shall be construed to forego any other requirements for permits and licenses needed by INSA to operate an adult use retail cannabis establishment and medical marijuana treatment center either from the Commonwealth of Massachusetts or City;

WHEREAS, in compliance with 935 CMR 5.000 and M.G.L. c. 94G, §3(d) as amended by Chapter 55 of the Acts of 2017 the Parties wish to enter into this Host Agreement to set forth the conditions for INSA to operate an adult use retail cannabis establishment located within the City; and

NOW, THEREFORE, for the consideration set forth herein, the Parties mutually agree as follows:

1. Host Community Impact Fee

The Parties hereby set forth a host community impact fee (hereinafter “Host Fee”) which is defined as that amount reasonably related to the cost imposed upon the City by the operation of INSA’s adult use cannabis retail establishment.

In consideration thereof the Parties agree to the payment by INSA to the City of the following Host Fee:

A – Upon the mutual signing of this Host Agreement, INSA shall make a payment to the City in an amount equal to \$10,000.00. Said payment shall be due within seven (7) business days of the mutual signing of this Host Agreement

B – First Year of Operation: 3 percent of adult use retail cannabis establishment gross sales revenue. Payment shall be made on the last day of the First Year of adult use retail cannabis establishment sales.

C - Year Two: 3 percent of adult use retail cannabis establishment gross sales revenue. Payments shall be made quarterly based upon the previous quarter's adult use retail cannabis gross sales and are due and payable within 30 days of the end of the quarter.

D - Year Three: 3 percent of adult use retail cannabis establishment gross sales revenue. Payments shall be made quarterly based upon the previous quarter's adult use retail cannabis gross sales and are due and payable within 30 days of the end of the quarter.

E - Year Four: 3 percent of adult use retail cannabis establishment gross sales revenue. Payments shall be made quarterly based upon the previous quarter's adult use retail cannabis gross sales and are due and payable within 30 days of the end of the quarter.

F – Year Five: 3 percent of adult use retail cannabis establishment gross sales revenue. Payments shall be made quarterly based upon the previous quarter's adult use retail cannabis gross sales and are due and payable within 30 days of the end of the quarter.

In addition to the foregoing the City may levy a 3% local opt in tax ("Opt in Tax") upon adult use retail cannabis sales pursuant to Chapter 55 of the Acts of 2017 provided the City takes appropriate action to do so with the Commonwealth of Massachusetts. The aforementioned local Opt In Tax shall be payable by INSA to the Commonwealth of Massachusetts, or its applicable political subdivision, or adult use retail cannabis sales as the term may be defined by Chapter 55 of the Acts of 2017 or subsequent law or regulations. Adult use retail cannabis sales Opt In Tax on non-cannabis accessories, such as vaporizers, will only be due if required by Chapter 55 of the Acts of 2017 or subsequent law or regulations. Sales on medical cannabis products shall not be subject to taxation.



INSA shall annually provide the City with gross sales records for adult use retail cannabis sales for the prior year.

2. Re-Opener/Review.

In the event that INSA seeks local or state approval, or both, to allow on-site consumption of cannabis at the adult use retail cannabis establishment, then the Parties shall negotiate an amendment to this Host Agreement to ensure the adequate protection of the health, safety, and general well-being of residents and patrons.

3. Real Estate Taxes

At all times during the term of this Host Agreement, real estate taxes for the property or properties at which INSA operates will be paid to the City and INSA shall not seek a non-profit exemption from paying such taxes.

4. Default, Term and Termination

As set forth in Chapter 55 of the Acts of 2017 the term of this Host Agreement shall expire five years from the execution hereof with the final Host Fee being due as set forth in paragraph 1 above. At the conclusion of the term of this Host Agreement, the Parties will attempt, in good faith, to agree upon terms of a new Host Agreement. The City may continue to assess an Opt In Tax after expiration of this Host Agreement, if permitted by applicable law.

The obligations set forth in this Host Agreement shall cease immediately and become null and void, and this Host Agreement shall terminate if INSA ceases operating an adult use retail cannabis establishment in the City.

INSA shall be in default of this Host Agreement if any of the following occur:

A - INSA fails to make any of the required payments of the Host Fee, and such failure is not cured within thirty (30) business days of written notification from the City of said breach;

B - INSA breaches any other provision of this Host Agreement, and such failure is not cured within sixty (60) days of written notification from the City of said breach.

C - In the event of a default by INSA, the City may elect to either terminate this Host Agreement or seek recovery of amounts owed pursuant to this Host Agreement through a court order.

5. Failure to Locate and/or Relocation

This Host Agreement shall be null and void in the event that INSA:

A – fails to locate an adult use retail cannabis establishment in the City, in which case, INSA shall pay liquidated damages of \$10,000.00 ; or

B - ceases to operate its adult use retail cannabis establishment in the City. In that event, an adjustment of any remaining Host Fee due in paragraph 1 above shall be calculated as of the date operations ceased and payment of same shall be made to the City within sixty (60) days. In no event shall the City be responsible for the return of any funds already provided to it by INSA. Notwithstanding the foregoing if the adult use retail cannabis establishment ceases to operate in the City prior to Year Two of this Host Agreement, INSA shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000).

6. Easthampton Resident Hiring

INSA shall make best efforts to hire and give preference in hiring to Easthampton residents for full time employment at its cultivation and/or sales facility.

7. Assignment

The Parties hereby agree that INSA may assign the rights and obligations under this Host Agreement only to a successor entity of INSA but may do so upon notice to and approval by the City, which approval shall not be unreasonably withheld. Without limiting the foregoing, any successor that is able to obtain approval from the Massachusetts Cannabis Control Commission and/or Massachusetts Department of Public Health shall be evidence of an approved successor.

8. Location

Nothing contained herein shall be construed to prevent INSA from re-locating its facility presently located at 122 Pleasant Street or opening an additional facility in the City. INSA may relocate its facility in the City assuming it receives all required licenses and permits and the rights and obligations under this Host Agreement will continue, provided that any such relocation may, at the City's option, require the amendment of this Host Agreement.

9. City Obligation

City represents it will enforce all City and Commonwealth ordinances, laws and regulations regarding sale of medical and adult use retail cannabis sales at all City establishments.

## 10. Notices

All notices required hereunder may be provided in writing at the following addresses:

INSA:

INSA, Inc.  
122 Pleasant St., Ste. 144  
Easthampton, MA 01027

with a copy to:

S.M. Reilly Associates, LLC  
281 State St.  
Springfield, MA 01103

City:

Mayor Nicole LaChapelle  
Easthampton Municipal Building  
50 Payson Avenue  
Easthampton, MA. 01027

with a copy to

John H. Fitz-Gibbon, City Solicitor  
90 Conz Street, Suite 207  
Northampton, MA. 01060

The Parties shall promptly notify each other of any change of their respective addresses set forth above, after which notification such new address shall become the notice address hereunder. Notice and other communications shall be deemed given when deposited in the United States mail and sent registered or certified, postage prepaid, to the last known address of the party concerned.

## 11. Entire Agreement

This Host Agreement supersedes any and all other agreements, either oral or in writing, between the Parties hereto with respect to the subject matter of this Host Agreement. This Host Agreement may not be changed verbally, and may only be amended by an agreement in writing signed by both parties.

A - Amendments/Waiver – Amendments, or waivers of any term, condition, or covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all Parties to the original Agreement, prior to the effective date of the amendment.

12. No rights in Third Parties

This Host Agreement is not intended to, nor shall it be construed to, create any rights in any third parties.

13. Severability

If any provision of this Host Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible and the remaining provisions of this Host Agreement shall remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

14. Indemnification

Upon the effective date of this Host Agreement, INSA shall defend, indemnify, and hold harmless the City, its officers, employees and agents, (“Indemnified Parties”) against all claims, actions, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities and suits involving the Indemnified Parties, including reasonable attorneys’ fees, reasonable experts’ fees, and associated court costs (“Liabilities”) that arise from or relate in any way to the enforcement by the Federal government of the United States Controlled Substances Act or any other federal law governing medical marijuana and/or recreational marijuana. The foregoing express obligation of indemnification running to the City shall not be construed to negate or abridge any other obligation of indemnification running to the City which would exist at common law or under other provisions of this Host Agreement. This indemnification shall survive the termination or expiration of this Host Agreement for a period equal to the applicable statute of limitations period. If any action or proceeding is brought against the City arising out of any occurrence described in this section, upon notice from the City, INSA shall, at its expense, defend such action or proceeding using legal counsel approved by the City, provided that no such action or proceeding shall be settled without the approval of the City. Notwithstanding anything to the contrary in this Section, INSA’s indemnification obligations hereunder shall not exceed \$75,000 in total for any Party or Parties it is required to indemnify or defend pursuant to this Host Agreement.

15. Governing Law and Exclusive Venue

The Parties agree that this Host Agreement shall be covered and construed in accordance with the laws of the Commonwealth of Massachusetts, and that a court of competent jurisdiction in Hampshire County shall be the exclusive venue for any legal proceedings that may arise from this Host Agreement.


The Parties expressly waive any defense to enforcement based upon noncompliance with federal law regarding the legal status of cannabis.

16. Successors


This Host Agreement shall be binding upon and shall inure to the benefit of the Parties, their respective heirs, executors, administrators and assigns.

IN WITNESS WHEREOF, INSA and the City have executed this Host Agreement as of the date the same is finally signed by all Parties listed below.

INSA, INC.

  
By: Peter Gallagher

CITY OF EASTHAMPTON

  
By: Nicole LaChapelle, Mayor  
Dated: 4/24/10

Approved as to form:

  
By: John J. Fitz-Gibbon, City Solicitor

Approved as to appropriation:

\_\_\_\_\_  
By:

Approved:

  
By: \_\_\_\_\_  
Chief Procurement Officer

**CITY OF EASTHAMPTON**

**THE VERB IS HERB, LLC.**

**HOST COMMUNITY AGREEMENT**

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 23<sup>rd</sup> day of May 2018 by and between The Verb is Herb, LLC., a Massachusetts Limited Liability Corporation with a principal office address of 74 Cottage Street Easthampton, MA 01027 ("the Company"), and the City of Easthampton, a Massachusetts municipal corporation with a principal address of 50 Payson Avenue, Easthampton, MA 01027 ("the City").

WHEREAS, the Company wishes to locate a Retail Marijuana Establishment in the City in accordance with Chapter 334 of the Acts of 2016, The Regulation and Taxation of Marijuana Act, as amended by Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Marijuana, which is collectively referred to as "the act." and applicable regulations issued by the Commonwealth of Massachusetts Cannabis Control Commission ("CNB") and such approvals as may be issued by the City in accordance with its Zoning Ordinance and other applicable regulations.; and

WHEREAS, for purposes of licensure, the Company is required to submit to the CNB documentation evidencing that the Company and City have executed a host community agreement.

WHEREAS, the Company intends to provide certain benefits to the City in the event that it receives a Final License from the CNB to operate a Retail Marijuana Establishment facility in Easthampton at 74 Cottage Street Easthampton, MA 01027 (the "License") and receives all required local permits and approvals; and

WHEREAS, notwithstanding the anticipated benefits to certain members of the community, the Company may impact City resources in ways unique to the business of the License and draw upon City resources in a manner not shared by the general population.

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company offers, and the City accepts this Agreement in accordance with G.L. c.44, §53A, and the Company and the City agree as follows:

1. The parties anticipate that the City may incur additional expenses and impacts upon the City's road system, law enforcement, fire protection services, inspectional services and permitting services, public health services, and potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate any such impacts upon the City and use of City resources, the Company shall provide as a donation to the City a community impact grant. The Company agrees to make grant payments to the City, in the amounts and under the terms provided herein (the "Funds"). The Company shall furnish the City with annual Profit and Loss Statements, as soon as they become available, reflecting gross sales figures for the License located in the City. Additionally, the Company shall provide the City with copies of its periodic financial filings to the CNB documenting Gross Sales.

2. The Company acknowledges and agrees that the City is under no obligation to use the donation payments made hereunder in any particular manner, and that the payments shall constitute ~~donations~~ in accordance with G.L. c. 44, §53A. The Company shall pay to the City the following sums:
  - a. For each year in the term of this agreement the Company shall pay to the City a “community impact fee” that is reasonably related to the costs imposed upon the City by the operation of the marijuana establishment. The Company shall notify the City in writing when the Company commences sales within the City.
  - b. Payment Schedule:
    - i. Upon the mutual signing of this Agreement, the Company shall make a payment to the City in an amount equal to \$5,000.00. Said payment shall be due within seven (7) business days of the mutual signing of this Agreement.
    - ii. The Company shall provide \$15,000.00, consisting of two payments of \$7,500.00 each to be made within thirty (30) days after each of the following milestones: (1) receipt of the Company’s provisional license as a Marijuana Retailer from the CNB; and (2) receipt of all necessary local permits, including but not limited to: Special Permit, site plan review, occupancy permit, etc. issued by the City as required to commence Marijuana Retail operations.
    - iii. Year One: A payment of 3% of sales revenue minus \$15,000 (2 initial payments) shall be made to the City.
    - iv. Years Two-Five: An annual payment to the City in the amount equal to 3 percent of sales revenue. Payments shall be made quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the opening.
  - c. In addition to the foregoing the City of Easthampton shall levy a 3% tax upon recreational sales pursuant to Chapter 55 of the Acts of 2017.
  - d. While the purpose of these payments is to assist the City in addressing any public health, safety and other effects or impacts the License may have on the City, the City may expend the above-referenced payments at its sole and absolute discretion.
3. Default, Term and Termination
  - i. The Company and the City in good faith following five (5) years of continuous operation of the Marijuana Establishment shall, if allowed by law, renegotiate the terms of this Agreement. The terms of this Agreement shall continue in full force and effect unless the parties reach accord on a subsequent agreement. Any renegotiation of this Agreement shall include a review of positive and negative impacts upon the City, its residents, and businesses resulting from operation of the Marijuana Establishment, including, without limitation, community health, associated business growth, traffic, crime, use of City resources, proximate property value impacts, and other documented impacts.

8. Diversion Mitigation: In cooperation with and to the extent requested by the City's Police Department, and consistent with the Regulations, the Company shall work with the City's Police Department to implement a compliant diversion prevention plan, a form of which plan to be in place prior to the Sales Commencement Date. Such plan will include, but is not limited to, (i) training employees to be aware of, observe, and report any unusual behavior in patients, caregivers, authorized visitors or other employees that may indicate the potential for diversion; (ii) strictly adhering to sales amounts and time periods (per CNB guidelines); (iii) rigorous customer identification and verification procedures; and (iv) utilizing seed-to-sale tracking software to closely track all inventory at the License.
9. Security: To the extent requested by the City's Police Department, and consistent with the Regulations, the Company shall work with the City's Police Department in determining the placement of interior and exterior security cameras are located to provide an unobstructed view in each direction of the public way(s) on which the Facility is located. The Company shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinity of the License and with regard to any anti-diversion procedures. Such camera(s) may be altered by the CNB during their security and architectural review process upon approval by the Police Department.
10. The production, handling, marketing and sale of edible marijuana-infused products ("MIPs") by the Company shall be in accordance with the Regulations, including the packaging and labeling requirements set forth in 935 CMR 500.150(E).
11. The on-site consumption of marijuana products shall be prohibited.
12. This Agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Company to operate in the City, or to refrain from enforcement action against the Company and/or its License for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.



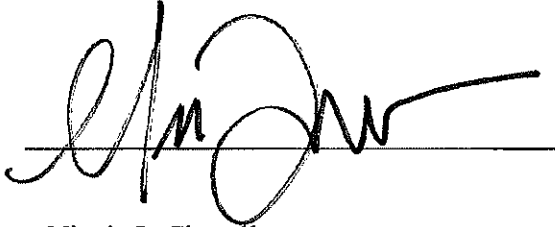
13. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the City nor the Company shall assign, sublet or otherwise transfer any interest in the Agreement without the written consent of the other. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.
14. The Company agrees to comply with all laws, rules, regulations and orders applicable to the License, 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.
15. Any and all notices, consents, demands, requests, approvals, 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 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.
16. Amendments/Waiver – Amendments, or waivers of any term, condition, or covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all parties to the original Agreement, prior to the effective date of the amendment.
17. Indemnification- Upon the effective date of this Agreement, the Company shall defend, indemnify, and hold harmless the City, its officers, employees and agents, (“Indemnified Parties”) against all claims, actions, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities and suits involving the Indemnified Parties, including reasonable attorneys’ fees, reasonable experts’ fees, and associated court costs (“Liabilities”) that arise from or relate in any way to the enforcement by the Federal government of the United States Controlled Substances Act or any other federal law governing medical marijuana and/or recreational marijuana. The foregoing express obligation of indemnification running to the City shall not be construed to negate or abridge any other obligation of indemnification running to the City which would exist at common law or under other provisions of this Agreement. This indemnification shall survive the termination or expiration of this Agreement for a period equal to the applicable statute of limitations period. If any action or proceeding is brought against the City arising out of any occurrence described in this section, upon notice from the City the Company shall, at its expense, defend such action or proceeding using legal counsel approved by the City, provided that no such action or proceeding shall be settled without the approval of the City. Notwithstanding anything to the contrary in this Section, the Company’s indemnification obligations hereunder shall not exceed \$75,000.

18. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.
19. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.
20. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the City with respect to the matters described herein. 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.
21. Failure to Locate and/or Relocation - This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.
22. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF EASTHAMPTON

THE VERB IS HERB, LLC.

A handwritten signature in black ink, appearing to read 'Nicole LaChapelle', written over a horizontal line.A handwritten signature in black ink, appearing to read 'William Hartley', written over a horizontal line.

Nicole LaChapelle

William Hartley

Its: Mayor

Its: Principal



## CITY OF EASTHAMPTON

*Mayor Nicole LaChapelle*

50 Payson Avenue, Suite 115, Easthampton, MA 01027- 2263

413-529-1470 Fax 413-529-1488

e-mail: mayor@easthampton.org

### City of Easthampton - Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

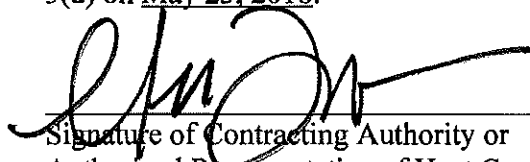
#### **Applicant**

I, William Hartley, certify as an authorized representative of The Verb is Herb, LLC that the applicant has executed a host community agreement with the City of Easthampton pursuant to G.L.c. 94G § 3(d) on May 23, 2018.

  
\_\_\_\_\_  
Signature of Authorized Representative of Applicant

#### **Host Community**

I, Mayor Nicole LaChapelle, certify that I am the contracting authority or have been duly authorized by the contracting authority for the City of Easthampton to certify that the applicant and the City of Easthampton has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on May 23, 2018.

  
\_\_\_\_\_  
Signature of Contracting Authority or  
Authorized Representative of Host Community

**HOST COMMUNITY AGREEMENT  
CITY OF FALL RIVER AND THE GIVING TREE HEALTH CENTER**

This Host Community Agreement (the "**Agreement**") is made and entered into as of July 2, 2018 (the "**Effective Date**"), by and between the City of Fall River, Massachusetts, a municipality of the Commonwealth of Massachusetts with a principal address of One Government Center, Fall River, MA 02722 ("**City**" or "**Fall River**"), and The Giving Tree Health Center, a Massachusetts for-profit corporation having a principal place of business at 1 Plain Street, West Bridgewater, MA. ("The Giving Tree Health Center" or "**Company**"). The City and the Company are sometimes collectively referred to as the "**Parties.**"

**BACKGROUND**

**WHEREAS:** The Giving Tree Health Center is seeking a certificate from the Massachusetts Department of Public Health ("**DPH**") to operate a Registered Marijuana Dispensary, as defined in 105 CMR 725 et. seq. ("**RMD**"), at two physical locations within the City;

**WHEREAS:** The Giving Tree Health Center has received a letter of non-opposition from the City in connection with the siting and operation of the RMD within the City;

**WHEREAS:** The Parties understand and acknowledge that The Giving Tree Health Center intends to locate an RMD dispensary at 847 Pleasant Street in Fall River;

**WHEREAS:** The Parties understand and acknowledge that The Giving Tree Health Center intends to apply for the following, Marijuana Establishment Licenses (MEL), Marijuana Cultivation, Marijuana Manufacturing and Marijuana Retailer facility located at 847 Pleasant Street in Fall River;

**WHEREAS:** The Giving Tree Health Center has a binding agreement regarding 847 Pleasant Street.

**WHEREAS:** The Giving Tree Health Center endeavors to function as a good corporate citizen as it builds and sustains its business in the City;

**ACCORDINGLY,** the Parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, enter into this Host Community Agreement under the following terms:

**SECTION 1. DEFINITIONS**

**1.1. Payment** means any payment paid from the Company to the City pursuant to the terms of this Agreement.

**1.2. Gross Revenue** means the total revenue actually derived by the Company from dispensary sales of medical marijuana products at the Company's RMD dispensary in Fall River.

**1.3. Project** means the build out and operation of the Company's RMD within the City.

**1.4. Fiscal Year** means a period of days running from January 1 until and through December 31 of the same year.

**1.5 First Full Fiscal Year End** means December 31, 2018.

**1.6 Cannabis Control Commission (CCC)** means the government agency charged with regulating the adult use of marijuana industry in the Commonwealth.

## **SECTION 2. OBLIGATIONS OF THE COMPANY**

**2.1.** The Company agrees to pay, and the City agrees to accept, Payment in the amounts set forth below:

- i. In the event that The Giving Tree Health Center obtains a Final Certificate of Registration ("Final Certificate") from DPH and/or licenses from the CCC allowing the operation of an RMD and/or MEL within the City, and The Giving Tree Health Center receives any and all necessary and required permits and licenses issuable by the City, which said permits and/or licenses allow The Giving Tree Health Center to locate, build, occupy and operate the RMD and/or MEL within the City ("Local Approvals"), The Giving Tree Health Center will make a payment of 4% of Gross Revenue annually derived from retail sales in the City of Fall River, due ninety (90) days after The Giving Tree Health Center's First Full Fiscal Year End and annually thereafter; for all product manufactured in the City, The Giving Tree Health Center will pay the City \$4 per pound, due 90 days after The Giving Tree Health Center's first full fiscal year and annually thereafter. Total payments under this paragraph shall not exceed \$500,000.
- ii. In the event that the Giving Tree Health Center obtains a Final Certificate allowing the operation of an RMD and/or MEL within the City, and The Giving Tree Health Center receives any and all necessary and required permits and licenses issuable by the City, which said permits and/or licenses allow The Giving Tree Health Center to occupy and operate the RMD and/or MEL within the City ("Local Approvals"), The Giving Tree Health Center shall make one annual payment to the City of \$50,000, due ninety (90) after The Giving Tree Health Center's First Full Fiscal Year End, and annually thereafter.

**2.2.** To the extent that such a practice and its implementation are consistent with federal and state laws and regulations, the Company will work in a good faith, legal and nondiscriminatory manner to give reasonable preference in the hiring of employees for the RMD to qualified Fall River residents.

**2.3.** The Company shall remain in compliance with all state and local laws and regulations applicable to its operations, and shall be responsible for obtaining all necessary licenses, permits and approvals required for the conduct of its operations.

### **SECTION 3. OBLIGATIONS OF THE CITY OF FALL RIVER**

**3.1.** The City shall work cooperatively and in good faith with the Company as the Company proceeds through the City's permitting process, provided that nothing herein shall require Fall River to waive any review and approval rights set forth in applicable statutes or regulations, and provided further that Fall River shall retain the right to provide comments and recommendations regarding Project design and security.

**3.2.** The City shall Support the Company's application for a Final Certificate from DPH for its RMD dispensary and its RMD cultivation facility. Such Support shall be in the form of a letter of support and/or non-opposition, and in any other manner that the City, within its sole discretion, may deem lawful and appropriate.

**3.3.** If required or advisable in connection with the Project, the City will consider any reasonable request by Company to prepare and submit an amendment to any applicable bylaw, zoning ordinance, or other such land or occupancy use regulations; provided however that Company acknowledges that such amendment(s) may include a reasonable administrative review process.

**3.4.** The City shall not directly or indirectly adopt, implement or impose, nor accept, any new taxes, fees, or other assessments on the Project or its customers, employees, tenants, vendors, suppliers, owners or operators. The foregoing shall not apply to any local option tax adopted by the Commonwealth of Massachusetts, even if such tax shall be levied against the Project or its customers, employees, tenants, vendors, suppliers, owners or operators.

### **SECTION 4. TERM OF AGREEMENT**

**4.1.** This Agreement shall commence on the Effective Date and will end on the date that Company ceases to conduct operations in Fall River. Notwithstanding the previous sentence, the parties agree that they will from time to time, at not less frequently than once every three (3) years, review the terms and conditions of the Agreement. The parties shall endeavor in good faith to conduct such review, while remaining mindful of the needs of the City, the development of The Giving Tree Health Center's business, the development of the industry sector and marketplace, and other relevant considerations.

### **SECTION 5. CONDITIONS**

**5.1.** All rights and obligations under this Agreement are expressly conditioned upon the Company's receipt of a Final Certificate allowing the operation of an RMD dispensary within the City, and upon Company obtaining all Local Approvals. If Company fails to secure a Final Certificate, or any of the required local approvals aforementioned, this Agreement shall be null and void.

### **SECTION 6. APPROPRIATION**

**6.1.** The purpose of this Agreement is to assist the City in addressing any public health and safety matters the RMD may impose on the City. Notwithstanding the foregoing sentence, the City is under no obligation to use the Payments in any particular manner.

### **SECTION 7. CONFIDENTIALITY**

**7.1.** The Company may provide to the City certain financial information, investment materials, products, plans, documents, details of company history, know-how, trade secrets, and other non-public information related to the Company, its affiliates and operations (collectively, "Confidential Information"). The City

(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 by law.

**SECTION 8. GENERAL PROVISIONS**

**8.1. Assignment.** Neither party may assign its rights nor delegate its obligations under this Agreement without the prior written consent of the other party; provided, however, that a pledge or assignment of assets, revenues, profits or receivables required in connection with financing the business by the Company shall not be considered an assignment for the purposes of this paragraph.

**8.2. Counterparts.** This Agreement may be executed in one or more counterparts, each of which is an original, and all of which constitute one and the same agreement between the Parties.

**8.3. Entire Agreement.** This Agreement contains the entire agreement of the Parties, and there are no other promises or conditions in any other agreement whether oral or written concerning the subject matter of this Agreement. This Agreement supersedes any prior written or oral agreements between the Parties.

**8.4. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts without regard to its choice of law provisions.

**8.5. Headings.** Section headings in this agreement are inserted for convenience of reference only and shall in no way affect, modify, define or be used in construing the text of the Agreement. Where the context requires, all singular words in the Agreement shall be construed to include their plural and all words of neutral gender shall be construed to include the masculine and feminine forms of such words.

**8.6. Medical Marijuana Disclosure.** The Parties acknowledge that Company activities are conducted under the authority of the laws of the Commonwealth of Massachusetts. The Parties further acknowledge that all activities related to marijuana, medical or otherwise, are unlawful under the laws of the United States.

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

**8.8. Notices.** Any notices, consents, demands, requests, approvals or other communications issued under this Agreement must be made in writing, and must be delivered by hand, overnight delivery service, or certified mail, postage pre-paid (return receipt requested), and will be effective upon receipt for hand or overnight delivery and three days after mailing, to the other Party at the following addresses:

If to City:

Mayor Jasiel F. Correia, II  
One Government Center  
Fall River, MA 02722

If to Company:

\_\_\_\_\_ President  
\_\_\_\_\_  
\_\_\_\_\_



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

**8.10. Third-Party Beneficiaries.** Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

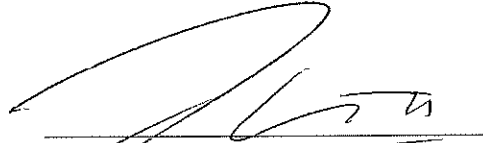
**8.11. Unenforceability of Provisions.** In the event that any of the provisions, or portions thereof of this Agreement are held to be illegal, unenforceable, or invalid by any Court of competent jurisdiction, the legality, enforceability, and validity of the remaining provisions, or portions thereof shall not be affected thereby, and, in lieu of the illegal, unenforceable, or invalid provision, or portion thereof there shall be added a new legal, unenforceable, and valid provision as similar in scope and effect as is necessary to effectuate the results intended by the deleted provision or portion.

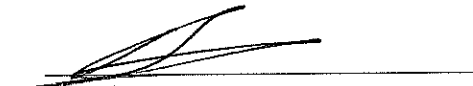
**8.12. Waiver of Contractual Right.** The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

**IN WITNESS WHEREOF,** this Agreement has been executed on the date below, as a sealed instrument by Company's duly authorized officer, and by the City of Fall River.

FOR CITY OF FALL RIVER:

FOR THE GIVING TREE HEALTH CENTER, INC.

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

Josiel F. Correia, II  
\_\_\_\_\_  
Print Name

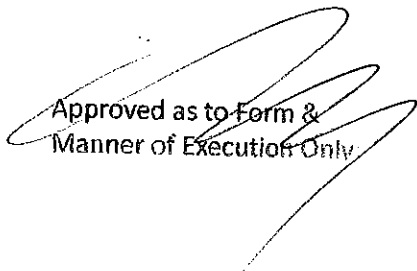
Brian Bairos  
\_\_\_\_\_

Mayor  
\_\_\_\_\_  
Title

Ceo  
\_\_\_\_\_  
Title

7/2/18  
\_\_\_\_\_  
Date

7/9/18  
\_\_\_\_\_  
Date

  
Approved as to Form &  
Manner of Execution Only

**HOST COMMUNITY AGREEMENT  
CITY OF FALL RIVER AND HOPE HEAL HEALTH, INC.**

This Host Community Agreement (the "**Agreement**") is made and entered into as of September 11, 2018 (the "**Effective Date**"), by and between the City of Fall River, Massachusetts, a municipality of the Commonwealth of Massachusetts with a principal address of One Government Center, Fall River, MA 02722 ("**City**" or "**Fall River**"), and Hope Heal Health, Inc., a Massachusetts corporation having a principal place of business at 36 Grasshopper Lane, Scituate, MA 02066. ("**The Company**"). The City and The Company are sometimes collectively referred to as the "**Parties**."

**BACKGROUND**

**WHEREAS:** The Company is seeking Licenses ("**MEL**") to operate Marijuana Establishments ("**ME**") from the Cannabis Control Commission ("**CCC**") as defined in Chapter 55 of the Acts of 2017, 935 CMR 500 *et. seq.*, and any subsequent laws and regulations that may be amended from time to time, to cultivate, process and dispense cannabis for adult-use at 1 West Street, Fall River, MA 02720 (the "**Property**");

**WHEREAS:** The Parties understand and acknowledge that The Company intends to cultivate, process, and dispense marijuana (the "**Project**") located at 1 West Street, Fall River, MA 02720;

**WHEREAS:** The Company, endeavors to function as a good corporate citizen as it builds and sustains its business in the City;

**ACCORDINGLY,** the Parties, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, enter into this Agreement under the following terms:

**SECTION 1. DEFINITIONS**

**1.1. Cultivation Fee** means any payment paid from The Company to the City pursuant to the terms of this Agreement.

**1.2. Gross Revenue** means the total revenue actually derived by The Company from cultivation sales to dispensaries for cannabis products grown, produced or manufactured for adult-use at The Company's Property in Fall River.

**1.3. Fiscal Year** means a period of days running from January 1 until and through December 31 of the same year.

**1.4 First Full Fiscal Year End** means December 31, 2018.

## SECTION 2. OBLIGATIONS OF THE COMPANY

2.1. The Company agrees to pay, and the City agrees to accept, Cultivation Fee in the amounts set forth below:

- i. In the event that The Company obtains an MEL from the CCC allowing the operation of an ME within the City, and The Company receives any and all necessary and required permits and licenses issuable by the City, which said permits and/or licenses allow The Company to locate, build, occupy and operate the ME within the City ("**Local Approvals**"), The Company will make a payment of 4% of Gross Revenue annually derived from retail sales in the City, due ninety (90) days after The Company's First Full Fiscal Year End and annually thereafter; in addition for all wholesale sales delivered to legal retail Marijuana business in Massachusetts manufactured in the City, The Company will pay 4% of gross receipts after the first \$1.25 Mil earned. For all The Company Retail sales outside of the City manufactured in the City, The Company agrees to pay 4% per pound based on a fixed price of \$1,000 per pound to the City of Fall River (\$40.00 per pound).
- ii. In the event that The Company obtains an MEL allowing the operation of an ME within the City, and The Company receives any and all necessary and required permits and licenses issuable by the City, which said permits and/or licenses allow The Company to occupy and operate the ME within the City ("**Local Approvals**"), The Company shall make one annual payment to the City of \$50,000, due ninety (90) days after The Company's First Full Fiscal Year End, and make such \$50,000 payments annually thereafter.

2.2. To the extent that such a practice and its implementation are consistent with federal and state laws and regulations, The Company will work in a good faith, legal and nondiscriminatory manner to give reasonable preference in the hiring of employees for the ME to qualified Fall River residents.

2.3. The Company shall remain in compliance with all state and local laws and regulations applicable to its operations, and shall be responsible for obtaining all necessary licenses, permits and approvals required for the conduct of its operations.

## SECTION 3. OBLIGATIONS OF THE CITY OF FALL RIVER

3.1. The City shall work cooperatively and in good faith with The Company as The Company proceeds through the City's permitting process, provided that nothing herein shall require Fall River to waive any review and approval rights set forth in applicable statutes or regulations, and provided further that Fall River shall retain the right to provide comments and recommendations regarding Project design and security.

3.2. The City shall support The Company's applications for MELs to operate cultivation, product manufacturing, and dispensing MEs from the CCC at the facility. Such support shall be in the form of a letter of support and/or non-opposition, and in any other manner that the City, within its sole discretion, may deem lawful and appropriate, making every reasonable effort to satisfy the requirements of the CCC.

3.3. If required or advisable in connection with the Project, the City will consider any reasonable request by The Company to prepare and submit an amendment to any applicable bylaw, zoning ordinance, or

other such land or occupancy use regulations; provided however that The Company acknowledges that such amendment(s) may include a reasonable administrative review process.

3.4. The City shall not directly or indirectly adopt, implement or impose, nor accept, any new taxes, fees, or other assessments on the Project or its customers, employees, tenants, vendors, suppliers, owners or operators. The foregoing shall not apply to any local option tax adopted by the Commonwealth of Massachusetts, even if such tax shall be levied against the Project or its customers, employees, tenants, vendors, suppliers, owners or operators.

#### SECTION 4. TERM OF AGREEMENT

4.1. This Agreement shall commence on the Effective Date and will end on the date that The Company ceases to conduct operations in Fall River. Notwithstanding the previous sentence, the parties agree that they will from time to time, at not less frequently than once every three (3) years, review the terms and conditions of the Agreement. The parties shall endeavor in good faith to conduct such review, while remaining mindful of the needs of the City, the development of The Company's business, the development of the industry sector and marketplace, and other relevant considerations.

#### SECTION 5. CONDITIONS

5.1. All rights and obligations under this Agreement for payments to the City due to The Company's ME operations are expressly conditioned upon The Company's receipt of MELs for the operation of cultivation, product manufacturing, and dispensing MEs within the City, and upon The Company obtaining all Local Approvals for the same. If The Company fails to secure a Final Certificate or a ME, or any of the required local approvals aforementioned, this Agreement shall be null and void.

#### SECTION 6. APPROPRIATION

6.1. The purpose of this Agreement is to assist the City in addressing any public health and safety matters the MEs may impose on the City. Notwithstanding the foregoing sentence, the City is under no obligation to use the Payments in any particular manner.

#### SECTION 7. CONFIDENTIALITY

7.1. The Company may provide to the City certain financial information, investment materials, products, plans, documents, details of company history, know-how, trade secrets, and other non-public information related to The Company, its affiliates and operations (collectively, "**Confidential Information**"). The City (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 by law.

#### SECTION 8. GENERAL PROVISIONS

8.1. **Assignment.** Neither party may assign its rights nor delegate its obligations under this Agreement without the prior written consent of the other party; provided, however, that a pledge or assignment of assets, revenues, profits or receivables required in connection with financing the business by The Company shall not be considered an assignment for the purposes of this paragraph.

8.2. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which is an original, and all of which constitute one and the same agreement between the Parties.

**8.3. Entire Agreement.** This Agreement contains the entire agreement of the Parties, and there are no other promises or conditions in any other agreement whether oral or written concerning the subject matter of this Agreement. This Agreement supersedes any prior written or oral agreements between the Parties.

**8.4. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts without regard to its choice of law provisions.

**8.5. Headings.** Section headings in this agreement are inserted for convenience of reference only and shall in no way affect, modify, define or be used in construing the text of the Agreement. Where the context requires, all singular words in the Agreement shall be construed to include their plural and all words of neutral gender shall be construed to include the masculine and feminine forms of such words.

**8.6. Marijuana Disclosures.** The Parties acknowledge that The Company activities are conducted under the authority of the laws of the Commonwealth of Massachusetts. The Parties further acknowledge that all activities related to marijuana are currently unlawful under the laws of the United States.

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

**8.8. Notices.** Any notices, consents, demands, requests, approvals or other communications issued under this Agreement must be made in writing, and must be delivered by hand, overnight delivery service, or certified mail, postage pre-paid (return receipt requested), and will be effective upon receipt for hand or overnight delivery and three days after mailing, to the other Party at the following addresses:

If to City:                   City of Fall River  
Mayor Jasiel F. Correia, II  
One Government Center  
Fall River, MA 02722

If to The Company:       Hope Heal Health, Inc.  
Sandra P. Young  
36 Grasshopper Lane  
Scituate, MA 02066

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

**8.10. Third-Party Beneficiaries.** Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or The Company.

**8.11. Unenforceability of Provisions.** In the event that any of the provisions, or portions thereof of this Agreement are held to be illegal, unenforceable, or invalid by any Court of competent jurisdiction, the legality, enforceability, and validity of the remaining provisions, or portions thereof shall not be affected thereby, and, in lieu of the illegal, unenforceable, or invalid provision, or portion thereof there shall be added a new legal, unenforceable, and valid provision as similar in scope and effect as is necessary to effectuate the results intended by the deleted provision or portion.

**8.12. Waiver of Contractual Right.** The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

**IN WITNESS WHEREOF**, this Agreement has been executed on the date below, as a sealed instrument by The Company's duly authorized officer, and by the City of Fall River.

FOR CITY OF FALL RIVER:

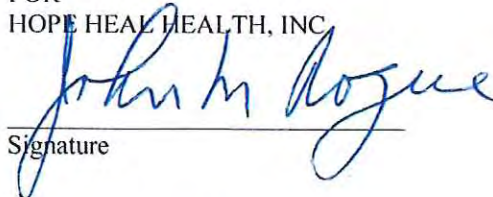
  
\_\_\_\_\_  
Signature

Jasiel F. Correia II  
\_\_\_\_\_  
Print Name

Mayor  
\_\_\_\_\_  
Title

9-12-18  
\_\_\_\_\_  
Date

FOR  
HOPE HEAL HEALTH, INC

  
\_\_\_\_\_  
Signature

JOHN M. ROGUE  
\_\_\_\_\_  
Print Name

PRESIDENT & CEO  
\_\_\_\_\_  
Title

SEP 11, 2018  
\_\_\_\_\_  
Date

Approved as to Form &  
Manner of Execution Only:





**City of Fitchburg  
Massachusetts 01420**

**CITY COUNCIL**

**President**

**Michael Kushmerek**

**Vice President**

**Amy Green**

**Ward Councillors**

**Ward 1 – Amy L. Green**

**Ward 2 – Paul R. Beauchemin**

**Ward 3 – Joel R. Kaddy**

**Ward 4 – Michael P. Kushmerek**

**Ward 5 – Marisa R. Fleming**

**Ward 6 – Elizabeth R. Walsh**

**Councillors at Large**

**David Clark**

**Marcus L. DiNatale**

**E. Thomas Donnelly**

**Samantha M. Squailia**

**Anthony M. Zarrella**

March 7, 2018

Anne Cervantes  
City Treasurer

Calvin D. Brooks  
City Auditor

Stephen L. DiNatale  
Mayor

To whom it may concern:

At the Regular City Council meeting held on Tuesday, March 6, 2018, the following ORDER was adopted by vote of 8 in favor and 3 opposed (Kaddy, Beauchemin, Donnelly). 11 members present. Board consists of 11 members.

Order was signed by the Mayor March 7, 2018.

029-18. ORDERED THAT: The Honorable Mayor Stephen DiNatale is authorized on behalf of the City of Fitchburg to facilitate and execute the attached Community Host Benefit agreement with Atlantic Medical Partners located at 774 Crawford Street, Fitchburg, MA.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Anna M. Farrell".

Anna M. Farrell, Clerk

Enc.

# City of Fitchburg

FITCHBURG CITY CLERK

2018 FEB 15 AM 10: 32

In City Council, \_\_\_\_\_

ORDERED:-- That

WHEREAS, Massachusetts voters approved the legal cultivation, processing, distribution, sale and use of marijuana for medical purposes through Chapter 369 of the Acts of 2012, An Act for Humanitarian Medical Use of Marijuana (the "Act") and its implementing regulations at 105 CMR 725.000 et seq. (the "Regulations"); and

WHEREAS, the City does not oppose the establishment of a lawful Medical Marijuana cultivation, processing and/or dispensary facility within the City of Fitchburg for a period beginning on the date in the first paragraph of this Agreement and ending on termination as provided herein; and

WHEREAS, the Company has identified a site and wishes to locate a Medical Marijuana cultivation and processing facility and dispensary at 774 Crawford Street, Fitchburg, Massachusetts (the "Facility") in accordance with the Regulations issued by the Commonwealth of Massachusetts Department of Public Health (the "DPH"); the Parties agree that the site at 774 Crawford Street, Fitchburg, Massachusetts shall be considered the "area" in which the Facility is located and shall extend no further than the property boundaries of the premises leased or owned by the Company; and

WHEREAS, the proposed Facility is located in a zoning district that allows such use by right or by local permitting; and

WHEREAS, the Company promises to provide certain benefits to the City as provided for herein in the event that it is licensed to operate a Facility and receives all required local approvals; and

WHEREAS, the Company may wish to operate a Marijuana Establishment for the cultivation, manufacturing and dispensing of marijuana and marijuana products as authorized by G.L. c. 94G if such operation is authorized and permitted by the City;

WHEREAS, the Company's representations are intended to induce reliance on the part of the City to whom the representation is made and in fact the Company has made a promise which the Company should reasonably expect to induce action or forbearance of a definite and substantial character on the part of the City, including but not limited to the letter of non-opposition which has been executed in reliance on the promises made herein; and

WHEREAS, the acts or omissions by the City are in reasonable reliance on the representations and said promises and said representations and promises have induced such action or forbearance on the part of the City; and

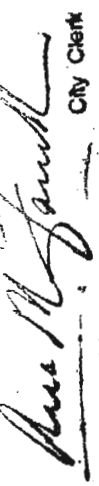
WHEREAS, the detriment to the City as a consequence of the act or omission is fairly and adequately remediated by the enclosed provisions and only compliance or enforcement of the same can avoid an injustice and therefore enforcement would be necessary; and

WHEREAS, the promises laid out in this document are indeed a true measure of the remedy needed to compensate the City for the detriment incurred as a result of the City's acts and omissions in reliance on the promises contemplated by the parties; and



161

A TRUE COPY ATTEST.

  
City Clerk



PRESENTED TO THE MAYOR

No. 029 - 2018

For approval 3/7/2018

**ORDER**

That the Hon. Mayor Stephan L. DiNatale be authorized on behalf of the City of Fitchburg to facilitate and execute the attached Community Host Benefit agreement with Atlantic

Medical Parters located at 774 Crawford Street, Fitchburg, MA.

In City Council,

February 20, 2018

Order read and referred to Finance Committee.

Anna M. Farrell

Clerk

**COMM. ON FINANCE VOTED TO RECOMMEND THAT ORDER BE ~~NOT~~ ADOPTED**

**FINANCE COMMITTEE**

*Mauro...*  
*Anthony...*  
*DiNatale*

*Anna M. Farrell*  
City Clerk

MAYOR'S OFFICE

Fitchburg, Mass., MAR 07 2018

APPROVED

*Stephan L. DiNatale*

Mayor

In City Council March 6, 2018 Report read and accepted. Order adopted by vote of 8 in favor and 3 opposed (Kaddy, Beauchemin, Donnelly). 11 members present. Board consists of 11 members. Anna M. Farrell, Clerk

**CITY OF FITCHBURG AND ATLANTIC MEDICINAL PARTNERS, INC.**  
**COMMUNITY HOST BENEFIT AGREEMENT FOR MEDICAL MARIJUANA CULTIVATION,**  
**PROCESSING AND DISPENSARY FACILITY**

This Community Host Benefit Agreement (the "**Agreement**") is entered into this 8 day of March, 2018, by and between the City of Fitchburg, a Massachusetts municipal corporation, located at 166 Boulder Dr., Fitchburg, MA 01420 (the "**City**") and Atlantic Medicinal Partners, Inc. (the "**Company**"), a Massachusetts not-for-profit corporation with an address of c/o Vicente Sederberg, LLC, 2 Seaport Lane, Boston, Massachusetts 02210.

**WHEREAS**, Massachusetts voters approved the legal cultivation, processing, distribution, sale and use of marijuana for medical purposes through Chapter 369 of the Acts of 2012, An Act for Humanitarian Medical Use of Marijuana (the "**Act**") and its implementing regulations at 105 CMR 725.000 et seq. (the "**Regulations**"); and

**WHEREAS**, the City does not oppose the establishment of a lawful Medical Marijuana cultivation, processing and/or dispensary facility within the City of Fitchburg for a period beginning on the date in the first paragraph of this Agreement and ending on termination as provided herein; and

**WHEREAS**, the Company has identified a site and wishes to locate a Medical Marijuana cultivation and processing facility and dispensary at 774 Crawford Street, Fitchburg, Massachusetts (the "**Facility**") in accordance with the Regulations issued by the Commonwealth of Massachusetts Department of Public Health (the "**DPH**"); the Parties agree that the site at 774 Crawford Street, Fitchburg, Massachusetts shall be considered the "area" in which the Facility is located and shall extend no further than the property boundaries of the premises leased or owned by the Company; and

**WHEREAS**, the proposed Facility is located in a zoning district that allows such use by right or by local permitting; and

**WHEREAS**, the Company promises to provide certain benefits to the City as provided for herein in the event that it is licensed to operate a Facility and receives all required local approvals; and

**WHEREAS**, the Company may wish to operate a Marijuana Establishment for the cultivation, manufacturing and dispensing of marijuana and marijuana products as authorized by G.L. c. 94G if such operation is authorized and permitted by the City;

**WHEREAS**, the Company's representations are intended to induce reliance on the part of the City to whom the representation is made and in fact the Company has made a promise which the Company should reasonably expect to induce action or forbearance of a definite and substantial character on the part of the City, including but not limited to the letter of non-opposition which has been executed in reliance on the promises made herein; and

**WHEREAS**, the acts or omissions by the City are in reasonable reliance on the representations and said promises and said representations and promises have induced such action or forbearance on the part of the City; and

**WHEREAS**, the detriment to the City as a consequence of the act or omission is fairly and adequately remediated by the enclosed provisions and only compliance or enforcement of the same can avoid an injustice and therefore enforcement would be necessary; and

**WHEREAS**, the promises laid out in this document are indeed a true measure of the remedy needed to compensate the City for the detriment incurred as a result of the City's acts and omissions in reliance on the promises contemplated by the parties; and

**WHEREAS**, the Company and the City understand that the promises contained herein are intended to commit the Company and the City to the same.

**NOW THEREFORE**, in consideration of the foregoing, the Company offers the following and the City accepts this Agreement in accordance with G.L. c. 94G §3(d):

- a. The Company agrees to pay an impact fee to the City, in the amounts and under the terms provided herein ("Impact Fee"). The Treasurer of the City shall hold the Impact Fee, pursuant to and consistent with G.L. c. 94G §3(d). The purpose of the Impact Fee is to alleviate the impacts from the siting of the Facility within the City. The Parties have reviewed the various costs and impacts to the City of the siting and operation of the Facility. After review, the Parties agree that the Impact Fee listed herein is directly proportional and reasonably related to the costs and other impacts imposed upon the City by the siting and operation of the Facility; and the Company agrees to waive any claim that the Impact Fee specified in this Agreement is not a true measure of the costs and other impacts experienced by the City. The parties agree that siting this and similar facilities can have costs and impacts including, but not limited to, a) the need to promote a positive perception of the City to other residents, visitors and businesses, b) an increased impact on the health and security of its

Citizens, c) an increased impact on the roads and public services of the City, d) increased administrative and compliance costs, e) increased regulatory and inspectional services. Therefore, the parties agree that it is appropriate to use any Impact Fee or other funds paid hereunder to combat blight and other economic issues facing the City; to support substance abuse education, prevention, treatment, and housing; to repair or improve the City's infrastructure and utility services; to increase public health and safety services; administrative, regulatory, inspectional and compliance services; legal fees and costs incurred in connection with the Company (except as otherwise provided for herein); and all other costs incurred in connection with the recited impacts. This Impact Fee has been calculated without reference to legal fees associated with the negotiation, drafting and execution of this Agreement. Notwithstanding the foregoing, the City may in its sole discretion expend the Impact Fee as it deems appropriate for alleviating the impacts of siting the Facility within the City, as it deems the impacts to be in its sole discretion.

- b. The Company shall cooperate in supplying any documentation requested by the City as to itemization of any impact of siting the Facility within the City, upon the City's request.
- 
2. Term: The term of this Agreement shall begin the date in which the Final Certificate of Registration for cultivation, processing or dispensing of medical or non-medical marijuana at the Facility is issued by the DPH or other regulatory authority (the "**Commencement Date**"), and shall terminate on:
    - a. Any date in which any DPH or local license or permit is revoked, rescinded or expires without having been renewed; or
    - b. Upon an Event of Default including any period set forth herein to cure, as hereinafter defined in this Agreement, and termination by the City; or
      - c. Upon termination by the Company pursuant to Paragraph 15 hereof provided all payments due hereunder have been made.
      - d. Regardless of the reason for termination, upon termination the next Annual Payment (as defined within this Agreement), abated pro rata to the date of termination, shall be paid to the City by the Company (the "Final Annual Payment"). The Company shall pay the Final Annual Payment to the City within thirty (30) days after the date of termination.

- e. The Agreement shall continue until termination even if payment of the Annual Fee ceases pursuant to requirement of law.

Notwithstanding anything to the contrary herein, in accordance with G.L. c. 94G §3(d), the payment terms set forth in paragraphs 4 and 5 herein shall apply only for a five-year period commencing on the Commencement Date. The parties agree to renegotiate the payment terms prior to the expiration of such five-year period.

3. The term "Sales" as used in the terms "Gross Fitchburg Sales" and "Gross Other Sales" shall mean the grand total of all sales transactions without any deductions included in the figure. This definition shall include but not be limited to sales of marijuana, marijuana infused products, marijuana accessories, and any other products that facilitate the use of marijuana, such as vaporizers, and as further defined in G.L. c. 94G §1 or 105 CMR 725.004, and any other merchandise or product sold by the Company ("Goods"). The term "Gross Fitchburg Sales" shall include all Sales of Goods occurring at the Facility or by delivery from the Facility to any Qualified Patient or retail customer. The term "Gross Other Sales" shall mean all Sales of Goods other than Gross Fitchburg Sales, including Sales to Qualified Patients or retail customers occurring at the Company's retail locations other than the Facility and wholesale Sales to third parties. Gross Other Sales shall be valued at the price paid when such Goods are sold to any Qualified Patient, retail customer or entity not owned by the Company. The definition of "retail customer" and related terminology shall be clarified by memorandum between the Parties to be executed upon commencement of recreational marijuana operations.
4. The Company shall forward to the City the following amounts as the Impact Fee:
  - a. Twenty-Five Thousand (\$25,000.00) Dollars on the Commencement Date and an additional Twenty-Five Thousand (\$25,000.00) Dollars on the date of the first Gross Fitchburg Sale or Gross Other Sale (the "Commencement Payment"). The Commencement Payment may be credited against the calculation of the Annual Payment, defined below, and such credit may be extended over such time period as is necessary to comply with any statutory limitation on the Annual Payment.
  - b. Three (3%) Percent of Gross Fitchburg Sales, plus One (1%) percent of Gross Other Sales, calculated for the twelve (12) month period following the Commencement Date and each anniversary thereof (the "Annual Payment").
  - c. The first Annual Payment shall be due within 30 days of the one year anniversary of the Commencement Date. Thereafter, the Company shall make the Annual Payment

in equal quarterly installments every three months, with each payment due on the 30<sup>th</sup> day following the end of the three month period. At the option of the Company, the due date may be amended once, by written request, to align with its fiscal or tax quarterly filing obligations for ease of administration, but such amendment shall not change the total amount due.

- d. In the City's sole discretion, it may direct the Company to provide some services or materials on account of the amounts specified herein (the "**Services**"). In this event the Company shall provide independent verification of the value of said service or materials to the City upon request and in form satisfactory to the City (provided that any reasonable cost related solely to obtaining said independent verification shall be credited to the Annual Payments required hereunder), and the City shall credit the Annual Payment in said amounts. Notwithstanding the foregoing, the Company shall not be required to provide any Services in conflict with the Regulations. In any case, the Services shall not include the distribution of any assets protected by the Act or the Regulations (e.g. marijuana and marijuana infused products) to an individual that is not duly authorized to possess the same.
  - e. To the extent that the Annual Payment is limited by the law of the Commonwealth of Massachusetts at the time the Annual Payment is due to an amount less than that specified in this Agreement, the Annual Payment shall be decreased to the maximum amount permissible.
  - f. The company shall be required to make the Annual Payment for a five-year period commencing on the Commencement Date. At the conclusion of this five-year period, the parties shall enter into a new agreement as to the amount of the Impact Fee.
5. The Company, in addition to any Services or Funds specified herein, shall establish a board within the Company (the "**Community Relations Board**") with oversight authority over, to the extent the same is controlled by the Company, the site plan, the signage and appearance of the Facility; provided, however, nothing herein shall prevent the DPH from having final approval over the Community Relations Board's oversight.
- a. The Community Relations Board shall be funded by the Company and have the authority to make a gift or grant of funds, goods and/or services on behalf of the Company to local charities or to contribute to addressing the City's needs. The Company shall fund the Community Relations Board in the amount of at least Fifty

Thousand (\$50,000.00) annually, in excess of its obligation under any other agreement, to make a meaningful contribution to local charities or the City's needs. The first such funding shall occur on the first anniversary of the Commencement Date and subsequent funding will occur on each anniversary thereof.

- b. The City's needs and local charities shall be identified by the Community Relations Board. Unless otherwise agreed by the parties, the Community Relations Board shall be comprised of a board of individuals numbering six
    - (6) including three individuals appointed by the City's Mayor who shall serve as members with all of the rights including voting rights and none of the duties, and three others who are officers or directors of the Company. In the event of a tie or deadlock of the Community Relations Board, the Mayor's most recent appointee's vote shall control. Each appointment shall be for a term of three (3) years. The Community Relations Board shall meet to identify needs and local charities and to make gifts or grants as aforesaid not less than twice per calendar year.
  - c. Pursuant to the Regulations, any and all individuals associated with the Facility shall be subject to the requisite background checks. As such, all members of the Community Relations Board shall agree to submit to background checks with the DPH.
6. This Agreement and promises are contingent on the Company obtaining a Certificate of Registration from the DPH to operate a facility within the City, and the Company's receipt of any and all local approvals to locate, occupy and operate.
  7. This Agreement and promises are contingent on the City Council's acceptance of the Agreement pursuant to G.L. c. 94G §3(d) and of any gift or grant being received pursuant to G.L. c. 44 § 53A, or at the option of the City pursuant to any other law or assignment.
  8. The Company agrees that it will pay all personal property taxes that would otherwise be assessed if the Company was a for-profit non-manufacturing business organization for the property owned or used by the Company (hereinafter known as the "Full Personal Property Tax") unless the Company supplies sufficient identifying information on the owners of all personal property used by the Company and the City collects the Full Personal Property Taxes from that entity. In no event shall the Company apply for a reduction or elimination of property taxes due to the Company's not-for-profit or other status.

9. The Company agrees that it will pay all real property taxes for the property owned or used by the Company to site the Facility that would otherwise be assessed if the Company was a for-profit, nonagricultural business organization owning the real-estate in which the Facility is sited (hereinafter known as the "Full Real Estate Tax"). However, the Company will not be responsible if the Company supplies sufficient identifying information on the owners of all real property used by the Company and the City collects the Full Real Estate Tax from that entity or is otherwise capable of placing a lien in an amount equal to the Full Real-Estate Tax plus interest and penalties on the real estate for the nonpayment of the real estate taxes. In no event shall the Company apply for a reduction or elimination of property taxes due to the Company's not-for-profit or other status.
10. The Company agrees that jobs created at the Facility will be made available to City of Fitchburg residents. City residency will be a positive factor in hiring decisions at the Facility, but this does not prevent the Company from hiring the most qualified candidates and complying with all employment laws and other legal requirements.
11. This Agreement does not affect, limit, or control the authority of any City department, including boards and commissions, to carry out their respective duties in deciding whether to issue or deny any necessary local permits or licenses, required under the laws of the Commonwealth, the Fitchburg Zoning Ordinance, the Board of Health or any other applicable laws and regulations. By entering into this Agreement the City is not required to issue such permits or licenses. The Company acknowledges that it is subject to a special permit or site plan review including façade improvements and screening of the facility.
12. The terms of this Agreement will not constitute a waiver of the City's regulatory authority or of the Company's applicant responsibilities not otherwise addressed by this Agreement. This Agreement does not affect, limit, or control the authority of any City departments, including boards and commissions, to issue fees, fines and penalties. This Agreement does not affect, limit, or control the authority of the City to levy taxes, whether authorized by any current or future regulation, act or statute or any amendment which may be enacted thereto, and any amounts specified above as Impact Fees, gifts or grants, including but not limited to Paragraphs 4 and 5, shall not constitute taxes or be creditable thereto.
13. Events of Default: The Company shall be deemed to have committed an event of default if any of the following occur:



- a. the Company relocates the Facility outside of the City, without prior approval from the City or Ninety (90) day notice;
- b. the Company fails to obtain, and maintain in good standing, all necessary local licenses and permits, and such failure remains uncured for thirty (30) days following written notice from the City;
- c. the Company ceases to operate a Facility in the City;
- d. the Company fails to make payments to the City as required under this Agreement, and such failure remains uncured for Thirty (30) days following written notice from the City;
- e. the Company fails to participate in the Community Relations Board, unless otherwise limited or prevented from doing so; and,
  - f. DPH deems the Company has committed an event of default (as defined in the Regulations), provided that the Company is able to exercise all available remedies to re-establish good standing with the DPH.

14. Termination for Cause: The City may terminate this Agreement Thirty (30) days after the occurrence of any Event of Default. In addition, the City may terminate this Agreement for cause at any time by giving at least Ninety (90) days' notice, in writing, to the Company. Cause is defined as the Company's purposeful or negligent violation of any applicable laws of the Commonwealth, or local ordinances and regulations, with respect to the operation of a Facility. If the City terminates this Agreement the Final Annual Payment (as defined within this Agreement) shall be paid to the City by the Company. The Company shall pay the Final Annual Payment to the City within thirty (30) days following the date of termination.

15. Termination by the Company: The Company may terminate this Agreement Ninety (90) days after cessation of operations of any Facility within the City. The Company shall provide notice to the City that it is ceasing to operate a Facility in the City and/or it is relocating to another facility outside of the City at least ninety (90) days prior to the cessation or relocation of operations. If the Company terminates this Agreement the Final Annual Payment (as defined within this Agreement) shall be paid to the City by the Company. The Company shall pay the Final Annual Payment to the City within thirty (30) days following the date of termination.

16. If the City terminates this agreement the Company shall:

- a. not be relieved of liability due under this contract until the Company discontinues operation of the Facility in Fitchburg; provided that, once the Company does discontinue operation of the Facility in any event, it shall have no further obligations under Paragraphs 4 and 5 of this Agreement except for the Final Annual Payment as set forth above;
  - b. not be relieved of liability to the City for damages sustained by the City for personal injury or property damage;
  - c. secure the real estate and personal property owned or used at the time of Default or Termination whichever is earlier, at its sole expense in such a manner so as not to permit waste to occur to the property;
  - d. pay all amounts due and reasonably anticipated to be due under this agreement through and until Company discontinues operation of the Facility in Fitchburg;
  - e. provide the City with adequate security for amounts due and reasonably anticipated to be due under this agreement; and
  - f. cease and desist operations immediately after the expiration of the Ninety (90) Day notice for cause provided for in paragraph 14, unless otherwise ordered by the Mayor.
  - g. Unless the Company ceases all operations within the City, enter into a new Community Host Agreement which is consistent with the then existing law.
17. Anything contained herein to the contrary notwithstanding, in the event the Company fails to locate a Facility in the City of Fitchburg this agreement shall become null and void without further recourse of either party after the Company contributes Twenty-Five Hundred (\$2,500.00) to the City's Legal Department for the meetings, the negotiation and execution of this Agreement as required in Paragraph 27 below.
18. In the event that the Company desires to relocate the Facility within the City of Fitchburg it must obtain approval of the new location by the City.
19. This agreement is entered into with the understanding that the Commonwealth has permitted cultivation, processing and distribution of marijuana for recreational

purposes. In the event the Company engages in this activity, then the terms of this agreement including but not limited to the calculation of Gross Fitchburg Sales, Gross Other Sales, the Commencement Date, and Impact Fee and/or maximum gifts or grants due hereunder, preferential treatment due to the Company's status and all non-monetary provisions of the Agreement shall also include and govern all such activity and relate to both medical and all other marijuana until the amount of the Impact Fee is renegotiated as provided for herein. The parties shall execute a subsequent memo clarifying the application of the terminology of this agreement to recreational activities to conform to the regulations to be issued by the Cannabis Control Commission.

20. Non-Medical Marijuana: The Company, its successors, and assigns hereby agrees that it shall not engage in cultivating, selling or processing marijuana and marijuana products within the City as a Marijuana Establishment as defined in G.L. c. 94G §1 ("Recreational Use"), unless and until the Company is permitted therefore by the City through any procedure the City may require. If the validity of this provision is affected in whole or in part by passage of future legislation by the Commonwealth of Massachusetts, then the payment terms set forth in Paragraphs 4 and 5 shall prevail, but with respect to the period commencing five years after the Commencement Date, the parties shall renegotiate the terms of this Agreement as to Recreational Use or enter into a separate Agreement regarding Recreational Use, including but not limited to potentially increasing the amount of the payments to be made to the City, in recognition that the additional use may have greater impacts and effects on the City.
21. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of the Worcester Superior Court for the adjudication of disputes arising out of this Agreement. Furthermore, in the event of litigation between the City and the Company, neither party shall contest the validity of this agreement, and will stipulate that this agreement shall be enforced as a valid legally binding contract requiring the Company to pay an Impact Fee and/or to make the gift or grant and that this obligation is supported by valuable consideration, or, at the City's option, that the City is also entitled to enforcement under a theory known as detrimental reliance which is also identified commonly as promissory estoppel.
22. 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 following addresses:

The City: Vincent Pusateri  
City Solicitor  
Fitchburg City  
Hall 166 Boulder  
Dr.  
Fitchburg, MA 01420

with a copy to: A.J. Tourigny  
Mayor's Chief of Staff  
166 Boulder Dr.  
Fitchburg, MA 01420

Company: Atlantic Medicinal Partners, Inc.  
c/o Vicente Sederberg LLC  
2 Seaport Lane  
Boston, MA 02210

23. Subject to the final sentence of this Paragraph, the Company shall not assign, sublet, or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the moneys payable under this Agreement, except by and with the written consent of the City. In the event that the Company sells all or substantially all of its assets then the Company will also assign the obligations under this Agreement to the purchasing entity. The City shall not unreasonably delay, condition or withhold assent to such an assignment, and in the case of a merger or acquisition of the Company or a sale of all or substantially all of the Company's assets, the City shall limit its objections to such merger, sale or acquisition to financial stability or moral character of the resulting entity or purchaser, based on independent or objectively verifiable evidence.
24. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.
25. The Company shall file with the City copies of the financial disclosures provided to the Commonwealth of Massachusetts including but not limited to the DPH and the Attorney General. The Company shall provide audited financial statements by a CPA firm approved by the City in the event that in the City's discretion the same is required as a result of a legitimate material question or controversy relative to the Company's financial disclosure. In the event that the Company's financial disclosures are consistent with the results of the audit then the City will pay all of the reasonable and necessary expenses incurred in connection with conducting the audit. Within thirty

(30) days following one year after the Commencement Date and on an annual basis thereafter, the Company agrees to provide the City with complete and accurate State Tax Form 2, "Form of List" and such other documentation as is reasonably requested by the Assessors.

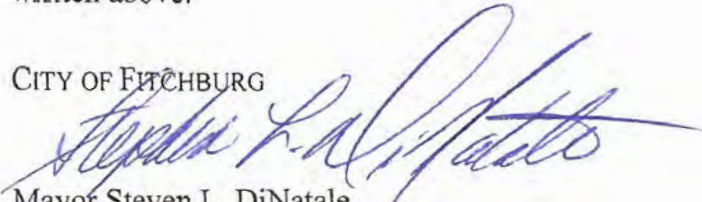
26. In the event that the Company defaults on its obligations under this Agreement, the financial condition of the Company is in question, or there exists the likelihood that the Company is intending to leave the City, the Company shall convey a security interest in the assets of the Company, to the extent allowed by law, in an amount sufficient to secure the outstanding balance and amounts which are reasonably anticipated to become due.
27. The Company shall contribute Twenty-Five Hundred (\$2,500.00) to the City's Legal Department for the meetings, the negotiation and execution of this Agreement upon complete execution of the Agreement by all parties and approval by City Council. The Parties agree that this fee for legal services associated with the drafting of this Agreement and is not part of the impacts experienced by the City due to the siting of the Facility, and does not compromise any portion of the Impact Fee referred to above. Said fee is due and payable upon execution of the Agreement.
28. The Company shall 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.
29. If any term or condition of this Agreement, or any application thereof, shall to any extent be held invalid, illegal, or unenforceable by a 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.
30. In the event that any Court of competent jurisdiction, department or agency of the Commonwealth of Massachusetts or other Regulatory Authority determines that the Impact Fee, gifts, grants or Services received under this Agreement cannot be received pursuant to G.L. c. 94G §3(d), or pursuant to G.L. c. 44 §53A, or any other provision of law, this agreement shall not become null and void, but shall remain in full force and effect and the monies tendered to the city shall be received pursuant to the then nominee of the City including but not limited to the Fitchburg Redevelopment Authority or other charitable organization, unless otherwise ordered by a court of competent jurisdiction.

31. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated Agreement between the Company and the City with respect to the matters described.
32. This Agreement supersedes all prior Agreements, negotiations, and representations, either written or oral regarding a medical marijuana cultivation facility, processing facility, or dispensary between the parties, and it shall not be modified or amended except by a written document executed by the parties hereto. Except as provided for in writing, this Agreement has no effect on any other agreements which the parties may have entered into regarding any matter other than this medical marijuana cultivation, processing and dispensary Facility.
33. Each of the parties acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the drafting, negotiation, execution, and delivery of this Agreement, and has actively participated in the drafting, negotiation, execution and delivery of this Agreement. In no event will any provision of this Agreement be construed for or against either party as a result of such party having drafted all or any portion hereof.
34. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one in the same Agreement.

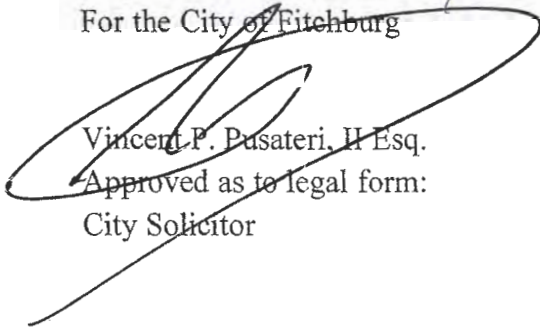
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In WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

CITY OF FITCHBURG



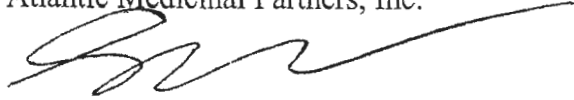
Mayor Steven L. DiNatale  
For the City of Fitchburg



Vincent P. Pusateri, II Esq.  
Approved as to legal form:  
City Solicitor

COMPANY:

Atlantic Medicinal Partners, Inc.



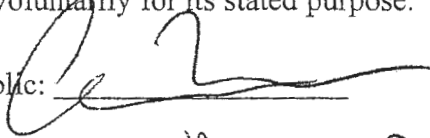
By: Stephen Perkins

Title: President

State of Massachusetts  
County of Essex

On this 8<sup>th</sup> day of February, 2018, before me, the undersigned notary public personally appeared Stephen Perkins, President of Atlantic Medicinal Partners, Inc. and proved to me through satisfactory evidence of identification being [ ] Driver's license or other state or federal government document bearing a photographic image; [ ] Oath of affirmation of credible witness known to me who knows the above signatory, or [ ] My own personal knowledge of the identity of the signatory, to be the person whose name is signed above; and acknowledged to me that he/she signed the foregoing document voluntarily for its stated purpose.

Notary Public:



My Commission Expires: April 22, 2022





# City of Fitchburg

FITCHBURG CITY CLERK

In City Council,

JUL 12 AM 11:07

ORDERED:-- That

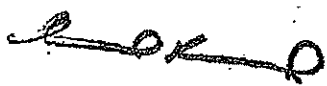
**WHEREAS**, Massachusetts voters approved the legal cultivation, processing, distribution, sale and use of marijuana for medical purposes through Chapter 369 of the Acts of 2012, An Act for Humanitarian Medical Use of Marijuana (the "Act") and its implementing regulations at 105 CMR 725.000 et seq. (the "Regulations"); and

**WHEREAS**, the City does not oppose the establishment of a lawful Medical Marijuana cultivation and processing facility within the City of Fitchburg for a period beginning on the date in the first paragraph of this Agreement and ending on termination as provided herein; and

**WHEREAS**, the Company proposes to locate a Medical Marijuana cultivation and processing facility at 431 Westminster Street, Fitchburg, Massachusetts (the "Facility") in accordance with the Regulations issued by the Commonwealth of Massachusetts Department of Public Health (the "DPH"); the Parties agree that the site at 431 Westminster Street, Fitchburg, Massachusetts shall be considered the "area" in which the Facility is located and shall extend no further than the property boundaries of the premises leased or owned by the Company; and

**WHEREAS**, the Commonwealth of Massachusetts has permitted the legal cultivation, processing, sale and use of marijuana for non-medical purposes through M.G.L. c. 94G and implementing regulations of the Cannabis Control Commission (the "CCC") at 935 CMR 500.000 et seq. (the "CCC Regulations"); and

A TRUE COPY ATTEST.

  
Rose M. Farrell  
City Clerk

PRESENTED TO THE MAYOR

No. 000218 - 2018

For approval 7-19-2018

Anna M. Farrell  
City Clerk

MAYOR'S OFFICE  
Fitchburg, Mass. JUL 20 2018

APPROVED  
[Signature]  
Mayor

**ORDER**

Cypress Tree Management, 431 Westminster St.,  
Fitchburg, to operate and use the facility  
for both medical and non-medical marijuana  
cultivation as outlined in the order.

In City Council, July 17, 2018

Rules were suspended by vote of 7 in favor  
and 2 opposed (Beauchemin, Squallia).  
Order adopted by vote of 8 in favor and  
1 opposed (Beauchemin). 9 members present.  
Board consists of 11 members.

Anna M. Farrell  
Clerk

**CITY OF FITCHBURG AND CYPRESS TREE MANAGEMENT**

**COMMUNITY HOST BENEFIT AGREEMENT FOR**

**MEDICAL AND NON-MEDICAL MARIJUANA**

**CULTIVATION AND PROCESSING FACILITY**

This Community Host Benefit Agreement (the "**Agreement**") is entered into this 10 day of July, 2018, by and between the City of Fitchburg, a Massachusetts municipal corporation, located at 166 Boulder Drive, Fitchburg, MA 01420 (the "**City**") and Cypress Tree Management, Inc. (the "**Company**"), a Massachusetts corporation with an address of record of 419 Boylston Street, Suite 300, Boston, MA 02116.

**WHEREAS**, Massachusetts voters approved the legal cultivation, processing, distribution, sale and use of marijuana for medical purposes through Chapter 369 of the Acts of 2012, An Act for Humanitarian Medical Use of Marijuana (the "**Act**") and its implementing regulations at 105 CMR 725.000 et seq. (the "**Regulations**"); and

**WHEREAS**, the City does not oppose the establishment of a lawful Medical Marijuana cultivation and processing facility within the City of Fitchburg for a period beginning on the date in the first paragraph of this Agreement and ending on termination as provided herein; and

**WHEREAS**, the Company proposes to locate a Medical Marijuana cultivation and processing facility at 431 Westminster Street, Fitchburg, Massachusetts (the "**Facility**") in accordance with the Regulations issued by the Commonwealth of Massachusetts Department of Public Health (the "**DPH**"); the Parties agree that the site at 431 Westminster Street, Fitchburg, Massachusetts shall be considered the "area" in which the Facility is located and shall extend no further than the property boundaries of the premises leased or owned by the Company; and

**WHEREAS**, the Commonwealth of Massachusetts has permitted the legal cultivation, processing, sale and use of marijuana for non-medical purposes through M.G.L. c. 94G and implementing regulations of the Cannabis Control Commission (the "**CCC**") at 935 CMR 500.000 et seq. (the "**CCC Regulations**"); and

**WHEREAS**, when permitted to do so by law, the Company wishes to operate and use the Facility for non-medical marijuana cultivation and processing as authorized by M.G.L. c. 94G if such operation is authorized and permitted by the City; and

and

**WHEREAS**, the proposed Facility is located in a zoning district that allows such use by right or by local permitting; and

**WHEREAS**, the Company promises to provide certain benefits to the City as provided for herein in the event that it is licensed to operate a Facility and receives all required local approvals; and

**WHEREAS**, the Company's representations are intended to induce reliance on the part of the City to whom the representation is made and in fact the Company has made a promise which the Company should reasonably expect to induce action or forbearance of a definite and substantial character on the part of the City, including but not limited to the letter of non-opposition which has been executed in reliance on the promises made herein; and

**WHEREAS**, the acts or omissions by the City are in reasonable reliance on the representations and said promises and said representations and promises have induced such action or forbearance on the part of the City; and

**WHEREAS**, the detriment to the City as a consequence of the act or omission is fairly and adequately remediated by the enclosed provisions and only compliance or enforcement of the same can avoid an injustice and therefore enforcement would be necessary; and

**WHEREAS**, the promises laid out in this document are indeed a true measure of the remedy needed to compensate the City for the detriment incurred as a result of the City's acts and omissions in reliance on the promises contemplated by the parties; and

**WHEREAS**, the Company and the City understand that the promises contained herein are intended to commit the Company and the City to the same.

**NOW THEREFORE**, in consideration of the foregoing, the Company offers the following and the City accepts this Agreement in accordance with G.L. c. 94G §3(d):

- a. The Company agrees to pay an impact fee to the City, in the amounts and under the terms provided herein ("Impact Fee"). The Treasurer of the City shall hold the Impact Fee, pursuant to and consistent with G.L. c. 94G §3(d). The purpose of the Impact Fee is to alleviate the impacts from the siting of the Facility within the City. The Parties have reviewed the various costs

and impacts to the City of the siting and operation of the Facility. After review, the Parties agree that the Impact Fee listed herein is directly proportional and reasonably related to the costs and other impacts imposed upon the City by the siting and operation of the Facility; and the Company agrees to waive any claim that the Impact Fee specified in this Agreement is not a true measure of the costs and other impacts experienced by the City. The parties agree that siting this and similar facilities can have costs and impacts including, but not limited to, a) the need to promote a positive perception of the City to other residents, visitors and businesses, b) an increased impact on the health and security of its Citizens, c) an increased impact on the roads and public services of the City, d) increased administrative and compliance costs, e) increased regulatory and inspectional services. Therefore, the parties agree that it is appropriate to use any Impact Fee or other funds paid hereunder to combat blight and other economic issues facing the City; to support substance abuse education, prevention, treatment, and housing; to repair or improve the City's infrastructure and utility services; to increase public health and safety services; administrative, regulatory, inspectional and compliance services; legal fees and costs incurred in connection with the Company (except as otherwise provided for herein); and all other costs incurred in connection with the recited impacts. This Impact Fee has been calculated without reference to legal fees associated with the negotiation, drafting and execution of this Agreement. Notwithstanding the foregoing, the City may in its sole discretion expend the Impact Fee as it deems appropriate for alleviating the impacts of siting the Facility within the City, as it deems the impacts to be in its sole discretion.

- b. The Company shall cooperate in supplying any documentation requested by the City as to itemization of any impact of siting the Facility within the City, upon the City's request.

2. Term: The term of this Agreement shall begin the date in which the Final License for cultivation and processing of either medical or non-medical marijuana at the Facility is issued by the DPH or CCC or other regulatory authority (the "**Commencement Date**"), and shall terminate on:

- a. Any date in which any DPH or CCC or local license or permit is revoked, rescinded or expires without having been renewed; or

- b. Upon an Event of Default including any period set forth herein to cure, as hereinafter defined in this Agreement, and termination by the City; or
  - c. Upon termination by the Company pursuant to Paragraph 15 hereof provided all payments due hereunder have been made.
  - d. Regardless of the reason for termination, upon termination the next Annual Payment (as defined within this Agreement), abated pro rata to the date of termination, shall be paid to the City by the Company (the "Final Annual Payment"). The Company shall pay the Final Annual Payment to the City within thirty (30) days after the date of termination.
  - e. The Agreement shall continue until termination even if payment of the Annual Fee ceases pursuant to requirement of law. The parties acknowledge that the terms of G.L. c. 94G §3(d) apply to this Agreement.
3. The term "Gross Sales" shall mean the grand total of all sales transactions without any deductions included in the figure. This definition shall include but not be limited to sales, including both wholesale sales and internal transfers to the Company's other locations or subsidiaries, to any other person or entity of medical or non-medical marijuana, marijuana infused products, marijuana accessories, and any other products that facilitate the use of marijuana, such as vaporizers, and as further defined in G.L. c. 94G §1, 105 CMR 725.004 or the 935 CMR 500.001 et seq., and any other merchandise or product sold by the Company cultivated, processed or sold from or through the Facility ("Goods"). Gross Sales of Goods occurring at the Company's retail locations other than the Facility shall be valued at the price paid when such Goods are sold to any retail customer, consumer or entity not owned by the Company. The definition of "retail customer" shall be the equivalent of the term "Consumer" as defined by the 935 CMR 500.001 et seq.
4. The Company shall forward to the City the following amounts as the Impact Fee:
- a. Twenty-five Thousand (\$25,000.00) Dollars due upon the Commencement Date, and an additional Twenty-five Thousand (\$25,000.00) Dollars due within six months after the first Gross Sale, but no later than the first anniversary of the Commencement Date (together, the "Commencement Payment"). The Commencement Payment shall be credited against the initial Annual Payment, defined below.

- b. One and One-Half (1.5%) Percent of Gross Sales, subject to the minimum and maximum amounts stated in the following Paragraph 4(c), calculated for the twelve (12) month period following the Commencement Date and each anniversary thereof (the "Annual Payment").
- c. In no event shall the Annual Payment be less than One Hundred Twenty-five Thousand (\$125,000.00) Dollars nor more than Two Hundred Fifty Thousand (\$250,000.00) Dollars per twelve (12) month period.
- d. The first Annual Payment shall be due within 30 days of the one year anniversary of the Commencement Date. Thereafter, the Company shall make the Annual Payment in equal quarterly installments every three months, with each payment due on the 30<sup>th</sup> day following the end of the three month period. At the option of the Company, the due date may be amended once, by written request, to align with its fiscal or tax quarterly filing obligations for ease of administration, but such amendment shall not change the total amount due.
- e. In the City's sole discretion, it may direct the Company to provide some services or materials on account of the amounts specified herein (the "Services"). In this event the Company shall provide independent verification of the value of said service or materials to the City upon request and in form satisfactory to the City (provided that any reasonable cost related solely to obtaining said independent verification shall be credited to the Annual Payments required hereunder), and the City shall credit the Annual Payment in said amounts. Notwithstanding the foregoing, the Company shall not be required to provide any Services in conflict with the Regulations. In any case, the Services shall not include the distribution of any assets protected by the Act or the Regulations (e.g. marijuana and marijuana infused products) to an individual that is not duly authorized to possess the same.
- f. To the extent that the Annual Payment is limited by the law of the Commonwealth of Massachusetts at the time the Annual Payment is due to an amount less than that specified in this Agreement, the Annual Payment shall be decreased to the maximum amount permissible.
- g. The company shall be required to make the Annual Payment for a five-

year period commencing on the Commencement Date. At the conclusion of this five-year period, the parties shall enter into a new agreement as to the amount of the Impact Fee.

5. The Company, in addition to any Services or Funds specified herein, shall establish a board within the Company (the “**Community Relations Board**”) with oversight authority over, to the extent the same is controlled by the Company, the site plan, the signage and appearance of the Facility; provided, however, nothing herein shall prevent the DPH or CCC from having final approval over the Community Relations Board’s oversight.
  - a. The Community Relations Board shall be funded by the Company and have the authority to make a gift or grant of funds, goods and/or services on behalf of the Company to local charities or to contribute to addressing the City’s needs. The Company shall fund the Community Relations Board in the amount of at least Fifty Thousand (\$50,000.00) annually, in excess of its obligation under any other agreement, to make a meaningful contribution to local charities or the City’s needs. The first such funding shall occur on the first anniversary of the Commencement Date and subsequent funding will occur on each anniversary thereof. After the fourth anniversary of the Commencement Date, the minimum annual gift shall increase annually on the anniversary of the Commencement Date in an amount equal to the previous year’s contribution multiplied by the COLA as promulgated by the Social Security Administration and if the SSA COLA increase is zero, by a similar governmental agency.
  - b. The City’s needs and local charities shall be identified by the Community Relations Board. Unless otherwise agreed by the parties, the Community Relations Board shall be comprised of a board of individuals numbering six (6) including three individuals appointed by the City’s Mayor who shall serve as members with all of the rights including voting rights and none of the duties, and three others who are officers or directors of the Company. In the event of a tie or deadlock of the Community Relations Board, the Mayor’s most recent appointee’s vote shall control. Each appointment shall be for a term of three (3) years. The Community Relations Board shall meet to identify needs and local charities and to make gifts or grants as aforesaid not less than twice per calendar year.
  - c. Pursuant to the DPH and CCC Regulations, any and all individuals



associated with the Facility shall be subject to the requisite background checks. As such, all members of the Community Relations Board shall agree to submit to background checks with the DPH and CCC.

6. This Agreement and promises are contingent on the Company obtaining a Final License from the either the DPH or the CCC to operate a medical or non-medical marijuana establishment within the City, and the Company's receipt of any and all local approvals to locate, occupy and operate.
7. This Agreement and promises are contingent on the City Council's acceptance of the Agreement pursuant to G.L. c. 94G §3(d) and of any gift or grant being received pursuant to G.L. c. 44 § 53A, or at the option of the City pursuant to any other law or assignment.
8. The Company agrees that it will pay all personal property taxes that would otherwise be assessed if the Company was a for-profit non-manufacturing business organization for the property owned or used by the Company (hereinafter known as the "Full Personal Property Tax") unless the Company supplies sufficient identifying information on the owners of all personal property used by the Company and the City collects the Full Personal Property Taxes from that entity. In no event shall the Company apply for a reduction or elimination of property taxes due to the Company's not-for-profit or other status.
9. The Company agrees that it will pay all real property taxes for the property owned or used by the Company to site the Facility that would otherwise be assessed if the Company was a for-profit, nonagricultural business organization owning the real-estate in which the Facility is sited (hereinafter known as the "Full Real Estate Tax"). However, the Company will not be responsible if the Company supplies sufficient identifying information on the owners of all real property used by the Company and the City collects the Full Real Estate Tax from that entity or is otherwise capable of placing a lien in an amount equal to the Full Real-Estate Tax plus interest and penalties on the real estate for the nonpayment of the real estate taxes. In no event shall the Company apply for a reduction or elimination of property taxes due to the Company's not-for-profit or other status.
10. The Company agrees that jobs created at the Facility will be made available to City of Fitchburg residents. City residency will be a positive factor in hiring decisions at the Facility, but this does not prevent the Company from hiring the most qualified

candidates and complying with all employment laws and other legal requirements.

11. This Agreement does not affect, limit, or control the authority of any City department, including boards and commissions, to carry out their respective duties in deciding whether to issue or deny any necessary local permits or licenses, required under the laws of the Commonwealth, the Fitchburg Zoning Ordinance, the Board of Health or any other applicable laws and regulations. By entering into this Agreement the City is not required to issue such permits or licenses. The Company acknowledges that it is subject to a special permit or site plan review including façade improvements and screening of the facility.
12. The terms of this Agreement will not constitute a waiver of the City's regulatory authority or of the Company's applicant responsibilities not otherwise addressed by this Agreement. This Agreement does not affect, limit, or control the authority of any City departments, including boards and commissions, to issue fees, fines and penalties. This Agreement does not affect, limit, or control the authority of the City to levy taxes, whether authorized by any current or future regulation, act or statute or any amendment which may be enacted thereto, and any amounts specified above as Impact Fees, gifts or grants, including but not limited to Paragraphs 4, 5 and 6, shall not constitute taxes or be creditable thereto.
13. Events of Default: The Company shall be deemed to have committed an event of default if any of the following occur:
  - a. the Company relocates the Facility outside of the City, without prior approval from the City or Ninety (90) day notice;
  - b. the Company fails to obtain, and maintain in good standing, all necessary local licenses and permits, and such failure remains uncured for thirty (30) days following written notice from the City;
  - c. the Company ceases to operate a Facility in the City;
  - d. the Company fails to make payments to the City as required under this Agreement, and such failure remains uncured for Thirty (30) days following written notice from the City;
  - e. the Company fails to participate in the Community Relations Board, unless otherwise limited or prevented from doing so; and,

- f. DPH or CCC revokes the Company's license or denies the Company's application for renewal of its license (as provided in the DPH or CCC Regulations), provided that the Company is able to exercise all available remedies to re-establish good standing with the DPH or CCC.

14. Termination for Cause: The City may terminate this Agreement Thirty (30) days after the occurrence of any Event of Default. In addition, the City may terminate this Agreement for cause at any time by giving at least Ninety (90) days' notice, in writing, to the Company. Cause is defined as the Company's purposeful or negligent violation of any applicable laws of the Commonwealth, or local ordinances and regulations, with respect to the operation of a Facility. If the City terminates this Agreement the Final Annual Payment (as defined within this Agreement) shall be paid to the City by the Company. The Company shall pay the Final Annual Payment to the City within thirty (30) days following the date of termination.
15. Termination by the Company: The Company may terminate this Agreement Ninety (90) days after cessation of operations of any Facility within the City. The Company shall provide notice to the City that it is ceasing to operate a Facility in the City and/or it is relocating to another facility outside of the City at least ninety (90) days prior to the cessation or relocation of operations. If the Company terminates this Agreement the Final Annual Payment (as defined within this Agreement) shall be paid to the City by the Company. The Company shall pay the Final Annual Payment to the City within thirty (30) days following the date of termination.
16. If the City terminates this agreement the Company shall:
  - a. not be relieved of liability due under this contract until the Company discontinues operation of the Facility in Fitchburg; provided that, once the Company does discontinue operation of the Facility in any event, it shall have no further obligations under Paragraphs 4, 5 and 6 of this Agreement except for the Final Annual Payment as set forth above;
  - b. not be relieved of liability to the City for damages sustained by the City for personal injury or property damage;
  - c. secure the real estate and personal property owned or used at the time of Default or Termination whichever is earlier, at its sole expense in such a manner so as not to permit waste to occur to the property;

- d. pay all amounts due and reasonably anticipated to be due under this agreement through and until Company discontinues operation of the Facility in Fitchburg;
- e. provide the City with adequate security for amounts due and reasonably anticipated to be due under this agreement; and
- f. cease and desist operations immediately after the expiration of the Ninety (90) Day notice for cause provided for in paragraph 14, unless otherwise ordered by the Mayor.
- g. Unless the Company ceases all operations within the City, enter into a new Community Host Agreement which is consistent with the then existing law.

17. Anything contained herein to the contrary notwithstanding, in the event the Company fails to locate a Facility in the City of Fitchburg this agreement shall become null and void without further recourse of either party after the Company contributes Three Thousand Five Hundred (\$3,500.00) to the City's Legal Department for the meetings, the negotiation and execution of this Agreement as required in Paragraph 27 below.
18. In the event that the Company desires to relocate the Facility within the City of Fitchburg it must obtain approval of the new location by the City.
19. This agreement is entered into with the understanding that the Commonwealth has permitted cultivation, processing and sale of marijuana for non-medical purposes. In the event the Company engages in this activity, then the terms of this agreement shall be interpreted in accordance with the CCC Regulations. The parties may execute a subsequent memo clarifying the application of the terminology of this agreement to non-medical marijuana activities in accordance with the provisions of the CCC Regulations.
20. Non-Medical Marijuana: The Company, its successors, and assigns hereby agrees that it shall not engage in cultivating, selling or processing marijuana and marijuana products within the City as a Marijuana Establishment as defined in M.G.L. c. 94G §1 ("Non-Medical Use"), unless and until the Company is permitted therefore by law and by the City through any procedure the City may require. The parties have entered

into this Agreement with the presumption, as set forth in Paragraph 19 above, that this Agreement shall serve as an acceptable host agreement for such non-medical marijuana use for cultivation, processing and manufacturing. In order for the Company to operate the Facility as a Marijuana Transporter, a Marijuana Retailer with Gross Sales to consumers occurring at the Facility (as opposed to by delivery, should the same be permitted by future law and by local ordinance), or under any other type of marijuana license issued by the CCC, in recognition that the impacts may be greater, the Company must enter into a new Community Host Agreement with the City as required by M.G.L. c. 94G §3(d) and comply with all local ordinances.

21. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of the Worcester Superior Court for the adjudication of disputes arising out of this Agreement. Furthermore, in the event of litigation between the City and the Company, neither party shall contest the validity of this agreement, and will stipulate that this agreement shall be enforced as a valid legally binding contract requiring the Company to pay an Impact Fee and/or to make the gift or grant and that this obligation is supported by valuable consideration, or, at the City's option, that the City is also entitled to enforcement under a theory known as detrimental reliance which is also identified commonly as promissory estoppel.
22. 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 following addresses:

The City: Vincent Pusateri  
City Solicitor  
Fitchburg City Hall  
166 Boulder Dr.  
Fitchburg, MA 01420

with a copy to: A.J. Tourigny  
Mayor's Chief of Staff  
166 Boulder Dr.  
Fitchburg, MA 01420

Company: Jim Smith  
Smith Costello & Crawford

50 Congress Street, Suite 420  
Boston, MA 02109

23. Subject to the final sentence of this Paragraph, the Company shall not assign, sublet, or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the moneys payable under this Agreement, except by and with the written consent of the City. In the event that the Company sells all or substantially all of its assets then the Company will also assign the obligations under this Agreement to the purchasing entity. The City shall not unreasonably delay, condition or withhold assent to such an assignment, and in the case of a merger or acquisition of the Company or a sale of all or substantially all of the Company's assets, the City shall limit its objections to such merger, sale or acquisition to financial stability or moral character of the resulting entity or purchaser, based on independent or objectively verifiable evidence.
24. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.
25. The Company shall file with the City copies of the financial disclosures provided to the Commonwealth of Massachusetts including but not limited to the DPH, CCC and the Attorney General. The Company shall provide audited financial statements by a CPA firm approved by the City in the event that in the City's discretion the same is required as a result of a legitimate material question or controversy relative to the Company's financial disclosure. In the event that the Company's financial disclosures are consistent with the results of the audit then the City will pay all of the reasonable and necessary expenses incurred in connection with conducting the audit. Within thirty (30) days following one year after the Commencement Date and on an annual basis thereafter, the Company agrees to provide the City with complete and accurate State Tax Form 2, "Form of List" and such other documentation as is reasonably requested by the Assessors.
26. In the event that the Company defaults on its obligations under this Agreement, the financial condition of the Company is in question, or there exists the likelihood that the Company is intending to leave the City, the Company shall convey a security interest in the assets of the Company, to the extent allowed by law, in an amount sufficient to secure the outstanding balance and amounts which are reasonably anticipated to become due.
27. The Company shall contribute Three Thousand Five Hundred (\$3,500.00) Dollars to

the City's Legal Department for the meetings, the negotiation and execution of this Agreement upon complete execution of the Agreement by all parties and approval by City Council. The Parties agree that this fee for legal services associated with the drafting of this Agreement and is not part of the impacts experienced by the City due to the siting of the Facility, and does not compromise any portion of the Impact Fee referred to above. Said fee is due and payable upon execution of the Agreement.

28. If a suit, action, arbitration or other proceeding of any nature whatsoever is instituted in connection with any controversy arising out of this Agreement, or to interpret or enforce any rights under this Agreement or the Laws of the Commonwealth of Massachusetts, the City shall be entitled to an award of attorney's fees in the event it prevails.
29. The Company shall bring no claim contesting the amount or validity of any payment made under the terms of this Agreement later than one (1) year after the date each payment is due under the terms hereunder, and shall bring no claim contesting the validity of this Agreement later than one (1) year after the Commencement Date; provided, however, that the Company may later bring such claims under a claim that this limitation has been equitably tolled as provided by the law of the Commonwealth of Massachusetts.
30. The Company shall 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.
31. If any term or condition of this Agreement, or any application thereof, shall to any extent be held invalid, illegal, or unenforceable by a 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.
32. In the event that any Court of competent jurisdiction, department or agency of the Commonwealth of Massachusetts or other Regulatory Authority determines that the Impact Fee, gifts, grants or Services received under this Agreement cannot be received pursuant to G.L. c. 94G §3(d), or pursuant to G.L. c. 44 §53A, or any other provision of law, this agreement shall not become null and void, but shall remain in full force and effect and the monies tendered to the city shall be received pursuant to the then nominee of the City including but not limited to the Fitchburg Redevelopment Authority or other charitable organization, unless otherwise ordered

by a court of competent jurisdiction.

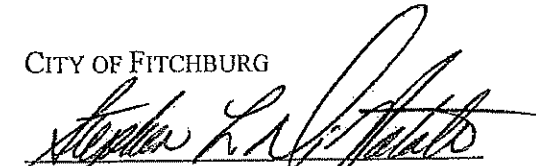
33. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated Agreement between the Company and the City with respect to the matters described.
34. This Agreement supersedes all prior Agreements, negotiations, and representations, either written or oral regarding a non-medical marijuana cultivation and processing facility between the parties, and it shall not be modified or amended except by a written document executed by the parties hereto.
35. Each of the parties acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the drafting, negotiation, execution, and delivery of this Agreement, and has actively participated in the drafting, negotiation, execution and delivery of this Agreement. In no event will any provision of this Agreement be construed for or against either party as a result of such party having drafted all or any portion hereof.
36. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one in the same Agreement.

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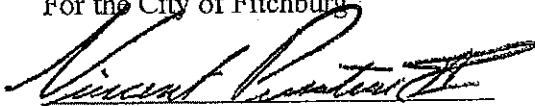
In WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

CITY OF FITCHBURG



\_\_\_\_\_  
Mayor Stephen L. DiNatale

For the City of Fitchburg



\_\_\_\_\_  
Vincent P. Pusateri, II Esq.

Vincent P. Pusateri, II Esq.

Approved as to legal form:

City Solicitor

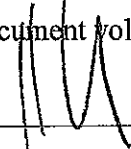
COMPANY:

CYPRESS TREE MANAGEMENT, INC.

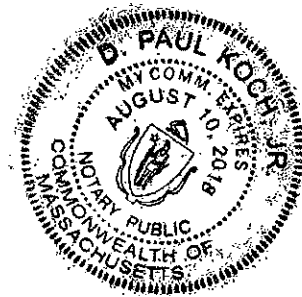
  
By: Victor Chiang  
Title: Managing Partner

State of MASSACHUSETTS  
County of SUFFOLK

On this 13 day of JULY, 2018, before me, the undersigned notary public personally appeared Victor Chiang, Managing Partner of CYPRESS TREE MANAGEMENT, INC. and proved to me through satisfactory evidence of identification being [ ] Driver's license or other state or federal government document bearing a photographic image; [ ] Oath of affirmation of credible witness known to me who knows the above signatory, or [ ] My own personal knowledge of the identity of the signatory, to be the person whose name is signed above; and acknowledged to me that he/she signed the foregoing document voluntarily for its stated purpose.

Notary Public: 

My Commission Expires: 16 AUG 19



**CITY OF FITCHBURG AND MASSACHUSETTS PATIENT FOUNDATION, INC.**  
**COMMUNITY HOST BENEFIT AGREEMENT FOR NON-MEDICAL MARIJUANA**  
**CULTIVATION AND PROCESSING FACILITY**

This Community Host Benefit Agreement (the “**Agreement**”) is entered into this 6 day of July, 2018, by and between the City of Fitchburg, a Massachusetts municipal corporation, located at 166 Boulder Drive, Fitchburg, MA 01420 (the “**City**”) and Massachusetts Patient Foundation, Inc. (the “**Company**”), a Massachusetts not-for-profit corporation with an address of record of 36 Glen Avenue, Newton, Massachusetts 02459.

**WHEREAS**, Massachusetts voters approved the legal cultivation, processing, distribution, sale and use of marijuana for medical purposes through Chapter 369 of the Acts of 2012, An Act for Humanitarian Medical Use of Marijuana (the “**Act**”) and its implementing regulations at 105 CMR 725.000 et seq. (the “**Regulations**”); and

**WHEREAS**, the City has already signed a prior Community Host Benefit Agreement with the Company dated December 1, 2016 regarding the establishment of a lawful Medical Marijuana cultivation and processing facility within the City of Fitchburg (the “**Prior Agreement**”); and

**WHEREAS**, the Company has already located a Medical Marijuana cultivation and processing facility at 99 Development Road, Fitchburg, Massachusetts (a portion of which is also in the Town of Westminster) (the “**Facility**”) in accordance with the Regulations issued by the Commonwealth of Massachusetts Department of Public Health (the “**DPH**”); the Parties agree that the site at 99 Development Road, Fitchburg, Massachusetts shall be considered the “area” in which the Facility is located and shall extend no further than the property boundaries of the premises leased or owned by the Company; and

**WHEREAS**, the Commonwealth of Massachusetts has permitted the legal cultivation, processing, sale and use of marijuana for non-medical purposes through M.G.L. c. 94G and implementing regulations of the Cannabis Control Commission (the “**CCC**”) at 935 CMR 500.000 et seq. (the “**CCC Regulations**”); and

**WHEREAS**, when permitted to do so by law, the Company wishes to operate and use the Facility for non-medical marijuana cultivation, product manufacturing, research and transporter operations as authorized by M.G.L. c. 94G if such operation is authorized and permitted by the City; and

**WHEREAS**, the proposed Facility is located in a zoning district that allows such use by right or by local permitting; and

**WHEREAS**, the Company promises to provide certain benefits to the City as provided for herein in the event that it is licensed to operate a Facility for such non-medical marijuana use and receives all required local approvals; and

**WHEREAS**, the Company's representations are intended to induce reliance on the part of the City to whom the representation is made and in fact the Company has made a promise which the Company should reasonably expect to induce action or forbearance of a definite and substantial character on the part of the City, including but not limited to the letter of non-opposition which has been executed in reliance on the promises made herein; and

**WHEREAS**, the acts or omissions by the City are in reasonable reliance on the representations and said promises and said representations and promises have induced such action or forbearance on the part of the City; and

**WHEREAS**, the detriment to the City as a consequence of the act or omission is fairly and adequately remediated by the enclosed provisions and only compliance or enforcement of the same can avoid an injustice and therefore enforcement would be necessary; and

**WHEREAS**, the promises laid out in this document are indeed a true measure of the remedy needed to compensate the City for the detriment incurred as a result of the City's acts and omissions in reliance on the promises contemplated by the parties; and

**WHEREAS**, the Company and the City understand that the promises contained herein are intended to commit the Company and the City to the same.

**NOW THEREFORE**, in consideration of the foregoing, the Company offers the following and the City accepts this Agreement in accordance with G.L. c. 94G §3(d):

- a. The Company agrees to pay an impact fee to the City, in the amounts and under the terms provided herein ("Impact Fee"). The Treasurer of the City shall hold the Impact Fee, pursuant to and consistent with G.L. c. 94G §3(d). The purpose of the Impact Fee is to alleviate the impacts from the siting of the Facility within the City. The Parties have reviewed the various costs and impacts to the City of the siting and operation of the Facility. After review, the Parties agree that the Impact Fee listed herein is directly proportional and reasonably related to the costs and other impacts imposed upon the City by the siting and operation of the Facility; and the Company agrees to waive

any claim that the Impact Fee specified in this Agreement is not a true measure of the costs and other impacts experienced by the City. The parties agree that siting this and similar facilities can have costs and impacts including, but not limited to, a) the need to promote a positive perception of the City to other residents, visitors and businesses, b) an increased impact on the health and security of its Citizens, c) an increased impact on the roads and public services of the City, d) increased administrative and compliance costs, e) increased regulatory and inspectional services. Therefore, the parties agree that it is appropriate to use any Impact Fee or other funds paid hereunder to combat blight and other economic issues facing the City; to support substance abuse education, prevention, treatment, and housing; to repair or improve the City's infrastructure and utility services; to increase public health and safety services; administrative, regulatory, inspectional and compliance services; legal fees and costs incurred in connection with the Company (except as otherwise provided for herein); and all other costs incurred in connection with the recited impacts. This Impact Fee has been calculated without reference to legal fees associated with the negotiation, drafting and execution of this Agreement. Notwithstanding the foregoing, the City may in its sole discretion expend the Impact Fee as it deems appropriate for alleviating the impacts of siting the Facility within the City, as it deems the impacts to be in its sole discretion.

- b. The Company shall cooperate in supplying any documentation requested by the City as to itemization of any impact of siting the Facility within the City, upon the City's request.

2. Term: The term of this Agreement shall begin the date in which the Final License for cultivation and processing of non-medical marijuana at the Facility is issued by the CCC or other regulatory authority (the "**Commencement Date**"), and shall terminate on:

- a. Any date in which any CCC or local license or permit is revoked, rescinded or expires without having been renewed; or
- b. Upon an Event of Default including any period set forth herein to cure, as hereinafter defined in this Agreement, and termination by the City; or
- c. Upon termination by the Company pursuant to Paragraph 16 hereof

provided all payments due hereunder have been made.

- d. Regardless of the reason for termination, upon termination the next Annual Payment (as defined within this Agreement), abated pro rata to the date of termination, shall be paid to the City by the Company (the “Final Annual Payment”). The Company shall pay the Final Annual Payment to the City within thirty (30) days after the date of termination.
- e. The Agreement shall continue until termination even if payment of the Annual Fee ceases pursuant to requirement of law.

Notwithstanding anything to the contrary herein, in accordance with G.L. c. 94G §3(d), the payment terms set forth in paragraphs 4, 5 and 6 herein shall apply only for a five-year period commencing on the Commencement Date. The parties agree to renegotiate the payment terms prior to the expiration of such five-year period.

- 3. The term “Gross Sales” shall mean the grand total of all sales transactions without any deductions included in the figure. This definition shall include but not be limited to sales, including both retail and wholesale sales, to any other person or entity of non-medical marijuana, marijuana infused products, marijuana accessories, and any other products that facilitate the use of marijuana, such as vaporizers, and as further defined in G.L. c. 94G §1 or the CCC Regulations, and any other merchandise or product sold by the Company cultivated, processed or sold from or through the Facility, as well as the sale of any services rendered under a Marijuana Transporter license associated with the Facility as the term is defined by 935 CMR 500.002, but shall exclude any Sales related to medical marijuana and covered under the terms of the Prior Agreement (“Goods”). Gross Sales of Goods occurring at the Company’s retail locations other than the Facility shall be valued at the price paid when such Goods are sold to any retail customer, consumer or entity not owned by the Company. The definition of “retail customer” shall be the equivalent of the term “Consumer” as defined by the CCC Regulations.
- 4. The Company shall forward to the City the following amounts as the Impact Fee:
  - a. Seventy-Five Thousand (\$75,000.00) Dollars or One and one-half (1.5%) Percent of Gross Sales, whichever is greater, up to an annual maximum amount of Two Hundred Thousand (\$200,000.00) Dollars, calculated for the twelve (12) month period following the Commencement Date and each anniversary thereof (the “Annual Payment”). The maximum Annual Payment is subject to the limitation of the last sentence in paragraph 5.

- b. The first Annual Payment shall be due within 30 days of the one year anniversary of the Commencement Date. Thereafter, the Company shall make the Annual Payment in equal quarterly installments every three months, with each payment due on the 30<sup>th</sup> day following the end of the three month period. At the option of the Company, the due date may be amended once, by written request, to align with its fiscal or tax quarterly filing obligations for ease of administration, but such amendment shall not change the total amount due.
  - c. In the City's sole discretion, it may direct the Company to provide some services or materials on account of the amounts specified herein (the "**Services**"). In this event the Company shall provide independent verification of the value of said service or materials to the City upon request and in form satisfactory to the City (provided that any reasonable cost related solely to obtaining said independent verification shall be credited to the Annual Payments required hereunder), and the City shall credit the Annual Payment in said amounts. Notwithstanding the foregoing, the Company shall not be required to provide any Services in conflict with the Regulations. In any case, the Services shall not include the distribution of any assets protected by the Act or the Regulations (e.g. marijuana and marijuana infused products) to an individual that is not duly authorized to possess the same.
  - d. To the extent that the Annual Payment is limited by the law of the Commonwealth of Massachusetts at the time the Annual Payment is due to an amount less than that specified in this Agreement, the Annual Payment shall be decreased to the maximum amount permissible.
  - e. The company shall be required to make the Annual Payment for a five-year period commencing on the Commencement Date. At the conclusion of this five-year period, the parties shall enter into a new agreement as to the amount of the Impact Fee.
5. The Parties acknowledge that the Facility is located in both the City of Fitchburg and the Town of Westminster, and that if so limited by the terms of M.G.L. c. 94G §3(d) this Agreement may only apply to that portion of the Facility located within Fitchburg. The Company states that it may be impossible or onerous for the Company to track

which Gross Sales are attributable to the Company's operations located in the City of Fitchburg, and which Gross Sales are attributable to the Company's operations located in the Town of Westminster. The Parties state that this Agreement has been entered into in recognition thereof, and as a full and final settlement of this issue, the Company will receive a credit toward its next annual Impact Fee in an amount equal to the impact fee paid to the Town of Westminster during the preceding 12-month period upon proof of such payment, provided that such credit will not exceed \$30,000 annually. In the last year in which an impact fee is due, the Company will hold back \$30,000 from its last Impact Fee. If further impact fees are to be paid by the Company to the City, the Company will receive a \$30,000 credit toward such Impact Fee. If no further Impact Fees will be paid by the Company to the City, the Company will forward to the City the amount by which \$30,000 exceeds the next impact fee paid to Westminster. Such adjustment shall be made no more than twelve months after the payment of the last Annual Fee to the City.

6. The Company, in addition to any Services or Funds specified herein, shall establish a board within the Company (the "**Community Relations Board**") with oversight authority over, to the extent the same is controlled by the Company, the site plan, the signage and appearance of the Facility; provided, however, nothing herein shall prevent the CCC from having final approval over the Community Relations Board's oversight.
  - a. The Community Relations Board shall be funded by the Company and have the authority to make a gift or grant of funds, goods and/or services on behalf of the Company to local charities or to contribute to addressing the City's needs. The Company shall fund the Community Relations Board in the amount of at least Twenty-Five Thousand (\$25,000.00) annually, in excess of its obligation under any other agreement, to make a meaningful contribution to local charities or the City's needs. This amount is in addition to any payments made under the Prior Agreement. The first such funding shall occur on the first anniversary of the Commencement Date and subsequent funding will occur on each anniversary thereof. After the fourth anniversary of the Commencement Date, the minimum annual gift shall increase annually on the anniversary of the Commencement Date in an amount equal to the previous year's contribution multiplied by the COLA as promulgated by the Social Security Administration and if the SSA COLA increase is zero, by a similar governmental agency.
  - b. The City's needs and local charities shall be identified by the Community Relations Board, but shall include as a permissible contribution to the City's



needs a grant to be used as a scholarship for the payment of undergraduate or graduate collegiate tuition or fees at an accredited college or university for a graduate of Fitchburg High School who has a demonstrated financial need and who seeks to pursue studies, an internship or other endeavor related to and in furtherance of the Cannabis industry as determined by the Board. Unless otherwise agreed by the parties, the Community Relations Board shall be comprised of a board of individuals numbering six

(6) including three individuals appointed by the City's Mayor who shall serve as members with all of the rights including voting rights and none of the duties, and three others who are officers or directors of the Company. In the event of a tie or deadlock of the Community Relations Board, the Mayor's most recent appointee's vote shall control. Each appointment shall be for a term of three (3) years. The Community Relations Board shall meet to identify needs and local charities and to make gifts or grants as aforesaid not less than twice per calendar year.

- c. Pursuant to the CCC Regulations, any and all individuals associated with the Facility shall be subject to the requisite background checks. As such, all members of the Community Relations Board shall agree to submit to background checks with the CCC.

7. This Agreement and promises are contingent on the Company obtaining a Final License from the CCC to operate a non-medical marijuana establishment within the City, and the Company's receipt of any and all local approvals to locate, occupy and operate.
8. This Agreement and promises are contingent on the City Council's acceptance of the Agreement pursuant to G.L. c. 94G §3(d) and of any gift or grant being received pursuant to G.L. c. 44 § 53A, or at the option of the City pursuant to any other law or assignment.
9. The Company agrees that it will pay all personal property taxes that would otherwise be assessed if the Company was a for-profit non-manufacturing business organization for the property owned or used by the Company (hereinafter known as the "Full Personal Property Tax") unless the Company supplies sufficient identifying information on the owners of all personal property used by the Company and the City collects the Full Personal Property Taxes from that entity. In no event shall the Company apply for a reduction or elimination of property taxes due to the Company's not-for-profit or other status.

10. The Company agrees that it will pay all real property taxes for the property owned or used by the Company to site the Facility that would otherwise be assessed if the Company was a for-profit, nonagricultural business organization owning the real-estate in which the Facility is sited (hereinafter known as the “Full Real Estate Tax”). However, the Company will not be responsible if the Company supplies sufficient identifying information on the owners of all real property used by the Company and the City collects the Full Real Estate Tax from that entity or is otherwise capable of placing a lien in an amount equal to the Full Real-Estate Tax plus interest and penalties on the real estate for the nonpayment of the real estate taxes. In no event shall the Company apply for a reduction or elimination of property taxes due to the Company’s not-for-profit or other status.
11. The Company agrees that jobs created at the Facility will be made available to City of Fitchburg residents and Town of Westminster residents in proportion to the respective sizes of the real estate in each jurisdiction which are being occupied by the Company (approximately 85% Fitchburg and 15% Westminster). City residency will be a positive factor in hiring decisions at the Facility, but this does not prevent the Company from hiring the most qualified candidates and complying with all employment laws and other legal requirements.
12. This Agreement does not affect, limit, or control the authority of any City department, including boards and commissions, to carry out their respective duties in deciding whether to issue or deny any necessary local permits or licenses, required under the laws of the Commonwealth, the Fitchburg Zoning Ordinance, the Board of Health or any other applicable laws and regulations. By entering into this Agreement the City is not required to issue such permits or licenses. The Company acknowledges that it is subject to a special permit or site plan review including façade improvements and screening of the facility.
13. The terms of this Agreement will not constitute a waiver of the City's regulatory authority or of the Company's applicant responsibilities not otherwise addressed by this Agreement. This Agreement does not affect, limit, or control the authority of any City departments, including boards and commissions, to issue fees, fines and penalties. This Agreement does not affect, limit, or control the authority of the City to levy taxes, whether authorized by any current or future regulation, act or statute or any amendment which may be enacted thereto, and any amounts specified above as Impact Fees, gifts or grants, including but not limited to Paragraphs 4, 5 and 6, shall not constitute taxes or be creditable thereto.

14. Events of Default: The Company shall be deemed to have committed an event of default if any of the following occur:

- a. the Company relocates the Facility outside of the City, without prior approval from the City or Ninety (90) day notice;
- b. the Company fails to obtain, and maintain in good standing, all necessary local licenses and permits, and such failure remains uncured for thirty (30) days following written notice from the City;
- c. the Company ceases to operate a Facility in the City;
- d. the Company fails to make payments to the City as required under this Agreement, and such failure remains uncured for Thirty (30) days following written notice from the City;
- e. the Company fails to participate in the Community Relations Board, unless otherwise limited or prevented from doing so; and,
- f. CCC revokes the Company's license or denies the Company's application for renewal of its license (as provided in the CCC Regulations), provided that the Company is able to exercise all available remedies to re-establish good standing with the CCC.

15. Termination for Cause: The City may terminate this Agreement Thirty (30) days after the occurrence of any Event of Default. In addition, the City may terminate this Agreement for cause at any time by giving at least Ninety (90) days' notice, in writing, to the Company. Cause is defined as the Company's purposeful or negligent violation of any applicable laws of the Commonwealth, or local ordinances and regulations, with respect to the operation of a Facility. If the City terminates this Agreement the Final Annual Payment (as defined within this Agreement) shall be paid to the City by the Company. The Company shall pay the Final Annual Payment to the City within thirty (30) days following the date of termination.

16. Termination by the Company: The Company may terminate this Agreement Ninety (90) days after cessation of operations of any Facility within the City. The Company shall provide notice to the City that it is ceasing to operate a Facility in the City and/or it is relocating to another facility outside of the City at least ninety (90) days prior to the

cessation or relocation of operations. If the Company terminates this Agreement the Final Annual Payment (as defined within this Agreement) shall be paid to the City by the Company. The Company shall pay the Final Annual Payment to the City within thirty (30) days following the date of termination.

17. If the City terminates this agreement the Company shall:

- a. not be relieved of liability due under this contract until the Company discontinues operation of the Facility in Fitchburg; provided that, once the Company does discontinue operation of the Facility in any event, it shall have no further obligations under Paragraphs 4, 5 and 6 of this Agreement except for the Final Annual Payment as set forth above;
- b. not be relieved of liability to the City for damages sustained by the City for personal injury or property damage;
- c. secure the real estate and personal property owned or used at the time of Default or Termination whichever is earlier, at its sole expense in such a manner so as not to permit waste to occur to the property;
- d. pay all amounts due and reasonably anticipated to be due under this agreement through and until Company discontinues operation of the Facility in Fitchburg;
- e. provide the City with adequate security for amounts due and reasonably anticipated to be due under this agreement; and
- f. cease and desist operations immediately after the expiration of the Ninety (90) Day notice for cause provided for in paragraph 14, unless otherwise ordered by the Mayor.
- g. Unless the Company ceases all operations within the City, enter into a new Community Host Agreement which is consistent with the then existing law.

18. Anything contained herein to the contrary notwithstanding, in the event the Company fails to locate a Facility in the City of Fitchburg this agreement shall become null and void without further recourse of either party after the Company contributes Three Thousand (\$3,000.00) to the City's Legal Department for the meetings, the

negotiation and execution of this Agreement as required in Paragraph 28 below.

19. In the event that the Company desires to relocate the Facility within the City of Fitchburg it must obtain approval of the new location by the City.
20. This agreement is entered into with the understanding that the Commonwealth has permitted cultivation, processing and distribution of marijuana for non-medical purposes. In the event the Company engages in this activity, then the terms of this agreement shall be interpreted in accordance with the CCC Regulations. The parties may execute a subsequent memo clarifying the application of the terminology of this agreement to non-medical marijuana activities in accordance with the provisions of the CCC Regulations.
21. Non-Medical Marijuana: The Company, its successors, and assigns hereby agrees that it shall not engage in cultivating, selling or processing marijuana and marijuana products within the City as a Marijuana Establishment as defined in M.G.L. c. 94G §1 (“Non-Medical Use”), unless and until the Company is permitted therefore by law and by the City through any procedure the City may require. In order for the Company to operate the Facility as a Marijuana Retailer with Gross Sales to consumers occurring at the Facility (as opposed to by delivery, should the same be permitted by future law and by local ordinance), in recognition that the impacts may be greater, the Company must enter into a new Community Host Agreement with the City as required by M.G.L. c. 94G §3(d) and comply with all local ordinances.
22. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of the Worcester Superior Court for the adjudication of disputes arising out of this Agreement. Furthermore, in the event of litigation between the City and the Company, neither party shall contest the validity of this agreement, and will stipulate that this agreement shall be enforced as a valid legally binding contract requiring the Company to pay an Impact Fee and/or to make the gift or grant and that this obligation is supported by valuable consideration, or, at the City’s option, that the City is also entitled to enforcement under a theory known as detrimental reliance which is also identified commonly as promissory estoppel.
23. 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 following addresses:

The City: Vincent Pusateri  
City Solicitor  
Fitchburg City Hall  
166 Boulder Dr.  
Fitchburg, MA 01420

with a copy to: A.J. Tourigny  
Mayor's Chief of Staff  
166 Boulder Dr.  
Fitchburg, MA 01420

Company: Massachusetts Patient Foundation, Inc.  
c/o Vicente Sederberg LLC  
2 Seaport Lane  
Boston, MA 02210

24. Subject to the final sentence of this Paragraph, the Company shall not assign, sublet, or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the moneys payable under this Agreement, except by and with the written consent of the City. In the event that the Company sells all or substantially all of its assets then the Company will also assign the obligations under this Agreement to the purchasing entity. The City shall not unreasonably delay, condition or withhold assent to such an assignment, and in the case of a merger or acquisition of the Company or a sale of all or substantially all of the Company's assets, the City shall limit its objections to such merger, sale or acquisition to financial stability or moral character of the resulting entity or purchaser, based on independent or objectively verifiable evidence.
25. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.
26. The Company shall file with the City copies of the financial disclosures provided to the Commonwealth of Massachusetts including but not limited to the CCC and the Attorney General. The Company shall provide audited financial statements by a CPA firm approved by the City in the event that in the City's discretion the same is required as a result of a legitimate material question or controversy relative to the Company's financial disclosure. In the event that the Company's financial disclosures are consistent with the results of the audit then the City will pay all of the reasonable and necessary expenses incurred in connection with conducting the audit. Within thirty (30)

days following one year after the Commencement Date and on an annual basis thereafter, the Company agrees to provide the City with complete and accurate State Tax Form 2, "Form of List" and such other documentation as is reasonably requested by the Assessors.

27. In the event that the Company defaults on its obligations under this Agreement, the financial condition of the Company is in question, or there exists the likelihood that the Company is intending to leave the City, the Company shall convey a security interest in the assets of the Company, to the extent allowed by law, in an amount sufficient to secure the outstanding balance and amounts which are reasonably anticipated to become due.
28. The Company shall contribute Three Thousand (\$3,000.00) to the City's Legal Department for the meetings, the negotiation and execution of this Agreement upon complete execution of the Agreement by all parties and approval by City Council. The Parties agree that this fee for legal services associated with the drafting of this Agreement and is not part of the impacts experienced by the City due to the siting of the Facility, and does not compromise any portion of the Impact Fee referred to above. Said fee is due and payable upon execution of the Agreement.
29. If a suit, action, arbitration or other proceeding of any nature whatsoever is instituted in connection with any controversy arising out of this Agreement, or to interpret or enforce any rights under this Agreement or the Laws of the Commonwealth of Massachusetts, the City shall be entitled to an award of attorney's fees in the event it prevails.
30. The Company shall 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.
31. If any term or condition of this Agreement, or any application thereof, shall to any extent be held invalid, illegal, or unenforceable by a 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.
32. In the event that any Court of competent jurisdiction, department or agency of the Commonwealth of Massachusetts or other Regulatory Authority determines that the Impact Fee, gifts, grants or Services received under this Agreement cannot be received

pursuant to G.L. c. 94G §3(d), or pursuant to G.L. c. 44 §53A, or any other provision of law, this agreement shall not become null and void, but shall remain in full force and effect and the monies tendered to the city shall be received pursuant to the then nominee of the City including but not limited to the Fitchburg Redevelopment Authority or other charitable organization, unless otherwise ordered by a court of competent jurisdiction.

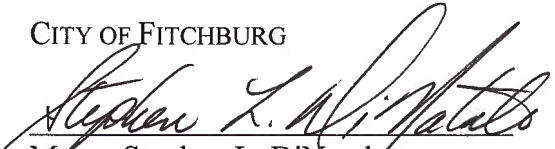
33. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated Agreement between the Company and the City with respect to the matters described.
34. This Agreement supersedes all prior Agreements, negotiations, and representations, either written or oral regarding a non-medical marijuana cultivation and processing facility between the parties, and it shall not be modified or amended except by a written document executed by the parties hereto. Except as provided for in writing, this Agreement has no effect on any other agreements which the parties may have entered into regarding medical marijuana, particularly including the Prior Agreement, any matter other than this non-medical marijuana cultivation and processing Facility. It is the intention of the parties that the terms of the Prior Agreement remain unmodified and undisturbed by this Agreement.
35. Each of the parties acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the drafting, negotiation, execution, and delivery of this Agreement, and has actively participated in the drafting, negotiation, execution and delivery of this Agreement. In no event will any provision of this Agreement be construed for or against either party as a result of such party having drafted all or any portion hereof.
36. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one in the same Agreement.

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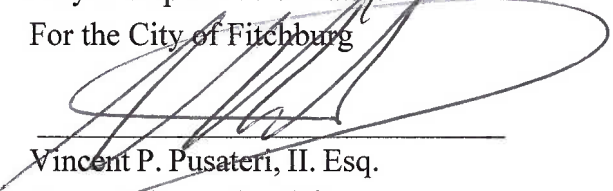


In WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

CITY OF FITCHBURG



Mayor Stephen L. DiNatale  
For the City of Fitchburg



Vincent P. Pusateri, II. Esq.  
Approved as to legal form:  
City Solicitor

COMPANY:

Massachusetts Patient Foundation, Inc.

By: Joseph Lekach

Title: Chief Executive Officer

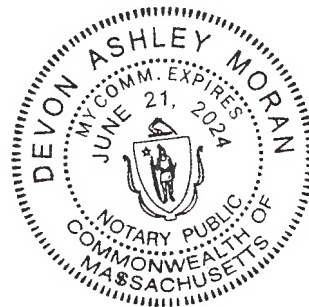
State of Massachusetts

County of Worcester

On this 27 day of JUNE, 2018, before me, the undersigned notary public personally appeared Joseph Lekach, Chief Executive Officer of Massachusetts Patient Foundation, Inc. and proved to me through satisfactory evidence of identification being [] Driver's license or other state or federal government document bearing a photographic image; [] Oath of affirmation of credible witness known to me who knows the above signatory, or [] My own personal knowledge of the identity of the signatory, to be the person whose name is signed above; and acknowledged to me that he/she signed the foregoing document voluntarily for its stated purpose.

Notary Public: Devon J. Moran

My Commission Expires: 6/21/2024



**MCR LABS, LLC, HOST COMMUNITY AGREEMENT FOR INDEPENDENT TESTING LAB AND/OR AN ADULT-USE MARIJUANA ESTABLISHMENT IN THE CITY OF FRAMINGHAM**

This Host Community Agreement (the "Agreement") is entered into this 31<sup>st</sup> day of July 2018 (the "Effective Date") by and between the City of Framingham, acting by and through its Mayor (or designee), with a principal address of 150 Concord Street, Framingham, MA 01702 (the "**Municipality**" or "CITY") and MCR Labs, LLC, established as a Massachusetts limited liability company and organized pursuant to M.G.L. c. 156C, with a principal office address of 85 Speen Street, Framingham, MA 01701 (the "**Company**") (Municipality and Company, may be collectively referred to hereafter as the "**Parties**").

**RECITALS**

WHEREAS, COMPANY is the lessee of the property at 85 Speen Street, Framingham ("the Premises") owned by 85 Speen Street Associates, LLC under the deed dated July 14, 2010 recorded with Middlesex South District Registry of Deeds at Book 54995, Page 540 the duration of which lease is fifteen months, ending June 30, 2018 and is subject to two extensions of two years each ("Lease");

WHEREAS, COMPANY is an existing research and quality control testing laboratory under a license issued by the Commonwealth of Massachusetts Department of Public Health pursuant 105 CMR 725;

WHEREAS, Company seeks a license from the Cannabis Control Commission to operate an Independent Testing Laboratory within the meaning of 935 CMR 500.002 conducting research and quality control testing laboratory qualified to test cannabis or marijuana in compliance with 935 CMR 500.160 and M.G.L. c. 94C, § 34 ("Facility") at the Premises;

WHEREAS, Company has warranted and represented, and the CITY's Planning Administrator has verified, that the Company's marijuana establishment is not located within 500 feet, measured in a straight line from the nearest point of the Premises to the nearest point of any pre-existing public or private school providing education in kindergarten or grades 1 through 12;

WHEREAS, M.G.L.c. 94G, § 3(d), as affected by Chapter 55 of the Acts of 2017 at SECTION 25 requires that:

[a] marijuana establishment or a medical marijuana treatment center seeking to operate or continue to operate in a municipality which permits such operation shall execute an agreement with the host community setting forth the conditions to have a marijuana establishment or medical marijuana treatment center located within the host community which shall include, but not be limited to, all stipulations of responsibilities between the host community and the marijuana establishment or a medical marijuana treatment center. An agreement between a marijuana establishment or a medical marijuana treatment center and a host community may include a community impact fee for the host community; provided, however, that the community impact fee shall be reasonably

related to the costs imposed upon the city by the operation of the marijuana establishment or medical marijuana treatment center and shall not amount to more than 3 per cent of the gross sales of the marijuana establishment or medical marijuana treatment center or be effective for longer than 5 years. Any cost to a city or town imposed by the operation of a marijuana establishment or medical marijuana treatment center shall be documented and considered a public record as defined by clause Twenty-sixth of section 7 of chapter 4;

WHEREAS, M.G.L.c. 94G, § 12 (h), as affected by Chapter 55 of the Acts of 2017 at SECTION 37 requires that “[e]ach licensee shall file an emergency response plan with the fire department and police department of the host community”;

WHEREAS, Company and the Municipality each enter into this Agreement with the intention of being bound by its terms such that this Agreement shall be fully enforceable by a court of competent jurisdiction;

WHEREAS, the Company and the Municipality intend by this Agreement to satisfy the provisions of M.G.L. c.94G, §3(d), as established by the Act, applicable to the operation of the Facility in Framingham;

NOW THEREFORE, in accordance with M.G.L.c. 94G, as affected by Chapter 55 of the Acts of 2017, and the regulations of the Cannabis Control Commission promulgated thereunder as 935 CMR 500.00, the COMPANY agrees as follows:

1. **Representation as to Leasehold.** Company hereby makes representation that the use of the Premises for its Facility is expressly permitted under the terms of the Lease.
2. **Compliance.** Company shall be responsible for obtaining all necessary licenses, permits, and approvals required for the operation of an Independent Testing Laboratory in Framingham and shall comply with all laws, rules, bylaws or ordinances, regulations and orders applicable to the operation of an Independent Testing Laboratory, such provisions being incorporated herein by reference, including, but not limited to: M.G.L.c. 94G, as affected by Chapter 55 of the Acts of 2017 and the regulations of the Cannabis Control Commission as the same may be amended from time to time; and the Framingham General Bylaws, Sign Bylaws, and Zoning Bylaws, as may be amended from time to time.
3. **Community Impact Fee.** The Municipality is not requiring a community impact fee at this time as there are not documented impacts related to the Company’s current business operations. Company and Municipality mutually understand and agree that if Company’s operations as an adult-use marijuana establishment, shall result in unanticipated additional costs upon the Municipality by the operation of the Facility, then they shall promptly and in good faith enter into negotiations to establish a community impact fee that is reasonably related to such impacts.
4. **In-Kind Testing Services.** In an effort to show goodwill to the surrounding community and to demonstrate its support for local law enforcement initiatives, the Company will provide Municipality with analytical laboratory services at no cost to the Municipality,

which services will include providing analytical testing of cannabis and cannabis-infused products at the request of Municipal law enforcement in which the substances are subject to investigation, providing expert advice on the burgeoning cannabis industry and educational support in the form of workshops and compliance classroom events. The precise nature of the services provided to the Municipality may change over the course of the Term (defined herein), but in no event shall the value of the complimentary analytical laboratory services exceed \$8,000 annually in gross value. The Municipality understands and acknowledges that the Company's agreement to provide complimentary analytical laboratory services is contingent upon the COMPANY's receipt of licensure from the Cannabis Control Commission to operate an Independent Testing Laboratory, and local approvals for the same. If the Company does not receive licensure from the Cannabis Control Commission to operate an Independent Testing Laboratory, the Municipality acknowledges and agrees that the value cap on the services to be performed under this Agreement may be reduced.

- a. If any term or condition deemed unlawful concerns the right of the Municipality to receive such services, the parties agree that such services shall constitute a grant or donation for the purposes set forth herein.

5. **Term and Termination**. The term of this Agreement shall be five (5) years, terminating on July 31<sup>st</sup>, 2023 ("Termination Date"), unless sooner terminated by:

- a. revocation of Company's license by the Cannabis Control Commission; or
- b. Company's voluntary or involuntary cessation of operations; or
- c. the Municipality's termination of this Agreement for breach of the conditions contained herein that remain uncured 60 days from the date of notice of such breach

at which time, this Agreement shall become null and void.

If Company should voluntarily cease all operations in the Municipality, the Company shall immediately notify the Municipality in writing, including the effective date of cessation of operations, whereupon this Agreement shall become null and void, except that the Company shall continue to provide analytical testing of cannabis and cannabis-infused products through the date of termination of the operation. The Municipality may terminate this Agreement at any time during the Term of this Agreement or any extension thereof. The Company shall not be required to cease operations following the termination of this Agreement. The Parties agree to renegotiate or renew this Agreement prior to the end of the Term in accordance with the provisions of G.L. c.94G, §3(d), which requires a host community agreement for continued operations of the Facility within the Municipality.

6. **Extension of Agreement**. Provided that the Company's license has not been revoked by the Cannabis Control Commission, that the Company is not in breach of this Agreement, and that the Company provides notice to the Municipality of its wish to renew the term of this Agreement no sooner than six months prior to the Termination Date, the Parties may

renew for an additional term not to exceed five years, i.e., through July 31<sup>47</sup>, 2023 and shall use good faith efforts to renegotiate the terms of such extension. If the Parties are unable to reach agreement as to the terms of such extension by December 31, 2023, the Municipality may terminate this Agreement and inform the Cannabis Control Commission of such termination.

7. **Hours of Operation.** Company's days and hours of operation where the laboratory is open to the public shall be: Monday through Friday from 10:30 a.m. to 5:00 p.m. Municipality acknowledges and agrees that laboratory operations are conducted twenty-four hours per day, seven days per week.
8. **Real and Personal Property Taxes.** At all times during the Term of this Agreement, property, both real and personal, owned or operated by Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Company or by its landlord, and neither Company nor its landlord shall 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, leased or operated by Company 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 Company 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 Company shall pay to the Municipality 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.
9. **Community Support and Additional Obligations.**
  - a. **Local Vendors** – To the extent such practice and its implementation are consistent with federal, state and municipal laws and regulations, Company shall make a diligent effort and shall use good faith efforts in a legal and non-discriminatory manner to give priority to qualified local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility.
  - b. **Employment/Salaries** – Except for senior management, and to the extent such practice and its implementation are consistent with federal, state and municipal laws and regulations, Company shall use good faith efforts in a legal and non-discriminatory manner to give priority to hire qualified residents of the Municipality as employees and to encourage diverse hiring at the Facility.
  - c. **Approval of Manager** - If requested by the Municipality, the Company shall provide to the Municipality, for review and approval, the name and relevant information, including but not limited to the information set forth in 105 CMR 725.030, or such other state regulations, as the case may be, of the person proposed to act as on-site

manager of the Facility. The submittal shall include authorization and all fees necessary to perform a criminal history (CORI) check or similar background check. The Municipality 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. This approval process shall also apply to any change of on-site manager.

- d. Education - Company shall provide staff to participate in Municipality-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with any of the Municipality's public safety departments to mitigate any potential negative impacts of the Facility.
- e. Reporting - The Company shall, at least annually, provide the Municipality with copies of all reports submitted to the Cannabis Control Commission and Massachusetts Department of Revenue and all other public agencies to whom licensing applications or supporting information must be submitted regarding Company's operations at the Facility.

**10. Non-Opposition to Application.**

- a. The Municipality agrees to submit to the required Cannabis Control Commission all documentation and information as may be required by the Company to obtain or maintain approval to operate an Independent Testing Laboratory. The Municipality agrees to not oppose such application but makes no representation or promise that it will act on any other license or permit request in any particular way other than by the Municipality's normal and regular course of conduct and in accordance with their codes, rules and regulations and any statutory guidelines governing them.
- b. This agreement shall not affect, limit or control the authority of the Municipality's boards, commissions and departments to carry out their respective powers and duties to decide upon and to issue or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Municipality or applicable regulations of those boards, commissions and departments, or to enforce said statutes, Bylaws and regulations. The Municipality, by entering into this Agreement, is not required or obligated to issue permits and approvals as may be necessary for Company to operate its Facility in the Municipality, or to refrain from enforcement action against the Company and/or the Facility for violation of the terms of said permits and approvals or said statutes, Bylaws and regulations.

**11. Security.**

- a. Company has warranted and represented, and the Municipality's Police Chief and Fire Chief have verified, that in cooperation with the Municipality's Police and Fire Departments, the Company has filed satisfactory security and traffic management plans and emergency response plan which includes: (i) A description

of the location and operation of the security system, including the location of the central control on the premises; (ii) a schematic of security zones; (iii) the name of the security alarm Company and monitoring Company, if any; (iv) a floor plan or layout of the facility identifying all areas within the facility and grounds, including support systems and the internal and external access routes; (v) the location and inventory of emergency response equipment and the contact information of the emergency response coordinator for the laboratory; (vi) the location of any hazardous substances and a description of any public health or safety hazards present on site; (vii) a description of any special equipment needed to respond to an emergency at the laboratory; (viii) an evacuation plan; (ix) any other information relating to emergency response as requested by the Framingham Fire Department or the Framingham Police Department; and (x) shall place no fewer than two security cameras within and outside of the area located to provide an unobstructed view in each direction of the public way(s) on which the facility is located.

- b. The Company shall maintain security at the Facility in accordance with a security plan presented to the Municipality and approved by the Cannabis Control Commission and the Municipality. In addition, Company shall at all times comply with state and local requirements regarding security of the Facility which compliance shall include, but not be limited to compliance with the security and traffic management plan and emergency response plan and access to surveillance operations; and requiring independent testing lab agents to produce their agent ID card to law enforcement upon request.

12. **Cooperation.** Company will work cooperatively with all necessary municipal departments, boards, commissions and agencies to ensure that Company's operations are compliant with all municipal bylaws, ordinances, codes, rules and regulations. Company shall maintain a cooperative relationship with the City's Police and Fire Departments and shall meet no less than once every year, or upon request of the Chief of Police for the City of Framingham, to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to Framingham Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures. To the extent requested by the Municipality's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan. Such plan shall include, but is not be limited to, training Company employees to be aware of, observe and report any unusual behavior in authorized visitors or other Company employees that may indicate the potential for diversion.

13. **Governing Law.** This Agreement shall be governed and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principals of conflicts of law thereof.

14. **Amendments/Waiver.** Amendments or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all Parties, prior to the effective date of the amendment.



15. **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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Municipality in enforcing this Agreement.
16. **Successors/Assigns.** Company shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the Municipality and shall not assign any of the moneys payable under this Agreement, except by and with the written consent of the Municipality. This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives.
17. **Entire Agreement.** This Agreement 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.
18. **Notices.** Except as otherwise provided herein, any notices, consents, demands, requests, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following address:

<b>If to the City</b>	<b>If to the COMPANY</b>
Mayor of Framingham 150 Concord Street Framingham, MA 01702 Attn.: Thatcher W. Kezer III, Chief Operating Officer Email: tkezer@framinghamma.gov	MCR Labs, LLC 85 Speen Street Framingham, MA 01701 Attn.: Michael Kahn, President Tel: (508) Email: mikahn@mcrllabs.com

with copies to:

<b>City Solicitor</b>	<b>Counsel for COMPANY</b>
Petrini & Associates, P.C. 372 Union Avenue Framingham, MA 01702 Attn.: Christopher J. Petrini, Esq. Tel: (508) 665 -4310 Email: cpetrini@petrinilaw.com	Vicente Sederberg, LLC 2 Seaport Lane, 11th Floor Boston, Massachusetts 02210 Attn.: Valerio G. Romano, Esq. Tel: (617) 934-2121 Email:

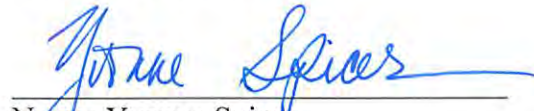
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19. **Third-Parties**. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Municipality or the Company.

**\* \* \* SIGNATURE PAGE FOLLOWS \* \* \***

IN WITNESS WHEREOF, the Parties hereto have duly executed this Host Community Agreement on the date set forth above.

CITY OF FRAMINGHAM

  
\_\_\_\_\_  
Name: Yvonne Spicer  
Title: Mayor

MCR LABS, LLC

  
\_\_\_\_\_  
Name: Michael Kahn  
Title: President, Manager, duly authorized

TOWN OF FRANKLIN  
AND  
NEW ENGLAND TREATMENT ACCESS, INC.

HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("Agreement") is entered into this 17 day of April, 2018 by and between New England Treatment Access, LLC, a duly organized Massachusetts for-profit corporation with a principal office address of 5 Forge Parkway, Franklin, Massachusetts 02038 (the "Company"), and the Town of Franklin, a Massachusetts municipal corporation with a principal address of 355 East Central Street, Franklin, Massachusetts 02038 (the "Town"), acting by and through its Town Administrator.

WHEREAS, the Company operates a Medical Marijuana Treatment Center, Registered Marijuana Dispensary ("RMD") facility for the purpose of cultivation, manufacture and distribution of medical marijuana products at 5 Forge Parkway in the Town in accordance with regulations issued by the Commonwealth of Massachusetts Department of Public Health ("DPH"); and

WHEREAS, the Company wishes to expand the current RMD operation at 5 Forge Park by acquiring Marijuana Establishment Licenses that permit the cultivation, manufacture, research, and distribution of non-medical marijuana products pursuant to applicable Massachusetts law and in accordance with regulations issued by the Massachusetts Cannabis Control Commission ("CCC"); and

WHEREAS, the Company also wishes to expand the current RMD operation at 5 Forge Park or another location in Franklin by acquiring a Medical Marijuana Treatment Center License and a Medical Establishment License to permit the retail dispensing of both medical and non-medical marijuana products pursuant to and in accordance with regulations issued by the Massachusetts Cannabis Control Commission ("CCC"); and

WHEREAS, the Company intends to make certain payments to the Town to address direct or secondary impacts of the Company operation within the Town pursuant to applicable Massachusetts law and CCC regulations during the period of this Agreement while it operates the current RMD as well as in the event that it receives final CCC licenses to expand the operation of the RMD facility (the "CCC License") as provided above and receives all other required permits and approvals;

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the Company offers and the Town accepts this Agreement in accordance with M.G.L. ch. 44, Section 53A as follows:

1. The Company agrees to make annual payments to the Town, in the amounts and under the terms provided herein (the "Funds") for the purpose of addressing such direct and secondary impacts of the Company operation within the Town as the Town shall, in its

sole discretion, determine, provided that the use of such Funds shall comply with and be consistent with any and all applicable CCC regulations, DPH regulations and other state laws and regulations applicable to the Company or the Town, as determined by the Attorney General's Office, CCC, DPH, the Courts or other administrative bodies or any other responsible governing authorities. The Parties agree that the amount of the fees set forth herein are reasonably related to the real tangible and intangible mitigation costs imposed upon the Town due to the establishment and operation of the existing and proposed Medical Marijuana Treatment Center and Marijuana Establishments within the Town, as the case may be.

2. Commencing on July 1, 2018, and each subsequent year, the Company shall make a minimum annual payment to the Town in an amount of \$300,000.00 related to the cultivation, manufacturing, research and distribution of both medical and non-medical marijuana products.

The Company shall also make an annual payment in the amount equal to three percent (3.0%) of gross revenues over \$10,000,000.00 that is generated by the Company at its point of sale within the Town from the retail dispensing of such medical and non-medical marijuana products in each calendar year. Beginning on March 1, 2019, these payments shall be made on March 1<sup>st</sup> for the point of sales for the prior calendar year.

3. In the event that the state legislation governing community host agreements is amended to increase the maximum permissible percentage of gross sales above the existing three percent (3%), the higher percentage shall apply, as of the effective date of the legislation, unless prior to said date, the Company requests the Town in writing to negotiate a lesser percentage, in which the parties shall undertake good faith negotiations to reach agreement on an increased percentage less than the amended maximum.

4. The Company agrees to cooperate with the Town's Police and Fire Departments, as well as all of other Town Departments at the discretion of the Town Administrator or his/her designee, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and other concerns or impacts identified by the Municipality that may arise during this agreement.

5. This Agreement shall be null and void in the event that the Company does not continue to operate its RMD facility in the Town or relocates such RMD facility outside of the Town and gives notice to the Town no less than Ninety (90) days of such developments. In the event that the CCC or Town issues additional conditions, or thereafter seeks to modify the CCC License or any of the Franklin License or other approvals or the conditions therein, or the existing approvals for the current operation in a manner that could reasonably be expected to result in a material adverse effect on the Company's business and operations (financial or otherwise), the Company may elect to give notice to the Town of such adverse effect, in which case this Agreement shall be null and void and the parties hereby agree to negotiate in good faith a revised Agreement for the Company's then operation.

The Town and Company agree that Town Administrator or his designee shall act as the primary liaison between the Town, its subsidiary departments, boards, agencies and committees and the Company and agree all communications are through the primary liaison after final permitting has been granted.

This Agreement shall not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The parties acknowledge that the Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the RMD facility to operate and expand in the Town, or to refrain from enforcement action against the Company and/or its RMD facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.

Local Hiring: The Operator commits to hiring local, qualified employees to the extent consistent with law and subject to available talent. In addition to the direct hiring, the Operator will work in a good faith, legal and non-discriminatory manner to hire local vendors, suppliers, contractors and builders from the Franklin area where possible.

6. Financial Records and Audit Rights of Town:

- a) The Company shall submit financial records to the Town for each calendar year, due not later than March 1st of each calendar year, with a certification of the Gross Sales for the prior calendar year.
- b) The financial records provided on or before February 1st of each year shall include a certification of the Gross Sales from the RMD (to dispense marijuana for medical and adult use) for the previous calendar year, for purposes of determining whether the Annual Payment shall be the applicable Minimum Payment or the Percentage of Gross Sales.
- c) The Operator shall also submit to the Town copies of any additional financial records that the Operator must submit to DPH and/or CCC.
- d) The Operator shall maintain its books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the DPH and the CCC. All records shall be kept for a period of at least seven (7) years.
- e) During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense) those parts of the Company's books and financial records which relate to the determination of the required Annual Payment and to the Company's compliance with this Agreement. Such examinations may be made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner as not to interfere with the Company's normal business activities.

7. Any and all notices or other communications required or permitted under this Agreement shall be in writing and delivered by mail postage prepaid, return receipt requested, by registered or certified mail, or by overnight mail, or in hand to the parties at the addresses set forth on Page 1 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 deposited with the U.S. Postal Service or, if sent by private overnight or other delivery service, when deposited with such delivery service.

8. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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.

9. Governing Law. The performance of this contract shall be governed, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.

10. Claims, disputes, or other matters in question between the Town and the Company or any other party claiming rights under this agreement relating to or arising from this agreement shall be resolved only by a civil action commenced in the Commonwealth of Massachusetts in either the Superior Court department, Norfolk County or the District Court Department, Wrentham Division, of the Massachusetts Trial Court; in the alternative, private arbitration or mediation may be employed if the parties mutually agree in writing to do so.

11. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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.

12. The individuals signing below have full authority to do so by the entity on whose behalf they have signed.

13. This commencement date of this Agreement shall be the date upon which it is executed by both parties. The termination date shall be the date five years after the commencement date.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TOWN of FRANKLIN

By   
Jeffrey Nutting  
Town Administrator  
Duly Authorized

NEW ENGLAND TREATMENT ACCESS, LLC.

By:   
Executive Director  
Duly Authorized

**TOWN OF GEORGETOWN AND  
GREENBRIDGE HEALTH, INC.  
HOST COMMUNITY AGREEMENT**

THIS HOST COMMUNITY AGREEMENT (the "Agreement") is entered into this 16<sup>th</sup> day of October, 2017 by and between GreenBridge Health, Inc. a Massachusetts not-for-profit corporation and its successor in interest including, but not limited to, any for profit entity to which it may convert, with a principal address of 301 Edgewater Place, Suite 410, Wakefield, MA 01880 (collectively, "the Company"), and the Town of Georgetown, a Massachusetts municipal corporation with a principal address of One Library Street, Georgetown, MA 01833 (the "Town"), acting by and through its Board of Selectmen.

WHEREAS, the Company wishes to establish a facility solely for the cultivation and processing of cannabis and cannabis products (but not a dispensing facility) (the "Cultivation RMD") for any such purpose for which it may be licensed to do so, in the Town of Georgetown in accordance with and pursuant to Chapter 369 of the Acts of 2012 and applicable regulations, as such statute and regulations have and may be further amended by Chapter 55 of the Acts of 2017 (the "Act"), and such approvals as may be issued by the Town in accordance with its Zoning Bylaws and other applicable regulations;

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives a license to operate a Cultivation RMD in the Town from the Commonwealth of Massachusetts (the "License") and receives all required local permits and approvals, in addition to a letter of support/non-opposition from the Town; and

WHEREAS, the parties intend by this Agreement to satisfy the provisions of G.L. c.94G, Section 3(d), as established the Act, applicable to the operation of the Cultivation RMD as a cannabis cultivation and processing facility, such activities to be only done in accordance with the Act, in the Town;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company and the Town agree as follows:

1. The Company shall make payments to the Town in the amounts and under the terms provided herein (the "Funds"). The Treasurer of the Town shall hold the Funds in a separate account pursuant to G.L. c.44, §53A, or otherwise in trust, to be expended by the Board of Selectmen without further appropriation for the purpose of providing for the costs imposed upon the Town by the operation of the Cultivation RMD, such costs to include, without limitation, the health, safety, and other effects or impacts on the Town and its programs, services, personnel, and facilities, including but not limited to additional police personnel and programs. The Funds shall be used at the Town's sole discretion, at the time and in the manner as determined by the Board of Selectmen, in accordance with such purposes. Payments made to the Town hereunder in excess of allowable community impact fees as determined pursuant to

*M.A.* *AS*



G.L. c.94G, §3, if any, shall be treated as a donation to be held and used by the Town in accordance with the terms hereof, and the Company shall not contest the right of the Town to so act with respect to said funds.

2. The Company shall pay to the Town the following sums for each year this Agreement is in effect:

(a) The greater of \$200,000 or one percent (1%) of the wholesale value of marketable product produced by the Cultivation RMD in each year of operation (the "Wholesale Value"), up to a total payment of \$300,000, where Wholesale Value shall be determined by arms-length wholesale sales made by the Cultivation RMD during the year, and shall otherwise equal thirty percent (30%) of the retail value of such product as determined by the average retail sales price in Boston and Cambridge, or where such product has no retail market, by average wholesale price in that same area; and;

(b) In the event one percent (1%) of the Wholesale Value of all marketable product produced by the Cultivation RMD in one year exceeds \$300,000, an additional payment in that year equal to one-half of one percent (0.5%) of the wholesale value of all marketable product produced by the Cultivation RMD in each year not included in the calculation of payment made in subsection (a), above.

3. The Company shall submit annual financial statements to the Town on or before May 1, which shall include a certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement. Upon request, the Company shall provide the Town with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain a license for the facility.

4. The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth of Massachusetts. All records shall be retained for a period of at least seven (7) years.

5. This Agreement shall take effect on the date set forth above, and shall terminate five (5) years from the date the Cultivation RMD begins operation in the Town. At the conclusion of the term, the parties shall negotiate a new host community agreement in accordance with the Act.

6. The Company shall coordinate with the Georgetown Police Department in the development and implementation of required security measures under applicable State regulation, including but not limited to the Act. The Company will maintain a cooperative relationship with the Georgetown Police Department, including but not limited to periodic meetings to review operational concerns and communication to Georgetown Police Department of any suspicious activities on the site.

7. Subject to reasonable notice and frequency, the Company agrees to provide staff to assist in the creation and participation of Town-sponsored educational programs on public

health and drug abuse prevention, and to work cooperatively with Town public safety departments.

8. The Company will endeavor to hire qualified employees who are Town residents to the extent consistent with law and the demands of the Company's business. Company will also endeavor in a good faith, legal and non-discriminatory manner to use local vendors and suppliers when possible.

9. The Company agrees that the value of the real property of the Cultivation RMD shall be treated as taxable and the Company shall not object to or otherwise challenge the taxability of such real property, but reserves any rights it might have with respect to the valuation of same. In the event that the laws regarding the taxation of the real property upon which the Cultivation RMD is sited change so that all or a portion of said real property is exempt from taxation, the Company shall pay to the Town an amount that when added to the real property taxes assessed, if any, equals the taxes that would have been payable if the property had been assessed at full and fair cash value. The Company, to the extent that it maintains its classification as a non-profit organization pursuant to applicable Massachusetts law, shall be exempt from the payment of taxes on personal property to the same extent as similar organizations and facilities operating within the Town.

10. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining the requisite License and/or other approvals from the Commonwealth for operation of the Cultivation RMD in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate the Cultivation RMD in the Town.

11. This Agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth of Massachusetts, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Cultivation RMD to operate in the Town, or to refrain from enforcement action against the Company and/or its Cultivation RMD for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

12. This Agreement applies solely to the operations of the Cultivation RMD in accordance with the License. In no case shall the payments be reduced from the amounts specified in Section 2 of this Agreement unless necessary to comply with the Act or any other rules enacted or amended by the Commonwealth of Massachusetts.

13. The Company agrees that, notwithstanding what rights it may have or acquire, it will not sell marijuana in the Town to retail customers for medical or recreational use.

14. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet or otherwise transfer any interest in this Agreement, in whole or in part, without the prior written consent of the Town, except that the Company may freely assign or transfer this Agreement to a related for-profit entity upon written notice to the Town. The Company shall not assign or obligate any of the monies payable under this Agreement, except with the prior written consent of the Town.

15. The Company agrees to comply with all laws, rules, regulations and orders applicable to the Cultivation RMD, 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. The Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.

16. 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 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.

17. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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.

18. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

19. If the laws of the Commonwealth of Massachusetts change in a manner that creates conflict with any of the obligations to the Town set forth herein, the parties hereby bind themselves to act in good faith to amend the terms of this Agreement or to negotiate a new agreement, as appropriate, as will eliminate the conflict and best carry out the purposes and intent of this Agreement. The parties further agree to renegotiate this Agreement in the event the Commonwealth imposes a state wide excise tax on the cultivation of medical marijuana.

20. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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.

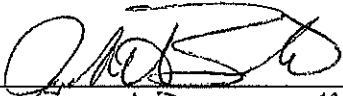
21. This Agreement shall also be null and void in the event that the Company shall not establish a Cultivation RMD in the Town or shall relocate such Cultivation RMD outside of the Town. In the case of any relocation outside of the Town, an adjustment of Funds due to the Town hereunder shall be calculated based upon the period of occupation of the Cultivation RMD within the Town, but in no event shall the Town be responsible for the return of any Funds already paid hereunder.

*[Signature Page to Follow]*

HTA 229 


IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

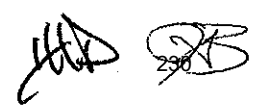
**Town of Georgetown**

By:   
Name: Joseph Bonatti  
Title: Chairman

4818-2694-7404.2

**GreenBridge Health, Inc.**

By:   
Name: Mark DeAngelis  
Title: President and Chief Executive Officer



## HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT (this "Agreement") is entered into pursuant to M.G.L. 44, §53A this August 30, 2017 by and between the TOWN OF HOLLISTON, a Massachusetts municipal corporation with a principal address of 703 Washington Street, Holliston, MA 01746 (the "Town"), and New England Cannabis Corporation (NECC), a Massachusetts nonprofit corporation with a principal address of 186 Meadowbrook Road, Weston, MA 02493 (the "Operator") (collectively, the "Parties");

WHEREAS, the Operator wishes to locate a Registered Marijuana Dispensary, a.k.a. a Medical Marijuana Treatment Center, for marijuana cultivation and processing ONLY, ("RMD") at 29 Everett Road, Holliston, MA 01746 (the "Facility") in accordance with regulations issued by the Massachusetts Department of Public Health ("DPH"), as may hereafter be supplanted or superseded by regulations, guidelines and/or protocols promulgated by the Cannabis Control Commission ("CCC"); and

WHEREAS, the Operator intends to provide certain benefits to the Town by way of gift or grant in the event that it receives from DPH a Final Certificate of Registration to operate the Facility, for marijuana cultivation and processing ONLY, or an equivalent medical use marijuana license from CCC;

NOW, THEREFORE, the Operator offers and the Town accepts the following benefits pursuant to the terms of this Agreement:

1. Annual Payment:

- (a) For the purposes of this Agreement, "Gross Sales" shall mean the total gross sales revenue from all products sold by the RMD (marijuana cultivation and processing only) originating from the Holliston facility.
- (b) The Operator shall pay to the Town an "Annual Payment", which shall be the greater of the "Minimum Payment" or the "Percentage of Gross Sales", as set forth below, with Year 1 being the first calendar year during which the RMD (marijuana cultivation and processing only) is operational:

<u>Year</u>	<u>Minimum Payment</u>	<u>Percentage of Gross Sales</u>
1	\$100,000	1.25% of Gross Sales
2	\$125,000	2.00% of Gross Sales
3	\$150,000	2.50% of Gross Sales
4	\$175,000	3.00% of Gross Sales
5	\$179,375	3.00% of Gross Sales

In no event shall the aforesaid Minimum Payment exceed 3.00% of Gross Sales, unless allowed by law.

- (c) Each Annual Payment shall be paid to the Town not later than February 1 of the calendar year succeeding that for which the payment is due.
- (d) The Operator shall be bound by the Minimum Payment and the Percentage of Gross Sales attributable to each year set forth above regardless of the year in which the RMD (marijuana cultivation and processing only) commences operations.
- (e) The Annual Payment constitutes the sole payment due to the Town of Holliston for the cultivation and processing only facility in Holliston, during Years 1 through 5 as aforesaid, foregoing participation in other modes of payment that NECC may enter into with other towns (c.g. charitable foundations, direct grants to police and fire departments); provided, however, that taxes (or payments in lieu thereof) shall be due, on sales, real property and personal property, as contemplated by or in accordance with Paragraphs 4 and 5 of this Agreement.

2. Financial Records and Audit Rights of Town:

- (a) The Operator shall submit financial records to the Town for each quarter of the calendar year, for Years 1 through 5 as referenced in Paragraph 1(b), above, due not later than April 15, July 15, October 15, and January 15 of each calendar year, with a certification of the Gross Sales for the respective quarter.
- (b) The financial records provided on or before January 15 of each year shall include a certification of the Gross Sales from the RMD (cultivation and processing only) for the previous calendar year, for purposes of determining whether the Annual Payment shall be the applicable Minimum Payment or the Percentage of Gross Sales, and for otherwise determining applicability of the requirements of this Agreement.
- (c) The Operator shall also submit to the Town copies of any additional financial records that the Operator must submit to DPH or CCC.
- (d) The Operator shall maintain its books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the DPH or CCC, as applicable. All records shall be kept for a period of at least seven (7) years.
- (e) During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense) those parts of the Operator's books and financial records which relate to the determination of the required Annual Payment and to the Operator's compliance with this Agreement. Such examinations may be

made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner as not to interfere with the Operator's normal business activities.

3. Purpose of Annual Payments: The Town, acting by and through its Board of Selectmen, may use the proceeds of each Annual Payment in its sole and absolute discretion.

4. Property Taxes:

(a) At all times during the term of this Agreement, property, both real and personal, owned or operated by the Operator shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Operator or by its landlord, and the Operator shall not challenge the taxability of such property and shall not submit an application for any statutory exemption from such taxes.

(b) Notwithstanding Section 4(a): (i) if real or personal property owned or operated by the Operator is determined to be exempt for taxation or partially exempt, 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 full value, then the 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 full assessed value and at the otherwise applicable tax rate, if there had been no abatement or exemption. The payment described in this Section 4(b) shall be in addition to the payments made by the Operator under Section 1 of this Agreement.

5. Sales Taxes: The Town reserves the right to collect sales taxes, or similar transactional taxes, from the Operator, as authorized by MGL c. 64N, § 3, upon adoption thereof by the Town, or as may be hereafter be, and to the full extent, authorized by law. The payment of any such taxes described in this Section 5 shall be in addition to the payments made by the Operator under Sections 1 and 4 of this Agreement.

6. Security: The Operator shall maintain a cooperative relationship with the Holliston Police/Fire Departments, including but not limited to attending periodic meetings to review operational concerns, cooperation in investigations, and communication with the Holliston Police/Fire Departments of any suspicious activities at the RMD (marijuana cultivation and processing facility only) site. The Operator will make available to the Police Department the same video feeds and records that are available to DPH or CCC.

7. Local Hiring: Except for senior management positions, the Operator commits to hiring local, qualified employees to the extent consistent with law and subject to available talent. In addition to the direct hiring, the Operator will work in a good faith, legal and non-discriminatory manner to hire local vendors, suppliers, contractors and builders



from the Holliston area where possible.

8. Term: The term of this Agreement shall commence on the date DPH issues a final Certificate of Registration, or CCC issues an equivalent medical use marijuana license, to NECC to operate in Holliston, and shall remain in effect until DPH or CCC revokes NECC's Certificate of Registration or equivalent medical use marijuana license to operate an RMD in Holliston, unless sooner terminated pursuant to Section 9.
9. Termination: This Agreement shall terminate at the time that either of the following conditions occur; and within ninety (90) days of the date of occurrence of such condition, the Operator shall cease operations with Holliston:
  - (a) the Town notifies the Operator of the Town's termination of this Agreement;  
or
  - (b) the Operator ceases to operate an RMD (marijuana cultivation and processing only) at the Facility in Holliston.
10. Registration Contingency: The obligations of the Operator and the Town set forth in this Agreement are contingent upon the issuance by DPH to the Operator of a Final Certificate of Registration, or of an equivalent medical use marijuana license by CCC, for the operation of a RMD (marijuana cultivation and processing only) in Holliston.
11. Compliance with Legal Requirements: The Operator shall comply with all laws, rules, regulations and orders applicable to the operation of an RMD, including the bylaws and regulations of the Town, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the operation of an RMD (marijuana cultivation and processing only). Nothing in this Agreement shall be deemed to affect, limit or control the authority of Town officials, departments, boards or commissions to exercise their respective powers and duties to decide upon and to issue or deny applicable licenses, permits and/or approvals, whatever they may be. It is expressly understood and agreed by the Town and by the Operator that, by entering into this Agreement and subsequently accepting payments and taxes hereunder, the Town makes no representations or promises whatsoever that it will act on any application for a license, permit or approval in a particular way other than in accordance with the Town's normal and regular course of conduct and pursuant to applicable rules and regulations and any statutory guidelines governing them.
12. 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 above 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.

13. Binding Effect: This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Operator shall assign or transfer any interest in the Agreement without the written consent of the other.
14. 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.
15. 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.
16. 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.
17. Severability: If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, or if any such term is so held when applied to any particular circumstance, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, or affect the application of such provision to any other circumstances, and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision were not contained in this Agreement unless one or both Parties would be substantially or materially prejudiced thereby.
18. Governing Law: This Agreement shall be governed by and construed in accordance with the substantive law of the Commonwealth of Massachusetts, without regard to the conflicts of laws provisions thereof. Any dispute arising hereunder shall be directed to the appropriate court for adjudication and may be enforced by the Town as an action for breach of contract, in equity or for any other relief as may be available to it. Should the Operator violate any of the term(s), condition(s), provision(s) or requirement(s) herein, the Town is expressly permitted to pursue preliminary or permanent injunctive relief including but not limited to immediate cessation of the Operator's operations at the Facility.
19. Entire Agreement: This Agreement, including all documents incorporated 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.

20. 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.

21. Fees, Surcharges and Taxes: Any amounts due hereunder are in addition to any fees, surcharges or taxes which may be assessed by the Town from time to time, including but not limited to application fees, building permit fees and public safety and Board of Health fees (if and as applicable).

22. Prevailing Party: Should the Town prevail in any action to enforce the provision(s) of this Agreement, it shall be awarded its attorney fees together with all costs and expenses thereof.

IN WITNESS WHEREOF, the Parties to this Agreement have hereunto set their hands and seals on the day and year first above written.

TOWN OF HOLLISTON

By its Board of Selectmen:


By: 

NEW ENGLAND CANNABIS CORPORATION

By: 

Ken Stevens, CEO

Recommended by the Town Administrator:



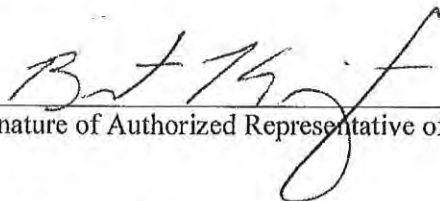
J. Jeffrey Ritter

## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).


### Applicant

I, Bret Kravitz, (*insert name*) certify as an authorized representative of RISE Holdings, Inc. (*insert name of applicant*) that the applicant has executed a host community agreement with City of Holyoke (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on May 11, 2018 (*insert date*).

  
Signature of Authorized Representative of Applicant

### Host Community

I, Alex Morse, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for Holyoke (*insert name of host community*) to certify that the applicant and Holyoke (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 05-17-18 (*insert date*).

  
Signature of Contracting Authority or  
Authorized Representative of Host Community

**HOST COMMUNITY AGREEMENT  
ADULT USE MARIJUANA ESTABLISHMENT  
LICENSE CLASS: MARIJUANA CULTIVATOR**

Upon execution by all parties, this HOST COMMUNITY AGREEMENT (the "Agreement") shall be effective as of the date signed by all parties, by and between the **CITY OF HOLYOKE** (the "CITY"), a municipal corporation with principal offices at 536 Dwight Street, Holyoke, Massachusetts 01040, acting by and through the Mayor, and **RISE HOLDINGS, INC.** whose principal office is located at 123 Main Street, Holyoke, MA 01040 (the "OPERATOR").

**WHEREAS**, the OPERATOR proposes to locate an Adult Use Marijuana Establishment (the "Establishment") in the CITY in accordance with regulations issued by the Massachusetts Cannabis Control Commission (the "CCC");

**WHEREAS**, the obligations of the OPERATOR set forth herein are specifically contingent on the OPERATOR being granted one or more Final Licenses from the CCC to operate the Establishment in the CITY (the "License") and on acquiring all required local permits and approvals; and

**WHEREAS**, the parties intend hereby to stipulate conditions and responsibilities between the CITY and the OPERATOR not covered by local zoning approval processes or CCC licensing requirements;

**NOW, THEREFORE**, in consideration of the above and in accordance with G.L. c. 94G, § 3(d), the Operator offers and the CITY accepts the Agreement as follows:

1. **Impact.** The purpose of this Agreement is to assist the CITY in addressing Community Impacts directly proportional and reasonably related to the OPERATOR. "Community Impacts" means, collectively, the following potential and actual impacts to the CITY directly related to or resulting from the construction and operation of the Establishment such as: (i) increased use of CITY services; (ii) increased use of CITY infrastructure; (iii) the need for additional CITY infrastructure, employees and equipment; (iv) increased traffic and traffic congestion; (v) increased air, noise, light and water pollution; (vi) issues related to public safety and addictive behavior; (vii) loss of CITY revenue from displacement of current businesses; (viii) issues related to education and housing; (ix) quality of life; and (x) costs related to mitigating other impacts to the CITY and its residents.
2. **Impact Fee.** In the event that the OPERATOR obtains one or more Final Licenses from the CCC and receives any and all necessary and required permits and licenses issuable by the CITY, which said permits and/or licenses allow the OPERATOR to locate, occupy, and operate one or more Adult Use Marijuana Establishments in the CITY, then the OPERATOR agrees to pay the CITY a Host Community Fee according to the following terms:
  - The OPERATOR shall pay the CITY a percentage of gross revenue from all of the OPERATOR's operations in the CITY in accordance with the following schedule:

- Three percent (**3%**) of gross revenue from all of the OPERATOR's operations in the CITY during each full Calendar Year of operations for the term of this Agreement;
  - Gross Revenue shall include the revenue from production, sales, operations, or services in the CITY pursuant to the License, to the maximum extent permitted under G.L. c. 94G, § 3(d), regardless of whether those products contain, or facilitate the use, inhalation, or ingestion of marijuana.
  - The calculation of Gross Revenue shall not include: (i) revenue from operations covered under any other Host Community Agreement between the OPERATOR and the City of Holyoke, and (ii) transactions and transfers, within the City of Holyoke, between the Establishment and any other Adult Use Marijuana Establishment operated by the OPERATOR.
  - The OPERATOR shall, within sixty (60) days from the close of the calendar year, submit a report to the CITY certifying the gross revenue for the preceding calendar year, in addition to any seed-to-sale tracking records required to be reported to the CCC under 935 CMR 500.105(8)(e) & .105(9)(c). The report shall specify the Host Community Fee as calculated under this section and shall be prepared by Certified Public Accountant in accordance with generally accepted accounting principles ("GAAP").
  - Annual payments shall be due and payable no later than ninety (90) days from the close of the calendar year.
  - In addition to the above referenced report to the CITY certifying gross revenue, the OPERATOR shall provide the CITY with an annual report detailing the following information for the preceding Calendar Year: (i) the total number of the OPERATOR's transactions in the CITY (provided same is not a privacy violation); (ii) descriptions of any incidents on-site at the Establishment operated within the CITY that required a public safety response; and (iii) other such information reasonably requested by the CITY.
3. **Impact Fund.** The CITY shall use the above-referenced payments in its sole discretion consistent with the purpose of this Agreement and in accordance with G.L. c. 94G, § 3.
  4. **Taxation.** At all times during the term of this Agreement, real property owned or operated by the OPERATOR shall be treated as taxable, and all applicable real estate and property taxes for that property shall be paid either directly by the OPERATOR or by its landlord. The OPERATOR shall not challenge the taxability of such property and shall not submit any applications for any statutory exemption from such taxes.
  5. **Abatement.** Notwithstanding Paragraph 2 above: (a) if real property owned or operated by the OPERATOR is determined to be exempt for taxation or partially exempt, or (b) 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 full, fair market value, then the OPERATOR shall pay to the CITY 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 full assessed, fair market value and at the otherwise applicable tax rate, if there had been no abatement or exemption. The payment described in this Paragraph 3 shall be in addition to the payments made by the OPERATOR under Paragraph 1 of this Agreement.

6. **Payment in Lieu of Taxation.** In the event that the OPERATOR becomes eligible for status as a charitable organization and a related decrease or elimination of real property taxes, and tax revenue from the OPERATOR's location in the CITY is reduced or eliminated, the OPERATOR will make the assessed, fair market value tax payment directly to the CITY as an additional payment under this Agreement.
7. **Hiring Commitment.** The OPERATOR commits to make good faith efforts to hire qualified Holyoke residents whenever feasible for any employment opportunities that become available. Implementation of the Commitment shall include collaborating with CareerPoint, Holyoke Works, Holyoke Community College, and other available resources within the City of Holyoke to train and/or recruit residents of Holyoke for all employment opportunities. Methods to recruit employees may include collaboration with local labor unions and other recruitment efforts, such as a neighborhood job fair, and posting of notices of opening at strategic locations, including notifying local community organizations about job opportunities. Upon commencing operations and within thirty (30) days of the start of the calendar year for each year this Agreement remains in effect, the OPERATOR will provide the CITY with an annual report for each previous year containing the following information: (1) the OPERATOR's employment level; (2) the number of Holyoke residents employed, and; (3) a description of the measures taken to fulfill this workforce hiring commitment.
8. **Public Safety Cooperation.** The OPERATOR shall comply with the conditions of any special permit issued by the City, including coordinating with the Holyoke Police Department (the "HPD") in the development and implementation of security measures, as required by the Commonwealth of Massachusetts, the CCC, and otherwise, including in determining the placement of exterior security cameras. The OPERATOR will maintain a cooperative relationship with the HPD, including but not limited to periodic meetings to review operational concerns and communication to the HPD of any suspicious activities on the site.
9. **Termination.** This Agreement shall terminate immediately at the time that any of the following occurs: the CITY notifies the OPERATOR of the CITY's termination of this Agreement for CAUSE as defined in this section; the OPERATOR or its assigns ceases to operate the Establishment in the CITY; or if the OPERATOR fails to make payments to the CITY as required under this Agreement and such failure remains uncured for ninety (90) days following written notice to the OPERATOR. CAUSE shall be defined as any instance in which the OPERATOR willfully or negligently violates any laws of the Commonwealth with respect to the operation of the Establishment, and such violation remains uncured for ninety (90) days following written notice to the OPERATOR.

10. **Binding Effect.** This Agreement is binding upon the parties hereto, their successors, assigns, and legal representatives. The Parties shall be prohibited from assigning, in whole or in part, any portion of this Agreement without the written consent of the other party which shall not be unreasonably withheld conditioned or delayed. However, in no event shall this Agreement be modified to provide for a minimum annual payment from the OPERATOR and/or the successors, assigns, and legal representatives of the OPERATOR of less than three percent (3%) of gross revenue from all of the OPERATOR's operations, unless otherwise required under the laws of the Commonwealth.
11. **Compliance.** The OPERATOR shall comply with all laws, rules, regulations and orders applicable to siting pursuant to this Agreement, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the operation of the OPERATOR's facility. The terms of this Agreement do not supersede ordinances, regulations, and site plan approvals nor do they constitute compliance with any particular regulatory requirement other than the requirement that the OPERATOR enter into a Host Community Agreement with the City pursuant to G.L. c. 94G, § 3.
12. **Re-opener.** Should the CITY enter into a Host Community Agreement with any other Adult Use Marijuana Establishment within the same license class as the OPERATOR, as defined under 935 CMR 500.050(1)(d), for siting in the City of Holyoke at material terms more favorable to the operator of that establishment than the terms of this Agreement are to the OPERATOR of this Establishment, then this Agreement shall be modified to reflect those terms. However, in no event shall this Agreement be modified to provide for a minimum annual payment from the OPERATOR of less than three percent (3%) of gross revenue from all of the OPERATOR's operations. Upon the mutual-agreement of the CITY and the OPERATOR, this Agreement may be terminated at any time.
13. **Notices.** Any and all notices, or other communications required or permitted under this Agreement shall be in writing and delivered postage prepaid mail, return receipt requested; by hand; by overnight delivery service; or by other reputable delivery services, to the Parties at the addresses set forth on the first page of this Agreement or furnished from time to time in writing hereafter by one party to the other party. Any such notices or correspondence shall be deemed given when so delivered by hand, if so mailed, when deposited with the USPS or, if sent by private overnight or other delivery service, when deposited with such delivery service.
14. **Severability.** If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal, or unenforceable, then the validity, legality, and enforceability of the remaining terms and conditions of this Agreement shall not be deemed affected thereby unless one or both of the Parties would be substantially or materially prejudiced.
15. **Choice of Law.** This Agreement shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts.



16. **Accounting.** The OPERATOR shall maintain its books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard GAAP and all applicable guidelines of the CCC. All records shall be kept for a period of at least seven (7) years.
17. **Integration.** This Agreement, including all documents incorporated therein by reference, constitutes the entire integrated agreement between the parties with respect to the matters described. This Agreement supersedes all prior agreements, negotiation and representations, either written or oral and it shall not be modified or amended except by a written document executed by the Parties hereto.
18. **Term.** Except as may otherwise be provided herein, this Agreement shall be in effect for a period of FIVE (5) YEARS from the Effective Date (the "Expiration Date"), except as may otherwise be provided herein. In the event the OPERATOR does not commence operations of the Establishment within the CITY, then this Agreement shall automatically terminate, become void and be of no further force or affect as to either party. For such time as the OPERATOR continues operations within the city, the Parties agree to negotiate a successor Host Community Agreement upon expiration of this agreement. In the event the OPERATOR ceases operations in the CITY prior to Expiration Date, this Agreement shall terminate on such date the OPERATOR ceases operations. Payments due for that Calendar Year shall be apportioned based on the number of days of operation during that quarter. The OPERATOR shall not be required to cease operations upon the Expiration Date of this Agreement unless for CAUSE as defined in Paragraph 10.
19. **Responding to the CCC.** If contacted by the CCC, the City shall promptly provide any information requested concerning the OPERATOR, including confirmation that the site of the Establishment is in a zoning district for which the operation is a permissible use, although a special permit shall be required before operations may commence.
20. **License Renewal.** Upon the request of the OPERATOR in connection with the renewal of its License, the City shall cooperate with and support the OPERATOR's obligation to provide an accounting of the financial benefits accruing to the CITY under this Agreement, as required by 935 CMR 500.103(4)(d).

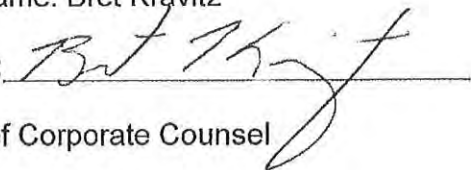
## **XII. OPERATOR INFORMATION**

1. The Provider or vendor's Name: RISE HOLDINGS, INC.
2. Contact Person: Pete Kadens
3. Telephone: 312.282.4281
4. E-mail: pkadens@gtigrows.com

IN WITNESS WHEREOF, the CITY OF HOLYOKE and RISE HOLDINGS, INC., have executed this Agreement as a sealed instrument as of the day and year the same is signed by all parties hereto, on the latest date noted below.

**RISE HOLDINGS, INC.:**


Printed Name: Bret Kravitz

Signature: 

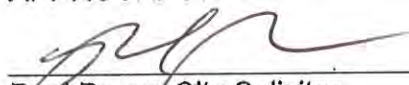
Title: Chief Corporate Counsel

Date signed: May 11, 2018

**CITY OF HOLYOKE:**

  
Alex B. Morse, Mayor  
Date signed: 5-17-18

**APPROVED AS TO FORM:**

  
Paul Payer, City Solicitor  
Date signed: 5-18-18

**LANESBOROUGH AND  
LIBERTY MARKET LLC**

**HOST COMMUNITY AGREEMENT**

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 14 day of June, 2018 by and between Liberty Market LLC, a Massachusetts Domestic Limited Liability Company and any successor(s) in interest, with a principal office address of 10 West Street, Allenstown, New Hampshire, 03275 (the "Company"), and the Town of Lanesborough, acting by and through its Board of Selectmen, in reliance upon all of the representations made herein, a Massachusetts municipal corporation with a principal address of 83 N. Main Street, P.O. Box 1492, Lanesborough, Massachusetts, 01237 (the "Town").

WHEREAS, the Company wishes to locate an Adult-Use Marijuana Retail Establishment (the "Marijuana Retail Establishment") for the retail sale of adult-use marijuana and marijuana products at a facility with 925 square feet of operation, located at 126 South Main Street, Lanesborough, Massachusetts, 01237, as shown as Assessors Map 108, Parcel 32 (the "Facility"), in accordance with and pursuant to applicable state laws and regulations, including, but not limited to 935 CMR 500.00 and such approvals as may be issued by the Town in accordance with its Zoning Bylaws and other applicable local regulations; and

WHEREAS, the Company intends to provide certain benefits to the Town if it receives the requisite licenses from the Cannabis Control Commission (the "CCC") or such other state licensing or monitoring authority, as the case may be, to operate the Marijuana Retail Establishment and receives all required local permits and approvals from the Town;

WHEREAS, the parties intend by this Agreement to satisfy the provisions of G.L. c.94G, Section 3(d), applicable to the operation of the Marijuana Retail Establishment, such activities to be only done in accordance with the applicable state and local laws and regulations in the Town;


NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Town agree as follows:

**1. Recitals**

The Parties agree that the above Recitals are true and accurate and that they are incorporated herein and made a part hereof.

**2. Annual Payments**

If the Company obtains the requisite licenses and/or approvals as may be required for the operation of a Marijuana Retail Establishment, and receives any and all necessary and required permits and licenses of the Town, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which permits and/or licenses allow the Company to

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locate, occupy and operate the Facility in Town, then the Company agrees to provide the following Annual Payments.

A. Community Impact Fee

The Company anticipates that the Town will incur additional expenses and impacts on the Town's road and other infrastructure systems, law enforcement, fire protection services, inspectional services, and permitting and consulting services, as well as unforeseen impacts on the Town. Accordingly, in order to mitigate the financial impact on the Town and use of Town resources, the Company agrees to pay an Annual Community Impact Fee to the Town, in the amount and under the terms provided herein, and as limited by G.L. c. 94G, Section 3(d).

1. Company shall annually pay an Annual Community Impact Fee in an amount equal to three percent (3%) of gross sales from marijuana and marijuana product sales at the Facility.
2. The Annual Community Impact Fee shall be paid on a quarterly basis per the Town's fiscal year (July 1- June 30), within fifteen (15) days following the close of each quarter commencing after the opening date of the Facility. The Annual Community Impact Fee for the first quarter of operation shall be prorated. The Annual Community Impact Fee payment shall continue for a period of five (5) years. At the conclusion of each of the respective five (5) year terms, the parties shall negotiate a new Annual Community Impact Fee.
3. The Town shall use the above referenced payments in its sole discretion, but shall make a good faith effort to allocate said payments to off-set costs related to road and other infrastructure systems, law enforcement, fire protection services, inspectional services, public health and addiction services and permitting and consulting services, as well as unforeseen impacts upon the Town.
4. The term "gross sales" referenced above shall mean the total of all marijuana and marijuana product sales transactions of the Facility without limitation, whether wholesale or retail, and shall include but not be limited to all sales occurring at the Facility, including the sale of medical marijuana, marijuana infused products, paraphernalia, and any other products sold by the Facility.

B. Annual Community Benefit Payments

In addition to the Annual Community Impact Fee, the Company shall additionally pay an Annual Community Benefit Payment in accordance with the following:

1. Annual Community Benefit Payments: For as long as the Facility is in operation, the Company shall pay to the Town the sum of 2% of quarterly revenue provided, further, that:

*Handwritten:*  
②  
6/14/18

- a. The Annual Community Benefit Payment shall be paid on a quarterly basis per the Town's fiscal year (July 1- June 30), within fifteen (15) days following the close of each quarter commencing after the opening date of the Facility. The Annual Community Benefit Payment for the first quarter of operation shall be prorated.
- b. In no event shall the Annual Community Benefit Payments ever be decreased.
- c. The parties hereby recognize and agree that the Annual Community Benefit Fee to be paid by the Company shall not be deemed an impact fee subject to the requirements or limitations set forth in G.L. c.94G, §3(d).

C. Additional Costs, Payments and Reimbursements

1. Permit and Connection Fees: The Company hereby acknowledges and accepts, its obligations to pay the Town's building permit 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.
2. 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, negotiation of this and any other related agreements, and any review concerning the Facility, including planning, engineering, legal and/or environmental professional consultants and any related reasonable disbursements at standard rates charged by the above-referenced consultants in relation to the Facility. This fee obligation excludes any Town legal fees, which the Company has agreed to pay.
3. Other Costs: The Company shall reimburse the Town for the actual 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.
4. Late Payment Penalty: The Company acknowledges that time is of the essence with respect to their timely payment of all funds required under Section 2 of this Agreement. In the event that any such payments are not fully made with ten (10) days of the date they are due, the Company shall be required to pay the Town a late payment penalty equal to five percent (5%) of such required payments.

D. Annual Reporting for Host Community Impact Fees and Benefit Payments

The Company shall submit annual financial statements to the Town within thirty (30) days after June 30 of each year, the close of the Town's fiscal year, with a certification of its annual sales. The Company shall maintain books, financial records, and other compilations of data pertaining

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to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the CCC. All records shall be kept for a period of at least seven (7) years. Upon request by the Town, the Company shall provide the Town with the same access to its financial records (to be treated as confidential, to the extent allowed and required by law) as it is required by the CCC and Department of Revenue for purposes of obtaining and maintaining a license for the Facility

During the term of this Agreement and for three (3) years following the termination of this Agreement the Company shall agree, upon request of the Town to have its financial records examined, copied and audited by an Independent Financial Auditor, the expense of which shall be borne by the Company. The Independent Financial Auditor shall review the Company's financial records for purposes of determining that the Annual Payments are in compliance with the terms of this Agreement. Such examination shall be made not less than thirty (30) days following written notice from the Town and shall occur only during normal business hours and at such place where said books, financial records and accounts are maintained. The Independent Financial Audit shall include those parts of the Company's books and financial records which relate to the payment, and shall include a certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement. The independent audit of such records shall be conducted in such a manner as not to interfere with the Company's normal business activities.

### **3. Local Vendors and Employment**

To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company will make every effort in a legal and non-discriminatory manner to give priority to local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire Town residents. Such efforts shall include actively soliciting bids from Town vendors through local advertisements and direct contact, advertising any job expansion or hiring of new permanent full-time employees first to Town residents. The Company also agrees to make reasonable efforts to utilize women-owned and minority-owned vendors within the Town.

### **4. Local Taxes**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company and the Company shall not object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption. Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by the Company 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 the Company 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 the Company shall pay to the Town

6/14/18

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 the Company under Section 2 of this Agreement.

#### **5. Security**

To the extent requested by the Town's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the Town's Police Department in determining the placement of exterior security cameras.

The Company agrees to cooperate with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures.

To the extent requested by the Town's Police Department, the Company shall work with the Police Department to implement a reasonable and comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Establishment.

#### **6. Additional Obligations**

The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining a CCC license for operation of Facility in Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate the Facility in Town.

This agreement does not affect, limit, or control the authority of Town boards, commissions, committees, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments or to enforce said statutes, bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Facility to operate in Town, or to refrain from enforcement action against the Company and/or its Facility for violation of the terms of said permits and approvals or said statutes, bylaws, and regulations.

#### **7. Re-Opener/Review**

The Company or any "controlling person" in the Company, as defined in 935 CMR 500.02, shall be required to provide to the Town notice and a copy of any other Host Community Agreement entered into for any establishment in which the Company, or any controlling person in the Company, has any interest and which is licensed by the CCC as the same type of establishment as the entity governed by this agreement.

  
6/14/18

In the event the Company or any controlling person enters into a Host Community Agreement for a Marijuana Retail Establishment with another municipality in the Commonwealth that contains financial terms resulting in payments of a Community Impact Fee and Annual Community Benefit Payment totaling a higher percentage of gross sales for the same type of establishment than the Company agrees to provide the Town pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the Town equivalent or superior to those provided to the other municipality.

#### **8. Support**

The Town agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, the required certifications relating to the Company's application for a license to operate the Facility where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any zoning application submitted for the Facility, in any particular way other than by the Town normal and regular course of conduct and in accordance with its rules and regulations and any statutory guidelines governing them.

#### **9. Term**

Except as expressly provided herein, this Agreement shall take effect on the date set forth above, and shall be applicable for as long as the Company operates the Facility in the Town.

#### **10. Successors/Assigns**

The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the Town, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the Town and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign, sublet, or otherwise transfer any interest in the Agreement without the written consent of the other.

Events deemed an assignment include, without limitation: (i) Company's final and adjudicated bankruptcy whether voluntary or involuntary; (ii) the Company's takeover or merger by or with any other entity; (iii) the Company's outright sale of assets and equity, majority stock sale to another organization or entity for which the Company does not maintain a controlling equity interest; (iv) or any other change in ownership or status of the Company; (v) any assignment for the benefit of creditors; and/or (vi) any other assignment not approved in advance in writing by the Town.

#### **11. Notices**

Any and all notices, consents, demands, requests, approvals or other communications required or permitted under this Agreement, shall be in writing and delivered by hand or mailed postage

6/14/18



prepaid, return receipt requested, by registered or certified mail or by other reputable delivery service, and 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.

To the Town:           Town Manager  
                              Newton Memorial Town Hall  
                              83 North Main Street  
                              P.O. Box 1492  
                              Lanesborough, MA 01237

To the Company:       Liberty Market, LLC  
                              CEO Kenneth Crowley  
                              10 West Street  
                              Allenstown, NH, 03275

**12. Severability**

If any term of condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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 the Town would be substantially or materially prejudiced. Further, the Company agrees that it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement.

**13. Governing Law**

This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

**14. Entire Agreement**

This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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.

**15. Amendments/Waiver**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.

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## **16. Headings**

The article, section, and/or paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

## **17. Counterparts**

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

## **18. Signatures**

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

## **19. 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.

## **20. Nullity**

This Agreement shall be null and void in the event that the Company does not locate a Marijuana Retail Establishment in the Town or relocates the Facility out of the Town. Further, in the case of any relocation out of the Town, the Company agrees that an adjustment of Annual Payments due to the Town hereunder shall be calculated based upon the period of occupation of the Facility within the Town, but in no event shall the Town be responsible for the return of any funds provided to it by the Company.

## **21. Indemnification**

The Company shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the Town, their agents, departments, officials, employees, insurers and/or successors, by any third party arising from or relating to the development of the Property and/or Facility. Such indemnification shall include, but shall not be limited to, all reasonable fees and reasonable costs of attorneys and other reasonable consultant fees and all fees and costs (including but not limited to attorneys and consultant fees and costs) shall be at charged at regular and customary municipal rates, of the Town's choosing incurred in defending such claims, actions, proceedings or demands. The Company agrees, within thirty (30) days of written notice by the Town, to reimburse the Town for any and all costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

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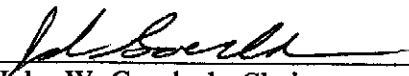
**22. Third-Parties**

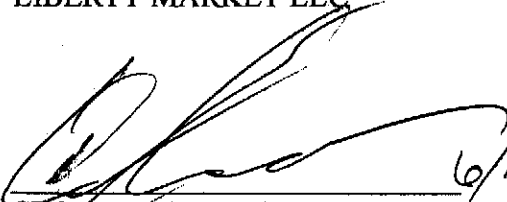
Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Town or the Company.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.


TOWN OF LANESBOROUGH,  
By and through its Board of Selectmen,

LIBERTY MARKET LLC

  
\_\_\_\_\_  
John W. Goerlach, Chair

 6/14/18  
\_\_\_\_\_  
CEO Kenneth Crowley,  
On behalf of Liberty Market LLC

  
\_\_\_\_\_  
Robert Ericson

  
\_\_\_\_\_  
Henry Sayers

638690v3/LANE/0001

Ⓜ  
6/14/18

**TOWN OF LITTLETON**  
**AND SANCTUARY MEDICINALS, INC.**  
**HOST COMMUNITY AGREEMENT**

3rd THIS HOST COMMUNITY AGREEMENT (“AGREEMENT”) is entered into this day of November 2016 by and between Sanctuary Medicinals Inc., a Massachusetts not-for-profit corporation with a principal office address of 109 State Street, Boston, MA 02109 (“the Company”), and the Town of Littleton, a Massachusetts municipal corporation with a principal address of 37 Shattuck St, Littleton, MA 01460 (“the Town”), acting by and through its Town Administrator.

WHEREAS, the Company wishes to locate a Registered Marijuana Dispensary (“RMD”) cultivation facility (but not a dispensary) at 234 Taylor Street (Assessors Map R09-34-0), Littleton, MA, in accordance with regulations issued by the Commonwealth of Massachusetts Department of Public Health (“DPH”); and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives a license from the DPH to operate an RMD cultivation facility (the “DPH License”) and receives all required local permits and approvals;

NOW THEREFORE, in consideration of the provisions of the agreement, the Company offers and the Town accepts this Agreement in accordance with G.L c.44, §53A, and the Company and the Town agree as follows:

1. The Company agrees to make a donation to the Town, in the amount and under the terms provided herein (the “Funds”). The treasurer of the Town shall hold the Funds in a separate gift account, to be expended by the Board of Selectman without further appropriation pursuant to G.L. c.44, §53A, for the purpose of addressing the potential health, safety, and other effects or impacts of the RMD cultivation facility on the Town and on municipal programs, services, personnel, and facilities. The Funds shall be used at the Town’s sole discretion, as determined by the Board of Selectmen.
2. The Company shall pay the Town the Annual Payment for each year it operates in the Town. The “Annual Payment” shall be paid to the Town in two installments at six-month intervals commencing six (6) months from the date the company receives a certificate of occupancy from the Littleton Building Inspector and any other permit or permission issued by the Town of Littleton necessary to operate a cultivation facility. The “Annual Payment” shall be paid according to the following schedule:

*JS*

*KB*

- a. The company shall pay the sum of Fifty Thousand and 00/100 Dollars (\$50,000.00) in the first and second year of operations.
  - b. The Company shall pay the sum of Seventy Five Thousand and 00/100 Dollars (\$75,000.00) in Third and Fourth year of operations.
  - c. The Company shall pay the sum of One Hundred Thousand and 00/100 Dollars (\$100,000.00) in the fifth and succeeding years of operations.
3. The Company, in addition to any funds specified herein, shall annually contribute to public local charities in the Town an amount no less than Five Thousand Dollars (\$5,000.00), said charities to be determined by the Company in its reasonable discretion.
4. The Company agrees to provide no less than 150 man hours yearly to participate in community service activities including but not limited to; Town-sponsored educational programs on public health and drug abuse prevention, senior assistance, community cleanup, veteran's assistance.
5. The provisions of this agreement shall be applicable as long as the Company operates a RMD cultivation facility at 234 Taylor Street (Assessors Map R09-34-0), Littleton, MA, or a location within the designated RMD zone in Littleton, MA, pursuant to a license issued by DPH, subject to the provisions of Paragraph 11, below.
6. The Company agrees to work cooperatively with Town public safety departments.
7. At all times during the term of this agreement, real estate taxes for the property at which the RMD is operated will be paid either directly by the Company or by its landlord and the Company will not seek a non-profit exemption from paying such taxes.
8. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining the DPH license for operation of a RMD cultivation facility in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate a RMD cultivation facility in the Town.
9. This agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the RMD cultivation facility to operate in the Town, or to refrain from enforcement action against the

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Company and/or its RMD cultivation facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

10. The Company shall not assign, sublet, or otherwise transfer this Agreement, in whole or in part, without the prior written consent from the Town, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the Town.
11. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign or transfer any interest in the Agreement without the written consent of the other.
12. Acknowledging that the Town will benefit from the creation of jobs for its residents, the Company agrees that jobs created at the RMD will be taken by, or made available to Town of Littleton residents.
13. The Company agrees to comply with all laws, rules, regulations and orders applicable to the RMD cultivation 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. The Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.
14. 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 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 within the U.S. Postal Service or, if sent by private overnight or other delivery service, when deposited within such delivery service.
15. If any term of condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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.
16. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

JS

KB

17. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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.
18. This agreement shall terminate immediately in the event that the Town obtains approval to charge a local excise tax on revenue relating to the Company's sale of the marijuana cultivated within the town.
19. This Agreement shall also be null and void in the event that the Company shall not locate a RMD cultivation facility in the Town or shall relocate such RMD cultivation facility out of the Town. In the case of any relocation out of the Town, an adjustment of funds due to the Town hereunder shall be calculated based upon the period of occupation of the RMD cultivation facility within the Town, but in no event shall the Town be responsible for the return of any funds provided to it by the Company.
20. The Company begins to cultivate marijuana for purposes beyond those purposes specifically allowed by DPH as of the date of this Agreement the Company will pay an additional sum of Ten Thousand and 00/100 Dollars (\$10,000.00) per year to the Town in two installments at six-month intervals.
21. The Town and the Company agree to reopen this Agreement five years from the date of execution, and at intervals of every five years thereafter, to consider any changed circumstances that impact either party and to renegotiate the sums paid to the Town; provided, however, that the sums to be paid shall not be reduced below the amount set forth herein and shall not be increased at any one time by more than five percent of the then applicable annual payment.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TOWN OF LITTLETON

By: Keith A. Bergman

Its: Town Administrator

SANCTUARY MEDICINALS, INC.

By: Jason A. Sidman

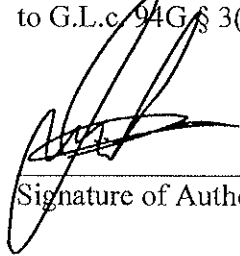
Its: Chief Executive Officer

## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

### Applicant

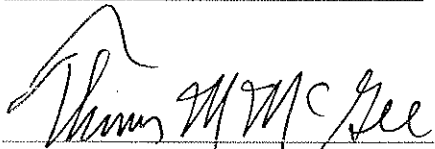
I, Joseph Lekach, (*insert name*) certify as an authorized representative of Massachusetts Patient Foundation, Inc (*insert name of applicant*) that the applicant has executed a host community agreement with the City of Lynn (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on August 14, 2018 (*insert date*).



Signature of Authorized Representative of Applicant

### Host Community

I, Thomas M. McGee, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for the City of Lynn (*insert name of host community*) to certify that the applicant and the City of Lynn (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on August 14, 2018 (*insert date*).

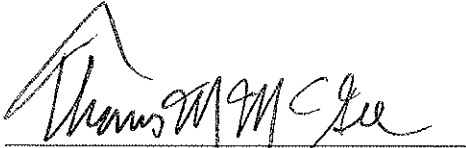


Signature of Contracting Authority or  
Authorized Representative of Host Community



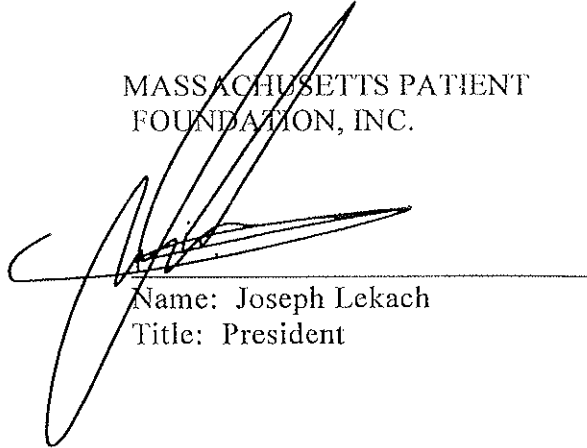
IN WITNESS WHEREOF, the Parties hereto have duly executed this Host Community Agreement on the date set forth above.

CITY OF LYNN

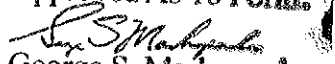


Name: Thomas M. McGee  
Title: Mayor

MASSACHUSETTS PATIENT  
FOUNDATION, INC.



Name: Joseph Lekach  
Title: President

Approved As To Form:   
George S. Markopoulos  
City Solicitor

**MASSACHUSETTS PATIENT FOUNDATION, INC.,**  
**HOST COMMUNITY AGREEMENT FOR THE SITING OF A MEDICAL**  
**MARIJUANA TREATMENT CENTER AND/OR AN ADULT-USE MARIJUANA**  
**ESTABLISHMENT IN THE CITY OF LYNN**

This Host Community Agreement (the "**Agreement**") is entered into this \_\_\_\_ day of August, 2018 (the "**Effective Date**") by and between the City of Lynn, acting by and through its Mayor, with a principal address of Mayor's Office, 3 City Hall Square, Lynn, MA 01901 (hereinafter the "**City**") and Massachusetts Patient Foundation, Inc. with a principal office address of 36 Glen Avenue, Newton, MA 02459 (hereinafter the "**Company**") (City and Company, collectively the "**Parties**").

**RECITALS**

WHEREAS, Company intends to locate a licensed Medical Marijuana Treatment Center ("**MMTC**") at 487-491 Lynnway, Lynn, MA 01905 (hereinafter the "**Facility**") for the dispensing of medical marijuana in accordance with State and Local Law;

WHEREAS, when permitted under Local and State Law, Company intends to locate a licensed, adult-use, Recreational Retail Marijuana Establishment ("**RME**") at the Facility in accordance with State Law and Local Law;

WHEREAS, Company desires to provide community impact fee payments to the City pursuant to M.G.L. c. 94G, § 3(d), and any successor statutes and regulations, in order to address any reasonable costs imposed upon the City by Company's operations in the City; and

WHEREAS, the City supports Company's intention to operate a MMTC for the dispensing of medical marijuana and a RME for the retail sale of recreational, adult-use marijuana in the City at the Facility.

WHEREAS, the Parties intend by this Agreement to satisfy the provisions of M.G.L. c. 94G, §3(d), applicable to the operation of a MMTC and a RME in the City;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Parties agree as follows:

**AGREEMENT**

- 1. Community Impact.** In order to mitigate the possible financial impact upon the City and use of the City's resources, the Company agrees to make a donation or donations to the City, in the amounts and under the terms provided herein (the "**Annual Payments**"). The purpose of this Agreement is to assist City in addressing Community Impacts directly proportional and reasonably related to the Company. "Community Impacts means, collectively, the following potential and actual impacts to the City directly relating to or resulting from the construction and operation of the RME such as (i) increased use of City services; (ii) increased use of City infrastructure; (iii) the need for additional City

infrastructure, employees and equipment; (iv) increased traffic and traffic congestion; (v) increased air, noise, light and water pollution; (vi) issues relating to public safety and addictive behavior; (vii) loss of City revenue from displacement of current businesses; (viii) issues related to education and housing; (ix) quality of life; and (x) costs related to mitigating other impacts to the City and its residents.

## 2. Host Community Payments.

- a. **Commencement Payment.** Upon execution of this Agreement, the Company will make a payment to the City in the amount of \$100,000 (the "**Commencement Payment**"). The Commencement Payment will be a one-time payment and shall be credited toward any MMTC Payments which become due under sub-paragraph 2.b. hereunder.
- b. **MMTC Annual Payments.** In the event that Company obtains a Final Certificate of Registration, or such other license and/or approval as may be required under State Law, for the operation of a MMTC from the Massachusetts Department of Public Health ("**DPH**") or the Cannabis Control Commission ("**CCC**") or such other state licensing or monitoring authority, as the case may be (each a "**Licensing Authority**," collectively the "**Licensing Authorities**"), and receives all required approvals from the City to operate a MMTC, then Company agrees to make the following Annual Payments to the City:
  - i. The Company shall make annual payments to the City in an amount equal to three percent (3%) of the gross annual sales of medical marijuana ("**Medical Marijuana**") at the Facility (the "**MMTC Payment**"). Gross Revenue shall include the revenue from production, sales, operations, or services in the CITY pursuant to the License, to the maximum extent permitted under G.L. c. 94G, § 3(d), regardless of whether those products contain, or facilitate the use, inhalation, or ingestion of marijuana.
  - ii. The Company shall, within sixty (60) days from the close of the calendar year, submit a report to the City certifying the gross revenue for the preceding calendar year, in addition to any seed-to-sale tracking records required to be reported to the CCC under 935 CMR 500.105(8)(e) & .105(9)(c). The report shall specify the Host Community Fee as calculated under this section and shall be prepared by Certified Public Accountant in accordance with generally accepted accounting principles ("**GAAP**").
  - iii. The initial MMTC Payment shall be due on the first day of the fourteenth (14th) month following the date that the Company begins dispensing Medical Marijuana to qualifying patients and their caregivers at the Facility (the "**Initial MMTC Payment**").

- iv. Subsequent MMTC Annual Payments shall be due on each anniversary date of the Initial MMTC Payment for the term of the Agreement.
  - v. In addition to the above referenced report to the City certifying gross revenue, the Company shall provide the City with an annual report detailing the following information for the preceding Calendar Year: (i) the total number of the Company's transactions in the City (provided same is not a privacy violation); (ii) descriptions of any incidents on-site at the Establishment operated within the City that required a public safety response; and (iii) other such information reasonably requested by the City.
- c. **RME Annual Payments.** In the event that Company obtains a license, or any other such license/or approval as may be required under State Law, for the operation of a RME in the City from the CCC or any other such state licensing or monitoring authority, as the case may be, and receives all required approvals from the City to operate a RME, then Company agrees to the following:
- i. The Company shall make annual payments to the City in an amount equal to three percent (3%) of the gross annual sales of recreational marijuana and recreational marijuana products (collectively "**Recreational Marijuana**") at the Facility (the "**RME Payment**").
  - ii. The initial RME Payment shall be due on the first day of the fourteenth (14th) month following the date that the Company begins retail sales of adult-use marijuana in the City (the "**Initial RME Payment**").
  - iii. Subsequent RME Annual Payments shall be due on each anniversary date of the Initial RME Payment for the term of the Agreement.
  - iv. With regard to any year of operation for the Facility which is not a full calendar year, the applicable Annual Payments shall be pro-rated accordingly.
  - v. In the event of a relocation out of the City, an adjustment of the Annual Payment due to the City hereunder shall be calculated based on the period of occupation of the Facility with the City, but in no event shall the City be responsible for the return of any Annual Payment or portion thereof already provided to the City by the Company.

**3. Notifications and Accounting.** Company shall notify the City when it commences sales at the Facility and shall submit annual financial statements to the City to prove the payment amounts at such time as it makes the payments described in Paragraph 2. The company shall submit annual financial statements to the City on or before May 1, which shall include certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement, in addition to a copy of

its annual filing as a non-profit, if any, to the Massachusetts office of Attorney General. Upon request, the Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain a license for the Facility.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth of Massachusetts. All records shall be retained for a period of seven (7) years.

- 4. Term and Termination.** The Term of this Agreement shall be five (5) years from the Effective Date (the "**Term**"). This Agreement shall automatically terminate at the end of the Term. In the event Company ceases all operations in the City, this Agreement shall become null and void, except that the Company shall make any payments owed to the City under Paragraph 2 above through the date of termination of the operation. In the event Company loses or has its license(s), approvals, and/or permits to operate in the City revoked by the relevant Licensing Authority(ies) or the City, this Agreement shall become null and void. The City may terminate this Agreement at any time during the Term of this Agreement. The Company shall not be required to cease operations following the termination of this Agreement. The Parties shall agree to renegotiate or renew this Agreement prior to the end of the Term.
- 5. Re-Opener/Review.** In the event that the Company enters into a host community agreement for a MMTTC and/or RME with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided in the other municipality.
- 6. Payments.** The Company shall make the Annual Payments to the City as set forth in Sections 1 and 2 of this Agreement. While the City has the sole discretion for determining how to spend the MMTTC Payment(s) and/or RME Payment(s) (the "**Payments**"), the Treasurer of the City shall hold the Annual Payments in a separate fund, to be expended without further appropriation pursuant to G.L. c. 44, §53A, or otherwise in trust, for the purposes of addressing the potential health, safety, and other effects or impacts of the Facility on the City and on municipal programs, services, personnel, and facilities. While the purpose of this payment is to assist the City in addressing any public health, safety, and other effects or impacts the Facility may have on the City and on municipal programs, services, personnel, and facilities, the City may expend the Annual Payments at its sole and absolute discretion. The City understands and acknowledges that, as required by M.G.L. c. 94G, § 3(d), the Payments shall be reasonably related to the costs imposed upon the City by Company's operation of a MMTTC and/or a RME in the City. Furthermore, the City understands and acknowledges that, pursuant to M.G.L. c. 94G, § 3(d), any cost to the City imposed by Company's operation of a MMTTC and/or a RME in the City shall be documented and considered a public record pursuant to MA Law.

- 6. Operating Buffer.** The City agrees that during the Term of this Agreement it will not permit any Marijuana Establishment as defined in M.G.L. c. 94G Section 1, other than Olde World Remedies, Inc., to operate within five hundred (500) feet of the Facility without the written consent of Company.
- 7. Acknowledgements.** The City understands and acknowledges that Payments due pursuant to this Agreement are contingent upon the Company's receipt of all state and local approvals to operate a MMTC at the Facility and a RME in the City. In the event that Company is only able to obtain State and local approvals for the operation of a MMTC, but not a RME, in the City, the City acknowledges and agrees that the payments due under this Agreement shall be solely based on Company's gross sales of Medical Marijuana in the City. In the event that Company is only able to obtain State and local approvals for the operation of a RME, but not a MMTC, in the City, the City acknowledges and agrees that the payments due under this Agreement shall be solely based on Company's gross sales of adult-use marijuana in the City.
- 8. Local Taxes.** At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.
- 9. Other Payments.** The Company anticipates that it will make purchases of water, and sewer from governmental entities. Company will pay and all fees associated with the local permitting of the facility. If the City receives other payments from the Company (other than additional voluntary payments made by the Company), or from the Department of Revenue or any other source, the funds will have been collected by assessment against the Company, including but not limited to taxes impose by the legislature of the Commonwealth of Massachusetts, or mandate from the City for said payments, the amounts due from the Company to the City under the terms of this Agreement shall not be reduced by the amount of such other payments.
- 10. Community Support and Additional Obligations.**

- a. Local Vendors — to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, 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 and services called for in the construction, maintenance, and continued operation of the Facility.
- b. Employment/Salaries — except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Company shall use good faith efforts in a legal and non-discriminatory manner to give priority to hire qualified residents of the City as employees of the Facility.
- c. The Company shall, at least annually, provide the City with copies of all reports submitted to the Licensing Authority(ies) regarding Company's operations at the Facility.
- d. The Company will work cooperatively with all necessary municipal departments, boards, commissions, and agencies ensure that Company's operations are compliant with all of the City's codes, rules, and regulations.
- e. The Company will maintain its premises in a neat and tidy condition and conduct its operations in a businesslike and professional manner, with due regard for the interests of this community.
- f. If contacted by a representative of the Municipality, the Company shall make best efforts to respond immediately and substantively, and shall always respond in a reasonable amount of time;
- g. The Company shall maintain its marijuana establishment license in good standing with the CCC and comply with all applicable CCC regulations;
- h. The Company shall comply with any and all conditions imposed by local zoning authorities;
- i. The Company shall take strong precaution to prevent of sales of marijuana to persons under the age of 21.

**11. Application Support.** The City agrees to submit to the Cannabis Control Commission, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a Certificate to operate the Facility, where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct and in accordance with their rules and regulations and any statutory guidelines governing them. The City agrees to use reasonable efforts to work with Company, if

approved, to help assist the Company on their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Ordinances of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Ordinances, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Facility to operate in the City, or to refrain from enforcement action against the Company and/or the Facility for violation of the terms of said permits and approvals or said statutes, Ordinance, and regulations.

**12. Security.** Company shall maintain security at the Facility in accordance with a security plan presented to the City and approved by the Licensing Authority(ies). In addition, Company shall at all times comply with State Law and Local Law regarding security of the Facility. The Company further agrees:

- a. Company shall maintain security at the Facility at least in accordance with the security plan presented to the City and approved by the Cannabis Control Commission, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Facility and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the Cannabis Control Commission, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City'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 Facility is located.
- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures.
- d. To the extent requested by the City's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Facility. Such plan shall include, but is not limited to, (i) training



the Company employees to be aware of, observe, and report any unusual behavior in authorized visitors or other Company employees that may indicate the potential for diversion; and (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Facility.

- e. Company shall promptly report the discovery of the following to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**13. Governing Law.** This Agreement shall be governed and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principals of conflicts of law thereof. The parties expressly waive any defense to enforcement based upon nonconformance with federal law regarding the illegality of marijuana.

**14. Amendments/Waiver.** Amendments or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all Parties, prior to the effective date of the amendment.

**15. 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.

**16. Successors/Assigns.** This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. The City shall not assign or transfer any interest or obligations in this Agreement without the prior written consent of the Company, which shall not be unreasonably delayed, conditioned, or withheld. The Company shall not assign or transfer any interest or obligation under this Agreement without the prior written consent of the City, which shall not be unreasonably delayed, conditioned, or withheld.

**17. Entire Agreement.** This Agreement 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.

**18. Council Acceptance Required.** The parties acknowledge that the terms of this Agreement are expressly conditioned upon the approval of the Lynn City Council.

**19. Local Permitting.** The parties acknowledge that payments pursuant to the operation of the RME under this agreement are specifically contingent upon the Company obtaining a Special Permit for the RME from the Lynn City Council.

**20. Notices.** Except as otherwise provided herein, any notices under this Agreement shall be in writing and addressed as follows:

To the City:

Mayor's Office  
Lynn City hall  
3 City Hall Square  
Lynn, MA 01901  
Attention: Thomas M. McGee Mayor

To the Company:

Massachusetts Patient Foundation, Inc.  
36 Glen Avenue  
Newton, MA 02459

**\* \* SIGNATURE PAGE TO FOLLOW \* \***

PhytoTherapy, Inc.

Host Community Agreement  
Marijuana Cultivation & Processing Facility  
Medway, Massachusetts

This Host Community Benefit Agreement is entered into this 7th day of May, 2018 (the "Agreement") by and between PhytoTherapy, Inc., with a principal office address of 25 Newbury Street, Peabody, MA 01960 ("OPERATOR") and the Town of Medway, a Massachusetts municipal corporation with a principal address of 155 Village Street, Medway, Massachusetts 02053 ("TOWN").

WHEREAS, OPERATOR intends to locate (a) a Registered Marijuana Dispensary cultivation and processing facility, which shall be construed to include a Medical Marijuana Treatment Center operated by the Operator at the PROPERTY and the terms of the Agreement shall remain applicable thereto regardless of how such facility may be characterized under applicable law, including but not limited to G.L. c.94G, G.L. c.94C, App. 1-17, and An Act for the Humanitarian Use of Marijuana, Chapter 269 of the Acts of 2012, subject to the registration and/or licensing process required by the Department of Public Health ("DPH") or CCC or any other state entity ("RMD"), and (b) a Marijuana Cultivator and Marijuana Product Manufacturer, as those terms are defined in G.L. c.94G, §1 and 935 CMR 500.00 (together, the Marijuana Cultivator and Marijuana Product Manufacturer are referred to herein as the "MARIJUANA ESTABLISHMENT"), at 6 Industrial Park Road, Medway (the "PROPERTY"); and

WHEREAS, the obligations of OPERATOR and the TOWN recited herein are specifically contingent upon OPERATOR obtaining: (a) either (i) a Final Certificate of Registration for operation of a RMD in the TOWN from the Department of Public Health ("DPH"), or (ii) a license to operate a MARIJUANA ESTABLISHMENT in the Town from the Cannabis Control Commission ("CCC"); and (b) zoning and building department approvals for construction and operation of a RMD and/or a MARIJUANA ESTABLISHMENT from the TOWN; and

WHEREAS, OPERATOR has obtained a letter of non-opposition from the TOWN for the siting and operation of a RMD in the TOWN; and

WHEREAS, the TOWN does not oppose the siting and operation of the facility at 6 Industrial Park Road for cultivation of recreational (non-medical) marijuana to be distributed to retail sales facilities outside and beyond the Town of Medway, and TOWN and OPERATOR both agree and stipulate that this Agreement shall also apply to the operation of a MARIJUANA ESTABLISHMENT (but not a marijuana retailer as defined in G.L. c.94G, §1); and

WHEREAS, OPERATOR intends to provide certain benefits to the TOWN in the event that OPERATOR obtains a Final Certificate of Registration or equivalent license to operate a RMD or a Final Certificate of Registration or equivalent license for the operation of a MARIJUANA ESTABLISHMENT from the CCC in the TOWN and has received all state and local approvals, and begins providing marijuana for medical use to patients, their caregivers, the public, or other RMDs; and

WHEREAS, OPERATOR and the TOWN agree that benefits provided by the OPERATOR to the Town herein represent a full commitment to the Community and shall not necessitate an additional agreement in the event that marijuana cultivation and production operations commence for non-medical purposes as contemplated, allowed and limited hereunder and further agree that this Agreement is executed pursuant to M.G.L. c. 94G, §3(d).

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NOW, THEREFORE, in consideration of the above, OPERATOR offers the TOWN and the TOWN accepts this Host Community Agreement in accordance with G.L. c.44, §53A and G.L. c.94G, §3(d):

1. In the event that OPERATOR obtains a Final Certificate of Registration from DPH for the operation of a RMD cultivation and processing facility in the TOWN and/or a License for the operation of a MARIJUANA ESTABLISHMENT and receives any and all necessary and required permits and licenses issuable by the TOWN, which said permits and/or licenses allow OPERATOR to locate, occupy and operate the RMD cultivation and processing facility and/or a MARIJUANA ESTABLISHMENT in the TOWN or in any other manner commences growing operations on the PROPERTY, then OPERATOR agrees to provide the TOWN with the following:

a. Four annual payments of eighty-five thousand dollars (\$85,000) to be used by the Town for the following community benefits:

- Medway Public Schools Playground & Recreational Enhancements program, with said gift paid on August 1, 2019;
- Medway Energy Efficiency Enhancements, including the provision of electric vehicle charging stations on municipal property, and/or electric vehicle(s), with said gift paid on August 1, 2020;
- Medway Public Safety Communications Improvements, with said gift paid on August 1, 2021; and
- Medway Affordable Housing Enrichment Program, with said gift paid on August 1, 2022.

b. In addition to the items listed in Paragraph 1(a) above, the OPERATOR shall pay to the Town of Medway an annual sum of one hundred eighty thousand dollars (\$180,000), paid annually on each August 1 commencing on August 1, 2019, however the fifth-year payment shall be due on May 1, 2023. Said payments are anticipated by the TOWN to be allocated as follows for the purpose of reimbursing the Town for the costs and expenses generally implicated as a result of the location in the Town of a RMD or MARIJUANA ESTABLISHMENT, or both:

- \$10,000 for Medway Council On Aging Health & Wellness programming;
- \$25,000 for Medway Public Schools Student Health & Wellness and substance abuse avoidance programming;
- \$15,000 for Medway Community Farm agricultural enhancement initiatives;
- \$25,000 for Medway Public Safety (Police & Fire) Training programs;
- \$25,000 for Medway Police Impaired Driver & Traffic Safety Enforcement efforts;
- \$35,000 for Medway Emergency Medical Services service delivery efforts;
- \$10,000 for Medway Pedestrian Safety (DPS) programs; and
- \$35,000 for general Medway Municipal Operations programming.

It is agreed that the TOWN shall be responsible for assigning these funds to programs and services it deems are consistent with the categories listed above.

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2. Notwithstanding the provisions of Paragraph 1, at all times during the term of this Agreement, real property, owned or operated by OPERATOR shall be treated as taxable, and all applicable real estate and personal property and excise taxes for that property shall be paid either directly by OPERATOR or by its landlord. OPERATOR shall not challenge the taxability of such property and shall not submit an application for any statutory exemption from such taxes, except to ensure that the property is assessed at the fair cash value of such property as described in G.L. c.59 §38.
3. Notwithstanding Paragraph 2 above: (a) if real and/or personal property owned or operated by OPERATOR is determined to be exempt for taxation or partially exempt, or (b) 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 the fair cash value of such property as described in G.L. c.59 §38, 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. The payment described in this Paragraph 3 shall be in addition to the payments made by OPERATOR under Paragraphs 1 and 2 of this Agreement.
4. In the event that OPERATOR becomes eligible for status as a charitable organization and a related decrease or elimination of real property taxes, and tax revenue from OPERATOR's RMD or MARIJUANA ESTABLISHMENT located in the TOWN is reduced or eliminated, OPERATOR will continue to make a payment to the Town equivalent to the value of the assessed, fair cash value tax payment that would otherwise be due if the PROPERTY were taxable.
5. OPERATOR shall endeavor to hire local, qualified employees to the extent permissible by law and with the demands of OPERATOR's business, but this does not prevent Operator from hiring the most qualified candidates. OPERATOR shall also endeavor in a good faith, legal and non-discriminatory manner to use local vendors and suppliers where possible.
6. OPERATOR shall coordinate with the Medway Police Department in the development and implementation of required security measures pursuant to 105 CMR 725.110 and 935 CMR 500.110, or any other applicable law or regulation, including in determining the placement of exterior security cameras. OPERATOR shall maintain a cooperative relationship with the Medway Police Department, including but not limited to periodic meetings to review operational concerns and communication to Medway Police Department of any suspicious activities on the site.
7. It shall be the responsibility of the OPERATOR, as a condition in the special permit process and herein, to provide the TOWN with an annual sum of twenty-thousand dollars (\$20,000), payable annually on August 1 commencing August 1, 2019, with the fifth-year payment due May 1, 2023, to be used by the TOWN for repairs and maintenance to streets and sidewalks in Medway in lieu of OPERATOR making improvements to Industrial Park Road, provided however that any repairs needed on Industrial Park Road as identified by the TOWN as caused by the OPERATOR or any contracted vendor of the OPERATOR during or after initial construction shall be the sole responsibility, including financial responsibility, of the OPERATOR; provided, however, that if the OPERATOR fails to undertake work deemed

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necessary by the TOWN, and the TOWN makes such improvements, OPERATOR shall reimburse TOWN for all costs thereof, including incidental and related expenses, including any legal expenses associated with seeking reimbursement for the same.

8. The purpose of this Agreement is to assist the TOWN in addressing any public health, safety and other effects or impacts the RMD cultivation and processing facility and Marijuana Establishment may have on the TOWN. The TOWN shall use the above-referenced payments in its sole discretion consistent with the purpose of this Agreement, which may include allocating a portion of said payments for community wellness programs, educational programs, parks and recreation, public safety, and other efforts and initiatives for the support of the health of the citizens of the TOWN. As such, the payments required hereunder shall be in lieu of any Impact Fees allowed pursuant to G.L. c.94G, §3(d), and the TOWN specifically disclaims any right to seek additional Impact Fees. However, the TOWN is under no obligation to use the foregoing payments in any particular manner.
9. The obligations of OPERATOR and the TOWN recited herein are contingent upon the issuance of a RMD Final Certificate of Registration and/or a Marijuana Establishment License, however characterized, as one or both may be required the DPH and/or CCC, to operate such facility in the TOWN, and OPERATOR conducting operations in TOWN.
10. This Agreement shall terminate at the time that any of the following occurs: (a) the TOWN notifies OPERATOR of the TOWN's termination of this Agreement; (b) the TOWN notifies OPERATOR of the TOWN's termination of this Agreement for cause (as defined below); (c) OPERATOR ceases to operate a RMD and MARIJUANA ESTABLISHMENT in the TOWN. The term "cause" for purposes of this agreement shall include, but not be limited to: failure to make the payments required by paragraphs 1-4 and 7, failure to work cooperatively with the TOWN to address public safety issues, failure to meet any requirements of the special permit, or OPERATOR violation of any laws of the Commonwealth with respect to the operation of a RMD and/or MARIJUANA ESTABLISHMENT, with any such violation remaining uncured for sixty (60) days after receipt of written notice of such violation.
11. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. OPERATOR shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the Town, which consent shall not be unreasonably withheld; provided however such consent shall not be required in the event such transfer or assignment is between the OPERATOR and another entity which is authorized by the DPH, CCC or other authorizing entity to operate the RMD or MARIJUANA ESTABLISHMENT for the cultivation and production of marijuana, or if such assignment or transfer is the result of a merger or consolidation with the OPERATOR.
12. OPERATOR shall comply with all laws, rules, regulations and orders applicable to the work on the RMD and the MARIJUANA ESTABLISHMENT pursuant to this Agreement, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary state and local licenses, permits, and approvals required for the performance of such work.

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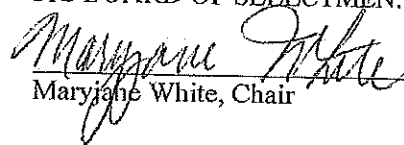
13. Should TOWN enter into an agreement with any other RMD or MARIJUANA ESTABLISHMENT after the date of this Host Community Agreement for siting in TOWN at material terms more favorable to that RMD or MARIJUANA ESTABLISHMENT than the terms of this Agreement are to OPERATOR, specifically requiring cash payments or gifts that are less on an annual basis than those in Paragraph 1 of this Agreement, and not considering other terms of this Agreement, the OPERATOR shall have the opportunity to request that this Agreement be reopened to discuss the specific term or terms in question for the purpose of providing a level playing field.
14. Any and all notices, or other communications required or permitted under this Agreement shall be in writing and delivered postage prepaid mail, return receipt requested; by hand; by registered or certified mail; or by other reputable delivery services, to the Parties at the addresses set forth on the first page of this Agreement or furnished from time to time in writing hereafter by one party to the other party. Any such notices or correspondence shall be deemed given when so delivered by hand, if so mailed, when deposited with the USPS or, if sent by private overnight or other delivery service, when deposited with such delivery service.
15. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable, then the validity, legality, and enforceability of the remaining terms and conditions of this Agreement shall not be deemed affected thereby unless one or both of the Parties would be substantially or materially prejudiced.
16. This Agreement, including all documents incorporated therein by reference, constitutes the entire integrated agreement between the parties with respect to the matters described. This Agreement supersedes all prior agreements, negotiation and representations, either written or oral and it shall not be modified or amended except by a written document executed by the Parties hereto.
17. This Agreement shall be for a period of five (5) years and shall automatically be reopened for good faith negotiations on January 1, 2022 to discuss a successor agreement. The Parties agree that if they are unable to reach an agreement on a successor Host Community Agreement, the terms of this Agreement shall be incorporated into an interim successor agreement with a term of two (2) years and that the parties shall during that two year term negotiate a successor agreement for a term of five (5) years.
18. In the event that the OPERATOR shall increase the RMD or MARIJUANA ESTABLISHMENT, including building footprint, at any time following the date of this Agreement, then the OPERATOR agrees to provide to the TOWN an annual sum of money equal to one-dollar (\$1) per square foot of increased space, with said amount to be available for use by the TOWN for municipal purposes related to impacts created by the RMD or MARIJUANA ESTABLISHMENT, with said amount due on February 1 in the year following issuance of a building permit for said space increase. This amount shall be in addition to any other amounts stipulated herein, including other payments or taxes owed, and shall be paid annually on February 1<sup>st</sup> following the initial payment.

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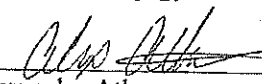
19. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts and the parties submit to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

Agreed to by PhytoTherapy, Inc. and the Town of Medway, Massachusetts as of the 7th day of May, 2018.

**FOR THE TOWN OF MEDWAY,  
ITS BOARD OF SELECTMEN:**

  
\_\_\_\_\_  
Maryjane White, Chair

**FOR OPERATOR PhytoTherapy, Inc.  
ITS PRESIDENT:**

  
\_\_\_\_\_  
Alexander Athanas,  
President, PhytoTherapy, Inc.



## HOST COMMUNITY AGREEMENT

This HOST COMMUNITY AGREEMENT (the "Agreement") is made as of the 12th day of March, 2018 (the "Effective Date") by and between the **TOWN OF MILFORD** (hereinafter referred to as the "Town"), a municipal corporation existing within the Commonwealth of Massachusetts with an address of 52 Main Street, Milford, Massachusetts 01757, and **SIRA NATURALS, INC.** (hereinafter referred to as the "Applicant") a Massachusetts corporation with a usual place of business located at 13 Commercial Way, Milford, Massachusetts 01757. The Town and the Applicant shall be collectively known herein as the "Parties".

### BACKGROUND

WHEREAS, Applicant is an existing Registered Marijuana Dispensary operating at 13 Commercial Way, Milford, Massachusetts in good standing, having undergone review by the Board of Selectmen, the Planning Board, the Zoning Board of Appeals, having been chosen to be awarded a Letter of Non-Opposition by the Town Manager, operating pursuant to a Special Permit from the Zoning Board of Appeals, and operating pursuant to other state and local regulations for the purpose of cultivation, product manufacture, research, and distribution of medical marijuana products ; and,

WHEREAS, on July 28, 2017, An Act To Ensure Safe Access To Marijuana, Chapter 55 of the Acts of 2017 (the "Act") was signed into law by the Governor of the Commonwealth of Massachusetts; and,

WHEREAS, certain provisions of the Act, M.G.L. Ch. 94G, other state laws, and the regulations promulgated thereunder require that an applicant for a license to operate a Marijuana Establishment (as defined in the Act) enter a host community agreement with the municipality in which such applicant seeks to operate (M.G.L. Ch. 94G(3)(d)); and,

WHEREAS, Applicant seeks to operate such a Marijuana Establishment for the purpose of cultivation, product manufacture, research, and distribution of medical marijuana products but not retail dispensing at its current location of 13 Commercial Way, Milford, Massachusetts 01757 in conjunction with its existing operation; and,

WHEREAS, the Applicant desires to support community initiatives and interests in Milford to express its appreciation for the community support it has received to operate in Milford; and,

WHEREAS, the Applicant desires to mitigate any actual adverse community impacts of the Company operation and to improve the public safety, security and health of the people of Milford; and,

WHEREAS, the Town and the Applicant desire to enter into this Agreement to memorialize the terms of the Applicant's support of community initiatives and interests in Milford, and the Applicant's commitment to mitigate actual adverse community impacts (if any) of the Marijuana Establishment; and,

WHEREAS, it is the intention of the parties that each be bound by the provisions of this Agreement and that this Agreement be fully enforceable by a court of competent jurisdiction in accordance with its terms,

NOW, THEREFORE, the Applicant and the Town agree as follows:

1. Contributions Framework. The parties hereto desire to outline public benefits to be provided by the Applicant in connection with the Marijuana Establishment, including, without limitation, financial contribution to provide for certain public and community benefits to the Town and its

residents.

Any cost to a city or town imposed by the operation of a marijuana establishment or medical marijuana treatment center must be documented and considered a public record under Massachusetts public records laws, G.L. c.4 §7 cl. 26 and G.L. c.66 §10.

2. Payment Amount. Applicant shall contribute to the Town an amount that is equal to \$250,000 each year throughout the term of this Agreement for the purpose of addressing such direct impacts of the Company operation.
3. Payment Schedule. The payment shall consist of four quarterly payments per year in the amount of \$62,500 each. Payments shall commence at the end of the quarter in which Applicant makes its first sale to a retail customer pursuant to the Act.
4. Hiring of Milford Residents. When hiring workers for available positions at the Marijuana Establishment, the applicant shall use best efforts to hire workers for those positions as follows: first, qualified residents of the Town of Milford; and then, if workers cannot be obtained in sufficient numbers, positions may be open other qualified workers. In furtherance of this commitment the applicant shall work in concert with local work force organizations and programs in an effort to inform the community and to help identify Milford residents who have or can acquire the appropriate training, skills and work experience to work for the applicant.
5. Real Estate Taxes. At all times during the Term of this Agreement, the real estate taxes for the property at which the Marijuana Establishment is operated will be paid either directly by the Applicant or by its landlord, and the Applicant will not seek a non-profit exemption from paying such taxes.
6. Terms and Termination. The Term of this Agreement shall commence on the date that the Applicant makes its first retail sale outside of Milford pursuant to the Act and shall remain in effect until one of the following occurs:
  - a.) The Cannabis Control Commission revokes the Applicant's license to operate a Marijuana Establishment, thereby requiring the Applicant to cease operation of the Marijuana Establishment; or,
  - b.) the Applicant terminates this Agreement upon the permanent cessation of all Marijuana Establishment business at its current or any other location within the Town of Milford; or,
  - c.) Five (5) years from the effective date of the Agreement.
7. Assignment. This Agreement may be transferred by the Applicant to a new Marijuana Establishment operator at the same location as the Applicant, but that new operator will need to secure any and all required permits and approvals. If the Agreement transfers, all requirements of the Applicant shall be transferred to the new operator.
8. Notice. Any notice hereunder shall be in writing and shall be deemed duly given if mailed by certified or registered mail, postage and registration charges prepaid, at the addresses set forth below:

The Town: Milford Town Hall  
52 Main Street  
Milford, MA 01757  
Attention: Board of Selectmen and Town Administrator

and to: Milford Town Hall  
52 Main Street  
Milford, MA 01757  
Attention: Town Counsel

Applicant: Michael Dundas  
Chief Executive Officer  
Sira Naturals, Inc.  
300 Trade Center, Suite 7700  
Woburn, MA 01801

9. Entire agreement. This agreement supersedes any and all other agreements, either oral or in writing, between the Parties hereto. This Agreement may not be changed verbally and may only be amended by an agreement in writing signed by both Parties.
10. No Rights in Third Parties. This Agreement is not intended to, nor shall it be construed to, create any rights in third parties.
11. Severability. If any portion of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible and the remaining provisions shall remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.
12. Dispute Resolution. If a dispute arises concerning the performance of either party hereunder, prior to resorting to court, the parties first shall provide notice to the other and shall meet and work in good faith either directly or with the assistance of a mutually agreed third party to attempt to resolve their dispute in a prompt manner. If the dispute has not been resolved as aforesaid within ninety (90) days of its inception, either party shall be free to seek a judicial remedy.
13. Governing Law and Exclusive Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts, and that a court of competent jurisdiction in Middlesex County shall be the exclusive venue for any legal proceedings that may arise from this Agreement.
14. Successors. This Agreement shall be binding upon and shall inure to the benefit of the Parties, their respective heirs, executors, and administrators and assigns.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Applicant and the Town have executed this Agreement under seal as of the day and year first above written.

**TOWN:**

**TOWN OF MILFORD**

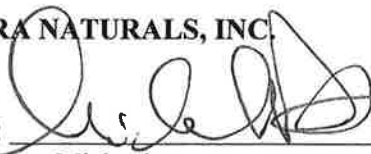
By:   
William Kingkade, Chairman  
Duly authorized

Approved as to form?

By:   
Town Counsel

**APPLICANT:**

**SIRA NATURALS, INC.**

By:   
Michael Dundas, Chief Executive Officer  
Duly authorized

**TOWN OF MONSON**  
**AND HOLISTIC INDUSTRIES, INC.**  
**HOST COMMUNITY AGREEMENT**

THIS COMMUNITY BENEFIT AGREEMENT ("AGREEMENT") is entered into this \_\_\_\_ day of September, 2017 by and between HOLISTIC INDUSTRIES, INC., a Massachusetts not-for-profit corporation with a principal office address in care of 33 State Street, Springfield, MA 01103 (the "Company"), and the TOWN OF MONSON, a Massachusetts municipal corporation with a principal address of 110 Main Street, Monson, MA 01057 (the "Town"), acting by and through its Town Administrator.

WHEREAS, the Company wishes to locate a Registered Marijuana Dispensary ("RMD") (as defined by 105 CMR 725, to include cultivation or processing activities only and not to allow the dispensing or delivery of marijuana) in the Town at 96 Palmer Road (the "Site"), in accordance with regulations issued by the Commonwealth of Massachusetts Department of Public Health ("DPH");

WHEREAS, it is the intention of the Company that its RMD will engage in the cultivation and processing, but not sale, of marijuana for medical purposes as may be permitted by the DPH, and for those purposes may operate the RMD in the Town; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives a Final Certificate of Registration from the DPH to operate an RMD in Town (the "DPH License") and receives all required local permits and approvals;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company and the Town enter into this Agreement in accordance with G.L. c.44, §53A and G.L. c. 94G, § 3(d) (as amended by Section 25 of Chapter 55 of the Acts of 2017) on the following terms:

1. The parties anticipate that the Town will incur additional expenses and impacts on the Town's road system, law enforcement, fire protection services, inspectional and permitting services, public health services, and potential additional unforeseen impacts. Accordingly, in order to mitigate the financial impact on the Town and the use of Town resources, the Company shall provide as a gift certain donations to the Town, in the amounts and under the terms provided herein (the "Annual Contribution"). The Treasurer of the Town shall hold the Annual Contribution in a separate account, to be expended by the Board of Selectmen without further appropriation pursuant to G.L. c.44, §53A and/or G.L. c. 94G, § 3(d) (as amended by Section 25 of Chapter 55 of the Acts of 2017), in the Town's sole discretion for any lawful purpose in accordance with state statute and regulation. Provided, however, that the fee assessed shall be reasonably related to the costs imposed upon the Town by the operation of the RMD and that any cost to the Town imposed by the operation of the RMD shall be documented and considered a public record as defined by G.L. c. 4, §7 (clause Twenty-sixth). While the purpose of this Agreement is to assist the Town in addressing the potential health, safety, and other effects or impacts of the RMD may have on the Town and on municipal programs, services, personnel, and facilities, the Town may expend the Annual Contribution funds at its sole and absolute discretion, as determined by the Select Board. Notwithstanding the Annual Contribution, nothing shall prevent the Company from making additional donations

from time to time to causes that will support the Town, including but not limited to local drug abuse prevention/treatment/education programs.

2. The Company agrees to donate as the Annual Contribution, for each Calendar Year during which the RMD is open and engaged in retail sales activities anywhere in the Commonwealth, the greater of the "Minimum Donation" or the "Percentage of Gross Sales" as set forth below. In either case, the Annual Contribution shall begin on the date that the RMD receives its Certificate of Occupancy and shall continue on each anniversary thereafter. "Calendar Year" shall mean the 12 month period commencing January 1<sup>st</sup> and ending December 31<sup>st</sup> (i.e., October 1, 2017 qualifies as calendar year 2017). "Gross Sales" shall mean and include the total revenue from the sale of marijuana and any and all retail products at the RMD located in the Commonwealth, regardless of whether those products contain, or facilitate the use, inhalation or ingestion of marijuana or marijuana infused products.

Calendar Year of Operation	Minimum Donation	Percentage of Gross Sales
1	\$50,000	2.5%
2	\$100,000	2.5%
3	\$200,000	2.5%
4 and thereafter	\$200,000	3%

With regard to any year of operation for the RMD which is not a full Calendar Year, the applicable Annual Minimum Donation shall be pro-rated accordingly.

The Company shall notify the Town when the Company commences sales within the Commonwealth. On or before March 1<sup>st</sup> of each year, the Company shall provide the Town Administrator with the following: a certified statement from the Company's accountant verifying the Gross Sales from the RMD for the preceding Calendar Year (the "Annual Statement"); copies of the Company's periodic financial filings to the DPH documenting Gross Sales; and a copy of its annual filing as a non-profit corporation, if any, with the Massachusetts Office of the Attorney General.

3. In addition to the Annual Statement, on or before March 1<sup>st</sup> of each year, the Company shall provide the Town Administrator with an annual report detailing the following information for the preceding Calendar Year:

- (a) the total number of patients served by the RMD (provided same is not a privacy violation);
- (b) descriptions of any incidents on-site at the RMD that required a public safety response;
- (c) any new RMD locations opened by the Company in Massachusetts;
- (d) the name and relevant information as set forth in 105 CMR 725.030(B)(1 through 4 and 6), of the person proposed to act as on-site manager of the RMD; and

(e) any material change to the Company's ownership, management, or structure.

4. The Company, and its successors, and assigns, hereby agrees to waive any rights it has or may have to cultivate, sell or process non-medical marijuana or to operate a Marijuana Establishment as defined in G.L. c.94G §1 for non-medical use ("Recreational Use") at the site of its RMD within the Town and hereby agrees that it shall not engage in cultivating, selling or processing marijuana and marijuana products for Recreational Use within the Town. Notwithstanding the foregoing, and for the avoidance of doubt, the immediately foregoing provision shall be null and void and of no force or effect in the event that any of the following occur: 1) legislation is passed and/or amended by the Commonwealth of Massachusetts requiring that RMDs undertake Recreational Use for continued operation, or 2) the Town enacts a bylaw or passes a ballot question in accordance with applicable law authorizing Recreational Use. The Company further agrees that in the event the Company becomes licensed and permitted to operate a Marijuana Establishment at the same location as the RMD, the parties shall renegotiate the terms of this Agreement, including but not limited to increasing the amount of the payments to be made to the Town, in recognition that the additional purposes of the RMD may have greater impacts and effects on the Town. In no case shall the Annual Contribution be reduced from the amounts specified in this Agreement.

5. The provisions of this Agreement shall be applicable for as long as the Company operates the RMD in the Town. In the event the Company relocates the RMD to a different location within the Town, the terms of this agreement shall apply to such relocated RMD for the life of such RMD.

6. The Company agrees to provide staff to participate in a reasonable number of Town-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with Town health and public safety departments to mitigate any potential negative impacts of the RMD on the Town's emergency response services.

8. To the extent requested by the Town's Police Department, and consistent with the DPH's Regulations, the Company 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 Sales Commencement Date. Such plan will include, but is not limited to: (i) training RMD employees to be aware of, observe, and report any unusual behavior in authorized visitors or other RMD employees that may indicate the potential for diversion; and, (ii) utilizing seed-to-sale tracking software to closely track all inventory at the RMD.

9. To the extent requested by the Town's Police Department, and consistent with the DPH's Regulations, the Company shall work with the Town's Police Department in determining the placement of interior and 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. The Company shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinity of the RMD and with regard to any anti-diversion procedures. Such camera(s) may be altered by the DPH during their security and architectural review process upon approval by the Police Department.

10. The Company shall make efforts to hire qualified employees who are Town residents to the extent consistent with the law and with the demands of the Company's

business. The company shall also endeavor, in a good faith, legal, nondiscriminatory manner to use local vendors, suppliers, contractors and builders where possible. Town residency shall be a positive factor in hiring decisions at the RMD.

11. The Company agrees that the value of the real property where the RMD is to be located shall be treated as taxable, but the Company reserves any rights it might have with respect to the valuation of same. The Company, to the extent that it maintains its classification as a non-profit organization pursuant to applicable Massachusetts law, shall be exempt from the payment of taxes on personal property to the same extent as similar organizations and facilities operating within the Town. Should the Company convert from a non-profit corporation into a different domestic business entity pursuant to Chapter 55 of the Acts of 2017, Section 74, or engage in the cultivation, production, or sale of both medical and non-medical marijuana at the RMD's location in Town, all personal property at the location shall be treated as taxable.

12. The Company 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. If requested by the Town, the Company shall also make the on-site manager available to appear before the Select Board. The Town shall consider such request for approval within thirty (30) days following submittal to determine, in consultation with the Town's 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. Said approval shall be considered unreasonably denied, conditioned or delayed if the Town denies such approval and the DPH has approved said manager pursuant to the Regulations. This approval process shall also apply to any change of on-site manager.

13. The Company shall pay all local, state and federal taxes as required by applicable law, as now existing or as hereafter may from time to time be enacted, repealed or modified. The Company shall not request any tax credits or subsidy from the Town for the development of land or the RMD, including, but not limited to, any request for a real estate tax exemption as a non-profit corporation, and shall not object or otherwise challenge the taxability of land or the RMD. Notwithstanding the foregoing, (i) if real or personal property is determined to be non-taxable or partially non-taxable, a determination of which the Company agrees not to seek at any time during this Agreement, 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 the Company 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 the Company 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 Annual Contribution.

14. The Annual Contribution referenced herein shall be compensatory to the Town for all impacts of the RMD's operation in the Town including all reasonable indirect cost. Payment of any applicable taxes shall be in addition to the Annual Contribution. Nothing herein shall be construed to exempt the RMD from payment of local, state and federal taxes.

15. In the event that there is a material change in circumstances such that (i) the Town is legally authorized to impose a tax against the revenue or profits of the Company, and the Town imposes such a tax, then the amount the Town receives in the form of tax payments from the Company shall be credited towards and deducted from the Annual Contributions; or (ii) the Company's business fails to perform as expected such that compliance with this Agreement



would cause a substantial burden on the Company, the Town and the Company agree to renegotiate this Agreement to allow the Company continued operation with modification of the required payments provided for herein.

16. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining the final Certificate of Registration from DPH for operation of and retail sales for an RMD in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate an RMD in the Town (including without limitation a Certificate of Occupancy from the Monson Building Commissioner) with all appeals periods exhausted without appeal, or if litigation of any nature relative to the site, use, or operation is pending, then the Company's obligations are contingent upon satisfactory resolution and order by a court of competent jurisdiction allowing siting, use and operation satisfactory to the Company.

17. This Agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the RMD to operate in the Town, or to refrain from enforcement action against the Company and/or its RMD for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

19. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign sublet or otherwise transfer any interest in the Agreement, in whole or in part, without prior the written consent of the other, which shall not be unreasonably withheld, delayed, or conditioned.

20. The Company agrees to comply with all laws, rules, regulations and orders applicable to the RMD, 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. For the purposes of its RMD facility in Monson, the Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.

21. Any and all notices, consents, demands, requests, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses.

If to the Town           Evan Brassard, Town Administrator  
                                  110 Main Street  
                                  Monson, MA 01057

If to the Company:     Josh Genderson, CEO  
                                  300 Massachusetts Avenue  
                                  NE Washington, DC 20002

22. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement.

23. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement. This Agreement may be executed by an electronically transmitted signature and/or in any number of counterparts, each of which shall be deemed and agreed to be an original, but all of which, taken together, or with appended counterpart signature pages, shall constitute one and the same instrument. It shall be sufficient that the signature of each party appear on one or more such counterparts or counterpart signature pages.

24. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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.

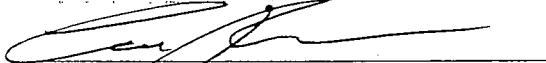
25. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Town or the Company.

26. The Town may terminate this Agreement at any time by providing written notice to the Company.

27. This Agreement shall be effective for five (5) years beginning on the date the RMD receives its Certificate of Occupancy. Nothing in this Agreement shall prevent the Town from entering into any other Host Community Agreement with any other RMD. If the terminology or licensing process changes, the Parties agree that the revised process shall be incorporated herein as if it existed when this Agreement was first signed.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

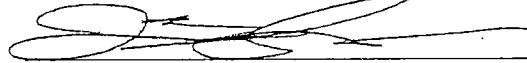
TOWN OF MONSON



By: Evan Brassard

Its: Town Administrator  
Authorized by a vote of the  
Monson Board of Selectmen  
Dated 11/14/2017 and attached hereto

HOLISTIC INDUSTRIES, INC.



By: Josh Genderson

Its: CEO  
Duly Authorized

Host Community Agreement  
Between  
Town of Montague, Massachusetts  
and  
253 ORGANIC, LLC

This Host Community Agreement (“HCA”) is made by and between the Town of Montague, a Massachusetts municipal corporation with an address of One Avenue A, Turners Falls, MA 01376, acting by and through its Board of Selectmen ("Town"), and 253 Organic, LLC, a Massachusetts limited liability company with a principal place of business at 253 Millers Falls Road, Turners Falls, MA 01376<sup>1</sup>, ("Operator"). The Town and Operator collectively are referred to as the "Parties."

WHEREAS, Operator intends to utilize commercial space located at 253 Millers Falls Road, Turners Falls, MA (the "Premises") for the purposes of operating as an adult use marijuana cultivator, product manufacturer and retailer pursuant to G. L. c. 94G and the Cannabis Control Commission (the “Commission”) Regulations 935 CMR 500.00.

WHEREAS, Operator intends to submit license applications to the Commission for licenses to operate as a marijuana cultivator, product manufacturer and retailer at the Premises.

WHEREAS, the Operator intends to provide certain benefits to the Town in the event that it receives the necessary licenses from the Commission, or such other state licensing or monitoring authority, as the case may be, to operate a co-located marijuana cultivation, manufacturing, and retail facility (the “Facility”).

WHEREAS, the Parties intend by this HCA to satisfy the provisions of G.L. c.94G, §3(d), this HCA shall constitute the stipulations of responsibilities between the Town as host community and Operator pursuant to G. L. c. 94G, § 3 (d)for the Facility.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Community Impacts**

The Operator anticipates that the Town will incur additional expenses and impacts upon the Town’s road systems, public safety services, educational system, inspectional services and permitting services, as well as unforeseen impacts upon the Town. Accordingly, in order to mitigate the financial impact upon the Town and the use of Town resources, the Operator agrees to the following annual payments (collectively, the “Annual Payments”):

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<sup>1</sup> Turners Falls is a village in the Town of Montague.  
{13426/A0325625.1}

- A. The Operator shall make an annual Community Impact Payment pursuant to G. L. c. 94G, § 3 to the Town in the amount of three percent (3%) of gross on-site retail sales of marijuana and marijuana products to consumers from the Facility.
- B. The Operator shall make an annual Wholesale Payment to the Town in connection with the wholesale value of marketable product produced by the cultivation and manufacturing operations at the Facility which are not sold directly to consumers on-site, but are distributed to other off-site marijuana establishments. The Wholesale Payment shall be equal to a percentage of gross wholesale sales as set forth below:

Wholesale Payment	Gross Wholesale Sales
1%	\$0 - \$399,999.99
2%	\$400,000.00 - \$800,000.00
3%	Equal to or greater than \$800,000.01

Wholesale Value shall be determined by arms-length wholesale sales made by the Cultivation Facility during the year, but shall not equal not less than 35 % of the retail value of such product as determined by the average retail sales price at the Marijuana Retail location licensed to the Operator within the Town, or, if no such facility is licensed in the Town, the average retail sales price at the Operator's Marijuana Retail locations located outside the Town.

The Annual Payments shall expire at the end of the five (5) year period beginning on the date the Facility begins operation in the Town. At the conclusion of each five (5) year period, the Parties shall negotiate new Annual Payments in accordance with the G.L. c.94G, §3; provided, however, that the Annual Payments shall not be reduced below the amount set forth above.

If the Legislature raises the current three percent (3%) maximum amount of Community Impact Payment that a marijuana retailer may pay to a municipality pursuant to G. L. c. 94G, § 3(d), Operator shall pay a Community Impact Payment based on the highest percentage of on-site gross retail sales from the Facility and at such rate as allowed by the Legislature.

The Annual Payments shall be paid by Operator not later than thirty (30) days after the close of the Operator's fiscal year.

**2. Re-opener/Review**

It is expressly agreed by the Parties that in the event Operator executes a Host Community Agreement pursuant to G. L. c. 94G, § 3, with any other municipality that requires Operator to pay to said municipality a percentage community impact fee greater than the percentage Community Impact Payment provided in Paragraph 1 of this HCA, Operator shall pay to the Town the same percentage community impact fee provided to said other municipality.

**3. Local Preference**

To the extent consistent with State and Municipal law and regulations, Operator shall give hiring preferences to residents of the Town who otherwise meet the qualifications for employment at the Facility, and will make every effort in a legal and non-discriminatory manner to give priority to local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility.

**4. Security**

Operator shall coordinate with the Montague Police Department and the Turners Falls Fire District in the development and implementation of security measures, as required pursuant to applicable regulations and otherwise, including determining the placement of exterior security cameras. Operator will maintain a cooperative relationship with the Montague Police Department, including but not limited to, periodic meetings to review operational concerns and communication to Montague Police Department of any suspicious activities on the site.

**5. Annual Reporting**

Operator shall submit financial records to the Town within thirty (30) days after payment of the Annual Payment with a certification of sales with respect to each such payment. Operator shall maintain its books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the Commission. All records shall be kept for a period of at least seven (7) years. During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense), those parts of Operator's books and financial records which relate to the determination of the required Annual Payment and to Operator's compliance with this Agreement. Such examinations may be made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner as not to interfere with Operator's normal business activities.

**6. Other Payments**

In addition to any funds specified herein, the Operator will annually donate funds to local community initiatives in the Town in such amounts as it determines from time to time, with a target goal of \$15,000 in donations per year.

**7. Community Support**

The Operator agrees to provide no less than 150 man hours annually, to be provided by the Facility's management and employees, to participate in community meetings and community service activities, including but not limited to: community educational

programs and drug abuse prevention, senior assistance, community clean up or veteran's assistance within the Town of Montague.

## **8. Additional Obligations**

Amendments to the terms of this HCA may be made only by written agreement of the Parties.

This HCA is binding upon the Parties, their successors, assigns and legal representatives. Neither the Town nor Operator shall assign or transfer any interest in the Agreement without the written consent of the other.

Operator agrees to comply with all state and local laws, rules, regulations and orders applicable to the Premises, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of renovation or construction of the Premises. This Agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments or to enforce said statutes, bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Facility to operate in the Town, or to refrain from enforcement action against the Operator for violation of the terms of said permits or approvals or said statutes, bylaws, or regulations.

## **9. Notice Requirements**

Any and all notices, or other communications required or permitted under this HCA, 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 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.

## **10. Indemnification**

Operator shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, costs and expenses, including attorney's fees, arising out of Operator's breach of this Agreement or the gross negligence or misconduct of Operator, or Operator's agents or employees.

## **11. Severability**

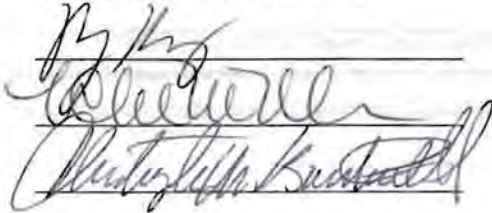
If any term or condition of this HCA or any application thereof shall to any extent be held invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining terms and conditions of this HCA shall not be deemed affected thereby unless one or both Parties would be substantially or materially prejudiced.

**12. Governing Law**

This HCA shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts and the parties submit to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this 2 day of April, 2018.

TOWN OF MONTAGUE  
BOARD OF SELECTMEN



253 organic LLC  
OPERATOR

  
(Signature)

Seth Parker  
(Name and Title)

**NEWTON, MASSACHUSETTS  
AND GARDEN REMEDIES, INC.  
HOST COMMUNITY AGREEMENT**

12<sup>th</sup> THIS HOST COMMUNITY AGREEMENT (“AGREEMENT”) is entered into as of this day of April, 2018 by and between Garden Remedies, Inc. (“Garden Remedies”), a Massachusetts not-for-profit corporation with a principal office address of 697 Washington Street, Newton, Massachusetts 02458 (“the Company”) and the City of Newton, a Massachusetts municipal corporation with a principal address of 1000 Commonwealth Avenue, Newton Centre, Massachusetts 02459 (“the City”), acting by and through its Mayor.

WHEREAS, the Company seeks to locate a Marijuana Establishment (“ME”), as defined in and subject to the provisions of M.G.L. Chapter 94G and Chapter 55 of the Acts of 2017, in the City, in accordance with regulations issued by the Massachusetts Cannabis Control Commission (“CCC”) at 935 CMR 500.000 *et. seq.*; and

WHEREAS, the Company intends to provide certain benefits to the City in the event that it receives a Final License from the CCC to operate a ME (the “CCC License”), and receives all other required local permits and approvals; and

WHEREAS, the parties agree that the terms, conditions, and funds required herein are reasonable and directly proportional to the costs of addressing the potential health, safety, and other effects or impacts of the ME on the City.

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company and the City agree as follows:

1. The Company agrees to make payments to the City, in the amounts and under the terms provided herein (the “Funds”). The Treasurer of the City shall hold the funds for the purposes of addressing the public health, safety, education, administrative, infrastructure and other effects or impacts as may be identified of the Medical Establishment on the City and on its municipal and school programs, services, personnel, and facilities. The Funds shall be used at the City’s sole discretion, and the City will track expenditures on an annual basis.

2. The Company shall pay to the City the following sums:

- (a) 3% of the Company’s gross revenues from the sale of Medical Marijuana calculated retroactive to March 5, 2018.
- (b) 3% of the Company’s gross revenues from the sale of Adult-Use (i.e. Recreational) Marijuana calculated as of the first date of retail sales.

Payments made pursuant to this provision shall be made on a quarterly basis and shall represent 3% gross revenues from relevant sales made in the preceding quarter. The quarters are to be defined as follows – Quarter 1 is January 1 through March 31, Quarter 2 is



April 1 through June 30, Quarter 3 is July 1 through September 30, and Quarter 4 is October 1 through December 31. Payments to the City representing a percentage of gross revenues received by the Company during a given quarter shall be made on or before the last day of the next month. (As an example, the payment due for sales occurring during Quarter 1 shall be made on or before the last day of the first month of Quarter 2, i.e., April 30.) The Company shall provide the City with copies of its periodic financial filing to the CCC documenting sales, and also a copy of its annual filing as a non-profit, if any, to the Massachusetts Office of the Attorney General.

3. This Agreement shall take effect as of the date first written above and shall run for an initial term of five (5) years with any changes to be approved in writing by both parties. The parties agree to begin negotiation for a successor agreement six months in advance of the fifth anniversary of the Agreement's execution.

4. The purpose of the payments by the Company is to assist the City in addressing any public health, safety, education, administrative, infrastructure and other effects or impacts as may be identified of the Medical Establishment on the City and on its municipal and school programs, services, personnel and facilities. The City may expend the above-referenced payments for these purposes at its sole and absolute discretion.

5. The provisions of this Agreement shall be applicable as long as the Company operates a ME in the City pursuant to a license issued by the CCC.

6. The Company, in addition to any funds specified herein, shall contribute to public charities or private non-profit entities in the City an amount not less than \$2,500.00 in the first year of this Agreement, and shall escalate five percent (5%) annually thereafter. Said charities shall be determined by the Company in its reasonable discretion.

7. The Company will make best efforts to hire qualified employees who are City residents.

8. The Company shall notify the City of the name and relevant information, including but not limited to the information set forth in 95 CMR 500.802, of the person proposed to act as on-site manager of the ME. The submitted information shall include the results of a criminal history (CORI) check on the person proposed to act as on-site manager of the Facility, verifying that the individual is of suitable character to act as on-site manager. This notification process shall also apply to any change of on-site manager.

9. The Company shall provide the City with certification and a written summary of the training which shall be provided to the on-site manager and to all agents of the ME. The Company shall further provide the City with a copy of its policy (as required pursuant to 95 CMR 500.105(1)(l)(a) and (b)) for the immediate dismissal of any dispensary agent who has (a) diverted marijuana, which shall be reported to law enforcement officials and to the CCC; or (b)

engaged in unsafe practices with regard to the operation of the ME, which shall be reported to the CCC.

10. The Company shall work with the Newton Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the sales commencement date. Such plan will include, but is not limited to, (a) training ME employees to be aware of, observe, and report any unusual behavior in customers, or other ME employees that may indicate the potential for diversion; (b) strictly adhering to maximum sale quantities and time periods for purchases (per CCC and DPH guidelines); (c) in the case of medical patients, rigorous patient identification and verification procedures through the MMJ Online System; (d) utilizing seed-to-sale tracking software to track closely all inventory at the ME; (e) refusing to complete a transaction if the customer (i) requests additional marijuana product because a prior purchase was damaged or lost; (ii) threatens or attempts to coerce an ME employee in order to obtain excess marijuana product; or (iii) attempts to elicit guilt or sympathy from an ME employee in order to obtain excess marijuana product.

11. The Company shall maintain its books, financial records, and any other data related to its finances and operation in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth. All records shall be retained for a period of at least seven (7) years. The City shall have the right to enter and audit or inspect said records upon reasonable notice to Company, provided, however, that said records shall not become a public record by virtue of the audit or inspection.

12. The Company shall schedule an annual meeting every June with the Mayor, or his or her designee, to review the previous year's operations in the City.

13. At all times during the Term of this agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its lessor, and the Company shall not object to 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 the Company is determined to be non-taxable or partially non-taxable, a determination of which the Company agrees not to seek at any time during this Agreement, or (ii) if the Company 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 the Company shall pay to the City 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 the Company under Section 1 of this Agreement.

14. The obligations of the Company and the City recited herein are specifically contingent upon the Company obtaining the CCC License for operation of an ME in the City,

and the Company's receipt of any and all necessary local permits and approvals to locate, occupy, and operate an ME in the City. If the Company fails to obtain the necessary CCC License or such local permits and approvals for Adult-Use Sales, then this Agreement shall be of no further force and effect, in which event, the parties shall enter into a revised host agreement, relating to medical sales only if required to do so by state law.

15. This Agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or to deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the Zoning Ordinances of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits, including, without limitation, a special permit issued by the Newton City Council, and approvals as may be necessary for the ME to operate in the City, or to refrain from enforcement action against the Company and/or its ME for violation of the terms of said permits and approvals or said statutes, bylaws, and regulations.

16. The Company shall not assign, sublet, or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City.

17. This Agreement is binding upon the parties hereto, their successors, assigns, and legal representatives. Neither the City nor the Company shall assign or transfer any interest in the Agreement without the written consent of the other.

18. The Company agrees to comply with all laws, rules, regulations, and orders applicable to the ME, 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.

19. 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 overnight commercial delivery service, to the parties at the addresses set forth on below 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 overnight commercial delivery service, when deposited with such delivery service.

City:  
City of Newton  
Attention: Mayor  
Newton City Hall  
1000 Commonwealth Avenue

Newton Centre, MA 02459-1449

with a copy (by first class mail, postage prepaid) to:  
City Solicitor  
Newton City Hall  
1000 Commonwealth Avenue  
Newton Centre, MA 02459-1449

Garden Remedies:

Garden Remedies, Inc.  
Attention: Dr. Karen Munkacy, President  
697 Washington Street  
Newton, MA 02458

with a copy (by first class mail, postage prepaid) to:  
Schlesinger and Buchbinder, LLP  
Attention: Stephen J. Buchbinder, Esquire  
1200 Walnut Street  
Newton, MA 02461-1267

20. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal, or unenforceable by a 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. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

22. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated Host Community Agreement between the Company and the City with respect to the matters described herein. 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. This paragraph, however, shall not apply to separate permitting or permit conditions as may be required by the City as noted in paragraph 15, above.

23. This Agreement shall be null and void in the event that the Company shall not locate an ME in the City or shall relocate such ME outside of the City. In the case of any relocation outside of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of occupation of the ME within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company.

24. The Company shall be deemed to be in default of this Agreement if the Company fails to maintain all necessary licenses and permits required to operate the ME facility in accordance with the CCC License, or if it breaches any term of this Agreement and fails to cure said breach within thirty (30) days of notice thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF NEWTON

Ruthanne Fuller

By: Ruthanne Fuller

Its: Mayor, duly authorized

GARDEN REMEDIES, INC.

Karen Munkacy MD

By: Karen Munkacy

Its: President, duly authorized

Approved as to legal form and character:

Marie M. Lawler

Assistant City Solicitor

(8) 4/10/18

CITY OF NORTH ADAMS, MASSACHUSETTS  
AND  
EVERGREEN STRATEGIES

**HOST COMMUNITY AGREEMENT**

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 23<sup>rd</sup> day of October, 2018, by and between Evergreen Strategies, a Massachusetts Corporation with a principal office address of 52 Whispering Way, Stow, MA 01775 ("Evergreen"), and the City of North Adams, a Massachusetts municipal corporation with a principal address of 10 Main Street, North Adams, MA 01247 (the "City"), acting by and through its mayor in reliance upon all of the representations made herein (with Evergreen and City collectively referred to as the "Parties").

WHEREAS, Evergreen wishes to locate a Marijuana Retail Establishment (the "Marijuana Establishment") for the dispensing and sale of marijuana, marijuana infused products and related products for medical and adult use marijuana as well as merchandise in a retail facility consisting of approximately 2,220 sq/ft. (the "Facility") at 221 State Road, North Adams, MA 01247 (the "Property"), in accordance with and pursuant to applicable state laws and regulations, including, but not limited to M.G.L. c.94G, 935 CMR 500.00 and such approvals as may be issued by the City in accordance with its Zoning Ordinances and other applicable local regulations; and

WHEREAS, Evergreen intends to provide certain benefits to the City in the event that it receives the requisite licenses from the Cannabis Control Commission ("CCC") or such other state licensing or monitoring authority, as the case may be, to operate the Marijuana Establishment and receives all required local permits and approvals from the City;

WHEREAS, the Parties intend by this Agreement to satisfy the provisions of G.L. c.94G, Section 3(d), applicable to the operation of RMD and Marijuana Retailer, such activities to be only done in accordance with the applicable state and local laws and regulations in the City;

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Evergreen and the City agree as follows:

**1. Recitals**

The Parties agree that the above Recitals are true and accurate and that they are incorporated herein and made a part hereof.

**2. Annual Payments**

In the event that Evergreen obtains the requisite licenses and/or approvals as may be required for the operation of a Marijuana Establishment and receives any and all necessary and required permits and licenses from the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which permits and/or licenses allow Evergreen to locate, occupy and operate the Marijuana Establishment in the City, then Evergreen agrees to provide the following Annual Payments, provided, however, that if Evergreen fails to secure any

such other license and/or approval as may be required or any of the required municipal approvals, Evergreen shall not be obligated to make any such payments except that Evergreen shall reimburse the City for its reasonable legal fees associated with the negotiation of this Agreement which will be capped at five thousand dollars (\$5,000.00):

A. Community Impact Fee

The City anticipates that it will incur additional expenses and impacts on the City's, law enforcement, , inspectional services, and permitting and consulting services, as well as unforeseen impacts on the City related to Evergreen's operation of the Marijuana Establishment. Accordingly, in order to mitigate the financial impact on the City and use of City resources, Evergreen agrees to pay an Annual Community Impact Fee to the City, in the amount and under the terms provided herein.

1. Evergreen shall annually pay an Annual Community Impact Fee in an amount equal to three percent (3%) of gross sales from marijuana and marijuana product sales at the Facility.
2. The Annual Community Impact Fee shall be made quarterly within thirty (30) days following the end of each three (3) months of operation, and shall continue for a period of five (5) years. The first payment shall be due after six (6) months of operation, the second due after twelve (12) months of operation; subsequent payments shall be quarterly thereafter. At the conclusion of the five (5) year term, the Parties shall negotiate in good faith the terms of a new Annual Community Impact Fee as an Amendment to this Agreement; provided however, that if the Parties are unable to reach an agreement on a successor Community Impact Fee before the conclusion of the five (5) year term, the Annual Community Impact Fee shall be set at the average of the City's related costs over the previous three (3) years until such time as the Parties negotiate a successor Community Impact Fee.
3. The City shall use the above referenced payments in its sole discretion, but shall make a good faith effort to allocate said payments for road and other infrastructure systems, law enforcement, fire protection services, inspectional services, public health and addiction services and permitting and consulting services, as well as unforeseen impacts upon the City.
4. The term "gross sales" referenced above shall mean the total of all sales transactions by Evergreen at the Facility, and shall include the sale medical and adult-use marijuana, and marijuana infused products, and any other products containing marijuana sold by the Facility.

## B. Additional Costs, Payments and Reimbursements

1. Permit and Connection Fees: Evergreen hereby acknowledges and agrees to pay the usual and customary building permit 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 City.
2. Facility Consulting Fees and Costs: Evergreen shall reimburse the City for any and all reasonable and customary consulting costs and fees related to any land use applications concerning the Facility, negotiation of this and any other related agreements, and any review concerning the Facility, including planning, engineering, and any related reasonable disbursements at standard rates charged by the above-referenced consultants in relation to the Facility.
3. Other Costs: Evergreen shall reimburse the City for the actual costs incurred by the City in connection with holding public meetings not held in public buildings and forums not within the City's regularly scheduled public hearings and meetings, which are solely devoted to discussing the Facility. Evergreen shall also reimburse the City for costs incurred reviewing the proposed Facility applications and related equipment and systems and for any and all reasonable and customary consulting costs and fees.
4. Late Payment Penalty: Evergreen acknowledges that time is of the essence with respect to their timely payment of all funds required under Section 2 of this Agreement. In the event that any such payments are not fully made within ten (10) business days of the date written notice has been received, Evergreen shall be required to pay the City a late payment penalty equal to five percent (5%) of such required payments.

## C. Annual Charitable/Non-Profit Contributions

Evergreen, in addition to any funds specified herein, shall annually contribute to public local charities/non-profit organizations of its choosing.

## D. Annual Reporting for Host Community Impact Fees and Benefit Payments

Evergreen shall submit annual financial statements to the City within thirty (30) days after the payment of its Annual Community Impact Fee with a certification of its annual sales. Evergreen shall maintain books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the CCC. All records shall be kept for a period of at least seven (7) years. Upon request by the City, Evergreen shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the CCC and Department of Revenue for purposes of obtaining and maintaining a license for the Facility.

In the event that the parties disagree as to the accuracy of the accuracy of the certification of Evergreen's annual sales, the City may conduct an audit of such sales. If, after such audit and recomputation, an additional fee or payment is owed to the City, such fee or payment shall be



made within thirty (30) days after such audit and recomputation. If the discrepancy is more than ten percent (10%) or five thousand dollars (\$5,000.00), whichever is greater, Evergreen shall also pay the entire cost of the audit.

### **3. Community Support**

Evergreen agrees to participate in community service activities including but not limited to: City-sponsored educational programs on public health and drug abuse prevention, senior assistance, community cleanup, and veteran's assistance.

Evergreen shall annually certify to the City at the time of its Annual Payments the number of hours and nature of the community service rendered by its employees/management within the community.

### **4. Local Vendors and Employment**

To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Evergreen will make every effort in a legal and non-discriminatory manner to give priority to local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Marijuana Establishment when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire City residents.

### **5. Local Taxes**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by Evergreen shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Evergreen and Evergreen shall not object or otherwise challenge the taxability of such property and shall not seek a non-profit or agricultural exemption or reduction with respect to such taxes.

Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by Evergreen 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 Evergreen 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 Evergreen shall pay to the City 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 Evergreen under Section 2 of this Agreement. Nothing in this paragraph shall prohibit Evergreen from seeking an abatement due to excess valuation.

### **6. Security**

To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, Evergreen shall work with the City's Police Department in determining the placement of exterior security cameras.

Evergreen agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures.

To the extent requested by the City's Police Department, Evergreen shall work with the City's Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Facility.

#### **7. Community Impact Hearing Concerns**

Evergreen agrees to employ its best efforts to work collaboratively and cooperatively with its neighboring businesses and residents to establish policies and procedures to address mitigation of any concerns or issues that may arise through its operation of the Facility, including, but not limited to any concerns or issues raised at Evergreen's required Community Outreach Meeting relative to the operation of the Facility; said policies and procedures, as may be amended from time to time, shall be reviewed by the City.

#### **8. Additional Obligations**

The obligations of Evergreen and the City recited herein are specifically contingent upon Evergreen obtaining a license for operation of a Marijuana Establishment in the City, and Evergreen' receipt of any and all necessary local approvals to locate, occupy, and operate a Marijuana Establishment in the City.

This Agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the general and zoning ordinances of the City, or applicable regulations of those boards, commissions, and departments or to enforce said statutes, ordinances, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for a Marijuana Retailer to operate in the City, or to refrain from enforcement action against Evergreen and/or its Marijuana Establishment for violation of the terms of said permits and approvals or said statutes, ordinances, and regulations.

#### **9. Support**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, the required certifications relating to Evergreen' application for a license to operate the Facility where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any zoning application submitted for the Facility, in any particular way other than by the City normal and regular course of conduct and in accordance with its rules and regulations and any statutory guidelines governing them.

## **10. Term**

Except as expressly provided herein, this Agreement shall take effect on the date set forth above, and shall be applicable for as long as Evergreen operates the Facility in the City with the exception of the Community Impact Fee, which shall be subject to the five (5) year statutory limitations of G.L. c.94G, §3(d).

## **11. Successors/Assigns**

Evergreen shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City; in each instant, which consent shall not be unreasonably withheld, conditioned, or delayed, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City; in each instant, which consent shall not be unreasonably withheld, conditioned, or delayed. This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. Neither the City nor Evergreen shall assign, sublet, or otherwise transfer any interest in the Agreement without the written consent of the other.

Events deemed an assignment include, without limitation: (i) Evergreen' final and adjudicated bankruptcy whether voluntary or involuntary; (ii) Evergreen' takeover or merger by or with any other entity; (iii) Evergreen' outright sale of assets and equity, majority stock sale to another organization or entity for which Evergreen does not maintain a controlling equity interest; (iv) or any other change in ownership or status of Evergreen; (v) any assignment for the benefit of creditors; and/or (vi) any other assignment not approved in advance in writing by the City.

## **12. Notices**

Any and all notices, consents, demands, requests, approvals 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, and 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.

To City of North Adams: Mayor, 10 Main Street, North Adams, MA 01247

With a copy to: Joel B. Bard, Esq., KP Law, P.C., 101 Arch Street, Boston, MA 02110

To Evergreen: Anthony Parrinello, 52 Whispering Way, Stow, MA 01775

With a copy to: James E. Smith, Esq. Smith, Costello & Crawford Public Policy Law Group, 50 Congress Street, Boston, MA 02109

### **13. Severability**

If any term of condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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 the City would be substantially or materially prejudiced. To the extent the validity of this Agreement is challenged by Evergreen Strategies in a court of competent jurisdiction, and the validity of this Agreement is upheld, Evergreen Strategies shall be required to pay for any fees and costs incurred by the City in enforcing this Agreement

### **14. Governing Law**

This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and Evergreen submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

### **15. Entire Agreement**

This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between Evergreen and the City with respect to the matters described herein. 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.

### **16. Amendments/Waiver**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by authorized representatives of both Parties to the original Agreement, prior to the effective date of the amendment.

### **17. Headings**

The article, section, and/or paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

### **18. Counterparts**

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

### **19. Signatures**

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

**20. 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 City, or the City and any other successor, affiliate or corporate entity as joint ventures or partners.

**21. Nullity**

This Agreement shall be null and void in the event that Evergreen does not locate a Marijuana Establishment in the City or relocates the Facility out of the City, provided, however, that if Evergreen decides not to locate a Marijuana Establishment in the City, Evergreen shall reimburse the City for any legal fees associated with the negotiation of this Agreement for which the City has not already been reimbursed. Further, in the case of any relocation out of the City, Evergreen agrees that an adjustment of Annual Payments due to the City hereunder shall be calculated based upon the period of occupation of the Facility within the City, but in no event shall the City be responsible for the return of any funds provided to it by Evergreen.

**22. Indemnification**

Evergreen shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the City, their agents, departments, officials, employees, insurers and/or successors, by any third party arising from or relating to the development of the Property and/or Facility. Such indemnification shall include, but shall not be limited to, all reasonable fees and reasonable costs of attorneys and other reasonable consultant fees and all fees and costs (including but not limited to attorneys and consultant fees and costs) shall be at charged at regular and customary municipal rates, of the City's choosing incurred in defending such claims, actions, proceedings or demands. Evergreen agrees, within thirty (30) days of written notice by the City, to reimburse the City for any and all actual and reasonable costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

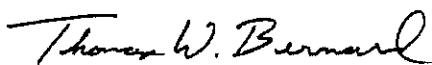
**23. Third-Parties**


Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the City or Evergreen.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the day and year first written above.

City of North Adams:

Evergreen Strategies:





By: Thomas W. Bernard, Mayor  
642721/NADM/0001  
649455/NADM/0006

By: Anthony Parrinello

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA ESTABLISHMENT  
IN THE CITY OF NORTHAMPTON**

This Agreement (the "Agreement") entered into this 5<sup>th</sup> day of June, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 ("the City") and Bodelles Edibles, LLC, a duly organized Massachusetts limited liability corporation with a principal offices 660 Riverside Drive, Florence, MA 01062 ("the Company").

WHEREAS, the Company wishes to operate Marijuana Product Manufacturer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 ("the Establishment") in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations as a Marijuana Product Manufacturer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company's operation as a Marijuana Product Manufacturer, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments").

**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation as a Marijuana Product Manufacturer in the City by the Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate as a Marijuana Product Manufacturer in the City (the "Opening"), then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. (3%) of gross revenue from marijuana product manufacturing, as those terms are defined in 935 CMR 500, at the Establishment.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the \the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than five thousand dollars (\$5,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the "Annual Donations."). The amount of the Annual Donations is based upon the Company's application for licensure as a microbusiness. Should the Company exceed the limits of such microbusiness license or convert to another, non-microbusiness license, the Annual Donation shall immediately increase to ten thousand dollars (\$10,000) commencing in the year that the microbusiness limit was exceeded or the non-microbusiness license issued. The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

Company shall notify the City when the Company commences operations pursuant to statute and regulation, at the Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the

previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain pursuant to its marijuana license for the Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Marijuana Product Manufacturer with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Establishment.



- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.
- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

**8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall

work with the City's Police Department in determining the placement of exterior security cameras.

- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Establishment, and with regard to any anti-diversion procedures.
- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Establishment.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Establishment or any similar Marijuana Product Manufacturer within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

**12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Marijuana Product Manufacturer in the City, in which case, the Company shall reimburse

the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts.**

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

**19. Signatures.**

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: Bodelles Edibles, LLC  
660 Riverside Drive  
Florence, MA 01062

**22. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

CITY OF NORTHAMPTON

BODELLES EDIBLES, LLC

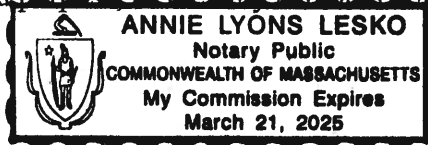
By [Signature]  
Mayor David J. Narkewicz

By [Signature]  
Noelle Saison Pinsonnault, Manager

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

On this 5<sup>th</sup> day of June, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.

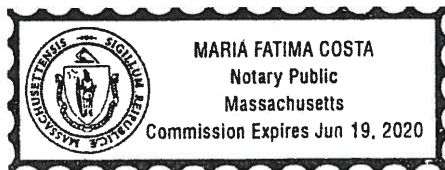


[Signature]  
Notary Public  
My Commission Expires: March 21, 2025

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

On this 5 day of June 2018 before me, the undersigned Notary Public, personally appeared the above-named Noelle Saison Pinsonnault, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by her voluntarily for its stated purpose, as the duly authorized Manager of Bodelles Edibles, LLC.



[Signature]  
Notary Public  
My Commission Expires: June 19, 2020

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA RETAIL ESTABLISHMENT  
IN THE CITY OF NORTHAMPTON**

This Agreement (the "Agreement") entered into this 30<sup>th</sup> day of October, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 ("the City") and GALIL GREENERY, LLC, a duly organized Massachusetts limited liability company with principal offices at 69B Day Avenue, Northampton, MA 01060 ("the Company").

WHEREAS, the Company wishes to operate as a marijuana retailer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 ("the Retail Establishment") in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations as a marijuana retailer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company's operation of the Retail Establishment, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments").

**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Retail Establishment in the City by the Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate the Retail Establishment in the City (the "Opening"), then the Company agrees to provide

the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from retail marijuana product sales, as those terms are defined in 935 CMR 500, at the Retail Establishment.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the \the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars (\$10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the "Annual Donations."). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Retail Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain pursuant to its marijuana retailer license for the Retail Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Retail Establishment.
- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.
- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.



**8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Retail Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Retail Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Retail Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Retail Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.
- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or

in the immediate vicinity of the Retail Establishment, and with regard to any anti-diversion procedures.

- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Retail Establishment.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Retail Establishment or any similar Marijuana Retail Establishment within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

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This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall

pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

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**18. Counterparts.**

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

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: Manager  
Galil Greenery, LLC  
69B Day Avenue  
Northampton. MA 01060

**22. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

[SIGNATURE PAGE TO FOLLOW]

In witness whereof, the parties have hereafter set their hand as of the date first above written.

CITY OF NORTHAMPTON

GALIL GREENERY LLC.

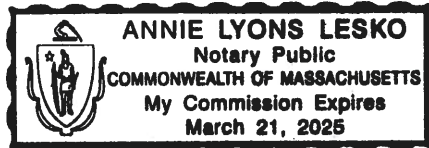
By   
Mayor David J. Narkewicz

By   
Adi Nagli, Manager

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

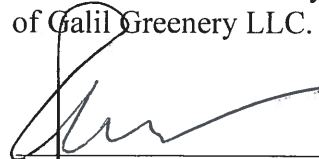
On this 30 day of October, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.



  
Notary Public  
My Commission Expires: 3/21/2025

COMMONWEALTH OF MASSACHUSETTS

On this 18 day of October, before me, the undersigned Notary Public, personally appeared the above-named Adi Nagli, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by her voluntarily on behalf of Galil Greenery LLC for its stated purpose, as the duly authorized Manager of Galil Greenery LLC.

  
Notary Public Rebecca M. Fatus, N.P.  
My Commission Expires: 11/19/21.

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA RETAIL ESTABLISHMENT  
IN THE CITY OF NORTHAMPTON**

This Agreement (the "Agreement") entered into this ~~31<sup>st</sup>~~ day of ~~March~~ **MAY**, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 ("the City") and Green Biz LLC, a duly organized Massachusetts limited liability corporation with a principal offices 45 Bodwell Street, Avon, MA 02322 ("the Company").

WHEREAS, the Company wishes to operate as a marijuana retailer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 ("the Retail Establishment") in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations as a marijuana retailer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company's operation of the Retail Establishment, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments").

**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Retail Establishment in the City by the Massachusetts Cannabis Control Commission (the “CCC”), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate the Retail Establishment in the City (the “Opening”), then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from retail marijuana product sales, as those terms are defined in 935 CMR 500, at the Retail Establishment.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the \the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars (\$10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the “Annual Donations.”). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Retail Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and

maintain pursuant to its marijuana retailer license for the Retail Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Retail Establishment.
- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.



- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

**8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Retail Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Retail Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Retail Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Retail Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.

- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Retail Establishment, and with regard to any anti-diversion procedures.
- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Retail Establishment.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Retail Establishment or any similar Marijuana Retail Establishment within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

**12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the

City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts.**

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

**19. Signatures.**

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: Green Biz LLC  
45 Bodwell Street  
Avon, MA 02322

**22. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

[SIGNATURE PAGE TO FOLLOW]

In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

CITY OF NORTHAMPTON

GREEN BIZ LLC

By [Signature]  
Mayor David J. Narkewicz

By [Signature]  
Jack G. Carney, Manager

COMMONWEALTH OF MASSACHUSETTS

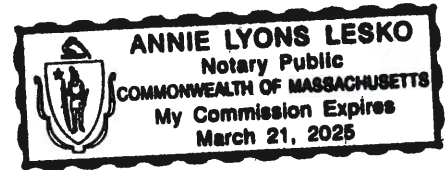
Hampshire, ss

On this 31<sup>st</sup> day of May, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.

[Signature]  
Notary Public  
My Commission Expires:

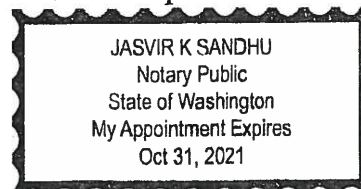
STATE OF WASHINGTON

Tulwila, WA, ss



On this 25 day of 25 / 2018, before me, the undersigned Notary Public, personally appeared the above-named Jack G. Carney, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other (WAD) state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily on behalf of Green Biz LLC for its stated purpose, as the duly authorized Manager of Green Biz LLC.

[Signature]  
Notary Public  
My Commission Expires:



**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA RETAIL ESTABLISHMENT  
IN THE CITY OF NORTHAMPTON**

This Agreement (the “Agreement”) entered into this 5 day of June, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 (“the City”) and Hampshire Hemp LLC, a duly organized Massachusetts limited liability corporation with a principal offices 28 Appleton Street, Holyoke, MA 01040 (“the Company”).

WHEREAS, the Company wishes to operate as a marijuana retailer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 (“the Retail Establishment”) in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company’s operations as a marijuana retailer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company’s operation of the Retail Establishment, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the “Annual Payments”).

**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Retail Establishment in the City by the Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate the Retail Establishment in the City (the "Opening"), then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from retail marijuana product sales, as those terms are defined in 935 CMR 500, at the Retail Establishment.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the \the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars (\$10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the "Annual Donations."). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Retail Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and

maintain pursuant to its marijuana retailer license for the Retail Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Retail Establishment.
- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.



- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

**8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Retail Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Retail Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Retail Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Retail Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.

- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Retail Establishment, and with regard to any anti-diversion procedures.
- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Retail Establishment.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Retail Establishment or any similar Marijuana Retail Establishment within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

**12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the

City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts.**

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

**19. Signatures.**

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: Hampshire Hemp LLC  
28 Appleton Street  
Holyoke, MA 01040

**22. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

[SIGNATURE PAGES TO FOLLOW]

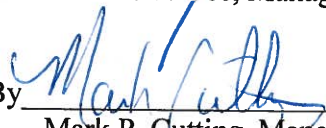
In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

CITY OF NORTHAMPTON

HAMPSHIRE HEMP LLC

By   
Mayor David J. Narkewicz

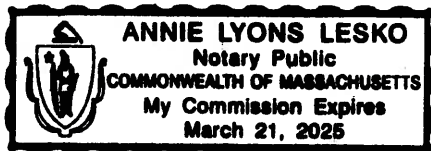
By   
Nicholas F. Yee, Manager

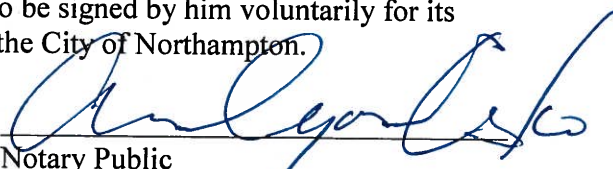
By   
Mark P. Cutting, Manager

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

On this 6<sup>th</sup> day of June, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.



  
Notary Public  
My Commission Expires: March 21, 2025

COMMONWEALTH OF MASSACHUSETTS

Hampden,ss

On this 5 day of June 2018, before me, the undersigned Notary Public, personally appeared the above-named Nicholas F. Yee, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily on behalf of Hampshire Hemp LLC for its stated purpose, as the duly authorized Manager of Hampshire Hemp LLC.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 5.31.24

COMMONWEALTH OF MASSACHUSETTS

Hampden,ss

On this 5 day of June 2018, before me, the undersigned Notary Public, personally appeared the above-named Mark P. Cutting, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily on behalf of Hampshire Hemp LLC for its stated purpose, as the duly authorized Manager of Hampshire Hemp LLC.

  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 5.31.24

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA CULTIVATION FACILITY  
IN THE CITY OF NORTHAMPTON**

This Agreement (the "Agreement") entered into this 7<sup>th</sup> day of December, 2018 by and between the City of Northampton, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 ("the City") and Just Healthy, LLC, a duly organized Massachusetts limited liability company with principal offices at 56 Colborne Road, Boston, Massachusetts 02135 ("the Company").

WHEREAS, the Company wishes to operate as a Marijuana Cultivator within the meaning of 935 CMR 500.002 ("the Cultivation Facility") in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations as a Cultivation Facility in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company's operation of the Cultivation Facility, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments").

**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Cultivation Facility in the City by the Massachusetts Department of Public Health (the "DPH"), Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate the Cultivation Facility in the City (the "Opening"), then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. The Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from generated at the Cultivation Facility.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the \the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars (\$10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the "Annual Donations."). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

The Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Cultivation Facility and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain pursuant to its license for the Cultivation Facility from the DPH, CCC or such other state licensing or monitoring authority, as the case may be.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the DPH, CCC or such other state licensing or monitoring authority, as the case may be. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Cultivation Facility with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment



resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Cultivation Facility.
- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.
- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

**8. Support.**

The City agrees to submit to the DPH, CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Cultivation Facility, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use

reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This Agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Cultivation Facility to operate in the City, or to refrain from enforcement action against the Company and/or the Cultivation Facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Cultivation Facility at least in accordance with the security plan presented to the City and approved by the DPH, CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Cultivation Facility and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card or similar documentation of authority to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the DPH, CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.
- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Cultivation Facility, and with regard to any anti-diversion procedures.
- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police Department within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person;

unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Cultivation Facility.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Cultivation Facility or any similar Cultivation Facility within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

**12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Cultivation Facility in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Cultivation Facility out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Cultivation Facility is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts.**

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

**19. Signatures.**

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: Just Healthy, LLC  
56 Colborne Road  
Boston, MA 02135

**22. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the City or the Company.

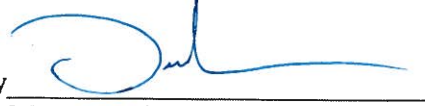
[SIGNATURE PAGE FOLLOWS]

In witness whereof, the parties have hereafter set forth their hands as of the date first above written.

CITY OF NORTHAMPTON

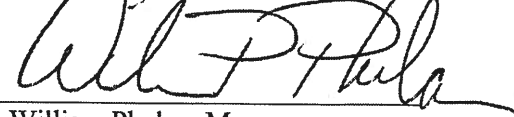
JUST HEALTHY, LLC

By



Mayor David J. Narkewicz

By

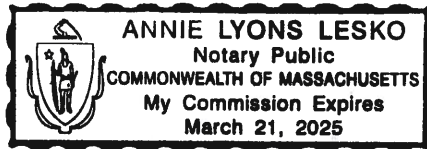


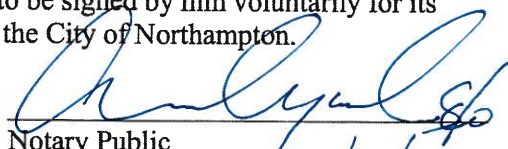
William Phelan, Manager

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

On this 7<sup>th</sup> day of DECEMBER, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.



  
Notary Public

My Commission Expires: 3/21/2025

STATE OF NEW YORK

On this 7<sup>th</sup> day of December, before me, the undersigned Notary Public, personally appeared the above-named William Phelan, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily on behalf of Just Healthy, LLC for its stated purpose, as the duly authorized Manager of Just Healthy, LLC.

  
Notary Public

My Commission Expires:

JUSTIN GALCHIN  
Notary Public, State of New York  
Qualified in Saratoga County  
Reg. No. 01GA6187434  
My Commission Expires May 19, 2020

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA RETAIL ESTABLISHMENT  
IN THE CITY OF NORTHAMPTON**

This Agreement (the "Agreement") entered into this \_\_\_\_ day of March, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 ("the City") and New England Treatment Access, LLC., a duly organized Massachusetts limited liability corporation with a principal office address of 5 Forge Parkway, Franklin, Massachusetts 02038 ("the Company").

WHEREAS, the Company operates a Registered Marijuana Dispensary ("RMD"), as that term is defined by 105 CMR 725, at 118 Conz Street in the City (the "Premises") in accordance with regulations issued by the Commonwealth of Massachusetts Department of Public Health ("DPH") and pursuant to a Host Community Agreement with the City dated January 2016 ("2016 HCA"); and

WHEREAS, the Company wishes to expand the current RMD operation at the Premises by acquiring a license to operate as a marijuana retailer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 ("the Retail Establishment"); and

WHEREAS, this Second Host Community Agreement, which shall be in addition to and not in lieu of the 2016 HCA, shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations as a marijuana retailer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company's operation of the Retail Establishment, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments").

**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Retail Establishment in the City by the Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate the Retail Establishment in the City (the "Opening"), then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from retail marijuana product sales, as those terms are defined in 935 CMR 500, at the Retail Establishment.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the \the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars (\$10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the "Annual Donations."). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Retail Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and



maintain pursuant to its marijuana retailer license for the Retail Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Retail Establishment.
- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.

- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

**8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Retail Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Retail Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Retail Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Retail Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.

- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Retail Establishment, and with regard to any anti-diversion procedures.
- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Retail Establishment.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Retail Establishment or any similar Marijuana Retail Establishment within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

**12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the

City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts.**

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

**19. Signatures.**

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: New England Treatment Access, LLC  
5 Forge Parkway  
Franklin, MA 02038

**22. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

[SIGNATURE PAGE TO FOLLOW]

In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

CITY OF NORTHAMPTON

NEW ENGLAND TREATMENT ACCESS, LLC,

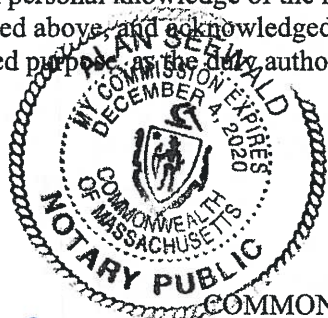
By [Signature]  
Mayor David J. Narkewicz

By [Signature]  
Arnon Vered, Manager

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

On this 29 day of March, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose as the duly authorized Mayor of the City of Northampton.



[Signature]  
Notary Public  
My Commission Expires: 12-4-20

COMMONWEALTH OF MASSACHUSETTS

[Signature]  
CARLING GRANGER AUDETTE, ss

On this 29 day of MARCH, before me, the undersigned Notary Public, personally appeared the above-named Arnon Vered, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized MANAGER.



[Signature]  
Notary Public  
My Commission Expires: 02/07/2025

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA RETAIL ESTABLISHMENT  
IN THE CITY OF NORTHAMPTON**

This Agreement (the “Agreement”) entered into this 1<sup>st</sup> day of November, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 (“the City”) and NORTHEMPTON ENTERPRISES, INC., a duly organized Massachusetts domestic profit corporation with principal offices at 2 Conz Street, Unit 4, Northampton, MA 01060 (“the Company”).

WHEREAS, the Company wishes to operate as a marijuana retailer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 (“the Retail Establishment”) in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company’s operations as a marijuana retailer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company’s operation of the Retail Establishment, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the “Annual Payments”).

**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Retail Establishment in the City by the Massachusetts Cannabis Control Commission (the “CCC”), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate

the Retail Establishment in the City (the "Opening"), then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from retail marijuana product sales, as those terms are defined in 935 CMR 500, at the Retail Establishment.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the \the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars (\$10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the "Annual Donations."). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Retail Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain pursuant to its marijuana retailer license for the Retail Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.



**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Retail Establishment.
- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.
- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

**8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Retail Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Retail Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Retail Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Retail Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.
- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and

communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Retail Establishment, and with regard to any anti-diversion procedures.

- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Retail Establishment.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Retail Establishment or any similar Marijuana Retail Establishment within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

**12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of

the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts.**

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

**19. Signatures.**

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: Northampton Enterprises, Inc.  
2 Conz Street, Unit 4  
Northampton, MA 01060

**22. Third-Parties.**


Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.


[SIGNATURE PAGE TO FOLLOW]


In witness whereof, the parties have hereafter set their hand as of the date first above written.

CITY OF NORTHAMPTON

NORTHEMPTON ENTERPRISES, INC.

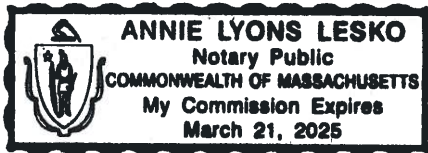
By   
Mayor David J. Narkewicz

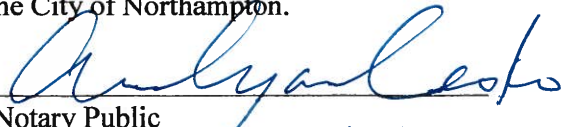
By   
Jonathan G. Sheeley  
President

By   
Jonathan Richard Napoli  
Treasurer

COMMONWEALTH OF MASSACHUSETTS

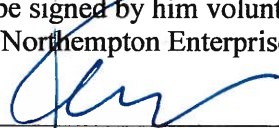
On this 1<sup>st</sup> day of November, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.



  
Notary Public  
My Commission Expires: 3/21/2025

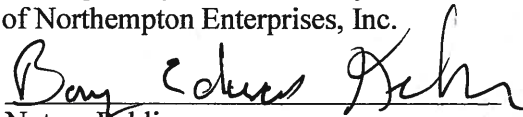
COMMONWEALTH OF MASSACHUSETTS

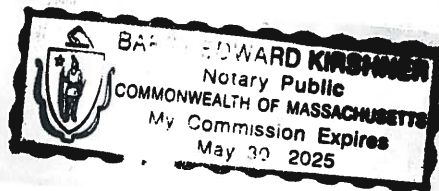
On this 1<sup>st</sup> day of Nov., before me, the undersigned Notary Public, personally appeared the above-named Jonathan G. Sheeley, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized President of Northampton Enterprises, Inc.

  
Notary Public Richard M. Evans, J.P.  
My Commission Expires: 11/19/21.

COMMONWEALTH OF MASSACHUSETTS

On this 29<sup>th</sup> day of October, before me, the undersigned Notary Public, personally appeared the above-named Jonathan Richard Napoli, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Treasurer of Northampton Enterprises, Inc.

  
Notary Public  
My Commission Expires:



**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A  
MARIJUANA ESTABLISHMENT  
IN THE CITY OF NORTHAMPTON**

This Agreement (the “Agreement”) entered into this \_\_\_\_ day of July, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 (“the City”) and Stoned Puppy, LLC, a duly organized Massachusetts limited liability company with principal offices at 20 Ladd Avenue, Northampton, MA 01060 (“the Company”).

WHEREAS, the Company wishes to operate Marijuana Product Manufacturer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 (“the Establishment”) in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company’s operations as a Marijuana Product Manufacturer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

**1. Community Impact.**

The City anticipates that, as a result of the Company’s operation as a Marijuana Product Manufacturer, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the “Annual Payments”).



**2. Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation as a Marijuana Product Manufacturer in the City by the Massachusetts Cannabis Control Commission (the “CCC”), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate as a Marijuana Product Manufacturer in the City (the “Opening”), then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

- a. (3%) of gross revenue from marijuana product manufacturing, as those terms are defined in 935 CMR 500, at the Establishment.
- b. The Company shall make the Annual Payments quarterly each calendar year on the 1<sup>st</sup> of January, April, July and October beginning on the first of such dates after the the Opening.

**3. Marijuana Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars (\$10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the “Annual Donations.”). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

**4. Annual Filing.**

Company shall notify the City when the Company commences operations pursuant to statute and regulation, at the Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. The Company shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain pursuant to its marijuana license for the Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

**5. Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Marijuana Product Manufacturer with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

**6. Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 2 of this Agreement.

**7. Community Support and Additional Obligations.**

- a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Establishment.
- b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.
- c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education

programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

**8. Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

**9. Security.**

- a. Company shall maintain security at the Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the City's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the City's Police Department in determining the placement of exterior security cameras.
- c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security,

delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Establishment, and with regard to any anti-diversion procedures.

- d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

**10. On-site Consumption.**

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 Establishment.

**11. Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Establishment or any similar Marijuana Product Manufacturer within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

**12. Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Marijuana Product Manufacturer in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Establishment is relocated out of

the City prior to the second anniversary of the date of this Agreement, the Company shall pay the City as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

**13. Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Hampshire County.

**14. Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

**15. Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

**16. Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

**17. Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

**18. Counterparts.**

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

**19. Signatures.**

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

**20. Entire Agreement.**

This Agreement 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.

**21. Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz  
City Hall  
210 Main Street  
Northampton, MA 01060

To Company: Stoned Puppy, LLC  
20 Ladd Avenue  
Northampton, MA 01060

**22. Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either City or the Company.

[SIGNATURE PAGE TO FOLLOW]

In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

CITY OF NORTHAMPTON

STONED PUPPY, LLC

By [Signature]  
Mayor David J. Narkewicz

By [Signature]  
Abdul Leite

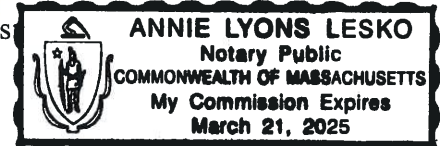
By [Signature]  
Richard Debenedictis

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

On this 12<sup>th</sup> day of July, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.

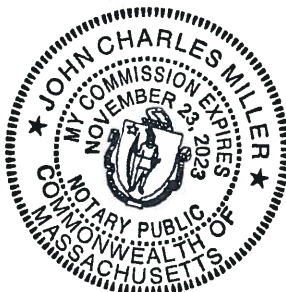
[Signature]  
Notary Public  
My Commission Expires



COMMONWEALTH OF MASSACHUSETTS

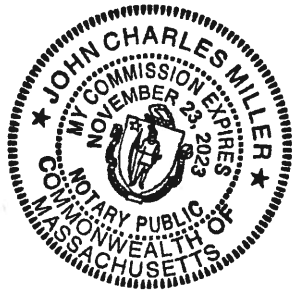
On this 12<sup>th</sup> day of July 2018, before me, the undersigned Notary Public, personally appeared the above-named Abdul Leite, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Member of Stoned Puppy, LLC.

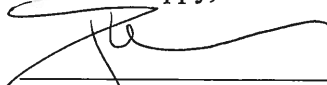
[Signature]  
Notary Public



My Commission Expires:  
COMMONWEALTH OF MASSACHUSETTS

On this 12<sup>th</sup> day of July 2018, before me, the undersigned Notary Public, personally appeared the above-named Richard Debenedictis, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Member of Stoned Puppy, LLC.



  
\_\_\_\_\_  
Notary Public  
My Commission Expires: 11/23/2023



## COMMUNITY BENEFIT AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("HCA") is entered into this 10<sup>th</sup> day of April, 2018 by and between Curaleaf Massachusetts Inc., a Massachusetts registered marijuana dispensary with a principal office of 2001 Washington St., Unit B, Hanover, MA 02339 ("Curaleaf MA") and the Town of Oxford, a Massachusetts municipal corporation with a principal address of 325 Main Street, Oxford MA 01540 acting by and through its Board of Selectmen ("the Town").

WHEREAS, Curaleaf MA intends to utilize commercial space located at 425 Main Street, Oxford, MA (the "Premises") for the purposes of operating as a marijuana retailer pursuant to G. L. c. 94G; and

WHEREAS, Curaleaf MA intends to submit an application to the Cannabis Control Commission (the "Commission") for a license to operate as a marijuana retailer at the Premises; and

WHEREAS, this HCA shall constitute the stipulations of responsibilities between the Town as host community and Curaleaf MA pursuant to G. L. c. 94G, § 3 for the Premises.

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other goods and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Curaleaf MA shall make annual community impact payments, pursuant to G. L. c. 94G, § 3 to the Town in the amount of three percent (3%) of gross sales of marijuana and marijuana infused products to consumers from the Premises, provided that if the Legislature raises the current three percent maximum amount of community impact payments that a marijuana retailer may pay to a municipality pursuant to G. L. c. 94G, § 3(d), Curaleaf MA shall pay a community impact payment based on the highest percentage of gross sales from the Premises and at such rate as allowed by the Legislature.
2. Such payments shall be made annually at the end of each 12 months of operation, and shall continue for a period of 5 years.
3. The Town shall use the above referenced payments in its sole discretion, but shall make a good faith effort to allocate said payments for community wellness programs, and other efforts and initiatives for the support of patient health.
4. Curaleaf MA, in addition to any funds specified herein, shall annually contribute to public charities in the Town an amount no less than Twenty-Five Thousand Dollars (\$25,000), said charities to be determined by Curaleaf MA in consultation with the Town. .

5. It is expressly agreed by the Parties that in the event 1. Curaleaf MA executes a Host Community Agreement pursuant to G. L. c. 94G, § 3, with any other municipality that pays to said municipality a community impact fee greater than the community impact fee provided in Paragraph 2 of this HCA, 2. Curaleaf MA shall pay to the Town the same community impact fee provided to such other municipality.
6. Curaleaf MA shall give hiring preferences to residents of the Town who otherwise meet the qualifications for employment at the Premises.
7. Curaleaf MA shall coordinate with the Oxford Police Department in the development and implementation of security measures, as required pursuant to applicable regulations and otherwise, including determining the placement of exterior security cameras. Curaleaf MA will maintain a cooperative relationship with the Oxford Police Department, including but not limited to, periodic meetings to review operational concerns and communication to the Oxford Police Department of any suspicious activities on the Premises.
8. Curaleaf MA shall submit financial records to the Town within 30 days after payment of the Annual Payment with a certification of sales with respect to each such payment. Curaleaf MA shall maintain its books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the Cannabis Control Commission. All records shall be kept for a period of at least seven (7) years. During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense), those parts of the Operator's books and financial records which relate to the determination of the required Annual Payment and to the Operator's compliance with this Agreement. Such examinations may be made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner so as not to interfere with Curaleaf MA's normal business activities.
9. Amendments to the terms of this HCA may be made only by written agreement of the Parties.
10. This Agreement shall be binding upon and shall inure to the benefit of the parties and their permitted successors and assignees. Neither the Town nor Curaleaf MA shall assign or transfer any interest in the Agreement without the written consent of the other.
11. Curaleaf MA agrees to comply with all laws, rules, regulations and orders applicable to the Premises, such provisions being incorporated herein by reference, and shall

be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of renovation or construction of the Premises.

12. Any and all notices, or other communications required or permitted under this HCA, shall be in writing and delivered by hand or mailed postage prepaid, return receipt requested, by registered or certified mail or by another reputable delivery service, to the Parties at the addresses set forth on Page 1 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.


Curaleaf MA shall comply with all Federal, State and local laws, rules, regulations and orders applicable to the operations at the Premises, 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 operations.

13. Curaleaf MA shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, costs and expenses, including attorney's fees, arising out of Curaleaf MA's breach of this Agreement or the negligence or misconduct of Curaleaf MA, or Curaleaf MA's agents or employees.
14. If any term or condition of this HCA or any application thereof shall to any extent be held invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining terms and conditions of this HCA shall not be deemed affected thereby unless one or both parties would be substantially or materially prejudiced.
15. This HCA shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts and the parties submit to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.
16. The obligations of Curaleaf MA and the Town recited herein are specifically contingent upon Curaleaf MA obtaining a license from the Commission pursuant to regulations promulgated by the Commission for operation of a "Retail (brick and mortar)" marijuana establishment in the Town and Curaleaf MA's receipt of all necessary local approvals to locate, occupy, and operate a retail location for both medical and adult use in the Town.

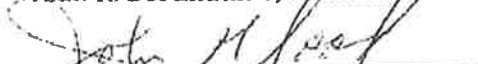
**TOWN OF OXFORD  
BOARD OF SELECTMEN**

By:   
Dennis E. Lamarche, Chairman

  
Cheryl A. Leblanc, Vice Chair

  
Meaghan E. Troiano, Secretary

  
Alan R. Berthiaume, Member

  
John G. Saad, Member

**CURALEAF MASSACHUSETTS**

By:   
Patrik Jonsson, CEO

**CITY OF PEABODY  
HOST COMMUNITY AGREEMENT  
FOR  
REGISTERED MEDICAL MARIJUANA DISPENSARY**

**A. TERMS**

This Agreement (the "Agreement") is executed this \_\_\_\_ day of July, 2018 by and between the CITY OF PEABODY, acting by and through its Mayor, with a principal address of 24 Lowell Street, Peabody, Massachusetts 01960 (hereinafter the "CITY" and "HOST COMMUNITY") and Phytotherapy, Inc., with a principal address of 25 Newbury Street, Peabody, MA (hereinafter "COMPANY"). The CITY and COMPANY collectively are referred to as the "Parties."

**B. RECITALS**

WHEREAS, COMPANY wishes to locate a facility registered under Massachusetts Department of Public Health ("DPH") Regulations at 105 CMR 725.000 et seq. (the "Regulations") to operate as a Medical Marijuana Treatment Facility ("RMD") at [STREET NUMBER] Newbury Street, aka US Route 1, Peabody, MA (hereinafter the "Facility") in the CITY for all purposes pursuant to applicable laws and said regulations of the Commonwealth of Massachusetts;

**1. IMPACTS**

WHEREAS, the parties recognize and hereinafter agree that COMPANY'S construction, establishment and operation of its RMD shall impact the CITY, as a HOST COMMUNITY, in a variety of ways, some now known and others to be experienced which impacts are to be mitigated by payments to be calculated, encumbered and paid pursuant to the procedures heretofore adopted and for the purposes allowed by applicable law;

**2. NO RECREATIONAL OR ADULT MARIJUANA OPERATIONS**

WHEREAS, COMPANY shall agree that it shall not engage in the business of recreational or adult marijuana notwithstanding any existing or prospective statutory provisions establishing COMPANYS eligibility to so undertake that use which agreement shall be incorporated into the conditions of any special permit issued to COMPANY by the CITY;

**3. PAY ALL TAXES**

WHEREAS, COMPANY, will pay all local taxes attributable to its operation of the Facility, including real estate taxes on the space within which it is located;

**4. COMMUNITY EMPLOYMENT INCENTIVE**

WHEREAS, COMPANY desires to be a responsible corporate citizen and contributing member of the business community of the CITY, and in the event the contingencies noted below are met, intends to provide certain benefits to the CITY over and above the increased employment base

and other typical economic development benefits attributable with similar new retail concerns locating in said CITY;

#### **5. STATE REGULATORY COMPLIANCE**

WHEREAS, COMPANY intends to apply for, and secure from DPH, a final certificate of registration ("Final Certificate") to operate as a RMD at the Facility pursuant to the Regulations;

#### **6. SELF-REPORTING / COMPLIANCE**

WHEREAS, the Parties acknowledge that DPH and/or other Massachusetts' agencies, bodies or other governmental entities (collectively, "MA Governmental Bodies") may request certain information from the CITY as part of the licensing process for the Facility and the CITY will respond promptly to those requests, and, by way of reciprocity, COMPANY shall observe a continuing obligation to notify it of any changes in its status with its Registration issued by the MA Governmental Bodies, including but not limited to actual or threatened litigation, civil, administrative or criminal, in Massachusetts of the Federal District Court of Massachusetts, connected with COMPANY or any of its principals; and, any law enforcement activity undertaken on or directly abutting COMPANY'S property or with its employees, and, COMPANY shall send to CITY, care of its Health Department Director, copies of any and all documents it files or supplies to DPH or the Cannabis Control Commission;

#### **7. STATUTORY CITATION**

WHEREAS, the Agreement shall constitute the stipulations of responsibilities for the RMD between the host community and COMPANY pursuant to G. L. c. 94G, §3, as amended by Stat. 2017 c. 55, § 25 and all regulations promulgated thereunder;

#### **8. STATUTORY CONSTRUCTION AND INTERPRETATION: MUTUAL DEFENSE**

WHEREAS, the parties recognize that the laws applicable to the establishment and operation of the said RMD are new and lack case law precedent in Massachusetts supplying parties, like the CITY and COMPANY herein, with guidance defining the limits of contractual authority, especially as to the eligibility, calculation, and disbursement of impact related costs from the COMPANY'S "HOST COMMUNITY PAYMENTS," addressed below, parties recognize that some of the obligations herein set forth are drawn from the next best available source of validity (to wit: executed host agreements from other Massachusetts HOST COMMUNITIES), and, to that end, the parties herein covenant to cooperatively defend the enforceability of all terms, conditions, promises and obligations contained in the agreement; and,

#### **9. SAFETY**

WHEREAS, the parties acknowledge that the registration process, including, but not limited to the representations and disclosures made in the application process to the Commonwealth in

pursuit of the registrations required for legal operation coupled with the CITY's special permit requirements are calculated to achieve safety for all involved in the successful integration and operation of COMPANY as a RMD in Peabody. COMPANY agrees that in addition to the self-reporting obligation of §6, and all other requirements required in law or by the conditions associated with the registrations or special permit it specifically agrees it shall file with the CITY's Health and Police Departments a menu of products being sold and of the presence of any hazardous materials specifically commercial grade alcohol used in the product preparation process or any other flammables; prohibit any "on premise" consumption of all marijuana or marijuana infused products; and, construct and operate a facility that is ADA and handicap accessible; and, to the extent police details are needed for COMPANY that such are coordinated with the CITY'S Chief of Police;

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and for the mutual promises set forth below, the parties agree as follows:

1. Impacts

- a. General Statement. The purpose of this Agreement is to assist the CITY, as a HOST COMMUNITY, in addressing Community impacts directly proportional and reasonably related to the OPERATOR and consistent with the mutual defense obligation at §8. "Community Impacts" means, collectively, and the following is not a complete list of possible impacts, the following potential and actual impacts to the CITY directly related to or resulting from the construction and operation of the RMD such as: (i) increased use of CITY services; including, but not limited to, police, fire, health, school and public service departments' deployment of resources; (ii) increased use of CITY infrastructure; (iii) the need for additional CITY infrastructure, employees and equipment; (iv) increased traffic and traffic congestion; (v) increased air, noise, light and water pollution; (vi) issues related to safety and addictive behavior, including but not limited to sustaining and increasing the missions of the Healthy Peabody Collaborative and Peabody Veteran's Memorial High School student health center, and the additional training required advisable for CITY employees, especially school personnel related to the missions of these programs, and the purchase of necessary equipment; (vii) loss of CITY revenue from displacement of current businesses; (viii) issues related to education and housing; (ix) quality of life; (x) costs related to mitigating other impacts to the CITY and its residents, and (xi) negative impacts on aid and grant funding to the CITY or property values.
- b. Host Community Payments. Where the COMPANY obtains a Final Certificate from DPH to operate the Facility as an RMD pursuant to the Regulations, and receives any and all necessary and required permits and licenses from the CITY, and at the expiration of any final appeal period related thereto said matter not being appealed further, which said Final Certificate, permits and/or licenses

allow COMPANY to occupy and operate the Facility in the CITY as an RMD, then COMPANY agrees:

- i. COMPANY shall pay \$100,000.00 to the CITY for CITY's resources allocations for the evaluation, zoning and permitting of the COMPANY to establish its RMD therein and for the funding of the medical, social and educational services cited in §1(vi) to meet those missions contemporaneous with the opening of the RMD ;
- ii. COMPANY shall pay 3% of its annual gross revenue validated by Generally Accepted Accounting Practices (GAAP) standards to the CITY to be held in trust and subject to disbursement to CITY upon the tender of documentation validating actual monetized impacts, consistent with the categories generally enumerated in §1. supra,
- iii. COMPANY agrees to engage an independent accountant on an annual basis to conduct an Audit of the COMPANY'S books and records in accord with Generally Accepted Accounting Practices (GAAP) and it shall make the results of that audit and any opinions rendered available to the CITY for review; COMPANY further agrees that the Audit services engaged will include a full reconciliation of Gross Sales to the 3% payments to the CITY.
- iv. The percentage gross revenue shall be collected on a monthly basis, paid by commercial paper (either a certified bank check or commercial check), an ACH or a wire transfer within thirty (30) days from the close of a calendar month and deposited in said trust account, calculated at 3% of the gross revenue for each month, commencing the first month next following the issuance of the Final Certificate of Registration validated by an annual audit subject to third party review, and, further, COMPANY shall submit the said payment to the CITY for 3% of gross sales in conjunction with a report depicting those sales and reconciling the amount paid in the report;
- v. At the expiration of 12 months from the issuance of the Final Certificate of Registration the CITY shall present to COMPANY its documentation validating its actual monetized impacts the sum of which shall be disbursed to the CITY;
- vi. The aforesaid documentation shall be a public record accessible to those who make demand for same under applicable law;
- vii. Disputes as to the subject matter or amount of a claim for disbursement shall be resolved by litigating same in the Peabody District Court or Essex Superior Court where both parties herein waive trial by jury, and, prevailing party's fees and costs of the litigation are to be paid by the non-prevailing party; and,
- viii. The Parties acknowledge that the host community payments provided herein are reasonably related to the costs imposed upon the municipality by the operation of the Facility.



- c. **Payments.** COMPANY shall make the payments set forth in Paragraph 2, above, to the CITY of Peabody in an account established by CITY'S Finance Director. The parties understand and acknowledge that the CITY is under no obligation to use the foregoing payments in any particular manner except the single entry payment connected with the identified pre-operation impacts.
- d. **Other Payments.** COMPANY anticipates that it will make annual purchases of water, and sewer from all local government agencies. COMPANY will pay any and all fees associated with the local permitting of the Facility.
- e. **Re-Opener/Review.** The CITY, through the Mayor, will revisit the total amount and allocation noted above every 48 months to ensure that the CITY's priorities are being met and COMPANY has fulfilled its commitment to CITY's satisfaction. In no event will the annual payment called forth herein be reduced as a result of this paragraph.

2. **No Recreational or Adult Marijuana Operations** COMPANY agrees that it shall not engage in the business of recreational or adult marijuana notwithstanding any existing or prospective statutory provisions establishing COMPANYS eligibility to so undertake that use which agreement shall also be incorporated into the conditions of any special permit issued to COMPANY by Peabody's Council.

3. **Local Taxes.** COMPANY agrees that at all times during the term of this Agreement, to the extent allowed under statute, all local taxes, personal property taxes, vehicle excise taxes, and real estate taxes for the Peabody property at which the Facility is operated will be paid by a for profit (not tax-exempt) entity owning said property and in no event will COMPANY or the property owner seek or file for any exemption from paying said taxes.

4. **Community Support.** COMPANY will provide the following indirect support to the CITY:
- a. Vendors — To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, COMPANY shall make effort in a legal and non-discriminatory manner to give priority to local businesses and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility.
  - b. Non-Security Employment Positions - To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, COMPANY shall make effort in a legal an non-discriminatory manner to give priority to local residents in terms of non-security employment positions at the Facility.
  - c. Security Employment Positions - To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, COMPANY shall make effort in a legal an non-discriminatory manner to give priority to retired

officers of the CITY's Police Department in connection with security employment positions at the Facility and, per §9 coordinate details with the CITY'S Chief of Police.

- d. Charitable Endeavors – COMPANY will always be engaged in charitable programs satisfying its mission and vision. COMPANY shall make effort by way of agents thereof to volunteer their time and skills to local charities and charitable events, to be active members of local organizations and/or to serve as connectors for business related efforts and needs. In addition, and with respect to net profits directly related to sales generated at the Facility, donations to local, Peabody charities and charitable events will have the first priority for all net profits from the sales at the Peabody RMD; such shall be reflected by an annual scholarship established to a worthy student in the ward in which the facility is operating. COMPANY will meet at least semi-annually with CITY of Peabody officials or designees to update and prioritize specific local charitable recipients.
- e. Local Healthcare Community – COMPANY intends to be in communication with the local healthcare community to facilitate education, awareness and integration with respect to COMPANY's services, products, seminars, research, studies, general patient receptiveness and reactions, in addition to attempting to address their respective needs, concerns and questions. Seminars and group meetings will be emphasized and organized by COMPANY, including workshops conducted by special support groups (i.e., matters and/or crisis such as those relating to cancer, AIDS, rehabilitation, opiates) regarding therapies of medical cannabis in combination with other complementary and alternative medicines. COMPANY will intend to act as a referral source for patients to other local healthcare providers, and will encourage such local providers to participate in "Wellness Day" events to render pro-bono services to certain, qualifying patients of COMPANY. COMPANY is receptive to assisting new or ongoing medical studies and research and striving to help patients help themselves in a positive and compassionate way. COMPANY will do this by offering its patients such opportunities as they may arise to participate in ongoing medical studies and research trials which, if agreed to, will be shared with member patients, their recommending physicians and the local medical community, all consistent with applicable laws and regulations, to stimulate the growing dialogue between the local medical cannabis community and the local conventional medical community.

5. State Regulatory Compliance. COMPANY shall seek a Final Certificate of Registration from DPH.

6. Self-reporting / Compliance. The CITY agrees to respond to DPH and/or other MA Governmental Bodies within 60 days of a request from such to provide such other information as may be requested in connection with COMPANY's applications for licenses, permits and certificates at the Facility and cooperate in good faith in the licensing, permitting and certification process. by way of reciprocity, COMPANY shall observe a continuing obligation to notify it of any changes in its status with its Registration issued by the MA Governmental Bodies, including but

not limited to actual or threatened litigation, civil, administrative or criminal, in Massachusetts of the Federal District Court of Massachusetts, connected with COMPANY or any of its principals; and, any law enforcement activity undertaken on or directly abutting COMPANY'S property or with its employees, and, COMPANY shall send to CITY, care of its Health Department Director, copies of any and all documents it files or supplies to DPH or the Cannabis Control Commission;

7. **Security and Safety** COMPANY shall maintain security at the Facility at least in accordance with the security plan presented to the CITY which plan shall be supplemented by an orientation of the operation for the Chief of Police and/or his designee and approved by DPH, and such further plans that will be presented to the CITY, DPH and/or other MA Governmental Bodies and approved by such. In addition, COMPANY shall comply with all applicable laws and regulations regarding the operations of the Facility and the security thereof. Compliance is and not limited to: coordinating with the CITY regarding panic alarms; providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Program ID Card to law enforcement upon request. COMPANY shall promptly report the discovery of the following to CITY police within 24 hours: diversion of marijuana; unusual discrepancies identified during inventory, theft, loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, registered qualifying patients, personal caregivers, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security. COMPANY also agrees it shall file with the CITY'S Health and Police Departments a menu of products being sold and of the presence of any hazardous materials specifically commercial grade alcohol used in the product preparation process or any other flammables; prohibit any "on premise" consumption of all marijuana or marijuana infused products; and, construct and operate a facility that is ADA and handicap accessible; and, to the extent police details are needed for COMPANY that such are coordinated with the CITY'S Chief of Police;
8. **Statutory Applicability, Mutual Defense of Enforceability, Breach.** G. L. c. 94G, §3, as amended by Stat. 2017 c. 55, § 25 and all regulations promulgated thereunder herein apply. The parties herein covenant to cooperatively defend the enforceability of all terms, conditions, promises and obligations contained in the agreement. Breach of the agreement can be enforced through a suit for damages and injunctive relief, and, independently, constitute a violation of the conditions of the subject said special permit the nature of which may be enforced though the Building Commissioner and his powers to issues a cease and desist order, seek injunctive relief, issue fines or seek a criminal complaint.
9. **Subject to Zoning Approval.** COMPANY'S ability to use the Facility shall be subject to COMPANY obtaining zoning approvals from the CITY, which shall not be unreasonably withheld.

10. **Term and Termination.** This Agreement shall take effect on the day above written, subject to the contingencies noted herein and shall expire if the COMPANY ceases to do business in the CITY or in any way loses or has its license revoked by the Commonwealth or on the fifth anniversary of the execution of the Agreement, unless the allowable term of Host Community Agreements shall be extended by the Legislature in which case this Agreement shall remain in full force and effect (the "Termination Date"). Within 120 days of the Termination Date, the Parties shall begin negotiations in good faith to extend the Agreement.
11. **Breach.** CITY may issue a written notice of its claim of a breach of this agreement within thirty (30) of said breach, and, COMPANY shall have thirty (30) days from its receipt of the CITY'S notice of its claim of a breach to cure same failing which the CITY'S Building Commissioner may enjoin the COMPANY from conducting business pursuant to the enforcement powers conferred upon said office under MGL. c. 40A, the REVISED Zoning Ordinance of the City of Peabody as mostly amended and Massachusetts common law.
12. **Approvals.** The parties understand and acknowledge that the within agreement is subject to the approval of the Peabody CITY Council and all rights and responsibilities contained herein are subject thereto.
13. **Governing Law.** This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Essex County or Peabody District Court as jurisdiction amounts may dictate.
14. **Amendments/Waiver.** Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.
15. **Severability.** If any term or condition of the 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.
16. **Successors/Assigns.** This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the CITY nor COMPANY shall assign or transfer any interest in the Agreement without the written consent of the other.
17. **Entire Agreement—Medicinal Marijuana Dispensary Use Only.** This Agreement constitutes the entire integrated agreement between the parties with respect to the matters described. The Agreement may be signed in counterparts. Further, COMPANY agrees that this Agreement is solely related and the operation of a medicinal Registered Marijuana Dispensary. It further agrees that in no way is so called adult use or recreational sales allowed. COMPANY hereby covenants and agrees it will not conduct adult use or recreational sales in the CITY of Peabody as initially stated in §2 above.

ASA

18. Notices. Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To CITY: Mayor Edward A. Bettencourt, Jr.  
CITY HALL - 24 Lowell Street  
Peabody, MA 01960

To Licensee: Mr. Alex Athanas  
Phytotherapy, Inc.  
25 Newbury Street  
Peabody, MA 01960

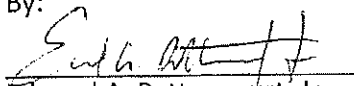
With a copy to: James Smith, Esquire                      David L. Ankeles, Esq.  
990 Paradise Road                              246 Andover Street  
Swampscott, MA 01907                      Unit 101  
Peabody, MA 01960

Notice shall be deemed given (a) two (2) business days after the date when it is deposited with the U.S. Post Office, if sent by first class or certified mail, (b) one (1) business day after the date when it is deposited with an overnight courier, if next business day delivery is required, (c) upon the date personal delivery is made, or (d) upon the date when it is sent by facsimile, if the sender receives a facsimile report confirming such delivery has been successful and the sender mails a copy of such notice to the other party by U.S. first-class mail on such date.

In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

CITY OF PEABODY

By:

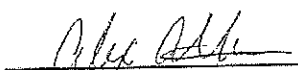


Edward A. Bettencourt, Jr.

Mayor

*As approved by the City Council  
and with no appeal having been taken.*

PHYTOTHERAPY, INC.

 Pres 7/24/18  
Alex Athanas, President & Director

*Approved  
As of 7/24/18  
[Signature]  
Approved to [Signature]  
CITY CLERK*

*Approved  
By [Signature]  
[Signature]*

**HOST COMMUNITY BENEFIT AGREEMENT**  
**BETWEEN**  
**27 BROOM STREET, LLC AND**  
**THE TOWN OF PLAINFIELD, MASSACHUSETTS**  
**FOR THE SITING OF A REGISTERED MARIJUANA CULTIVATION**  
**FACILITY**

This Host Community Benefit Agreement ("HCBA") is entered into this 28 day of May, 2018 by and between 27 Broom Street, LLC, a Massachusetts limited liability corporation with a principal office address of 26 Brookside Dr., Feeding Hills, Massachusetts, 01030, ("27BS") and the Town of Plainfield, a body politic acting by and through its Select Board, with a mailing address of 304 Main St, Plainfield, Massachusetts 01070, ("TOWN"). The HCBA pertains to the siting of a Registered Marijuana Dispensary ("RMD"), being a facility which cultivates, manufactures, delivers, transports, and supplies marijuana in Plainfield, Massachusetts.

WHEREAS, 27BS has applied to the Massachusetts Department of Public Health ("DPH"), and intends to apply to the Massachusetts Cannabis Control Commission (the "Commission"), for a license to operate a RMD in the Town of Plainfield,

WHEREAS, 27BS wishes to locate a RMD Cultivation facility in Plainfield in accordance with regulations issued by the DPH, the Commission, and the TOWN,

WHEREAS, 27BS proposes to provide certain benefits to the TOWN in the event that it obtains a final certificate of registration from the DPH, and a license from the Commission, and all state and local approvals to operate the Cultivation facility in Plainfield and does so operate, and

WHEREAS, the Town has issued a Letter of Non-opposition regarding 27BS's application for registration with DPH,

THEREFORE, in consideration of the above, 27BS and the TOWN enter into this Host Community Benefit Agreement in accordance with MGL c. 44, §53A, c. 94G, §3, and any other enabling authority, on the following terms:

1. 27BS shall pay a COMMUNITY DONATION to the TOWN as follows:

In the first year of operation of a Cultivation Facility in Plainfield, the COMMUNITY DONATION to the TOWN shall be \$20,000, due by July 1 following the start of operation of the Cultivation Facility.

In the second year of operation of a Cultivation Facility in Plainfield, the COMMUNITY DONATION to the TOWN shall be \$22,500, due by July 1.

In the third year of operation of a Cultivation Facility in Plainfield, the COMMUNITY DONATION to the TOWN shall be \$25,000, due by July 1.

In the fourth year of operation of a Cultivation Facility in Plainfield, the COMMUNITY DONATION to the TOWN shall be \$27,500, due by July 1.

In the fifth year of operation of a Cultivation Facility in Plainfield, the COMMUNITY DONATION to the TOWN shall be \$30,000, due by July 1.

2. The Purpose of this Agreement is to provide funds to the TOWN to use to address any impacts on public health, public safety, or public services, or any other effects or impacts that the Cultivation Facility may have in Plainfield. However, the TOWN may use the above referenced monies in its sole discretion, as determined by the Select Board.
3. This Agreement shall terminate at the time that any of the following occurs:
  - a) The Town notifies 27BS of the TOWN'S termination of this Agreement for Just Cause. [Just Cause shall be defined as: 27BS purposefully or negligently violates any laws of the Commonwealth with respect to the operation of the Cultivation Facility, and such violation remains uncured for 90 days; 27BS fails to make payment to the TOWN as required under this Agreement, and such failure remains uncured for 90 days]; or
  - b) 27BS ceases to operate a Cultivation Facility in the TOWN.
4. 27BS commits that all real and personal property taxes (including municipal betterment assessments and land use service fees) owing for the property on which the Cultivation facility is located will be paid when due, and in no event shall 27BS apply for a reduction or elimination of property taxes. 27BS further commits that if the property is transferred to a tax-exempt entity, 27BS will pay to the TOWN a payment in lieu of taxes (PILOT) equal to any real property and other taxes and fees from which the transferee/owner would be exempt based on not-for-profit status.
5. 27BS shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the TOWN, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the TOWN. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.
6. 27BS shall comply with all laws, rules, regulations and orders applicable to RMD's and the registration, licensing and operation of a Cultivation Facility, and the obligations of this Agreement, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of such work. 27BS agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the TOWN's Zoning Bylaws.
7. Any and all notices, or other communications required or permitted under this

Agreement shall be in writing and delivered postage prepaid mail, return receipt requested; by hand; by registered or certified mail; or by other reputable delivery services, to the parties at the addresses set forth on Page 1 or furnished from time to time in writing hereafter by one party to the other party. Any such notices 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, the day after deposit with such delivery service.

8. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by any court of competent jurisdiction, then 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.
9. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to conflict of laws principles, and 27BS submits to the jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.
10. 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, negotiation and representations, either written or oral, and it shall not be modified or amended except by a written document executed by the parties hereto.
11. This Agreement shall have a 5 year term, beginning upon the start of operations of the proposed Cultivation Facility. The parties may negotiate an extension of the term of this Agreement, but 27BS shall not be required to cease operations at the termination of this Agreement, unless for Just Cause as defined in Paragraph 3, and all payments called for under paragraph 1 (the Community Donation), shall continue in perpetuity until such negotiations are finalized and an agreement is executed.
12. The obligations of 27BS and the TOWN recited here-in are specifically contingent upon the following:
  - a) Upon 27BS obtaining a final certificate of registration for operation of a Cultivation Facility in Plainfield from the DPH and a license therefor from the Commission,
  - b) Upon 27BS obtaining any and all local permits and approvals necessary for construction and operation of a Cultivation Facility in Plainfield, and
  - c) 27BS constructing and operating a Cultivation Facility in Plainfield.
13. This Agreement does not affect, limit, or control the authority of TOWN boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the



statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the TOWN, and applicable regulations of those boards, commissions, and departments, and to enforce said statutes, bylaws, and regulations. The TOWN, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the RMD Cultivation Facility to operate in the TOWN, or to refrain from enforcement action against 27BS and/or the facility for violation of the terms of said permits and approvals or said statutes, bylaws, and regulations. Further, 27BS agrees that it shall pay peer review/consulting fees of outside consultants deemed necessary by a TOWN board, commission or department for review of an application for any such permit or approval, in accordance with MGL c. 44, §53G.

14. 27BS shall provide to the TOWN the name and relevant contact information of the person designated by 27BS to act as on-site manager of the Cultivation Facility. Such person shall satisfy the criteria set forth in 105 CMR 725.030, and/or, as applicable, 935 CMR 500, and as otherwise required by the laws of the Commonwealth. 27BS shall provide written notice to the TOWN within ten (10) days of any such designation. Further, 27BS shall coordinate with the TOWN's Police Department in the development and implementation of required security measures, under 105 CMR 725.110, and/or, as applicable, 935 CMR 500.110, and otherwise, including in determining the placement of exterior security cameras. 27BS will maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns and communication to the Police Department of any suspicious activities on the site of the Cultivation Facility.
15. 27BS will endeavor to hire qualified residents of the TOWN and other nearby municipalities as employees to the extent consistent with law and with the requirements of 27BS's business. 27BS will endeavor in a good faith, legal and non-discriminatory manner to use local vendors and suppliers where possible.
16. 27BS commits to employing practices that protect the natural resources, habitat, and other environmental features of the TOWN.
17. This Agreement applies solely to the operations of a Cultivation facility in accordance with the DPH license and certificate of registration, and the Commission license, and this Agreement shall not be construed as approval by the TOWN for retail sales by 27BS. If, during the term of this Agreement, it becomes permissible under Massachusetts law for 27BS to sell or distribute marijuana at the RMD for purposes other than those initially authorized by the DPH license or the Commission license, the parties shall renegotiate the terms of this Agreement, including (but not limited to) increasing the amount of the payments to be made to the TOWN, in recognition that the additional purposes of the RMD may have greater impacts and effects on the TOWN, with an understanding that any such renegotiation will need to comply with Massachusetts law. In no case shall the payments be reduced from the amounts specified in Paragraph 1 of this Agreement unless necessary to comply with

laws or rules enacted or amended by the Commonwealth of Massachusetts, or unless the parties amend the Agreement, as provided herein.

18. 27BS agrees that it will become an active member of the TOWN's business community, and shall, as it deems appropriate or desirable, contribute to charitable and civic endeavors in the Town of Plainfield.


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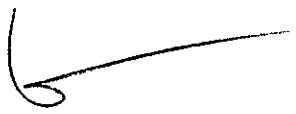
Executed on the date first stated above.

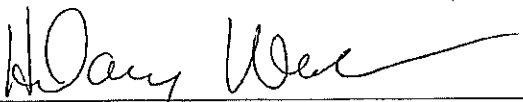
27 BROOM ST., LLC, by

  
\_\_\_\_\_  
CHRISTOPHER ROOS, as President

TOWN OF PLAINFIELD  
By its Select Board

  
\_\_\_\_\_  
Howard Bronstein, Chair

  
\_\_\_\_\_  
Winton Pitcoff

  
\_\_\_\_\_  
Hilary Weeks

HOST COMMUNITY AGREEMENT FOR THE SITING OF A MEDICAL MARIJUANA  
TREATMENT CENTER AND/OR A LICENSED MARIJUANA ESTABLISHMENT IN THE  
TOWN OF ROWLEY

This Host Community Agreement (this "Agreement") is entered into this day of August 29, 2018 (the "Effective Date") by and between the TOWN OF ROWLEY, a Massachusetts municipal corporation acting by and through its Board of Selectmen with a principal address of 139 Main Street, Rowley, MA 01969 (the "Town"), and VERDANT MEDICAL, INC., a Massachusetts corporation with a principal office at 31 Broadway, Hanover, MA 02339 (the "Company") (hereinafter, the Town and the Company are together the "Parties" and individually a "Party").

RECITALS

WHEREAS, the Company intends to locate a Licensed Medical Marijuana Treatment Center (the "MMTC") at 124 Newburyport Turnpike, Rowley, MA 01969 ("the Site") for the cultivation, processing, product manufacture, and dispensing of medical marijuana and medical marijuana products to qualifying patients in accordance with the laws of the Commonwealth of Massachusetts ("MA Law") and the bylaws, rules, regulations, and policies of the Town ("Local Law"); and

WHEREAS, the Company intends to locate an adult use / recreational use Licensed Marijuana Establishment (the "LME") at the Site for the cultivation, processing and product manufacture of marijuana and marijuana products, in accordance with MA Law and Local Law; and

WHEREAS, the Company intends to locate an adult use/ recreational use LME at the Site for the retail sale of marijuana and marijuana products in accordance with MA Law and Local Law; and

WHEREAS, in accordance with M.G.L. c. 94G, § 3(d), an MMTC and/or an LME seeking to operate in a municipality must execute an agreement with the host municipality setting forth the conditions to have an MMTC and/or an LME located within the municipality and including the stipulations of responsibilities between the municipality and the MMTC or LME; and

WHEREAS, the Company desires to provide community impact fee payments to the Town pursuant to M.G.L. c. 94G, § 3(d) in order to address any reasonable costs imposed upon the Town by the Company's operations; and

WHEREAS, the Town supports the Company's intention to operate the MMTC and/or the LME at the Site;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and for the mutual promises set forth below, the Parties agree as follows:

AGREEMENT

1. **Community Impact Fee.**

- a. **MMTC Payments.** In the event that the Company obtains a Final Certificate of Registration, or its equivalent, for the operation of the MMTC at the Site from the Massachusetts Department of Public

Health ("DPH") or from the Cannabis Control Commission ("CCC") (each a "Licensing Authority", collectively the "Licensing Authorities"), as the case may be, and receives all necessary approvals from the Town to so operate at the Site, then the Company agrees to the following:

- i. The Company shall make annual payments to the Town of three percent (3%) of the gross sales of the MMTC at the Site, including deliveries to patients which emanate from the Site (an "MMTC Payment or the MMTC Payments").
  - ii. The initial MMTC Payment shall be due on the first day of the fourteenth (14th) month following the date that the MMTC begins dispensing medical marijuana to qualifying patients and their caregivers (the "Initial MMTC Payment").
  - iii. Subsequent MMTC Payments shall be due on each anniversary date of the Initial MMTC Payment for the Term of this Agreement
- b. LME Payments. In the event that the Company obtains a license, or its equivalent, for the operation of the LME at Site from the Licensing Authority(ies), and receives all necessary approvals from the Town to operate the LME at the Site, then the Company agrees to the following:
- i. The Company shall make annual payments to the Town of three percent (3%) of the gross sales of the LME at the Site (an "LME Payment" or the "LME Payments").
  - ii. The initial LME Payment shall be due on the first day of the fourteenth (14th) month following the date that the LME begins retail sales of non-medical marijuana at the Site (the "Initial LME Payment").
  - iii. Subsequent LME Payments shall be due on each anniversary date of the Initial LME Payment for the Term of this Agreement.
- c. Cap. In no event shall the MMTC Payments and the LME Payments in subsections a. and b. exceed three percent (3%) of aggregate sales from the MMTC and the LME in Rowley.
- d. Wholesale Payments. In the event that Company obtains a final license, or its equivalent, for the operation of a MMTC cultivation and product manufacturing facility and/or LME cultivation and product manufacturing facility at the Site from the Licensing Authority(ies), and receives all necessary approvals from the Town to operate such MMTC and/or LME facilities at the Site, then the Company agrees to the following:
- i. The Company shall make annual payments to the Town of one percent (1%) of the gross wholesale sales of medical and adult use / recreational marijuana products cultivated and manufactured at the Site to other licensed Medical Marijuana Treatment Centers and Marijuana Establishments in the Commonwealth (a "Wholesale Payment" or the "Wholesale Payments").
  - ii. The initial Wholesale Payment shall be due on the first day of the fourteenth (14th) month following the date that the Company begins wholesale sales of medical and adult use / recreational marijuana products to other licensed Medical Marijuana Treatment Centers and Marijuana Establishments in the Commonwealth (the "Initial Wholesale Payment").
  - iii. Subsequent Wholesale Payments shall be due on each anniversary date of the Initial Wholesale Payment for the Term of this Agreement.

2. **Term and Termination.** This Agreement shall take effect on the Effective Date, subject to the contingencies noted herein, and shall continue in effect until a final MMTC Payment and/or a final LME Payment is accepted by the Town for the Company's fifth (5<sup>th</sup>) year of operation of the MMTC and/or LME, such that the Company's obligation to make the MMTC Payments and/or LME Payments shall not be effective for more than five (5) years (the "Term"). Upon the fourth (4th) anniversary of the Effective Date, the Parties shall negotiate in good faith a new host community agreement to succeed this Agreement, unless such a successor agreement is prohibited by law. In the event that the Company loses or has its license(s), approvals, and/or permits to operate at the Site revoked by the relevant Licensing Authority(ies) or the Town, with all appeal periods having expired or all appeals being decided against the Company, and said licenses, approvals or permits are not reinstated within 30 days thereafter, then this Agreement shall terminate upon the Town's acceptance of a final, pro-rated MMTC Payment and/or LME Payment, as applicable.
  
3. **Payments.**
  - a. The Company shall make the MMTC Payments and/or LME Payments (a "Payment" or the "Payments") to the Town as set forth in Section 1 of this Agreement. While the Town has sole discretion to determine how to spend the Payments, the Parties understand and acknowledge that, as required by M.G.L. c. 94G, § 3(d), the Payments are reasonably related to the costs imposed upon the Town by the Company's operation of the MMTC and/or the LME at the Site.
  - b. Notwithstanding the Payments, nothing shall prevent the Company from making additional donations from time to time to causes that will support the Town, including but not limited to local drug abuse prevention/treatment/education programs.
  
3. **Acknowledgements.** The Town understands and acknowledges that the Payments due pursuant to this Agreement are contingent upon the Company's receipt of all state and local approvals to operate the MMTC or the LME at the Site. In the event that the Company is only able to obtain state and local approvals for the operation of the MMTC but not the LME, the Town acknowledges and agrees that the payments due under this Agreement shall be solely based on the Company's gross sales of the MMTC at the Site. In the event that the Company is only able to obtain state and local approvals for the operation of the LME but not the MMTC, the Town acknowledges and agrees that the payments due under this Agreement shall be solely based on the Company's gross sales of the LME at the Site.
  
5. **Local Taxes.** At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall object or otherwise challenge the taxability of such property. Nothing herein shall limit, affect or be affected by the imposition of any tax on the Company pursuant to G.L. c. 64N, § 3, nor shall the Payments be reduced by or offset against any taxes paid thereunder or on account of any taxes levied on real or personal property.
  
6. **Additional Obligations of the Company.**
  - a. **Local Vendors.** To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, 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 and services called for in the construction, maintenance and continued operation of the Site(s).

- b. Employment/Salaries. Except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company shall use good faith efforts in a legal and non-discriminatory manner to give priority to hire qualified residents of the Town as employees at the Site.
- c. Reports on Operations. The Company shall, at least annually, provide the Town with copies of all reports submitted to the Licensing Authority(ies) regarding the Company's operations at the Site.
- d. Financial Records.
  - i. At the time the Company submits each Payment to the Town, the Company shall submit financial records to the Town with a certification of gross sales with respect to such Payment. Any of the forgoing documents provided to the Town shall be simultaneously submitted to the Licensing Authority(ies) by the Company. The Company shall also submit to the Town copies of any additional financial records the Company must submit to the Licensing Authority(ies). The Company shall maintain its books financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the Licensing Authority(ies). All such records shall be kept for a period of at least seven (7) years. The provisions of this section shall survive the termination or expiration of this Agreement.
  - ii. During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense) those parts of the Company's books and financial records which relate to the determination of each Payment. Such examinations may be made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner as not to interfere with the Company's normal business activities. Such examination, copying and audit shall be at the Town's sole expense, excepting only that in the event the Town thereby establishes that any Payment was at least five percent (5%) lower than it should have been, the Company shall pay all costs associated with such examination, copying and audit as well as any legal fees reasonably incurred by the Town in connection therewith and/or in connection with the recovery of such unpaid sums. The provisions of this section shall survive the termination or expiration of this Agreement.
- e. Compliance with Local Law. The Company shall work cooperatively with all necessary Town boards, commissions, committees, officers, or officials to ensure that the Company's operations are compliant with Local Law. This Agreement does not waive, limit, control, or in any way affect the legal authority of any Town board, commission, committee, officer, or official to regulate, authorize, restrict, inspect, investigate, enforce against, or issue, deny, suspend, or revoke any permit, license or other approval with respect to, the Company or the Site, nor does it waive, limit, control, or in any way affect the legal authority of the Rowley Police Department to investigate, prevent, or take action against any criminal activity with respect to the Company or the Site. Nothing in this Agreement presumes, implies, suggests, or otherwise creates any promise either that the Company shall obtain or retain any or all local permits, licenses, and other approvals that are required in order to operate at the Site.
- f. Security. The Company shall maintain security at the Site in accordance with a security plan presented to the Town and approved by the Licensing Authority(ies). In addition, the Company

shall at all times comply with MA Law and Local Law regarding security of the Site. Further, the Company shall coordinate with the Rowley Police Department in the development and implementation of required security measures, including the determination of the placement of security cameras, and the sharing of security information. The Company will maintain a cooperative relationship with the Rowley Police Department, including but not limited to, periodic meetings to review operational concerns and communication with the Rowley Police Department of any suspicious activities at the Site and with regard to any anti-diversion procedures.

- g. Diversion Program. To the extent requested by the Rowley Police Department, and consistent with the regulations of the Licensing Authority(ies), the Company shall work with the Rowley Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the date that the Company commences operations at the Site. Such plan will include but is not limited to: (i) training the Company's employees to be aware of, observe, and report any unusual behavior in authorized visitors or other employees that may indicate the potential for diversion; and, (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Site.
- h. Public Health Programming. The Company agrees to provide staff, materials, and funding for up to two (2) Town-sponsored educational programs on public health and drug abuse prevention each year, and to work cooperatively with Town health and public safety departments to mitigate any potential negative impacts of the Site on the Town's emergency response services.
- i. Traffic Mitigation. The Company shall comply with any Local Law or local approval with respect to providing sufficient mitigation of traffic impacts associated with the MMTC and/or the LME at the Site. To the extent that no Local Law or local approval stipulates any requirements with respect to traffic mitigation associated with the MMTC and/or the LME at the Site, then, upon request, the Company shall submit a traffic mitigation plan for review and approval by the Board of Selectmen of the Town and shall implement the same at the Company's sole cost following approval thereof.
- j. Indemnification. Upon the Effective Date, the Company shall defend, indemnify, and hold harmless the Town, its officers, employees, and agents ("Indemnified Parties") against any claims, actions, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits against or involving the Indemnified Parties, including reasonable attorneys' fees, reasonable experts' fees, and associated court costs ("Liabilities") that arise from or relate in any way to enforcement by the Federal government of the United States Controlled Substances Act and any other federal law or regulation governing medical marijuana and/or non-medical marijuana. The foregoing express obligation of indemnification shall not be construed to negate or abridge any other obligation of indemnification running to the Town which would exist at common law or under other provisions of this Agreement. This indemnification shall survive the termination or expiration of this Agreement for a period equal to the applicable statute of limitations period. If any action or proceeding is brought against the Town arising out of any occurrence described in this section, upon notice from the Town the Company shall, at its expense, defend such action or proceeding using legal counsel approved by the Town, provided that no such action or proceeding shall be settled without the approval of the Town. Notwithstanding anything to the contrary in this subsection j, the Company's indemnification obligations hereunder shall not exceed \$150,000. Moreover, to the extent that the Company is required to make payments to the Town under this subsection j., it will have a right to receive future credits under this Agreement against future impact fee Payments but only to the extent that the Town is unable to substantiate costs justifying such future impact fees under this Agreement.



7. **Support.** The Town agrees to submit to the required Licensing Authority(ies) all documentation and information required by the Licensing Authority(ies) from the Town for the Company to obtain approval to operate the MMTC and/or the LME at the Site. The Town agrees to support the Company's application(s) for the MMTC and/or the LME with the required Licensing Authority(ies) but makes no representation or promise that it will act on any other license or permit request in any particular way other than by the Town's normal and regular course of conduct and in accordance with Local Law.
8. **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principles of conflicts of law thereof. The Parties expressly waive any defense to enforcement based upon non-conformance with federal law regarding the legality of marijuana.
9. **Regulations of the Licensing Authority(ies).** The Parties shall negotiate in good faith an amendment or amendments to this Agreement to incorporate any terms, provisions, or subjects required to be included in this Agreement by the Licensing Authority(ies) or to make any provision of this Agreement consistent with the regulations of the Licensing Authority(ies).
10. **Amendments/Waiver.** Amendments or waivers of any term, condition, covenant, duty, or obligation contained in this Agreement may be made only by written amendment executed by all Parties, prior to the effective date of the amendment.
11. **Severability.** If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal, or unenforceable by a 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.
12. **Successors/Assigns.** This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. The Town shall not assign or transfer any interest or obligations in this Agreement without the prior written consent of the Company, which shall not be unreasonably delayed, conditioned, or withheld. The Company shall not assign or transfer any interest or obligation in this Agreement without the prior written consent of the Town, which shall not be unreasonably delayed, conditioned, or withheld. The Town acknowledges and agrees that in the event that the Company elects to convert to a for-profit business entity, as permitted by MA law and the Licensing Authority(ies) regulations and guidance and in compliance with Local Law, such conversion shall have no impact on the conditions, obligations and enforceability of this Agreement.
13. **Entire Agreement.** This Agreement 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.
14. **Notices.** Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To the Company:

Verdant Medical, Inc.  
 c/o Vicente Sederberg, LLC  
 2 Seaport Lane, 11<sup>th</sup> Floor  
 Boston, MA 02210  
 Fax:

To the Town:

Rowley Town Administrator  
 139 Main Street  
 Rowley, MA 01969  
 Fax: 978-948-8202

Notice shall be deemed given (a) two (2) business days after the date when it is deposited with the U.S. Post Office, if sent by first class or certified mail, (b) one (1) business day after the date when it is deposited with an overnight courier, if next business day delivery is required, (c) upon the date personal delivery is made, or (d) upon the date when it is sent by facsimile, if the sender receives a facsimile report confirming such delivery has been successful and the sender mails a copy of such notice to the other Party by U.S. first-class mail on such date.


*IN WITNESS WHEREOF*, the Parties hereto have duly executed this Host Community Agreement on the date set forth above.

TOWN OF ROWLEY  
BOARD OF SELECTMEN

By:

  
Clifford Pierce, Chairman

  
Joseph Berry, Vice Chairman

  
Robert Snow, Clerk

  
G. Robert Merry

  
David Petersen

VERDANT MEDICAL, INC.

By: Tito Jackson  
Tito Jackson, Chief Executive Officer

Duly Authorized by Vote of the Board of

Directors on August 28, 2018

Duly Authorized by Vote of the Board of Selectmen on

8/27, 2018

HOST COMMUNITY AGREEMENT/RETAIL AND MEDICAL MARIJUANA  
ESTABLISHMENTS

THIS AGREEMENT is entered into this 22<sup>nd</sup> day of June, 2018 by and between Alternative Therapies Group, Inc., a Massachusetts corporation with a principal office address of 24R Pleasant St, Unit 2, Newburyport, MA 01950 ("ATG") and the City of Salem, a Massachusetts municipal corporation with a principal address of 93 Washington Street, Salem, MA 01970 ("the City").

WHEREAS, ATG currently operates a Registered Marijuana Dispensary ("RMD") at 50 Grove Street in the City;

WHEREAS, ATG is applying for a license to also operate a Marijuana Retail Establishment as a licensed Marijuana Retailer at the 50 Grove Street location, pursuant to M.G.L. Chapter 94G and the regulations issued thereunder, 935 CMR 500.000 (Regulations);

WHEREAS, ATG has filed a petition for a special permit, pursuant to Section 6.10 of the City's Zoning Ordinance, to add a retail operation to the 50 Grove Street location where it currently operates an RMD and the Board of Appeals has granted said special permit pursuant to a decision issued on March 28, 2018;

WHEREAS, M.G.L. Chapter 94G, Section 3, and the regulations issued thereunder, require that the City and ATG execute an agreement setting forth the conditions to have a Retail Marijuana Facility (Retail Facility) and/or a RMD located within it that must include, but not be limited to, all stipulations of responsibilities between the host community and the marijuana establishment;

WHEREAS, ATG intends to provide certain benefits to the City in the event that it obtains a Final License, as defined in the Regulations, to operate the Retail Facility in the City and receives all required local approvals;

WHEREAS, notwithstanding the anticipated benefits to certain members of the community, ~~the operation of the Retail Facility and the RMD by ATG may impact City resources in ways unique to the business of both, drawing upon City resources in a manner not shared by the general population;~~

NOW THEREFORE, in consideration of the provisions of this Agreement, ATG and the City agree as follows:

1. **Community Impact.** The parties anticipate that the City may incur additional expenses and impacts on the City's roads, law enforcement, fire protection services, inspectional and permitting services, public health services and abuse prevention efforts, as well as additional unforeseen impacts upon the City. Accordingly, in order to mitigate the financial impact upon the City and the use of City resources, ATG will pay to the City a community impact fee of 3%, as defined in M.G.L. c. 94G, §3 under the terms provided herein ("Annual Payment") Any changes to the statute

enacted subsequent to the date this Agreement is executed shall not result in any reduction in the amount of the community impact fee or any other payment agreed to herein during the term of the Agreement. The parties agree that the community impact fee is reasonably related to the costs, both direct and indirect, imposed upon the municipality by the operation of the retail marijuana establishment.

2. **Annual Payment**

- a. **Medical/RMD.** ATG shall pay a sum equal to three percent (3%) on its gross annual medical sales at the RMD. Such payments shall continue to be made annually at the end of each succeeding twelve (12) month period throughout the term of this Agreement. This agreement shall supersede the Community Benefit Agreement dated October 19, 2016.
- b. **Retail.** In the event ATG obtains a final license for the operation of the Retail Facility in the City and receives all necessary and required permits and licenses required by the City, then ATG agrees to make an Annual Payment in an amount equal to three percent (3%) gross revenue from marijuana and marijuana product sales at the Retail Facility. The first payment shall be in the amount of \$25,000 upon the commencement of sales at the Retail Facility (Opening Date). The second payment shall be the balance of the 3% gross sales less the initial \$25,000 payment. The balance of the Annual Payment shall be due and payable no later than twelve (12) months after the first day it is open for retail sales.

In the subsequent years of the agreement, ATG will continue to pay three percent (3%) of the gross sales of marijuana and marijuana products sales at the Retail Facility with the payments due two (2) times per year, the first covering the first six (6) months of the operating year, measured annually from the Opening Date and paid within sixty (60) days of the end of the first six (6) months. The balance, covering the second six (6) months of the operating year, shall be paid within sixty (60) days after the end of the operating year.

3. **Annual Filing.** ATG shall notify the City when ATG commences retail sales at the Retail Facility and shall submit annual financial statements to the City on or before May 1, which shall include certification of itemized gross sales for the previous calendar year for both its retail and RMD facilities, and all other information required to ascertain compliance with the terms of this Agreement. Upon request, ATG shall provide the City with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain its licenses. ATG shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth of Massachusetts. All records shall be retained for a period of at least seven (7) years.
4. **Taxes and Other Payments.** ATG will pay all local, state, and federal taxes as required by applicable law, as now existing or is hereafter may from time to time be enacted, repealed, or

modified. Nothing herein shall be construed to exempt the Retail Facility from payment of local, state, and federal taxes. Taxes, or other payments made by ATG, for water, sewer, or other municipal services shall not reduce the amount of the Annual Payment. In the event of an increase in the current sales and/or excise tax or enactment of a new tax, this Agreement shall be subject to renegotiation.

5. **Transit Alternatives Support.** ATG, in addition to any payments specified herein, agrees to make a voluntary contribution to a Transit Enhancement Fund (TEF), once such fund has been established. The TEF shall be designed to support the creation of alternative transportation options within the City and the region, including a transit shuttle, that will stop within reasonable proximity to the site. Such contribution shall be proportional each year to the volume of retail sales conducted at the facility in the preceding six-month period, due semi-annually, on June 30 and December 31 of each calendar year of operation, in an amount equal to 1% of each retail transaction during the previous six-month period. Each consumer transaction is limited in quantity of marijuana or marijuana concentrate as set forth in M.G.L. Chapter 94G and the Regulations issued thereunder. ATG also agrees to purchase or otherwise obtain a bicycle rack, capable of holding at least six (6) bicycles at the site and that it will make best efforts to work with the owner of the property to install the rack at the property. Once installed, this bicycle rack will be made available to the public as part of the City's official bike share program. The parties agree that the payments or other in-kind support of transit alternatives under this section are not related to any community impacts covered by the Annual Payment detailed in Section 2, above.
6. **Charitable Contributions.** ATG, in addition to any payments specified herein, agrees to support the community by annually contributing to public charities in the City an amount no less than a sum of \$25,000, said charities to be determined by ATG in its reasonable discretion. Should ATG agree to provide a contribution to public charities in a host agreement with another community in the Commonwealth, which exceeds \$25,000 annually, in said other community, ATG agrees to increase the amount provided herein to match that amount and provide the public charities in the City with the same benefit.
7. **Educational Programs.** ATG shall provide staff to participate in a reasonable number, not to exceed two (2) per year, of City-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with other City public health and safety departments not mentioned in the agreement. The parties acknowledge that ATG's participation in any programming does not presume or require that ATG have substance abuse counselors on its staff or any other qualified experts to contribute to such programs.
8. **Employment.** To the extent permissible by law, ATG will make jobs available to local, qualified residents of the City; and such residency will be a positive factor in hiring decisions provided that this does not prevent ATG from hiring the most qualified candidates and complying with all employment laws and other legal requirements, including Section 2-2056 of the City's Ordinance. ATG will also work in a good faith, legal and non-discriminatory manner to similarly consider

local status of vendors, suppliers, contractors and builders from the City, and the surrounding area, to be a positive factor in retaining such vendors.

9. **Improvements to the Retail Facility Site.** If ATG makes any capital improvements to the site at which the Retail Facility is located, such improvements shall be such that the property will match the look and feel of the City and be of construction standards at least at the quality of other nearby businesses. ATG agrees to comply with all laws, rules, regulations and orders applicable to the Retail 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. ATG shall request that any capital improvements made to the RMD or the Retail Facility by ATG by the landlord shall reflect the standards established in the City's climate change adaptation plan and that power supply shall be through the Salem PowerChoice electrical aggregation program's greenest available product or a supplier with a minimum of equivalent renewable power sources.
10. **On-site Consumption and Delivery.** ATG agrees that, even if permitted by statute or regulation, it will prohibit on-site consumption of marijuana and marijuana-infused products at the Retail Facility and will not offer home delivery of non-medical marijuana originating from the 50 Grove Street facility, even if such activity is permitted by later statute or regulation.
11. **Security.** ATG shall maintain security at least in accordance with the security plans for both the Retail Facility and the RMD as presented to the City and approved by the Cannabis Control Commission or such other state licensing or monitoring authority, as the case may be. ATG 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. ATG shall promptly report the discovery of the following to the City's Police within twenty-four (24) hours of ATG becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.
  - a. **Cameras.** To the extent requested by the City's Police Department, and consistent with the Cannabis Control Commission Regulations, ATG shall work with the City's Police Department in determining the placement of interior and 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 Retail Facility is located and maintain any cameras currently

in place at the RMD. Such camera requirements or locations may be altered by the Cannabis Control Commission during their security and architectural review process.

- b. **Diversion Prevention.** To the extent requested by the City's Police Department, and consistent with the Regulations, ATG shall work with the City's Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the Sales Commencement Date. Such plan will include, but is not limited to, (i) training Retail Facility and RMD employees to be aware of, observe, and report any unusual behavior in customers or employees that may indicate the potential for diversion to persons under 21; (ii) utilizing seed-to-sale tracking software to closely track all inventory at the both the Retail Facility and the RMD; (iii) require two-step verification of government issued identification prior to any sale; and (iv) refusing to complete a transaction if the customer appears to be under the influence of drugs or alcohol.
12. **Support.** The City agrees to submit to the Cannabis Control Commission, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to ATG's application for a Certificate to operate the Retail Facility, where such compliance has been properly met. The City agrees to use reasonable efforts to work with ATG, if approved, to help assist ATG on their community support and employee outreach programs.
13. **City's Regulatory Authority.** This agreement does not affect, limit, or control the authority of City boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, ordinances, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for ATG to operate the Retail Facility in the City, or to refrain from enforcement action against ATG for violation of the terms of said permits and approvals or said statutes, ordinances, and regulations with respect to either the Retail Facility or the RMD.
14. **Term and Termination.** This Agreement shall take effect on the Opening Date, subject to the contingencies noted herein. This agreement shall continue in effect for so long as ATG operates the RMD and/or the Retail Facility or any similar Retail Marijuana Facility within the City, or five (5) years from the Opening Date, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event ATG no longer does business in the City or in any way loses or has its license(s) revoked by the Commonwealth, this Agreement shall become null and void; however, ATG will be responsible for the pro-rated portion of the Annual Payment due as under section 2, above.

15. **Failure to Locate and/or Relocation.** This Agreement shall be null and void with respect to the terms concerning in the event that ATG relocate the Retail Facility and the RMD out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by ATG.
16. **Notices.** Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:
- a. To City: Mayor Kimberley Driscoll, City Hall, 93 Washington Street, Salem, MA, 09170, with copy to City Solicitor at the same address.
  - b. To ATG: ATG, 24R Pleasant St, Unit 2, Newburyport, MA 01950
17. **Third-Parties.** Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the City or ATG.
18. **Governing Law.** This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Essex County.
19. **Amendments/Waiver.** Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.
20. **Severability.** If any term or condition of the Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by the court of competent jurisdiction or regulatory authority, 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. The parties agree that should any payments or voluntary contributions detailed herein later be deemed not enforceable or not required, ATG agrees to donate or gift the equivalent amount to the City on the same schedule as stated herein and for the duration of the Agreement's term. Further, ATG agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by ATG in a court of competent jurisdiction, ATG shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.
21. **Successors/Assigns.** This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. ATG shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from



the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

22. **Entire Agreement.** This Agreement 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.

CITY OF SALEM

ALTERNATIVE THERAPIES GROUP, INC.

By:



Kimberley Driscoll, Mayor

By:



Christopher Edwards, CEO

## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

### Applicant

I, Christopher Edwards, (*insert name*) certify as an authorized representative of Alternative Therapies Group, Inc. (*insert name of applicant*) that the applicant has executed a host community agreement with Salem (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on 06/22/2018 (*insert date*).

  
Signature of Authorized Representative of Applicant

### Host Community

I, Mayor Kimberley Driscoll, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for Salem (*insert name of host community*) to certify that the applicant and Salem (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 06/22/2018 (*insert date*).

  
Signature of Contracting Authority or  
Authorized Representative of Host Community

## Host Community Agreement for Marijuana Testing Facility

This Agreement is made and entered into as of this 3 day of July, 2018, by and between the City of Salem, a Massachusetts municipal corporation with a principal address of 93 Washington Street, Salem, MA, 01970 (the "City"), and CDX Analytics, a Massachusetts limited liability company with a principal address of 39 Norman Street, Salem, MA, 01970 (the "Operator") (collectively, the "Parties"), in connection with CDX Analytics' marijuana testing facility (the "Facility") operating in the City in accordance with the laws of the City and of the Commonwealth of Massachusetts, as now in effect and as hereinafter enacted.

WHEREAS, the Operator's laboratory is regulated by the Department of Public Health ("DPH") and therefore is limited to testing medical marijuana;

WHEREAS, the Operator is seeking to expand the laboratory's use to the testing of adult use marijuana and therefore is applying to the Cannabis Control Commission ("CCC") for a license; and

WHEREAS, the CCC's regulations require a testing laboratory to enter into a host community agreement with the municipality in which it is located prior to receiving a license to operate;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and the mutual promises set forth below, the Operator and the City agree as follows:

1. School Participation. The Operator and its team of scientists will participate in and be a resource to the STEM programs operating within the public and private schools located in the City of Salem. The Operator agrees to make its employees available upon reasonable notice and at reasonable times to the schools and community service projects. Participation may include community service, working with faculty on programs, presentations to students, and working one on one with specific students on scientific projects. The City and the Operator agree to meet annually to plan and identify school and community service opportunities for its professionals and other employees. The Operator agrees to provide a minimum of 150 hours of employees' time to meet its obligation under this section.
2. Parking and Transit. The Operator agrees to make available to the public the elevated parking area on the Holyoke Square side of the building, after 5 p.m. on weekdays and all weekends. The Operator will erect a sign that informs the public that the use of its lot is at the risk of the individual. The Operator further agrees to relinquish its exclusive access to seven (7) of the thirteen (13) on-street parking it currently possesses pursuant to the easement recorded in the Southern Essex Registry of Deeds at Book 22087/Page 438 and record a release of the easement with respect to the seven (7) parking spaces which are identified as spaces numbered 7, 8, 9, 10, 11, 12, and 13 on the Easement Plan of Land for Holyoke Square recorded at Plan Book 372, Plan No. 64 in the Southern Essex Registry of Deeds. The Operator also agrees to install

a bicycle rack, capable of holding at least six (6) bicycles at the site, that will be made available to the public and to employees as part of the City's official bike share program.

3. Security. The Operator shall maintain a cooperative relationship with the Salem Police Department, including but not limited to attending periodic meetings to review operational concerns, cooperation in investigations, and communication to the Salem Police Department of any suspicious activities at the Facility. The Operator shall maintain security at least in accordance with the security as approved by the CCC or such other state licensing or monitoring authority and shall provide a copy of its security plan and protocols to the Salem Police Department for its review and approval, which shall not be unreasonably withheld. The Operator shall promptly report the discovery of the following to the City's Police within twenty-four (24) hours of the Operator becoming aware of such event: theft; loss; any criminal activity by employees; unusual discrepancy in weight or inventory of marijuana being tested; any vehicle accidents, diversions, losses, or other reportable incidents that occur onsite or during transport of marijuana; any loss or unauthorized alteration of records related to marijuana; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

- a. Cameras. To the extent requested by the City's Police Department, and consistent with the CCC Regulations, the Operator shall work with the City'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 ways on which the Facility is located and maintain any cameras currently in place. At the request of the Salem Police Department, such cameras shall be connected to the City's existing camera surveillance system. The parties understand that such camera requirements or locations may be altered by the CCC during their security and architectural review process.

4. Local Hiring. To the extent permissible by law, the Operator will make jobs available to local, qualified residents of the City; and such residency will be a positive factor in hiring decisions provided that this does not prevent Operator from hiring the most qualified candidates and complying with all employment laws and other legal requirements, including Section 2-2056 of the City's Ordinance. The Operator will also work in a good faith, legal and non-discriminatory manner to similarly consider local status of vendors, suppliers, contractors and builders from the City, and the surrounding area, to be a positive factor in retaining such vendors.
5. Improvements to the Facility Site. If the Operator makes any capital improvements to the site at which the Facility is located, such improvements shall be such that the property will match the look and feel of the City and be of construction standards at least at the quality of other nearby businesses. If any capital improvements are

made to the Facility by the Operator or the Owner, the Operator shall use best efforts such that these improvements reflect the standards established in the City's climate change adaptation plan and that power supply shall be through the Salem PowerChoice electrical aggregation program's greenest available product or a supplier with a minimum of equivalent renewable power sources.

6. Term; Termination. This Agreement shall be in effect for five (5) years from the date of execution but may terminate at the time that either of the following occurs.
  - a. If, for cause, the City determines that termination is in the best interests of the City. Cause shall be defined as the following: (i) the Operator fails to obtain, and maintain in good standing, all necessary local licenses and permits, and such failure remains uncured for thirty (30) days following written notice from the City; (ii) the Operator fails to make payments to the City or comply with other obligations as required under the terms of this Agreement, and such failure remains uncured for thirty (30) days following written notice from the City. Such termination will take place only after written notice to the Operator and an opportunity for the Operator to be heard by the City Council;
  - b. the Operator ceases to operate the Facility; or
  - c. the Operator is no longer licensed by the CCC and/or DPH as a medical or adult use testing laboratory.
7. Re-Opener/Review. In the event that the Operator, or another marijuana testing facility, within the Commonwealth enters into a host community agreement for a Facility to test medical and/or adult use marijuana with another municipality that contains financial terms that are superior to what the Operator agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.
8. Registration Contingency. The obligations of the Operator and the City set forth in this Agreement are contingent upon the issuance of a license to operate an independent testing laboratory for adult use marijuana by the CCC to the Operator the operation of the Facility in Salem.
9. Compliance with Legal Requirements. The Operator shall comply with all laws, rules, regulations and orders applicable to the operation of a testing laboratory for medical and/or adult use marijuana, including any ordinances and/or regulations of the City, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the operation of the Facility. Upon request, the Operator shall provide a copy of its application to the CCC as well as any annual filings to the City.

10. 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 above 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.
11. Assignment; Binding Effect. The Operator shall not assign, sublet, or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.
12. 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.
13. 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 City and the Operator.
14. 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.
15. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, or if any such term is so held when applied to any particular circumstance, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, or affect the application of such provision to any other circumstances, and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision were not contained in this Agreement.
16. Governing Law. This Agreement shall be governed by and construed in accordance with the substantive law of the Commonwealth of Massachusetts, without regard to the conflicts of law provisions thereof. The venue for any dispute hereunder shall be in the courts of Essex County.
17. Entire Agreement. This Agreement, including all documents incorporated 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.

18. 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.

IN WITNESS WHEREOF, the Parties to this Agreement have hereunto set their hands and seals on the day and year first above written.

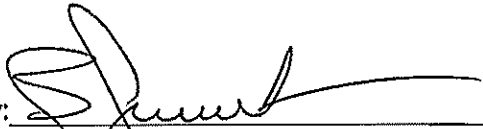
CITY OF SALEM

CDX ANALYTICS, INC.

By its Mayor:



Name: Kimberley L. Driscoll

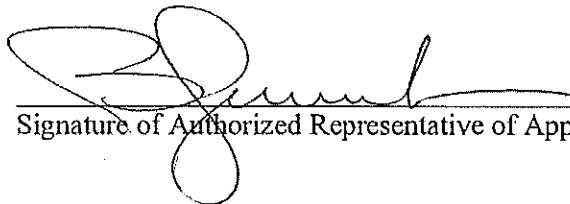
By:   
Name: Brent J. Strouck  
Title: President & CEO

## Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is “misleading, incorrect, false, or fraudulent” is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

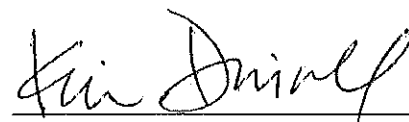
### Applicant

I, DR. BRIAN J. STRASZILK, (*insert name*) certify as an authorized representative of CDX Analytics (*insert name of applicant*) that the applicant has executed a host community agreement with City of Salem (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on JULY 3, 2018 (*insert date*).

  
Signature of Authorized Representative of Applicant

### Host Community

I, Kimberley L. Driscoll, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for City of Salem (*insert name of host community*) to certify that the applicant and City of Salem (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on July 3, 2018 (*insert date*).

  
Signature of Contracting Authority or  
Authorized Representative of Host Community



**TOWN OF SALISBURY**

**AND ALTERNATIVE THERAPIES GROUP, INC.**

**HOST COMMUNITY AGREEMENT**

THIS HOST COMMUNITY AGREEMENT (“AGREEMENT”) is entered into this 18<sup>th</sup> day of December 2017 by and between Alternative Therapies Group, Inc., a Massachusetts not-for-profit corporation with a principal office address of 24R Pleasant St, Unit 2, Newburyport, MA, 01950 (“the Company”), and the Town of Salisbury, a Massachusetts municipal corporation with a principal address of Town Hall, 5 Beach Road, Salisbury, MA 01952 (“the Town”).

WHEREAS, the Company wishes to locate a Registered Marijuana Dispensary (“RMD”) dispensing facility (but not a cultivation or processing facility) in the Town in accordance with Chapter 369 of the Acts of 2012 and applicable regulations issued by the Commonwealth of Massachusetts Department of Public Health (“DPH”), as such statute and regulations have and may be further amended by Chapter 55 of the Acts of 2017 and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable regulations.; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives a Final Certificate of Registration from the DPH to operate an RMD dispensing facility in Salisbury (the “DPH License”) and receives all required local permits and approvals; and

WHEREAS, the Company has received a Provisional Certificate of Registration from the DPH and intends to file an RMD Change of Location form in order to operate the RMD at 107 Elm Street, Salisbury, MA; and

WHEREAS, the Company is seeking a letter of support/non-opposition from the Town regarding the Company’s application for the DPH License; and

WHEREAS, notwithstanding the anticipated benefits to certain members of the community, the RMD may impact Town resources in ways unique to the business of the RMD and draw upon Town resources in a manner not shared by the general population.

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company offers and the Town accepts this Agreement in accordance with G.L c.44, §53A, and the Company and the Town agree as follows:

1. The parties anticipate that the town will incur additional expenses and impacts upon the Town’s road system, law enforcement, fire protection services, inspectional services and permitting services, public health services, and potential additional unforeseen impacts upon the Town. Accordingly, in order to mitigate any such impacts upon the Town and use of Town resources, the Company shall provide as a donation to the Town a community impact grant. The Company agrees to make grant payments to the Town, in the amounts and under the terms provided herein (the “Funds”). The Company shall furnish the Town with annual Profit and Loss

Statements, as soon as they become available, reflecting gross sales figures for the RMD dispensing facility located in the Town. Additionally, the Company shall provide the Town with copies of its periodic financial filings to the DPH documenting Gross Sales, and also a copy of its annual filing as a non-profit, if any, to the Massachusetts Office of the Attorney General.”

2. The Company acknowledges and agrees that the Town is under no obligation to use the donation payments made hereunder in any particular manner, and that the payments shall constitute donations in accordance with G.L. c. 44, §53A. The Company shall pay to the Town the following sums:
  - a. In the first year of operation: 1.25 percent of the RMD’s gross sales revenue generated in the Town during the first year of operation, to be paid within 60 days after the end of the first year of operation, PLUS the sum of \$100,000, consisting of two payments of \$50,000 each to be made within 30 days after each of the following milestones: (1) the receipt of all necessary Special Permits, occupancy permits, etc. issued by the Town as required to commence RMD operations; (2) the commencement of sales at the RMD dispensing facility in Town, provided that the total of such payments shall not exceed 3.00 percent of the RMD’s gross sales revenue generated in the Town during the first year of operation. The Company shall notify the Town in writing when the Company commences sales within the Town.
  - b. In the second, third, fourth and fifth years of operation: 3.00 percent of the RMD’s gross sales revenue generated in the Town in each year of operation, to be paid within 60 days after the end of the year of operation. In the event that the RMD facility is not allowed to operate 7 days per week, the percentage shall be 2.50 percent.
3. The terms of this Agreement shall be renegotiated by the Company and the Town in good faith following five (5) years of continuous operation of the RMD facility, or sooner, in the event that the Town enters into a host community agreement with an additional RMD. The terms of this Agreement shall continue in full force and effect unless the parties reach accord on a subsequent agreement. Any renegotiation of this Agreement shall include a review of positive and negative impacts upon the Town, its residents, and businesses resulting from operation of the RMD, including, without limitation, community health, associated business growth, traffic, crime, use of Town resources, proximate property value impacts, and other documented impacts. In the event that the Company enters into a host community agreement for a RMD with another municipality in the Commonwealth of Massachusetts that contains financial terms that are superior to what the Company agrees to provide the Town pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the Town equivalent or superior to those provided to the other municipality.

4. While the purpose of these payments is to assist the Town in addressing any public health, safety and other effects or impacts the RMD dispensing facility may have on the Town, the Town may expend the above-referenced payments at its sole and absolute discretion.
5. The Company, in addition to any payments specified herein, shall annually contribute to public charities in an amount no less than a sum of \$25,000, said charities to be determined by the Company in its reasonable discretion.
6. The provisions of this Agreement shall be applicable as long as the Company operates a RMD dispensing facility in the Town, pursuant to a license issued by DPH, subject to the provisions of Paragraph 9, below.
7. The Company will make efforts to hire qualified employees who are Town residents, and to utilize local vendors and suppliers, contractors and builders where possible.
8. Intentionally Omitted.
9. The Company agrees that the value of the real property of the RMD dispensing facility shall be treated as taxable and the Company shall not object to or otherwise challenge the taxability of such real property, but reserves any rights it might have with respect to the valuation of same and shall pay all local, state and federal taxes as required to be paid by the Company in accordance with applicable law, as now existing or as hereafter may from time to time be enacted, repealed or modified. The Company, shall not request any tax credits or subsidy from the Town for the RMD, including, but not limited to, any request for a tax exemption or abatement as a non-profit corporation, and shall not object or otherwise challenge the taxability of the RMD. Notwithstanding the foregoing, (i) if personal property of the Company is determined to be non-taxable or partially non-taxable, a determination of which the Company agrees not to seek at any time during this Agreement, or (ii) if the value of such personal property of the Company is abated with the effect of reducing or eliminating the tax which would otherwise be due from the Company if assessed at fair cash value as defined in G.L. c. 59, §38, or (iii) if the Company is determined to be entitled or subject to exemption with the effect of reducing or eliminating the tax which would otherwise be due from the Company if not so exempted, then the Company 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 Annual Contribution.
10. Diversion Mitigation: In cooperation with and to the extent requested by the Town's Police Department, and consistent with the Regulations, the Company shall work with the Town's Police Department to implement a DPH compliant diversion prevention plan, a form of which plan to be in place prior to the Sales Commencement Date. Such plan will include, but is not limited to, (i) training RMD

employees to be aware of, observe, and report any unusual behavior in patients, caregivers, authorized visitors or other RMD employees that may indicate the potential for diversion; (ii) strictly adhering to certification amounts and time periods (per DPH guidelines); (iii) rigorous patient identification and verification procedures through the DPH Online System; (iv) utilizing seed-to-sale tracking software to closely track all inventory at the RMD; and (v) refusing to complete a transaction if the patient or caregiver appears to be under the influence of drugs or alcohol. The Company shall not provide delivery services from the RMD. Notwithstanding the foregoing, the RMD shall allow qualified personal caregivers to obtain and transport marijuana from a RMD on behalf of a registered qualifying patient consistent with DPH guidelines.

11. Security: To the extent requested by the Town's Police Department, and consistent with the Regulations, the Company shall work with the Town's Police Department in determining the placement of interior and exterior security cameras, so that at least five cameras are located to provide an unobstructed view in each direction of the public way(s) on which the Facility is located. The Company shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinity of the RMD and with regard to any anti-diversion procedures. Such camera(s) may be altered by the DPH during their security and architectural review process upon approval by the Police Department.
12. The production, handling, marketing and sale of edible marijuana-infused products ("MIPs") by the Company shall be in accordance with the Regulations, including the packaging and labeling requirements set forth in 105 CMR 725.105(E)(a) and (3), which, among other things, provide that edible MIPs shall not bear a reasonable resemblance to any product available for consumption as a commercially available candy.
13. The on-site consumption of marijuana products shall be prohibited.
14. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining the DPH Final Certificate of Registration for operation of a RMD dispensing facility in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate a RMD dispensing facility in the Town.
15. This Agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this

Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the RMD dispensing facility to operate in the Town, or to refrain from enforcement action against the Company and/or its RMD dispensing facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

16. Intentionally Omitted.
17. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign, sublet or otherwise transfer any interest in the Agreement without the written consent of the other. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent of the Town, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the Town and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town.
18. The Company agrees to comply with all laws, rules, regulations and orders applicable to the RMD dispensing 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. The Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.
19. Any and all notices, consents, demands, requests, approvals, 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 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. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by a 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement.
21. This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, and the Company submits to the

jurisdiction of any of its appropriate courts for the adjudication of disputes arising out of this Agreement.

22. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town with respect to the matters described herein. 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. This Agreement shall also be null and void in the event that the Company shall (1) not locate a RMD dispensing facility in the Town, in which case, the Company shall reimburse the Town for its legal fees associated with negotiation of this Agreement or (2) relocate such RMD dispensing facility out of the Town. In the case of any relocation out of the Town, an adjustment of funds due to the Town hereunder shall be calculated based upon the period of occupation of the RMD dispensing facility within the Town, but in no event shall the Town be responsible for the return of any funds already provided to it by the Company. If, however, such RMD is relocated out of the Town prior to the second anniversary of the date of this Agreement, the Company shall pay to the Town as liquidated damages an amount equal to \$10,000 in consideration of the expenditure of resources by the Town in negotiating this Agreement.
24. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Town or the Company.
25. The terms of this Agreement shall be renegotiated by the parties if and when the Commonwealth of Massachusetts or the Town of Salisbury adopts an excise tax, fee, or assessment that entitles the Town to assess a charge on the revenue from medical marijuana sold by the Company in addition to the annual compensation set forth in this Agreement (Section 2).


[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

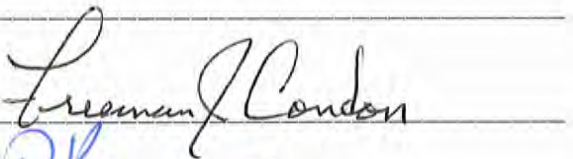
TOWN OF SALISBURY

ALTERNATIVE THERAPIES GROUP, INC.

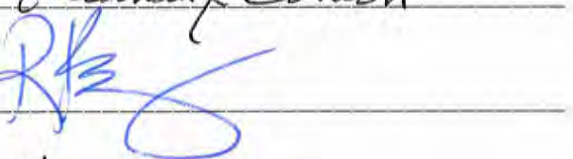
By: 


By: 

Christopher Edwards

  
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Its: Executive Director

  
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Its: Board of Selectmen

**Host Community Agreement**  
**Between**  
**Town of Sharon, Massachusetts**  
**and**  
**Four Daughters Compassionate Care, Inc.**  
**Amended and Restated – June 19, 2018**

This Host Community Agreement (HCA), first entered into April 19, 2018, is amended and restated this 19<sup>th</sup> day of June, 2018 by and between the Town of Sharon, a Massachusetts municipal corporation acting by and through its Town Administrator, with a principal address of 90 South Main Street, Sharon, MA 02067, (“Town”), and Four Daughters Compassionate Care, Inc., a Massachusetts corporation with a principal place of business of 584 Mountain Street, Sharon, MA 02067, (“Four Daughters”).

WHEREAS, Four Daughters intends to locate a licensed Retail Marijuana Establishment, a Marijuana Cultivation and Processing facility and a Marijuana Product Manufacturing Business in the Town at the property located at 2-4 Merchant Street or at the property located at 1200 General Edwards Highway in accordance with the provisions of 935 CMR 500, et. seq., and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable regulations, as may be amended; and,

WHEREAS, Four Daughters intends to operate a Registered Marijuana Dispensary (“RMD”) as defined by the regulations of the Massachusetts Department of Public Health - Medical Use of Marijuana Program, 105 CMR 725, which provides for the dispensing, cultivation and product-manufacturing of medical marijuana, at 2-4 Merchant Street or 1200 General Edwards Highway; and,

WHEREAS, Four Daughters has applied for and received a provisional certificate of registration from the Massachusetts Department of Public Health – Medical Use of Marijuana Program for an RMD at 1200 General Edwards Highway; and,

WHEREAS, it is understood that Four Daughters may locate Marijuana Cultivation and Processing facility, Marijuana Product Manufacturing Business, and cultivation and product-manufacturing of medical marijuana, so-called non-retail functions, at the same location as the Retail Marijuana Establishment and RMD dispensary (retail function) or locate any of these non-retail functions at the other location not used for the Retail Marijuana Establishment and RMD dispensary (retail function), and it is expressly agreed that Four Daughters may operate only one (1) RMD dispensing and Retail Marijuana Establishment within the Town; and,

WHEREAS, Four Daughters, notwithstanding any tax-exempt status, intends to pay all local taxes attributable to its operation, including sales taxes, real estate and personal property taxes on the space within which the Establishment is located; and,



WHEREAS, Four Daughters desires to be a responsible corporate citizen and contributing member of the business community of the Town, and intends to provide certain benefits to the Town over and above typical economic development benefits attributable with similar new manufacturing and retail concerns locating in the Town; and,

WHEREAS, the parties intend by this Agreement to satisfy the provisions of 935 CMR 500, et seq., 105 CMR 725, and of G.L. c.94G, § 3(d), as established in the Act, applicable to the operation of the Establishment as an RMD dispensary and Retail Marijuana Establishment in the Town.

NOW THEREFORE, in consideration of the provisions of this Agreement, Four Daughters and the Town agree as follows:

1. Anticipated Community Impacts of Retail Marijuana Establishment.

The Town reasonably expects that, as a result of the Four Daughters operation of the Retail Marijuana Establishment, the Town will incur additional expenses and impacts upon its public safety services, inspectional and permitting services, educational services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the Town. Accordingly, in order to mitigate the financial impact upon the Town resulting from new or increased use of Town resources, Four Daughters agrees to pay an annual community impact fee to the Town, pursuant to G.L. c.94G, § 3(d), in the amounts and under the terms provided herein (the "Annual Payments").

a. The Annual Payments in an amount equal to three percent (3%) of the gross sales of marijuana and marijuana product sales at the Retail Marijuana Establishment in each year of operation shall be paid each year. In the initial year of operation, Four Daughters will make a payment of One Hundred Thousand Dollars (\$100,000.00) upon issuance of a certificate of occupancy for the Retail Marijuana Establishment. The second payment, covering the first six (6) months of the operating year, measured from the Opening Date, shall be the balance of three percent (3%) of gross sales less the initial One Hundred Thousand Dollars (\$100,000.00) payment which shall be due no later than seven (7) months after the opening date (the "Opening Date"). The balance of the Annual Payment equal to 3% of gross sales during the second six (6) months of operations shall be due no later than thirteen (13) months after the Opening Date. In the second, third, fourth and fifth years of this Agreement, the Annual Payments of three percent (3%) of gross sales will be made quarterly, which shall be due within thirty (30) days following the end of each quarter following the anniversary of the Opening Date. With regard to any year of operation for the Establishment which is not a full calendar year since the Opening Date, the applicable Annual Payments shall be pro-rated accordingly.

b. Four Daughters shall make the Annual Payments set forth above to the Town of Sharon. The Treasurer of the Town shall hold the Annual Payments in a separate account, to be expended by the Town without further appropriation pursuant to G.L. c.44, §53A, or otherwise in trust, or pursuant to regulations that may be promulgated governing the

expenditure of such payments, for the purposes of addressing the potential health, safety, and other effects or impacts of the Establishment on the Town and on municipal programs, services, personnel, and facilities. While the purpose of the Annual Payments is to assist the Town in addressing any public health, safety, and other effects or impacts the Establishment may have on the Town and on municipal programs, services, personnel, and facilities, the Town may expend the Annual Payments at its sole and absolute discretion.

Notwithstanding the Annual Payments, nothing shall prevent Four Daughters from making additional donations from time to time to causes that will support the Town, including but not limited to, local drug abuse prevention/treatment/education programs.

c. The following anticipated community impacts of recreational marijuana consumption have been identified, with potential mitigations measures determined, to be funded in order of priority, which may be changed from time to time by the Board of Selectmen:

1. Increased incidence of impaired driving. Training each year of up to five (5) police officers to properly assess whether an operator of a motor vehicle is under the influence of marijuana (Drug Recognition Training) – estimated cost is \$25,000 per year.
2. Increased use of marijuana with the potential for abuse and related health problems. Coordinator to provide administrative support to the Sharon Substance Prevention and Resource Coalition (SSPARC) for eighteen (18) hours per week – estimated cost of \$25,000 per year.
3. Increased criminal activity directly related to retail marijuana establishment operations. Overtime wages or salary (and fringe benefits if new hire) to assign additional public safety personnel to investigations related to retail marijuana establishment operations – estimated cost is \$60,000 to \$85,000 per year for salary (and fringe benefits if new hire).
4. Increased demand for community drug abuse education and intervention programs. Support for community drug abuse education and intervention programs operated through School Department for students (curriculum and instructional materials) or through SSPARC, Community Education, Health Department, or community organizations – estimated cost is \$50,000 per year, of which \$10,000 is to be paid to the Sharon Education Foundation. Assess drug issues among grades 6-12 – estimated cost \$5,500 – and fund LifeSkills by Botvin program for 300 students each year – estimated cost is \$2,000. Provide 4mg nasal naloxone atomizers in each school building – estimated cost is \$2,500. Fund brochures for public safety community services – estimated cost is \$15,000 per year.
5. Increased exposure of marijuana to youth. Provide safe, diversionary youth recreation programs through the Recreation Department, Community Education, or community organizations – estimated cost is \$75,000 per year, of which \$10,000 is to be paid to the Sharon High School Boosters and \$15,000 is to be paid to the Town or designated organization to be expended on community celebrations.
6. Increased exposure of marijuana to youth. Hiring additional school resource officer for Sharon Middle School to enhance youth outreach and drug abuse education – estimated cost is \$85,000 per year for salary and fringe benefits.

7. Increased use of marijuana with the potential for abuse and related health problems. Overtime wages or hiring additional health education, public health and/or school nursing services personnel to support substance abuse education and public health programs – estimated cost is \$130,000 to \$150,000 per year for salary and fringe benefits.
8. Increased exposure of marijuana to youth. Install security cameras on all school campuses – estimated cost is \$90,000 for three elementary schools, \$60,000 for middle school and \$80,000 for high school. Contribute to creation of additional playing fields and courts to provide facilities for safe, diversionary youth recreation programs – estimated initial contribution is \$66,000, with annual contribution beginning in second year of the Agreement of up to \$300,000.

d. Annual Review. The parties agree to conduct a review within sixty (60) days of the anniversary of the Opening Date of the determination of community impacts described above and adjust the community impact fee so as to fairly compensate the Town for all such costs, subject to a minimum amount of three percent (3%) of gross sales or greater amount if authorized by state law or regulation.

e. Educational Programs. Four Daughters shall provide staff to participate in a reasonable number of Town-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with all Town departments. In addition, Four Daughters shall make sufficient protective measures to prevent sales of recreational marijuana and marijuana products to persons under the age of twenty-one (21) years, including, but not limited to: identification checks; random security checks; and advertisement promoting such protective measures.

f. Community Forum. Four Daughters and the Town shall conduct annually an appropriate forum whereby citizens may express views about the operations of Four Daughters facilities and Four Daughters may address complaints or suggestions that arise concerning the operations.

## 2. Payments Pursuant to Local Option Sales Tax.

In the event that Four Daughters obtains a Final License as a Retail Marijuana Establishment, or such other license and/or approval as may be required by the Cannabis Control Commission (the "CCC") or such other state licensing or monitoring authority, as the case may be, for the operation of the Establishment in the Town, and receives any and all necessary and required permits and licenses of the Town, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits and/or licenses allow Four Daughters to locate, occupy and operate the Establishment in the Town, then Four Daughters agrees to make the following sales tax payments for each year this Agreement is in effect; provided, however, that if Four Daughters fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, Four Daughters shall reimburse the Town for its legal fees associated with the negotiation of this Agreement.

a. Four Daughters shall make local option sales tax payments in an amount equal to three percent (3%) of gross revenue from marijuana and marijuana product sales at the Establishment or greater amount if authorized by state law or regulation. In the first year of operation, the sales tax payments shall be paid in two (2) installments unless a different frequency is required by state law or regulation. The first payment shall be in the amount of Fifteen Thousand Dollars (\$15,000.00) upon commencement of sales at the retail Establishment (the "Opening Date"). The second payment shall be the balance of three percent (3%) of gross sales through the first six (6) months following the Opening Date less the initial fifteen thousand dollar (\$15,000.00) payment, which payment shall be due no later than seven (7) months after the Opening Date. The balance of the sales tax payment equal to three percent (3%) of gross sales for the second six (6) months following the Opening Date shall be due no later than thirteen (13) months after the Opening Date.

b. In the second, third, fourth and fifth years of operation, the sales tax payments in an amount equal to three percent (3%) of the gross sales of marijuana and marijuana products sales at the Establishment in each year of operation shall be paid in two (2) six (6) month installments; the first payment, covering the first six (6) months of the operating year, measured annually from the Opening Date, shall be due no later than seven (7) months from the anniversary of the Opening Date and the balance, covering the second six (6) months of the operating year, to be paid within thirty (30) days after the end of the operating year.

c. With regard to any year of operation for the Establishment which is not a full calendar year, the applicable Annual Payments shall be pro-rated accordingly.

d. The Town may expend the local option sales tax payments at its sole and absolute discretion.

### 3. Additional Payments for Wholesale Transactions with Other Retail Marijuana Establishments.

Four Daughters shall make semi-annual payments in an amount equal to three percent (3%) of gross revenue from marijuana and marijuana product wholesale transfers or transactions with other retail marijuana establishments, including any retail marijuana establishment owned by Four Daughters or affiliated companies (other than the retail marijuana establishment(s) in Sharon). The first payment, covering the first six (6) months of the operating year, measured annually from the Opening Date, shall be paid within seven (7) months of the Opening Date, and the balance, covering the second six (6) months of the operating year, to be paid within thirty (30) days after the end of the operating year. With regard to any year of operation for the Establishment which is not a full calendar year, the applicable payment shall be pro-rated accordingly. The Town may expend funds received under this Section 3 at its sole and absolute discretion.

4. Additional Payments for Medical Marijuana Transactions.

Four Daughters shall make semi-annual payments in an amount equal to three percent (3%) of gross revenue from the sale of medical marijuana and medical marijuana product, wholesale transfers or transactions with other medical marijuana establishments, including any RMD dispensary owned by Four Daughters or affiliated companies (other than the medical or retail marijuana establishment(s) in Sharon). The first payment, covering the first six (6) months of the operating year, measured annually from the Opening Date, shall be paid within seven (7) months of the Opening Date, and the balance, covering the second six (6) months of the operating year, to be paid within thirty (30) days after the end of the operating year. With regard to any year of operation for the Establishment which is not a full calendar year, the applicable payment shall be pro-rated accordingly. The Town may expend funds received under this Section 3 at its sole and absolute discretion.

5. Local Taxes.

At all times during the term of this Agreement, property, both real and personal, owned or operated by Four Daughters, shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Four Daughters or by its landlord, and neither Four Daughters nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption from payment of such taxes.

Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by Four Daughters 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 Four Daughters is determined to be entitled to or subject to exemption with the effect of reducing or eliminating the tax which would otherwise be due if not so exempted, then Four Daughters 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. These real or personal property tax payments, or payment in lieu of taxes or combination thereof, shall be in addition to the three percent (3%) sales tax, payments on wholesale transfers or transactions, and any mitigation payments made by Four Daughters pursuant to Section 1 of this Agreement.

6. Annual Filing.

Four Daughters shall notify the Town when Four Daughters commences sales at the Establishment and shall submit annual financial statements to the Town on or before May 1 of each year, which shall include certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement, in addition to a copy of its annual filing, if any, to the Commonwealth of

Massachusetts. Upon request, Four Daughters shall provide the Town with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain a license for the Establishment.

Four Daughters shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth of Massachusetts. All records shall be retained for a period of at least seven (7) years. Four Daughters will keep accurate and complete accounting records. Upon no less than ten (10) days written notice and no more than once per fiscal year, the Town may audit or use a reputable accounting firm to audit, the Four Daughter's records relating to its performance under this HCA.

#### 7. Support.

The Town agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to Four Daughters application for a Certificate to operate the Establishment, where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to, any Special Permit or other zoning application submitted by Four Daughters, in any particular way other than by the Town's normal and regular course of conduct and in accordance with their rules and regulations and any statutory guidelines governing them. The Town agrees to use reasonable efforts to work with Four Daughters, if approved, to help assist Four Daughters with their community support and employee outreach programs.

This Agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Establishment to operate in the Town, or to refrain from enforcement action against Four Daughters and/or the Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

#### 8. Community Support and Additional Obligations.

a. Local Vendors. To the extent such practice and its implementation are consistent with Federal, state, and municipal laws and regulations, Four Daughters will make every effort in a legal and non-discriminatory manner to give priority to local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Establishment.

b. Employment. Except for senior management, and to the extent such practice and its implementation are consistent with Federal, state, and municipal laws and regulations, the Company shall use good faith efforts to hire Town residents.

9. Improvements to the Establishment Site.

Four Daughters shall make capital improvements to the site at which the Establishment is located in conformance with all zoning bylaws, approvals and building codes. Four Daughters agrees to comply with all laws, rules, regulations and orders applicable to the Establishment, 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. In addition, Four Daughters agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.

10. Security.

a. Four Daughters shall maintain security at the Establishment at least in accordance with the security plan presented to the Town and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, Four Daughters shall at all times comply with all applicable laws and regulations regarding the operations of the Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.

b. To the extent requested by the Town's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, Four Daughters shall work with the Town's Police Department in determining the number and placement of exterior security cameras and the purchase of identification checkers at each register.

c. Four Daughters agrees to cooperate with the Town's Police Department, including but not limited to, periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in the conduct of investigations, and communication with the Police Department regarding any suspicious activities at or in the immediate vicinity of the Establishment, and with regard to any anti-diversion procedures.

d. To the extent requested by the Town's Police Department, Four Daughters shall work with the Police Department to implement a comprehensive plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Establishment. Such plan shall include, but is not limited to, (i) training Four Daughters employees to be aware of, observe, and report any unusual behavior in authorized visitors or Four Daughters

employees that may indicate the potential for diversion and (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Establishment.

e. Four Daughters shall promptly report the discovery of the following to the Town's Police Department within twenty-four (24) hours of Four Daughters becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft, loss, and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than four (4) hours; and any other breach of security.

11. No on-site Consumption.

Four Daughters agrees that, even if permitted by state statute or regulation, it will prohibit on-site consumption of marijuana and any marijuana-infused products at the Establishment.

12. Term and Termination.

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This Agreement shall continue in effect for so long as Four Daughters operates the Establishment or any similar Marijuana Establishment within the Town, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement (HCA) in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event Four Daughters no longer does business in the Town or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, Four Daughters will be responsible for the prorated portion of the Annual Payment due pursuant to Section 1, the local option sales tax due pursuant to Section 2, semi-annual payments on wholesale transfers or transactions due pursuant to Section 3, and the annual payments on medical marijuana transactions due pursuant to Section 4 above. The Town may terminate this Agreement if Four Daughters fails to make any of the payments as required under this Agreement and such failure remains uncured for a period of sixty (60) days.

13. Administration of this Agreement.

a. Governing Law.



This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Norfolk County.

b. Amendments/Waiver.

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.

c. Severability.

If any term or condition of the 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. Further, Four Daughters agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by Four Daughters in a court of competent jurisdiction, Four Daughters shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement.

d. Successors/Assigns.

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Four Daughters shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the Town, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the Town and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town.

e. Headings.

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

f. Counterparts.

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

g. Signatures.

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

h. Entire Agreement and Intent.

This Agreement constitutes the entire Agreement between the parties with respect to the matters described and is subject to the approval of the zoning bylaw amendment at the 2018 Annual Town Meeting, and subsequently by the Attorney General, regulating the operation of recreational marijuana establishments and siting in the Light Industrial Zone and adoption of the three percent (3%) local option sales tax on retail marijuana sales.

It is the intent that 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. The existing Host Community Agreement (HCA) between the parties dated October 17, 2017 regarding the registered medical marijuana dispensary is superseded by this amended and restated Host Community Agreement. It is further intended that this Agreement be continued beyond the five (5) year term as a condition of continued licensure.

i. Retention of Regulatory Authority.

By entering into this Agreement, the Town does not waive any enforcement rights or regulatory authority it currently holds over any business in Town.

j. Third-Parties.

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Town or Four Daughters.

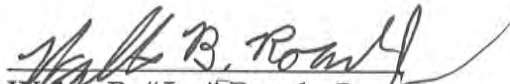
k. Notices.


Except as otherwise provided herein, any notices, consents, demands, request, approvals 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 (and in the case of Four Daughters to: Four Daughters Compassionate Care, Inc., 584 Mountain Street, Sharon, MA 02067 and Davis, Malm & D'Agostine, P.C., ATTN: Andrew D. Myers, One Boston Place, Boston, MA 02108). Any such notice or correspondence shall be effective upon receipt by hand or 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.

Dated this nineteenth day of June, 2018.


SHARON BOARD OF SELECTMEN

  
William A. Heitin, Chair

  
Walter B. "Joe" Roach, Jr.

  
Emily Smith-Lee

FOUR DAUGHTERS COMPASSIONATE CARE, INC.

  
Stanley Rosen, Chief Operating Officer

  
Brian Striar, President

**HOST COMMUNITY AGREEMENT**  
**FOR THE SITING OF A MARIJUANA RETAIL ESTABLISHMENT**  
**IN THE TOWN OF SHREWSBURY**

THIS AGREEMENT (this “Agreement”) is entered into this 10<sup>th</sup> day of July, 2018 (the “Effective Date”) by and between the TOWN OF SHREWSBURY, acting by and through its Town Manager duly authorized by a vote of its Board of Selectmen, with a principal address of 100 Maple Avenue, Shrewsbury, MA 01545 (the “Town”), and Prime Wellness Centers, Inc., a Massachusetts corporation with a principal office address of 44 Independence Lane, Shrewsbury, MA (the “Company”). The Town and the Company are together the “Parties” and individually a “Party”.

**Recitals**

WHEREAS, the Company wishes to locate a licensed “Marijuana Establishment”, specifically a “Marijuana Retailer”, as those terms are defined and used in M.G.L. c. 94G and 935 CRM 500.00 *et seq.*, and the Zoning Bylaw of the Town of Shrewsbury, at 235 Hartford Turnpike, Shrewsbury, MA 01545 (the “Facility”) in accordance with the laws of the Commonwealth of Massachusetts and the Town;

WHEREAS, in order to apply for, obtain, and maintain a license from the Massachusetts Cannabis Control Commission the Company is required to enter into a host community agreement with the Town pursuant to M.G.L. c. 94G, § 3(d); and

WHEREAS, the Company desires to provide community impact fee payments and make other commitments to the Town through this Agreement, pursuant to M.G.L. c. 94G, § 3(d);

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and for the mutual promises set forth below, the Parties agree as follows:

**AGREEMENT**

1. **Community Impact Fee.** In the event that Company obtains a license for the operation of the Facility in the Town from the Cannabis Control Commission (the “CCC”), and receives all required permits and licenses from the Town, and at the expiration of any final appeal period related thereto with no appeal having been filed, which said permits and/or licenses allow the Company to locate, occupy, and operate the Facility, then the Company agrees to the following:
  - a. The Company shall make quarterly payments to the Town as a community impact fee in the amount of three percent (3%) of the gross sales from the Facility over a three-month period (each a “Quarterly Payment”).
  - b. The first Quarterly Payment shall be due on the first day of the sixth (6th) month following the date that the Company begins retail operations at the Facility (the

“Opening Date”), and shall be equivalent to three percent (3%) of the gross sales from the Facility during the three months following the Opening Date.

- c. Subsequent Quarterly Payments shall be due on the first day of every third month thereafter for the term of the Agreement, and shall be equivalent to three percent (3%) of the gross sales from the Facility during the three-month period following the payment period of the previous Quarterly Payment.

2. **Payments.**

- a. The Company shall make each Quarterly Payment to the Town as set forth in Section 1 of this Agreement. While the Town has the sole discretion for determining how to spend each Quarterly Payment, the Parties understand and acknowledge that, as required by M.G.L. c. 94G. § 3(d), the Quarterly Payments are reasonably related to the costs imposed upon the Town by the operation of the Facility.
- b. Notwithstanding the Quarterly Payments, nothing shall prevent the Company from making additional donations from time to time to causes that will support the Town, including but not limited to local drug abuse prevention/treatment/ education programs.

3. **Other Payments.** The Company anticipates that it will obtain and pay for water, sewer and electric services from the Town. The Company will pay all fees associated with the local permitting of the Facility.

4. **Local Taxes.** At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall object or otherwise challenge the taxability of such property. The terms of this Section 4 shall apply to any successor or assign of the Company, and shall apply notwithstanding the acquisition or control of the Facility by an entity that would otherwise be exempt from taxation.

5. **Community Support and Additional Obligations.**

- a. **Local Vendors.** To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company will make every effort in a legal and non-discriminatory manner to give priority to qualified local businesses and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility.

- b. Employment/Salaries. Except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company shall use good faith efforts to ensure local hiring.
- c. Reports on Vendors and Employment. The Company shall provide the Town with annual reports indicating the percentages of vendors and employees in accordance with paragraphs (a) and (b) above.
- d. Annual Reports. The Company shall, at least annually, provide the Town with copies of all reports submitted to the CCC regarding operations at the Facility.
- e. Financial Records.
  - i. Annually, the Company shall submit financial records to the Town with a certification of gross sales with respect to the Quarterly Payments. Any of the forgoing documents provided to the Town shall be simultaneously submitted to the CCC by the Company. The Company shall also submit to the Town copies of any additional financial records the Company must submit to the CCC. The Company shall maintain its books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the CCC. All such records shall be kept for a period of at least seven (7) years. The provisions of this section shall survive the termination or expiration of this Agreement.
  - ii. During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense), those parts of the Company's books and financial records which relate to the determination of each Quarterly Payment. Such examinations may be made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner as not to interfere with the Company's normal business activities. The provisions of this section shall survive the termination or expiration of this Agreement.
- f. Compliance with Local Law. The Company shall work cooperatively with all necessary boards, commissions, committees, officers, or officials of the Town to ensure that the Company's operations are compliant with the bylaws, regulations, policies, and other legal requirements of the Town of Shrewsbury. This Agreement does not waive, limit, control, or in any way affect the legal authority of any board, commission, committee, officer, or official of the Town to regulate, authorize, restrict, inspect, investigate, enforce against, or issue, deny, suspend, or revoke any permit, license or other approval with respect to, the Company or the Facility, nor does it waive, limit, control, or in any way affect the legal authority of the Shrewsbury Police

Department to investigate, prevent, or take action against any criminal activity with respect to the Company or the Facility. Nothing in this Agreement presumes, implies, suggests, or otherwise creates any promise either that the Company shall obtain or retain any or all local permits, licenses, and other approvals that are required in order to operate at the Facility.

- g. **Indemnification.** Upon the Effective Date, the Company shall defend, indemnify, and hold harmless the Town, its officers, employees, and agents (“Indemnified Parties”) against any claims, actions, demands, fines, penalties, costs, expenses, damages, losses, obligations, judgments, liabilities, and suits against or involving the Indemnified Parties, including reasonable attorneys’ fees, reasonable experts’ fees, and associated court costs (“Liabilities”) that arise from or relate in any way to the Federal Government’s enforcement of the United States Controlled Substances Act and any other federal law or regulation governing medical marijuana and/or recreational marijuana directly relating to the Company’s operation of the Facility in the Town of Shrewsbury. The foregoing express obligation of indemnification shall not be construed to negate or abridge any other obligation of indemnification running to the Town which would exist at common law or under other provisions of this Agreement. This indemnification shall survive the termination or expiration of this Agreement for a period equal to the applicable statute of limitations period. If any action or proceeding is brought against the Town arising out of any occurrence described in this section, upon notice from the Town the Company shall, at its expense, defend such action or proceeding using legal counsel approved by the Town which such approval shall not be unreasonably withheld, conditioned, or delayed, and provided that no such action or proceeding shall be settled without the approval of the Town which such approval shall not unreasonably withheld, conditioned, or delayed.
6. **Support.** The Town agrees to submit to the CCC all documentation and information required by the CCC from the Town for the Company to obtain approval to operate the Facility. The Town agrees to support the Company’s application with the CCC but makes no representation or promise that it will act on any other license or permit request in any particular way other than by the Town’s normal and regular course of conduct and in accordance with their rules and regulations and any statutory guidelines governing them.
7. **Security.**

  - a. The Company shall maintain security at the Facility at least in accordance the security plan presented to the Town and approved by the CCC. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Facility and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation, after-hours contact information, and access to surveillance operations to the Shrewsbury Police Department; and requiring dispensary agents to produce their Program ID Card to law enforcement upon request.

- b. The Company shall immediately report the discovery of the following to Shrewsbury Police Department: diversion of marijuana; unusual discrepancies identified during inventory, theft, loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, distribution, and delivery of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, registered qualifying patients, personal caregivers, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.
  - c. The Company shall coordinate with the Shrewsbury Police Department in the development and implementation of required security measures, including the determination of the placement of security cameras, and the sharing of security information. The Company will maintain a cooperative relationship with the Shrewsbury Police Department, including but not limited to, periodic meetings to review operational concerns and communication with the Shrewsbury Police Department of any suspicious activities at the Facility.
  - d. The Town's involvement with the Facility's security shall in no way be deemed an assurance of safety or assistance for the Facility, the Company, or any third party.
8. **Notice of Manager.** If requested by the Town, the Company shall provide to the Town the name and relevant information of the person proposed to act as on-site manager of the Facility. The submittal shall include authorization to perform a criminal history (CORI) check. The Town shall consider such request for approval within thirty (30) days following submittal to determine, in consultation with the Shrewsbury Chief of Police, 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 (30) days, that manager shall be deemed approved by Town. This approval process shall also apply to any change of on-site manager.
9. **Term and Termination.** This Agreement shall take effect on the Effective Date, subject to the contingencies noted herein, and shall continue in effect until the final Quarterly Payment is accepted by the Town for the Company's fifth (5<sup>th</sup>) year of operation of the Facility, such that the Company's obligation to make the Quarterly Payments shall not be effective for more than five (5) years after the Opening Date (the "Term"). The Parties agree to meet annually to review the current provisions of the applicable laws, and the guidelines and regulations of the Cannabis Control Commission and make amendments to this section if changes are deemed necessary. Upon the fourth (4<sup>th</sup>)



anniversary of the Opening Date, the Parties shall negotiate in good faith a new host community agreement to succeed this Agreement, unless such a successor agreement is prohibited by law. In the event the Company permanently ceases operation of the Facility or in any way loses or has its license revoked by the CCC, this Agreement shall terminate upon the Town's acceptance of a final pro-rated Quarterly Payment. In the event the Company fails to comply with the terms of this Agreement and such failure is not cured within sixty (60) days of the Company receiving written notice from the Town of the Company's failure to comply, the Town may terminate this Agreement upon (10) days written notice to the Company. In the event the Company fails to make any payment due to the Town pursuant to the terms of this Agreement and such failure is not cured within sixty (60) days of the Company receiving written notice from the Town of the Company's failure to pay, the Town may terminate this Agreement upon (10) days written notice to Company.

10. **Limitation on Operations.** This Agreement authorizes and governs the Facility only as a Marijuana Retailer. The Company shall not seek licensure for or seek to operate within the geographic boundaries of the Town any other Marijuana Establishment without first entering into a separate host community agreement with the Town. This Agreement shall be in addition to, and shall not replace or supersede, any other agreement between the Company, or its affiliates, successors, or assigns, and the Town pertaining to the operation of another Marijuana Establishment or medical marijuana treatment center, whether located at the site of the Facility or another location.
11. **Governing Law.** This Agreement shall be governed and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principles of conflicts of law, and the Company submits to the jurisdiction of a court of competent jurisdiction in Worcester County for the adjudication of disputes arising out of this Agreement. The Parties expressly waive any defense to enforcement based upon nonconformance with Federal law regarding the illegality of marijuana.
12. **Amendments/Waiver.** Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.
13. **Severability.** If any term or condition of the 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.
14. **Successors/Assigns.** This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign or transfer any interest in the Agreement without the written consent of the other.

15. **Entire Agreement.** This Agreement 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.
16. **Notices.** Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To Town: Town of Shrewsbury  
c/o Town Manager  
100 Maple Avenue  
Shrewsbury, MA 01545


To Company: Prime Wellness Centers, Inc.  
Attn: Mr. John P. Glowick, Jr.  
44 Independence Lane  
Shrewsbury, MA 01545


Notice shall be deemed given (a) two (2) business days after the date when it is deposited with the U.S. Post Office, if sent by first class or certified mail, (b) one (1) business day after the date when it is deposited with an overnight courier, if next business day delivery is required, (c) upon the date personal delivery is made, or (d) upon the date when it is sent by email, if the sender receives a reply email confirming such delivery has been successful and the sender mails a copy of such email to the other Party by U.S. first-class mail on such date.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement on the date set forth above.

**TOWN OF SHREWSBURY**

  
\_\_\_\_\_  
Kevin Mizikar,  
Town Manager  
Duly Authorized by Vote of the Town of  
Shrewsbury Board of Selectmen on  
July 10, 2018

\_\_\_\_\_  
  
Name: John P. Glowik Jr.  
Title: CEO

## HOST COMMUNITY AGREEMENT

between

**The TOWN OF UXBRIDGE, Massachusetts**

and

**XIPHIAS WELLNESS, INC.**

### **For The Siting Of A Dispensing Facility For Both A Medical Marijuana Treatment Center And A Recreational Marijuana Establishment In The Town Of Uxbridge**

This Host Community Agreement ("Agreement") is entered into this 21<sup>th</sup> day of May, 2018 by and between Xiphias Wellness, Inc., a Massachusetts business entity with a principal office address of 482 Globe Street, P.O. Box D, Fall River, MA 02724 ("Company" or "establishment") and the Town of Uxbridge, a Massachusetts municipal corporation with a principal address of 21 S. Main Street Uxbridge, MA 01569 ("Town").

WHEREAS, Company wishes to locate a licensed dispensing facility for both a Medical Marijuana Treatment Center in accordance with Chapter 369 of the Acts of 2012, as such state regulations have been amended ("MMTC") and a Recreational Marijuana Establishment as defined in M.G.L. c 94G, Section 1 ("RME") at 1045 Quaker Highway, Uxbridge, MA 01569 (hereinafter, the "Facility") in accordance with the laws of the Commonwealth of Massachusetts ("MA Law") and those of the Municipality ("Local Law"); and

WHEREAS, Company will be licensed to operate a dispensing facility for both a MMTC and RME for the cultivation and processing of marijuana in the referenced Uxbridge location;

WHEREAS, Company is seeking a licenses from the Department of Public Health ("DPH") and/or Commonwealth of Massachusetts Cannabis Control Commission (CCC) to operate a MMTC and RMC in Town; and

WHEREAS, Company has paid all application fees.

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

- Community Impact Fee: The Town anticipates that, as a result of the Company's operation of the MMTC and RME, the Town will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services, public health services and education in addition to potential additional unforeseen impacts upon the Town. Accordingly, in order to mitigate the direct and indirect financial impact upon the Town and use of Town resources, the Company agrees to annually pay a community impact fee to the Town, in the amounts and under the terms provided herein (The "Annual Payments")
- Payment: In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the MMTC and RME in the Town by the DPH, CCC or such other state licensing or monitoring authority, and receives revenues from sales of marijuana and marijuana infused products produced at the Facility to consumers at the Facility,
  - Company shall make Annual Payments in an amount equal to one and three quarters percent (1.75%) of the gross revenue from sales by MMTC occurring at the Facility and three percent (3%) for sales by the RME occurring at the Facility - as long as the fee is reasonably related to the costs imposed upon the town by the operation of the marijuana establishment.
  - Annual Payments shall be made quarterly each calendar year on the 1<sup>st</sup> Tuesday of January, April, July and October, beginning on the first of such dates after the establishment has been permitted, occupy and operate said establishment.
  - Company shall submit financial records to the Town within 30 days after payment of the Annual Payment with a certification of sales with respect to each such payment. Company shall maintain its

books, financial records, and other compilations of data pertaining to the requirements of this Agreement in accordance with standard accounting practices and any applicable regulations or guidelines of the CCC.

- Local Taxes. At all times during the Term of this Agreement, property, both real and personal, owned or operated by Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Company or by its landlord, and neither Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption from paying such taxes.
- Applicability of Host Agreement: The provisions of this Host Agreement apply only to the Company's use of the facility to operate a dispensing facility for both a MMTTC and RMC.

The Company will work cooperatively with all necessary municipal departments, boards, commissions, and agencies to ensure that Company's operations are compliant with all of the Municipality's codes, rules, and regulations.

- Security: Company shall maintain security at the Facility at least in accordance with a security plan presented to the Town and approved by the Licensing Authority(ies). In addition, Company shall at all times comply with MA Law and Local Law regarding security of the Facility. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Program ID Card or equivalent to law enforcement upon request. Company shall coordinate with the Uxbridge Police Department in the development and implementation of security measures, as required pursuant to applicable regulations and otherwise, including determining the placement of exterior security cameras. Company will maintain a cooperative relationship with the Uxbridge Police Department, including but not limited to, periodic meetings to review operational concerns and communication to Uxbridge Police Department of any suspicious activities on the site.

Company shall promptly report the discovery of the following to the Uxbridge Police Department immediately: diversion of marijuana; unusual discrepancies identified during inventory, theft, loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, registered qualifying patients, personal caregivers, dispensary agents or marijuana establishment agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

- Local Hiring: To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, 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 and services called for in the construction, maintenance and continued operation of the Facility. Company shall use good faith efforts to ensure that at least fifty percent (50%) of the vendors and/or contractors utilized by the Facility will be based in the Town.

Additionally, except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Company shall use good faith efforts in a legal and non-discriminatory manner to give priority to hire qualified residents of the Town as employees of

the Facility. Company shall use good faith efforts to ensure that at least fifty percent (50%) of the employees of the Facility will be Town residents.

The Company shall, at least annually, provide the Town with copies of all reports submitted to the Licensing Authority(ies) regarding Company's operations at the Facility. Company shall provide the Town with annual reports indicating the percentages of vendors and employees in as described above.

- Improvements to Property: Company 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 and construction standards per state and local Building Code requirements.
- Registration and Approvals Required: The obligations of Company and the Town recited herein are specifically contingent upon the obtaining a final certificate of license for the operation of a MMTC and/or RME from the DPH and/or CCC to operate in Town, and all necessary local permits and approvals.
- Cooperation: Town shall work cooperatively and in good faith with Company in securing prompt and efficient siting, planning, permitting and preparation for opening of the MMTC and/or RME , provided that nothing herein shall require Town to waive any review and approval rights set forth in applicable statues or regulations and provided further that Town shall retain the right to provide comments and recommendations regarding design and security.
- Compliance: Company shall comply with all laws, rules, regulations and orders applicable to the operation of a MMTC and/or RME, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approval required for the operation of a MMTC and/or RME

Company shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, costs and expenses, including attorney's fees, arising out of Company's breach of this Agreement or the gross negligence or misconduct of Company, or Company's agents or employees

- 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.
- Notices: Any and all notices, or other communications required or permitted under this Agreement, shall be in writing and or email.
- 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.
- 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.
- Approval of Manager: If requested by the Town, Company shall provide, for review and approval, the name and relevant information of the person proposed to act as on-site manager of the Facility. The submittal shall include authorization to perform a criminal history (CORI) check. The Town shall consider such request for approval in consultation with the Chief of Police, if the person proposed is of suitable character to act as on-site manager. Such approval shall not be unreasonably denied, conditioned or delayed. This approval process shall also apply to any change of on-site manager
- 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

DB

modified or amended except by a written document executed by the parties hereto.

- **Confidentiality:** Company 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 Company, 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. Company shall mark each plan, page, or transmission with the word "Confidential."
- **Modifications:** Modifications to this Agreement may only be effective if made in writing and signed by both Parties.
- **Headlines:** The article, section, and paragraph headings in this Agreement are for convenience only, are no part of the Agreement and shall not affect the interpretation of this Agreement.
- **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.
- **Notices.** Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

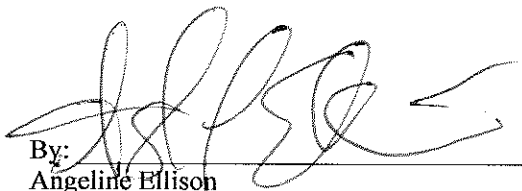
To the Town:  
Town of Uxbridge  
c/o Town Manager  
21 South Main Street  
Uxbridge, MA 01569

To the Company:  
Xiphias Wellness, Inc.  
482 Globe Street  
P.O. Box D  
Fall River, MA 02724

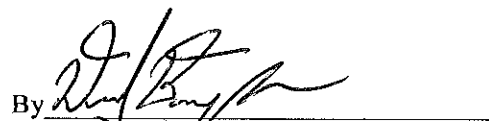
The following signature indicate that the parties herby agree to the terms set forth in this Agreement as per the date set forth on page 1 of this Agreement.

For the TOWN OF UXBRIDGE  
MASSACHUSETTS:

For Xiphias Wellness, Inc..



By: \_\_\_\_\_  
Angeline Ellison  
Its: Town Manager  
As Authorized by Vote of the  
Board of Selectmen on May 14, 2018



By: \_\_\_\_\_  
Name: David Brayton  
Title: Owner

**ATLANTIC MEDICINAL PARTNERS, INC., HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A MEDICAL MARIJUANA TREATMENT CENTER AND/OR A  
ADULT-USE MARIJUANA ESTABLISHMENT IN THE TOWN OF WELLFLEET**

This Host Community Agreement (the “**Agreement**”) is entered into this 13<sup>th</sup> day of February, 2018 (the “**Effective Date**”) by and between the Town of Wellfleet, acting by and through its Board of Selectmen (or as delegated to the Town Administrator), with a principal address of 300 Main Street, Wellfleet, MA 02667 (hereinafter the “**Municipality**”) and Atlantic Medicinal Partners, Inc. with a principal office address of c/o Vicente Sederberg, LLC, Seaport East, 2 Seaport Lane, Boston, MA 02110 (hereinafter “**Company**”)(Municipality and Company, collectively the “**Parties**”).

**RECITALS**

WHEREAS, Company intends to locate a licensed Medical Marijuana Treatment Center (“**MMTC**”) at 1065 State Highway (Route 6), Wellfleet, MA 02667 (hereinafter the “**Facility**”) for the dispensing of medical marijuana in accordance with Chapter 369 of the Acts of 2012, as such state regulations have been amended by Chapter 55 of the Acts of 2017 (the “**Act**”) and may be further amended (“**State Law**”) and such approvals as may be issued by the Municipality, and other applicable regulations, as may be amended (“**Local Law**”);

WHEREAS, when permitted under Local and State Law, Company intends to locate a licensed, adult-use, Recreational Retail Marijuana Establishment (“**RME**”) at the Facility in accordance with State Law and Local Law;

WHEREAS, Company desires to provide community impact fee payments to the Municipality pursuant to M.G.L. c. 94G, § 3(d) and 105 CMR 725 Chapter 369 of the Acts of 2012, and any successor statutes and regulations, in order to address any reasonable costs imposed upon the Municipality by Company’s operations in the Municipality;

WHEREAS, the Municipality supports Company’s intention to operate a MMTC for the dispensing of medical marijuana and a RME for the retail sale of recreational, adult-use marijuana in the Municipality;

WHEREAS, the Parties intend by this Agreement to satisfy the provisions of M.G.L. c.94G, §3(d), as established by the Act, applicable to the operation of a MMTC and a RME in the Municipality;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Parties agree as follows:



## AGREEMENT

1. **Community Impact.** Company anticipates that the Municipality will incur additional expenses and impacts upon the Municipality's road system, law enforcement, fire protection services, inspectional services and permitting services, public health services, and potential additional unforeseen impacts upon the Municipality. Accordingly, in order to mitigate the financial impact upon the Municipality and use of the Municipality's resources, the Company agrees to make a donation or donations to the Municipality, in the amounts and under the terms provided herein (the "**Annual Payments**")
  
2. **Host Community Payments.**
  - a. **MMTC Annual Payments.** In the event that Company obtains a Final Certificate of Registration, or such other license and/or approval as may be required under State Law, for the operation of a MMTC from the Massachusetts Department of Public Health ("**DPH**") or the Cannabis Control Commission ("**CCC**") or such other state licensing or monitoring authority, as the case may be (each a "**Licensing Authority**," collectively the "**Licensing Authorities**"), and receives all required approvals from the Municipality to operate a MMTC, then Company agrees to make the following Annual Payments to the Municipality:
    - i. The Company shall make annual payments to the Municipality in an amount equal to three percent (3%) of the gross annual sales of medical marijuana ("**Medical Marijuana**") at the Facility (the "**MMTC Payment**").
    - ii. The initial MMTC Payment shall be due on the first day of the fourteenth (14th) month following the date that the Company begins dispensing Medical Marijuana to qualifying patients and their caregivers at the Facility (the "**Initial MMTC Payment**").
    - iii. Subsequent MMTC Annual Payments shall be due on each anniversary date of the Initial MMTC Payment for the term of the Agreement.
  
  - b. **RME Annual Payments.** In the event that Company obtains a license, or any other such license/or approval as may be required under State Law, for the operation of a RME in the Municipality from the CCC or any other such state licensing or monitoring authority, as the case may be, and receives all required approvals from the Municipality to operate a RME, then Company agrees to the following:
    - i. The Company shall make annual payments to the Municipality in an amount equal to three percent (3%) of the gross annual sales of recreational marijuana and recreational marijuana products (collectively "**Recreational Marijuana**") at the Facility (the "**RME Payment**").
    - ii. The initial RME Payment shall be due on the first day of the fourteenth (14th) month following the date that the Company begins retail sales of adult-use marijuana in the Municipality (the "**Initial RME Payment**").

- iii. Subsequent RME Annual Payments shall be due on each anniversary date of the Initial RME Payment for the term of the Agreement.
  - c. With regard to any year of operation for the Facility which is not a full calendar year, the applicable Annual Payments shall be pro-rated accordingly.
  - d. In the event of a relocation out of the Municipality, an adjustment of the Annual Payment due to the Municipality hereunder shall be calculated based on the period of occupation of the Facility with the Municipality, but in no event shall the Municipality be responsible for the return of any Annual Payment or portion thereof already provided to the Municipality by the Company.
  - e. Adjustment of Payments. In the event that the Cannabis Control Commission issues regulations that further address or restrict such community impacts fees in a manner that alters or conflicts with the payments required under subparagraphs a and b above, the parties agree to re-negotiate this provision of this Agreement only.
3. **Annual Filing.** Company shall notify the Municipality when it commences sales at the Facility and shall submit annual financial statements to the Municipality on or before May 1, which shall include certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement. Upon request, the Company shall provide the Municipality access to its financial records and copies of its periodic financial filings to the relevant Licensing Authority(ies), as the case may be, documenting gross revenues, and also a copy of its annual filing as a non-profit, if any, to the Massachusetts Office of Attorney General.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth of Massachusetts. All records shall be retained for a period of at least seven (7) years.

4. **Term and Termination.** The Term of this Agreement shall be five (5) years from the Effective Date (the "**Term**"). This Agreement shall automatically terminate at the end of the Term. In the event Company ceases all operations in the Municipality, the Company shall immediately notify the Municipality in writing, including the effective date of cessation of operations, whereupon this Agreement shall become null and void, except that the Company shall make any payments owed to the Municipality under Paragraph 1 above through the date of termination of the operation. In the event Company loses or has its license(s), approvals, and/or permits to operate in the Municipality revoked by the relevant Licensing Authority(ies) or the Municipality, this Agreement shall become null and void. The Municipality may terminate this Agreement at any time during the Term of this Agreement. The Company shall not be required to cease operations following the termination of this Agreement. The Parties shall agree to renegotiate or renew this Agreement prior to the end of the Term in accordance with the provisions of G.L. c.94G, §3(d), which requires a host community agreement for continued operations of the Facility within the Municipality.

5. **Payments.** The Company shall make the Annual Payments to the Municipality as set forth in Section 1 of this Agreement. The Municipality has the sole discretion for determining how to spend the MMTC Payment(s) and/or RME Payment(s) (the "Payments"). The Treasurer of the Municipality shall hold the Annual Payments in a separate fund, to be expended by the Board of Selectmen without further appropriation pursuant to G.L. c.44, §53A, or otherwise in trust, for the purposes of addressing the potential health, safety, and other effects or impacts of the Facility on the Municipality and on municipal programs, services, personnel, and facilities. While the purpose of this payment is to assist the Municipality in addressing any public health, safety, and other effects or impacts the Facility may have on the Town and on municipal programs, services, personnel, and facilities, the Municipality may expend the Annual Payments at its sole and absolute discretion, as determined by the Board of Selectmen. Notwithstanding the Annual Payments, nothing shall prevent the Company from making additional donations from time to time to causes that will support the Municipality, including but not limited to local drug abuse prevention/treatment/education programs. The Municipality understands and acknowledges that, as required by M.G.L. c. 94G, § 3(d), the Payments shall be reasonably related to the costs imposed upon the Municipality by Company's operation of a MMTC and/or a RME in the Municipality. Furthermore, the Municipality understands and acknowledges that, pursuant to M.G.L. c. 94G, § 3(d), any cost to the Municipality imposed by Company's operation of a MMTC and/or a RME in the Municipality shall be documented and considered a public record pursuant to MA Law.
6. **Additional Companies.** If the Municipality permits other MMTCs or RMEs to operate in the Municipality and the other MMTC(s) or RME(s) commence operations, the financial obligations of the Company to the Municipality shall be reduced. Upon the commencement of operations of a second MMTC or RME (in addition to the Company) which dispenses marijuana to the public within the municipality, then the applicable payment formula as set forth in Paragraph 2.a.(i) and 2.b.(ii) shall be reduced by one percent (1%). Upon the commencement of operations of each additional MMTC or RME which dispenses marijuana to the public thereafter, the payment formula set forth in Paragraph 2.a.(i) and 2.b.(i) shall be reduced by an additional one-half percent (.5%). In no event shall the payment formula result in a percentage below one percent (1%).
7. **Acknowledgements.** The Municipality understands and acknowledges that Payments due pursuant to this Agreement are contingent upon the Company's receipt of all state and local approvals to operate a MMTC at the Facility and a RME in the Municipality. In the event that Company is only able to obtain State and local approvals for the operation of a MMTC, but not a RME, in the Municipality, the Municipality acknowledges and agrees that the payments due under this Agreement shall be solely based on Company's gross sales of Medical Marijuana in the Municipality. In the event that Company is only able to obtain State and local approvals for the operation of a RME, but not a MMTC, in the Municipality, the Municipality acknowledges and agrees that the payments due under this Agreement shall be solely based on Company's gross

sales of adult-use marijuana in the Municipality. However, in such circumstances that the requisite state and/or local approvals are not received, the Company agrees that it shall reimburse the Municipality for its legal fees associated with the negotiation of this Agreement, provided that such fees do not exceed \$2,500.

8. **Review.** During the Term of this Agreement, the Municipality may review the Company's financial statements and aforementioned filings every twelve (12) months to ensure that the Payments are in an amount equal to three percent (3%) of the gross sales of medical marijuana, recreational marijuana and marijuana products at the MMTC and/or RME.
  
9. **Local Taxes.** At all times during the Term of this Agreement, property, both real and personal, owned or operated by Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Company or by its landlord, and neither Company nor its landlord shall 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, leased or operated by Company 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 Company 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 Company shall pay to the Municipality 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 Company under Section 2 of this Agreement.
  
10. **Community Support and Additional Obligations.**
  - a. Local Vendors – To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Company shall use good faith efforts in a legal and non-discriminatory manner to give priority to qualified local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance, and continued operation of the Facility. Company has previously engaged a contractor for the construction work at the Facility and such contractor is not local to Wellfleet. Municipality acknowledges that such engagement is not a violation of this Agreement.
  
  - b. Employment/Salaries – Except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, Company shall use good faith efforts in a legal and non-discriminatory

manner to give priority to hire qualified residents of the Municipality as employees of the Facility.

- c. Approval of Manager - If requested by the Municipality, the Company shall provide to the Municipality, for review and approval, the name and relevant information, including but not limited to the information set forth in 105 CMR 725.030, or such other state regulations, as the case may be, of the person proposed to act as on-site manager of the Facility. The submittal shall include authorization and all fees necessary to perform a criminal history (CORI) check or similar background check. The Municipality 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. This approval process shall also apply to any change of on-site manager.
  - d. Education - Company shall provide staff to participate in Municipality-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with any of the Municipality's public safety departments to mitigate any potential negative impacts of the Facility.
  - e. The Company shall, at least annually, provide the Municipality with copies of all reports submitted to the Licensing Authority(ies) regarding Company's operations at the Facility.
  - f. The Company will work cooperatively with all necessary municipal departments, boards, commissions, and agencies ensure that Company's operations are compliant with all of the Municipality's codes, rules, and regulations.
11. **Application Support.** The Municipality agrees to submit to the required Licensing Authority(ies) all documentation and information required by the Licensing Authority(ies) from the Municipality for the Company to obtain approval to operate a MMTC and/or a RME at the Facility. The Municipality agrees to support Company's application(s) for a MMTC and/or a RME with the required Licensing Authority(ies) but makes no representation or promise that it will act on any other license or permit request in any particular way other than by the Municipality's normal and regular course of conduct and in accordance with their codes, rules, and regulations and any statutory guidelines governing them.

This agreement does not affect, limit, or control the authority of the Municipality's boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the

Municipality, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Municipality, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for a MMTC to operate in the Municipality, or to refrain from enforcement action against the Company and/or the Facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

12. **Security.** Company shall maintain security at the Facility in accordance with a security plan presented to the Municipality and approved by the Licensing Authority(ies). In addition, Company shall at all times comply with State Law and Local Law regarding security of the Facility. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Program ID Card to law enforcement upon request.

To the extent requested by the Municipality's Police Department, and subject to the security and architectural review requirements of the Licensing Authority(ies), as the case may be, the Company shall work with the Municipality'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 facility is located.

Company agrees to cooperate with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Facility, and with regard to any anti-diversion procedures.

To the extent requested by the Municipality's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of cultivation operations at the Facility. Such plan shall include, but is not limited to, (i) training MMTC employees to be aware of, observe, and report any unusual behavior in authorized visitors or other MMTC employees that may indicate the potential for diversion; and (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Facility.

13. **Governing Law.** This Agreement shall be governed and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principals of conflicts of law thereof.
14. **Amendments/Waiver.** Amendments or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all Parties, prior to the effective date of the amendment.

15. **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. If any term or condition deemed unlawful concerns the right of the Municipality to the payment and use of any part of the Annual Payments, the parties agree that such part of the Annual Payments paid and to be paid to the Municipality hereunder shall constitute a grant or donation for the purposes set forth herein, and shall be held and used accordingly. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Municipality in enforcing this Agreement.
16. **Successors/Assigns.** This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. The Municipality shall not assign or transfer any interest or obligations in this Agreement without the prior written consent of the Company, which shall not be unreasonably delayed, conditioned, or withheld. The Company shall not assign, sublet or otherwise transfer any interest, its rights nor delegate its obligations under this Agreement without the prior written consent of the Municipality, which shall not be unreasonably delayed, conditioned, or withheld.
17. **Entire Agreement.** This Agreement 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.
18. **Notices.** Except as otherwise provided herein, any notices, consents, demands, requests, approvals, 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following address:

To the Municipality:

Wellfleet Town Administrator  
300 Main Street  
Wellfleet, MA 02667

To the Company:

Atlantic Medicinal Partners, Inc.  
c/o Vicente Sederberg, LLC  
Seaport East, 2 Seaport Lane  
Boston, MA 02210

19. **Third-Parties.** Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Town or the Company.

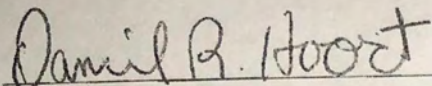
**\* \* \* SIGNATURE PAGE FOLLOWS \* \* \***



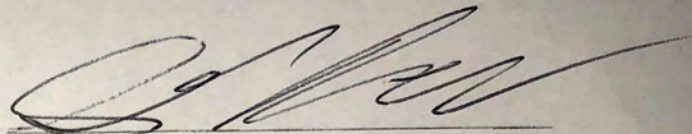
IN WITNESS WHEREOF, the Parties hereto have duly executed this Host Community Agreement on the date set forth above.

TOWN OF WELLFLEET

ATLANTIC MEDICINAL PARTNERS, INC.



Name: Daniel Hoort  
Title: Town Administrator



Name: Stephen Perkins  
Title: President & CEO

602513/WELL/0001

**HOST COMMUNITY AGREEMENT  
FOR THE SITING OF A RETAIL  
MARIJUANA ESTABLISHMENT  
IN THE TOWN OF WILLIAMSTOWN**

This Agreement (the "Agreement") entered into this 12th day of February, 2018 by and between the Town of Williamstown, acting by and through its Town Manager, with a principal address of 31 North Street, Williamstown, Massachusetts 01267 (hereinafter the "Town") and Silver Therapeutics, a Massachusetts not-for-profit corporation with a principal office address of 89 Court Street, Saratoga Springs, NY 12866 (hereinafter "Company").

WHEREAS, Company wishes to locate a licensed Retail Marijuana Establishment in the Town at a commercial unit within the Colonial Shopping Plaza (hereinafter the "Establishment") in accordance with Chapter 55 of the Acts of 2017 (the "Act"), and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable regulations, as may be amended;

WHEREAS, Company, notwithstanding any exempt status, intends to pay all local taxes attributable to its operation, including sales taxes and real estate taxes on the space within which the Establishment is located;

WHEREAS, Company desires to be a responsible corporate citizen and contributing member of the business community of the Town, and intends to provide certain benefits to the Town over and above typical economic development benefits attributable with similar new manufacturing and retail concerns locating in the Town;

WHEREAS, the parties intend by this Agreement to satisfy the provisions of 935 CMR 500, et seq., and of G.L. c.94G, § 3(d), as established in the Act, applicable to the operation of the Establishment as a Retail Marijuana Establishment in the Town;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company and the Town agree as follows:

1. **Community Impact.**

The Town anticipates that, as a result of the Company's operation of the Establishment, the Town will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the Town. Accordingly, in order to mitigate the financial impact upon the Town and use of Town resources, the Company agrees to annually pay a community impact fee to the Town, in the amounts and under the terms provided herein (the "Annual Payments").

2. **Annual Payment.**

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Establishment in the Town by the Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits and licenses of the Town, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits and/or licenses allow the Company to locate, occupy and operate the Establishment in the Town, then the Company agrees to provide the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the Town for its legal fees associated with the negotiation of this Agreement.

- a. Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from marijuana and marijuana product sales at the Establishment. In the first year of operation, the Annual Payment shall be paid in two payments. The first payment shall be in the amount of fifteen thousand (\$15,000) upon commencement of sales at the retail Establishment in Town. The second payment shall be the balance of the three percent of gross sales less the initial fifteen thousand (\$15,000) payment. The balance of the Annual Payment shall be due no later than twelve (12) months after the opening date (the "Opening Date.").
- b. In the second, third, fourth and fifth years of operation: 3% of the gross sales of marijuana and marijuana products sales at the Establishment in each year of operation shall be paid in two (2) six (6) month segments; the first, covering the first six (6) months of the operating year, measured annually from the Opening Date, shall be paid within two hundred forty (240) days and the balance, covering the second six (6) months of the operating year, to be paid within sixty (60) days after the end of the year of operation.
- c. With regard to any year of operation for the Establishment which is not a full calendar year, the applicable Annual Payments shall be pro-rated accordingly.

3. **Payments.**

Company shall make the Annual Payments set forth in Paragraph 2, above, to the Town of Williamstown. The Treasurer of the Town shall hold the Annual Payments in a separate account, to be expended by the Town without further appropriation pursuant to G.L. c.44, §53A, or otherwise in trust, for the purposes of addressing the potential health, safety, and other effects or impacts of the Establishment on the Town and on municipal programs, services, personnel, and facilities. While the purpose of the Annual Payments is to assist the Town in addressing any public health, safety, and other effects or impacts the

Establishment may have on the Town and on municipal programs, services, personnel, and facilities, the Town may expend the Annual Payments at its sole and absolute discretion. Notwithstanding the Annual Payments, nothing shall prevent the Company from making additional donations from time to time to causes that will support the Town, including but not limited to local drug abuse prevention/treatment/education programs.

4. **Other Payments.**

Company anticipates that it will make purchases of water, and sewer from all local government agencies. Company will pay any and all fees associated with the local permitting of the Establishment. If the Town receives other payments from the Company (other than additional voluntary payments made by the Company), or from the Department of Revenue or any other source, the funds which have been collected by assessment against the Company, 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 the Company to the Town under the terms of this Agreement shall not be reduced by the amount of such other payments.

5. **Education and Prevention Programs.**

The Company, in addition to any other payments specified herein, shall annually contribute to non-profit entity or entities in an amount no less than five thousand dollars (\$5,000) for the purposes of drug abuse prevention/treatment/education programs (the "Annual Donations.") The education programs shall be held in Williamstown and those communities adjacent to Williamstown. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the Town, acting through its Town Manager and Chief of Police to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the Town. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to Williamstown and the surrounding area, the contribution shall be paid to the Town to hold in a restricted fund for release upon mutual and written agreement of the Company and Town once an eligible non-profit program is identified.

6. **Annual Filing.**

Company shall notify the Town when the Company commences sales at the Establishment and shall submit annual financial statements to the Town on or before May 1, which shall include certification of itemized gross sales for the previous calendar year, and all other information required to ascertain compliance with the terms of this Agreement, in addition to a copy of its annual filing as a non-profit, if any, to the Massachusetts Office of Attorney General. Upon request, the Company shall provide the Town with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as it is required by the Commonwealth to obtain and maintain a license for the Establishment.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth of Massachusetts. All records shall be retained for a period of at least seven (7) years.

7. **Re-Opener/Review.**

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the Town pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the Town equivalent or superior to those provided to the other municipality.

8. **Local Taxes.**

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall 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, leased or operated by the Company 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 the Company 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 the Company 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 the Company under Section 2 of this Agreement.

9. **Community Support and Additional Obligations.**

- a. Local Vendors — To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company will make every effort in a legal and non-discriminatory manner to give priority to local businesses, suppliers, contractors, builders and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Establishment.

- b. Employment — Except for senior management, and to the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company shall use good faith efforts to hire Town residents.
- c. Approval of Manager - If requested by the Town, the Company 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, or such other state regulations, as the case may be, of the person proposed to act as on-site manager of the Establishment. The submittal shall include authorization and all fees necessary to perform a criminal history (CORI) check or similar background check. The Town, through its Town Manager, shall consider such information for approval within thirty (30) days following submittal to determine, in consultation with the Williamstown 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. This approval process shall also apply to any change of on-site manager.
- d. Educational Programs - Company shall provide staff to participate in a reasonable number of Town-sponsored educational programs on public health and drug abuse prevention, and to work cooperatively with other Town public safety departments not mentioned in the Agreement.

10. **Support.**

The Town agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a Certificate to operate the Establishment, where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the Town's normal and regular course of conduct and in accordance with their rules and regulations and any statutory guidelines governing them. The Town agrees to use reasonable efforts to work with Company, if approved, to help assist the Company on their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of Town boards, commissions, and departments to carry out their respective powers and duties to decide upon and to issue, or deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, Bylaws, and regulations. The Town, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Establishment to operate in the Town, or to refrain from enforcement action against the Company and/or the Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

11. **Security.**

- a. Company shall maintain security at the Establishment at least in accordance with the security plan presented to the Town and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Establishment and the security thereof. Such compliance shall include, but will not be limited to: providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Agent Registration Card to law enforcement upon request.
- b. To the extent requested by the Town's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, as the case may be, the Company 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 Establishment is located.
- c. Company agrees to cooperate with the Town's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Establishment, and with regard to any anti-diversion procedures.
- d. To the extent requested by the Town's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Establishment. Such plan shall include, but is not limited to, (i) training the Company employees to be aware of, observe, and report any unusual behavior in authorized visitors or other Company employees that may indicate the potential for diversion; and (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Establishment.
- e. Company shall promptly report the discovery of the following to the Town's Police within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; unusual discrepancies identified during inventory; theft; loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of

records related to marijuana, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

12. **Improvements to the Establishment Site.**

Company shall make capital improvements to the site at which the Establishment is located 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. Company agrees to comply with all laws, rules, regulations and orders applicable to the Establishment, 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.

13. **On-site Consumption.**

Company agrees that, even if permitted by statute or regulation, it will prohibit on-site consumption of marijuana and marijuana-infused products at the Establishment.

14. **Term and Termination.**

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Establishment or any similar Marijuana Establishment within the Town, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the Town or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2 c. above. The Town may terminate this Agreement at any time.

15. **Failure to Locate and/or Relocation.**

This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Marijuana Establishment in the Town, in which case, the Company shall reimburse the Town for its legal fees associated with the negotiation of this Agreement or (2) relocate the Establishment out of the Town. In the case of relocation out of Town, an adjustment of funds due to the Town hereunder shall be calculated based upon the period of operation within the Town, but in no event shall the Town be responsible for the return of any funds already provided to it by the Company. If, however, the Establishment is relocated out of the Town prior to the second anniversary of the date of this Agreement, the Company shall pay the Town as liquidated



damages an amount equal to ten thousand dollars ( \$10,000) in consideration of the expenditure of resources by the Town in negotiating this agreement and preparing for impacts.

16. **Governing Law.**

This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Berkshire County

17. **Amendments/Waiver.**

Amendments, or waivers of any term, condition, covenant, duty or obligation contained in this Agreement may be made only by written amendment executed by all signatories to the original Agreement, prior to the effective date of the amendment.

18. **Severability.**

If any term or condition of the 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. Further, the Company agrees it will not challenge, in any jurisdiction, the enforceability of any provision included in this Agreement; and to the extent the validity of this Agreement is challenged by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the Town in enforcing this Agreement.

19. **Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. The Company shall not assign, sublet, or otherwise transfer its rights nor delegate its obligations under this Agreement, in whole or in part, without the prior written consent from the Town, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the Town and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town.

20. **Headings.**

The article, section, and paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

21. **Counterparts.**

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

22. **Signatures.**

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

23. **Entire Agreement.**

This Agreement 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. **Notices.**

Except as otherwise provided herein, any notices, consents, demands, request, approvals 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, and will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To Town:                      Town Manager, Town of Williamstown  
   31 North Street  
   Williamstown, MA 01267

To Company:                Silver Therapeutics  
   9 Court Street  
   Saratoga Springs, NY 12866

25. **Retention of Regulatory Authority.**

By entering into this Agreement, the Town does not waive any enforcement rights or regulatory authority it currently holds over any business in Town.

26. **Third-Parties.**

Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Town or the Company.

In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

TOWN OF WILLIAMSTOWN,

SILVER THERAPEUTICS,

\_\_\_\_\_  
Jason Hoch  
Town Manager

\_\_\_\_\_  
Joshua Silver

COMMONWEALTH OF MASSACHUSETTS

\_\_\_\_\_,SS

On this \_\_\_\_ day of \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared the above-named Jason Hoch, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized

\_\_\_\_\_.

Notary Public  
My Commission Expires:

COMMONWEALTH OF MASSACHUSETTS

\_\_\_\_\_,SS

On this \_\_\_\_ day of \_\_\_\_\_, before me, the undersigned Notary Public, personally appeared the above-named \_\_\_\_\_, proved to me by satisfactory evidence of identification, being (check whichever applies):  driver's license or other state or federal governmental document bearing a photographic image,  oath or affirmation of a credible witness known to me who knows the above signatory, or  my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized

\_\_\_\_\_.

Notary Public  
My Commission Expires:

**CITY OF WORCESTER  
AND  
GOOD CHEMISTRY OF MASSACHUSETTS, INC.**

**HOST COMMUNITY AGREEMENT**

This Host Community Agreement ("Agreement") is entered into this 13<sup>th</sup> day of July, 2018 by and between the city of Worcester, a Massachusetts municipal corporation, located at 455 Main Street, Worcester, MA 01608 ("the City") and Good Chemistry of Massachusetts, Inc., a Massachusetts corporation with an address of 50 Congress Street, Suite 420, Boston, MA 02109, Inc., a Massachusetts ("the Company").

**WHEREAS**, the Company intends to operate a Registered Marijuana Dispensary ("RMD") facility for the purpose of sales of medical marijuana and medical marijuana products in the City at 9 Harrison Avenue, Worcester, Massachusetts and has executed a Host Community Agreement with the City dated March 7, 2016 relative to such activities ("Medical Host Agreement");

**WHEREAS**, the Company now wishes to locate a licensed Marijuana Establishment in the City at 9 Harrison Avenue, Worcester, Massachusetts in accordance with Chapter 55 of the Acts of 2017 (the "2017 Marijuana Act") and its implementing regulations at 935 CMR 500, and such approvals, permits and licenses that may be required by the City in accordance with its Board of Health Regulations, General Revised Ordinances and Zoning Ordinance, as may be amended; and

**WHEREAS**, the 2017 Marijuana Act requires the Company to execute a host community agreement with the City, as part of its application to the Cannabis Control Commission (the "CCC") and before a provisional license to operate a Marijuana Establishment can be issued by the CCC; and

**WHEREAS**, the Company intends to provide certain benefits to the City in the event that it is licensed by the CCC to operate a Marijuana Establishment and also to receive all required local approvals, permits and licenses; and

**WHEREAS**, the City anticipates that it will incur additional expenses and impacts related to law enforcement, inspectional services, zoning, licensing, legal services and public health arising from the operation the Marijuana Establishment and desires to mitigate the financial impact to the City by requiring the payment of a community impact fee to the City; and

**WHEREAS**, the parties intend by this Agreement to satisfy the requirements of the 2017 Marijuana Act pertaining to host community agreements; and

**WHEREAS**, the Company represents as an inducement and intending that the City rely thereon that it will have gross sales at or exceeding \$4,000,000 and the City hereby relies thereon; and

**WHEREAS**, the parties mutually desire to set out all stipulations of responsibilities between the City and the Company as they relate to location and operation of a Marijuana Establishment in the City; and

**NOW THEREFORE**, in consideration of the provisions of this Agreement, the parties agree as follows:

## **1. SCOPE**

The Company agrees to operate a Marijuana Establishment engaged in retail sale on the property located at 9 Harrison Avenue, Worcester, Massachusetts in accordance with the Management and Operations Plan attached hereto as Exhibit A and incorporated herein by this reference. The Management and Operations Plan shall include a detailed summary of the business plan for the Marijuana Establishment and operating procedures for the Marijuana Establishment, including but not limited to, the qualifications and intended trainings for marijuana establishment agents and financial projections, including anticipated yearly gross sales.

The Marijuana Establishment shall be operated at all times in accordance with Chapter 55 of the Acts of 2017 (the "2017 Marijuana Act") and its implementing regulations at 935 CMR 500 and any regulatory restrictions imposed by the Planning Board, Zoning Board, License Commission, Board of Health, Historical Commission, as well as, any relevant regulatory body with jurisdiction over the property or license.

## **2. TERM AND TERMINATION**

The term of this Agreement shall begin on the date the Company commences sales and/or operations at the Marijuana Establishment ("Commencement Date") and shall continue until five years from the Commencement Date or until the Company ceases to operate the Marijuana Establishment in the City, or this Agreement is terminated by the City, whichever is earlier. The Company shall notify the City in writing of the Commencement Date within in three business days of commencing sales/operations. At the conclusion of the term of this Agreement, if the Company desires to continue operate a Marijuana Establishment in the City, the Company may request a new Host Community Agreement from the City. Requests for new Host Community Agreement shall be made in writing to the City no later than six months prior to the expiration of the term of the existing Host Community Agreement and shall be granted in the City's sole discretion, which shall not be unreasonably withheld.

This Agreement is contingent on the Company obtaining a Final License from the CCC for the operation of a Marijuana Establishment in the City, and the Company's receipt of any and all local approvals to locate, occupy and operate a Marijuana Establishment. If the Company fails to secure a Final License from the CCC or any such local license or approval within one year after the issuance of a provisional license from the CCC, this Agreement shall be null and void and the Company shall be required to reimburse the City for its legal fees associated with the negotiation of this Agreement.

The Company agrees to commence sales and/or operations at the Marijuana Establishment within sixty (60) days of issuance of a Final License from the CCC. The City shall have the right to terminate this Agreement if sales and/or operations do not commence within such timeframe.

If the Company fails to make timely payments to the City as required under this Agreement, ceases operations for any reason or has any local licenses or approvals suspended or revoked and fails to cure said failure within forty five (45) day notice, and such cure by the Company is not delayed solely by actions of the CCC or other governing body, the City, in its sole discretion, shall have the right to terminate this Agreement. Termination will not affect the Company's obligations, including but not limited to, payment of any and all amounts due prior to the date of termination.

The Company shall, as an express condition of this Agreement, be required to operate an RMD at the property located at 9 Harrison Avenue, Worcester, Massachusetts for the term of this Agreement. If the Marijuana Establishment fails to locate a RMD in the City, ceases to operate an RMD in the City for any reason or fails to make payments to the City under its Medical Host Agreement and fails to cure said failure within forty five (45) days, and such cure by the Company is not delayed solely by actions of the CCC or other governing body, the City, in its sole discretion, shall have the right to terminate this Agreement. Termination will not affect the Company's obligations, including but not limited to, payment of any and all amounts due prior to the date of termination.

### **3. COMMUNITY IMPACT FEE**

The City anticipates that it will incur costs related to the operation of the Marijuana Establishment, including but not limited to costs related to law enforcement, inspectional services, zoning, licensing, legal services and public health. The recitals set forth above are hereby incorporated by this reference. The Company shall pay an annual community impact fee to the City to mitigate financial impacts to the City, in the amounts and under the terms provided herein ("Annual Payments"):

- a. The Company shall make Annual Payments to the City in an amount equal to three percent (3%) of the gross sales of the Marijuana Establishment, as set forth in subsections (b) - (f) below. The term "Gross Sales" shall mean the grand total of all sales transactions, without any deductions included in the figure. This definition shall include any retail sales occurring at the Marijuana Establishment, including but not limited to, marijuana, edible marijuana products, marijuana accessories, and any other products that facilitate the use of marijuana, such as vaporizers, and as further defined in 935 CMR 500.002, and any other products sold at the Marijuana Establishment, including retail merchandise, such as clothing. This definition shall also include any revenue derived from the cultivation or production of marijuana or marijuana products in the City.
- b. In year one of operation, the Annual Payment shall be paid in two payments. The first payment in the amount of \$60,000 shall be made on or before January 31, 2019. The second payment in the amount of either the balance of the three percent (3%) the Gross Sales minus the first payment of \$60,000 or \$60,000, whichever is greater, shall be made no later than twelve (12) months after the Commencement Date.

- c. In the second, third, fourth and fifth years of operation, the Company shall make Annual Payments to the City in an amount equal to three percent (3%) of the Gross Sales of the Marijuana Establishment, which shall be paid within ninety (90) days after the anniversary of the Commencement Date.
- d. With regard to any year of operation for the Marijuana Establishment, which is not a full calendar year, the applicable Annual Payment shall be pro-rated.
- e. Notwithstanding the above, in the event that the Marijuana Establishment does not have gross sales in any year of operation or gross sales at or below \$4,000,000 in any year of operation, the Marijuana Establishment shall make an Annual Payment to the City in the amount of \$120,000, which shall be paid within ninety (90) days after the anniversary of the Commencement Date.
- f. Any payments made pursuant to this Agreement shall be in addition to the local sales tax and any amounts due to the City under the Medical Host Agreement. The parties agree that medical gross sales are not part of this Agreement and are covered separately by the Medical Host Agreement. The parties further agree that the Annual Payments set forth above, which are based on the financial projections provided by the Company, are reasonable and intended to comply with the requirements of the 2017 Marijuana Act.

#### **4. PAYMENTS**

The Company shall make the Annual Payments set forth in Section 3 above, to the City of Worcester. The City Treasurer shall receive and hold the Annual Payments in accordance with applicable law, for the purposes of addressing the costs related to the operation of the Marijuana Establishment, including but not limited to costs related to law enforcement, inspectional services, zoning, licensing, legal services and public health or costs related to the impact of the Marijuana Establishment on municipal programs, services, personnel and facilities. While the purpose of the Annual Payments is to mitigate the financial impacts to the City, the City may expend the Annual Payments in its sole discretion. Notwithstanding, nothing herein shall prevent the Company from making additional donations from time to time in support of the City.

#### **5. OTHER PAYMENTS**

The Company anticipates that it will make purchases of water, and sewer from all local government agencies. Company will pay any and all fees associated with the local permitting of the Establishment. If the City receives other payments from the Company (other than additional voluntary payments made by the Company), or from the Department of Revenue or any other source, the funds which have been collected by assessment against the Company, including but not limited to sales taxes imposed by an act of the legislature of the Commonwealth of Massachusetts, the amounts due from the Company to the City under the terms of this Agreement shall not be reduced by the amount of such other payments.



## 6. LOCAL TAXES

At all times during the Term of this Agreement, property, both real and personal, owned or operated by the Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by the Company or by its landlord, and neither the Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption from paying such taxes. Notwithstanding anything in this paragraph, the Company does not waive any rights to challenge the assessed value of the property similar to any other taxpayers in the City. All taxes and charges owed to the City must be paid on a current basis.

Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by the Company 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 the Company 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 the Company shall pay to the City 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 the Company under Section 3 of this Agreement.

## 7. ANNUAL FILING

The Company shall file annually with the City financial statements on or before March 1<sup>st</sup>, which shall include certification of itemized gross sales for the previous calendar year, and all other documentation required to demonstrate compliance with the terms of this Agreement, including a copy of any renewal license from the CCC and copies of all financial statements and records filed with the CCC and Department of Revenue. The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable laws, rules or regulations promulgated by the Commonwealth of Massachusetts. The City agrees to comply with all applicable Massachusetts Public Records laws governing the keeping of such records.

## 8. COMMUNITY SUPPORT OBLIGATIONS

**a. Jobs Creation.** The Company will use best efforts to ensure that the hiring preference will be given to City residents and that the new, full time jobs created shall be taken by City residents with a goal that the breakdown of City residents is 10% minority, 5% women and 15% low-moderate income individuals. The Company shall work with the City's Workforce Development Division and other local employment agencies to further this hiring objective.

**b. Local Suppliers and Vendors.** The Company will use its best efforts to purchase supplies, materials, and services from suppliers and vendors located in Worcester. These best efforts will include requesting proposals from Worcester suppliers and vendors, giving preference to Worcester suppliers and vendors that are both qualified and competitive. The City will provide the Company with a list of Worcester suppliers

and vendors from which to request proposals.

## **9. REPORTS AND INFORMATION**

At such times and in such forms as the City Manager may require, the City Manager may request and the Company shall provide such statements, records, reports, data and information, pertaining to matters covered by this Agreement.

## **10. AUDITS AND INSPECTIONS**

Upon reasonable notice, during business hours and as often as the City may deem reasonably necessary, the Company shall make available to the City or its representatives for examination all non-confidential records with respect to all matters covered by this Agreement and shall permit the City or its representatives to audit, examine and make excerpts of transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement. Those records classified confidential, if any, shall be provided with the informed written consent of the individual involved.

## **11. RECORDS**

The Company shall maintain records with respect to all matters covered by this Agreement for a period of seven (7) years after receipt of the expiration or termination of this Agreement.

## **12. INDEMINIFICATION**

The Company shall indemnify and hold harmless the City and its officers, agents and employees from and against all suits, actions or claims of any character brought because of any injury or damage received or sustained by any person, persons or property arising out of, or resulting from, the Company's breach of any provision of this Agreement or any asserted negligent act, error or omission of the Company, or its agents or employees, occurring in the performance of this Agreement.

## **13. MISCELLANEOUS PROVISIONS**

- a. No Marijuana Establishment shall sell or otherwise distribute marijuana or marijuana related products within the city of Worcester without entering into a Community Host Benefit Agreement with the City.
- b. The provisions of this Agreement shall be applicable as long as the Company operates a Marijuana Establishment in the City at the location set forth in Section I herein.
- c. This Agreement does not affect, limit, or control the authority of any City department, including boards and commissions, to carry out their respective duties in deciding whether to issue or deny any necessary local permits or licenses, required under the laws of the Commonwealth, the Worcester Zoning Ordinance, the License Commission or any other applicable laws and regulations. By entering into this Agreement the City is not required to issue such permits or

licenses. The terms of this Agreement will not constitute a waiver of the City's regulatory authority or of the Company's applicant responsibilities not otherwise addressed by this Agreement.

- d. In the case that the Company desires to relocate the Marijuana Establishment within the city of Worcester it must obtain approval of the new location by the City.
- e. The Company shall not permit marijuana or marijuana products to be ingested, consumed or smoked on the premises.
- f. The Company agrees to notify the City within in three (3) business days of any pending administrative process or legal action brought by the Commonwealth or CCC against the Company concerning the Marijuana Establishment or Marijuana Establishment Agent.
- g. The Company agrees to waive any right(s) to special, incidental or consequential damages in any way related to or arising out of this Agreement, including loss profits and lost opportunity. This limitation on liability shall survive the expiration or termination of this Agreement.

#### 14. 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 certified mail or by other reputable delivery service, to the parties at the following addresses:

The City: Edward M. Augustus, Jr.  
City Manager  
Worcester City Hall  
455 Main Street  
Worcester, MA 01608

with a copy to: David M. Moore, Esquire  
City Solicitor  
Worcester City Hall  
455 Main Street  
Worcester, MA 01608

Company: Good Chemistry of Massachusetts, Inc.  
Att: Matthew Huron  
9 Harrison Avenue  
Worcester, MA 01608

with a copy to: James E. Smith, Esq.  
Smith, Costello & Crawford  
50 Congress Street, Suite 420  
Boston, MA 02109

## **15. APPLICABLE LAW**

The law of the Commonwealth of Massachusetts shall govern the validity, interpretation, construction and performance of this Agreement. The Parties agree that the venue shall be in any court of competent jurisdiction located in the Commonwealth of Massachusetts.

## **16. ASSIGNMENT**

The Company shall not assign, sublet or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City. Said consent not to be unreasonably withheld.

## **17. SEVERABILITY**

If any provision of this Agreement is held invalid by any court or body of competent jurisdiction, the remainder of this Agreement shall remain in full force and effect, except for Section 3 of this Agreement, which the parties agree is an integral part of this Agreement and is the consideration for the parties entering into this Agreement, therefore this Agreement is null and void.

## **18. HEADINGS**

The section headings in this Agreement are for convenience and reference only and in no way define or limit the scope or content of this Agreement or in any way affect its provisions.

## **19. AMENDMENTS**

This Agreement may be amended or modified only by written instrument duly executed by the parties.

## **20. ACKNOWLEDGMENT**

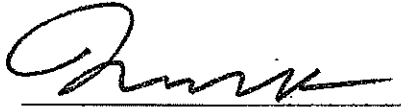
Each of the parties acknowledges that it has been advised by counsel, or had the opportunity to be advised by counsel, in the drafting, negotiation, execution and delivery of this Agreement, and has actively participated in the drafting, negotiation, execution and delivery of this Agreement. In no event will any provision of this Agreement be construed for or against either party as a result of such party having drafted all or any portion hereof.

## **21. ENTIRE AGREEMENT**

This Agreement contains the entire understanding of the parties and supersedes all prior agreements, representations, proposals and undertakings of the parties.

In WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

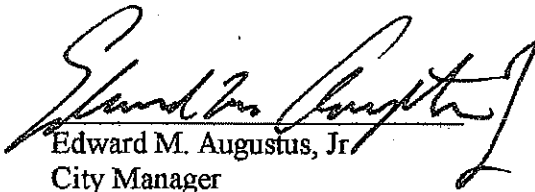
**CORPORATION:  
GOOD CHEMISTRY OF MASSACHUSETTS, INC.**



By: Matthew Huan  
Title: President

**CITY OF WORCESTER**

Approved as to legal form:



Edward M. Augustus, Jr.  
City Manager



Deputy City Solicitor

**COMMONWEALTH OF MASSACHUSETTS**

Worcester, SS.

On this 13<sup>th</sup> day of July, 2018, before me, the undersigned notary public personally appeared Matthew Huan and proved to me through satisfactory evidence of identification being  Driver's license or other state or federal government document bearing a photographic image;  Oath of affirmation of credible witness known to me who knows the above signatory, or  My own personal knowledge of the identity of the signatory, to be the person whose name is signed above; and acknowledged to me that he/she signed the foregoing document voluntarily for its stated purpose.

Notary Public:   
My Commission Expires: 1-6-2020

**RICHARD SCHLOZMAN**  
NOTARY PUBLIC - STATE OF COLORADO  
Notary Identification #20164000413  
My Commission Expires 1/6/2020

# GOOD CHEMISTRY

## Exhibit A

### 1. Qualifications:

- Good Chemistry founder and CEO, Matthew Huron, has more than 18 years of experience operating a cannabis company in highly regulated environments
- Founded in 2009, Good Chemistry is a highly successful operation in Colorado, employing more than 160 people, and is in good standing and compliant with all state and local laws and regulations
- Highly experienced management team with more than 100 years of combined experience across cannabis operations, finance, retail, public affairs, communications, IT and regulatory compliance
- Master cannabis cultivators currently managing more than 60,000 square feet of cultivation space and growing more than 65 unique strains—have never had a crop failure
- Significant medical dispensary and adult use retail experience currently operating three high volume operations in a highly regulated and competitive environment
- Strong community participant including board member or member of multiple industry trade groups, neighborhood associations and charitable foundations; strong philanthropic contributor to multiple causes including police, fire department, homeless, AIDS/HIV, cancer and civil rights

### 2. Business Plan

- Good Chemistry is on track to open its 9 Harrison medical dispensary on August 2, subject to receipt of all final licenses, permits and approval
- Good Chemistry is in the process of filing its adult-use application with the CCC and pursuing its adult use community host agreement and special zoning use permit with the City of Worcester
- Good Chemistry is targeting opening 9 Harrison Adult Use Marijuana Establishment in September subject to receipt of all final licenses, permits and approvals
- Upon opening, the Good Chemistry is projecting gross revenue of at least 4 million dollars annually
- Additional operating detail is provided below

### 3. Summary of Key Operating Policies:

Good Chemistry Massachusetts (GCM) will be in compliance with all the state and local requirements of an Adult Use Marijuana Establishment.

GCM will ensure:

- hours of operation are compliant with local regulations (detail below)
- compliance with distance requirements
- the Marijuana Establishment will have adequate odor control

# GOOD CHEMISTRY

- Management will deploy extensive agent training based on programs currently employed in Colorado and subsequently adapted to cover Massachusetts specific rules, regulations and requirements
- a detailed security plan, including anti-diversion processes through 24-hour camera surveillance as well as daily inventory audits that are reported to the CCC.
- unarmed security guard on site
- a clear staffing plan, including hiring, training and employee code of conduct procedures

#### 4. Key Aspects of Employee Training:

- Overview -- Good Chemistry's success is dependent upon having a knowledgeable, productive and compliant staff. Good Chemistry places a significant emphasis on proper and thorough staff training. The Company's policies are designed to be compliant with 105 CMR 725.105(H). Employees will participate in five mandatory staff training programs prior to work initiation
- Orientation – familiarization with the company, mission, vision, rules, policies, regulations, working conditions, regulatory compliance, consumption methods and the potential effects of cannabis
- Compliance – the importance and legal implications of regulatory compliance regarding seed-to-sale tracking, labeling, documentation, confidentiality, waste management, record-keeping, and roles and responsibilities
- Security – physical security measures (surveillance, alarms, signage, safes, vaults, etc.) as well as procedures to ensure a safe and secure working environment for employees, patients and customers
- Job-Specific – all staff will receive training on position-specific duties and responsibilities including a combination of 'classroom' and hands-on training
- Overall confidentiality

#### 5. Separation of Medical and Adult Use Cannabis:

GCM will provide a physical barrier (i.e. a stanchion) to separate Medical Cannabis sales from Adult Use Cannabis sales. This physical barrier will act as a guide to help Medical Patients and Adult Use Customers to their appropriate point of sale. The stanchions will be at a 40" height with a belt length up to 10'. A sign will be provided to guide patients & customers to their designated areas. Medical point of sale locations will provide and store medical products only, there will be no commingling of Medical and Adult Use products, storage or money.

Medical & Adult Use products will be entered and tracked through our seed to sale software, BioTrack. Medical products will also be tracked through the Virtual Gateway, in addition to BioTrack. Medical and Adult Use will have entirely separate



# GOOD CHEMISTRY

log-ins and tracking through our POS Software (BioTrack). Daily audits will be performed for both Adult Use and Medical products.

Access for Adult Use Customers will be limited to individuals 21 years of age and older, if the individual is younger than 21 years old but 18 years of age or older, he or she shall not be admitted unless they produce an active medical registration card issued by the DPH. Upon entrance, employees will use the I.D. Checking Guide as well as an ID scanner to confirm ID legitimacy and age. Adult Use & Medical identification will then be asked for proof of identity and age again, at the point of sale, prior to completion of any transaction.

6. Good Chemistry Massachusetts Hours of Operation:

GCM will operate its retail hours of operation from 10:00am until 7:00pm, Monday through Sunday.

7. GCM will staff the following positions as an Adult Use Marijuana Establishment

Operations Manager (1)

Store Manager (1)

Assistant Manager (2)

Up to 15 full time Marijuana Establishment Agents

Total of 19 full time employees

## **HOST COMMUNITY AGREEMENT**

### **By and Between the City of Everett, Massachusetts and Wynn MA, LLC**

This Agreement ("Agreement") is made and entered into as of April 19, 2013 (the "Effective Date"), by and between the City of Everett, Massachusetts ("City" or "Everett"), a municipality in the Commonwealth of Massachusetts, and Wynn MA, LLC ("Wynn"), a subsidiary of Wynn Resorts, Limited ("Wynn Resorts"), whose address is 3145 Las Vegas Boulevard South, Las Vegas, Nevada 89109 (collectively referred to as the "Parties").

### **RECITALS**

The following are the recitals underlying this Agreement:

Wynn, directly or through an affiliate, has or will acquire land and options to acquire land in the City in and around the area depicted in Exhibit A (the "Project Site").

Wynn plans to apply to the Massachusetts Gaming Commission (the "Commission") for a category 1 gaming license and to develop a luxury hotel and destination resort casino on the Project Site (the "Project").

The City believes that the Project will bring economic development to the City, creating new jobs for residents and new sources of income for the City, and accordingly, the City desires to support Wynn in the development of the Project.

Wynn desires to mitigate known impacts from the development and operation of a gaming establishment through the means described herein in accordance with Massachusetts General Laws 23K (Chapter 194 of the Acts and Resolves of 2011) (the "Massachusetts Gaming Act" or "Act").

Wynn and the City desire to enter into this Agreement to set forth the conditions to have a gaming establishment located within the City, in satisfaction of Section 15(8) of the Act.

Accordingly, the Parties for good and valuable consideration, the receipt of which is hereby acknowledged, enter into this Agreement to effectuate the purposes set forth above and to be bound by the provisions set forth below:



## **Section 1. Impact Payments to Everett**

The Parties agree that, except as otherwise specifically provided herein, the Impact Payments to be made pursuant to Section 1 are made in lieu of all taxes and other assessments otherwise due from Wynn (or any affiliate of Wynn owning the Project Site or operating the Project) to the City and/or City departments, boards or commissions, including, but not limited to, its school district, and police and fire departments. In conjunction with the measures set forth herein, the Impact Payments constitute Wynn's mitigation efforts and are in full and complete satisfaction of all local government impacts whether or not identified in this Agreement. Nothing herein shall prevent the City from imposing lawful taxes and assessments on third party tenants and vendors of the Project, consistent with lawful taxes, fees and assessments of general applicability to all tenants and vendors in Everett.

The Parties agree to the following:

### **A. Pre-Opening**

#### **1. Project Planning Payments**

Subject to the budget and approval process set forth below, Wynn agrees to pay the City's reasonable and direct costs (including but not limited to planning and peer review costs and reasonable legal fees) of determining the impacts of the Project and negotiating this Agreement and related agreements, as well as other reasonable and direct costs incurred by the City in connection therewith (including but not limited to costs incurred in connection with holding a ballot election, communicating with/appearing before the Commission in connection with Wynn's license application, preparing and presenting amendments to the City's Ordinances and other necessary legislative enactments, and participating in other permitting activities and proceedings relative to the Project). The City shall prepare and submit to Wynn a budget(s) for all costs for which the City will seek payment or reimbursement hereunder, which budget(s) shall be subject to Wynn's review and approval and which approval shall not be unreasonably withheld or delayed. Any costs not included in the approved budget(s) shall require the separate prior approval of Wynn. The City shall also provide Wynn with advance copies of any proposal, contract and scope of work for such consultants. The parties agree that such funding will be made through Wynn's initial license application fee to the Commission and, subject to the foregoing budget and approval process, such further payments as may be necessary to cover the City's costs, and that the parties will cooperate in seeking approval and payment of such costs through the Commission. The City shall provide reasonable substantiation and documentation for any and all costs paid for or reimbursed by Wynn pursuant hereto but shall not be required to divulge privileged billing entries by its legal counsel.

## 2. Community Enhancement Fee

After the Commission's awarding of an unconditional category 1 license to Wynn and Wynn commencing construction of the Project, Wynn shall pay to the City Thirty Million Dollars (\$30,000,000) (the "Community Enhancement Fee"). The Community Enhancement Fee shall be paid to the City in three installments as follows: (a) Five Million Dollars (\$5,000,000) within thirty (30) days after Wynn commences construction of the Project; (b) Twelve Million Five Hundred Thousand Dollars (\$12,500,000) on or before the first anniversary of the initial payment; and (c) Twelve Million Five Hundred Thousand Dollars (\$12,500,000) on or before the second anniversary of the initial payment. These funds are to be used for capital improvement projects to be identified by the City. For the purposes hereof, Wynn shall be deemed to have commenced construction upon the earlier of (i) thirty (30) days after the issuance of a building permit to Wynn, or (ii) the actual commencing of construction activities other than site preparation or environmental remediation activities.

### **B. Opening**

To achieve certainty for both parties, the City and Wynn agree that, as an alternative to any and all real and personal property taxes for the Project (but excluding motor vehicle excise taxes, which shall be paid as provided in Section 1B(4), below), Wynn will annually make two defined payments: (1) a Community Impact Fee; and (2) a payment in lieu of taxes ("PILOT").

The PILOT will be achieved through the use of a G.L. c. 121A urban redevelopment corporation and agreement, which may carry additional benefits for both parties, but the details and requirements of which need to be reviewed and agreed upon by the parties and the state Department of Housing and Community Development ("DHCD"). The parties hereby agree to work cooperatively to negotiate such an agreement under G.L. c. 121A and to seek all necessary approvals thereof, including the approval of DHCD.

If the efforts of the parties to negotiate and obtain all necessary approvals of the G.L. c.121A agreement are unsuccessful, the parties agree to work cooperatively to prepare and seek all necessary approvals of special legislation to authorize such PILOT.

If such special legislation is not passed by the General Court and signed into law by the Governor, the parties agree that the City will be required to assess real and personal property taxes in accordance with Massachusetts law and generally accepted assessment standards. If, in any given year, the real and personal property taxes so assessed are less than the PILOT would be under Section 1.B.2 hereof, the Annual Community Impact Fee (as hereinafter defined) will be increased by an amount equal to such difference. If, on the other hand, the real and personal property taxes so assessed are more than the PILOT would be under Section 1.B.2

hereof, the Annual Community Impact Fee will be decreased by an amount equal to such difference (the "Excess Taxes"), provided however that if such decrease would exceed the amount of the Community Impact Fee, the City shall not be required to make any repayment to Wynn.

1. Annual Community Impact Fee Payment to Everett

Beginning thirty (30) days after Wynn's commencement of operation of a destination resort casino at the Project Site, Wynn shall pay an annual community impact fee to Everett in the sum of Five Million Dollars (\$5,000,000) (the "Annual Community Impact Fee" or "Impact Fee"). The Annual Community Impact Fee shall continue for as long as Wynn (or any parent, subsidiary or related entity) owns, controls or operates a commercial gaming facility at the Project Site and shall increase by two and one-half percent (2.5%) per annum. Such payments shall be paid to the City in equal quarterly amounts pro-rated for the first calendar year of operation in recognition that the City has a July 1 to June 30 fiscal year. For the purposes of this Agreement, Wynn shall be deemed to have commenced operations upon the date that the hotel or casino portion of the Project is open for business to the general public. The Impact Fee is based on the Project substantially as proposed, containing approximately one million three hundred and twenty thousand (1.32 million) square feet of building area (not including parking areas). The parties recognize that the Project may change and the proposed Impact Fee with annual increases will apply notwithstanding such changes, including any increase to the Project Site and building area. However, if total square footage of the Project building area (not including parking areas) exceeds one million seven hundred and fifty thousand (1.75 million) square feet (the "Area Cap"), then the parties shall renegotiate the Impact Fee in good faith based on the actual impacts resulting from such additional square footage. The Area Cap shall apply to new construction on the Project Site after Wynn has commenced operations; provided, however, if, after Wynn commences operations, Wynn undertakes any substantial new construction ("New Construction") on property which is not a part of the Project Site as of date Wynn commences operations ("New Property"), then the parties shall renegotiate the Impact Fee or negotiate a separate impact fee in good faith based on the actual impacts resulting from such substantial New Construction on such New Property.

2. Annual PILOT Payment to Everett

Beginning thirty (30) days after Wynn's commencement of operation of a destination resort casino at the Project Site, Wynn shall make an annual payment in lieu of taxes to Everett in the sum of Twenty Million Dollars (\$20,000,000) (the "Annual PILOT Payment"). The Annual PILOT Payment shall continue for as long as Wynn (or any parent, subsidiary or related entity) owns, controls or operates a commercial gaming facility at the Project Site and shall increase by two and one-half percent (2.5%) per annum. Such payments shall be paid to the City in equal quarterly amounts pro-rated for the first calendar year of operation in recognition

that the City has a July 1 to June 30 fiscal year. The PILOT is based on the Project substantially as proposed, containing approximately one million three hundred and twenty thousand (1.32 million) square feet of building area (not including parking areas). The parties recognize that the Project may change and the proposed PILOT with annual increases will apply notwithstanding such changes, including any increase to the Project Site and building area. However, if total square footage of the Project building area (not including parking areas) exceeds the Area Cap, then the parties shall renegotiate the PILOT in good faith based upon the full amount of additional space above the currently proposed one million three hundred and twenty thousand (1.32 million) square feet. The Area Cap shall apply to new construction on the Project Site after Wynn has commenced operations; provided, however, if, after Wynn commences operations, Wynn undertakes any substantial new construction ("New Construction") on property which is not a part of the Project Site as of date Wynn commences operations ("New Property"), then the parties shall renegotiate the PILOT or negotiate a separate real estate tax arrangement in good faith based on the such substantial New Construction on such New Property.

3. Meals and Hotel Tax Revenues. Wynn agrees to cooperate with the City in connection with the adoption of reasonable local meals and hotel/room occupancy taxes (estimated proposed rates are .75% and 6%, respectively). If the City has adopted or adopts such reasonable local meals or hotel/room occupancy tax(es), Wynn agrees to assess and collect such taxes from its customers and remit payment to the City in accordance with applicable law.

4. Motor Vehicle Excise Taxes. Wynn shall principally garage and pay excise taxes to the City consistent with applicable law on all vehicles owned by it and used in connection with the Project.

5. Permit Fees. Wynn agrees to pay the City's actual, reasonable costs incurred in connection with review and inspection of permit and license applications, construction and utility plans. Wynn recognizes that the City does not employ sufficient staff to conduct such reviews and will have to retain outside consultants and/or temporary specialized staff for this purpose, and that permanent staff will be required to expend time and resources in retaining, supervising and administering such consultants and temporary staff. Rather than being subject to the City's regular permit and license fee schedules, Wynn agrees to pay the reasonable costs actually incurred by the City in retaining such outside consultants and temporary special employees. The City shall prepare and submit to Wynn a budget(s) for all costs for which the City will seek payment or reimbursement hereunder, which budget(s) shall be subject to Wynn's review and approval and which approval shall not be unreasonably withheld or delayed. Any costs not included in the approved budget(s) shall require the separate prior approval of Wynn. The City shall also provide Wynn with advance copies of any proposal, contract and scope of work for such consultants or staff. With regard to employed staff, Wynn shall be responsible for direct employment costs during the term of

employment only. The City will provide Wynn with documentation of the costs for which it seeks reimbursement.

Wynn agrees, after construction and initial occupancy and opening of the Project, to pay to the City all permitting, inspection and other municipal fees in connection with the maintenance, repair, expansion and operation of the Project, including but not limited to building permit fees, provided all such fees are (i) valid and duly adopted in accordance with applicable law, and (ii) applied consistently and equitably to all commercial businesses in Everett, and (iii) if any such fees are not on a published schedule, such fees shall also constitute a reasonable approximation of the City's actual total costs of providing such service.

## **Section 2. Workforce Development: Hiring Preference for Everett Residents**

### **A. Construction Jobs**

Wynn will work in a good faith, legal and non-discriminatory manner with the Project's construction manager to give preferential treatment to qualified Everett residents for contracting, subcontracting and servicing opportunities in the development and construction of Wynn's Project in Everett. Prior to hiring/retaining contractors, subcontractors or servicers in connection with construction of the Project, Wynn shall advertise and hold at least two events for Everett Residents at venues to be approved by the City, at which it will publicize its construction needs and explain to attendees the process by which they may seek to be hired in connection with construction of the Project.

Wynn intends for the Project to be constructed using union labor. Wynn's construction manager will develop a roster where local residents, who are members of the various construction unions working on the Project, can express their interest in working on the Project. The construction manager will then review and consider the individuals on the roster prior to filling any openings and encourage the project contractors to hire such individuals if they are qualified. To the extent permitted by law, Wynn will instruct subcontractors and vendors to utilize union labor from local chapters located in Everett.

During construction, Wynn agrees to provide quarterly reports to the City regarding its compliance with this provision. At a minimum, such reports shall include: (1) all efforts made to publicize job or subcontracting opportunities to Everett citizens/businesses; (2) the total number of individuals hired and business retained in connection with construction of the Project; and (3) the number of Everett residents hired and Everett business retained in connection with construction of the Project. The information provided in the report shall be supported by reasonable documentation which shall be submitted with, and be considered part of, said report. The City may identify such reasonable additional information to be provided by Wynn in the report required by this section.



## **B. Permanent Jobs**

Prior to beginning the process of hiring employees (other than internally transferred Wynn Resorts employees) for the Project, Wynn shall advertise and hold at least two events for Everett Residents at venues to be approved by the City, at which it will publicize its hiring needs and explain to attendees the process by which they may seek to be hired in connection with the Project.

In seeking to fill vacancies at the Project, Wynn will give reasonable preference to properly qualified residents of the City, to the extent that such a practice and its implementation is consistent with Federal, State or Municipal law or regulation. Further, Wynn shall make every effort to afford Everett residents the opportunity to be trained for such trade/craft positions through all training opportunities offered by Wynn or its affiliates. Wynn agrees to allow the City to monitor and enforce this Agreement.

Wynn shall provide to the City an annual report beginning in the month of January immediately following commencement of operations of a resort casino upon the Project Site and for each successive year thereafter. Said annual report shall include full and part-time employment levels by Wynn and Project tenants at the beginning and end of the reporting period and the number of Everett residents hired by Wynn and Project tenants. The information provided in the report shall be supported by reasonable documentation, which shall be submitted with and be considered part of, said report. The City may reasonably identify additional information to be provided by Wynn in the annual report required by this section.

## **C. Local Vendors**

Wynn shall make a good faith effort to utilize local contractors and suppliers for the construction and future operations of the Project and shall afford such opportunities to local vendors when such contractors and suppliers are properly qualified and price competitive. Such efforts shall include actively soliciting bids from Everett vendors through local advertisements, coordination with the Everett Chamber of Commerce and such other reasonable measures as the City may from time to time request.

Wynn also agrees to make reasonable efforts to utilize women-owned and minority-owned vendors within the City.

In addition, Wynn agrees that it will include as part of its rewards/frequent guest/loyalty or similar programs vouchers/gift certificates to Everett businesses outside of the Project Site. Wynn commits to purchase and issue at least \$50,000 in such vouchers/gift certificates annually.

### **Section 3. Total Investment/Project Development**

Wynn shall invest not less than \$1 billion in the development of the Project. Wynn commits that the Project will be developed in a single phase of construction and be consistent in style and quality exhibited in Wynn Resorts' existing properties.

Upon ballot approval of this Agreement by the City, Wynn shall use all reasonable efforts to promptly apply for, pursue and obtain a category 1 license from the Commission. Wynn shall use all commercially reasonable efforts to complete construction of the Project within three (3) years after the Commission's issuance of a category 1 license for the Project.

### **Section 4. Project Demand on City Services**

Wynn recognizes that the Project may require upgrades to certain components of the City's utility infrastructure and, accordingly, agrees as follows:

#### **A. Electricity**

Wynn shall pay for electric power supply and the actual cost to upgrade existing electric facilities to provide electric power service to the Project.

#### **B. Natural Gas**

Wynn shall pay the actual costs to upgrade existing gas transmission facilities to provide service to the Project.

#### **C. Water and Sewer**

Wynn shall pay all water connection fees and monthly water service charges, and assume all costs to the City required to construct water infrastructure improvements required to reliably expand the water system to provide water service to the Project.

Wynn shall pay all costs associated with the design and construction of the necessary water and sewer extensions and connections from the Project to the City's water and sewer systems and for all maintenance and repairs required for the upkeep of that connection, including all connection fees.

Wynn shall provide the City with all specifications and plans for said water and sewer connections for approval by the City's water and sewer department prior to the commencement of any construction. Upon completion of construction, Wynn shall provide the City water and sewer department with as-built plans of the water and sewer connections.

Wynn shall provide and install a meter(s) of the type(s) and specification, and in such location(s), as shall be agreed upon with the City's water and sewer department.

Wynn shall be responsible for obtaining all necessary permits and approvals required by federal, state and local law, rules, and regulations for the excavation and construction in association with the water and sewer system connections to the Project, and shall maintain same in full force and effect as required for the construction of the connections.

Wynn shall be responsible for the maintenance and repair of the water and sewer system connections from the buildings located within the Project to the point of the actual connection to City's water and sewer system, including any maintenance reasonably required by the City. The City reserves the right to perform any maintenance if Wynn fails to perform such maintenance in a timely manner, as well as the right to enter and perform emergency repairs if necessary upon reasonable notice to Wynn under the circumstances. Wynn shall be responsible for the costs of all such maintenance and emergency repairs.

Wynn agrees to reimburse the City for any assessments, fees, or charges imposed upon the City by the Massachusetts Water Resources Authority ("MWRA") for new and/or enhanced water connections required for the Project, provided that any Infiltration and Inflow ("I&I") fee or charge payable by Wynn specifically related to the Project shall, to the extent permitted by law and MWRA regulations and/or requirements, be applied or credited to any such assessments, fees, or charges for which reimbursement is due to the City and thereafter as a matter of priority to other I&I projects specifically related to service or improvements for the Project, including any connections or upgrades required to be paid for by Wynn as provided herein. The City will provide Wynn with documentation of the costs for which it seeks reimbursement.

## **Section 5. Site Remediation and Public Waterfront Access**

As the location of the former Monsanto Chemical Company, the Project Site is burdened by significant environmental contamination, leaving a large waterfront parcel critical to the City's development plans blighted and vacant.

### **A. Environmental Remediation**

As part of Wynn's development of the Project, Wynn shall diligently pursue the remediation of the existing environmental contamination adversely affecting the Project Site in accordance with the Massachusetts Contingency Plan (310 CMR 40.000, et. seq).

## **B. Public Access to the Waterfront**

Wynn shall make public access to the Project's waterfront part of its development. Wynn agrees to work cooperatively with the City in connection with the development, adoption and implementation of a municipal harbor plan that is consistent with the Project, the City's Lower Broadway Master Plan, and the City's specific vision for its waterfront area. Consistent with such municipal harbor plan and Massachusetts General Law Chapter 91, the Public Waterfront Act and Waterways Regulations, Wynn shall incorporate in its design certain features that promote and protect the Project's waterfront for public access, use and enjoyment. Wynn acknowledges that this aspect of the development may be included within the administrative site plan review referenced in Section 3.

Wynn agrees to use reasonable efforts to include features in the Project designed to be used and enjoyed by the residents of the City, including waterfront access and outdoor gathering spaces.

## **C. Local Cultural Impacts**

Wynn agrees to work cooperatively with the City to include features or programs in the Project for the benefit of the arts and local artists, which may include periodically hosting or providing space for community related shows, exhibits, concerts, and other local cultural and arts programs.

## **Section 6. Transportation Improvements**

Wynn agrees to be responsible for all of the Project's known transportation infrastructure impacts, including road construction necessitated by the Project. To that end, Wynn has retained Vanasse & Associates, Inc. of Andover, Massachusetts (VAI) to study the impacts that will be caused by the construction and operation of the Project, with a particular emphasis on potential effects on traffic patterns. Wynn has provided that study to the City and, to the extent required, will pay for VAI to hold public meetings at which VAI will explain its findings to Everett residents.

Based on the findings of VAI's initial assessment of the Project as they relate to access to the Project site and off-site transportation infrastructure needs, the following transportation-related improvements have been identified within the City and will (unless otherwise agreed upon by the parties based upon, for example, revised assessments and/or recommendations by their respective traffic experts or requirements of state transportation officials) be designed and constructed by Wynn subject to design approval by the City and receipt of all necessary rights, permits and approvals as may be necessary to the complete the identified improvement measures:

## **A. Project Access**

1. Access to the Project site will be provided by way of a new driveway that will intersect Broadway proximate to Horizon Way. The driveway will be designed and constructed as a signature entrance to the Project site consisting of a four (4) lane boulevard (two (2) lanes entering and two (2) lanes exiting) with a marque sign, period lighting, sidewalks and bicycle accommodations.
2. Broadway will be widened approaching the primary Project site driveway to accommodate separate left and right-turn lanes to enter the Project, bicycle lanes and sidewalks, while maintaining two (2) through travel lanes per direction.
3. The primary Project site driveway will be placed under traffic signal control and will be interconnected and coordinated with the adjacent traffic signals along the Broadway Street corridor. The traffic signal system will include accommodations for pedestrians and bicyclists.
4. A below grade connection beneath the MBTA Commuter Rail tracks will be developed and will include pedestrian and bicycle connections to the Project site, allowing for an extension of access to the linear park system along the Mystic River and as may be expanded as a riverwalk along the Project waterfront.

## **B. Off-Site Improvements**

### **Broadway**

Subject to the availability of right-of-way, Wynn will reconstruct Broadway between Route 16 and the primary Project driveway in the context of a "Complete Streets" design to provide a four (4) lane roadway (two (2) travel lanes per direction) with additional turning lanes provided at major intersections, sidewalks along both sides, bicycle lanes and street trees where space permits. Existing traffic signals along the corridor will be reconstructed to include ornamental (period) poles, mast arms, lighting and appurtenances, and will include pedestrian and bicycle accommodations.

### **Route 16 at Santilli Highway and Mystic View Road (a.k.a. Santilli Circle)**

As an interim improvement, Wynn will upgrade signs and pavement markings at and within the intersection to improve motorist guidance and safety, and to meet current design standards. In addition, the existing coordinated traffic signal system that comprises the Circle will be upgraded and retimed to accommodate existing and projected future traffic volumes and patterns. Additional geometric enhancements will be provided to improve traffic flow and reduce vehicle queuing, and would include: installation of a traffic control signal at the intersection of Santilli Circle with Mystic View Road and widening of Santilli Highway and Route 99 to provide two (2) approach lands to the Circle.

In addition, in order to accommodate both access to the Project site and to address both current and projected future operational deficiencies at the intersection, Wynn will advance the replacement of the intersection with a grade separated, single-point, urban diamond interchange pursuant to the concept plan (or similar) developed in conjunction with the City of Everett's study of Santilli Circle.

### **Route 16 at Broadway and Main Street**

As an interim improvement, Wynn will upgrade signs and pavement marking at and within the intersection to improve motorist guidance and safety, and to meet current design standards. Additional geometric enhancements may be provided to allow for the addition of travel lanes on the approaches to the intersection in order to reduce vehicle queuing and motorist delays. Specifically, Wynn will: widen the Main Street and Broadway approaches to accommodate two (2) travel lanes approaching the Circle; widen and restripe the Route 16 connector to provide two (2) approach lanes; and reconfigure the circulating area within the Circle to function as a two (2) lane modern roundabout.

### **Lower Broadway Truck Route**

In an effort to reduce truck traffic along the segment of Broadway between Beacham Street and the Boston City Line, Wynn will improve Robin Street and Dexter Street, as well impacted portions of Beacham Street, to facilitate truck access to the commercial/industrial areas to the east of Broadway. These improvements would include rehabilitation of the pavement structure and surface, and improving corner radii to facilitate truck turning movements.

### **C. Public Transportation Access**

The Project site is ideally situated to take advantage of available public transportation resources in the area including subway service on the MBTA Orange Line, MBTA bus service, and water shuttle service to Logan International Airport, Long Wharf, North Station, South Boston, the Boston Convention and Exhibition Center and other existing and planned future service points. To that end, Wynn shall provide the following public transportation enhancements as a part of the Project (unless otherwise agreed upon by the parties based upon, for example, revised assessments and/or recommendations by their respective traffic experts or requirements of state transportation officials):

1. Fixed-route shuttle bus service to and from the Project and the MBTA Orange Line stations at Wellington Station and at Sullivan Square. This service may be expanded to include service to Logan International Airport, North Station, South Station and other major transportation hubs, and will be coordinated with the City and the MBTA.

2. MBTA bus stops either within the Project site or along Broadway at the primary driveway.
3. Water shuttle service to the Project site either through expansion of the MBTA water shuttle program or a private service. A water shuttle terminal will be provided as a part of the Project to include a weather protected waiting area.
4. A touch-and-go dock as a part of the Project for recreational boat access to the Project site and the DCR park system.
5. The City/DCR park and pathway system to the Project site to allow pedestrian and bicycle access to and from Wellington Station on the MBTA Orange Line.
6. In addition, Wynn will explore with the City and the MBTA provision of a stop on the MBTA Commuter Rail system to serve both the City and the Project. Subject to an agreed scope and cost, Wynn agrees to fund (i) studies required by the MBTA and (ii) installation of a flag stop in an agreed location if approved by the MBTA.

## **Section 7. Community Development**

### **Everett Citizens Foundation**

Upon the Commission's awarding of a category 1 license to Wynn and Wynn commencing construction of the Project, Wynn agrees to fund an Everett Citizens Foundation ("Foundation") that will be in charge of supporting and promoting local groups, associations and programs with important City initiatives. The Foundation shall consist of 7 members, 4 of whom shall be appointed by the Mayor; 1 of whom shall be appointed by the City's State Representative; 1 of whom shall be appointed by the City's State Senator; and 1 of whom shall be appointment by the City Council. Wynn shall fund the Foundation with an annual payment of Two Hundred Fifty Thousand Dollars (\$250,000), the first such payment to be made on the date the payments under Section 1B commence and continue on each anniversary thereof for as long as Wynn (or any parent, subsidiary or related entity) owns, controls or operates a commercial gaming facility at the Project Site and shall increase by two and one-half percent (2.5%) per annum.

## **Section 8. Responsible Gaming in Everett**

Wynn recognizes that, while gaming is an enjoyable leisure and entertaining activity for most, there is a small percentage of the population that cannot game responsibly. While gaming is a part of our business, *responsible gaming* is a part of our culture. Therefore, Wynn will implement its existing Responsible Gaming Plan at the Project, the chief goal of which is to make sure that those people who cannot game responsibly get the help they need and to make sure that people who can game responsibly understand the importance of gaming responsibly.

Wynn will accomplish the responsible gaming goals in Everett by: (1) educating its employees and providing information to patrons about the odds of games and how to make responsible gaming decisions; (2) promoting responsible gaming in daily operations; and (3) supporting public awareness of responsible gaming.

Wynn will join and actively participate in the Massachusetts Partnership on Responsible Gambling for the express purpose of assisting the City of Everett, or its designee, to address issues of treatment for compulsive behavior, especially problem gaming in Everett.

### **Section 9. City Obligations**

In consideration of the mitigation measures to be undertaken by Wynn, and in further recognition of the many benefits the Project will bring to the City, Everett shall do the following (with all reasonable costs incurred by the City to be paid by Wynn, subject to the budget and approval process set forth in Section 1A(1) hereof and Wynn's right to receive documentation of such costs):

- A. The City shall support the Project and agrees to actively work with and assist Wynn and its contractors and agents to obtain any and all permits, certifications, legislation or regulatory approvals from governmental entities and officials.
- B. The City shall exercise best efforts to petition the Commission for monies made available under the Act, including, but not limited to, those monies in the Community Mitigation Fund and the Transportation Infrastructure Development Fund.
- C. The City will diligently pursue the development, adoption and implementation of a municipal harbor plan, keep Wynn informed throughout the planning process, and give good faith consideration to Wynn's reasonable comments and suggestions to ensure that the harbor plan is consistent with the Project, and obtain Wynn's prior approval for any proposed improvements on, or mitigation on or affecting, the Project Site or for which Wynn will have financial responsibility.
- D. The parties recognize that the Project will require amendment of the City's Zoning Ordinances and possibly certain other land use regulations and agree to cooperate in the preparation and submission of such amendment(s). Wynn acknowledges that such amendment(s) may include an administrative site plan review process and adoption of reasonable design guidelines. The City will diligently pursue the development, adoption and implementation of any amendments or modifications required to the City's zoning ordinance and other land use ordinances, rules and regulations required to construct and operate the proposed Project on the Project Site, keep Wynn informed throughout the amendment and approval process, and give good faith consideration to Wynn's



reasonable comments and suggestions to ensure that such amendments are consistent with the Project. The City agrees to expedite the preparation, submission and adoption of such amendments so as to achieve finally approval and adoption thereof as soon as possible and, in any event, as close in time as possible to the date of the City-wide election to approve or disapprove this Agreement.

E. The Mayor shall request that the governing body of the City formally approve the holding of an election pursuant to Section 15(13) of the Act prior to a positive determination of suitability having been issued by the Gaming Commission. Upon such approval and receiving Wynn's request therefor, the City Council shall schedule a City-wide election so that qualified Everett residents can vote on a ballot question to support or reject this Agreement and, by extension, the Project. The Mayor will request that the City Council schedule such election on June 22, 2013, provided holding the election on such date is not in direct violation of state law or any duly promulgated regulation of the Massachusetts Gaming Commission. If the election is not so permitted to be held on June 22, 2013, it shall be held upon a mutually acceptable date as soon as permitted under applicable state law and regulations.

**Section 10. Agreement Not Transferrable or Assignable**

Neither Wynn nor the City shall transfer or assign its rights or obligations under this Agreement without prior written authorization of the other party.

**Section 11. Wynn Resorts Bound**

Wynn Resorts shall be jointly responsible for the responsibilities of Wynn hereunder, provided, however, Wynn Resorts shall be released and have no further responsibility or liability hereunder if Wynn has commenced and continued operations of the Project for a period of two (2) years without a material uncured default hereunder. Wynn Resorts acknowledges the jurisdiction over it of the Massachusetts Superior Court for Middlesex County, as set forth in Section 12 hereof for purposes of this Agreement.

**Section 12. Choice of Law/Forum Selection**

This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws provisions in such state. Any dispute arising under or in connection with this Agreement shall be within the exclusive jurisdiction of the Massachusetts Superior Court for Middlesex County. The prevailing party in any such action shall recover its litigation costs (including counsel fees and expert witness fees).

Notwithstanding the foregoing provisions for forum selection, the parties to this Agreement agree that before resorting to any formal dispute resolution process concerning any dispute arising from or in any way relating to this Agreement, they will first engage in good faith negotiations in an effort to find a solution that serves their respective and mutual interests.

### **Section 13. Miscellaneous**

A. **Exercise of Rights and Waiver.** The failure of any party to exercise any right under this Agreement shall not, unless otherwise provided or agreed to in writing, be deemed a waiver thereof; nor shall a waiver by any Party of any provisions hereof be deemed a waiver of any future compliance therewith, and such provisions shall remain in full force and effect.

B. **Severability.** In the event that any clause, provisions or remedy in this Agreement shall, for any reason, be deemed invalid or unenforceable, the remaining clauses and provisions shall not be affected, impaired or invalidated and shall remain in full force and effect.

C. **Headings and Construction.** The section headings in this Agreement are inserted for convenience of reference only and shall in no way affect, modify, define, or be used in construing the text of the agreement. Where the context requires, all singular words in the Agreement shall be construed to include their plural and all words of neuter gender shall be construed to include the masculine and feminine forms of such words.

D. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

### **Section 14. Notices**

Any notices, consents, demands, requests approvals or other communications issued under this Agreement shall be made in writing and shall be delivered by hand, overnight delivery service or certified mail (return receipt requested), to the other party at the following addresses:

If to the City:           City of Everett  
                                  Office of the Mayor  
                                  484 Broadway, Room 31  
                                  Everett, MA 02149

With copy to:           City of Everett  
                                  Law Department  
                                  484 Broadway, Room 21

Everett, MA 02149

If to Wynn: Attention: Matt Maddox, CFO & Treasurer  
3131 Las Vegas Blvd. South  
Las Vegas, NV 89109  
Facsimile: 702.770.1221  
Email: Matt.Maddox@wynnresorts.com

With a copy to: c/o Wynn Resorts  
Attention: Kim Sinatra, Sr. VP & General Counsel  
3131 Las Vegas Blvd. South  
Las Vegas, NV 89109  
Facsimile: 702.770.1102  
Email: kim.sinatra@wynnresorts.com

With a copy to: Mintz, Levin, Cohn, Ferris,  
Glovsky & Popeo, P.C.  
Attn: Dan Gaquin, Esquire  
One Financial Center  
Boston, MA 02111  
Facsimile: 617-542-2241  
Email: dogaquin@mintz.com

**Section 15. Conditional on City-Wide Vote and Grant of Category 1 License.**


Except for Wynn's obligations under Section 1(A)(1) with respect to Project Planning Payments and Section 3 with respect to Wynn's obligations to diligently pursue issuance of a category 1 gaming license, Wynn's and Wynn Resort's obligations under this Agreement are subject to the affirmative vote of the City's residents in a City-wide ballot vote pursuant to Section 15(13) of the Act, and Wynn's receipt of a category 1 gaming license to develop and operate a casino on the Project Site.

**IN WITNESS WHEREOF**, the Parties hereto have duly executed this Agreement to be effective as of the date first above written.


**City of Everett, Massachusetts**

By:   
Title: Mayor City of Everett

**Wynn MA, LLC**  
**By: Wynn Resorts, Limited**

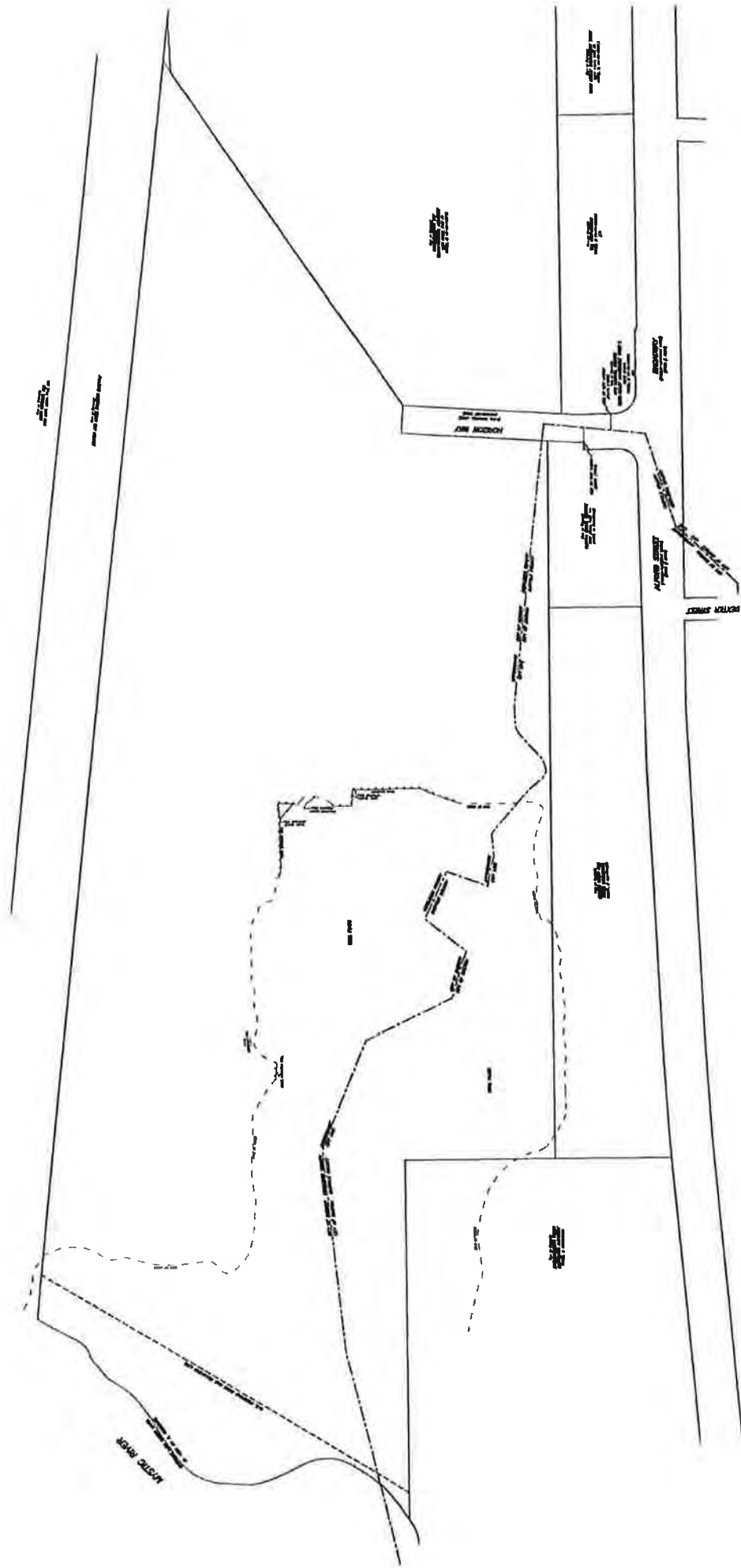
  
By: *MATT ANDROS*  
Title: CFO

**Wynn Resorts, Limited**

  
By: *MATT ANDROS*  
Title: CFO

**Exhibit A – Project Site Plan**

**11910210v.13**



## HOST COMMUNITY AGREEMENT

By and Between the Town of Plainville, Massachusetts  
and  
Ourway Realty, LLC

This Agreement ("Agreement") is made and entered into as of July 8, 2013 (the "Effective Date"), by and between the Town of Plainville, Massachusetts (the "Town" or "Plainville"), a municipality in the Commonwealth of Massachusetts, and Ourway Realty, LLC, doing business as Plainridge Racecourse ("Plainridge" and, collectively with the Town, the "Parties").

### RECITALS

The following are the recitals underlying this Agreement:

Plainridge currently operates a harness racing and simulcasting facility located on property comprised of 88.9± acres, known and numbered as 301 Washington Street, Plainville, MA (the "Project Site").

Plainridge has filed an initial (phase 1) application to the Massachusetts Gaming Commission (the "Commission") for a Category II gaming license and intends to file a final (phase 2) application, and plans to expand the existing facility to develop a gaming addition to contain One Thousand Two Hundred and Fifty (1250) slot machines on the Project Site (the "Project").

The Town believes that the Project will bring economic development to the Town, creating new jobs for residents and new sources of income for the Town, and accordingly, the Town desires to support Plainridge in the development of the Project.

Plainridge desires to mitigate impacts from the development and operation of a gaming establishment through the means described herein in accordance with Chapter 194 of the Acts and Resolves of 2011 (the "Massachusetts Gaming Act" or the "Act").

Subject to a Town-wide referendum ballot to authorize the operation in the Town of a gaming establishment licensed by the Massachusetts Gaming Commission, Plainridge and the Town desire to enter into this Agreement to set forth the conditions to have a gaming establishment located within the Town, in satisfaction of G.L. c.23K, § 15(8).

Accordingly, the Parties for good and valuable consideration, the receipt of which is hereby acknowledged, enter into this Agreement to effectuate the purposes set forth above and to be bound by the provisions set forth below:

**Section 1. Definitions**

Any term used herein that is defined in Section 2 of Chapter 23K of the General Laws shall be given such definition for purposes of this Agreement.

The term “Full Commencement of Operations” shall mean the first date upon which a Category II gaming establishment is open for commercial business at the Project Site with a minimum of 800 slot machines in operation.

The term “Initial Limited Operations” shall mean the period of time beginning on the date upon which a Category II gaming establishment is open for commercial business at the Project Site with less than 800 slot machines in operation and ending upon Full Commencement of Operations. It is understood and agreed that Initial Limited Operations may not commence without having first obtained the permits and approvals necessary for such operations or without Plainridge having completed the transportation improvements required under Section 5 hereof.

**Section 2. Payments to the Town**

1. Project Planning Payments

Subject to the budget and approval process set forth below, Plainridge has agreed to pay all the Town’s reasonable and direct costs (including but not limited to planning and peer review costs and legal fees) of determining the impacts of the Project and negotiating this Agreement and related agreements, as well as other reasonable and direct costs incurred by the Town in connection therewith (including but not limited to reasonable costs incurred in connection with holding a ballot election, communicating with/appearing before the Commission in connection with Plainridge’s license application, and participating in other permitting activities and proceedings relative to the Project) The Town shall prepare and submit to Plainridge a budget(s) for all costs for which the Town will seek payment or reimbursement hereunder, which budget(s) shall be subject to Plainridge’s review and approval and which approval shall not be unreasonably withheld or delayed. Any costs not included in the approved budget(s) shall require the separate prior approval of Plainridge. The Town shall also provide Plainridge with advance copies of any proposal, contract and scope of work for such consultants. The Town shall provide reasonable substantiation and documentation for any and all costs paid for or reimbursed by Plainridge pursuant hereto but shall not be required to divulge privileged billing entries by its legal counsel.

The parties have agreed that such funding will be made through Plainridge’s initial license application fee to the Commission and such further payments as may be necessary to cover the Town’s costs. The parties agree to cooperate in ensuring payment of such costs through the Commission. Such payments may be made through the letter of authorization and grant agreement process established by the Commission and/or through such alternative payment arrangements as may be agreed upon by the parties. Plainridge



recognizes that its obligations hereunder will not be affected by any action/inaction of the Commission in failing to timely fund the Town's costs. In such event, the parties will make alternative arrangements to have such costs paid by Plainridge, either directly to the Town or directly to the independent consultants/vendors retained by the Town.

## 2. Annual Tax Payments

The Parties agree that the target annual real and personal tax payments (excluding motor vehicle excise taxes and personal property taxes assessed to third party tenants of the Project) shall equal One Million Five Hundred Thousand Dollars (\$1,500,000) following Full Commencement of Operations, which amount shall increase at the rate of two and one half percent (2.5%) per annum (the "Required Tax Payment"). The Required Tax Payment shall be prorated the year in which Full Commencement of Operations begins.

Plainridge shall be assessed and billed real and personal property taxes in the normal course of the Town's business operations, and shall pay such assessments as required by law. Following Full Commencement of Operations, if the total amount of real and personal property taxes (excluding motor vehicle excise taxes and personal property taxes assessed to third party tenants of the Project) assessed to the Project in a fiscal year total less than the Required Tax Payment, the differential shall be paid to the Town by June 30 of the fiscal year in which such tax is assessed. If the total amount of real and personal property taxes (excluding motor vehicle excise taxes and personal property taxes assessed to third party tenants of the Project) total more than the Required Tax Payment, Plainridge shall pay the full amount assessed, and the differential shall be deducted from the Host Community Payments required under Section 2.4 hereof, beginning with the next payment due following such excess payment. Prior to making such deduction, Plainridge shall send written notice to the Town, which notice shall set forth the amount of the deduction Plainridge intends to take and calculations supporting such position. The Required Tax Payment shall be Five Hundred Thousand Dollars (\$500,000) during Initial Limited Operations (if any). The Required Tax Payment shall continue during all periods that Plainridge (or any parent, subsidiary or related entity) may operate the Project Site as a Category II gaming facility.

The Required Tax Payment is based on the Project substantially as proposed, containing approximately One Hundred Fifty-Six Thousand (156,000) square feet of building area (excluding parking structures, barns or structures to support harness racing). The Parties recognize that the Project may change and Plainridge may undertake new construction after the Full Commencement of Operations ("New Construction") and the Required Tax Payment with annual increases will apply notwithstanding such changes, including any increase to the Project and building area. However, if total square footage of the Project building area (including New Construction, but excluding parking structures, barns or structures to support harness racing) exceeds One Hundred Seventy Thousand (170,000) square feet (the "Area Cap"), then the Required Tax Payment shall increase proportionately to the ratio the total square footage of the Project Area, and such increased payment shall

be based upon the full increase in area above the initial proposal of One Hundred Fifty-Six Thousand (156,000) square feet of building area. Such increase shall be prorated in the year of completion of the construction causing the total Project area (excluding parking structures, barns or structures to support harness racing), to exceed the Area Cap.

3. Community Impact Fee

Plainridge shall pay an annual community impact fee to the Town in the sum of One Hundred Thousand Dollars (\$100,000) (the "Impact Fee"). The Impact Fee shall continue for as long as Plainridge (or any parent, subsidiary or related entity) owns, occupies, controls and/or operates at the Project Site as a Category II gaming facility. Such payments shall be paid to the Town in equal quarterly amounts on January 1, April 1, July 1, and October 1, of each year, with the first payment due on the first such date following issuance by the Gaming Commission of a Category II license for the Project.

The payments called for under this paragraph shall increase proportionally based upon any future expansion of the Project, including any increase in the number of slot machines above One thousand two hundred and fifty (1250).

4. Host Community Payments

Plainridge shall pay to the Town an annual Host Community Payment. The Host Community Payment shall be paid according to the following schedule during all periods as described below that Plainridge may operate the site as a Category II gaming facility:

- a) Upon Initial Limited Operations, Plainridge shall pay the Town one and one-half percent (1.5%) of Gross Gaming Revenues (as defined in the Act), payable monthly installments, until Full Commencement of Operations.
- b) For the first five (5) years following Full Commencement of Operations, Plainridge shall make annual payments totaling Two Million, Seven Hundred Thousand Dollars (\$2,700,000) in equal monthly installments, due and payable on the tenth day of each month, in arrears. The first such payment shall be made within ten (10) days after the first month of Full Commencement of Operations and shall be prorated based upon the number of days in the previous month after Full Commencement of Operations. The payments called for under this paragraph 4(b) shall increase proportionally for any increase in the number of slot machines above One thousand two hundred and fifty (1250).
- c) For the sixth through tenth (6-10) years following Full Commencement of Operations, Plainridge shall make monthly payments in the amount of one and one-half percent (1.5%) of Gross

Gaming Revenue (as defined under the Act). Said amount shall be paid in arrears on or before the tenth day of each month, representing one and one-half percent (1.5%) of Gross Gaming Revenue for the preceding calendar month.

- d) Beginning with the eleventh (11<sup>th</sup>) year following Full Commencement of Operations, and for each year thereafter, Plainridge shall make monthly payments in the amount of two percent (2%) of Gross Gaming Revenue. Said amount shall be paid in arrears on or before the tenth day of each month, representing two percent (2%) of Gross Gaming Revenue for the preceding calendar month.

5. Live Racing and Simulcasting Payments. To the extent the Commonwealth of Massachusetts (i) decreases the tax rate on funds wagered on live racing and simulcasting (the “Handle”) and/or assessments on Plainridge (collectively “Racing Taxes and Assessments”), the effect of which is to reduce the Racing Taxes and Assessments paid by Plainridge to the Commonwealth (a “Tax Reduction”), and (ii) decreases the percentage of Handle from Plainridge directed by statute or regulation to the Town from 0.35%, then Plainridge shall pay the Town an amount that equates to such reduced percentage directed to the Town up to (but not to exceed) that amount derived from the savings resulting from the Tax Reduction.

To the extent the Commonwealth is required by law or regulation to direct a portion of the Racing Taxes and Assessments to the Town, Plainridge shall cooperate with the Town to ensure the Commonwealth pays such amounts as so required.

6. Meals Tax Revenues. Plainridge shall be responsible to collect and remit to the Town any local meals and hotel/room occupancy taxes in accordance with applicable law.

7. Motor Vehicle Excise Taxes. Plainridge shall principally garage all vehicles owned by it and used in connection with the Project in the Town, so that excise taxes shall be paid to the Town consistent with applicable law.

8. Permit Fees. Plainridge agrees to pay to the Town all permitting and inspection fees in connection with the construction of the Project as published by the Town and in existence as of January 1, 2013, including but not limited to building permit fees. Plainridge acknowledges that it is aware of such existing fee schedules, acknowledges such fee schedules are valid, and hereby waives any claim to the contrary.

9. Late Payment Penalty. Plainridge acknowledges that time is of the essence with respect to its timely payment of the amounts required under Sections 2.2, 2.3 ad 2.4. hereunder. In the event any such payment remains unpaid ten (10) business days following the due date thereof, Plainridge shall pay the Town a penalty of five percent (5%) of such required payment.

**Section 3. Workforce Development; Local Hiring Preference**

**A. Construction Jobs**

Plainridge estimates the need for approximately 300 direct and indirect positions for the construction and fit-out of the Project. Plainridge will work in a good faith, legal and non-discriminatory manner with the Project's construction manager to give preferential treatment to qualified Plainville residents for contracting, subcontracting and servicing opportunities in the development and construction of the Project.

**B. Permanent Jobs**

Plainridge estimates the creation of 400 full-time permanent jobs at the Project. In seeking to fill vacancies at the Project, Plainridge will give priority to properly qualified residents of the Town.

Prior to beginning the process of hiring employees (other than current employees at the Project Site) for the Project, Plainridge shall advertise and hold one event at a venue to be approved by the Town, at which it will publicize its hiring needs and explain to attendees the process by which they may seek to be hired in connection with the Project.

**Section 4. Total Investment/Project Development**

Plainridge shall make at least the minimum capital investment required under the Act and shall use all commercially reasonable efforts to complete construction of the Project within two (2) years after the Commission's issuance of a Category II license for the Project.

**Section 5. Transportation Improvements**

Plainridge agrees and commits to work with the Town of Plainville Planning Board, in consultation with its expert traffic consultant(s), in connection with Plainridge's application for modification of an existing special permit governing use of the Project Site, to mitigate traffic impacts associated with the Project, as required by the Planning Board and/or the Commission. Without waiving any right to appeal, Plainridge shall abide by and pay for traffic mitigation projects as required by such special permit.

**Section 6. Responsible Gaming in Plainville**

Plainridge is a founding member and current board member of Massachusetts Partnership on Responsible Gambling. As such, Plainridge recognizes that, while gaming is an enjoyable leisure and entertaining activity for most, there is a small percentage of the population that cannot game responsibly. Therefore, Plainridge will implement a

Responsible Gaming Plan at the Project, the goal of which shall be to ensure that those people who cannot game responsibly get the help they need and to make sure that people who can game responsibly understand the importance of gaming responsibly.

Plainridge will accomplish the responsible gaming goals by: (1) educating its employees and providing information to patrons about the odds of games and how to make responsible gaming decisions; (2) promoting responsible gaming in daily operations; and (3) supporting public awareness of responsible gaming.

**Section 7. Town Obligations**

In consideration of the mitigation measures to be undertaken by Plainridge, and in further recognition of the many benefits the Project will bring to the Town, Plainville shall do the following:

A. The Plainville Town Selectmen shall formally approve the holding of an election pursuant to Section 15(13) of the Act prior to a positive determination of suitability having been issued by the Gaming Commission, so that qualified Plainville residents can vote on a ballot question to support or reject this Agreement and, by extension, the Project. The Town Selectmen shall schedule such election on or before September 10, 2013, provided holding the election on such date is not in direct violation of state law or any duly promulgated regulation of the Massachusetts Gaming Commission. If the election is not so permitted to be held on or before September 10, 2013, it shall be held as soon as practicable thereafter on a mutually acceptable date as soon as permitted under applicable state law and regulations.

B. The Town shall exercise best efforts to petition the Commission for monies made available under the Act, including, but not limited to, those monies in the Community Mitigation Fund and the Transportation Infrastructure Development Fund.

**Section 8. Agreement Not Transferrable or Assignable**

Plainridge shall not transfer or assign its rights or obligations under this Agreement without prior written authorization of the Town, which will not unreasonably be withheld, delayed or conditioned. Plainridge shall provide information relating to any such successor in advance of any such transaction as required by the Commission. Any assignee of or successor in interest to Plainridge shall be bound by the terms of this Agreement to the fullest extent allowed by law.

**Section 9. Choice of Law/Forum Selection**

This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts, without regard to the conflict of laws provisions in such state. Any dispute arising under or in connection with this Agreement shall be within the exclusive jurisdiction of the Massachusetts Superior Court for Norfolk County.

If the Town is the prevailing party in any such action, it shall recover its litigation costs (including counsel fees and expert witness fees).

Notwithstanding the foregoing provisions for forum selection, the parties to this Agreement agree that before resorting to any formal dispute resolution process concerning any dispute arising from or in any way relating to this Agreement, they will first engage in good faith negotiations in an effort to find a solution that serves their respective and mutual interests.

**Section 10. Miscellaneous**

A. No Third Party Beneficiaries. No provisions of this Agreement shall be construed in any manner so as to create any rights in any third parties not party to this Agreement. The Agreement shall be interpreted solely to define specific duties and responsibilities between the Town and Plainridge, and shall not provide any basis for claims of any other individual, partnership, corporation, organization or municipal entity.

B. Relationship of the Parties. None of the provisions of this Agreement is intended to create, nor shall be deemed or construed to create, any relationship between the Parties other than that of independent parties contracting with each other for purposes of effecting the provisions of this Agreement. The Parties are not, and will not be construed to be, in a relationship of joint venture or partnership. Neither Party has the authority to make any statements, representations or commitments of any kind on behalf of the other Party, or to use the name of the other Party in any publication or advertisements, except with the written consent of the other Party.

C. Force Majeure. Plainridge shall not be considered to be in default in the performance of its obligations under this Agreement to the extent that performance of any such obligation is prevented or delayed by a Force Majeure Event (as defined below). If Plainridge is prevented or delayed in the performance of any such obligation by a Force Majeure Event, it shall provide reasonable notice to the Town of the circumstances preventing or delaying performance and the expected duration thereof, if known. For the purposes of this Agreement, a Force Majeure Event is any circumstance not within the reasonable control, directly or indirectly, of the Party affected and includes, but is not limited to, the following: strikes or other significant labor disputes; significant supply shortages; adverse weather conditions and other acts of nature; acts of God, fire, other substantial property damage or any condition that prevents or significantly interferes with the operations of Plainridge's gaming establishment; significant subsurface conditions; riot or civil unrest; the forced closure of all gaming establishments by the Commonwealth of Massachusetts or the Massachusetts Gaming Commission; and actions or failures to act of any governmental authority or agency.

D. Integration Clause. This Agreement and any attachments hereto constitute the entire agreement between the parties. No agents, representative, employee or officer of the Town or Plainridge has authority to make, or has made, any statement, agreement or representation, oral or written, in connection with this Agreement which in any way can be deemed to modify, add to or detract from, or otherwise change or alter its terms

and conditions. No negotiations between the Parties, nor any custom or usage, shall be permitted to modify or contradict any of the terms and conditions of this Agreement. No modifications, alterations, or changes to this Agreement or any of its terms shall be valid or binding unless accomplished by a written amendment signed by all Parties in accordance with the terms herein.

E. Conditional on Town Vote and Grant of Category II Gaming License. Except for Plainridge's obligations under this Agreement with respect to payments made to or on behalf of the Town for legal and consulting services prior to and in connection with a Town vote pursuant to the Massachusetts Gaming Statute, Plainridge's obligations under this Agreement are subject to the affirmative vote of the Town's residents in a ballot vote pursuant to G.L. c.23K, §15(13) of the Act, and Plainridge's receipt of a Category II Gaming License to develop the gaming establishment at the Premises.

F. Exercise of Rights and Waiver. The failure of any party to exercise any right under this Agreement shall not, unless otherwise provided or agreed to in writing, be deemed a waiver thereof; nor shall a waiver by any Party of any provisions hereof be deemed a waiver of any future compliance therewith, and such provisions shall remain in full force and effect.

G. Severability. In the event that any clause, provisions or remedy in this Agreement shall, for any reason, be deemed invalid or unenforceable, the remaining clauses and provisions shall not be affected, impaired or invalidated and shall remain in full force and effect.

H. Headings and Construction. The section headings in this Agreement are inserted for convenience of reference only and shall in no way affect, modify, define, or be used in construing the text of the agreement. Where the context requires, all singular words in the Agreement shall be construed to include their plural and all words of neuter gender shall be construed to include the masculine and feminine forms of such words.

I. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

J. Reporting/Documentation: Plainridge agrees to make such reports and provide such documentation as the Town may from time to time reasonably request to ensure compliance with the provisions of this Agreement.

K. Amendments. This Agreement may not be amended except in writing signed by Plainridge and the Plainville Board of Selectmen.

## **Section 11. Notices**

Any notices, consents, demands, requests approvals or other communications issued under this Agreement shall be made in writing and shall be delivered by hand,

overnight delivery service or certified mail (return receipt requested), to the other party at the following addresses:

If to the Town: Board of Selectmen, Town of Plainville  
Care/of Office of the Town Administrator  
142 South Street  
PO Box 1717  
Plainville, MA 02762

With copy to: Jonathan M. Silverstein  
Kopelman and Paige, P.C.  
101 Arch Street, 12<sup>th</sup> Floor  
Boston, MA 02110

If to PLAINRIDGE: Ourway Realty, LLC  
301 Washington Street  
Plainville, MA 02762  
Attn: President

With copy to: Andrew D. Myers, Esq.  
Davis, Malm & D'Agostine, P.C.  
One Boston place, 37<sup>th</sup> Floor  
Boston, MA 02108

**IN WITNESS WHEREOF**, the Parties hereto have duly executed this Agreement to be effective as of the date first above written.

**Town of Plainville, Massachusetts**

**Ourway Realty, LLC**

By: [Signature]  
Title: Chairman, Bd of Selectmen

By: [Signature]  
Title: President

By: [Signature]  
Title: Selectman

By: [Signature]  
Title: Selectman



## MEMORANDUM OF AGREEMENT

By and Between the Town of Plainville, Massachusetts  
and  
Ourway Realty, LLC

This Agreement ("Agreement") is made and entered into as of July 9, 2013 (the "Effective Date"), by and between the Town of Plainville, Massachusetts (the "Town" or "Plainville"), a municipality in the Commonwealth of Massachusetts, and Ourway Realty, LLC, doing business as Plainridge Racecourse ("Plainridge" and, collectively with the Town, the "Parties").

### RECITALS

The following are the recitals underlying this Agreement:

Plainridge currently operates a harness racing and simulcasting facility located on property comprised of 88.9± acres, known and numbered as 301 Washington Street, Plainville, MA (the "Project Site").

Plainridge has filed an initial (phase 1) application to the Massachusetts Gaming Commission (the "Commission") for a Category II gaming license and intends to file a final (phase 2) application, and plans to expand the existing facility to develop a gaming addition to contain One Thousand Two Hundred and Fifty (1250) slot machines on the Project Site (the "Project").

The Town and Plainridge have agreed to the terms of a Host Community Agreement with respect to the Project.

The Board of Selectmen of the Town (the "Board") and Plainridge further desire to reach an agreement with respect to Plainridge's employment of public safety details with respect to the future operation of the Project.

Accordingly, the Parties for good and valuable consideration, the receipt of which is hereby acknowledged, enter into this Memorandum of Agreement to effectuate the purposes set forth above and to be bound by the provisions set forth below:

#### **Section 1. Details**

Until this Memorandum of Agreement is amended or terminated, Plainridge shall continue to engage at least one Plainville Police Officer detail during all hours that the facility is open to the public for any form of gaming, on terms consistent with current practice, except as may be otherwise agreed by Plainridge and the Board. Plainridge will likewise engage at least two Plainville Firefighter/Emergency Medical Technician/Paramedic details during all hours of live racing at the Project Site and shall provide a suitably equipped ambulance for such purpose

on terms consistent with current practice, except as may be otherwise agreed by Plainridge and the Board.

**Section 2. Annual Review**

If requested by Plainridge, Plainridge and the Town's Board of Selectmen shall meet on an annual basis for the purpose of reviewing public safety plans and practices at the Plainridge gaming facility . The first such meeting shall occur within thirty (30) days after the first six months of Full Commencement of Operations, as defined under the aforementioned Host Community Agreement, provided that Plainridge shall have requested such meeting in writing at least thirty (30) days prior to such anniversary. Subsequent meetings shall occur on or as close to the anniversary date of the first meeting as practicable.

During any such meetings, Plainridge may provide such information as it believes relevant to the question of whether it should be required to continue to employ the aforementioned details. Such information may include, but shall not be limited to, information relating to the role and efficacy of the Massachusetts State Police, private security and other security and public safety services in maintaining order and public safety at the Project.

The parties shall work together in good faith in resolving any request by Plainridge to change the aforementioned details. However no change shall occur unless there is mutual agreement among the Town and the Board, which shall have the authority to make any changes hereunder on behalf of the Town.

**Section 3. Notices**

Any notices, consents, demands, requests approvals or other communications issued under this Agreement shall be made in writing and shall be delivered by hand, overnight delivery service or certified mail (return receipt requested), to the other party at the following addresses:

If to the Town:            Board of Selectmen, Town of Plainville  
                                  care/of Office of the Town Administrator  
                                  142 South Street  
                                  PO Box 1717  
                                  Plainville, MA 02762

With copy to:            Jonathan M. Silverstein  
                                  Kopelman and Paige, P.C.  
                                  101 Arch Street, 12<sup>th</sup> Floor  
                                  Boston, MA 02110

If to PLAINRIDGE:    Ourway Realty, LLC  
                                  301 Washington Street  
                                  Plainville, MA 02762  
                                  Attn: President

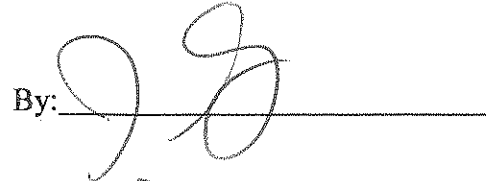
With copy to: Andrew D. Myers, Esq.  
Davis, Malm & D'Agostine, P.C.  
One Boston place, 37<sup>th</sup> Floor  
Boston, MA 02108

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement to be effective as of the date first above written.

**Town of Plainville, Massachusetts**

**Ourway Realty, LLC**

By: 

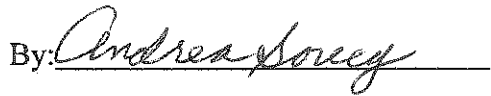
By: 

Title: Chairman, Board of Selectmen

Title: President

By: 

Title: Selectman

By: 

Title: Selectman

**HOST COMMUNITY AGREEMENT**  
**BY AND BETWEEN**  
**CITY OF SPRINGFIELD, MASSACHUSETTS**  
**AND**  
**BLUE TARP REDEVELOPMENT, LLC**

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## HOST COMMUNITY AGREEMENT

This Host Community Agreement ("**Agreement**") is dated as of May 14, 2013, by and between the City of Springfield, Massachusetts, a municipal corporation ("**City**"), acting by and through its Chief Development Officer with the approval of the Mayor and City Council as the governing body under the Act (as hereinafter defined), having its principal place of business at 36 Court Street, Springfield, Massachusetts 01103 and Blue Tarp reDevelopment, LLC, a Massachusetts limited liability company having its principal place of business at 1441 Main Street, Springfield, MA 01103 ("**Blue Tarp**") and upon execution of a joinder to this Agreement (the "**Joinder**"), MGM Springfield reDevelopment, LLC, to be formed hereinafter in connection with Chapter 121A (as defined in Section 3.5) (the "**Urban Redevelopment Corp.**") (Blue Tarp and the Urban Redevelopment Corp. are collectively, and as applicable, individually, referred herein as "**Developer**"). Capitalized terms used and defined elsewhere in this Agreement are defined in Section 1.

### R E C I T A L S

A. In November 2011, the Commonwealth of Massachusetts (the "**Commonwealth**") enacted "An Act Establishing Expanded Gaming in the Commonwealth," codified at Chapter 194 of the Acts of 2011, Mass. Gen. Law, ch. 23K, as amended from time to time (together with any rules and regulations promulgated thereunder, the "**Act**").

B. The Act reflects the public policies of the Commonwealth with regard to the operation and regulation of gaming as well as the public benefits to the Commonwealth and its citizens that can result from a gaming project conducted in accordance with such policies, such as the creation of jobs, the generation of revenues for public purposes, and the increase of tourism and economic development within the Commonwealth.

C. The Act established the Massachusetts Gaming Commission (the "**Commission**") having the authority and responsibility to select, license, oversee and regulate expanded gaming facilities in the Commonwealth.

D. Under the Act, the Commission has the authority to issue not more than three Category 1 licenses to qualified applicants based on the applications and bids submitted to the Commission.

E. The Act provides that no applicant is eligible to receive a gaming license unless the applicant provides the Commission a signed agreement between the applicant and the municipality in which the applicant has proposed locating a gaming establishment, which agreement sets forth the conditions to have a gaming establishment in such host community and provides for the payment by such applicant of a community impact payment to such host community.



F. The Act also requires an applicant to demonstrate to the Commission, among other things, how the applicant proposes to address community development and advance the Act's objective to gain public support for its application.

G. Through a two-phase Request for Qualifications/Request for Proposals issued by the City, and after considering public input, the City selected Developer to negotiate and enter into this Agreement setting forth the terms and conditions with respect to which Developer will develop, construct, own and operate a destination resort casino in the City should the (i) City Council approve this Agreement; and (ii) City voters approve a ballot question permitting the operation of such gaming establishment in the City and upon issuance by the Commission of a Category 1 license to Developer having no material conditions that are unacceptable to Developer.

H. The Project Site (as more particularly defined below) which contemplates not only a destination resort casino, but also ancillary facilities such as retail, housing and entertainment components, currently generates approximately Three Hundred and Seventy Thousand Dollars (\$370,000) in annual property taxes for the City.

I. The Project (defined below) will result in hundreds of millions of dollars of capital investment in the City by Developer as well as thousands of construction jobs and permanent direct jobs, as well as related indirect jobs and revenue, for both the City and the surrounding area.

**NOW, THEREFORE**, in consideration of their mutual execution and delivery of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

## **1. Definitions.**

The terms defined in this Section 1 shall have the meanings indicated for purposes of this Agreement. Definitions which are expressed by reference to the singular or plural number of a term shall also apply to the other number of that term. Capitalized terms which are used primarily in a single Section of this Agreement are defined in that Section.

(a) **"121A Approvals"** means any and all agreements and approvals from the City and DHCD (as defined in Section 3.5) necessary to allow the Project to qualify for alternative tax payments pursuant to Chapter 121A (as that term is defined in Section 3.5).

(b) **"Act"** is defined in Recital A hereof.

(c) **"Additional Commitments"** means collectively, those obligations of Developer to the City and others including those obligations with respect to: (i) promoting economic growth in the City; (ii) marketing the Project; (iii) enhancing existing services for treatment of compulsive behavior disorders; (iv) ensuring minors will be prohibited from gambling in the Casino; (v) providing security in

and around the Project; (vi) hiring, training and employment; (vii) utilization of City businesses during the design, construction and operation of the Project; (viii) utilizing sustainable development principles in connection with the Project; (ix) contributing to City institutions and charitable organizations; (x) entering into agreements with “impacted live entertainment venues”, as that term is defined in the Act; and (xi) entering into agreements with Surrounding Communities, all as more specifically described on Exhibits B, C, D and E.

(d) “**Affiliate**” means a Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, another Person. For purposes of clarification, Affiliates of Developer include, without limitation, Parent Company.

(e) “**Agreement**” means this Host Community Agreement including all exhibits and schedules attached hereto, as the same may be amended, supplemented or otherwise modified from time to time.

(f) “**Approvals**” means all or any licenses, permits, approvals, consents and authorizations that Developer is required to obtain from any Governmental Authority to perform and carry out its obligations under this Agreement, including, but not limited to, a Category 1 license issued by the Commission to Developer having no material conditions that are unacceptable to Developer, and such other permits and licenses necessary to complete the Work, and to open, operate and occupy the Project Site and the Project.

(g) “**Business Day**” means all weekdays except Saturday and Sunday and those that are official legal holidays of the City, Commonwealth or the United States government. Unless specifically stated as “Business Days,” a reference to “days” means calendar days.

(h) “**Casino**” means any premises in the City wherein Gaming is conducted by Developer pursuant to the Act and this Agreement, and includes all buildings, improvements, equipment, and facilities developed, constructed, used or maintained in connection with such gaming.

(i) “**Casino Gaming Operations**” means any land-based Gaming operations permitted under the Act and offered or conducted at the Project but does not include any internet based gaming, to the extent permitted in the future by applicable law.

(j) “**Casino Manager**” means any Person, excluding employees of the Developer or any of its Affiliates, engaged, hired or retained by Developer to manage and/or operate the Casino and the Casino Gaming Operations.

(k) “**Casino Year**” means the one-year period beginning on July 1 of each year and ending on the next succeeding June 30, except that (a) the first Casino

Year shall begin on the date of Operations Commencement and end on the next succeeding June 30, and (b) the last Casino Year shall begin on the calendar day following expiration of the preceding Casino Year and ends on the date that is the last day of the Term.

(l) “**Category 1 license**” shall have the same meaning as given to such term in the Act.

(m) “**City**” means the City of Springfield, Massachusetts, a municipal corporation.

(n) “**City Council**” means the City Council of the City.

(o) “**City Parcels**” means collectively, (i) the site of the former South End Community Center, located on 29 Howard Street, Springfield, MA, and (ii) the site of the former Alfred G. Zanetti School, located on 59 Howard Street, Springfield, MA.

(p) “**Closing Certificate**” means the certificate to be delivered by Developer in the form as attached hereto as Exhibit M.

(q) “**Closing Conditions**” shall have the meaning ascribed to that term in Section 2.3.

(r) “**Closing Date**” means (x) the tenth (10<sup>th</sup>) Business Day after the last to occur of (i) approval of this Agreement by the City Council; (ii) execution hereof by the Mayor and other necessary City officials; (iii) the approval by the City Council to hold the Election prior to a positive determination of suitability having been issued to the Developer by the Commission pursuant to the Commission’s Request for Application – Phase One; and (iv) confirmation by the City to Developer that the City shall enter into a single host community agreement for a resort casino project, or (y) such later date as the City and Developer may agree in writing.

(s) “**Closing Deliveries**” shall have the meaning ascribed to that term in Section 2.3.

(t) “**Commission**” is defined in Recital C hereof.

(u) “**Commonwealth**” is defined in Recital A hereof.

(v) “**Community Development Fund**” shall have the meaning ascribed to that term in Section 4.2.

(w) “**Community Development Grants**” shall have the meaning ascribed to such term in Section 4.2.

(x) “**Community Impacts**” means collectively, Direct Community Impacts and Indirect Community Impacts.

(y) “**Community Impact Payments**” means those payments set forth on Exhibit A determined by the City to be reasonable and necessary to reimburse the City for its capital and ongoing costs to be incurred by the City to effectively mitigate the Community Impacts.

(z) “**Complete**” means the completion of the Work, as evidenced by the issuance of a temporary certificate of occupancy by the appropriate Governmental Authority for all Components to which a certificate of occupancy would apply, and that not less than seventy-five percent (75%) of the parking structure and not less than seventy-five percent (75%) of the Gaming Area, seventy-five percent (75%) of the hotel rooms, and fifty percent (50%) of the aggregate retail floor space and fifty percent (50%) of the aggregate restaurant floor space are open to the public for their intended use (and/or in the case of the retail and restaurant floor spaces, are completed as shells and available for leasing).

(aa) “**Component**” means any of the following included as part of the Project: the hotel; Casino; restaurants; meeting and assembly space; ballroom; theater; retail space; entertainment, recreational facilities and spa; parking; private bus, limousine and taxi parking and staging areas; the other facilities described on Exhibit G; and such other major facilities that may be added as components by amendment to this Agreement.

(bb) “**Concept Design Documents**” means documents for the design of the Project attached to this Agreement as Exhibit I.

(cc) “**Condemnation**” means a taking of all or any part of the Project by eminent domain, condemnation, compulsory acquisition or similar proceeding by a competent authority for a public or quasi-public use or purpose.

(dd) “**Construction Completion Date**” means the date occurring no later than thirty-three (33) months following the date on which the Commission issues to the Developer a Category 1 license having no material conditions that are unacceptable to Developer.

(ee) “**Control(s)**” or “**Controlled**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, as such terms are used by and interpreted under federal securities laws, rules and regulations.

(ff) “**CPI**” shall mean the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers, U.S. City Average All Items, 1982-84=100. In the event that the United States Department

of Labor shall cease to promulgate the CPI, the Developer and the City agree to meet and discuss in good faith the adoption of the commonly accepted alternative to the CPI for the purposes hereof.

(gg) “**CPI Adjustment Factor**” shall mean a fraction, the numerator of which shall be the difference between the CPI published for July of the year in which the adjustment is being made and the CPI published for July of the preceding year, and the denominator of which shall be the CPI published for July of the preceding year.

(hh) “**Default**” means any event or condition that, but for the giving of notice or the lapse of time, or both, would constitute an Event of Default.

(ii) “**Default Rate**” means a rate of interest at all times equal to the greater of (i) the rate of interest announced from time to time by Bank of America, N.A. (“**B of A**”), or its successors, as its prime, reference or corporate base rate of interest, or if B of A is no longer in business or no longer publishes a prime, reference or corporate base rate of interest, then the prime, reference or corporate base rate of interest announced from time to time by such local bank having from time to time the largest capital surplus, plus four percent (4%) per annum or (ii) twelve percent (12%) per annum, provided, however, the Default Rate shall not exceed the maximum rate allowed by applicable law.

(jj) “**Developer**” means Blue Tarp and Urban Redevelopment Corp., or their respective successors or assigns as permitted hereunder.

(kk) “**Developer Payments**” shall have the meaning ascribed to that term in Section 4.6(a).

(ll) “**Development Process Cost Fees**” means, to the extent not otherwise (i) previously paid by Developer to the City, whether directly or indirectly or (ii) payable by Developer hereunder, a fee to reimburse the City for the aggregate amount of any and all costs and expenses in good faith paid or incurred by the City to third parties (including attorneys, accountants, consultants and others) in connection with the planning and preparation of the RFQ/P; the casino selection process undertaken in connection with the RFQ/P; the Election; the negotiation, preparation and enforcement of this Agreement; the planning, development, ownership, management and operation of the Project; the issuance by the Commission of a Category 1 license to the Developer having no material conditions that are unacceptable to Developer; failure to renew a Category 1 license to the Developer; and any litigation filed by or against the City or in which the City intervenes in connection with any of the foregoing; provided, however, notwithstanding anything to the contrary contained herein, Development Process Cost Fees shall not include any costs and fees incurred by the City arising from or related to its breach of its obligations under this Agreement or, if in any

enforcement action of this Agreement, the City is not the prevailing party and also shall not include Community Impact Payments, the amounts that are subject to Section 7.4, and amounts due pursuant to the Section 6A Agreement.

(mm) “**Direct Community Impacts**” means the known and direct community impacts including the additional police, fire protection, administrative, education, housing and emergency medical services directly or indirectly resulting from or related to the development or operation of the Project, and necessary from time to time to protect the health, safety and welfare of the City’s residents, the temporary workforce needed to construct the Project, the employees of the Project and the expected increased number of visitors to the City.

(nn) “**direct or indirect interest**” means an interest in an entity held directly or an interest held indirectly through interests in one or more intermediary entities connected through a chain of ownership to the entity in question, taking into account the dilutive effect of the interests of others in such intermediary entities.

(oo) “**Election**” means the election on the ballot question as required by Section 15(13) of Act.

(pp) “**Event of Default**” shall have the meaning ascribed to it in Section 7.1.

(qq) “**Financing**” means the act, process or an instance of obtaining specifically designated funds for the Project, whether secured or unsecured, including (i) issuing securities; (ii) drawing upon any existing or new credit facility; or (iii) contributions to capital by any Person

(rr) “**Finance Affiliate**” means any Affiliate created to effectuate all or any portion of a Financing.

(ss) “**Final Completion**” means the completion of the Work, as evidenced by the issuance of a temporary certificate of occupancy by the appropriate Governmental Authority for all Components to which a certificate of occupancy would apply, and that at least ninety-five percent (95%) of the parking structure, Gaming Area, hotel rooms, retail floor space and restaurant floor space are open to the public for their intended use (and/or in the case of the retail and restaurant floor spaces, are completed as shells and available for leasing).

(tt) “**Final Completion Date**” means the date occurring no later than six (6) months following the Construction Completion Date.

(uu) “**Finish Work**” refers to the finishes which create the internal and external appearance of the Project.

(vv) “**First Class Project Standards**” means the general standards of quality for construction, maintenance, operations and customer service established and

maintained on the date hereof at the MGM Grand Hotel and Casino, Las Vegas, Nevada, taken as a whole.

(ww) “**Force Majeure**” shall have the meaning ascribed to such term in Section 12.1.

(xx) “**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession for use in the United States, which are applicable to the circumstances as of the date of determination.

(yy) “**Gaming**” shall have the same definition as in the Act but shall not include internet based gaming.

(zz) “**Gaming Area**” means the space on which Casino Gaming Operations occur.

(aaa) “**Gaming Authorities**” means all agencies, authorities and instrumentalities of the City, Commonwealth, or the United States, or any subdivision thereof, having jurisdiction over the Gaming or related activities at the Casino, including the Commission, or their respective successors.

(bbb) “**Governmental Authority**” or “**Governmental Authorities**” means any federal, state, county or municipal governmental authority, including all executive, legislative, judicial and administrative departments and bodies thereof (including any Gaming Authority) having jurisdiction over Developer and/or the Project.

(ccc) “**Governmental Requirements**” means the Act and all laws, ordinances, statutes, executive orders, rules, zoning requirements and agreements of any Governmental Authority that are applicable to the acquisition, remediation, renovation, demolition, development, construction and operation of the Project including all required permits, approvals and any rules, guidelines or restrictions enacted or imposed by Governmental Authorities, but only to the extent that such laws, ordinances, statutes, executive orders, zoning requirements, agreements, permits, approvals, rules, guidelines and restrictions are valid and binding on Developer.

(ddd) “**Gross Revenue**” shall have the same meaning as given to such term in the Act but in no event shall include revenues generated from internet gaming.

(eee) “**Guaranty and Keep Well Agreement**” means the Guaranty and Keep Well Agreement dated as of the Closing Date between the City and Parent Company in substantially the same form as Exhibit L attached hereto.

(fff) “**including**” and any variant or other form of such term means including but not limited to.

(ggg) “**Indirect Community Impacts**” means collectively, the following known and unknown potential and actual impacts to the City and its residents related to or indirectly resulting from the development and operation of the Project from time to time not specifically covered under Direct Community Impacts: (i) increased use of City services; (ii) increased use of City infrastructure; (iii) the need for additional City infrastructure, employees and equipment; (iv) increased traffic and traffic congestion; (v) increased air, noise, water and light pollution; (vi) issues related to public health, safety, welfare and addictive behavior; (vii) loss of City revenue from displacement of current businesses; (viii) issues related to education and housing; (ix) issues relating to the quality of life; (x) reduced use of City parking facilities as a consequence of additional parking being made available at the Project; and (xi) costs related to mitigating other impacts to the City and its residents.

(hhh) “**Loan Default**” means an event of default or default or event or condition which, with respect to Developer or its Finance Affiliate without further notice or passage of time, would entitle a Mortgagee to exercise the right to foreclose upon, acquire, possess or obtain the appointment of a receiver or other similar trustee or officer over all or a part of Developer’s interest in the Project.

(iii) “**Major Condemnation**” means a Condemnation either (i) of the entire Project, or (ii) of a portion of the Project if, as a result of the Condemnation, it would be imprudent or unreasonable to continue to operate the Project even after making all reasonable repairs and restorations.

(jjj) “**Material Adverse Effect**” means any change, effect, occurrence or circumstances (each, an “**Event**” and collectively, “**Events**”) that, individually or in the aggregate with other Events, is or would reasonably be expected to be materially adverse to the condition (financial or otherwise), business, operations, prospects, properties, assets, cash flows or results of operations of the Developer and/or Parent Company, taken as a whole; provided, however, that none of the following shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur: (i) any Event in the United States or global economy generally, including Events relating to world financial or lending markets, or change affecting generally the industry in which the Developer and/or Parent Company operate; (ii) any changes or proposed changes in GAAP or any law; and (iii) any hostilities, act of war, sabotage, terrorism or military actions or any escalation or worsening of any such



hostilities, act of war, sabotage, terrorism or military actions, except, in the case of clauses (i), (ii) or (iii) to the extent such Event(s) affect the Developer and/or Parent Company, taken as a whole, in a disproportionate manner as compared to similarly situated companies.

(kkk) “**Mayor**” means the duly elected Mayor of the City.

(lll) “**Minor Condemnation**” means a Condemnation that is not a Major Condemnation.

(mmm) “**Mortgage**” means a mortgage on all or any part of Developer’s interest in the Project, and does not include a mortgage on the leasehold interest of any third party in the Project.

(nnn) “**Mortgagee**” means the holder from time to time of a Mortgage.

(ooo) “**Notice of Agreement**” means a notice of this Agreement in substantially the same form as Exhibit S.

(ppp) “**Operations Commencement**” means that the Casino, the hotel Component and parking Component are Complete and open for business to the general public.

(qqq) “**Operations Commencement Date**” means the date occurring no later than six (6) months following the Construction Completion Date.

(rrr) “**Parent Company**” means MGM Resorts International, and its successors and assigns.

(sss) “**Parties**” means the City and Developer.

(ttt) “**Permitted Affiliate Payments**” means payments made in the ordinary course of business to Parent Company or Affiliates of Parent Company for goods or services, or licensing, branding or management fees.

(uuu) “**Person**” means an individual, a corporation, partnership, limited liability company, association or other entity, a trust, an unincorporated organization, or a governmental unit, subdivision, agency or instrumentality.

(vvv) “**Proceeds**” means the compensation paid by the condemning authority to the City and/or Developer in connection with a Condemnation, whether recovered through litigation or otherwise, but excluding any compensation paid in connection with a temporary taking.

(www) “**Project**” means the Casino and all buildings, hotel structures, recreational or entertainment facilities, restaurants or other dining facilities, bars

and lounges, retail stores, other amenities and back office facilities that are connected with, or operated in such an integral manner as to form a part of the same operation whether on the same tract of land or otherwise, all of which are more specifically described on Exhibit G.

(xxx) “**Project Description**” means the detailed description of Project set forth on Exhibit G.

(yyy) “**Project Site**” means the land assemblage upon which the Project is to be developed and constructed, as described on Exhibit H.

(zzz) “**Publicly Traded Corporation**” means a Person, other than an individual, to which either of the following provisions applies: the Person has one (1) or more classes of voting securities registered under Section 12 of the Securities Exchange Act of 1934, 15 U.S.C. §781; or the Person issues securities and is subject to Section 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. §780(d).

(aaaa) “**Radius Restriction Agreement**” means the Radius Restriction Agreements dated as of the Closing Date between the City and Parent Company and the City and any Casino Manager which is an Affiliate of Parent Company and those Restricted Parties as requested by the City in substantially the same form as Exhibit Q and R attached hereto.

(bbbb) “**Releases**” means the executed forms of acknowledgement, consent and release delivered by Developer, its Affiliates and its other direct and indirect equity owners in conjunction with its response to the RFQ/P.

(cccc) “**Restricted Area**” means the two geographic areas encompassed by: (i) Region B (as that term is defined in the Act) and (ii) a circle having a radius of fifty (50) miles with 36 Court Street, Springfield, Massachusetts as its center.

(dddd) “**Restricted Owner**” is defined in Section 8.2(a).

(eeee) “**RFA-2**” is defined in Section 2.2.

(ffff) “**RFQ/P**” means the Phase I and Phase II Request for Qualifications/Request for Proposals and all amendments, modifications and supplements thereto issued by the City in connection with the destination casino resort development for the City.

(gggg) “**Surrounding Communities**” shall have the same meaning as defined in the Act.

(hhhh) “**Tax Affidavit**” means a tax affidavit in the form of Exhibit T attached hereto.

(iii) “**Term**” is defined in Section 2.4.

(jjjj) “**Transfer**” means (i) any sale (including agreements to sell on an installment basis), assignment, transfer, pledge, alienation, hypothecation, merger, consolidation, reorganization, liquidation, or any other disposition by operation of law or otherwise, and (ii) the creation or issuance of new or additional interests in the ownership of any entity.

(kkkk) “**Transfer Restriction Agreements**” means the Transfer Restriction Agreements dated as of the Closing Date between the City and Parent Company and the City and Restricted Owners in substantially the same form as Exhibits J and K attached hereto.

(llll) “**Work**” means demolition and site preparation work at the Project Site, and construction of the improvements constituting the Project in accordance with the construction documents for the Project and includes labor, materials and equipment to be furnished by a contractor or subcontractor.

## **2. General Provisions**

### **2.1 Findings**

The City hereby finds that the development, construction and operation of the Project will (i) be in the best interest of the City, Western Massachusetts and the Commonwealth; (ii) contribute to the objectives of providing and preserving gainful employment opportunities for residents of the City; (iii) support and contribute to the economic growth of the City, Western Massachusetts and the Commonwealth including supporting and utilizing local and small businesses, minority, women and veteran business enterprises; (iv) attract commercial and industrial enterprises, promote the expansion of existing enterprises, combat community blight and deterioration, and improve the quality of life for residents of the City; (v) support and promote tourism in Western Massachusetts and the City; and (vi) provide the City and the Commonwealth with additional tax revenue.

### **2.2 Developer’s Rights**

Upon (i) the approval of this Agreement by the City Council; (ii) the execution hereof by the Mayor and other necessary City officials; and (iii) the approval by the City Council to hold the Election prior to a positive determination of suitability having been issued to the Developer by the Commission pursuant to the Commission’s Request for Application – Phase One, the Developer shall have the right and obligation to:

(a) request that the City direct the clerk of the City to set a date certain for the Election, provided that Developer has satisfied the Closing Conditions; and

- (b) submit this Agreement to the Commission as part of the Developer's application for a Category 1 license, provided that there is an affirmative vote by the City's voters in the Election.

Developer and the City acknowledge that the Developer and City shall each have the right to cancel the Election requested by Developer pursuant to Section 2.2(a) if Developer has been found not qualified by the Commission to proceed to the Request for Application - Phase Two of the selection process ("**RFA-2**") before the date set for such Election. In addition, prior to the Election, Developer and the City shall cooperate to comply with the provisions of emergency regulation 205 CMR 115.05(6).

### **2.3 Closing Conditions**

The Developer's rights set forth in Section 2.2(a) shall be subject to the satisfaction, prior to or on the Closing Date, of the following conditions precedent, each in form and substance reasonably satisfactory to the City (collectively, the "**Closing Conditions**"):

- (a) the City's receipt of the following items (the "**Closing Deliveries**"), which items shall be delivered by Developer at the offices of the City's Law Department, 36 Court Street, Room 210, Springfield, Massachusetts 01103, on or before 10:00 a.m. local time, on the Closing Date:
  - (i) The Guaranty and Keep Well Agreement, executed by Parent Company;
  - (ii) The Transfer Restriction Agreements, executed by Parent Company and all Restricted Owners;
  - (iii) An opinion of counsel from Developer to the City covering customary organizational, due authority, conflict with other obligations, enforceability and other matters reasonably requested by the City;
  - (iv) The Closing Certificate;
  - (v) The Notice of Agreement;
  - (vi) The Tax Affidavit, executed by an authorized party;
  - (vii) Evidence of payment of Developer's share of due and unpaid Development Process Cost Fees incurred to date, if any;
  - (viii) A form of release attached hereto as Exhibit N, duly executed by Developer;

(ix) Board resolutions of Developer, properly certified, approving this Agreement and authority to execute; and

(x) The Radius Restriction Agreements, executed by Parent Company.

(b) No Default or Event of Default shall have occurred and be continuing hereunder.

(c) The representations and warranties of Developer contained in Section 5.1 are true and correct in all material respects at and as of the Closing Date as though then made.

(d) No material adverse change shall have occurred in the condition (financial or otherwise) or business prospects of Developer or Parent Company.

## **2.4 Term**

The term of this Agreement shall commence upon the approval of this Agreement by the City Council and execution by the Mayor and other necessary City officials and shall continue until the expiration of the Category 1 license issued to the Developer unless (i) sooner terminated as provided herein and except as to those provisions that by their terms survive or (ii) extended as provided in the next sentence. The term of this Agreement shall automatically be extended upon any and each renewal of the Developer's Category 1 license; provided that at the time of each extension Developer has received no written notice of an Event of Default, for a default which remains uncured. The term of this Agreement, including any extensions thereof, shall be referred to as the "**Term**".

## **3. Project**

The Developer shall use its reasonable efforts to promptly apply for, pursue and obtain all Approvals necessary to design, develop, construct and operate the Project. Until all such Approvals are obtained, the Developer shall provide the City, from time to time upon its request, but not more often than once each calendar month following issuance of a Category 1 license to Developer, with a written update of the status of such Approvals. If any Approvals are denied or unreasonably delayed, the Developer shall provide prompt written notice thereof to the City, together with Developer's written explanation as to the circumstances causing such delay or resulting in such denial and Developer's plan to cause such Approvals to promptly be issued. Upon obtaining such Approvals, the Developer shall develop and construct the Project in material compliance with the Concept Design Documents and the Project Description. To determine compliance with the Concept Design Documents and the Project Description, Developer shall submit the following to the City: (i) no later than six (6) months following the issuance by the Commission of a Category 1 license to Developer having no material conditions that are unacceptable to Developer, final Project design documents; (ii) no later than twelve (12) months following the issuance by the Commission of a Category 1 license to Developer having no material conditions that are unacceptable to Developer, fifty percent (50%) construction documents for the Project, and (iii) no later than seventeen (17) months following the issuance

by the Commission of a Category 1 license to Developer having no material conditions that are unacceptable to Developer, ninety-five percent (95%) construction documents for the Project. The City acknowledges and agrees that, notwithstanding the specific Concept Design Documents and the Project Description, the Developer may alter the Project and its Components provided that any material change, whether in scope or size, to the Project and/or its Components (including the addition or deletion of a Component) shall require the approval of the City which approval shall not unreasonably be withheld or delayed. The City agrees that the Mayor shall have the exclusive authority, on behalf of the City, to determine whether any changes proposed by Developer in the Project are material, as such term is defined under the laws of the Commonwealth. So long as Gaming is permitted by law to be conducted at the Project, the primary business to be operated at the Project shall be Gaming.

### **3.1 Performance of Work**

(a) Developer shall ensure that all Work is performed in a good and workmanlike manner and in accordance with all Governmental Requirements and First Class Project Standards. Without limiting the generality of the foregoing sentence, Developer shall ensure that all materials used in the construction of the Project shall be of first class quality, and the quality of the Finish Work shall meet or exceed First Class Project Standards; provided, however, the City agrees that Developer shall not be obligated to precisely match the type of finish and materials that currently exist in the facility owned by Developer's Affiliate(s) which serves as the comparative standard upon which the First Class Project Standards were developed, as long as the Project is generally designed and constructed to be of a general quality comparable to the components of the facility identified in the First Class Project Standards.

(b) Developer shall ensure that the Project is constructed utilizing sustainable development principles in accordance with Section 18(8) of the Act determined as of the date of submission of its response to the RFA-2 to the Commission.

### **3.2 Duty to Complete; Commencement of Operations**

The Developer shall Complete the Project not later than the Construction Completion Date, achieve Operations Commencement not later than the Operations Commencement Date and achieve Final Completion not later than the Final Completion Date. Upon the occurrence of an event of Force Majeure, the Construction Completion Date, Final Completion Date, and the Operations Commencement Date, shall each be extended on a day-for-day basis but only for so long as the event of Force Majeure is in effect, plus such period of time not to exceed one hundred and twenty (120) days, in each case, as the Developer may require under the circumstances to remobilize its design and construction team, including its architect, general contractor, subcontractors and vendors of goods and services.

### **3.3 Project Operations**

(a) Developer agrees to diligently operate and maintain the Project and all other support facilities for the Project owned or controlled by Developer in accordance with all Governmental Requirements and First Class Project Standards and in compliance with this Agreement.

(b) Developer covenants that, at all times following the Operations Commencement Date, it will, directly or indirectly: (i) continuously operate and keep open the Casino for Casino Gaming Operations for the maximum hours permitted under Governmental Requirements and in accordance with City ordinances; (ii) continuously operate and keep open for business to the general public twenty-four (24) hours each day, every day of the calendar year, the hotel Component and the parking Component; and (iii) operate and keep open for business to the general public all Components (other than hotel Component, parking Component and Components where Casino Gaming Operations are conducted) in accordance with commercially reasonable hours of operation. Notwithstanding the foregoing, Developer shall have the right from time to time in the ordinary course of business and without advance notice to City, to close portions of any Component for (x) such reasonable periods of time as may be required for repairs, alterations, maintenance, remodeling, or for any reconstruction required because of casualty, condemnation, governmental order or Force Majeure or (y) such periods of time as may be directed by a Governmental Authority; provided, however, no such direction shall relieve Developer of any liability as a result of such closure to the extent caused by an act or omission of Developer as provided for otherwise in this Agreement.

### **3.4 Casino Liaison Office; Community Advisory Committee**

(a) In order to facilitate and expedite Developer's obligations to develop and construct the Project, the City shall establish and maintain, at the City's expense, until Operations Commencement a casino liaison office which will coordinate the efforts of the various City departments involved in the development and construction of the Project and serve as an information resource for the Developer and as a representative and facilitator for Developer in the processing of its permitting, licensing and regulatory approvals, as more specifically set forth in Section 13.9. The City agrees that the casino liaison office will be charged with and authorized to perform the obligations provided hereunder.

(b) Upon Operations Commencement, the City and Developer will establish a Community Advisory Committee. The Community Advisory Committee shall be comprised of eleven (11) members as follows: three (3) members shall be appointed by the Mayor, three (3) members shall be appointed by the President of the City Council, three (3) members shall be appointed by Developer, one (1) member shall be appointed by the President of the Affiliated Chambers of Commerce of Greater Springfield and one (1) member shall be appointed by the Massachusetts Latino Chamber of Commerce (Springfield office). Members of the Community Advisory Committee shall serve at the pleasure of their respective appointing authorities. The Community Advisory Committee shall meet quarterly the first twenty-four (24) months following Operations

Commencement, and twice annually thereafter, or as otherwise needed, at locations within the City or at the Project according to procedures established by the Community Advisory Committee. The Community Advisory Committee may make non-binding recommendations to the Developer and the City concerning matters involving the Project which directly impact the City and its residents.

### **3.5 Property Tax Matters**

Massachusetts General Laws Chapter 121A and Massachusetts Regulations 760 CMR 25.00 (collectively, "**Chapter 121A**") authorize the creation of single-purpose, project-specific, for-profit companies for undertaking commercial projects in areas which are considered to be decadent, substandard or blighted. Chapter 121A sets forth the procedures for negotiating an alternative tax payment which benefits a municipality by: (i) creating agreed upon tax payments for a period of years; (ii) eliminating the uncertainty and expense associated with the property tax assessment process; (iii) allowing the municipality to use the full amount of the tax payments without regard to possible abatement claims by the taxpayer which would require the escrow of a portion of the tax payments until such claims are resolved; and (iv) allowing the municipality to receive advance tax payments on dates certain during development and construction of the Project. The Massachusetts Department of Housing and Community Development ("**DHCD**") is responsible for administering Chapter 121A programs for municipalities other than the City of Boston. Chapter 121A requires that a private developer enter into an agreement with the municipality as described in Section 6A ("**Section 6A**") of Chapter 121A (a "**Section 6A Agreement**") and a regulatory agreement with DHCD as described under Section 18 of Chapter 121A. Section 6A Agreements set forth the formula for calculating the annual tax payments to be made by the private developer, the duration of the agreement and any special conditions agreed to by the private developer and the municipality. The City has entered into numerous Section 6A Agreements with private developers. Prior to the Closing Date, the City and Developer agree to enter into a Section 6A Agreement upon the terms and conditions set forth on Exhibit U and to cooperate in obtaining all other 121A Approvals. Either Party shall have the right to terminate this Agreement by written notice to the other if all 121A Approvals are not obtained by the Closing Date and, notwithstanding anything to the contrary, such termination shall relieve the City, the Developer, the Parent Company and any Affiliates from any further obligations under this Agreement, except for any payments due pursuant to Section 4.4(b). No later than the date that is three (3) months following the issuance by the Commission of a Category 1 license having no material conditions that are unacceptable to Developer (the "**First Prepayment Date**"), Developer shall make a prepayment to the City of Four Million Dollars (\$4,000,000); on the twelve (12) month anniversary date of the First Prepayment Date, Developer shall make a prepayment to the City of Three Million Dollars (\$3,000,000); and on the twenty-four (24) month anniversary date of the First Prepayment Date, Developer shall make a prepayment to the City of Three Million Dollars (\$3,000,000) (collectively, the "**Prepayments**").



## 4. Other Obligations of Developer

### 4.1 Community Impact Payments

(a) The Developer recognizes and acknowledges that the construction and operation of the Project will cause direct and indirect impacts on the City which will require that the City and other governmental units of the City provide continuing mitigation of Community Impacts so that City residents, including the additional temporary and permanent workforce and the increased number of expected visitors to the City related to the Project, will receive substantially the same level of health, safety, welfare and educational services as currently are provided to City residents and visitors. The Developer also recognizes and acknowledges that (i) the ultimate responsibility to mitigate Community Impacts is with the City and other governmental units of the City and therefore the City and such other governmental units must have the authority to determine the planning, training of personnel, purchase of equipment and delivery of services needed to mitigate Community Impacts; and (ii) the identification of and need for mitigation of Community Impacts may change over time.

(b) The Developer shall be obligated to make the Community Impact Payments according to the schedule set forth on Exhibit A, which exhibit is incorporated by reference as part of this Agreement. In addition, the Parties shall meet no later than ninety (90) days prior to (i) the fifth anniversary of Operations Commencement and (ii) every fifth anniversary of such date thereafter throughout the Term, for the purpose of determining whether the Community Impact Payments and the timing thereof are adequate, deficient, or excessive, to mitigate the Community Impacts due either to errors in the estimates of Community Impacts (including the cost of mitigating Community Impacts) or changed circumstances relating to the Project, its employees, or its operations. At each such meeting the City shall identify and present to the Developer a list of and explanation for such Community Impact Payments, if any, and the Developer shall have the right to present to the City a list of and explanation for any overfunding of such Community Impact Payments, and the Parties shall negotiate in good faith the amount of and timing for Community Impact Payments to be made by Developer; provided, however, that the Community Impact Payments shall be increased as a result of such negotiations only if the City can demonstrate by a study conducted by an independent consulting firm jointly selected and engaged by the Developer and City (the cost of which study shall be paid fifty percent (50%) by the City and fifty percent (50%) by Developer) that the Community Impacts are (1) not caused in substantial part by development projects independent of the Project or by any changes in the overall funding by the City of such services through its annual funding and budgeting process; (2) based upon the additional temporary and permanent workforce and the increased number of expected visitors to the City related to the Project not receiving substantially the same level of health, safety, welfare and educational services as

are provided to City residents and visitors as of the date of this Agreement; and (3) not based upon categories of services other than police, fire, emergency medical services and education.

#### 4.2 Community Development Grants

(a) On the later of the Closing Date or July 1, 2013, Developer shall make a One Million Dollar (\$1,000,000) unrestricted grant to the City. In the event the Developer is not awarded a Category 1 license by the Commission having no material conditions that are unacceptable to Developer, the amount of such grant shall be credited by the City against the purchase price for 29 Howard Street (the Armory Building) at the closing of such purchase.

(b) In addition, recognizing the fact that: (i) workforce development requires a healthy and an educated workforce; and (ii) the Act requires that the Developer demonstrate how Developer proposes to address community development, the City Treasurer shall establish a separate fund (the “**Community Development Fund**”) for the purpose of accepting and administering (pursuant to municipal finance appropriation laws and policies) annual grants from the Developer in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), subject to adjustment as provided in Exhibit F (the “**Community Development Grant(s)**”). The Community Development Grants shall be paid as provided in Exhibit F and shall be used by the City for the purposes set forth in Exhibit F.

#### 4.3 Additional Commitments

Developer recognizes and acknowledges that the City’s decision to enter into this Agreement is based, among other things, on Developer’s commitments as set forth in Developer’s responses to the RFQ/P. Such commitments, as modified in the exhibits indicated below, further the objectives of the Act and are essential criteria upon which the Commission will make its decision as to whether to issue a Category 1 license to Developer. Accordingly, Developer agrees to timely perform each of the Additional Commitments, each of which is a material inducement to the City to enter into this Agreement. The Additional Commitments are set forth on the following exhibits and are hereby incorporated by reference as a part of this Agreement:

- (a) Exhibit B “Business Operations and Marketing Obligations”
- (b) Exhibit C “Employment, Workforce Development and Opportunities for Local Businesses Obligations”
- (c) Exhibit D “Obligations to Mitigate Potential Impacts on Surrounding Communities”
- (d) Exhibit E “Other Obligations of Developer”

#### 4.4 Payment of Development Process Cost Fees

(a) Blue Tarp shall pay the due and unpaid Development Process Cost Fees on or before the fifth (5<sup>th</sup>) Business Day following the execution of this Agreement by Blue Tarp, and thereafter in accordance with the procedures set forth in Section 4.4(b). Any such Development Process Cost Fees due the City's consultants shall be paid by Blue Tarp directly to such consultants.

(b) The City shall invoice Blue Tarp from time to time, but no more frequently than monthly for the Development Process Costs incurred since the prior monthly invoice. Blue Tarp shall pay such invoiced Development Process Cost Fees within fifteen (15) Business Days from the date of the invoice, directly to the third parties with respect to whom the City incurred the Development Process Cost Fees in accordance with the instructions provided in the invoice. Such third parties shall be intended third-party beneficiaries of Blue Tarp's obligation to pay Development Process Cost Fees. The City invoice provided by the City shall include a summary of the charges and such detail as City reasonably believes is necessary to inform Blue Tarp of the nature of the costs and expenses, subject to privilege and confidentiality restrictions. At Blue Tarp's request, the City shall consult with Blue Tarp on the necessity for such charges during the five (5) Business Days period immediately subsequent to Blue Tarp's receipt of such summary. Blue Tarp's obligation to pay Development Process Cost Fees incurred by the City prior to any termination of the Agreement shall survive termination of the Agreement.

#### 4.5 Radius Restriction

(a) For purposes of this Section 4.5, "**Restricted Party**" means any Person who directly or indirectly owns any interest in Developer or in any Casino Manager which is an Affiliate of Parent Company other than any Person who is a Restricted Party due solely to that Person's ownership of (x) a direct or indirect interest in a Publicly Traded Corporation or (y) five percent (5%) or less direct or indirect interest in Developer. Neither Developer, Parent Company, any Casino Manager which is an Affiliate of Parent Company, Developer or any Restricted Party, nor any Restricted Party, shall directly or indirectly: (i) manage, operate or become financially interested in any casino within the Restricted Area other than the Project; (ii) make application for any franchise, permit or license to manage or operate any casino within the Restricted Area other than the Project; or (iii) respond positively to any request for proposal to develop, manage, operate or become financially interested in any casino within the Restricted Area other than the Project (all of the previous clauses (i), (ii) and (iii) comprising the "**Radius Restriction**"). Developer shall cause Parent Company, any Casino Manager which is an Affiliate of Parent Company, Developer or any Restricted Party and each Restricted Party requested by City, to execute and deliver to City at Closing

an agreement to abide by the Radius Restriction. The restrictions in this Section 4.5(a) shall not apply to internet based gaming.

(b) If Parent Company, Developer or any Restricted Party acquires or is acquired by a Person such that, but for the provisions of this Section 4.5, either Parent Company, Developer or any Restricted Party or the acquiring Person would be in violation of the Radius Restriction as of the date of acquisition, then such party shall have five (5) years in which to comply with the Radius Restriction.

(c) It is the desire of the Parties that the provisions of this Section 4.5 be enforced to the fullest extent permissible under the laws and public policies in each jurisdiction in which enforcement might be sought. Accordingly, if any particular portion of this Section 4.5 shall ever be adjudicated as invalid or unenforceable, or if the application thereof to any party or circumstance shall be adjudicated to be prohibited by or invalidated by such laws or public policies, such section or sections shall be (i) deemed amended to delete therefrom such portions so adjudicated or (ii) modified as determined appropriate by such a court, such deletions or modifications to apply only with respect to the operation of such section or sections in the particular jurisdictions so adjudicating on the parties and under the circumstances as to which so adjudicated.

(d) The provisions of this Section 4.5 shall survive any termination of this Agreement, subject to Section 13.26.

(e) The provisions of this Section 4.5 shall lapse and be of no further force or effect ten (10) years after the Operations Commencement.

#### **4.6 Statutory Basis for Fees; Default Rate**

(a) Developer recognizes and acknowledges that the Community Impact Payments and the Development Process Cost Fees (collectively, the “**Developer Payments**”) are: (i) authorized under Section 15(8) of the Act and Massachusetts General Law Chapter 40, Section 22F; (ii) are being charged to Developer in exchange for particular governmental services which benefit Developer in a manner not shared by other members of society; (iii) paid by Developer by choice in that Developer has voluntarily participated in the RFQ/P process and would not be obligated to pay such amounts but for such participation; and (iv) paid not to provide additional revenue to the City but to compensate the City and other governmental units for providing Developer with the services required to allow Developer to construct and operate the Project and to mitigate the impact of Developer’s activities on the City and its residents.

(b) All amounts payable by Developer hereunder, including Developer Payments, shall bear interest at the Default Rate from the due date (but if no due

date is specified, then fifteen (15) Business Days from demand for payment) until paid.

#### **4.7 Notice of Agreement**

(a) The Parties agree that the Notice of Agreement shall not in any circumstance be deemed to modify or to change any of the provisions of this Agreement.

(b) The restrictions imposed by and under Sections 4.8, 8.1 and 8.2 (collectively, the “**Restrictions**”) will be construed and interpreted by the Parties as covenants running with the land. Developer agrees for itself, its successors and assigns to be bound by each of the Restrictions. The City shall have the right to enforce such Restrictions against Developer, its successors and assigns to or of the Project or any part thereof or any interest therein.

#### **4.8 Financing**

(a) Developer agrees to deliver to the City for its review, but not approval, relevant documents relating to each Financing.

(b) If any interest of Developer shall be transferred by reason of any foreclosure, trustee’s deed or any other proceeding for enforcement of the Mortgage, Mortgagee (or any Nominee of the Mortgagee) shall agree to assume the obligations of Developer hereunder except as otherwise provided in this Section 4.8. As used in this Agreement, the word “**Nominee**” shall mean a Person who is designated by Mortgagee to act in place of the Mortgagee solely for the purpose of holding title to the Project and performing the obligations of Developer hereunder. Notwithstanding the foregoing, City shall not have the right to terminate this Agreement as a result of Mortgagee failing to assume the obligations of Developer hereunder unless Mortgagee or its Nominee fails to do so within six (6) months following Mortgagee’s acquisition of the Project; it being acknowledged that Mortgagee may intend to transfer its interest in the Project to a Nominee and such Nominee shall assume the applicable obligations of Developer hereunder.

(c) In no event may Developer or any Finance Affiliate represent that City is or in any way may be liable for the obligations of Developer or any Finance Affiliate in connection with (i) any financing agreement or (ii) any public or private offering of securities. If Developer or any Finance Affiliate shall at any time sell or offer to sell any securities issued by Developer or any Finance Affiliate through the medium of any prospectus or otherwise that relates to the Project or its operation, Developer shall (i) first submit such offering materials to City for review with respect to Developer’s compliance with this Section 4.8 and (ii) do so only in compliance with all applicable federal and state securities laws,

and shall clearly disclose to all purchasers and offerees that (y) the City shall not in any way be deemed to be an issuer or underwriter of such securities, and (z) the City and its officers, directors, agents, and employees have not assumed and shall not have any liability arising out of or related to the sale or offer of such securities, including any liability or responsibility for any financial statements, projections, forward-looking statements or other information contained in any prospectus or similar written or oral communication. Developer agrees to indemnify, defend or hold the City and its respective officers, directors, agents and employees free and harmless from, any and all liabilities, costs, damages, claims or expenses arising out of or related to the breach of its obligations under this Section 4.8.

(d) Neither entering into this Agreement nor any breach of this Agreement shall defeat, render invalid, diminish or impair the lien of any mortgage on the Project or the Project Site made in good faith and for value.

(e) Provided Developer has provided the City with written notice of the existence of any Mortgage together with Mortgagee's address and a contact party, simultaneously with the giving to Developer of any notice of default under this Agreement, City shall give a duplicate copy thereof to any Mortgagee by registered mail, return receipt requested, and no such notice to Developer shall be effective unless a copy of the same has been so sent to Mortgagee. Any Mortgagee shall have the right to cure any default by Developer under this Agreement within the same period by which Developer is required to effectuate any such cure plus (a) an additional thirty (30) days for any monetary default hereunder and (b) an additional ninety (90) days for any non-monetary default hereunder; provided that any such ninety (90) day period shall be extended to the extent that the default is of the nature that it cannot reasonably be expected to be cured within such ninety (90) day period and Mortgagee is diligently prosecuting such cure to completion or otherwise has commenced action to enforce its rights and remedies under any Mortgage to recover possession of the Project. In all cases, City agrees to accept any performance by Mortgagee of any obligations hereunder as if the same had been performed by Developer, and shall not terminate the Agreement until the requisite time periods for cure by Mortgagee have been exhausted pursuant to the terms hereof.

(f) In the event of a non-monetary default which cannot be cured without obtaining possession of the Project or that is otherwise personal to Developer and not susceptible of being cured, the City will not terminate this Agreement without first giving Mortgagee reasonable time within which to obtain possession of the Project, including possession by a receiver, or to institute and complete foreclosure proceedings. Upon acquisition of Developer's interest in the Project and performance by Mortgagee of all covenants and agreements of Developer, except those which by their nature cannot be performed or cured by any person

other than the Developer, the City's right to terminate this Agreement shall be waived with respect to the matters which have been cured by Mortgagee.

#### **4.9 Closing Deliveries**

By the Closing Date, Developer will deliver or cause to be delivered all of the Closing Deliveries.

#### **4.10 Land Use**

Developer and the City agrees to (i) cooperate with each other to rezone the Project Site to take into account all elements of the Project; and (ii) participate in a district redevelopment strategic plan to provide an implementation blueprint to stimulate and direct the broader economic development associated with the Project.

#### **4.11 Health Impact Assessment**

Developer agrees to cooperate in the preparation of a health impact assessment to be conducted by Partners for a Healthier Community, Inc. being funded by the Pew Trusts which will assess the health impacts of a casino located in the City. City acknowledges that Developer has no financial responsibility relating to the preparation of a health impact assessment.

#### **4.12 Purchase of Slot Machines**

Developer agrees to purchase, whenever possible, domestically manufactured slot machines for installation in the Casino in accordance with Section 18(15) of the Act.

#### **4.13 State Lottery Matters**

Developer agrees to comply with all of the provisions of Section 15(1) of the Act and rules and regulations of the Commission thereto.

### **5. Representations and Warranties**

#### **5.1 Representations and Warranties of Developer**

As a material inducement to the City to enter into this Agreement, Developer represents and warrants to City that each of the following statements is true and accurate as of the date of this Agreement and the Closing Date, except as otherwise indicated herein or in the exhibits referenced herein:

- (a) Developer is duly organized, validly existing and in good standing under the Governmental Requirements of its jurisdiction. Developer has all requisite organizational power and authority to own and operate its properties, carry on its business and enter into and perform its obligations under this Agreement and all other agreements and undertakings to be entered into by Developer in connection herewith.

(b) Each financial statement, document, report, certificate, written statement and description delivered by Developer hereunder will be when delivered complete and correct in all material respects.

(c) Developer's responses to the RFQ/P, at the time delivered to the City, do not contain a materially untrue statement or omit to state any material fact which would cause such statement to be materially misleading.

(d) Developer is not a party to any agreement, document or instrument that has a Material Adverse Effect on the ability of Developer to carry out its obligations under this Agreement.

(e) Developer currently is in compliance with all Governmental Requirements, its organizational documents and all agreements to which it is a party. Neither execution of this Agreement nor discharge by Developer of any of its obligations hereunder shall cause Developer to be in violation of any Governmental Requirement, its organizational documents or any agreement to which it is a party.

(f) This Agreement constitutes, and each of the Guaranty and Keep Well Agreement and the Transfer Restriction Agreement when duly executed and delivered by Parent Company will constitute, legal, valid and binding obligations of Developer and Parent Company, respectively, enforceable in accordance with their respective terms subject to applicable bankruptcy, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and subject to general equitable principles which may limit the right to obtain equitable remedies.

(g) The Developer owns, or has enforceable rights to obtain good title to all parcels constituting the Project Site other than (i) City streets for which vacation is required and (ii) to the extent applicable, the City Parcels, which the Developer has agreements to purchase subject to City approval. Developer has no knowledge of any facts or any past, present or threatened occurrence that could preclude or impair Developer's ability to obtain good title to any parcel constituting part of the Project Site which it does not own as of the date of this Agreement.

## **5.2 Representations and Warranties of the City**

The City represents and warrants to Developer that each of the following statements is true and accurate as of the Closing Date:

(a) The City is a validly existing municipal corporation and has all requisite power and authority to enter into and perform its obligations under this Agreement, and all other agreements and undertakings to be entered into by the City in connection herewith.



(b) This Agreement is binding on the City and is enforceable against the City in accordance with its terms, subject to applicable principles of equity and insolvency laws.

## 6. Covenants

### 6.1 Affirmative Covenants of Developer

The Developer covenants that throughout the Term, the Developer shall:

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence.

(b) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect the rights, licenses, registrations, permits, certifications, Approvals, consents, franchises, patents, copyrights, trade secrets, trademarks and trade names that are used in the conduct of its businesses and other activities, and comply with all Governmental Requirements applicable to the operation of its business and other activities, in all material respects, whether now in effect or hereafter enacted.

(c) Furnish to the City:

(i) Within the later to occur of: (x) one hundred and five (105) days after the end of each calendar year of Developer commencing with the calendar year in which the Operation Commencement occurs and (y) two (2) Business Days following the date on which Developer or the Parent Company, directly or through an Affiliate, files annual financial statements with the Securities and Exchange Commission (the “**SEC**”) covering the Project, balance sheets, and statements of operations, owners’ equity and cash flows of the Developer showing the financial condition and operations of the Developer as of the close of such year and the results of operations during such year, all of the foregoing consolidated financial statements to be audited by a firm of independent certified public accountants of recognized national standing acceptable to the City and accompanied by an opinion of such accountants without material exceptions or qualifications.

(ii) Within the later to occur of: (x) forty-five (45) days after the end of each fiscal quarter of Developer commencing with the fiscal quarter in which the Operation Commencement occurs and (y) two (2) Business Days following the date on which Developer or the Parent Company, directly or through an Affiliate, files its quarterly financial statements with the SEC covering the Project, financial statements (including balance sheets and statements of cash flow

and operations) showing the financial condition and results of operations of the Developer as of the end of each such fiscal quarter and for the then elapsed portion of the current fiscal year, accompanied by a certificate of an officer of the Developer that such financial statements have been prepared in accordance with GAAP, consistently applied, to the extent applicable.

- (iii) Promptly upon the receipt thereof, but subject to the distribution limitations and restrictions contained therein, copies of all reports, if any, submitted to Developer by independent certified public accountants in connection with each annual, interim or special audit or review of the financial statements of Developer made by such accountants, including any comment letter (again, subject to the distribution limitations and restrictions contained therein) submitted by such accountants to management in connection with any annual review.
  - (iv) Within five (5) Business Days after submission to the Commission, accurate and complete copies of reports submitted pursuant to Sections 21(a)(12), 21(a)(23), 21(a)(24) and 23(a) of the Act.
  - (v) On the same date that Developer provides documentation in compliance with Section 6.1(c)(i) following the first full calendar year following Operations Commencement, a detailed statistical report covering those Developer's obligations set forth on Exhibit C which are not covered by reports delivered under Section 6.1(c)(iv) for the prior calendar year.
  - (vi) From time to time, such other information regarding the compliance by Developer with the terms of this Agreement or the affairs, operations or condition (financial or otherwise) of Developer or as the City may reasonably request.
- (d) No later than ninety (90) days after the end of each fiscal year of Developer commencing with the fiscal year in which the Closing Date occurs, Developer shall deliver to City:
- (i) a detailed report on Developer's obligations to comply with its Additional Commitments in such form as may reasonably be requested by the City from time to time;
  - (ii) a written description of any administrative determination, binding arbitration decision, or judgment rendered by a court of competent jurisdiction finding a willful and material violation by Developer

of any federal, state or local laws governing equal employment opportunity during such fiscal year; and

- (iii) a statement as to whether Developer is aware of any non-compliance with the radius restrictions set forth in Section 4.5 or the restrictions on transfer set forth in Article 8.

(e) Deliver to the City prompt written notice of the following (but in no event later than five (5) Business Days following the actual knowledge thereof by Developer):

- (i) The issuance by any Governmental Authority of any injunction, order, decision, notice of any violation or deficiency, asserting a material violation of Governmental Requirements applicable to Developer or the Project, together with copies of all relevant documentation with respect thereto.
- (ii) The notice, filing or commencement of or any threatened notice, filing or commencement of, any action, suit or proceeding by or against Developer whether at law or in equity or by or before any court or any Governmental Authority and that, (A) if adversely determined against Developer, could result in injunctive relief or could result in uninsured net liability in excess of Five Million Dollars (\$5,000,000) in the aggregate (in either case, together with copies of the pleadings pertaining thereto) or (B) seeks to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the Agreement, the RFQ/P, the casino selection process by the City, or the issuance of a Category 1 license to Developer by the Commission.
- (iii) To the knowledge of the Developer, any Default or Event of Default, specifying the nature and extent thereof and the action (if any) that is proposed to be taken with respect thereto.
- (iv) Any Transfer under Article 8 specifying the nature thereof and the action (if any) that is proposed to be taken with respect thereto.
- (v) To the knowledge of the Developer, any development in the business or affairs of Developer or Parent Company that could reasonably be expected to have a Material Adverse Effect.

(f) Maintain financial records in accordance with GAAP, or the equivalent thereof, and permit an authorized representative designated by City, upon reasonable notice and at a reasonable time during normal business hours, to visit and inspect the properties and financial records and to make extracts from such financial records, all at the Developer's reasonable expense, and permit any

authorized representative designated by the City to discuss the affairs, finances and conditions of the Developer with any executive officer or other manager or officer of the Developer as such representative shall reasonably deem appropriate, and the Developer's independent public accountants.

(g) Make, or cause to be made, annual capital expenditures to the Project consistent with Section 21(a)(4) of the Act.

## **6.2 RFA-2 Response**

The Developer shall:

(a) Promptly, completely and accurately submit to the Commission its completed response to the Commission's RFA-2 (the "**RFA-2 Response**") together with all other information as the Commission may from time to time require from Developer in connection with its application for a Category 1 license, make all payments required under the Act to be made by an applicant for a Category 1 license and use its best efforts to satisfy all criteria necessary to be issued a Category 1 license by the Commission having no material conditions that are unacceptable to Developer.

(b) Deliver a copy of the RFA-2 Response to the City simultaneous with or immediately following its submission, and reasonably consult with the City in advance of such submission, as to its content.

(c) Consult with the City prior to making any formal presentation to the Commission concerning its RFA-2 Response.

(d) Prior to the Commission issuing a Category 1 license to Developer, keep the City informed as to all material contacts and communications between the Commission and its staff and Developer so as to enable the City to evaluate the likelihood and timing of the Commission issuing an unconditional Category 1 license to Developer.

## **6.3 Negative Covenants of Developer**

The Developer covenants that throughout the Term, the Developer shall not:

(a) Upon the occurrence of a Default or an Event of Default, and until such time that such Default or Event of Default is cured, declare or pay any dividends or make any other payments or distributions to any Restricted Owners, except for Permitted Affiliate Payments.

(b) Enter into any Financing unless the Mortgagee under the Financing having a right to foreclose on all or part of the Project executes an agreement in form and

substance satisfactory to the City in the exercise of its reasonable judgment which is consistent with Section 4.8(b).

(c) Directly or indirectly through one or more intermediary companies engage in or permit any Transfer of the Project or any ownership interest therein other than a permitted Transfer.

#### **6.4 Confidentiality of Deliveries**

To the extent that the Act, other laws of the Commonwealth or any other Governmental Requirements, in the reasonable opinion of City Solicitor, allow confidential treatment of the items Developer is obligated to furnish to the City under Sections 6.1(c), (d), or (e)(i), (ii), (iv) and (v) (the “**Developer’s 6.1 Items**”), the City agrees to keep such Developer’s 6.1 Items confidential (for so long as they are entitled to confidential treatment) and shall not disclose them except (i) to such City officials and consultants on a need-to-know basis; and/or (ii) pursuant to court order. Further, to the extent that Developer requests confidential treatment of any documentation or information required to be provided to the City under this Agreement, and such documentation and information may be protected from disclosure by the City under Applicable Law as reasonably determined by the City Solicitor, the City shall maintain such documentation and information confidential to the extent permitted by Applicable Law.

### **7. Default**

#### **7.1 Events of Default**

The occurrence of any of the following shall constitute an “**Event of Default**” under this Agreement:

(a) Subject to Force Majeure, if Developer shall materially default in the performance of any (i) Governmental Requirement; or (ii) commitment, agreement, covenant, term or condition (other than those specifically described in any other subparagraph of this Section 7.1) of this Agreement, and in such event if Developer shall fail to remedy any such default within thirty (30) days after receipt of written notice of default with respect thereto; provided, however, that if any such default is reasonably susceptible of being cured within ninety (90) days, but cannot with due diligence be cured by the Developer within thirty (30) days, and if the Developer commences to cure the default within thirty (30) days and diligently prosecutes the cure to completion, then the Developer shall not during such period of diligently curing be in default hereunder as long as such default is completely cured within ninety (90) days of the first notice of such default to Developer;

(b) If Developer shall make a general assignment for the benefit of creditors or shall admit in writing its inability to pay its debts as they become due;

(c) If Developer shall file a voluntary petition under any title of the United States Bankruptcy Code, as amended from time to time, or if such petition is filed against Developer and an order for relief is entered, or if Developer shall file any petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or any future federal bankruptcy code or any other present or future applicable federal, state or similar statute or law, or shall seek or consent to or acquiesce to or suffer the appointment of any trustee, receiver, custodian, assignee, liquidator or similar official of Developer, or of all or any substantial part of its properties or of the Project or any interest therein of Developer;

(d) If within ninety (90) days after the commencement of any proceeding against Developer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future federal bankruptcy code or any other present or future applicable federal, state or similar statute or law, such proceeding shall not have been dismissed; or if within ninety (90) days after the appointment, without the consent or acquiescence of Developer of any trustee, receiver, custodian, assignee, liquidator or other similar official of Developer or of all or any substantial part of its properties or of the Project or any interest therein of Developer, such appointment shall have not been vacated or stayed on appeal or otherwise, or if within ninety (90) days after the expiration of any such stay, such appointment shall not have been vacated;

(e) If any material representation or warranty made by Developer hereunder shall prove to have been false or misleading in any material respect as of the time made or furnished;

(f) If a default shall occur, which has not been cured within any applicable cure period, under, or if there is any attempted withdrawal, disaffirmance, cancellation, repudiation, disclaimer of liability or contest of obligations (other than a contest as to performance of such obligations) of, the Guaranty and Keep Well Agreement, any Transfer Restriction Agreement or any Radius Restriction Agreement;

(g) If Developer fails to maintain in full force and effect policies of insurance meeting the requirements of Article 9 and in such event Developer fails to remedy such default within five (5) Business Days after Developer's receipt of written notice of default with respect thereto from City;

(h) If the construction of the Project (inclusive of offsite activities) at any time is discontinued or suspended for a period of ninety (90) consecutive calendar days, subject to Force Majeure, and is not restarted prior to Developer's receipt of written notice of default hereunder;

- (i) Subject to an event of Force Majeure, if Operations Commencement does not occur by the Operations Commencement Date;
- (j) If Developer fails to make any Developer Payments or any other payments required to be made by Developer hereunder as and when due, and fails to make any such payment within ten (10) days after receiving written notice of default from the City.

## **7.2 Remedies**

- (a) Upon an Event of Default, the City shall have the right if it so elects to: (i) exercise any and all remedies available at law or in equity; (ii) terminate this Agreement; (iii) receive liquidated damages under the circumstances set forth in Section 7.4; and/or (iv) institute and prosecute proceedings to enforce in whole or in part the specific performance of this Agreement by Developer, and/or to enjoin or restrain Developer from commencing or continuing said breach, and/or to cause by injunction Developer to correct and cure said breach or threatened breach, and otherwise, none of the remedies enumerated herein are exclusive, except the City's rights to receive liquidated damages under such circumstances in Section 7.4, which shall be the exclusive remedy under such circumstances, and nothing herein shall be construed as prohibiting the City from pursuing any other remedies at law, in equity or otherwise available to it under the Agreement.
- (b) Except as expressly stated otherwise, the rights and remedies of the City whether provided by law or by this Agreement, shall be cumulative, except as set forth in Section 7.4, and the exercise by the City of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach, to the extent permitted by law. No waiver made by the City shall apply to obligations beyond those expressly waived in writing.

## **7.3 Termination**

Except for the provisions that by their terms survive, in all cases subject to Section 13.26, this Agreement shall terminate immediately upon the occurrence of any of the following, or as otherwise provided in this Agreement:

- (a) Developer fails to satisfy the conditions precedent as set forth in Section 2.3 on or before the Closing Date;
- (b) Developer has been found not qualified by the Commission to proceed to the RFA-2 phase of the selection process;
- (c) Developer fails to receive an affirmative vote of the City's voters in the Election unless following such failure the Developer submits a new request to the

City for a ballot question and the City signs an agreement with the Developer in accordance with Section 15(13) of the Act;

(d) A Category 1 license for Region B (as that term is defined in the Act) is issued to someone other than Developer or any of the Developer's Affiliates;

(e) Developer's Category 1 license (i) is revoked by a final, non-appealable order; (ii) expires and is not renewed by the Commission and Developer has exhausted any rights it may have to appeal such expiration or non-renewal; or (iii) imposes conditions which are not satisfied within the time periods specified therein, subject to any cure periods or extension rights.

These termination events are in addition to any other rights the City or Developer may have to terminate this Agreement whether specified herein or otherwise available to the City or Developer under law.

#### **7.4 Liquidated Damages**

The City and Developer covenant and agree that because of the difficulty and/or impossibility of determining the City's damages upon the: (i) occurrence of an Event of Default pursuant to Section 7.1(i); or (ii) suspension of Developer's Category 1 license, by way of detriment to the public benefit and welfare of the City through lost employment opportunities, lost tourism, degradation of the economic health of the City and loss of revenue, both directly and indirectly, Developer shall pay to the City, during the Damage Period, as hereinafter defined, and the City shall accept as an exclusive remedy, as liquidated damages and as a reasonable forecast of such potential damages, and not as penalties, as follows: (i) upon the occurrence of an Event of Default pursuant to Section 7.1(i), the sum of Sixty-Four Thousand Three Hundred Ninety Three and 28/100 Dollars (\$64,393.28) per calendar day shall be paid to the City, and (ii) in the case of suspension of Developer's Category 1 license, the sum of Seven Thousand One Hundred and 00/100 Dollars (\$7,100.00) per calendar day shall be paid to the City. Developer agrees to waive any and all affirmative defenses that the amount of liquidated damages provided herein constitutes a penalty. For purposes of this Section 7.4, the "**Damage Period**" shall commence on the date the City delivers written notice to Developer of its election to receive liquidated damages pursuant to Section 7.4 and shall continue until the date that such default is cured or the date such suspension expires. In the event the City reasonably anticipates that the Damage Period shall extend beyond ninety (90) days, the City shall take reasonable steps to mitigate the City's costs of providing services included in Direct Community Impacts, in order to achieve a savings in such costs, and shall credit any such cost savings against the foregoing liquidated damages. The foregoing limitation on the City's remedies shall in no way limit or diminish the City's rights or remedies under the Guaranty and Keep Well Agreement or require that the City first pursue its rights against Parent Company under that agreement; provided, however that to the extent the City receives monetary damages as a result of its enforcement of such other remedies, which shall not exceed the amount of liquidated damages which would otherwise be payable hereunder, the City agrees that Developer shall be entitled to a credit for the amount of any liquidated damages assessed or paid pursuant to this Section 7.4. No



liquidated damages under Section 7.4 shall be payable following the expiration of the Developer's Category 1 license at the end of the original Fifteen (15) year term, or in the event of any renewal thereafter, following the expiration of any such renewal.

## **8. Transfers**

### **8.1 Transfer of Agreement**

Developer shall not, whether by operation of law or otherwise, Transfer this Agreement or the Project without the prior written consent of the City; provided, however, upon prior notice to the City, Developer may transfer its interest in the Project, in whole or in part, to any Affiliate, as long as such Affiliate is owned, directly or indirectly by Parent Company, without the consent of City.

### **8.2 Transfer of Ownership Interest**

(a) For purposes of this Section 8.2, "**Restricted Owner**" means (i) Developer and (ii) any Person who has a direct or indirect interest in Developer through one (1) or more intermediary entities other than any Person who would be a Restricted Owner due solely to that Person's ownership of (x) a direct or indirect interest in a Publicly Traded Corporation or (y) less than a five percent (5%) direct or indirect interest in Developer. The covenants that Developer is to perform under this Agreement for the City's benefit are personal in nature. The City is relying upon Developer, the Parent Company and its controlled Affiliates and all other Restricted Owners in the exercise of their respective skill, judgment, reputation and discretion with respect to the Project. Any Transfer by a Restricted Owner of (x) any direct ownership interest in Developer; or (y) any ownership interest in any Restricted Owner, other than a Transfer of any ownership interest in Parent Company, shall require the prior written consent of the City.

(b) Nothing contained in this Article 8 shall prevent a Transfer of an ownership interest in a Restricted Owner by: (i) Parent Company to an entity which has succeeded to all or a substantial portion of the assets, or all or a substantial portion of the common stock, of Parent Company; (ii) any Person to (1) that Person's spouse, child or parent ("**Family Members**"); (2) an entity whose beneficial owners consist solely of such transferor and/or the Family Members of the transferor; or (3) the beneficial owners of the transferor if the transferor is an entity; (iii) a Restricted Owner to another Restricted Owner, or to an Affiliate of Parent Company, so long as, in each case, Parent Company maintains Control of Developer; (iv) Parent Company to any Affiliate of Parent Company so long as such Affiliate is owned, directly or indirectly, by Parent Company. In addition, nothing contained in this Article 8 shall prevent a pledge by a Restricted Owner of its direct or indirect interest in Developer to an institutional lender, or the exercise of any rights by such lender pursuant to such pledge, provided that the form of pledge agreement is reasonably satisfactory to

the City, or (v) pledge by parent Company of its direct or indirect interest in Developer to an institutional lender, provided that the form of pledge agreement is reasonably satisfactory to the City.

(c) All transferees shall hold their interests subject to the restrictions of this Article 8.

(d) Developer shall notify the City as promptly as practicable upon Developer becoming aware of any Transfer.

(e) Developer agrees to cause each Restricted Owner, other than a Publicly Traded Corporation, to (1) place a legend on its ownership certificate, if any, or include in its organizational documents, a transfer restriction provision substantially similar to the transfer restriction set forth in this Article 8 and (2) either enforce such provision or acknowledge that the City is a third-party beneficiary of such provision and may enforce such provision in its own name. For the avoidance of doubt, nothing in this Article 8 shall prevent or restrict the Transfer of ownership interest in a Publicly Traded Corporation.

## **9. Insurance**

### **9.1 Maintain Insurance**

Developer shall maintain in full force and effect the types and amounts of insurance as set forth on Exhibit O.

### **9.2 Form of Insurance and Insurers**

Whenever, under the terms of this Agreement, Developer is required to maintain insurance, the City shall be named as an additional insured in all such insurance policies to the extent of its insurable interest. All policies of insurance provided for in this Agreement shall be effected under valid and enforceable policies, in commercially reasonable form issued by responsible insurers which are authorized to transact business in the Commonwealth, having a financial strength rating by A.M. Best Company, Inc. of not less than "A-" or its equivalent from another recognized rating agency. Thereafter, as promptly as practicable prior to the expiration of each such policy, Developer shall deliver to the City an Accord certificate, together with proof reasonably satisfactory to the City that the full premiums have been paid or provided for at least the renewal term of such policies and as promptly as practicable, a copy of each renewal policy.

### **9.3 Insurance Notice**

Each such policy of insurance to be provided hereunder shall contain, to the extent obtainable on a commercially reasonable basis, an agreement by the insurer that such policy shall not be canceled or modified without at least thirty (30) days prior written notice by registered mail, return receipt requested, to the City.

#### **9.4 Keep in Good Standing**

Developer shall observe and comply with the requirements of all policies of public liability, fire and other policies of insurance at any time in force with respect to the Project and Developer shall so perform and satisfy the requirements of the companies writing such policies.

#### **9.5 Blanket Policies**

Any insurance provided for in this Article 9 may be provided by blanket and/or umbrella policies issued to Developer covering the Project and other properties owned or leased by Developer; provided, however, that the amount of the total insurance allocated to the Project shall be such as to furnish in protection the equivalent of separate policies in the amounts herein required without possibility of reduction or coinsurance by reason of, or damage to, any other premises covered therein, and provided further that in all other respects, any such policy or policies shall comply with the other specific insurance provisions set forth herein and Developer shall make such policy or policies or a copy thereof available for review by the City at the Project.

### **10. Damage and Destruction**

#### **10.1 Damage or Destruction**

In the event of damage to or destruction of improvements at the Project or any part thereof by fire, casualty or otherwise, Developer, at its sole expense and whether or not the insurance proceeds, if any, shall be sufficient therefor, shall promptly repair, restore, replace and rebuild (collectively, “**Restore**”) the improvements, as nearly as possible to the same condition that existed prior to such damage or destruction using materials of an equal or superior quality to those existing in the improvements prior to such casualty. All work required to be performed in connection with such restoration and repair is hereinafter called the “**Restoration**.” Developer shall obtain a permanent certificate of occupancy as soon as practicable after the completion of such Restoration. If neither Developer nor any Mortgagee shall commence the Restoration of the improvements or the portion thereof damaged or destroyed promptly following such damage or destruction and adjustment of its insurance proceeds, or, having so commenced such Restoration, shall fail to proceed to complete the same with reasonable diligence in accordance with the terms of this Agreement, the City may, but shall have no obligation to, complete such Restoration at Developer’s expense. Upon the City’s election to so complete the Restoration, Developer immediately shall permit the City to utilize all insurance proceeds which shall have been received by Developer, minus those amounts, if any, which Developer shall have applied to the Restoration, and if such sums are insufficient to complete the Restoration, Developer, on demand, shall pay the deficiency to the City. Each Restoration shall be done subject to the provisions of this Agreement. Notwithstanding the foregoing the obligation to proceed with Restoration shall be conditioned on the existence of a remaining term of the Category 1 license issued by the Commission of not less than five (5) years as of anticipated date of completion of the Restoration.

## **10.2 Use of Insurance Proceeds**

(a) Subject to the conditions set forth below, all proceeds of casualty insurance on the improvements shall be made available to pay for the cost of Restoration if any part of the improvements are damaged or destroyed in whole or in part by fire or other casualty.

(b) Promptly following any damage or destruction to the improvements by fire, casualty or otherwise, Developer shall:

(i) give written notice of such damage or destruction to the City and each Mortgagee; and

(ii) deliver a written notice of Developer's intent to complete the Restoration in a reasonable amount of time plus periods of time as performance by Developer is prevented by Force Majeure events (other than financial inability) after occurrence of the fire or casualty.

(c) Developer agrees to provide monthly written updates to the City summarizing the progress of any Restoration, including but not limited, anticipated dates for the opening of the damaged areas to the public, to the extent applicable.

(d) Developer shall have no notification requirements to the City for any Restoration having a value less than One Hundred Million Dollars (\$100,000,000) in the aggregate.

## **10.3 No Termination**

Except as and to the extent provided in the last sentence of Section 10.1 and the last sentence of Section 10.4, no destruction of or damage to the Project, or any portion thereof or property therein by fire, flood or other casualty, whether such damage or destruction be partial or total, shall permit Developer to terminate this Agreement or relieve Developer from its obligations hereunder.

## **10.4 Condemnation**

If a Major Condemnation occurs, this Agreement shall terminate, and no Party shall have any claims, rights, obligations, or liabilities towards any other Party arising after termination, other than as provided for herein. If a Minor Condemnation occurs or the use or occupancy of the Project or any part thereof is temporarily requisitioned by a civil or military governmental authority, then (a) this Agreement shall continue in full force and effect; (b) Developer shall promptly perform all Restoration required in order to repair any physical damage to the Project caused by the Condemnation, and to restore the Project, to the extent reasonably practicable, to its condition immediately before the Condemnation. If a Minor Condemnation occurs, any

Proceeds in excess of Forty Million Dollars (\$40,000,000) will be and are hereby, to the extent permitted by applicable law and agreed to by the condemnor, assigned to and shall be withdrawn and paid into an escrow account to be created by an escrow agent (the “**Escrow Agent**”) selected by (i) the first Mortgagee if the Project is encumbered by a first Mortgage; or (ii) Developer and the City in the event there is no first Mortgagee, within ten (10) days of when the Proceeds are to be made available. If Developer or the City for whatever reason cannot or will not participate in the selection of the Escrow Agent, then the other party shall select the Escrow Agent. Nothing herein shall prohibit the first Mortgagee from acting as the Escrow Agent. This transfer of the Proceeds, to the extent permitted by applicable law and agreed to by the condemnor, shall be self-operative and shall occur automatically upon the availability of the Proceeds from the Condemnation and such Proceeds shall be payable into the escrow account on the naming of the Escrow Agent to be applied as provided in this Section 10.4. If the City or Developer are unable to agree on the selection of an Escrow Agent, either the City or Developer may apply to the Superior Court Department of the Trial Court of the Commonwealth sitting in the Hampden County Hall of Justice in the City for the appointment of a local bank having a capital surplus in excess of Two Hundred Million Dollars (\$200,000,000) as the Escrow Agent. The Escrow Agent shall deposit the Proceeds in an interest-bearing escrow account and any after tax interest earned thereon shall be added to the Proceeds. The Escrow Agent shall disburse funds from the Escrow Account to pay the cost of the Restoration in accordance with the procedure described in Section 10.2(b), (c) and (d). If the cost of the Restoration exceeds the total amount of the Proceeds, Developer shall be responsible for paying the excess cost. If the Proceeds exceed the cost of the Restoration, the Escrow Agent shall distribute the excess Proceeds, subject to the rights of the Mortgagees. Nothing contained in this Section 10.4 shall impair or abrogate any rights of Developer against the condemning authority in connection with any Condemnation. All fees and expenses of the Escrow Agent shall be paid by Developer. Notwithstanding the foregoing the obligation to proceed with Restoration shall be conditioned on the existence of a remaining term of the Category 1 license issued by the Commission of not less than five (5) years.

## **11. Indemnification**

### **11.1 Indemnification by Developer**

(a) Developer shall defend, indemnify and hold harmless the City and each of its officers, agents, employees, contractors, subcontractors, attorneys and consultants (collectively the “**Indemnitees**” and individually an “**Indemnitee**”) from and against any and all liabilities, losses, damages, costs, expenses, claims, obligations, penalties and causes of action (including reasonable fees and expenses for attorneys, paralegals, expert witnesses, environmental consultants and other consultants at the prevailing market rate for such services) whether based upon negligence, strict liability, statutory liability, absolute liability, product liability, common law, misrepresentation, contract, implied or express warranty or any other principle of law, and whether or not arising from third party claims, that are imposed upon, incurred by or asserted against Indemnitees or which Indemnitees may suffer or be required to pay and which arise out of or

relate in any manner to any of the following: (1) Developer's development, construction, ownership, possession, use, condition or occupancy of the Project or any part thereof; (2) Developer's operation or management of the Project or any part thereof; (3) the performance of any labor or services or the furnishing of any material for or at the Project or any part thereof by or on behalf of Developer or enforcement of any liens with respect thereto; (4) any personal injury, death or property damage suffered or alleged to have been suffered by Developer (including Developer's employees, agents or servants), or any third person as a result of any action or inaction of Developer; (5) any work or things whatsoever done in, or at the Project or any portion thereof, or off-site pursuant to the terms of this Agreement by or on behalf of Developer; (6) the condition of any building, facilities or improvements at the Project or any non-public street, curb or sidewalk at the Project, or any vaults, tunnels, malls, passageways or space therein; (7) any breach or default on the part of Developer for the payment, performance or observance of any of its obligations under all agreements entered into by Developer or any of its Affiliates relating to the performance of services or supplying of materials to the Project or any part thereof; (8) any act, omission or negligence of any tenant, or any of their respective agents, contractors, servants, employees, licensees or other tenants at the Project; (9) any failure of Developer to comply with all Governmental Requirements; (10) Developer's acts or omissions with respect to the RFQ/P and/or the casino selection process conducted by the City; (11) any breach of any warranty or the inaccuracy of any representation made by Developer contained or referred to in this agreement or in any certificate or other writing delivered by or on behalf of Developer pursuant to the terms of this Agreement; and (12) the environmental condition of any property (including the presence of any hazardous or regulated substance in, on, under or adjacent to such property) on which the Project is located; (13) the release of any hazardous or regulated substance to the environment arising or resulting from any work or things whatsoever done in or at the Project or any portion thereof, or off-site pursuant to the terms of this agreement by or on behalf of Developer; (14) the operation or use of the Project, whether or not intended, in violation of any law addressing the protection of the environment or the protection of public health; and (15) any breach or failure by Developer to perform any of its covenants or obligations under this Agreement. In case any action or proceeding shall be brought against any Indemnatee based upon any claim in respect of which Developer has agreed to indemnify any Indemnatee, Developer will upon notice from Indemnatee defend such action or proceeding on behalf of any Indemnatee at Developer's sole cost and expense and will keep Indemnatee fully informed of all developments and proceedings in connection therewith and will furnish Indemnatee with copies of all papers served or filed therein, irrespective of by whom served or filed. Developer shall defend such action with legal counsel it selects provided that such legal counsel is reasonably satisfactory to Indemnatee. Such legal counsel shall not be deemed reasonably satisfactory to Indemnatee if legal counsel has: (i) a legally cognizable conflict of interest with respect to the

City; (ii) within the five (5) years immediately preceding such selection performed legal work for the City which in its respective reasonable judgment was inadequate; or (iii) frequently represented parties opposing the City in prior litigation. Each Indemnitee shall have the right, but not the obligation, at its own cost, to be represented in any such action by legal counsel of its own choosing.

(b) Notwithstanding anything to the contrary contained in Section 11.1(a), Developer shall not indemnify and shall have no responsibility to any Indemnitee for any matter to the extent caused by any gross negligence or willful misconduct of such Indemnitee.

## 12. Force Majeure

### 12.1 Definition of Force Majeure

An event of “**Force Majeure**” shall mean the following events or circumstances, to the extent that they delay or otherwise adversely affect the performance beyond the reasonable control of Developer, or its agents and contractors, of their duties and obligations under this Agreement:

- (a) Strikes, lockouts, labor disputes, disputes arising from a failure to enter into a union or collective bargaining agreement, inability to procure materials attributable to market-wide shortages, failure of utilities, labor shortages or explosions;
- (b) Acts of God, tornadoes, hurricanes, floods, sinkholes, fires and other casualties, landslides, earthquakes, epidemics, quarantine, pestilence, and/or abnormal inclement weather;
- (c) Acts of a public enemy, acts of war, terrorism, effects of nuclear radiation, blockades, insurrections, riots, civil disturbances, or national or international calamities;
- (d) Concealed and unknown conditions of an unusual nature that are encountered below ground or in an existing structure;
- (e) Any temporary restraining order, preliminary injunction or permanent injunction, or mandamus or similar order, or any litigation or administrative delay which impedes the ability of Developer to complete the Project, unless based in whole or in part on the actions or failure to act of Developer; or
- (f) The failure by, or unreasonable delay of, the City or Commonwealth or other Governmental Authority to issue any permits or Approvals necessary for Developer to develop, construct, open or operate the Project unless such failure or delay is based materially in whole or in part on the actions or failure to act of Developer, or its agents and contractors.

(g) Any impacts to major modes of transportation to the Project Site, whether private or public, which adversely and materially impact access to the Project Site, including but not limited to, sustained and material closure of airports or sustained and material closure of highways servicing the Project Site.

## 12.2 Notice

Developer shall promptly notify the City in writing of the occurrence of an event of Force Majeure, of which it has knowledge, describe in reasonable detail the nature of the event and provide a good faith estimate of the duration of any delay expected in Developer's performance obligations.

## 12.3 Excuse of Performance

Notwithstanding any other provision of this Agreement to the contrary, Developer shall be entitled to an adjustment in the time for or excuse of the performance of any duty or obligation of Developer under this Agreement for Force Majeure events, but only for the number of days due to and/or resulting as a consequence of such causes and only to the extent that such occurrences actually prevent or delay the performance of such duty or obligation or cause such performance to be commercially unreasonable.

## 13. Miscellaneous

### 13.1 Notices

Notices shall be given as follows:

(a) Any notice, demand or other communication which any Party may desire or may be required to give to any other Party shall be in writing delivered by (i) hand-delivery, (ii) a nationally recognized overnight courier, or (iii) U.S. mail (but excluding electronic mail, i.e., "e-mail") addressed to a Party at its address set forth below, or to such other address as the Party to receive such notice may have designated to all other Parties by notice in accordance herewith:

If to City: Mayor  
City of Springfield  
36 Court Street, Room 210  
Springfield, Massachusetts 01103

with copies to: City Solicitor  
City of Springfield  
36 Court Street  
Springfield, Massachusetts 01103

and  
Chief Development Officer



Springfield Redevelopment Authority  
70 Tapley Street  
Springfield, Massachusetts 01104

If to Developer: Bill Hornbuckle,  
Blue Tarp reDevelopment, LLC  
c/o MGM Resorts International  
3600 Las Vegas Boulevard South  
Las Vegas, NV 89109

with copies to: Frank Fitzgerald, Esq.  
Fitzgerald Attorneys At Law  
46 Center Square  
East Longmeadow, MA 01028

and

John McManus  
Executive Vice President and General Counsel  
MGM Resorts International  
3600 S Las Vegas Blvd  
Las Vegas, NV 89109

Any such notice, demand or communication shall be deemed delivered and effective upon actual delivery.

### **13.2 Non-Action or Failure to Observe Provisions of this Agreement**

The failure of the City or Developer to promptly insist upon strict performance of any term, covenant, condition or provision of this Agreement, or any exhibit hereto, or any other agreement contemplated hereby, shall not be deemed a waiver of any right or remedy that the City or Developer may have, and shall not be deemed a waiver of a subsequent default or nonperformance of such term, covenant, condition or provision.

### **13.3 Applicable Law and Construction**

The laws of the Commonwealth shall govern the validity, performance and enforcement of this Agreement. This Agreement has been negotiated by the City and Developer, and the Agreement, including the exhibits and schedules attached hereto, shall not be deemed to have been negotiated and prepared by the City or Developer, but by each of them.

### **13.4 Submission to Jurisdiction; Service of Process**

Except as and to the extent provided in Section 13.14:

- (a) The Parties expressly agree that the sole and exclusive place, status and forum of this Agreement shall be the City, Hampden County, Massachusetts. All

actions and legal proceedings which in any way relate to this Agreement shall be solely and exclusively brought, heard, conducted, prosecuted, tried and determined within the City, Hampden County, Massachusetts. It is the express intention of the Parties that the exclusive venue of all legal actions and procedures of any nature whatsoever which relate in any way to this Agreement shall be either the Superior Court Department of the Trial Court of the Commonwealth sitting in the Hampden County Hall of Justice in the City, or the United States District Court sitting in the City (the "Court").

(b) If at any time during the Term, Developer is not a resident of the Commonwealth or has no officer, director, employee, or agent thereof available for service of process as a resident of the Commonwealth, or if any permitted assignee thereof shall be a foreign corporation, partnership or other entity or shall have no officer, director, employee, or agent available for service of process in the Commonwealth, Developer or its assignee hereby designates the Secretary of the Commonwealth, as its agent for the service of process in any court action between it and the City or arising out of or relating to this Agreement and such service shall be made as provided by the laws of the Commonwealth for service upon a non-resident.

### **13.5 Complete Agreement**

This Agreement, and all the documents and agreements described or referred to herein, including the exhibits and schedules attached hereto, constitute the full and complete agreement between the Parties with respect to the subject matter hereof, and supersedes and controls in its entirety over any and all prior agreements, understandings, representations and statements whether written or oral by each of the Parties, other than the Releases.

### **13.6 Holidays**

It is hereby agreed and declared that whenever a notice or performance under the terms of this Agreement is to be made or given on a day other than a Business Day, it shall be postponed to the next following Business Day.

### **13.7 Exhibits**

Each exhibit referred to and attached to this Agreement is an essential part of this Agreement.

### **13.8 No Joint Venture**

The City on the one hand and Developer on the other, agree that nothing contained in this Agreement or any other documents executed in connection herewith is intended or shall be construed to establish the City and Developer as joint venturers or partners.

### **13.9 City Approvals**

The City acknowledges that it has reviewed Developer's construction schedule ("**Developer's Construction Schedule**"), submitted as part of its RFQ/P Phase II response, and that it believes that the Developer's assumptions related to City permitting, licensing and regulatory approvals are generally reasonable. Notwithstanding any other provisions of this Agreement, the City agrees, to the fullest extent permitted by Applicable Law, to process Developer's (or its consultants and subconsultants, and contractors and subcontractors, on Developer's behalf) permitting, licensing and regulatory approvals, and any other Approvals over which the City has control, in a manner consistent with the Developer's Construction Schedule, as long as Developer has submitted complete supporting documentation (including payment of all applicable fees) and such approval is consistent with the Concept Design Documents and the Project Description and applicable laws. Further, the City agrees to the fullest extent permitted by Applicable Law, upon request by Developer (or its consultants and subconsultants, and contractors and subcontractors on Developer's behalf) to process Developer's permitting, licensing and regulatory approvals, and any other Approvals over which the City has control, on an expedited basis, as long as Developer has submitted complete supporting documentation (including payment of all applicable fees for expedited service) and such approval is consistent with the Concept Design Documents and the Project Description.

### **13.10 Unlawful Provisions Deemed Stricken**

If this Agreement contains any unlawful provisions not an essential part of this Agreement and which shall not appear to have a controlling or material inducement to the making thereof, such provisions shall be deemed of no effect and shall be deemed stricken from this Agreement without affecting the binding force of the remainder. In the event any provision of this Agreement is capable of more than one interpretation, one which would render the provision invalid and one which would render the provision valid, the provision shall be interpreted so as to render it valid.

### **13.11 No Liability for Approvals and Inspections**

No approval to be made by the City under this Agreement or any inspection of the Work by the City shall render the City liable for failure to discover any defects or non-conformance with this Agreement, or a violation of or noncompliance with any federal, Commonwealth or local statute, regulation, ordinance or code.

### **13.12 Time of the Essence**

All times, wherever specified herein for the performance by Developer of its obligations hereunder, are of the essence of this Agreement.

### 13.13 Captions

The captions of this Agreement are for convenience of reference only and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

### 13.14 Arbitration

(a) The Parties agree that any dispute, claim, or controversy arising under Sections 4.1(b); 4.5; or 12.1; the determination of Gross Revenue, and/or such other matters hereunder as the Parties may mutually determine (individually or collectively, a “**Limited Arbitrable Dispute**”) shall be resolved through arbitration as provided in this Section 13.14.

(b) Either Party shall give the other Party written notice of any Limited Arbitrable Dispute (“**Dispute Notice**”) which Dispute Notice shall set forth the amount of loss, damage, and cost of expense claimed, if any, or the position of the Party with respect to the Limited Arbitrable Dispute.

(c) Within ten (10) Business Days of the Dispute Notice, the Parties shall meet to negotiate in good faith to resolve the Limited Arbitrable Dispute. No time bar defenses shall be available based upon the passage of time during any negotiation called for by this Section.

(d) In the event the Limited Arbitrable Dispute is unresolved within thirty (30) days of the Dispute Notice by good faith negotiations, the Dispute shall be arbitrated upon the filing by either Party of a written demand, with notice to the other Party, to the Judicial Arbitration and Mediation Service (“**JAMS**”) (to the extent such rules are not inconsistent as provided for herein) in the City before a single arbitrator to be selected under the JAMS selection process. Arbitration of the Limited Arbitrable Dispute shall be governed by the then current Commercial Arbitration Rules of JAMS. Within ten (10) days after receipt of written notice of the Limited Arbitrable Dispute being brought to the arbitrator, each Party shall submit to the arbitrator a best and final settlement offer with respect to each issue submitted to the arbitrator and an accompanying statement of position containing supporting facts, documentation and data. Upon such Limited Arbitrable Dispute being submitted to the arbitrator for resolution, the arbitrator shall assume exclusive jurisdiction over the Limited Arbitrable Dispute, and shall utilize such consultants or experts as he shall deem appropriate under the circumstances to assist in the resolution of the Limited Arbitrable Dispute, and will be required to make a final binding determination with a reasoned opinion, not subject to appeal, within forty-five (45) days of the date of submission. Nothing herein shall prevent either Party to seek injunctive relief in Court to maintain the status quo in furtherance of arbitration.

(e) For each issue decided by the arbitrator, the arbitrator shall award the reasonable expenses of the proceeding, including reasonable attorneys' fees, to the prevailing Party with respect to such issue. The arbitrator in arriving at his decision shall consider the pertinent facts and circumstances as presented in evidence and be guided by the terms and provisions of this Agreement and applicable law, and shall apply the terms of this Agreement without adding to, modifying or changing the terms in any respect, and shall apply the laws of the Commonwealth to the extent such application is not inconsistent with this Agreement.

(f) Any arbitration award may be entered as a judgment in the Court. A printed transcript of any such arbitration proceeding shall be kept and each of the Parties shall have the right to request a copy of such transcript, at its sole cost.

(g) The Parties agree that, in addition to monetary relief, the arbitrator may make an award of equitable relief including a temporary, preliminary or permanent injunction and the Parties further agree that the arbitrator is empowered to enforce any of the provisions of this Agreement.

### **13.15 Amendments**

(a) This Agreement may not be modified or amended except by a written instrument signed by the Parties.

(b) The Parties acknowledge that the Commission may, subsequent to the date of this Agreement, promulgate regulations under or issue interpretations of or policies or evaluation criteria concerning the Act which regulations, interpretations, policies or criteria may conflict with, or may not have been contemplated by, the express terms of this Agreement. In addition, the Parties acknowledge that environmental permits and approvals may necessitate changes to this Agreement. In such event, the Parties agree to negotiate in good faith any amendment to this Agreement necessary to comply with the foregoing two sentences, whether such changes increase or decrease either of the Parties' respective rights or obligations hereunder. The City acknowledges that to the extent it has listed any obligations under this Agreement which are based on a requirement of the Act, whether such requirement is specifically cross-referenced, to the extent that the Act is amended to relieve such obligation, the City agrees, such to such good faith negotiations between the Parties, that it is the intent of this Agreement that Developer enjoy the benefit of any such revised requirements.

(c) The Parties acknowledge that the provisions of Section 4.1 may require that this Agreement be amended.

### **13.16 Compliance**

Any provision that permits or requires a Party to take action shall be deemed to permit or require, as the case may be, the Party to cause the action to be taken.

### **13.17 Table of Contents**

The table of contents is for the purpose of convenience only and is not to be deemed or construed in any way as part of this Agreement or as supplemental thereto or amendatory thereof.

### **13.18 Number and Gender**

All terms used in this Agreement, regardless of the number or gender in which they are used, shall be deemed to include any other number and any gender as the context may require.

### **13.19 Third Party Beneficiary**

Except as expressly provided in Sections 4.4(b), 2.3(viii) and 11.1, there shall be no third party beneficiaries with respect to this Agreement.

### **13.20 Cost of Investigation**

If as a result of the Agreement, the City or any of their directors or officers, the Mayor, or any City Council members, or any employee, agent, or representative of the City is required to be licensed or approved by the Commission, reasonable costs of such licensing, approval or investigation shall be paid by Developer within five (5) Business Days following receipt of a written request from the City.

### **13.21 Further Assurances**

The City and Developer will cooperate and work together in good faith to the extent reasonably necessary and commercially reasonable to accomplish the mutual intent of the Parties that the Project be successfully completed as expeditiously as is reasonably possible.

### **13.22 Estoppel Certificates**

The City shall, at any time and from time to time, upon not less than fifteen (15) Business Days prior written notice from any lender of Developer, execute and deliver to any lender of Developer an estoppel certificate in the form attached hereto as Exhibit P.

### **13.23 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original document and together shall constitute one instrument.

### **13.24 Deliveries to the City**

Any reports or other items to be delivered or furnished to the City hereunder (other than notices, demands or communications under Section 13.1) shall be delivered or furnished to the attention of the City Solicitor in the City's Law Department.

### **13.25 Exclusivity**

City agrees that it shall not negotiate or enter into a host community agreement as referenced in the Act, or any similar agreement to this Agreement, with any other party so long as this Agreement has not been terminated.

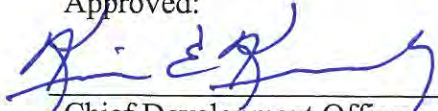
### **13.26 Non-Survival Upon Termination Under Certain Provisions**

If the Developer terminates this Agreement pursuant to Section 3.5 or if there is not an affirmative vote of the City's residents in the Election, then the Developer, the Parent Company and any Affiliates are relieved from all obligations under this Agreement, excepting therefrom the Developer's obligations pursuant to Section 4.4(b). The provisions of this Section 13.26 supersede any and all other provisions of this Agreement contrary thereto.

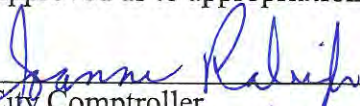
IN WITNESS WHEREOF, the Parties have set their hands and had their seals affixed on the dates set forth after their respective signatures.

**CITY OF SPRINGFIELD, MASSACHUSETTS, a  
municipal corporation**


Approved:

  
\_\_\_\_\_  
Chief Development Officer  
Date Signed: 5/14/13

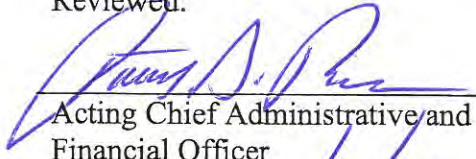
*u* Approved as to appropriation: *N/A*

*Acting*   
\_\_\_\_\_  
City Comptroller  
Date Signed: 5/14/13

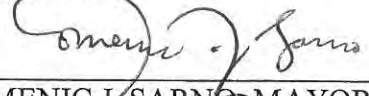
Approved as to form:

  
\_\_\_\_\_  
City Solicitor  
Date Signed: May 14, 2013

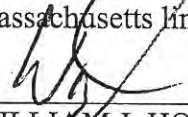
Reviewed:

  
\_\_\_\_\_  
Acting Chief Administrative and  
Financial Officer  
Date Signed: 5/14/13

APPROVED:

  
\_\_\_\_\_  
DOMENIC J. SARNO, MAYOR  
Date Signed: 5/14/13

**BLUE TARP reDEVELOPMENT, LLC, a  
Massachusetts limited liability company**

  
\_\_\_\_\_  
WILLIAM J. HORNBUCKLE, Authorized Signatory  
Dated Signed: 5/1/13



FOR THE CITY OF SPRINGFIELD:

  
\_\_\_\_\_  
Lauren Stabilo  
Chief Procurement Officer

## EXHIBIT A

### COMMUNITY IMPACT PAYMENTS

The Developer shall pay to the City the following amounts on the dates specified as Community Impact Payments:

1. No later than nine (9) months prior to the anticipated Operations Commencement, Two Million Five Hundred Thousand Dollars (\$2,500,000); and

2. For each Casino Year during the Term, Two Million Five Hundred Dollars (\$2,500,000), subject to adjustment as provided below and to be prorated for the first Casino Year and for the last Casino Year (the “**Fixed Community Impact Payment**”). The Fixed Community Impact Payment shall be payable as provided below.

At least thirty (30) days, but no more than sixty (60) days prior to the commencement of any Casino Year, the City may provide written notice (the “**Advancement Notice**”) to the Developer directing the Developer to pay the Fixed Community Impact Payment for such Casino Year, in advance, on the first day of the immediately succeeding Casino Year. In any Casino Year in which the City does not deliver an Advancement Notice, then commencing on the first day of the Casino Year, the Developer shall pay to the City the Fixed Community Impact Payment, remitted to the City in equal installments on a quarterly basis.

Commencing on July 1 immediately following the Operations Commencement Date, and on each July 1 thereafter during the Term, the amount of the Fixed Community Impact Payment for the Casino Year then commencing shall be determined by multiplying the amount of the Fixed Community Impact Minimum Payment in effect as of the immediately preceding day times the CPI Adjustment Factor, provided however, that if the first Casino Year is less than six (6) months, then the CPI Adjustment Factor shall not be applied until July 1 of the third Casino Year.

3. For each Casino Year during the Term: (a) One-Eighth of One Percent (0.125%) of Developer’s daily Gross Revenue until Developer’s aggregate Gross Revenue for such Casino Year equals Four Hundred Million Dollars (\$400,000,000), and (b) One Percent (1%) of Developer’s daily Gross Revenue in excess of Four Hundred Million Dollars (\$400,000,000) (collectively, the “**Community Impact Percentage Payment**”) to be remitted daily by Developer to the City, consistent with the procedures set forth in Section 55 of the Act, by electronic wire transfer of funds to such account or accounts as directed by the City, commencing on the Operations Commencement Date or according to such other procedure as may from time to time be established by the City Treasurer/Collector and Developer.

## EXHIBIT B

### BUSINESS OPERATIONS AND MARKETING OBLIGATIONS

#### 1. MassMutual Center and Arena

(a) The Developer has entered into a memorandum of understanding with the Massachusetts Convention Center Authority (“**Convention Authority**”) pursuant to which Developer has offered to underwrite, co-promote, book and schedule a minimum of four (4) new entertainment events (each an “**Event**”) per calendar year at the MassMutual Center and Arena, following the Operations Commencement Date (the “**Convention Authority MOU**”) generally in accordance with terms of the attached Convention Authority MOU.

(b) The Developer will purchase such number of unsold tickets to Events as may be necessary to meet its underwriting commitment for such Events. Events shall be of a type and quality booked by or on behalf of Parent Company or its Affiliates at other facilities in the United States as described more specifically in the Convention Authority MOU.

(c) The Developer will facilitate utilization of structured parking at the Project to support events taking place at the MassMutual Center and Arena, and to the extent permitted by applicable law:

(i) The Developer will allocate time to advertise MassMutual Center and Arena events on the proposed large digital marquee planned for the parking structure with high visibility to I-91;

(ii) The Developer will include MassMutual Center and Arena marketing messages on digital signs throughout the Project; and

(iii) The Project hotel will feature a MassMutual Center and Arena proprietary channel on in-room televisions.

#### 2. Symphony Hall/City Stage

(a) The Developer has entered into an agreement with the City pursuant to which Developer agrees to, among other things, underwrite, co-promote, book and schedule a minimum of three (3) Events per calendar year at Symphony Hall following the Operations Commencement Date (the “**Symphony Hall MOU**”) for a minimum of five (5) years following the Operations Commencement Date, prorated for the first year. Developer shall perform its obligations under the Symphony Hall MOU. The Developer will purchase such number of unsold tickets to Events as may be necessary to meet its underwriting commitment for such Events.

(b) The Developer has entered into an agreement with the Springfield Parking Authority pursuant to which Developer agrees to, among other things, underwrite, co-promote, book and schedule a minimum of three (3) Events per calendar year at City Stage, following the Operations Commencement Date (the “**City Stage MOU**”), for a minimum of five (5) years following the Operations Commencement Date, prorated for

the first year. Developer shall perform its obligations under the City Stage MOU. The Developer will purchase such number of unsold tickets to Events as may be necessary to meet its underwriting commitment for such Events.

(c) The Developer shall provide dedicated signage (duratrans, pillow toppers, slot toppers, etc.) at the Project for no fewer than six (6) (three each) shows, concerts and special events taking place annually at City Stage or Symphony Hall during the Term as mutually determined by Developer and the Springfield Parking Authority (with respect to City Stage) and the Developer and the City (with respect to Symphony Hall).

(d) The Developer shall co-promote annually during the Term commencing on Operations Commencement all concerts and special events taking place at City Stage or Symphony Hall in various in-house marketing mediums such as digital signage, television, on-hold messaging and overhead announcements as mutually determined by Developer and the Springfield Parking Authority (with respect to City Stage) and the Developer and the City (with respect to Symphony Hall).

(e) During the Term commencing on Operations Commencement, the Developer shall include information about City Stage and Symphony Hall in employee pre-shifts and employee offers, from time to time, to educate employees about program offerings and enable employees to speak to customers, friends and family about upcoming shows, concerts and special events at City Stage and Symphony Hall.

(f) During the Term commencing on Operations Commencement, the Developer shall offer, from time to time, preferred rates for accommodating and feeding artists and performers on select shows, concerts and special events at Symphony Hall or City Stage as mutually determined by Developer and the Springfield Parking Authority (with respect to City Stage) and the Developer and the City (with respect to Symphony Hall).

### 3. Additional Event Commitment

In addition to Developer's obligations provided in Paragraphs 1 and 2 hereof, Developer also agrees to underwrite, co-promote, book and schedule a minimum of two (2) Events per calendar year following the Operations Commencement Date, at either MassMutual, City Stage or Symphony Hall for a minimum of five (5) years following the Operations Commencement Date, prorated for the first year.

### 4. Quadrangle and Basketball Hall of Fame

(a) During the Term commencing on Operations Commencement, in partnership with the Greater Springfield Convention and Visitor's Bureau (the "**Visitor's Bureau**"), of which the Quadrangle and Basketball Hall of Fame are members, the Developer will exercise good faith efforts to actively promote both organizations through in-house promotions and back-of-house promotions among employees.

(b) During the Term commencing on Operations Commencement, the Developer will host annual employee family events at each of the Quadrangle and Basketball Hall of Fame facilities and annually will purchase no fewer than five hundred

(500) tickets in total for each calendar year for customer events and promotions at such facilities as mutually determined by Developer and the Visitor's Bureau.

5. Local Business Promotion and Cross-Marketing Efforts

The Developer will provide free advertising space in the Project's back-of-house employee area for City businesses not competitive to Developer in a manner and at locations as reasonably determined by Developer.

6. Regional Marketing Efforts

Developer shall undertake regional marketing efforts in consultation with the Visitor's Bureau in a manner consistent with Developer's response to the RFQ/P, dated January 3, 2013, specifically Exhibit 4(B).

## NON-EXCLUSIVE JOINT MARKETING AND JOINT COOPERATION AGREEMENT

Massachusetts Convention Center Authority, with an office address of 415 Summer Street Boston, MA 02210 (the "MCCA"), is the owner of the Mass Mutual Center, located at 1277 Main Street, Springfield, MA 01103 (the "MMC" or the "Center") and Blue Tarp reDevelopment, LLC, an affiliate of MGM Resorts International and the developer behind the proposed MGM Springfield project at the site located at Main Street and State Street ("MGM") hereby agree to the following terms of this Non-Exclusive Joint Marketing and Joint Cooperation Agreement (this "Agreement"). MCCA and MGM shall be individually referred to herein as a "Party" and collectively, as the "Parties".

**Background.** The Mass Mutual Center, originally the Springfield Civic Center, opened in 1972 and was owned and operated by the City of Springfield until 1990, when a six-year period of contracted private management began. In February 1996, the Center returned to city operation. In November 1997, the Massachusetts Legislature authorized funding for a major renovation and enlargement of the facility. and transferred ownership of the Center to the Massachusetts Convention Center Authority In November 2003, the Massachusetts Mutual Life Insurance Company entered into Naming Rights Contract with the MCCA, providing for the naming of the facility as the MassMutual Center . In October of 2005 the MCCA entered into a contract for the management of the Center with Global Spectrum. Standing in the heart of the Pioneer Valley, the MassMutual Center is most diverse function space in Western Mass. The center has 100,000 sq.ft of flexible space, with a large ballroom, five fully-functional meeting rooms, and a 40,000 sf. exhibit space. The Center is home to Springfield's NBA Development League team, the Springfield Armor, as well as the American Hockey League's Springfield Falcons.

MGM Resorts International (NYSE: MGM), the parent company of the developer of MGM Springfield, a Fortune 500 company, is one of the world's leading global hospitality companies, operating a portfolio of destination resort brands, including Bellagio, MGM Grand, Mandalay Bay and The Mirage. In addition to its 51% interest in MGM China Holdings Limited, which owns the MGM Macau resort and casino, the Company has significant holdings in gaming, hospitality and entertainment, owns and operates 15 properties located in Nevada, Mississippi and Michigan, and has 50% investments in three other properties in Nevada and Illinois. MGM Resorts International supports responsible gaming and has implemented the American Gaming Association's Code of Conduct for Responsible Gaming at its gaming properties. The Company has received numerous awards and recognitions for its Diversity Initiative, its community philanthropy and its commitment to sustainable development and operations.

**MGM Springfield.** MGM Springfield, a proposed 1 million square foot destination casino facility, will be generally located in Downtown Springfield, on the city block between Main Street, Columbus Avenue, and State Street and Union Street. The project will feature a minimum: 200-room hotel, 3,000 space parking deck, 100,000 square foot gaming floor, and an estimated 3,000 state-of-the-art slot machines, and 75 tables, an approximate 9,400 square foot hotel spa, 10 restaurants and a local food market, and an energized 35,000 square foot entertainment plaza, anchored by a cinema and bowling complex.

**Joint Marketing and Cooperation.** MGM has provided MCCA with a proposed joint marketing and support plan, attached hereto and incorporated herein as Exhibit "A", which provides MGM's commitment to provide support for the Center upon our award of a gaming license and following the opening of our facility. Those efforts, more fully detailed in the plan, include, but are not limited to, a proposed physical connection to the Center, as well as co-promoting events, and using MGM's national entertainment and convention center relationships to bring acts and shows to the Center. The principal elements of that proposal are as follows:

- a. Main Street Bridge Connection

- Financial contribution to the Authority for a Project to Upgrade the Electronic Marquee Sign, in an agreed upon amount not to exceed \$100,000 based upon a mutually agreed design, and subject to MGM receiving an agreed upon portion of complimentary time on the marquee once upgraded. In the event that MGM and the MCCA mutually agree in the future upon a physical connection to the MassMutual Center, whether by an enclosed bridge, or otherwise, MGM agrees that it will fund the design, construction and maintenance of such connection.
- b. Arena Home Team Sponsorship
    - Major sponsorship of Falcons and Armor for at least 3 years post-opening, in an amount no less than the support provided by MGM for the period July 1, 2012-June 30. 2013
  - c. Financial Underwriting of Major Events
    - MGM will sponsor at least 4 major events annually for the first 3 years post-opening up to a \$1 million potential annual loss and for the following 5 year period for us to a \$500,000 potential annual loss
  - d. Support of Convention and Meeting sales and Local VCB Activities
    - Minimum \$250,000 annually
  - e. Support of non-MGM sponsored events
    - \$250,000 in ticket purchases annually (to the extent sufficiently below loss guarantee in Section C above)
  - f. Propose or consider proposals, and negotiate in good faith concerning the adoption and implementation of additional measures relating to mutual assistance and cooperation between the parties or to provide for MGM's management of the operation of the MassMutual Center in a structure consistent with that currently in place, provided however that no management or incentive fee of any kind would be paid by the Authority. Such proposals would include but not be limited to retention of certain policies, procedures and personnel, and would be subject to applicable law and Authority by-laws, and the approval of the Authority Board.

**Non-Exclusive.** MGM acknowledges that MCCA has the right and may enter into similar joint marketing and joint cooperation agreements with other potential casino license bidders, and that execution of this Agreement does not bind MCCA in any way to MGM or its proposal. By executing this Agreement, MCCA is only expressing its commitment to work with MGM, in the event MGM is the successful bidder, on joint marketing efforts similar in nature to those set forth in the attached plan. MGM agrees there shall be no use of the name of the Massachusetts Convention Center Authority, or the MassMutual Center without prior written consent other than to disclose that the Parties have signed a joint marketing and joint cooperation agreement.

**Enforceability.** MGM represents that the City of Springfield has requested, and that MGM has agreed, that MGM shall include in its contractual commitments to the City under its host community agreement (the "HCA") the obligations it has entered into with respect to the MCCA as set forth in this Agreement. MGM agrees that MCCA shall be able to enforce MGM's obligations to it under this Agreement, provided however that to the extent that MCCA is unable to enforce its obligations against MGM under this Agreement, that MCCA ( through the City or directly, as the MCCA may elect) may enforce MGM's commitments hereunder through the HCA.

**ACKNOWLEDGED AND AGREED TO BY:**

BLUE TARP REDEVELOPMENT, LLC

MASSACHUSETTS CONVENTION  
CENTER AUTHORITY

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_

BY: \_\_\_\_\_  
NAME: \_\_\_\_\_

**MASSMUTUAL CENTER  
SPRINGFIELD, MASSACHUSETTS**

Partner and Sponsorship Proposal

May 2013 Update



**MGM RESORTS  
INTERNATIONAL®**

BELLAGIO® ARIA™ VDARA™ MGM GRAND® THE SIGNATURE AT MGM GRAND® MANDALAY BAY® THEhotel AT MANDALAY BAY® THE MIRAGE® MONTE CARLO™ NEW YORK-NEW YORK®  
LUXOR® EXCALIBUR® CIRCUS CIRCUS® LAS VEGAS RAILROAD PASS™ HENDERSON, NEVADA CIRCUS CIRCUS® RENO, NEVADA SILVER LEGACY™ RENO, NEVADA GOLD STRIKE® JEAN, NEVADA  
BEAU RIVAGE® BILOXI, MISSISSIPPI GOLD STRIKE® TUNICA, MISSISSIPPI MGM GRAND® DETROIT, MICHIGAN GRAND VICTORIA® ELGIN, ILLINOIS MGM MACAU™, CHINA MGM GRAND® SANYA, CHINA









## SUMMARY

The mayor and city leaders have said they want the casino project to create spin-off effects for the rest of the City. MGM Springfield has the potential, because of proximity and the commitment of MGM Resorts, to activate many of the city's wonderful, but under-performing assets.

Since our initial discussions in the Fall of 2012, much progress has already been made to demonstrate MGM Resorts' ability to deliver on the mayor and city leader's desires. The following proposal is updated from our initial discussions to partner with MassMutual Center in a way that is meaningful to both Springfield tourism development generally, as well as MassMutual Center specifically.

MGM Resorts International, through its MGM Springfield project, proposes to include MassMutual Center as a key component in its plans for an integrated entertainment, retail, restaurant, and casino complex in Downtown Springfield.

The following pages detail the **major partnership elements** listed below, should MGM Resorts succeed in obtaining a license for Springfield:

- **Arena Home Team Sponsorship**
  - Major sponsorship of Falcons and Armor (Minimum three years)
- **Financial Underwriting of Major Events**
  - Up to \$1 million potential loss annually (First three years)
  - Up to \$500,00 potential loss annually (Next five years)
- **Support of Local VCB Activities** (Minimum \$250,000 annually)
- **Ultimate Management of MassMutual Center**
  - No fee (\$250,000 value annually)
- **Support of non-MGM sponsored events**
  - \$250,000 in tickets purchases annually





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## IMMEDIATE AND FUTURE SPONSORSHIP OF TWO RESIDENT SPORTING TEAMS AT MASSMUTUAL ARENA

MGM Springfield has become one of the **largest corporate sponsors of the AHL Springfield Falcons**. Specifically, we purchased an integrated sponsorship for the 2012/2013 season. In addition to significant in-arena branding and activation, we receive 50 tickets per game. The majority of these tickets are being given to nonprofit groups focusing on children and families in the community via the “Friends of the Falcons” program. It would be our intent to continue with this sponsorship on an annual basis, at a minimum for a 3-year period following our opening.

Likewise, MGM Springfield is the **corporate presenting sponsor for the Armor**, Springfield’s NBA D-League franchise for the 2012/2013 season. Similar to the Falcon’s sponsorship, assuming licensing, we will continue our annual commitment for a minimum 3-year post-opening period. MGM Springfield is one of the first corporate sponsors in the D-League to obtain uniform naming rights giving added exposure to both Springfield and MGM in the cities of their league competitors. Furthermore, hospitality opportunities utilizing sponsor tickets are being activated for community organizations.

MGM Springfield was also a **significant sponsor of the men’s and women’s MAAC Conference basketball tournament** in early March, 2013. Our sponsorship provides first right of refusal for future tournaments which we would plan to exercise upon awarding of a license.





## DEVELOPMENT OF AN EXCITING CALENDAR OF ENTERTAINMENT AND SPORTING EVENTS IN THE ARENA.

MGM Resorts' access to top name and unique entertainment, as well as key sporting events is virtually unmatched. Over the past several months, we have been meeting with our key promoters and partners and have begun to craft an entertainment calendar beginning May 2013.

MGM Springfield will not have a dedicated entertainment venue as part of the integrated project, rather we are committed to, and in fact, prepared to provide **underwriting to support entertainment acts and events** utilizing each of Springfield's existing venues. Specific to MassMutual Center is the commitment to **bring a minimum of four key acts or events (sporting, etc.) on an annual basis to the Center.** In addition, as outlined previously, we would plan to support existing tenant sporting franchises and tournaments through significant sponsorship providing activation that drives tourism to downtown.

Two events have already been booked by MGM Springfield in MassMutual Center for 2013:

- Pitbull In Concert – May 23, 2013 (tickets currently on sale)
- Professional Bull Riders Lucas Oil Pro Touring: September 6–7 (tickets on sale soon)

MGM Resorts has very strong relationships with international entertainment providers Live Nation and AEG, and we are leveraging those relationships to break the jurisdictional hold that the Mohegan Sun Arena has on the Springfield market (through event-specific geographic exclusivity arrangements).





The following events have been targeted for MassMutual Center. In many cases, preliminary discussions have taken place, and we are working closely with Matt Hollander and his team from Global Spectrum on finding mutually beneficial dates and deals for 2013 and beyond. Our ability to meet our programming commitment above is also contingent upon our ability to work collaboratively with the team at MassMutual Center to build a calendar based on existing commitments and future opportunities.

- UFC® Strike Force – Mixed Martial Arts – Committed to at least one event in 2013.
- *Cirque du Soleil*® Touring Show – Committed to find a mutually beneficial date for 2013.
- Extreme Sports – Dew Tour, for example.
- Indoor Volleyball Tour – Featuring most recent US Olympic Team.
- Electronic Dance Music – Partnering with current nightclub promoter partners Light Group and AMG. AMG recently signed an exclusive two-year MGM Resorts deal with Tiesto. Other names being pursued are Deadmau5 and Calvin Harris.
- Celebrity Tennis Event – Doubles Challenge – McEnroe/Chang vs. Agassi/Courier.
- Boxing – Top Rank Boxing and Golden Boy Promotions are key partners with MGM Resorts.
- Headline entertainers - Routing discussions have already taken place for many of the performers targeted for Las Vegas, principally for Mandalay Bay's Beach Concert series and the Mandalay Bay Events Center. Likewise, MGM Resorts enjoys a great relationship with one of the largest entertainment booking and promotions agencies in the Northeast, based in Boston. We will look to leverage opportunities with the agency.





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## MGM SPRINGFIELD FINANCIAL COMMITMENT

As a demonstration of our commitment to the City, we will work with Global Spectrum in securing and marketing quality acts and events (a min. of four per year) which collectively, we believe, will meet pro-forma sell out status. However, in the event that the pro-forma is not met, MGM Springfield will commit to **underwrite up to a \$1MM annual loss** for a period of three years post-opening. Assuming success is achieved by generally hitting our pro-forma numbers, and to further ensure quality acts, MGM will, however, commit to **underwrite up to a \$500,000 annual loss** for an additional 5-year period.

As your partner, we would propose a bi-weekly meeting with the Global Spectrum team to collaborate on plans for MassMutual Center. The purpose of the meeting will be to optimize the overall planning, marketing, and implementation of our joint events. Included on the agenda would be a review of the calendar, booking opportunities, cooperative marketing, promotions, etc.





**MGM RESORTS**  
INTERNATIONAL®

## IMMEDIATE AND DIRECT SUPPORT FOR CONVENTION AND MEETING SALES

We propose to deploy MGM Resorts corporate and regional office sales managers to assist in securing additional business for the MassMutual Center. As operators of the fifth largest convention center in North America (Mandalay Bay) as well as the most significant amount of meeting space collectively in Las Vegas and regional properties, we receive and solicit many convention and meetings leads. As such, we have the ability to steer opportunities to MassMutual in the short-term.

Long-term, should MGM Resorts be successful in its bid, we propose a direct relationship with MassMutual to utilize the approximately 15,000 square feet of proposed meeting space in MGM Springfield, along with the existing 70,000 square feet in MassMutual to attract programs that develop the tourism base by groups which previously could not meet due to space constraints.

We recognize that the Pioneer Valley VCB has direct involvement in providing leads and working directly with MassMutual management, and we have already discussed with them our desire to assist in meeting their key goal of tourism development.

Specifically, we will participate in Pioneer Valley VCB coordinated external cooperative marketing programs, as well as to collaborate on the development of a joint private/public sales and marketing plan for the region with emphasis on MGM Springfield and the MassMutual Center along with complementary venues that will support the group segment. **We will commit a total of \$250,000 annually to those efforts.**







**MGM RESORTS**  
INTERNATIONAL®

## CORPORATE MANAGEMENT OF MASSMUTUAL CENTER

At the conclusion of the current management contract with Global Spectrum, MGM Resorts proposes taking over full corporate management of MassMutual at a financial arrangement that would allow it only to cover its direct cost of such management. There would be **no profit for MGM Resorts built into the agreement**. We understand this would **save the Center approximately \$250,000 annually**.

## ADDITIONAL COMMITMENTS

We will provide the following to MCCA at no cost:

- Utilization of the MGM Springfield parking garage for all MassMutual Center events/conventions (approx. 3,000 spaces)
- Interior directional signage from MGM parking structure to MassMutual Center
- Allocated time on the proposed large digital marquee planned for the MGM parking structure with high visibility to I-91
- MassMutual Center and Arena marketing messages on MGM Springfield digital signs throughout the property
- MassMutual Center proprietary channel on in-room televisions
- MassMutual Center content on in-room and property collateral as appropriate

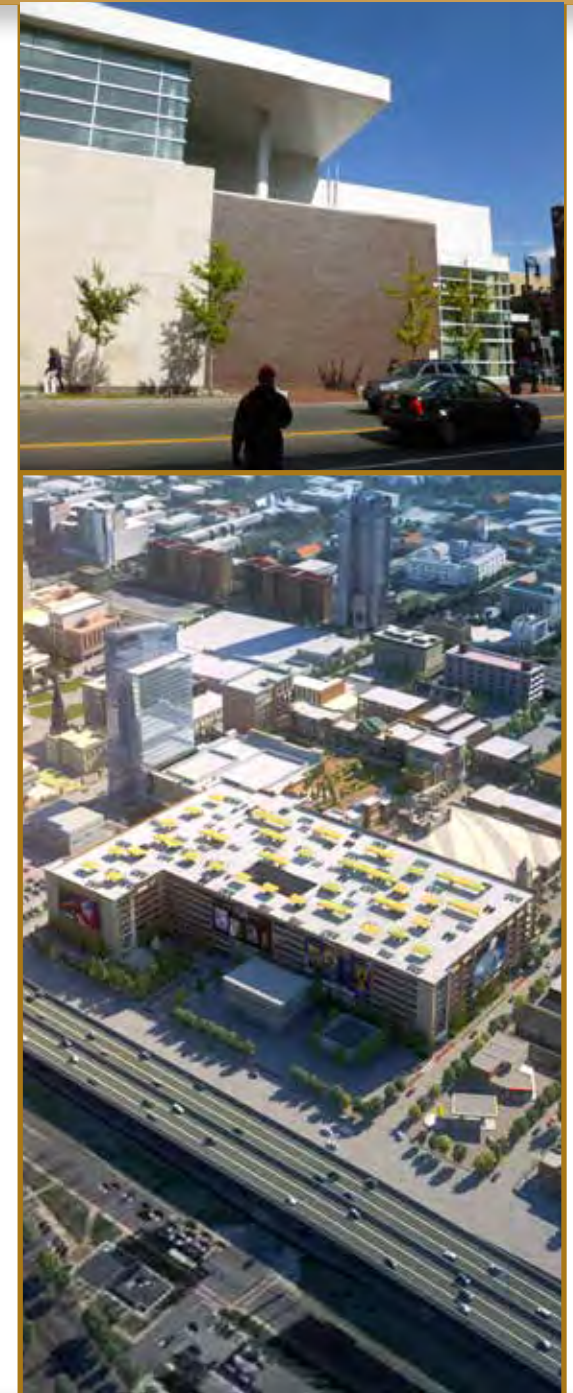




## MGM RESORTS INTERNATIONAL®

- Dedicated link on the MGM Springfield website to MassMutual Center website or promotional landing pages as appropriate
- Events promotion for all MassMutual Center events and entertainment (MGM sponsored and non-sponsored) in all forms of MGM Springfield and M life social media
- Event content in quarterly M life newsletters (6.3MM database)
- Regular entertainment calendar features in M life TV (nearly 1MM YouTube views) and M life Magazine (150K circulation)
- Occasional story placement in M life magazine and feature segment on M life TV

MGM Springfield will **dedicate marketing funds up to \$250,000 annually to purchase tickets to non-MGM Springfield events at MassMutual Center.** The exact amount will be determined based on forecasted customer demand.





## EXHIBIT C

### EMPLOYMENT, WORKFORCE DEVELOPMENT AND OPPORTUNITIES FOR LOCAL BUSINESS OWNERS

#### 1. General

With respect to all employment decisions of the Developer whether for construction jobs or operations jobs, Developer shall, and shall cause its contractors and subcontractors, to:

(a) comply with all applicable equal employment opportunity, non-discrimination and affirmative action requirements, including, but not limited to, the provisions of Chapter 151B of the Massachusetts General Laws, as amended, and all other applicable anti-discrimination and equal opportunity laws;

(b) not discriminate against any employee or applicant for employment because of race, color, religious creed, national origin, sex, sexual orientation, genetic information, military service, age, ancestry or disability;

(c) undertake, in good faith, affirmative action measures to eliminate discriminatory barriers in the terms and conditions of employment on the grounds of race, color, religious creed, national origin, sex, sexual orientation, genetic information, military service, age, ancestry or disability. Such affirmative action measures shall entail positive and aggressive measures to ensure non-discrimination and to promote the equal opportunities in the areas of hiring, upgrading, demotion or transfer, recruitment, layoff or termination, rate of compensation, apprenticeship and on the job training programs. A list of positive and aggressive measures shall include, but not be limited to, advertising employment opportunities in minority and other community news media; notifying Minority, women, Veteran and other community-based organizations of employment opportunities; validating all job specifications, selection requirements, and tests; maintaining a file of names and addresses of each worker referred to Developer or its contractor and what action was taken concerning such worker; and notifying the administering agency in writing when a union with whom the Developer or its contractor has a collective bargaining agreement has failed to refer a Minority, woman or Veteran worker. These and other affirmative action measures shall include all actions required to guarantee equal employment opportunity for all persons, regardless of race, color, religious creed, national origin, sex, sexual orientation, genetic information, military service, age, ancestry or disability; and

(d) establish a tracking system that tracks all of the employees that are working on or at the Project and such records and system shall be subject to inspection by the City.

#### 2. Construction Jobs

During construction of the Project:

(a) Developer shall use its best efforts to create and maintain no fewer than Two Thousand (2,000) construction jobs at the Project; and

(b) Developer shall abide by an affirmative action program of equal opportunity as approved by the Commission whereby Developer shall strive to achieve labor participation goals for the utilization of Minorities, women and Veterans on the construction of the Project; *provided however*, that such goals for women and minorities shall be equal to or greater than the goals contained in the Commonwealth's Executive Office for Administration and Finance Administration Bulletin Number 14 which goals currently are set at 15.3% Minorities and 6.9% women and such goal for Veterans is set at 8%. The participation goals as set forth herein shall not be construed as quotas or set asides; rather such participation goals will be used to measure the progress of the Developer's equal opportunity, non-discrimination and affirmative action program.

3. Operations Jobs

(a) Developer will use its best efforts to employ as of the Operations Commencement Date no fewer than Three Thousand (3,000) persons, of which no fewer than Two Thousand Two Hundred (2,200) persons shall be employed on a full-time equivalent basis at the Project and/or any work of the Developer's at any facility at Union Station.

(b) Beginning on the Operations Commencement and continuing throughout the Term:

(i) Developer shall use its best efforts to strive to achieve labor participation goals for the utilization of City Residents so that (a) no fewer than Thirty-Five Percent (35%) of persons employed by the Developer at the Project and any related Union Station facility will be City Residents; and (b) no more than Ten Percent (10%) of its workforce will be residents from outside the City and its surrounding area.

(ii) Developer shall use its best efforts to strive to achieve labor participation goals for the utilization of Minority persons, women and Veterans so that: (a) no less than Fifty Percent (50%) of its workforce will be Minority persons, (b) no less than Fifty Percent (50%) of its workforce will be women and (c) no less than Two Percent (2%) of its workforce will be Veterans. The participation goals as set forth herein shall not be construed as quotas or set asides; rather such participation goals will be used to measure the progress of the Developer's equal opportunity, non-discrimination and affirmative action program.

(c) The Developer will provide a "First Choice" recruitment program in partnership with the Massachusetts Casino Careers Training Institute to provide City Residents the first opportunity to learn about and apply for positions at the Project. The First Choice program also will provide outreach services to economically isolated residents, those on disability benefits and residents in disadvantaged areas in the City, with a focus on the unemployed and underemployed, as well as Minority, women and Veteran recruitment, to encourage City residents to apply for jobs available at the Project.

4. Workforce Development

(a) The Developer will organize and maintain a training program to offer workforce skills development courses to City Residents in addition to training for all Project employees.

(b) The Developer will offer English as a Second Language Classes at no charge to Project employees.

(c) Developer shall otherwise comply with Section 18(17) of the Act in establishing and implementing a workforce development plan.

5. MBE/WBE/VBE Commitment

For purposes of this section, MBE shall mean Minority-owned Business, WBE shall mean Women-owned Business and VBE shall mean Veteran-owned Business, as defined in section 7 hereof.

(a) Developer shall use its best efforts to:

(i) award contracts for the design and construction of the Project, utilizing the following minimum percentages of MBE, WBE and VBE located in the City, measured by the total dollar amount of such contracts:

MBE: Five Percent (5%);

WBE: Ten Percent (10%); and

VBE: Two Percent (2%).

(ii) utilize the following percentages of MBE, WBE and VBE located in the City for the provision of goods and services for the Project following Operations Commencement, measured by the total dollar amount of such contracts:

MBE: Ten Percent (10%);

WBE: Fifteen Percent (15%); and

VBE: Two Percent (2%).

In furtherance of such best efforts obligations, Developer will implement a marketing program to achieve such goals and alert MBE, WBE and VBE of supplier opportunities.

(b) On a periodic basis, the Developer will hold day-long training and seminar sessions, free of charge and open to City businesses, to educate and assist them in applying for certification as an MBE, WBE and/or VBE.

6. Opportunities for Local Business Owners

Developer shall exercise its best efforts to ensure that at least Fifty Million Dollars (\$50,000,000) of its annual biddable goods and services are prioritized for local procurement,

meaning principally Springfield, but including the immediately surrounding Greater Springfield Area. Such local businesses shall not be guaranteed any awards but shall be given preferential consideration if all other aspects of the respective bid responses are competitive with non-local businesses.

Further, Developer shall use best efforts to work with local business associations such as, the Affiliated Chambers of Commerce of Greater Springfield and the Massachusetts Latino Chamber of Commerce (Springfield office) to educate local businesses on the opportunities provided by Developer's commitment to source such goods and services locally.

7. Definitions. For purposes of this Exhibit C, the following terms shall have the following meanings:

(a) "**City Resident**" means any person for whom the principal place of residence is within the City as of the date of such person's hire, unless such person's residency occurred within three (3) months of the date of such hire as a result Developer's prior express agreement to hire. Proof of residence may include, but is not limited to, the following: a valid Massachusetts driver's license indicating a City permanent residence, utility bills, proof of voter registration within the City or such other proof indicating a permanent residence within the City.

(b) "**Minority**" means a person who meets one or more of the following definitions:

(i) American Indian or Native American means: all persons having origins in any of the original peoples of North America and who are recognized as an Indian by a tribe or tribal organization.

(ii) Asian means: all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian sub-continent, or the Pacific Islands, including, but not limited to China, Japan, Korea, Samoa, India, and the Philippine Islands.

(iii) Black means: all persons having origins in any of the Black racial groups of Africa, including, but not limited to, African-Americans, and all persons having origins in any of the original peoples of the Cape Verdean Islands.

(iv) Eskimo or Aleut means: All persons having origins in any of the peoples of Northern Canada, Greenland, Alaska, and Eastern Siberia.

(v) Hispanic means: All persons having their origins in any of the Spanish-speaking peoples of Mexico, Puerto Rico, Cuba, Central or South America, or the Caribbean Islands.

(c) "**Minority-owned Business**" means a business that is beneficially owned by one or more Minority persons as follows:

(i) the business must be at least 51% owned by Minority persons; in the case of a corporation or other entity having more than one class of

stockholders or equity interests, the ownership requirement must be met as to each class of stock or equity interest;

(ii) the Minority owners shall demonstrate that they have dominant control over management;

(iii) the business has not been established solely for the purpose of taking advantage of a special program which has been developed to assist minority businesses; and

(iv) in the case of a joint venture between a minority business meeting the requirements of 1. through 3. above, inclusive, and a non-minority business, the joint venture shall be found to be a minority business if the minority business meeting the requirements of said clauses 1. to 3. above, inclusive, shall have more than one-half control over management of the project and shall have the right to receive more than one-half of the profits deriving from that project.

(d) **“Veteran”** shall have the meaning ascribed to such term as provided in Massachusetts General Law Chapter 4, Section 7.

(e) **“Veteran-owned Business”** means a business that is meeting the requirements set forth in clauses 1. to 4., inclusive, of the definition of a “Minority-owned Business” except that the terms “veterans”, “veteran owners” and “veteran-owned business” shall be substituted for the terms “minority”, “minority persons”, “minority owners” and “minority business” appearing in the definition.

(f) **“Women-owned Business”** means a business that meets the requirements set forth in clauses 1. to 4., inclusive, of the definition of a “Minority-owned Business” except that the terms “women”, “women owners” and “women-owned business” shall be substituted for the terms “minority”, “minority persons”, “minority owners” and “minority business” appearing in the definition.



## EXHIBIT D

### OBLIGATIONS TO MITIGATE POTENTIAL IMPACTS ON SURROUNDING COMMUNITIES

1. Developer shall enter into agreements with Surrounding Communities to mitigate potential impacts on Surrounding Communities from the development and operation of the Project (each, a “**Surrounding Community Agreement**”, and collectively, the “**Surrounding Community Agreements**”). Prior to entering into a Surrounding Community Agreement, Developer shall consult with the City as to the terms of such agreement. In the event the Developer’s financial obligations under a Surrounding Community Agreement would result in either exceeding the Upfront Cap (as defined herein) or the Annual Cap (as defined herein), the City shall have the right to approve the Surrounding Community Agreement, said approval shall not be unreasonably withheld.

2. Developer shall develop regionally based solutions and other strategies for mitigating potential impacts on Surrounding Communities from the development and operation of the Project, including but not limited to funding a study to quantify the positive and negative impacts on Surrounding Communities to identify the net impact on each Surrounding Community.

3. Developer shall be responsible for One Hundred Percent (100%) of all upfront payments, if any, to be made by Developer under all Surrounding Community Agreements up to and including an aggregate of Five Hundred Thousand Dollars (\$500,000) for all Surrounding Community Agreements (the “**Upfront Cap**”). In the event upfront payments owed by Developer under Surrounding Community Agreements are less than the Upfront Cap, the difference between the Upfront Cap and the aggregate upfront payments to be made for all Surrounding Community Agreements shall be paid by Developer to the Community Development Fund established pursuant to the Agreement upon the issuance of a Category 1 license to Developer.

In the event upfront payments to be made by Developer under all Surrounding Community Agreements are greater than the Upfront Cap, then Developer shall pay One Hundred Percent (100%) of such payments, but an amount equal to fifty percent (50%) of such excess (the “**Upfront Payment Excess**”) shall be credited against Community Impact Percentage Payments otherwise required to be made by Developer. Such credits, if any, shall be applied Twenty Percent (20%) each Casino Year commencing in the first full Casino Year following Operations Commencement and continuing each Casino Year thereafter until the Upfront Payment Excess has been satisfied.

4. Developer shall be responsible for One Hundred Percent (100%) of all annual payments, if any, under Surrounding Community Agreements up to and including an aggregate of Five Hundred Thousand Dollars (\$500,000), as may be increased as provided in Paragraph 5, below, prorated for the first and last Casino Year (the “**Annual Cap**”). In the event annual payments to be made by Developer under all Surrounding Community Agreements during any Casino Year are less than the Five Hundred Thousand Dollars (\$500,000) for such Casino Year, Developer shall pay to the Community Development Fund on the last day of each such Casino

Year the difference between Five Hundred Thousand Dollars (\$500,000) and the aggregate annual payments for all Surrounding Community Agreements paid during such Casino Year.

In the event annual payments to be made by Developer under all Surrounding Community Agreements are greater than the Annual Cap during any Casino Year, then Developer shall pay One Hundred Percent (100%) of such payments but an amount equal to Fifty Percent (50%) of such excess (the “**Annual Payment Excess**”) shall be credited against each Community Impact Percentage Payment otherwise required to be made by Developer in the Casino Year immediately following the Casino Year during which the Annual Payment Excess applies.

5. Commencing on July 1 immediately following the Operations Commencement Date, and on each July 1 thereafter during the Term, the amount of the Annual Cap for the Casino Year then commencing shall be determined by multiplying the amount of the Annual Cap in effect as of the immediately preceding day times the CPI Adjustment Factor, provided however, that if the first Casino Year is less than six (6) months than the CPI Adjustment Factor shall not be applied until July 1 of the third Casino Year.

## EXHIBIT E

### OTHER OBLIGATIONS OF DEVELOPER

#### 1. Traffic Improvements

The Developer shall implement or fully fund, as applicable, on a timely basis according to a schedule agreed to by the City and not later than the Construction Completion Date the mitigation improvements described in the TEC traffic study, dated December 17, 2012, that the Developer provided to the City with its responses to the RFQ/P, including without limitation the infrastructure improvements described under the caption "Traffic" in Exhibit 8(b) of the Developer's response to Phase II of the RFQ/P.

#### 2. Union Station

(a) Developer shall lease and occupy not less than 44,000 square feet of commercial real estate at Union Station, street address 66 Lyman Street, Springfield, Massachusetts, from the Springfield Redevelopment Authority (the "**SRA**") for uses relating to the Project at a rent and on terms mutually agreeable to the SRA and Developer acting in good faith, taking into account the anticipated Construction Completion Date. Further, Developer shall invest approximately Six Million Seven Hundred Fifty Thousand Dollars (\$6,570,000) to build out and improve such facility no later than the Construction Completion Date. In the event the parties are unable to reach such mutually agreeable terms by July 1, 2014, then Paragraph 2(b) below shall take effect.

(b) In order to assist in the underwriting of bond financing for the Union Station development and in lieu of Developer's obligations in Paragraph 2(a) above, the SRA shall have the right to require that Developer shall enter into an agreement with the SRA to make fifteen (15) annual payments to the SRA of Five Hundred Thousand Dollars (\$500,000) each, with the first such annual payment commencing not later than one (1) year prior to the Construction Completion Date and on each anniversary date thereof until fully paid.

#### 3. Riverfront Park

Not later than one (1) year prior to the Construction Completion Date, the Developer shall provide the City with a grant of One Million Dollars (\$1,000,000) to be used by the City to fund improvements at Riverfront Park.

#### 4. DaVinci Park

Developer shall work cooperatively with the City to design and construct improvements to DaVinci Park at Developer's sole cost, which improvements may include a topiary garden or other landscaping features which will enhance the park for the enjoyment of the City's residents. Prior to the Operations Commencement Date, the Developer at its sole cost shall relocate the playground equipment located at DaVinci Park to another location chosen by the City. Following the installation of the improvements to DaVinci Park, Developer shall be responsible for the cost of maintaining DaVinci Park according to a maintenance schedule mutually agreeable to the City and Developer.

5. Skating Rink

Developer shall design, install and maintain an outdoor skating rink for public use during the winter season to be located on the Project Site. The Developer may charge a reasonable fee for use of such facility. Such facility shall begin operating during the first winter season immediately following Operations Commencement and shall continue operating the rink each winter season for at least the first five (5) years following Operations Commencement.

6. Public Trolley

During the Term, the Pioneer Valley Transit Authority, with financial support from Developer (initial capital funding for up to two trolleys and subsidies for operating costs of the trolley, to the extent not covered by revenues), shall operate a fare-based public trolley system throughout the Downtown area of the City, including service that regularly connects at least the following destinations with reasonable intermediate stops convenient to local businesses, accommodations, public transportation and civic institutions: the Project, the Basketball Hall of Fame, the MassMutual Center and Arena, the Quadrangle, Union Station, Riverfront Park, Symphony Hall/City Stage, and the City's museums. The operating schedule and procedures of the public trolley system shall reasonably accommodate customers of the Project arriving to the City by bus or train. With respect to the public trolley system, the Developer shall have responsibility to fund: (i) capital investment, operation, maintenance and marketing and (ii) hiring, supervision and compensation of personnel. The Developer shall coordinate with the City and Pioneer Valley Transit Authority regarding safety protocols, schedule and route planning, stop placement, street furniture and wayfinding apparatus, and other operating decisions and investments implicating the public right of way, and the safe and convenient use of the public trolley system by the public.

7. Franconia Golf Course.

Upon receipt of a Category 1 license issued by the Commission to Developer subject to no material conditions that are unacceptable to Developer, Developer shall provide to the City a grant of One Hundred and Fifty Thousand Dollars (\$150,000) to be used by the City to construct the "MGM Springfield" branded pavilion at Franconia Golf Course.

8. Employee Child Care

(a) The Project will include an approximately 3,000 square foot child day care facility with adjacent fenced outdoor play area for children of employees of the Project.

(b) Square One shall be offered the opportunity to bid on the management of this facility upon its completion.

(c) The Developer will subsidize child care at the facility to make its services reasonably affordable to Project employees.

9. Displaced Tenant Payments

(a) For any tenants displaced at the Project Site that agree to relocate within the City, Developer will pay each such tenant a one-time fee of \$3/square foot (based on their existing square footage) of their new rentable space towards security deposit and moving costs.

(b) For any tenants displaced at the Project Site that agree to relocate within the Business Improvement District, Developer will pay each such tenant \$4/square foot (based on their existing square footage) of their new rentable space towards security deposit and moving costs. The “Business Improvement District” means the area designated as such by the City’s Office of Planning and Economic Development.

(c) Tenants shall only be eligible for one of the subsidies set forth in subsections (a) and (b) above.

10. Utilities

Developer shall be responsible for the cost of the sewer and water main work as set forth in that certain April 24, 2013 letter to MGM Resorts Development, LLC from Timothy J. Williams of Allen & Major Associates, Inc., a copy of which is attached hereto as Schedule 1 to Exhibit E, as the same may be modified from time to time by agreement of Developer and the City.

11. Community Support Efforts

During the Term, from time to time, Developer will consider and support the applications of City community groups and non-profit organizations for financial support from the MGM Resorts Foundation (or any equivalent foundation of Developer or its Affiliates) and from discretionary community support funds available to Developer covering such programs as early childhood development and prevention of gang violence.

12. Off-Street Parking – Springfield Parking Authority

In consideration of the impact of Developer’s original, proposed 4,800 stall free parking structure, Developer has agreed to initially construct no more than 3,600 parking stalls, as of Operations Commencement, which Developer believes will result in excess demand by its customers and guests, for paid parking provided by Springfield Parking Authority.

13. Responsible Gaming

Developer will adhere to the highest level of ethical and responsible gaming practices, consistent with its practices at Developer’s Affiliate facilities, including but not limited to the following:

(a) Use certified trainers to train all of its employees on responsible gaming including tiered training in accordance with the employee’s exposure to gaming in their job duties;

(b) Post signage in English and Spanish with the toll-free Problem Gamblers Help Line number in employer and customer-facing areas in the Project;

(c) Adhere to the Commission's voluntary self-limit or exclusion laws, regulations and policies;

(d) Provide an on-site location for guests to privately receive information on problem gambling, together with information of available resources for treatment, counseling and prevention for compulsive gaming behaviors; and

(e) Have its employees participate annually in "Responsible Gaming Education Week" sponsored annually by the American Gaming Association or any successor or equivalent program.

#### 14. Underage Gaming

Developer will train its employees at least annually to request and verify the identification of any patron that appears to be under age in accordance with industry standards or otherwise provided in the Act.

SCHEDULE 1



ALLEN & MAJOR  
ASSOCIATES, INC.

100 Commerce Way  
P.O. Box 2118  
Woburn, MA 01888-0118  
Tel: (781) 935-6889  
Fax: (781) 935-2896

April 24, 2013

Hunter Clayton  
Executive Vice President  
MGM Resorts Development, LLC  
1441 Main Street  
Springfield, MA 01103

RE: MGM Springfield  
Springfield, MA  
Development Utility Plan

Dear Mr. Clayton:

Allen & Major Associates, Inc. (A&M) has coordinated with the City of Springfield Department of Public Works (DPW) and the Springfield Water and Sewer Commission (SWSC) regarding the sewer and water main work required for the proposed MGM development in Springfield. Based on these discussions, it is understood that the DPW and SWSC feel the water mains within Main Street and Union Street be replaced as part of the project scope due to the age of this infrastructure. The actual limits of replacement within these streets will be coordinated during the design phase of the project as will the re-connections to adjacent streets, hydrants and service laterals. As discussed, temporary water line bypasses during construction can only happen from April 15<sup>th</sup> to November 15<sup>th</sup>. Service laterals from structures to be razed that connect to the water mains in State Street and East Columbus will be subject to the following requirements:

- Service connections of 2-inches or less can be capped at the water main.
- Service connections of 4-inches or larger cannot be capped at the water main. When abandoning a 4-inch line or larger, a section of the water main at the service connection must be cut out and the cut out section of the water main replaced with a new section of pipe.

The existing water mains within Howard Street and Bliss Street will be removed as part of the development. Existing structures who tie into these water mains for domestic and fire service will be re-configured.

The proposed MGM development design intent is to avoid any direct connection with the brick combined sewer system found within the streets surrounding the proposed project area. Subject to confirmation of existing conditions by field investigation and final engineering, the proposed sewer service and closed drainage system for the project will tie into the existing 48-inch reinforced concrete pipe within East Columbus Boulevard. The closed drainage system will be designed with provisions for future connection to the SWSC sewer separation project infrastructure. It is our understanding that any existing sewer laterals servicing the existing building to be removed can be cut and capped at the back of sidewalks to avoid any disturbance to the large diameter brick combined sewer system.

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civil & structural engineers \* land surveyors \* environmental consultants \* landscape architects

A&M will continue to work with the DPW and SWSC during the design phase of the project to coordinate existing and proposed utility connections. If you have any questions, please do not hesitate to contact me.

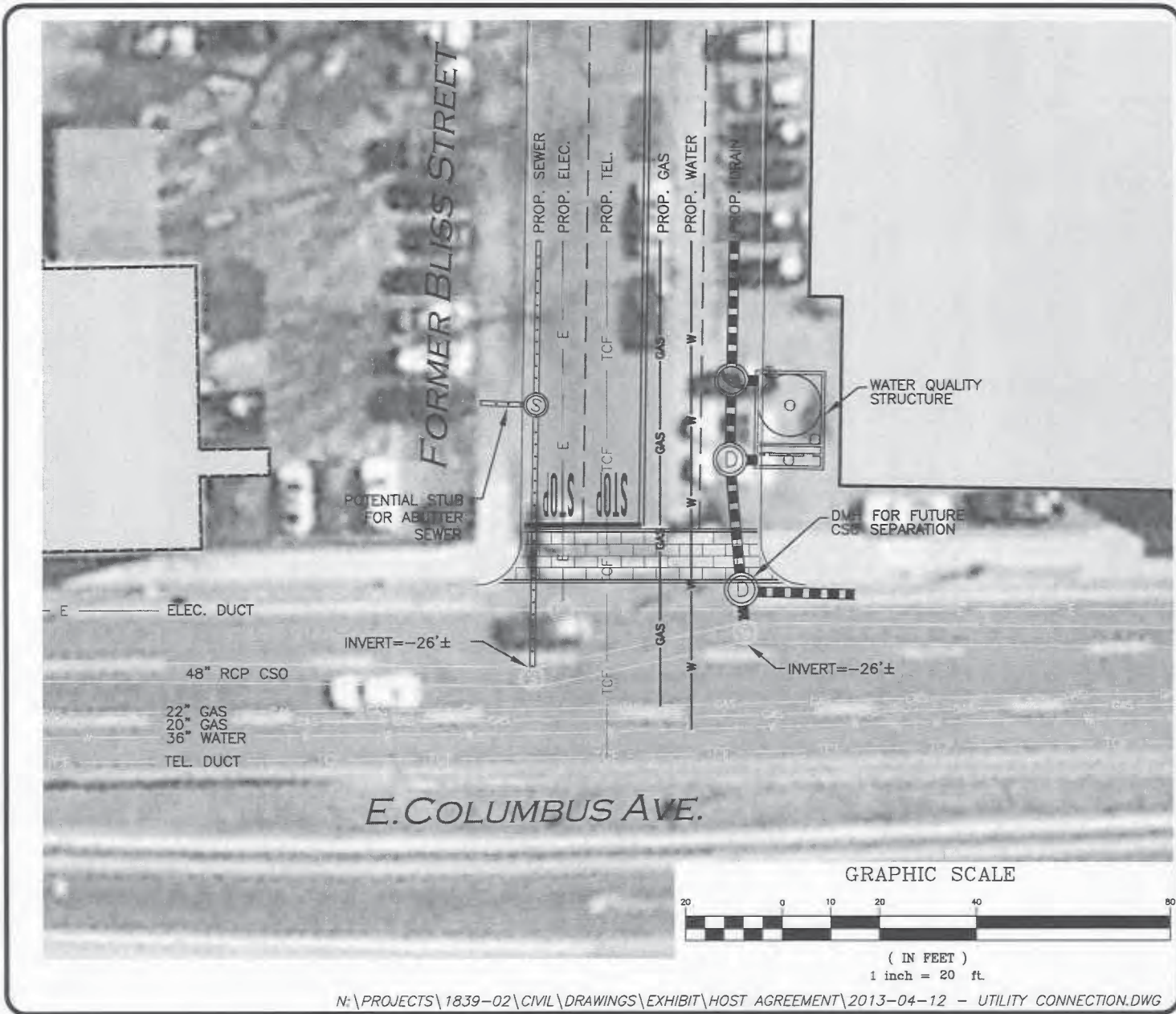
Very truly yours,

**ALLEN & MAJOR ASSOCIATES, INC.**



Timothy J. Williams, PE  
Vice President





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**NOTES:**

1. THE LOCATIONS OF EXISTING UNDERGROUND UTILITIES ARE SHOWN IN AN APPROXIMATE WAY ONLY AND HAVE NOT BEEN INDEPENDENTLY VERIFIED BY THE OWNER OR IT'S REPRESENTATIVE.
2. PROPOSED UTILITY CONNECTIONS SUBJECT TO INVESTIGATION AND FINAL ENGINEERING.

**APPLICANT/OWNER:**

MGM SPRINGFIELD  
1441 MAIN STREET  
SPRINGFIELD, MA 01103

**PROJECT:**

MGM SPRINGFIELD  
SPRINGFIELD, MA

PROJECT NO. 1839-02A DATE: 01/31/13

SCALE: 1"=20' DWG. NAME: C-1829-02A

DESIGNED BY: SMM CHECKED BY: TWW

**PREPARED BY:**



**ALLEN & MAJOR ASSOCIATES, INC.**

civil & structural engineering • land surveying  
environmental consulting • landscape architecture  
[www.allenmajor.com](http://www.allenmajor.com)

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TEL: (781) 935-6889  
FAX: (781) 935-2896

WOBURN, MA • LAKEVILLE, MA • MANCHESTER, NH

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**DRAWING TITLE:**

CONCEPTUAL UTILITY  
CONNECTION EXHIBIT

**SHEET No.**

EX-1

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**MASSMUTUAL  
CENTER**

Map No.	Address	Parcel No.
1a	1200 Main Street	08130-0110
1b	95 State Street	11110-0650
1c	16 Bliss Street	01560-0001
1d	55 Bliss Street	01560-0029
2	79 State Street (83 State Street)	11110-0651
3a	73 State Street	11110-0653
3b	NS Bliss Street (back of 73 State Street)	01560-0005
3c	NS Bliss Street (back of 73 State Street)	01560-0007
3d	NS Bliss Street (back of 73 State Street)	01560-0008
6	1156 Main Street	08130-0108
7	1132 Main Street	08130-0105
8a	Bliss Street	01560-0032
8b	19 Bliss Street	01560-0031
9	55 Bliss Street	01560-0028
10a	53 Bliss Street	01560-0024
10b	NS Howard Street	06802-0016
11a	61 Bliss Street	01560-0023
11b	NS Howard Street	06802-0017
11c	NS Howard Street	06802-0018
11d	NS Howard Street	06802-0020
12	NS Howard Street	06802-0024
13a	55 Bliss Street	01560-0021
13b	55 Bliss Street	01560-0020
13c	1357 East Columbus	04303-0496
14	1317 East Columbus	04303-0502
15	82 Howard Street	06802-0028
16a	26 Howard Street	06802-0010
16b	55 Bliss Street	01560-0030
16c	NS Howard	06802-0005
17	1106 Main Street	08130-0100
18	1126 Main Street	08130-0103
19	1120 Main Street	08130-0101
20	1090 Main Street	08130-0098
23a	29 Howard Street (Amory Building)	08130-0088
23b	30 Howard Street (Amory Building)	11750-0328
24	35 Howard Street	06802-0070
25a	53 Howard Street	06802-0068
25b	53 Howard Street	11750-0022
26	Howard Street	6802-0065
28	1008-1028 Main Street	81300091

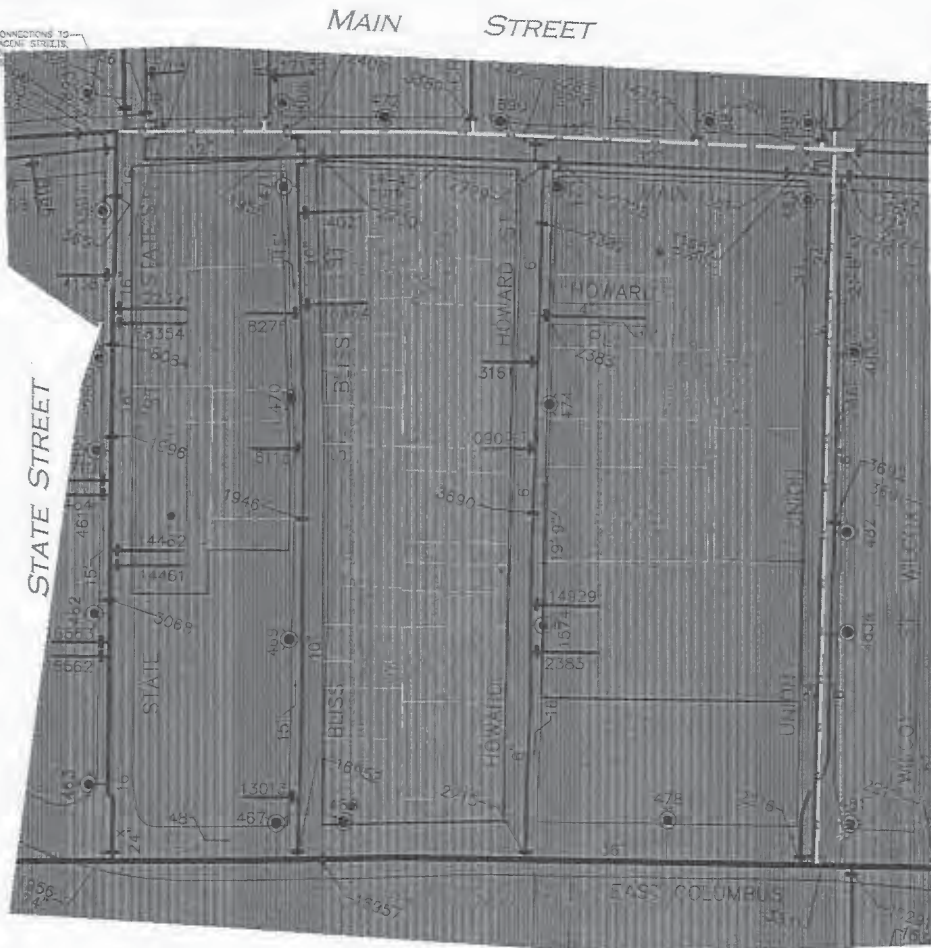


**MGM SPRINGFIELD HOST COMMUNITY AGREEMENT  
EXHIBIT H (Project Site PARCEL MAP)**



LOCUS MAP  
(NOT TO SCALE)

CONNECTIONS TO  
ADJACENT STREETS  
HYDRAULICALLY  
TO BE



CONNECTIONS TO  
ADJACENT STREETS  
HYDRAULICALLY  
TO BE

NOTES:

1. THE LOCATIONS OF EXISTING UNDERGROUND UTILITIES ARE SHOWN IN AN APPROXIMATE WAY ONLY AND HAVE NOT BEEN INDEPENDENTLY VERIFIED BY THE OWNER OR ITS REPRESENTATIVE.
2. PROPOSED WATER MAIN REPLACEMENT CONFIGURATION SUBJECT TO INVESTIGATION, COORDINATION WITH THE SPRINGFIELD DPM WATER AND SEWER COMMISSION AND FINAL ENGINEERING.
3. RECORD WATER MAIN PLANS PROVIDED BY THE SPRINGFIELD WATER AND SEWER COMMISSION.

AS TO  
STREETS  
AND  
9 RE.

GRAPHIC SCALE



REV	DATE	DESCRIPTION

APPLICANT/OWNER:  
MGM SPRINGFIELD  
1441 MAIN STREET  
SPRINGFIELD, MA 01103

PROJECT:  
MGM SPRINGFIELD  
SPRINGFIELD, MA

PROJECT NO: 1839-02A DATE: 04/15/13  
SCALE: 1" = 80' DWG. NAME: C1839-02A  
DRAFTED BY: TWM CHECKED BY: TWM  
PREPARED BY:

**ALLEN & MAJOR ASSOCIATES, INC.**  
civil & structural engineering • land surveying  
environmental consulting • landscape architecture  
www.allenmajor.com  
100 COMMERCE WAY  
PO BOX 2118  
WOBURN MA 01886-0118  
TEL: (781) 935-8889  
FAX: (781) 935-8996  
WOBURN MA • LAKEVILLE MA • MANCHESTER NH

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DRAWING TITLE: WATER MAIN REPLACEMENT EXHIBIT PLAN SHEET No. EX-2

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## EXHIBIT F

### COMMUNITY DEVELOPMENT FUND

1. Commencing on the Operations Commencement Date, and on each July 1 thereafter during the Term, Developer shall make the Community Development Grant to the City, prorated for the first Casino Year and the last Casino Year.

2. Commencing on July 1 immediately following the Operations Commencement Date, and on each July 1 thereafter during the Term, the amount of the Community Development Grant for the Casino Year then commencing shall be determined by multiplying the amount of the Community Development Grant in effect as of the immediately preceding day times the CPI Adjustment Factor, provided however, that if the first Casino Year is less than six (6) months, then the CPI Adjustment Factor shall not be applied until July 1 of the third Casino Year.

3. All Community Development Grants shall be deposited into the Community Development Fund established by the City Treasurer.

4. The Community Development Fund shall be administered (pursuant to municipal finance laws and policies) by the City and used to support: (i) early childhood education; (ii) higher education; (iii) libraries; (iv) enhancement of the positive health impacts of the Project and to eliminate, reduce or mitigate negative impacts on health impacts in connection with the Project; (v) any parking revenue subsidies for the Springfield Parking Authority required as a result of lost revenues from Developer's free parking garage; (vi) Project compliance; and (vii) the betterment of the City and its residents.

## EXHIBIT G

### PROJECT AND PROJECT DESCRIPTION

The Project is a mixed-use commercial and residential casino resort real estate development of approximately 850,000 square feet (excluding structured parking) occupying the Project Site. Components include the following approximate minimum elements and sizes, and comprised of the following:

1. A “Casino Block” building comprising a two-level plus basement podium with an approximately 8,000 square foot rooftop garden, a hotel room tower, and adjoining mid-rise structures with the following specific Components:
  - (a) An approximately 125,000 square foot one-level casino with not less than 3,000 slot and video gaming machines, not less than 75 table games, a poker room and a high-limit area and related support, security and customer service facilities;
  - (b) An approximately 294-foot tall, glass-façade tower containing an approximately 200,000 square foot (excluding convention, food/beverage and spa/fitness space), approximately 250 key, four-star hotel with amenities and finishes characteristic of the upper upscale market segment;
  - (c) An approximately 7,000 square foot spa and fitness facility with adjacent, roof-top outdoor swimming pool;
  - (d) Modern, finished meeting and convention space and related pre-function and back-of-house/food preparation areas totaling approximately 45,000 square feet and planned to complement existing facilities at the MassMutual Center and Arena;
  - (e) Approximately 48,000 square feet of dining and beverage service area allocated among not less than seven distinctly branded restaurants, lounges or cafes adjoining and with access from both the casino floor and Main, State and Howard Streets;
  - (f) Approximately 7,000 square feet of retail space adjoining the casino floor and facing and opening onto Main and State Streets;
  - (g) Approximately 54 market-rate apartment units in mid-rise, pedestrian-scaled buildings facing, and with direct access from, Main Street;
  - (h) Approximately 125,000 square feet of on and off-site executive office and back of house space;
2. Mid-rise retail outbuildings including the following specific Components: a cinema multiplex, bowling alley, not less than two distinctly branded restaurants or sports bars, and mid-size, approximately 20,300 square feet of pedestrian-scale retail space facing and opening onto Main and Union streets;

3. An outdoor public plaza with facilities and infrastructure to host events and featuring an ice-skating rink, large dynamic video displays, outdoor areas for events and concerts that can easily be transformed into interactive environments for exhibitions, art shows and similar functions;
4. A child care center of approximately 3,000 square feet with adjacent, fenced outdoor play area;
5. Approximately 85,000 square feet (not included in Project total) of rehabbed Class A office space located at 101 State Street;
6. Rehabilitation and incorporation of the following existing buildings into new construction: 1200 Main Street, 73 State Street and the former Amory (presently the location of the South End Indirect Community Center); and
7. Valet parking drop off, bus drop off, bus parking, parking for approximately 3,600 personal vehicles, dock and physical plant space in a structure adjacent to Columbus Avenue.

## EXHIBIT H

### PROJECT SITE

The Project site comprises approximately 15 acres in the downtown area of the City bounded by Main Street, East Columbus Avenue, State Street and Union Street and more specifically described as:

<u>Address</u>	<u>Parcel No.</u>
1200 Main Street	08130-0110
95 State Street	11110-0650
16 Bliss Street	01560-0001
SS Bliss Street	01560-0029
79 State Street (83 State Street)	11110-0651
73 State Street	11110-0653
NS Bliss Street (back of 73 State Street)	01560-0005
NS Bliss Street (back of 73 State Street)	01560-0007
NS Bliss Street (back of 73 State Street)	01560-0008
SS State Street	11110-0656
1156 Main Street	08130-0108
1132 Main Street	08130-0105
Bliss Street	01560-0032
19 Bliss Street	01560-0031
SS Bliss Street	01560-0028
53 Bliss Street	01560-0024
NS Howard Street	06802-0016
61 Bliss Street	01560-0023
NS Howard Street	06802-0017
NS Howard Street	06802-0018
NS Howard Street	06802-0020
NS Howard Street	06802-0024
SS Bliss Street	01560-0021
SS Bliss Street	01560-0020
1357 East Columbus	04303-0496
1317 East Columbus	04303-0502
82 Howard Street	06802-0028
26 Howard Street	06802-0010
SS Bliss Street	01560-0030
NS Howard	06802-0005
1106 Main Street	08130-0100
1126 Main Street	08130-0103
1120 Main Street	08130-0101
1090 Main Street	08130-0098
29 Howard Street (Amory Building)	06802-0073
30 Howard Street (Amory Building)	11750-0024
35 Howard Street	06802-0070
53 Howard Street	06802-0068
53 Howard Street	11750-0022
Howard Street	6802-0065
1008-1028 Main Street	81300091

**EXHIBIT I**

**CONCEPT DESIGN DOCUMENTS**

SEE ATTACHED



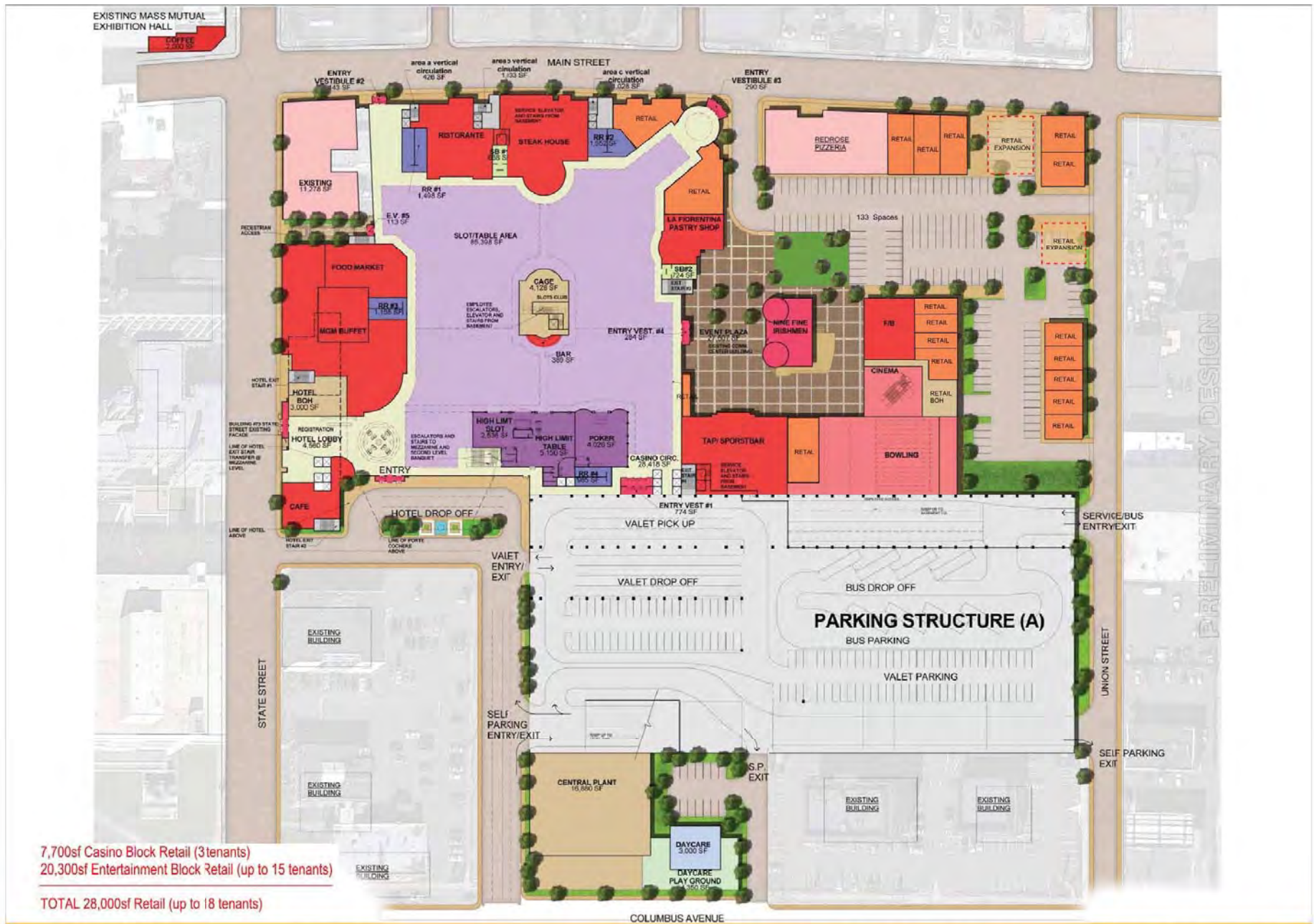




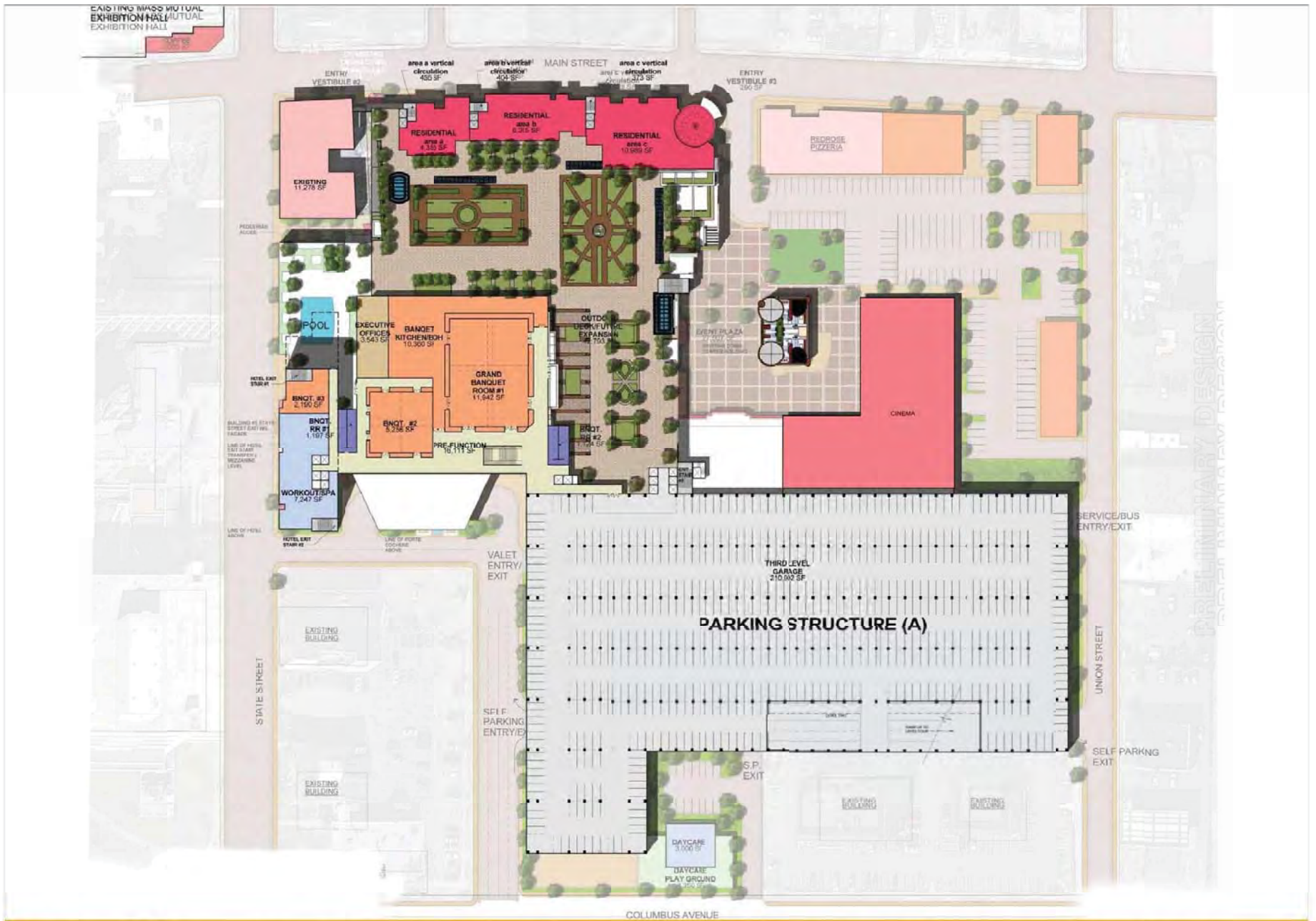




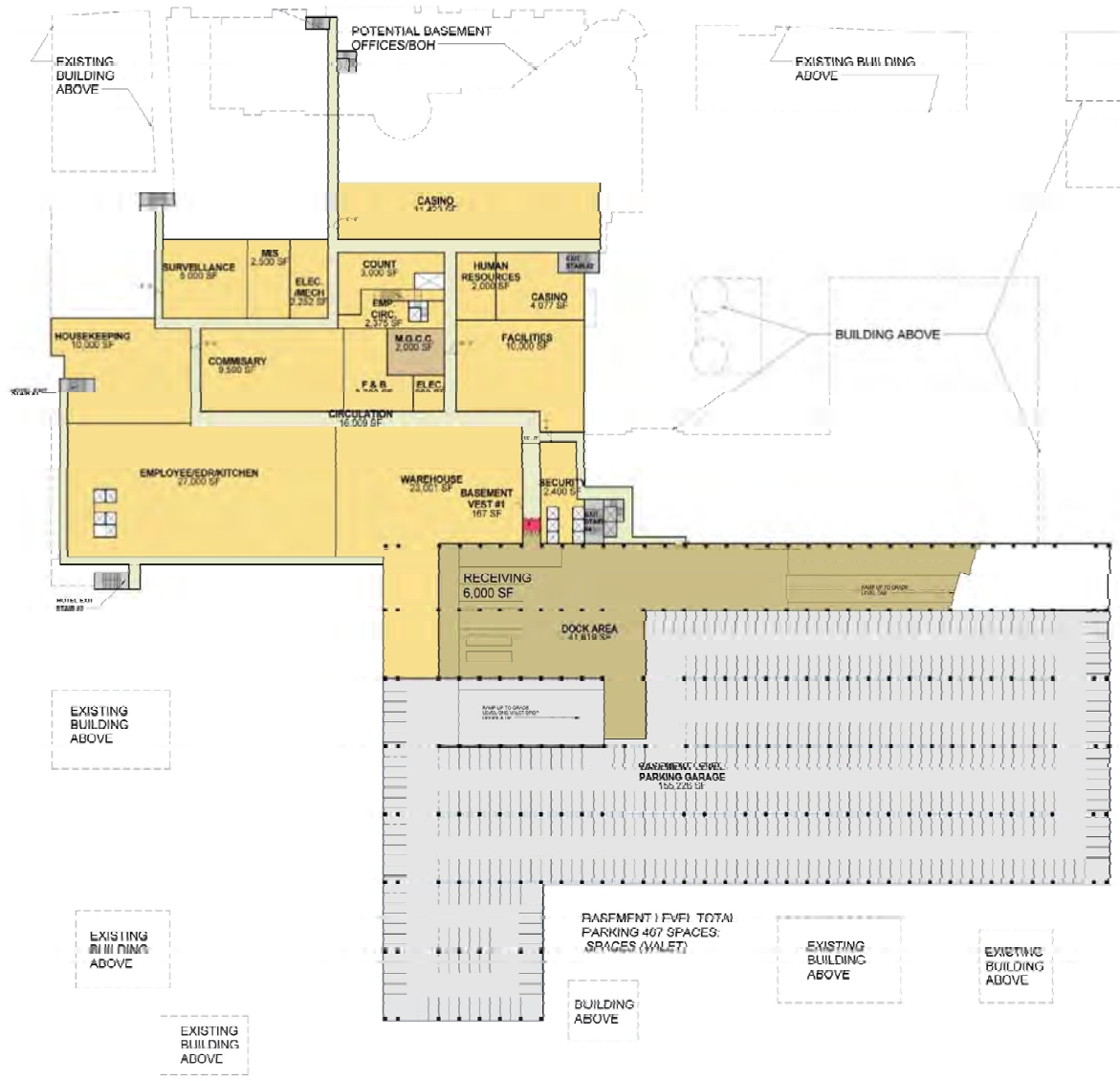




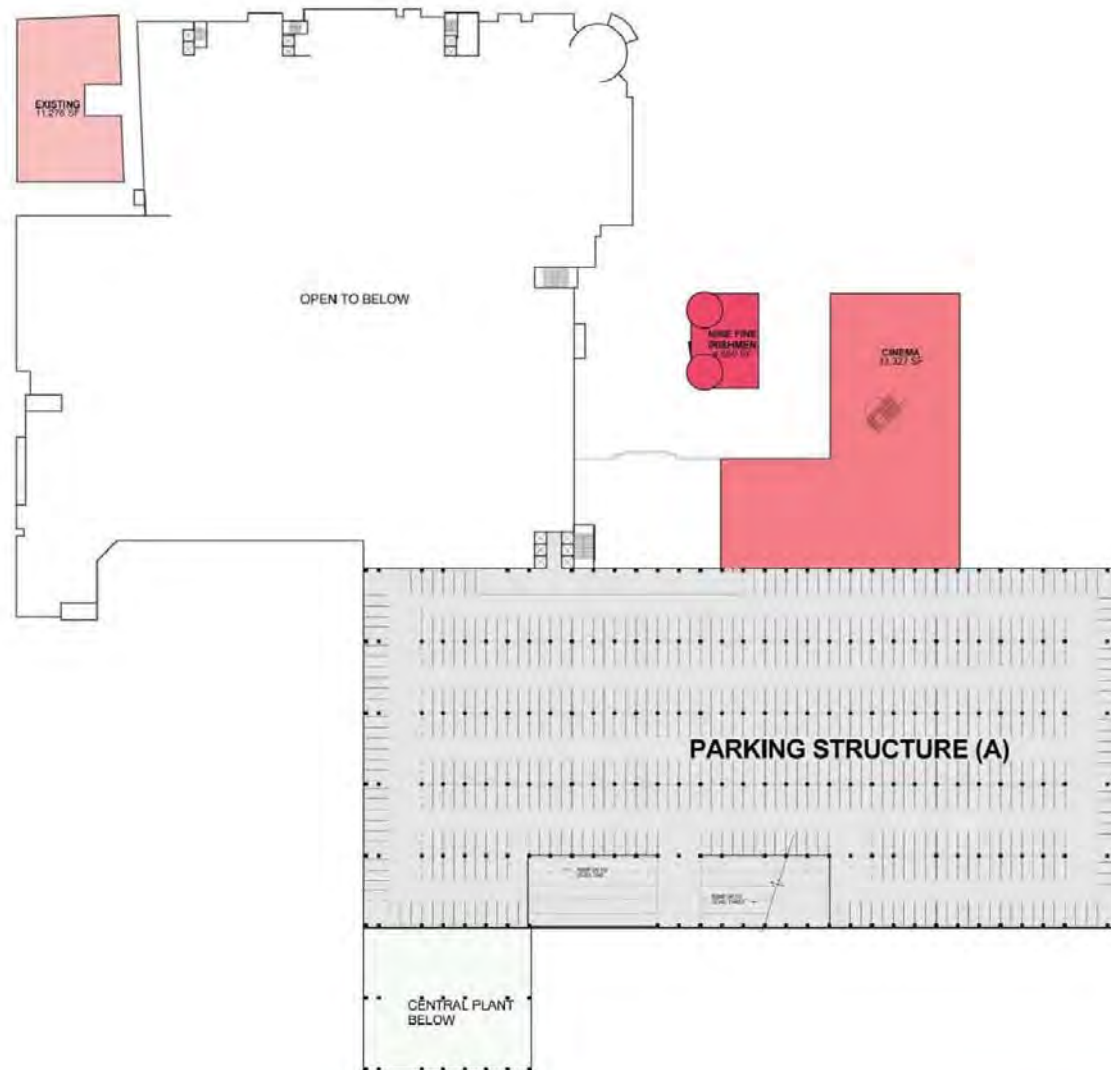
7,700sf Casino Block Retail (3 tenants)  
 20,300sf Entertainment Block Retail (up to 15 tenants)  
 TOTAL 28,000sf Retail (up to 18 tenants)

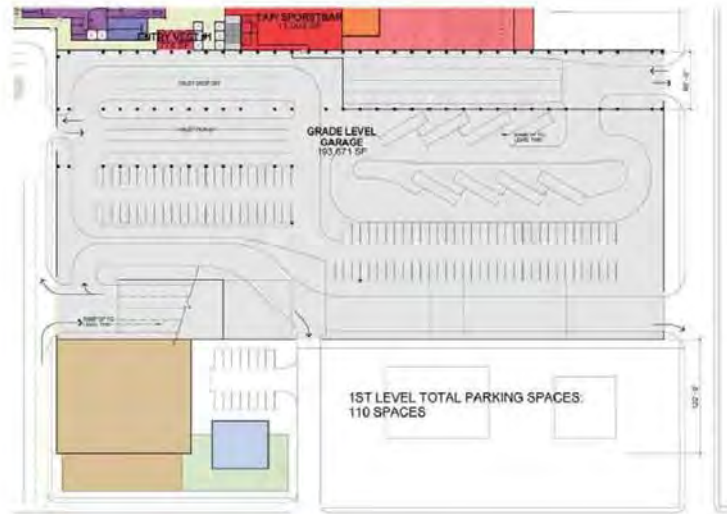


PRELIMINARY DESIGN  
DESIGN BY: JENNIFER LAW DESIGN

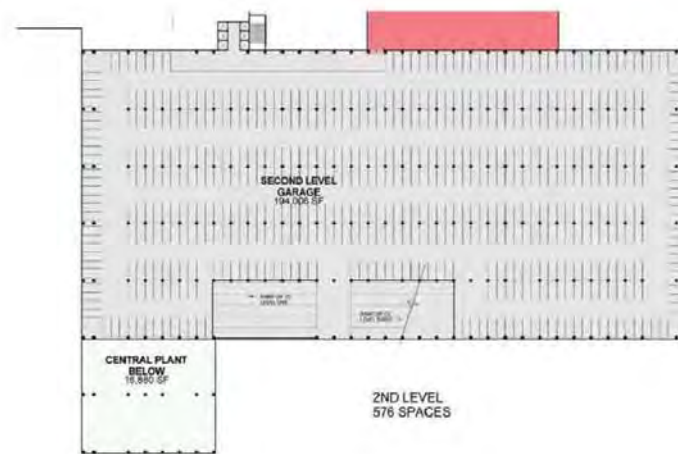




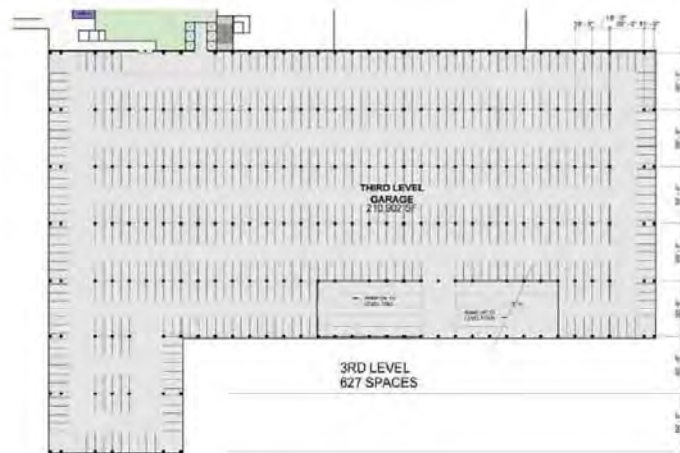




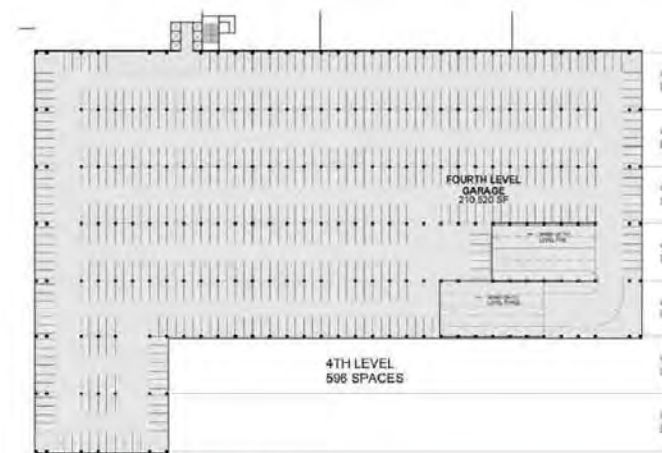
1D GARAGE A LVL 1 (@0'-0")  
1" = 40'-0"



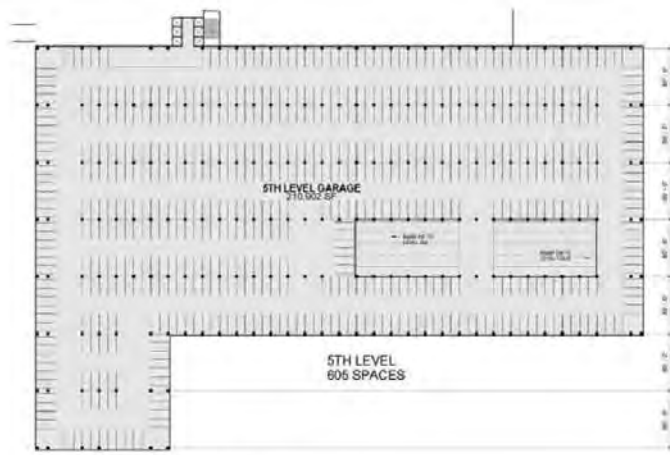
4D GARAGE A LVL 2 (@17'-0")  
1" = 40'-0"



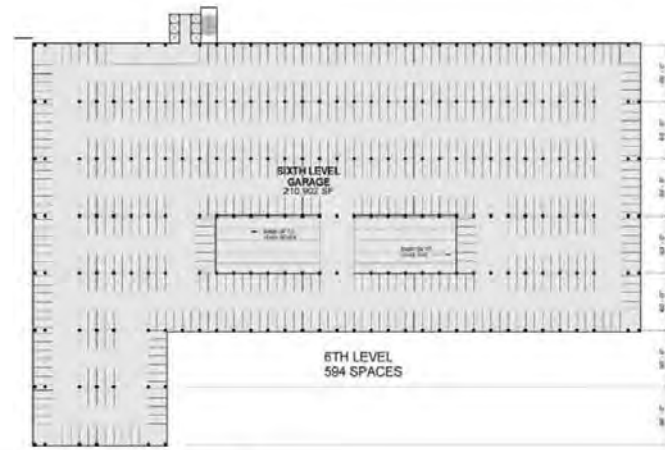
1F GARAGE A LVL 3 (@28' - 4")  
1" = 40'-0"



4F GARAGE A LVL 4 (@39' - 8")  
1" = 40'-0"



GARAGE A LVL 5 (@51' - 2")  
1" = 40'-0"



4C GARAGE A LVL 6 (@62' - 6")  
1" = 40'-0"



PARTIAL SECTION A



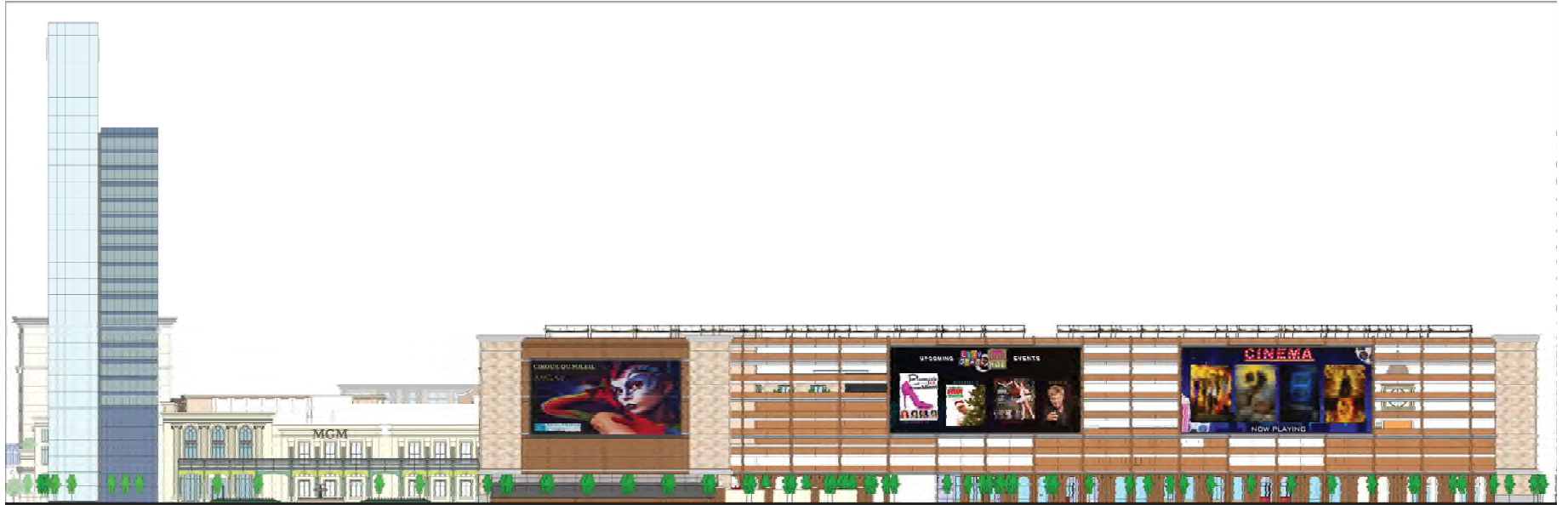
SECTION B



UNION STREET ELEVATION



MAIN STREET ELEVATION



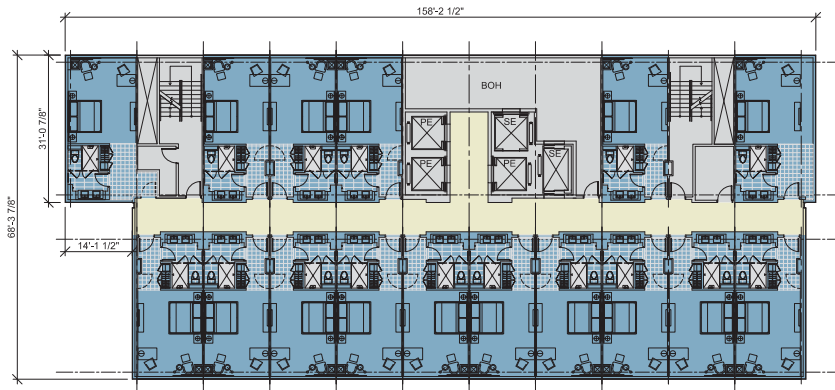
COLUMBUS AVE. ELEVATION



HOWARD STREET ELEVATION

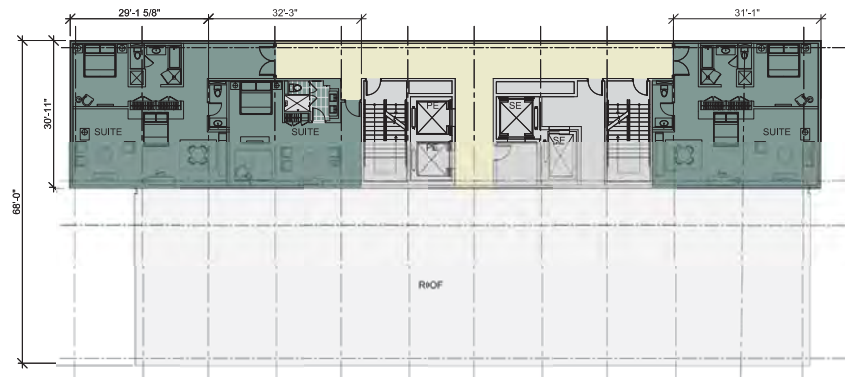


STATE STREET ELEVATION



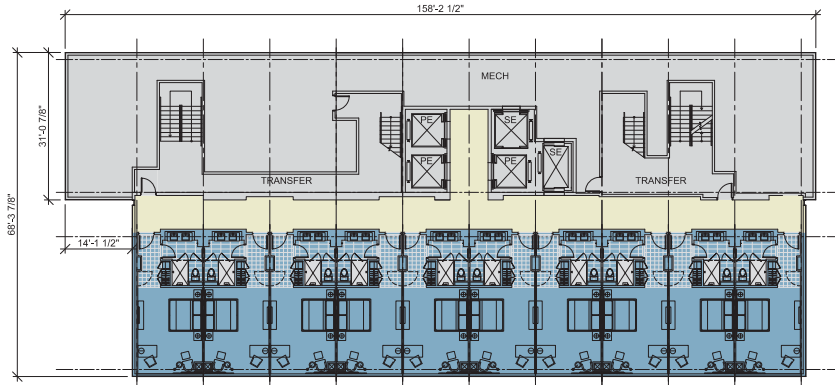
TYPICAL FLOOR PLAN

1/8" = 1'-0"



TYPICAL SUITE FLOOR PLAN

1/8" = 1'-0"



TRANSFER / INTERSTITIAL FLOOR PLAN

1/8" = 1'-0"

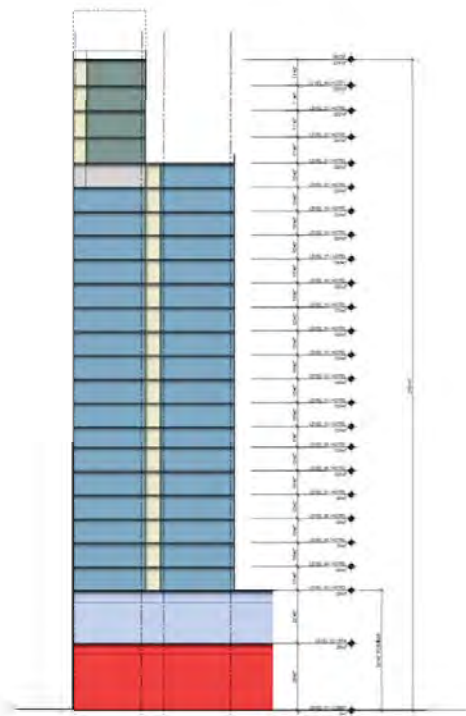
DATA	
294'	OVERALL HEIGHT (INC PARAPET)
294	KEYS
22	HOTEL FLOORS (NOTING POORUM LEVELS)
~205,000	HOTEL GSF (NOTING POORUM LEVELS)
GSF	

ROOM MATRIX	
282	TYPICAL GUEST ROOMS 18 ROOMS PER FLOOR @ 17 FLOORS 10 ROOMS ON INTERSTITIAL FLOOR
12	SUITES 12 (VARY IN SIZE) 3 SUITES PER FLOOR @ 4 FLOORS
294	TOTAL KEYS

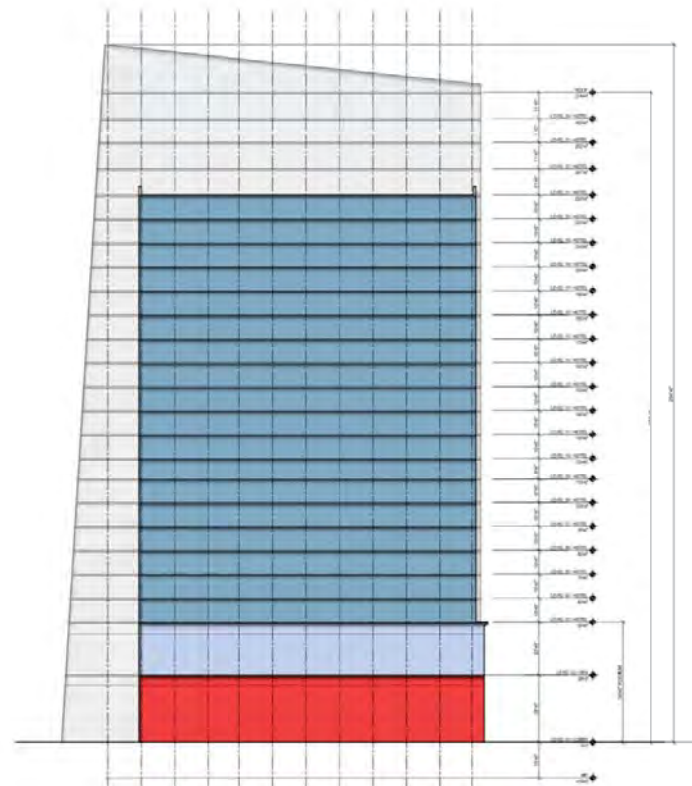
LEGEND	
	TYPICAL GUEST ROOM
	GUEST SUITE
	FOH CIRCULATION
	BOH / MECHANICAL / CORE

HOTEL DATA

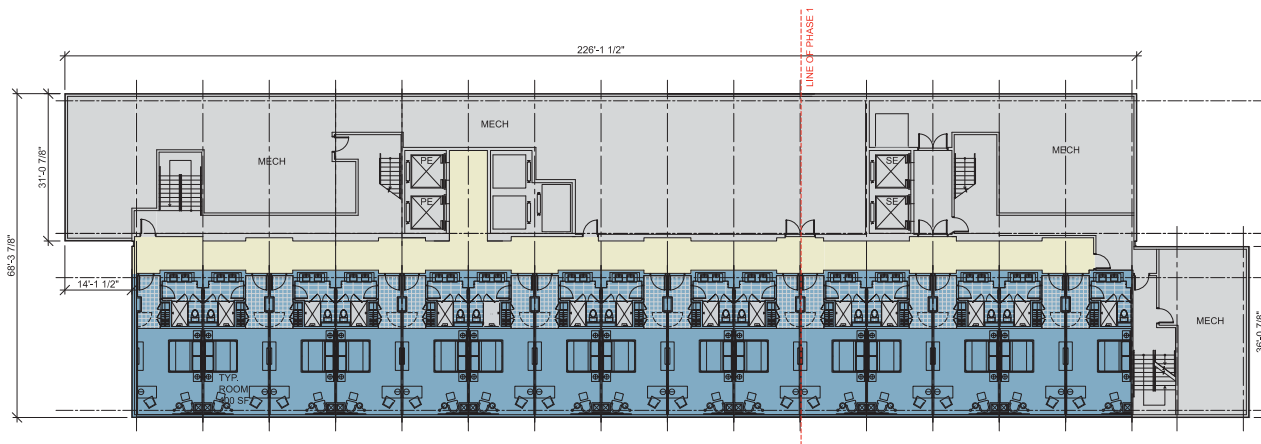




CROSS SECTION  
1/16" = 1'-0"



LONGITUDINAL SECTION  
1/16" = 1'-0"



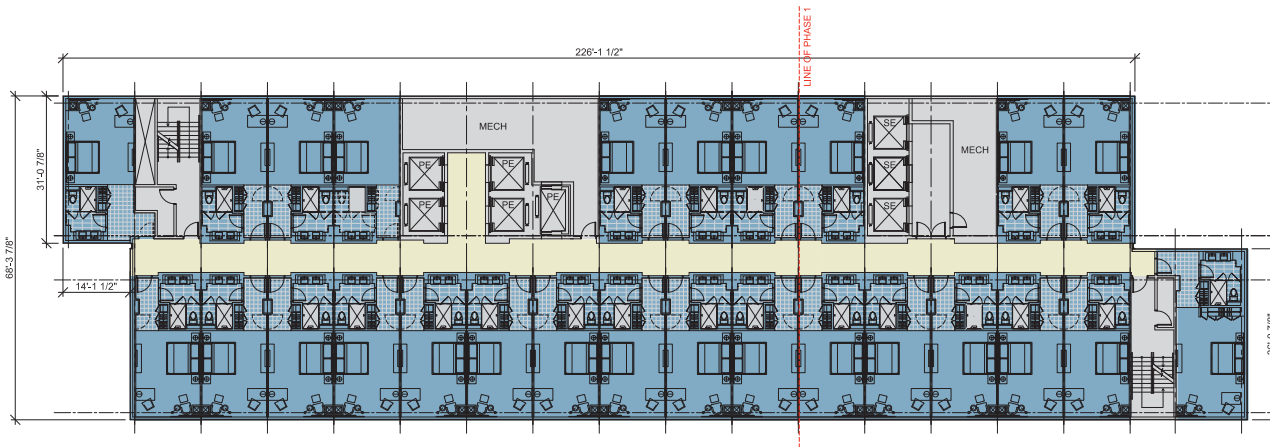
TRANSFER / INTERSTITIAL FLOOR PLAN

1/8" = 1'-0"



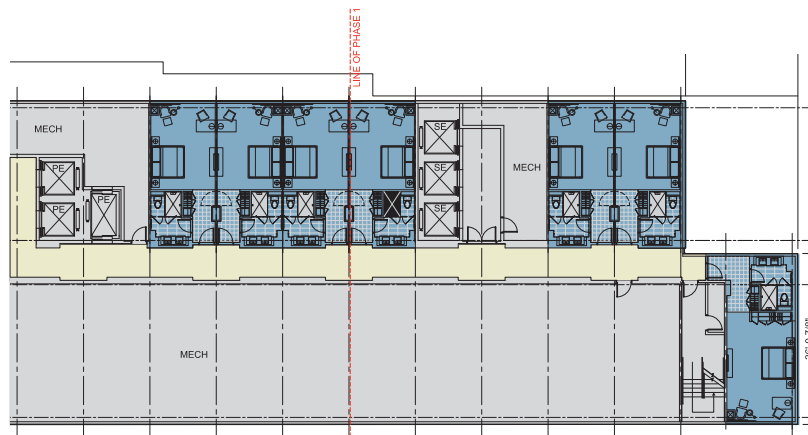
TYPICAL SUITE FLOOR PLAN

1/8" = 1'-0"



TYPICAL FLOOR PLAN

1/8" = 1'-0"



PARTIAL FLOOR PLAN AT PODIUM LEVELS

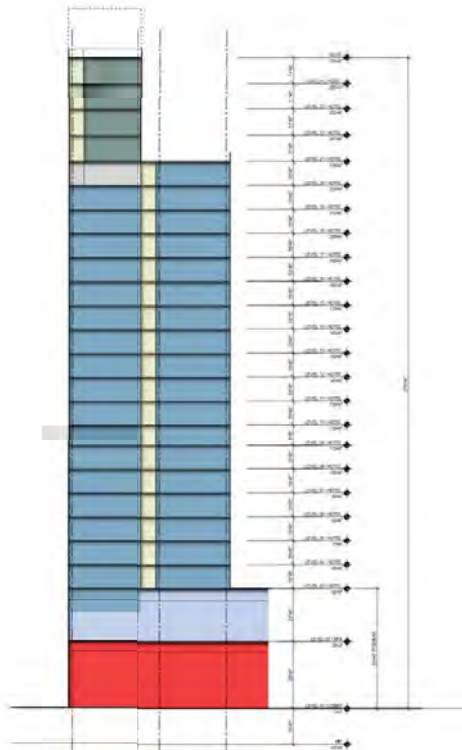
1/8" = 1'-0"

DATA	
294'	OVERALL HEIGHT (INC PARAMET)
495	KEYS
22	HOTEL FLOORS (NOT INC PODIUM BOH AR- EAB)
~1,331,000	HOTEL GSF (NOT INC PODIUM LEVELS)

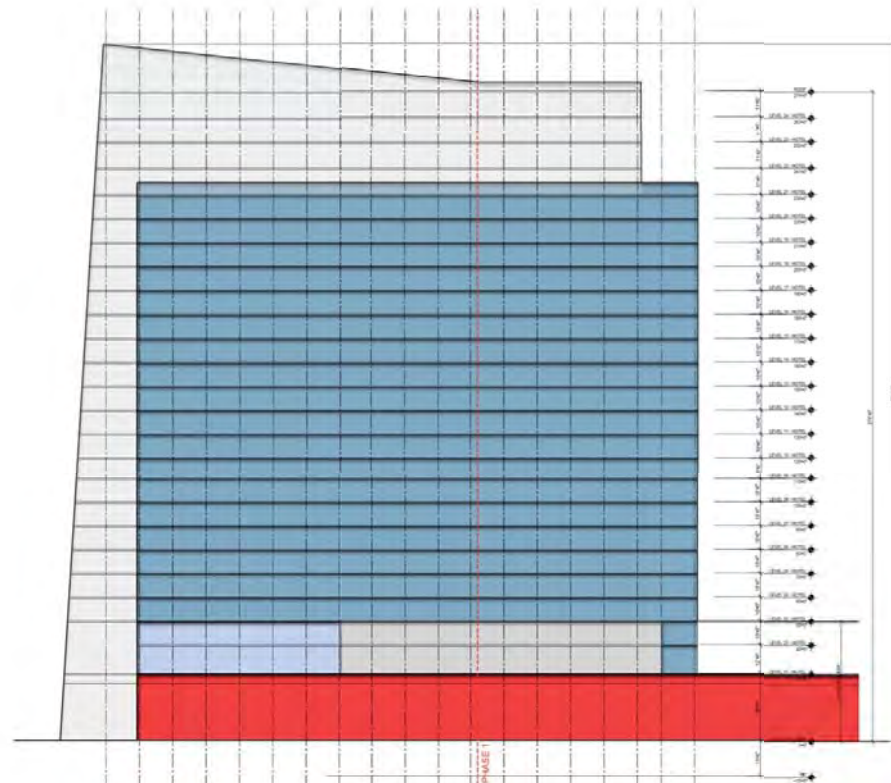
ROOM MATRIX	
471	TYPICAL GUEST ROOMS 7 ROOMS PER FLOOR @ 2 FLOORS 26 ROOMS PER FLOOR @ 17 FLOORS 15 ROOMS ON INTERSTITIAL FLOOR
24	SUITES 24 (VARY IN SIZE) 6 SUITES PER FLOOR @ 4 FLOORS
495 TOTAL KEYS	

LEGEND	
	GUEST
	SUITE
	FOH CIRCULATION
	BOH / MECHANICAL / CORE

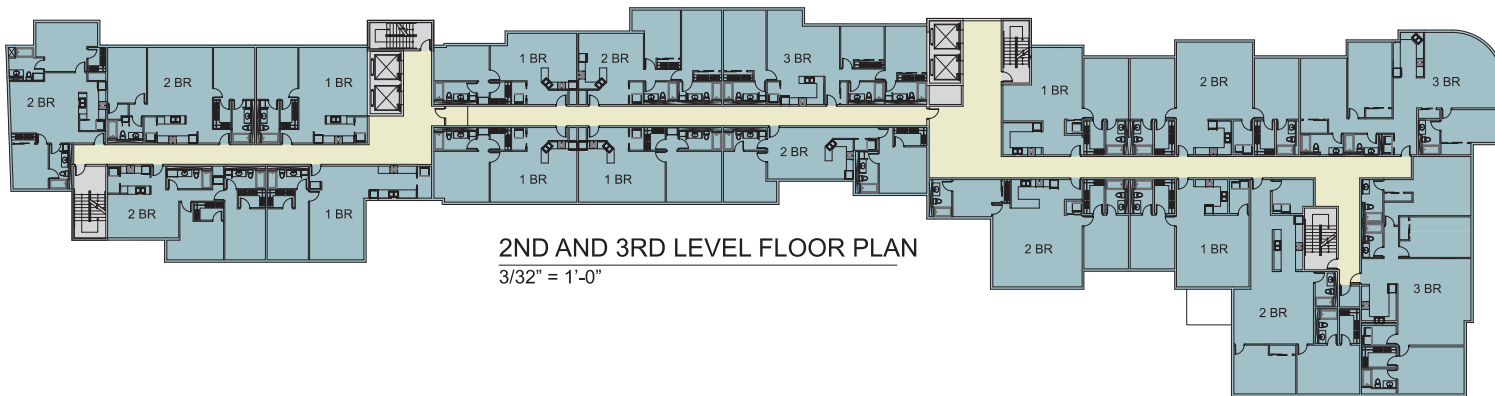
HOTEL DATA



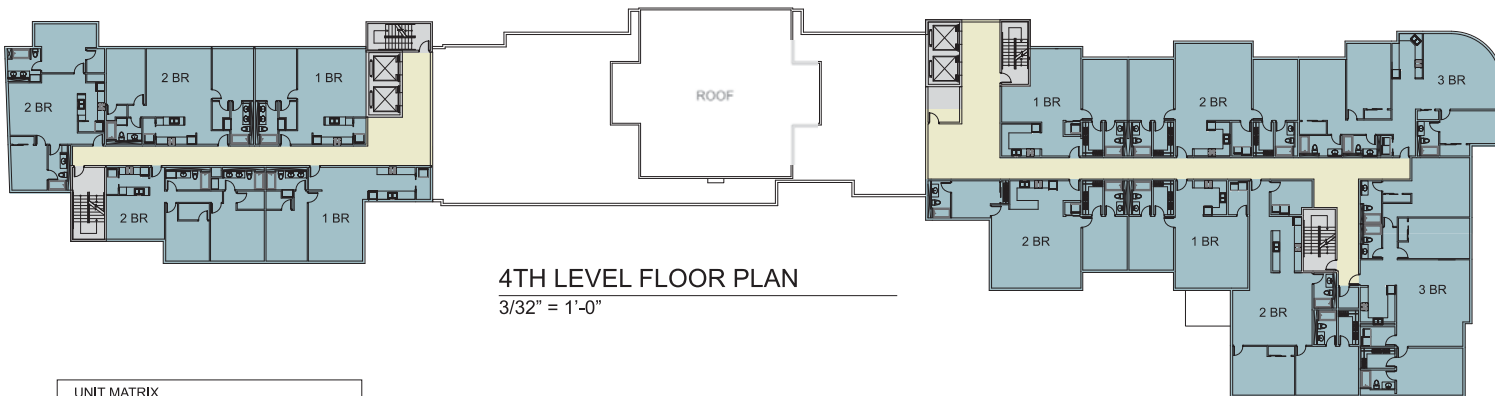
CROSS SECTION  
1/16" = 1'-0"



LONGITUDINAL SECTION  
1/16" = 1'-0"



2ND AND 3RD LEVEL FLOOR PLAN  
3/32" = 1'-0"

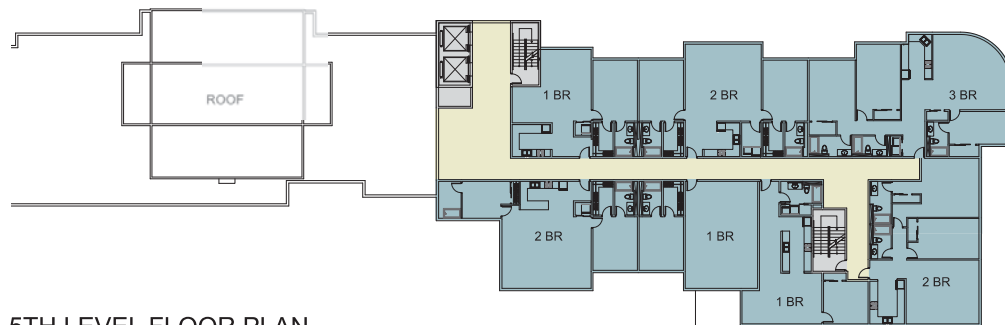


4TH LEVEL FLOOR PLAN  
3/32" = 1'-0"

UNIT MATRIX	
21	1 BEDROOM (39%)
45	2 BEDROOM (45%)
16	3 BEDROOM (16%)
55	TOTAL UNITS

LEGEND	
	APARTMENT
	CIRCULATION
	BOH / MECHANICAL / CORE

DATA



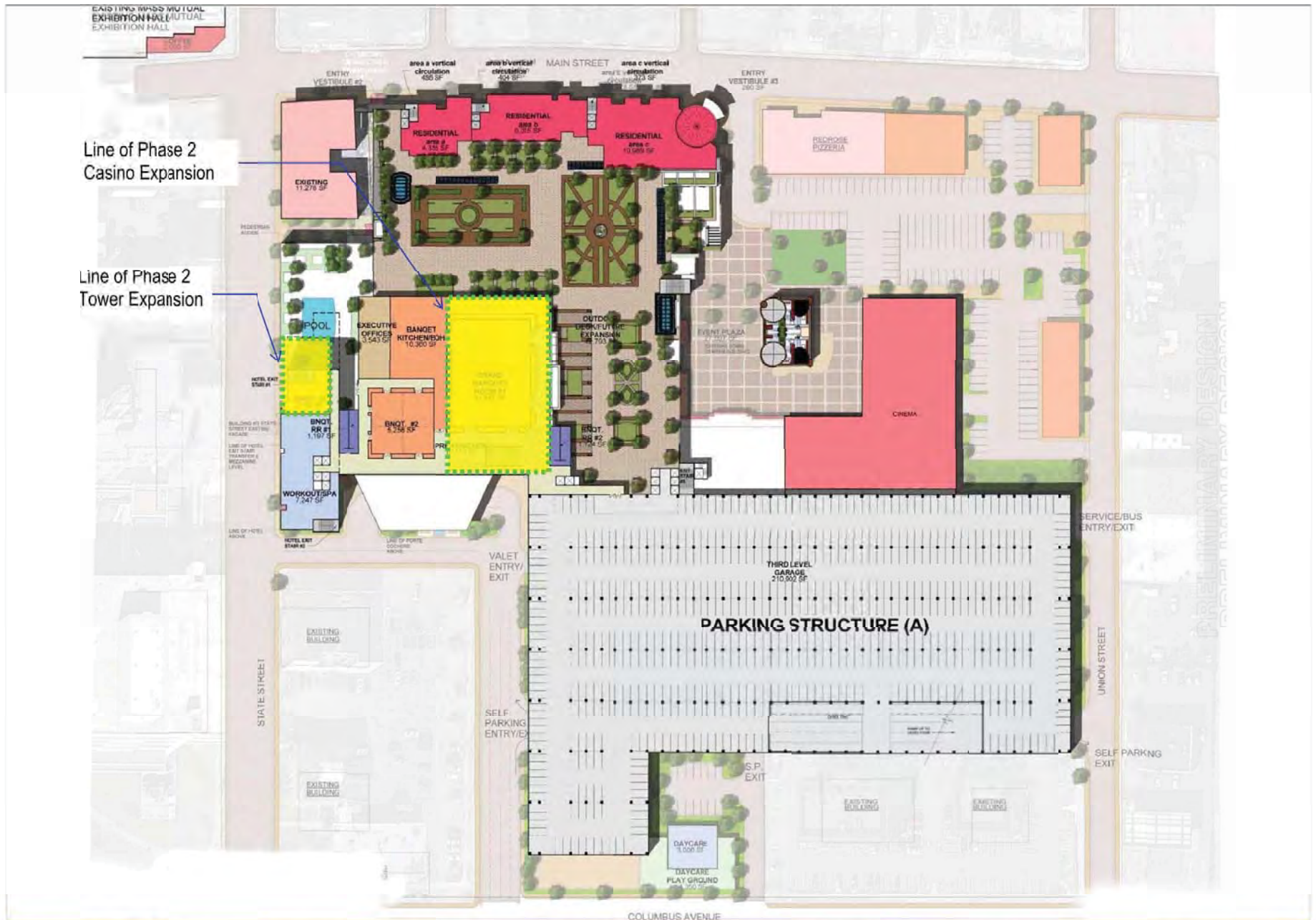
5TH LEVEL FLOOR PLAN  
3/32" = 1'-0"



TYPICAL GUEST ROOM PLAN  
 1/2" = 1'-0"



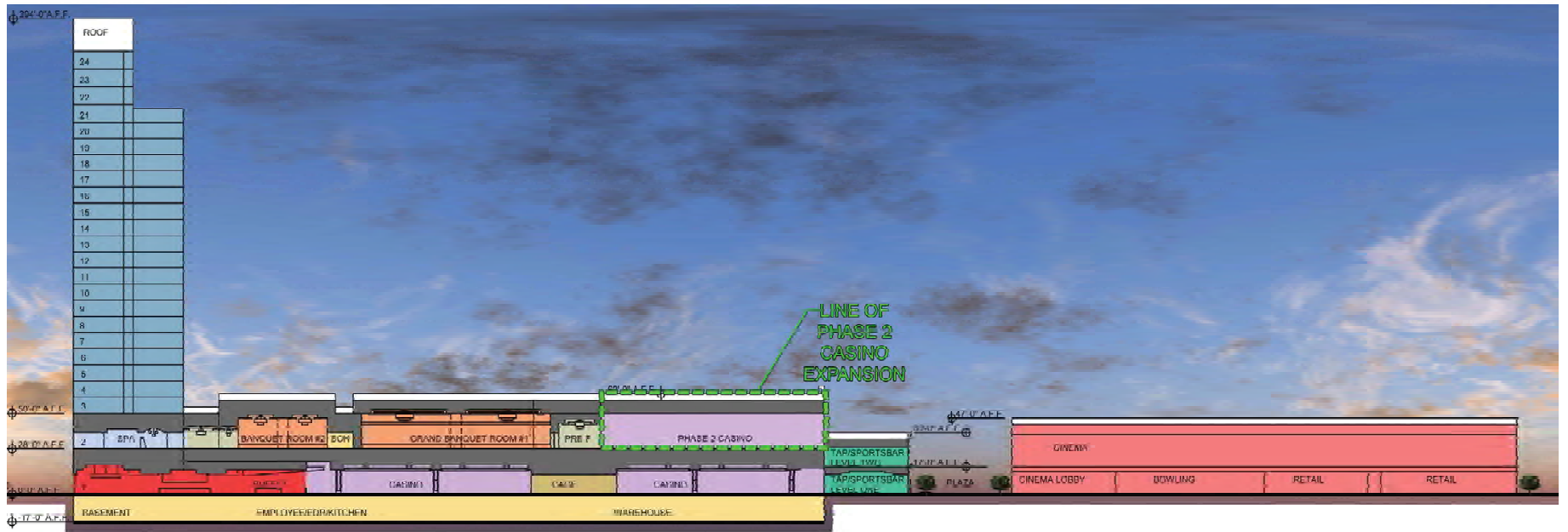
TYPICAL SUITE PLAN  
 1/2" = 1'-0"



Line of Phase 2  
Casino Expansion

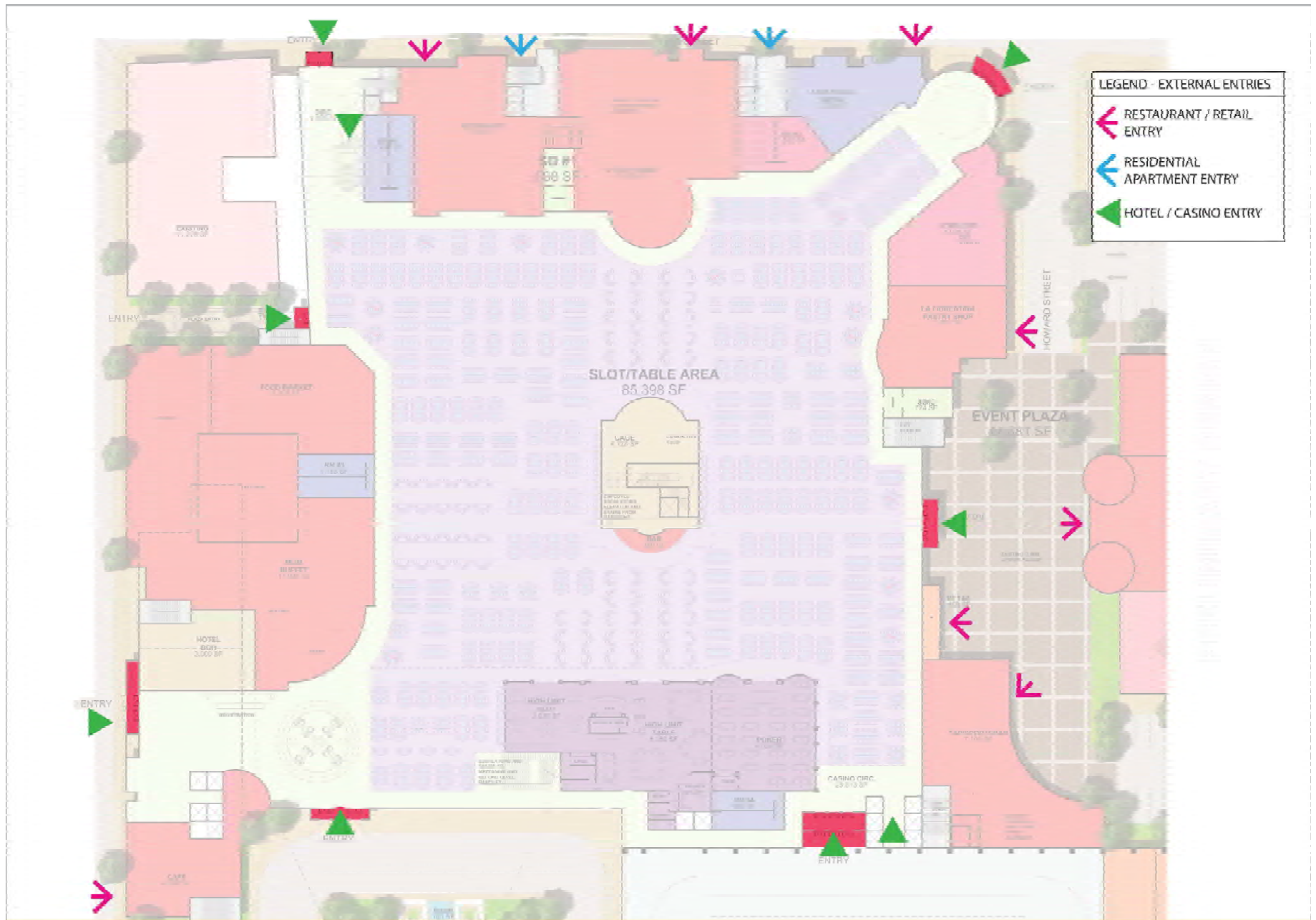
Line of Phase 2  
Tower Expansion

PRELIMINARY DESIGN



SECTION B PHASE II





**EXHIBIT J**

**FORM OF PARENT COMPANY  
TRANSFER RESTRICTION AGREEMENT**

This Transfer Restriction Agreement (“**TRA**”) is made as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_ (“**Parent Company**”), having its office at \_\_\_\_\_ to and for the benefit of the City of Springfield, Massachusetts, a municipal corporation (the “**City**”).

**RECITALS**

A. \_\_\_\_\_, a \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “**Developer**”) and the City have executed that certain Host Community Agreement dated \_\_\_\_\_, 2013, as the same may from time to time be amended (“**Agreement**,” with capitalized terms herein having the same meaning as therein defined, unless expressly otherwise defined herein), which Agreement sets forth the terms and conditions upon which Developer has agreed to develop, construct, operate and maintain the Project.

B. Parent Company, as the ultimate parent company of Developer, will benefit from the financial success of Developer.

C. The City is relying upon Developer, the Parent Company and its Affiliates and all other Restricted Owners in the exercise of their respective skill, judgment, reputation and discretion with respect to the Project.

D. The execution and delivery of this TRA is required under the terms of the Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and in order to induce the City to execute and deliver the Agreement, Parent Company, acknowledging that, but for the execution and delivery of this TRA, the City would not have entered into the Agreement with Developer, hereby covenants and agrees as follows:

1. Parent Company shall not, whether by operation of law or otherwise, Transfer a direct or indirect interest in the Developer without the prior written consent of the City; provided, however, upon prior notice to the City, Parent Company may Transfer its interest in the Developer, in whole or in part, to an Affiliate, as long as such Affiliate is owned, directly or indirectly by Parent Company without consent of the City.

2. Nothing contained in this TRA shall prevent a Transfer of an ownership interest in a Restricted Owner by: (i) Parent Company to an entity which has succeeded to all or a substantial portion of the assets, or all or a substantial portion of the common stock, of Parent Company; (ii) any Person to (1) that Person’s spouse, child or parent (“**Family Members**”); (2) an entity whose beneficial owners consist solely of such transferor and/or the Family Members of the transferor; or (3) the beneficial owners of the transferor if the transferor is an entity; (iii) a Restricted Owner to another Restricted Owner, or to an Affiliate of Parent Company, so long as, in each case, Parent Company maintains Control of Developer; (iv) Parent Company to any Affiliate of Parent Company so long as such Affiliate is owned, directly or indirectly, by Parent

Company. In addition, nothing contained in this Paragraph 2 shall prevent a pledge by a Restricted Owner of its direct or indirect interest in Developer to an institutional lender, or the exercise of any rights by such lender pursuant to such pledge, provided that the form of pledge agreement is reasonably satisfactory to the City; or (v) pledge by Parent Company of its direct or indirect interest in Developer to an institutional lender, provided that the form of pledge agreement is reasonably satisfactory to the City.

3. Parent Company shall notify the City as promptly as practicable upon Parent Company becoming aware of any Transfer.

4. Parent Company hereby represents and warrants that:

(a) it is duly organized, validly existing and in good standing under the applicable laws of the jurisdiction of its formation, with full power and authority to execute and deliver this TRA and consummate the transactions contemplated hereby; and

(b) the execution and delivery of this TRA and the consummation and performance by it of the transactions contemplated hereby: (1) have been duly authorized by all actions required under the terms and provisions of the instruments governing its existence (“**Governing Instruments**”) and the laws of the jurisdiction of its formation; (2) create legal, valid and binding obligations of it enforceable in accordance with the terms hereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors’ rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity); (3) subject to applicable law does not require the approval or consent of any Governmental Authority having jurisdiction over it, except those already obtained; and (4) do not and will not constitute a violation of, or default under, its Governing Instruments, any Government Requirements, agreement, commitment or instrument to which it is a party or by which any of its assets are bound, except for such violations or defaults under any Government Requirements, agreements, commitments or instruments that would not result in a material adverse change in the condition, financial or otherwise, or in the results of operations or business affairs of the Parent Company and its subsidiaries, considered as one enterprise.

5. Parent Company covenants with the City as follows:

(a) none of the representations and warranties in this TRA contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein, in the light of the circumstances under which they were made, not misleading.

(b) Parent Company shall give notice to the City promptly upon the occurrence of any Event of Default. Each notice pursuant to this subparagraph shall be accompanied by a statement setting forth details of the Event of Default referred to therein and stating what action Parent Company proposes to take with respect thereto.

(c) Parent Company agrees, upon the reasonable request of the City, to do any act or execute any additional documents as may be reasonably required by the City to accomplish or further confirm the provisions of this TRA.

6. The City may declare Parent Company to be in default under this TRA upon the occurrence of any of the following events (“**Events of Default**”).

(a) If Parent Company fails to comply with any material covenants and agreements made by it in this TRA (other than those specifically described in any other subparagraph of this Paragraph 6) and such noncompliance continues for fifteen (15) days after written notice from the City, provided, however, that if any such noncompliance is reasonably susceptible of being cured within thirty (30) days, but cannot with due diligence be cured within fifteen (15) days, and if Parent Company commences to cure any noncompliance within said fifteen (15) days and diligently prosecutes the cure to completion, then Parent Company shall not during such period of diligently curing be in default hereunder as long as such default is completely cured within thirty (30) days of the first notice of such default to Parent Company;

(b) If any representation or warranty made by Parent Company hereunder was false or misleading in any material respect as of the time made;

(c) If any of the following events occur with respect to Parent Company: (i) by order of a court of competent jurisdiction, a receiver, liquidator or trustee of Parent Company or of any of the property of Parent Company (other than non-material property and with respect to which the appointment hereinafter referred to would not materially adversely affect the financial condition of Parent Company) shall be appointed and shall not have been discharged within ninety (90) days; (ii) a petition in bankruptcy, insolvency proceeding or petition for reorganization shall have been filed against Parent Company and same is not withdrawn, dismissed, canceled or terminated within ninety (90) days; (iii) Parent Company is adjudicated bankrupt or insolvent or a petition for reorganization is granted (without regard for any grace period provided for herein); (iv) if there is an attachment or sequestration of any of the property of Parent Company and same is not discharged or bonded over within ninety (90) days; (v) if Parent Company files or consents to the filing of any petition in bankruptcy or commences or consents to the commencement of any proceeding under the Federal Bankruptcy Code or any other law, now or hereafter in effect, relating to the reorganization of Parent Company or the arrangement or readjustment of the debts of Parent Company; or (vi) if Parent Company shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a receiver, trustee or liquidator of Parent Company or of all or any material part of its property; or

(d) If Parent Company ceases to do business or terminates its business for any reason whatsoever or shall cause or institute any proceeding for the dissolution of Parent Company.

7. Remedies:

(a) Upon an Event of Default, the City shall have the right if it so elects to: (i) any and all remedies available at law or in equity; and/or (ii) institute and prosecute proceedings to enforce in whole or in part the specific performance of this TRA by Parent Company, and/or to enjoin or restrain Parent Company from commencing or continuing said breach, and/or to cause by injunction Parent Company to correct and cure said breach or threatened breach. None of the remedies enumerated herein is exclusive and nothing herein shall be construed as prohibiting the City from pursuing any other remedies at law, in equity or otherwise available to it under this TRA.

(b) The rights and remedies of the City whether provided by law or by this TRA, shall be cumulative, and the exercise by the City of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach, to the extent permitted by law. No waiver made by the City shall apply to obligations beyond those expressly waived in writing.

8. If any of the provisions of this TRA, or the application thereof to any Person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this TRA, or the application of such provision or provisions to Persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this TRA shall be valid and enforceable to the fullest extent permitted by law.

9. This writing is intended by the parties hereto as a final expression of this TRA, and is intended to constitute a complete and exclusive statement of the term of the agreement among the parties hereto. There are no promises or conditions, expressed or implied, unless contained in this writing. No course of dealing, course of performance or trade usage, and no parol evidence of any nature, shall be used to supplement or modify the terms of this TRA. No amendment, modification, termination or waiver of any provision of this TRA, shall in any event be effective unless the same shall be in writing and signed by the City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver shall be implied from the City's delay in exercising or failing to exercise any right or remedy against Developer in connection with any transfer restriction imposed on Developer under the Agreement.

10. Notices shall be given as follows:

(a) Any notice, demand or other communication which any party may desire or may be required to give to any other party hereto shall be in writing delivered by (i) hand-delivery, (ii) a nationally recognized overnight courier, or (iii) mail (but excluding electronic mail, i.e., "e-mail") addressed to a party at its address set forth below, or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance herewith:

If to City: Mayor  
City of Springfield  
36 Court Street, Room 210  
Springfield, Massachusetts 01103

with copies to: City Solicitor  
City of Springfield  
36 Court Street  
Springfield, Massachusetts 01103

and

Chief Development Officer  
Springfield Redevelopment Authority  
70 Tapley Street  
Springfield, Massachusetts 01104

If to Parent Company: Bill Hornbuckle  
MGM Resorts International  
3600 Las Vegas Boulevard South  
Las Vegas, NV 89109

with copies to: Frank Fitzgerald, Esq.  
Fitzgerald Attorneys At Law  
46 Center Square  
East Longmeadow, MA 01028

and

John McManus  
Executive Vice President and General  
Counsel  
MGM Resorts International  
3600 S. Las Vegas Boulevard  
Las Vegas, NV 89109

(b) Any such notice, demand or communication shall be deemed delivered and effective upon the actual delivery.

11. Time is of the essence in performance of this TRA by Parent Company.

12. The terms of this TRA shall bind and benefit the legal representatives, successors and assigns of the City and Parent Company; provided, however, that Parent Company may not assign this TRA, or assign or delegate any of its rights or obligations under this TRA, without the prior written consent of the City in each instance.

13. This TRA shall be governed by, and construed in accordance with, the local laws of the Commonwealth of Massachusetts without application of its law of conflicts principles.

14. If at any time, Parent Company is not a resident of the Commonwealth or has no officer, director, employee, or agent thereof available for service of process as a resident of the Commonwealth, or if any permitted assignee thereof shall be a foreign corporation, partnership

or other entity or shall have no officer, director, employee, or agent available for service of process in the Commonwealth, Parent Company or its assignee hereby designates the Secretary of the Commonwealth, as its agent for the service of process in any court action between it and the City or arising out of or relating to this TRA and such service shall be made as provided by the laws of the Commonwealth for service upon a non-resident.

15. Parent Company acknowledges that it expects to derive a benefit as a result of the Agreement because of its relationship to Developer, and that it is executing this TRA in consideration of that anticipated benefit.

16. Dispute Resolution:

(a) It is acknowledged by the parties hereto that a quick and efficient resolution of any dispute, claim, or controversy arising under or relating to this TRA, the breach, termination, or validity of this TRA, or the dealings between the parties or their successors, or with respect to any claim arising by virtue of any representations made by any party hereto (collectively, a “**Dispute**”) is critical to the implementation of this TRA. In order to effectuate such intent, the parties hereto do hereby establish this dispute resolution procedure. All Disputes shall be subject to this Section, it being the intention of the parties hereto that all such Disputes be subject thereto regardless of any specific reference or absence of such reference as provided herein. No time bar defenses shall be available based upon the passage of time during any negotiation called for by this Section.

(b) Either party hereto shall give the other party written notice of any Dispute (“**Dispute Notice**”) which Dispute Notice shall set forth the amount of loss, damage, and cost of expense claimed, if any.

(c) Within ten (10) Business Days of the Dispute Notice, the parties hereto shall meet to negotiate in good faith to resolve the Dispute.

(d) At any time, either party hereto may seek injunctive relief from the Court (as hereinafter defined). Subject to the arbitration provisions of this Section, it is the express intention of the parties hereto that the exclusive venue of all judicial actions of any notice whatsoever which relate in any way to this Agreement shall be filed in the Superior Court Department of the Trial Court sitting in the Hampden County Hall of Justice in the City, or the United States District Court sitting in the City (the “**Court**”) in furtherance of arbitration of the Dispute.

(e) In the event the Dispute is unresolved within thirty (30) days of the Dispute Notice by good faith negotiations, the Dispute shall be arbitrated upon the filing by either party hereto of a written demand, with notice to the other party hereto, to the Judicial Arbitration and Mediation Services (“**JAMS**”) (to the extent such rules are not inconsistent as provided for herein) in the City before a single arbitrator to be selected under the JAMS selection process. Arbitration of the Dispute shall be governed by the then current Commercial Arbitration Rules of the JAMS. Within ten (10) days after receipt of written notice of the Dispute being brought to the arbitrator, each party hereto shall submit to the arbitrator a best and final settlement with respect to each issue

submitted to the arbitrator and an accompanying statement of position containing supporting facts, documentation and data. Upon such Dispute being submitted to the arbitrator for resolution, the arbitrator shall assume exclusive jurisdiction over the Dispute, and shall utilize such consultants or experts as he shall deem appropriate under the circumstances to assist in the resolution of the Dispute, and will be required to make a final binding determination with a reasoned opinion, not subject to appeal, within forty-five (45) days of the date of submission. Nothing herein shall prevent either party hereto from seeking injunctive relief in Court to maintain the status quo in furtherance of arbitration.

(f) For each issue decided by the arbitrator, the arbitrator shall award the reasonable expenses of the proceeding, including reasonable attorneys' fees, to the prevailing party hereto with respect to such issue. The arbitrator in arriving at his decision shall consider the pertinent facts and circumstances as presented in evidence and be guided by the terms and provisions of this TRA and applicable law, and shall apply the terms of this TRA without adding to, modifying or changing the terms in any respect, and shall apply the laws of the Commonwealth to the extent such application is not inconsistent with this TRA.

(g) Any arbitration award may be entered as a judgment in the Court. A printed transcript of any such arbitration proceeding shall be kept and each of the parties hereto shall have the right to request a copy of such transcript, at its sole cost.

(h) The parties hereto agree that, in addition to monetary relief, the arbitrator may make an award of equitable relief including but not limited to a temporary, preliminary or permanent injunction and the parties hereto further agree that the arbitrator is empowered to enforce any of the provisions of this TRA.



**EXHIBIT K**

**FORM OF RESTRICTED OWNER  
TRANSFER RESTRICTION AGREEMENT**

This Transfer Restriction Agreement (“**TRA**”) is made as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_ (“**Owner**”), having its office at \_\_\_\_\_ to and for the benefit of the City of Springfield, Massachusetts, a municipal corporation (the “**City**”).

**RECITALS**

A. \_\_\_\_\_, a \_\_\_\_\_ and \_\_\_\_\_, (collectively, the “**Developer**”) and the City have executed that certain Host Community Agreement dated \_\_\_\_\_, 2013, as the same may from time to time be amended (“**Agreement**,” with capitalized terms herein having the same meaning as therein defined, unless expressly otherwise defined herein), which Agreement sets forth the terms and conditions upon which Developer has agreed to develop, construct, operate and maintain the Project.

B. Owner, as a direct or indirect owner of Developer, will benefit from the financial success of Developer.

C. The City is relying upon Developer and Owner and its Affiliates in the exercise of their respective skill, judgment, reputation and discretion with respect to the Project.

D. The execution and delivery of this TRA is required under the terms of the Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and in order to induce the City to execute and deliver the Agreement, Owner, acknowledging that, but for the execution and delivery of this TRA, the City would not have entered into the Agreement with Developer, hereby covenants and agrees as follows:

1. Owner shall not, whether by operation of law or otherwise, Transfer a direct or indirect interest in the Developer without the prior written consent of the City.

2. Nothing contained in this TRA shall prevent a (i) Transfer of an ownership interest in a Restricted Owner by a Restricted Owner to another Restricted Owner; or (ii) pledge by a Parent Company of its direct or indirect interest in Developer to an institutional lender, provided that the form of pledge agreement is reasonably satisfactory to the City.

3. Owner shall notify the City as promptly as practicable upon Owner becoming aware of any Transfer.

4. Owner hereby represents and warrants that:

(a) it is duly organized, validly existing and in good standing under the applicable laws of the jurisdiction of its formation, with full power and authority to execute and deliver this TRA and consummate the transactions contemplated hereby; and

(b) the execution and delivery of this TRA and the consummation and performance by it of the transactions contemplated hereby: (1) have been duly authorized by all actions required under the terms and provisions of the instruments governing its existence (“**Governing Instruments**”) and the laws of the jurisdiction of its formation; (2) create legal, valid and binding obligations of it enforceable in accordance with the terms hereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors’ rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity); (3) subject to applicable law do not require the approval or consent of any Governmental Authority having jurisdiction over it, except those already obtained; and (4) do not and will not constitute a violation of, or default under, its Governing Instruments, any Government Requirements, agreement, commitment or instrument to which it is a party or by which any of its assets are bound, except for such violations or defaults under any Government Requirements, agreements, commitments or instruments that would not result in a material adverse change in the condition financial or otherwise, or in the results of operations or business affairs of the Restricted Owner and its subsidiaries, considered as one enterprise.

5. Owner covenants with the City as follows:

(a) none of the representations and warranties in this TRA contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading.

(b) Owner shall give notice to the City promptly upon the occurrence of any Event of Default. Each notice pursuant to this subparagraph shall be accompanied by a statement setting forth details of the Event of Default referred to therein and stating what action Owner proposes to take with respect thereto.

(c) Owner agrees, upon the reasonable request of the City, to do any act or execute any additional documents as may be reasonably required by the City to accomplish or further confirm the provisions of this TRA.

6. The City may declare Owner to be in default under this TRA upon the occurrence of any of the following events (“**Events of Default**”).

(a) If Owner fails to comply with any covenants and agreements made by it in this TRA (other than those specifically described in any other subparagraph of this Paragraph 6) and such noncompliance continues for fifteen (15) days after written notice from the City, provided, however, that if any such noncompliance is reasonably susceptible of being cured within thirty (30) days, but cannot with due diligence be cured within fifteen (15) days, and if Owner commences to cure any noncompliance within said fifteen (15) days and diligently prosecutes the cure to completion, then Owner shall not during such period of diligently curing be in default hereunder as long as such default is completely cured within thirty (30) days of the first notice of such default to Owner;

(b) If any representation or warranty made by Owner hereunder was false or misleading in any material respect as of the time made;

(c) If any of the following events occur with respect to Owner: (i) by order of a court of competent jurisdiction, a receiver, liquidator or trustee of Owner or of any of the property of Owner (other than non-material property and with respect to which the appointment hereinafter referred to would not materially adversely affect the financial condition of Owner) shall be appointed and shall not have been discharged within ninety (90) days; (ii) a petition in bankruptcy, insolvency proceeding or petition for reorganization shall have been filed against Owner and same is not withdrawn, dismissed, canceled or terminated within ninety (90) days; (iii) Owner is adjudicated bankrupt or insolvent or a petition for reorganization is granted (without regard for any grace period provided for herein); (iv) if there is an attachment or sequestration of any of the property of Owner and same is not discharged or bonded over within ninety (90) days; (v) if Owner files or consents to the filing of any petition in bankruptcy or commences or consents to the commencement of any proceeding under the Federal Bankruptcy Code or any other law, now or hereafter in effect, relating to the reorganization of Owner or the arrangement or readjustment of the debts of Owner; or (vi) if Owner shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a receiver, trustee or liquidator of Owner or of all or any material part of its property; or

(d) If Owner ceases to do business or terminates its business for any reason whatsoever or shall cause or institute any proceeding for the dissolution of Owner.

#### 7. Remedies:

(a) Upon an Event of Default, the City shall have the right if it so elects to: (i) any and all remedies available at law or in equity; and/or (ii) institute and prosecute proceedings to enforce in whole or in part the specific performance of this TRA by Owner, and/or to enjoin or restrain Owner from commencing or continuing said breach, and/or to cause by injunction Owner to correct and cure said breach or threatened breach. None of the remedies enumerated herein is exclusive and nothing herein shall be construed as prohibiting the City from pursuing any other remedies at law, in equity or otherwise available to it under this TRA.

(b) The rights and remedies of the City whether provided by law or by this TRA, shall be cumulative, and the exercise by the City of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach, to the extent permitted by law. No waiver made by the City shall apply to obligations beyond those expressly waived in writing.

8. If any of the provisions of this TRA, or the application thereof to any Person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this TRA, or the application of such provision or provisions to Persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this TRA shall be valid and enforceable to the fullest extent permitted by law.

9. This writing is intended by the parties hereto as a final expression of this TRA, and is intended to constitute a complete and exclusive statement of the term of the agreement among the parties hereto. There are no promises or conditions, expressed or implied, unless contained in this writing. No course of dealing, course of performance or trade usage, and no parol evidence of any nature, shall be used to supplement or modify the terms of this TRA. No amendment, modification, termination or waiver of any provision of this TRA, shall in any event be effective unless the same shall be in writing and signed by the City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver shall be implied from the City's delay in exercising or failing to exercise any right or remedy against Developer in connection with any transfer restriction imposed on Developer under the Agreement.

10. Notices shall be given as follows:

(a) Any notice, demand or other communication which any party may desire or may be required to give to any other party hereto shall be in writing delivered by (i) hand-delivery, (ii) a nationally recognized overnight courier, or (iii) mail (but excluding electronic mail, i.e., "e-mail") addressed to a party at its address set forth below, or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance herewith:

If to City: Mayor  
City of Springfield  
36 Court Street, Room 210  
Springfield, Massachusetts 01103

with copies to: City Solicitor  
City of Springfield  
36 Court Street  
Springfield, Massachusetts 01103

and

Chief Development Officer  
Springfield Redevelopment Authority  
70 Tapley Street  
Springfield, Massachusetts 01104

If to Parent Company: Bill Hornbuckle  
MGM Resorts International  
3600 Las Vegas Boulevard South  
Las Vegas, NV 89109

with copies to: Frank Fitzgerald, Esq.  
Fitzgerald Attorneys At Law  
46 Center Square  
East Longmeadow, MA 01028

and

John McManus  
Executive Vice President and General  
Counsel  
MGM Resorts International  
3600 S. Las Vegas Boulevard  
Las Vegas, NV 89109

(b) Any such notice, demand or communication shall be deemed delivered and effective upon actual delivery.

11. Time is of the essence in performance of this TRA by Owner.

12. The terms of this TRA shall bind and benefit the legal representatives, successors and assigns of the City and Owner; provided, however, that Owner may not assign this TRA, or assign or delegate any of its rights or obligations under this TRA, without the prior written consent of the City in each instance.

13. This TRA shall be governed by, and construed in accordance with, the local laws of the Commonwealth of Massachusetts without application of its law of conflicts principles.

14. If at any time, Owner is not a resident of the Commonwealth or has no officer, director, employee, or agent thereof available for service of process as a resident of the Commonwealth, or if any permitted assignee thereof shall be a foreign corporation, partnership or other entity or shall have no officer, director, employee, or agent available for service of process in the Commonwealth, Owner or its assignee hereby designates the Secretary of the Commonwealth, as its agent for the service of process in any court action between it and the City or arising out of or relating to this TRA and such service shall be made as provided by the laws of the Commonwealth for service upon a non-resident.

15. Owner acknowledges that it expects to derive a benefit as a result of the Agreement because of its relationship to Developer, and that it is executing this TRA in consideration of that anticipated benefit.

16. Dispute Resolution:

(a) It is acknowledged by the parties hereto that a quick and efficient resolution of any dispute, claim, or controversy arising under or relating to this TRA, the breach, termination, or validity of this TRA, or the dealings between the parties or their successors, or with respect to any claim arising by virtue of any representations made by any party hereto (collectively, a "**Dispute**") is critical to the implementation of this TRA. In order to effectuate such intent, the parties hereto do hereby establish this dispute resolution procedure. All Disputes shall be subject to this Section, it being the intention of the parties hereto that all such Disputes be subject thereto regardless of any specific reference or absence of such reference as provided herein. No time bar defenses shall be

available based upon the passage of time during any negotiation called for by this Section.

(b) Either party hereto shall give the other party written notice of any Dispute (“**Dispute Notice**”) which Dispute Notice shall set forth the amount of loss, damage, and cost of expense claimed, if any.

(c) Within ten (10) Business Days of the Dispute Notice, the parties hereto shall meet to negotiate in good faith to resolve the Dispute.

(d) At any time, either party hereto may seek injunctive relief from the Court (as hereinafter defined). Subject to the arbitration provisions of this Section, it is the express intention of the parties hereto that the exclusive venue of all judicial actions of any notice whatsoever which relate in any way to this Agreement shall be filed in the Superior Court Department of the Trial Court sitting in the Hampden County Hall of Justice in the City, or the United States District Court sitting in the City (the “**Court**”) in furtherance of arbitration of the Dispute.

(e) In the event the Dispute is unresolved within thirty (30) days of the Dispute Notice by good faith negotiations, the Dispute shall be arbitrated upon the filing by either party hereto of a written demand, with notice to the other party hereto, to the Judicial Arbitration and Mediation Service (“**JAMS**”) (to the extent such rules are not inconsistent as provided for herein) in the City before a single arbitrator to be selected under JAMS selection process. Arbitration of the Dispute shall be governed by the then current commercial arbitration rules of JAMS. Within ten (10) days after receipt of written notice of the Dispute being brought to the arbitrator, each party hereto shall submit to the arbitrator a best and final settlement with respect to each issue submitted to the arbitrator and an accompanying statement of position containing supporting facts, documentation and data. Upon such Dispute being submitted to the arbitrator for resolution, the arbitrator shall assume exclusive jurisdiction over the Dispute, and shall utilize such consultants or experts as he shall deem appropriate under the circumstances to assist in the resolution of the Dispute, and will be required to make a final binding determination with a reasoned opinion, not subject to appeal, within forty-five (45) days of the date of submission. Nothing herein shall prevent either party hereto from seeking injunctive relief in Court to maintain the status quo in furtherance of arbitration.

(f) For each issue decided by the arbitrator, the arbitrator shall award the reasonable expenses of the proceeding, including reasonable attorneys' fees, to the prevailing party hereto with respect to such issue. The arbitrator in arriving at his decision shall consider the pertinent facts and circumstances as presented in evidence and be guided by the terms and provisions of this TRA and applicable law, and shall apply the terms of this TRA without adding to, modifying or changing the terms in any respect, and shall apply the laws of the Commonwealth to the extent such application is not inconsistent with this TRA.

(g) Any arbitration award may be entered as a judgment in the Court. A printed transcript of any such arbitration proceeding shall be kept and each of the parties hereto shall have the right to request a copy of such transcript, at its sole cost.

(h) The parties hereto agree that, in addition to monetary relief, the arbitrator may make an award of equitable relief including but not limited to a temporary, preliminary or permanent injunction and the parties hereto further agree that the arbitrator is empowered to enforce any of the provisions of this TRA.

**EXHIBIT L**

**FORM OF GUARANTY AND KEEPWELL AGREEMENT**

This Guaranty And Keep Well Agreement (“**Guaranty**”) is made as of this \_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, a \_\_\_\_\_ (“**Guarantor**”), having its office at \_\_\_\_\_ to and for the benefit of the City of Springfield, Massachusetts, a municipal corporation (the “**City**”).

**RECITALS**

A. \_\_\_\_\_, a \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “**Developer**”) and the City have executed that certain Host Community Agreement dated \_\_\_\_\_, 2013, as the same may from time to time be amended (“**Agreement**,” with capitalized terms herein having the same meaning as therein defined, unless expressly otherwise defined herein), which Agreement sets forth the terms and conditions upon which Developer has agreed to develop, construct, operate and maintain the Project.

B. Guarantor, as the ultimate parent company of Developer, will benefit from the financial success of Developer.

C. The execution and delivery of this Guaranty is required under the terms of the Agreement.

D. This Guaranty is a guarantee of the obligations of the Developer as set forth in the Agreement only.

**NOW, THEREFORE**, in consideration of the foregoing premises and in order to induce the City to execute and deliver the Agreement, Guarantor, acknowledging that, but for the execution and delivery of this Guaranty, the City would not have entered into the Agreement with Developer, hereby covenants and agrees as follows:

1. Guarantor hereby absolutely, unconditionally and irrevocably guarantees to the City the following obligations as they relate to the Agreement (collectively, the “**Obligations**”): (i) the full and faithful performance by Developer of its obligations to Complete the Project no later than the Construction Completion Date, achieve Operations Commencement no later than the Operations Commencement Date, and achieve Final Completion no later than Final Completion Date in accordance with the terms, covenants and conditions of the Agreement (including, without limitation, the payment of so-called “hard costs” of construction and so-called “soft costs” of construction such as fees and charges of architects, engineers, consultants, surveyors, attorneys and others and the costs of all permits, licenses and other matters); (ii) Developer’s prompt payment as and when due of all amounts of every kind or nature whatsoever required of Developer under the Agreement, including the Developer Payments and interest at the Default Rate; and (iii) with respect to any mechanic’s or materialman’s lien filed against or attaching to all or any part of the Project as a result of the Work, the removal or release of such lien, provided that nothing herein shall preclude Developer or Guarantor from contesting in good faith any such lien by appropriate proceedings which prevent enforcement of the matter under contest.



2. During the twenty-four (24) months following the Operations Commencement Date (the “**Keep Well Period**”), Guarantor agrees to fund to Developer all amounts necessary to allow Developer to maintain and operate the Project and keep the Project open for business in the ordinary course during the Keep Well Period (the “**Keep Well Obligation**”), but only to the extent that Developer’s cash flow, which includes any proceeds from obligations arising from loans or other debt which the Developer was the financier thereof, from operations which is used to maintain and operate the Project and keep the Project open for business in the ordinary course during the Keep Well Period is insufficient to accomplish such purpose.

3. Guarantor will have and maintain available financial resources in an amount reasonably sufficient to fund all amounts necessary to allow Guarantor to perform all of its obligations hereunder, including, without limitation, the Keep Well Obligation.

4. Upon notice to Guarantor from the City that Developer has failed to perform any of the Obligations, Guarantor agrees to:

(a) assume full responsibility for and perform the Obligations in accordance with the terms, covenants and conditions of the Agreement;

(b) indemnify and hold the City harmless from and against any and all loss, cost, damage, injury, liability, claim or expense the City may suffer or incur by reason of any nonpayment or nonperformance of any of the Obligations; and

(c) fully reimburse and repay the City promptly on demand for all outlays and expenses, including interest thereon at the Default Rate, that the City may make or incur by reason of any nonpayment or nonperformance of any Obligations.

5. Upon any Event of Default hereunder, the City shall have the following rights and remedies:

(a) If the City, in its sole discretion, chooses to do so, it or its designee may perform any or all of Guarantor’s obligations to be performed hereunder on Guarantor’s behalf. In such event, Guarantor shall reimburse the City within ten (10) days of demand for all costs and expenses, including reasonable attorneys’ fees that the City may incur in performing those obligations, together with interest thereon at the Default Rate from the dates they are incurred until paid.

(b) In addition, the City may bring any action at law or in equity or both, to compel Guarantor to perform its obligations hereunder and to collect compensation for all loss, cost, damage, injury and expense which may be sustained or incurred by the City as a direct or indirect consequence of Guarantor’s failure to perform those obligations, including interest thereon at the Default Rate.

6. Guarantor authorizes the City to perform any and all of the following acts at any time in its sole discretion, all without notice to Guarantor and without affecting Guarantor’s obligations under this Guaranty:

(a) With the consent of Developer, the City may alter, amend or modify any terms of the Agreement, including renewing, compromising, extending or accelerating, or

otherwise changing the time for performance thereunder; provided, however, that no such alterations, amendments or modifications may be made to this Guaranty or the Obligations covered by this Guaranty without the consent of the Guarantor.

(b) The City may apply any payments or recoveries from Developer, Guarantor or any other source, to the Obligations in such manner, order and priority as it may elect, whether or not those obligations are guaranteed by this Guaranty.

(c) The City may release Developer of all or any portion of its liability under the Obligations and the Agreement.

(d) The City may consent to any assignment or successive assignments of the Agreement by Developer.

7. Guarantor expressly agrees that until the Obligations are fully satisfied and each and every term, covenant and condition of this Guaranty is fully performed, including, without limitation, the Keep Well Obligation, Guarantor shall not be released by or because of:

(a) Any act or event which might otherwise discharge, reduce, limit or modify Guarantor's obligations under this Guaranty;

(b) Any waiver, extension, modification, forbearance, delay or other act or omission of the City, or any failure to proceed promptly or otherwise as against Guarantor or any collateral, if any;

(c) Any action, omission or circumstance which might increase the likelihood that Guarantor may be called upon to perform under this Guaranty or which might affect the rights or remedies of Guarantor as against Developer; or

(d) Any dealings occurring at any time between Developer and the City, whether relating to the Agreement or otherwise.

Guarantor hereby expressly waives and surrenders any defense to its liability under this Guaranty based upon any of the foregoing acts, omissions, agreements, waivers or matters. It is the purpose and intent of this Guaranty that the obligations of Guarantor under it shall be absolute and unconditional under any and all circumstances.

8. Guarantor waives:

(a) All statutes of limitations as a defense to any action or proceeding brought against Guarantor by the City to the fullest extent permitted by law;

(b) Any right it may have to require the City to proceed against Developer, proceed against or exhaust any security held from Developer, or pursue any other remedy in its power to pursue;

(c) Any defense based on any claim that Guarantor's obligations exceed or are more burdensome than those of Developer;

(d) Any defense based on: (i) any legal disability of Developer, (ii) any release, discharge, modification, impairment or limitation of the liability of Developer under the Agreement from any cause (other than the performance of the Obligations by Developer), whether consented to by the City or arising by operation of law or from any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships (“**Insolvency Proceeding**”), or (iii) any rejection or disaffirmance of the Agreement in any such Insolvency Proceeding;

(e) Any defense based on any action taken or omitted by the City in any Insolvency Proceeding involving Developer, including any election to have a claim allowed as being secured, partially secured or unsecured, any extension of credit by the City to Developer in any Insolvency Proceeding, and the taking and holding by the City of any security for any such extension of credit; and

(f) All presentations, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and of the existence, creation, payment or nonpayment of the Obligations and demands and notices of every kind and nature.

9. The City shall not be required, as a condition precedent to making a demand upon Guarantor after an Event of Default or to bringing an action against Guarantor after an Event of Default upon this Guaranty, to make demand upon, or to institute any action or proceeding at law or in equity against, Developer, any other guarantor or anyone else, or exhaust its remedies against Developer, any other guarantor or anyone else, or against any collateral, if any, given to secure the Obligations. All remedies afforded to the City by reason of this Guaranty are separate and cumulative remedies and it is agreed that no one of such remedies, whether exercised by the City or not, shall be deemed to be exclusive of any of the other remedies available to the City and shall not limit or prejudice any other legal or equitable remedy which the City may have.

10. Until the termination of this Guaranty in accordance with its terms, Guarantor hereby waives all rights of subrogation, contribution and indemnity against Developer, now or hereafter arising, whether arising hereunder, by operation of law or contract or otherwise, as well as the benefit of any collateral which may from time to time secure the Obligations, and to that end, Guarantor further agrees not to seek any reimbursement, restitution, or collection from, or enforce any right or remedy of whatsoever kind or nature in favor of Guarantor against, Developer or any other person or any of their respective assets or properties for or with respect to any payments made by Guarantor to the City hereunder or in respect of the Obligations or the Keep Well Obligation. However, Guarantor’s waiver of its rights of subrogation is specifically limited to the extent that the exercise of such rights would adversely affect the City’s rights pursuant to the Agreement. The City, in the course of exercising any remedies available to it under the Agreement, at its sole option may elect which remedies it may wish to pursue without affecting any of its rights hereunder. The City may elect to forfeit any of its rights, even if such actions shall result in a full or partial loss of rights of subrogation which Guarantor, but for the City’s actions, might have had.

11. If, at any time, all or any part of any payment previously applied by the City to any of the Obligations is rescinded or must otherwise be restored or returned by the City for any reason, including, without limitation, the insolvency, bankruptcy, dissolution, liquidation or

reorganization of Developer, or upon or as a result of the appointment of a receiver, intervenor, custodian or conservator of, or trustee or similar officer for, Developer or any substantial part of its property, Guarantor shall remain liable for the full amount so rescinded or returned as though such payments had never been received by the City, notwithstanding any termination of this Guaranty or the cancellation of the Agreement evidencing the Obligations of Developer.

12. Before signing this Guaranty, Guarantor investigated the financial condition and business operations of Developer, the present and former condition, uses and ownership of the Project, and such other matters as Guarantor deemed appropriate to assure itself of Developer's ability to discharge its obligations under the Agreement. Guarantor assumes full responsibility for that due diligence, as well as for keeping informed of all matters which may affect Developer's ability to pay and perform the Obligations. The City has no duty to disclose to Guarantor any information which it may have or receive about Developer's financial condition or business operations, the condition or uses of the Project, or any other circumstances bearing on Developer's ability to perform under the Agreement.

13. Except for Permitted Affiliate Payments, any rights of Guarantor, whether now existing or hereafter arising, to receive payment on account of any indebtedness (including interest) owed to it by Developer, or to withdraw capital invested by it in Developer, or to receive distributions from Developer, shall, to the extent and in the manner provided herein, be subordinate as to time of payment and in all other respects to the full and prior payment and performance of Obligations (to the extent then due). Following and during the continuance of an Event of Default, Guarantor shall not be entitled to enforce or receive payment of any sums or distributions from Developer other than Permitted Affiliate Payments, until the Obligations have been paid and performed in full (to the extent then due) and any such sums received in violation of this Guaranty shall be received by Guarantor in trust for the City.

14. Guarantor hereby represents and warrants that:

(a) it is duly organized, validly existing and in good standing under the applicable laws of the jurisdiction of its formation, with full power and authority to execute and deliver this Guaranty and consummate the transactions contemplated hereby;

(b) the execution and delivery of this Guaranty and the consummation and performance by it of the transactions contemplated hereby: (1) have been duly authorized by all actions required under the terms and provisions of the instruments governing its existence ("**Governing Instruments**") and the laws of the jurisdiction of its formation; (2) create legal, valid and binding obligations of it enforceable in accordance with the terms hereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity); (3) subject to applicable law do not require the approval or consent of any Governmental Authority having jurisdiction over it, except those already obtained; and (4) do not and will not constitute a violation of, or default under, its Governing Instruments, any Government Requirements, agreement, commitment or instrument to which it is a party or by which any of its assets are bound, except for such violations or defaults under any Government Requirements, agreements, commitments or instruments that would not result in a

material adverse change in the condition, financial or otherwise, or in the results of operations or business affairs of the Guarantor and its subsidiaries, considered as one enterprise;

(c) subject to applicable gaming laws, neither it nor any of its property has any immunity from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) or the jurisdiction of any court of the United States sitting in the Commonwealth or any court of the Commonwealth;

(d) the financial statements, together with the related notes thereto, of Guarantor dated \_\_\_\_\_, 20\_\_ (the “**Financial Statements**”) heretofore delivered to the City by Guarantor, are true and correct in all material respects as of the date thereof, have been prepared in accordance with GAAP consistently applied (except insofar as any change in the application thereof is disclosed in such Financial Statements), and fairly present, in all material respects, the financial condition of Guarantor as of the date thereof, and no materially adverse change has occurred in the financial condition reflected in such Financial Statements since the date thereof and no material additional borrowings have been made or guaranteed by Guarantor since the date thereof, in either case, which individually or in the aggregate materially adversely affects the ability of Guarantor to pay and perform its obligations hereunder;

(e) none of the Financial Statements or any certificate or statement furnished to the City by or on behalf of Guarantor in connection herewith, and none of the representations and warranties in this Guaranty, contains any untrue statement as of its date of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein, in the light of the circumstances under which they were made, not misleading;

(f) other than as disclosed in Guarantor’s annual reports on Form 10K and quarterly reports on Form 10Q filed pursuant to the Securities and Exchange Act of 1934, there are no actions, suits or proceedings pending, or, to the knowledge of Guarantor, threatened against or affecting Guarantor, which may individually or in the aggregate materially adversely affect the ability of Guarantor to perform any of its obligations under this Guaranty, and Guarantor is not in default with respect to any order, writ, injunction, decree or demand of any court, arbitration body or Governmental Authority, which default materially adversely affects the ability of Guarantor to pay and perform its obligations hereunder; and

(g) except where such failure would not result in a material adverse change in the condition, financial or otherwise, or in the result of operations or in business affairs of the Guarantor and its subsidiaries, considered one enterprise, all permits, consents, approvals, orders and authorizations of, and all registrations, declarations and filings with, all Governmental Authorities (collectively, the “**Consents**”), if any, that are required in connection with the valid execution and delivery by Guarantor of this Guaranty have been obtained and Guarantor agrees that all Consents, if any, required in connection with the carrying out or performance of any of the transactions required or contemplated thereby (including, but not limited to, all authorizations, approvals, permits

and consents) will be obtained when required in order to satisfy the obligations hereunder in accordance with the terms of this Guaranty.

15. Guarantor covenants with the City as follows:

(a) Guarantor will furnish to the City the following, by hardcopy or through SEC's Edgar system:

(i) No later than ninety (90) days after the end of each fiscal quarter of Guarantor an unaudited balance sheet and income statement, certified as true and correct by the chief financial officer of Guarantor or by any other duly authorized representative of Guarantor reasonably acceptable to the City, which shall be prepared in accordance with GAAP consistently applied (except insofar as any change in the application thereof is disclosed in such financial statements).

(ii) No later than one hundred twenty (120) days after the end of each fiscal year of Guarantor an audited balance sheet and income statement prepared in accordance with GAAP.

None of the aforesaid financial statements or any certificate or statement furnished to the City by or on behalf of Guarantor in connection with the transactions contemplated hereby, and none of the representations and warranties in this Guaranty, shall contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein or herein, in light of the circumstances under which they were made, not misleading.

(b) Guarantor shall give notice to the City promptly upon the occurrence of:

(i) any known default or Event of Default; and

(ii) any (A) material default or event of default by Guarantor under any contractual obligation of Guarantor which could have a material adverse effect on the ability of Guarantor to pay its obligations hereunder or (B) litigation, investigation or proceeding which may exist at any time between Guarantor or any Person or Governmental Authority which could have a material adverse effect on the ability of Guarantor to pay its obligations hereunder.

Each notice pursuant to this paragraph shall be accompanied by a statement setting forth details of the occurrence referred to therein and stating what action Guarantor proposes to take with respect thereto.

(c) Guarantor agrees, upon the reasonable request of the City, to do any act or execute any additional documents as may be reasonably required by the City to accomplish or further confirm the provisions of this Guaranty.

16. The City may declare Guarantor to be in default under this Guaranty upon the occurrence of any of the following events (each, an "**Event of Default**", and collectively, "**Events of Default**").

(a) If Guarantor fails to pay any amounts required to be paid or expended under this Guaranty and such nonpayment continues for ten (10) Business Days after written notice from the City;

(b) If Guarantor fails to comply with any covenants and agreements made by it in this Guaranty (other than those specifically described in any other subparagraph of this Paragraph 16) and such noncompliance continues for fifteen (15) days after written notice from the City, provided, however, that if any such noncompliance is reasonably susceptible of being cured within thirty (30) days, but cannot with due diligence be cured within fifteen (15) days, and if Guarantor commences to cure any noncompliance within said fifteen (15) days and diligently prosecutes the cure to completion, then Guarantor shall not during such period of diligently curing be in default hereunder as long as such default is completely cured within thirty (30) days of the first notice of such default to Guarantor;

(c) If any representation or warranty made by Guarantor hereunder was false or misleading in any material respect as of the time made;

(d) If any of the following events occur with respect to Guarantor: (i) by order of a court of competent jurisdiction, a receiver, liquidator or trustee of Guarantor or of any of the property of Guarantor (other than non-material property and with respect to which the appointment hereinafter referred to would not materially adversely affect the financial condition of Guarantor) shall be appointed and shall not have been discharged within ninety (90) days; (ii) a petition in bankruptcy, insolvency proceeding or petition for reorganization shall have been filed against Guarantor and same is not withdrawn, dismissed, canceled or terminated within ninety (90) days; (iii) Guarantor is adjudicated bankrupt or insolvent or a petition for reorganization is granted (without regard for any grace period provided for herein); (iv) if there is an attachment or sequestration of any of the property of Guarantor and same is not discharged or bonded over within ninety (90) days; (v) if Guarantor files or consents to the filing of any petition in bankruptcy or commences or consents to the commencement of any proceeding under the Federal Bankruptcy Code or any other law, now or hereafter in effect, relating to the reorganization of Guarantor or the arrangement or readjustment of the debts of Guarantor; or (vi) if Guarantor shall make an assignment for the benefit of its creditors or shall admit in writing its inability to pay its debts generally as they become due or shall consent to the appointment of a receiver, trustee or liquidator of Guarantor or of all or any material part of its property;

(e) If Guarantor ceases to do business or terminates its business for any reason whatsoever or shall cause or institute any proceeding for the dissolution of Guarantor; or

(f) Except on satisfaction of the Obligations and expiration of the Keep Well Obligation, if Guarantor attempts to withdraw, revoke or assert that the Guaranty is of no force or effect.

17. If any of the provisions of this Guaranty, or the application thereof to any Person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Guaranty, or the application of such provision or provisions to Persons or circumstances other

than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

18. This writing is intended by the parties hereto as a final expression of this Guaranty, and is intended to constitute a complete and exclusive statement of the term of the agreement among the parties hereto related to the subject matter hereof. There are no promises or conditions, expressed or implied, unless contained in this writing. No course of dealing, course of performance or trade usage, and no parol evidence of any nature, shall be used to supplement or modify the terms of this Guaranty. No amendment, modification, termination or waiver of any provision of this Guaranty, shall in any event be effective unless the same shall be in writing and signed by the City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No waiver shall be implied from the City's delay in exercising or failing to exercise any right or remedy against Developer, Guarantor or any collateral given to secure the Obligations.

19. Notices shall be given as follows:

(a) Any notice, demand or other communication which any party may desire or may be required to give to any other party hereto shall be in writing delivered by (i) hand-delivery, (ii) a nationally recognized overnight courier, or (iii) mail (but excluding electronic mail, i.e., "**e-mail**") addressed to a party at its address set forth below, or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance herewith:

If to City: Mayor  
City of Springfield  
36 Court Street, Room 210  
Springfield, Massachusetts 01103

with copies to: City Solicitor  
City of Springfield  
36 Court Street  
Springfield, Massachusetts 01103

And

Chief Development Officer  
Springfield Redevelopment Authority  
70 Tapley Street  
Springfield, Massachusetts 01104

If to Parent Company: Bill Hornbuckle  
MGM Resorts International  
3600 Las Vegas Boulevard South  
Las Vegas, NV 89109

with copies to: Frank Fitzgerald, Esq.



Fitzgerald Attorneys At Law  
46 Center Square  
East Longmeadow, MA 01028

And

John McManus  
Executive Vice President and General Counsel  
MGM Resorts International  
3600 S. Las Vegas Boulevard  
Las Vegas, NV 89109

(b) Any such notice, demand or communication shall be deemed delivered and effective upon actual delivery.

20. Time is of the essence in performance of this Guaranty by Guarantor.

21. Guarantor's obligations under this Guaranty are in addition to its obligations under any other existing or future guaranties, each of which shall remain in full force and effect until it is expressly modified or released in a writing signed by the City. Guarantor's obligations under this Guaranty are independent of those of Developer under the Agreement.

22. The terms of this Guaranty shall bind and benefit the legal representatives, successors and assigns of the City and Guarantor; provided, however, that Guarantor may not assign this Guaranty, or assign or delegate any of its rights or obligations under this Guaranty, without the prior written consent of the City in each instance.

23. This Guaranty shall be governed by, and construed in accordance with, the local laws of the Commonwealth of Massachusetts without application of its law of conflicts principles.

24. If at any time during the Term, Guarantor is not a resident of the Commonwealth or has no officer, director, employee, or agent thereof available for service of process as a resident of the Commonwealth, or if any permitted assignee thereof shall be a foreign corporation, partnership or other entity or shall have no officer, director, employee, or agent available for service of process in the Commonwealth, Guarantor or its assignee hereby designates the Secretary of the Commonwealth, as its agent for the service of process in any court action between it and the City or arising out of or relating to this Guaranty and such service shall be made as provided by the laws of the Commonwealth for service upon a non-resident.]

25. Guarantor acknowledges that it expects to derive a benefit as a result of the Agreement because of its relationship to Developer, and that it is executing this Guaranty in consideration of that anticipated benefit.

26. The obligations of Guarantor under this Guaranty with respect to the Obligations set forth in Paragraph 1 hereof, shall terminate and be of no further force or effect (subject to reinstatement pursuant to Paragraph 11 hereof) upon the satisfaction of such Obligations set forth

in Paragraph 1 hereof and with respect to the Keep Well Obligation, shall terminate and be of no further force or effect upon the expiration of the Keep Well Period.

27. The City shall not issue a written release of Developer, other than as they may be compelled to do so by court order unless they issue a similar release of Guarantor.

28. Dispute Resolution:

(a) It is acknowledged by the parties hereto that a quick and efficient resolution of any dispute, claim, or controversy arising under or relating to this Guaranty, the breach, termination, or validity of this Guaranty, or the dealings between the parties or their successors, or with respect to any claim arising by virtue of any representations made by any party hereto (collectively, a “**Dispute**”) is critical to the implementation of this Guaranty. In order to effectuate such intent, the parties hereto do hereby establish this dispute resolution procedure. All Disputes shall be subject to this Section, it being the intention of the parties hereto that all such Disputes be subject thereto regardless of any specific reference or absence of such reference as provided herein. No time bar defenses shall be available based upon the passage of time during any negotiation called for by this Section.

(b) Either party hereto shall give the other party written notice of any Dispute (“**Dispute Notice**”) which Dispute Notice shall set forth the amount of loss, damage, and cost of expense claimed, if any.

(c) Within ten (10) Business Days of the Dispute Notice, the parties hereto shall meet to negotiate in good faith to resolve the Dispute.

(d) At any time, either party hereto may seek injunctive relief from the Court (as hereinafter defined). Subject to the arbitration provisions of this Section, it is the express intention of the parties hereto that the exclusive venue of all judicial actions of any notice whatsoever which relate in any way to this Agreement shall be filed in the Superior Court Department of the Trial Court sitting in the Hampden County Hall of Justice in the City, or the United States District Court sitting in the City (the “**Court**”) in furtherance of arbitration of the Dispute.

(e) In the event the Dispute is unresolved within thirty (30) days of the Dispute Notice by good faith negotiations, the Dispute shall be arbitrated upon the filing by either party hereto of a written demand, with notice to the other party hereto, to the Judicial Arbitration and Mediation Service (“**JAMS**”) (to the extent such rules are not inconsistent as provided for herein) in the City before a single arbitrator to be selected under JAMS selection process. Arbitration of the Dispute shall be governed by the then current commercial arbitration rules of JAMS. Within ten (10) days after receipt of written notice of the Dispute being brought to the arbitrator, each party hereto shall submit to the arbitrator a best and final settlement with respect to each issue submitted to the arbitrator and an accompanying statement of position containing supporting facts, documentation and data. Upon such Dispute being submitted to the arbitrator for resolution, the arbitrator shall assume exclusive jurisdiction over the Dispute, and shall utilize such consultants or experts as he shall deem appropriate under the circumstances

to assist in the resolution of the Dispute, and will be required to make a final binding determination with a reasoned opinion, not subject to appeal, within forty-five (45) days of the date of submission. Nothing herein shall prevent either party hereto from seeking injunctive relief in Court to maintain the status quo in furtherance of arbitration.

(f) For each issue decided by the arbitrator, the arbitrator shall award the reasonable expenses of the proceeding, including reasonable attorneys' fees, to the prevailing party hereto with respect to such issue. The arbitrator in arriving at his decision shall consider the pertinent facts and circumstances as presented in evidence and be guided by the terms and provisions of this Guaranty and applicable law, and shall apply the terms of this Guaranty without adding to, modifying or changing the terms in any respect, and shall apply the laws of the Commonwealth to the extent such application is not inconsistent with this Guaranty.

(g) Any arbitration award may be entered as a judgment in the Court. A printed transcript of any such arbitration proceeding shall be kept and each of the parties hereto shall have the right to request a copy of such transcript, at its sole cost.

(h) The parties hereto agree that, in addition to monetary relief, the arbitrator may make an award of equitable relief including but not limited to a temporary, preliminary or permanent injunction and the parties hereto further agree that the arbitrator is empowered to enforce any of the provisions of this Guaranty.

## EXHIBIT M

### FORM OF CLOSING CERTIFICATE

Pursuant to Section 2.3 of that certain Host Community Agreement dated as of \_\_\_\_\_, 20\_\_ (the “**Agreement**”), by and among the City of Springfield, Massachusetts (the “**City**”) and \_\_\_\_\_, (collectively, the “**Developer**”), the Developer hereby certifies to the City that:

(a) Certificate of Legal Existence. Attached hereto as “**Exhibit A**” is a true, correct and complete copy of the \_\_\_\_\_ of the Developer, together with any and all amendments thereto, as on file with the any and all amendments thereto, as on file with the \_\_\_\_\_, and no action has been taken to amend, modify or repeal such \_\_\_\_\_, the same being in full force and effect in the attached form as of the date hereof.

(b) Limited Liability Agreement. Attached hereto as “**Exhibit B**” is a true, correct and complete copy of the Developer’s limited liability agreement, together with any and all amendments thereto.

(c) Resolutions. Attached hereto as “**Exhibit C**” is a true and correct copy of the resolutions approving the execution, delivery and performance of the obligations of the Developer under the Agreement that have been duly adopted at a meeting of, or by the written consent of, the Developer, and none of such resolutions have been amended, modified, revoked or rescinded in any respect since their respective dates of execution, and all of such resolutions are in full force and effect on the date hereof in the form adopted.

(d) Incumbency. Attached hereto as “**Exhibit D**” is an incumbency certificate of the managers of the Developer, which individuals are duly elected, qualified and acting managers of the Developer, each such individual holding the office(s) set forth opposite his or her respective name as of the date hereof, and the signature set forth beside the respective name as of the date hereof, and the signature set forth beside the respective name and title of said managers and authorized signatories are true, authentic signatures.

(e) Certificate of Good Standing. Attached hereto as “**Exhibit E**” are original certificates dated as of a recent date from the \_\_\_\_\_ or other appropriate authority of each jurisdiction in which the Developer was, respectively, incorporated or qualified to do business, such certificate evidencing the good standing of the Developer in such jurisdictions.

Dated as of: \_\_\_\_\_, 20\_\_

[Insert Signature Block]

**EXHIBIT N**

**FORM OF RELEASE\***

This Release (“**Release**”) is made as of this \_\_\_ day of \_\_\_\_\_, 20\_\_, by \_\_\_\_\_, a \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “**Releasor**”), having its office at \_\_\_\_\_ to and for the benefit of the City of Springfield, Massachusetts, a municipal corporation (the “**City**”).

**RECITALS**

A. Releasor and the City have executed that certain Host Community Agreement dated \_\_\_\_\_, 2013, as the same may from time to time be amended (“**Agreement**,” with capitalized terms herein having the same meaning as therein defined, unless expressly otherwise defined herein), which Agreement sets forth the terms and conditions upon which Releasor has agreed to develop, construct, operate and maintain the Project.

B. The execution and delivery of this Release is required under the terms of the Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and in order to induce the City to execute and deliver the Agreement, Releasor acknowledging that, but for the execution and delivery of this Release, the City would not have entered into the Agreement with Releasor, hereby covenants and agrees as follows:

1. The Releasor and its successors and assigns, and on behalf of its affiliates and their successors and assigns, hereby release: (i) the City including all departments, agencies and commissions thereof; (ii) Shesky & Froelich Ltd.; and (iii) their respective principals, agents, subcontractors, consultants, attorneys, advisors, employees, officers and directors (the “**Releasees**”), and hold each of them harmless from any damages, claims, rights, liabilities, or causes of action, which the Releasor ever had, now has, may have or claim to have, in law or in equity, against any or all of the Releasees, arising out of or directly or indirectly related to the (i) RFQ/P process and the selection and evaluation of proposals submitted in connection therewith; (ii) negotiation of the Agreement between the City and the Releasor; (iii) the negotiation of a host community agreement for a casino resort in the City between the City and any other party; (iv) the submission of the ballot question to the City’s voters, or the conducting of the election related to such ballot question, as prescribed under Section 15(13) of the Act; (v) release or disclosure of any Information (as that term is defined in Exhibit A to the Phase II – Request for Qualifications/Request for Proposals, Bid No. 13-213, dated November 1, 2012) whether intentional or unintentional; and (vi) use of, investigation of, or processing of the Information (the “**Released Matters**”). This Release specifically excludes any liability arising from any fraud or intentional misrepresentation of the Releasees.

2. The Releasor and its successors and assigns, and on behalf of its affiliates and assigns will not ever institute any action or suit at law or in equity against any Releasee, nor

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\* Separate forms modified as appropriate to be signed by Developer, and all direct or indirect owners of Developer (excluding any equity holders of any publicly held parent company).

institute, prosecute or in any way aid in the institution or prosecution of any claim, demand, action, or cause of action for damages, costs, loss of services, expenses, or compensation for or on account of any of the Released Matters.

3. Releasor hereby represents and warrants that:

(a) it is duly organized, validly existing and in good standing under the applicable laws of the jurisdiction of its formation, with full power and authority to execute and deliver this Release;

(b) the execution and delivery of this Release: (1) have been duly authorized by all actions required under the terms and provisions of the instruments governing its existence (“**Governing Instruments**”), and the laws of the jurisdiction of its formation; (2) create legal, valid and binding obligations of it enforceable in accordance with the terms hereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors’ rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity); (3) subject to applicable law do not require the approval or consent of any Governmental Authority having jurisdiction over it, except those already obtained; and (4) do not and will not constitute a violation of, or default under, its Governing Instruments, any Government Requirements, agreement, commitment or instrument to which it is a party or by which any of its assets are bound, except for such violations or defaults under any Government Requirements, agreements, commitments or instruments that would not result in a material adverse change in the condition, financial or otherwise, or in the results of operations or business affairs of the Releasor and its subsidiaries, considered as one enterprise.

4. If any of the provisions of this Release, or the application thereof to any Person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Release, or the application of such provision or provisions to Persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Release shall be valid and enforceable to the fullest extent permitted by law.

5. No amendment, modification, termination or waiver of any provision of this Release, shall in any event be effective unless the same shall be in writing and signed by the City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6. This Release shall be governed by, and construed in accordance with, the local laws of the Commonwealth of Massachusetts without application of its law of conflicts principles.

7. Submission to Jurisdiction

(a) Releasor agrees that the sole and exclusive place, status and forum of this Release shall be the City, Hampden County, Massachusetts. All actions and legal proceedings which in any way relate to this Release shall be solely and exclusively brought, heard, conducted, prosecuted, tried and determined within the City, Hampden

County, Massachusetts. It is the express intention of the Releasor and the City that the exclusive venue of all legal actions and procedures of any nature whatsoever which related in any way to this Release shall be either the Superior Court Department of the Trial Court of the Commonwealth sitting in the Hampden County Hall of Justice in the City, or the United States District Court sitting in the City (the “**Court**”).

(b) If Releasor is not a resident of the Commonwealth or has no officer, director, employee, or agent thereof available for service of process as a resident of the Commonwealth, Releasor hereby designates the Secretary of the Commonwealth, as its agent for the service of process in any court action between it and the City or arising out of or relating to this Release and such service shall be made as provided by the laws of the Commonwealth for service upon a non-resident.

**EXHIBIT O**

**TYPES AND AMOUNTS OF INSURANCE**

<b>Type of Coverage</b>	<b>Requirements</b>
Commercial General Liability Insurance (occurrence form)	Coverage shall include products liability, completed operations, liquor liability, garagekeepers legal liability, damage to rented premises, personal & advertising injury and blanket contractual liability. The policy shall have limits of at least US \$1,000,000 per occurrence and US \$2,000,000 per location aggregate for property damage and bodily injury.
Automobile Liability Insurance	US \$1,000,000 combined single limit coverage each accident. This policy shall include coverage for loss due to bodily injury or death of any person, or property damage arising out of the ownership, maintenance, operation or use of any motor vehicle whether owned, non-owned, hired or leased.
Workers' Compensation Insurance	Limits as required by statute in the Commonwealth of Massachusetts covering all of Developer's personnel performing work or services in connection with this Agreement and the Project.
Employers' Liability Insurance	US \$1,000,000 each accident and each employee for disease.
Umbrella and/or Excess Liability Insurance	US \$300,000,000 each occurrence/aggregate.
Pollution Legal Liability Insurance	US \$5,000,000 each occurrence/aggregate. The policy shall provide coverage for third-party bodily injury, property damage, cleanup costs and defense costs that arise in connection with this Agreement and the Project.



**EXHIBIT P**

**FORM OF ESTOPPEL CERTIFICATE**

[DATE]

[Name of Financial Institution] (“**Addressee**”)

[Address of Financial Institution]

Attn: \_\_\_\_\_

Re: Host Community Agreement between the City of Springfield, Massachusetts and [\_\_\_\_\_] (collectively, the “**Developer**”) dated \_\_\_\_\_, 2013 (the “**Agreement**”)

Ladies and Gentlemen:

The undersigned, the City of Springfield, Massachusetts, a municipal corporation (“**City**”), provides this Estoppel Certificate (“**Certificate**”) to you with respect to those matters and only those matters set forth herein concerning the above-referenced Agreement:

As of the date of this Certificate, the undersigned hereby certifies that to the undersigned’s actual knowledge:

1. Attached hereto as Exhibit A is a true, accurate, and complete copy of the Agreement. The Agreement has not been amended except as set forth in Exhibit A.
2. The Agreement has not been terminated or canceled. The City has/has not sent to Developer notice in accordance with the terms of the Agreement alleging that the Developer is in default under the Agreement. **[If a notice has been sent, a copy is attached]**.
3. The City has/has not received notice from Developer in accordance with the terms of the Agreement alleging that the City is in default under the Agreement. **[If a notice has been sent, a copy is attached]**.
4. The Closing Date, as such term is defined in the Agreement, **[occurred , \_\_\_\_\_/has not occurred]**.

Notwithstanding the representations herein, in no event shall this Certificate subject the City to any liability whatsoever, despite the negligent or otherwise inadvertent failure of the City to disclose correct or relevant information, or constitute a waiver with respect to any act of Developer for which approval by the City was required but not sought or obtained, provided that, as between the City and Addressee, the City shall be estopped from denying the accuracy of this Certificate. No party other than Addressee shall have the right to rely on this Certificate. In no event shall this Certificate amend or modify the Agreement, and the City shall not be estopped from denying the accuracy of this Certificate as between the City and any party other than the Addressee.

CITY OF SPRINGFIELD, MASSACHUSETTS,  
a municipal corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT Q**

**FORM OF PARENT COMPANY  
RADIUS RESTRICTION AGREEMENT**

This Radius Restriction Agreement (“**RRA**”) is made as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_ (“**Parent Company**”), having its office at \_\_\_\_\_ to and for the benefit of the City of Springfield, Massachusetts, a municipal corporation (the “**City**”).

**RECITALS**

A. \_\_\_\_\_, a \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “**Developer**”) and the City have executed that certain Host Community Agreement dated \_\_\_\_\_, 2013, as the same may from time to time be amended (“**Agreement**,” with capitalized terms herein having the same meaning as therein defined, unless expressly otherwise defined herein), which Agreement sets forth the terms and conditions upon which Developer has agreed to develop, construct, operate and maintain the Project.

B. Parent Company, as the ultimate parent company of Developer, will benefit from the financial success of Developer.

C. The execution and delivery of this RRA is required under the terms of the Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and in order to induce the City to execute and deliver the Agreement, Parent Company, acknowledging that, but for the execution and delivery of this RRA, the City would not have entered into the Agreement with Developer, hereby covenants and agrees as follows:

1. Parent Company shall not, directly or indirectly: (i) manage, operate or become financially interested in any casino within the Restricted Area other than the Project for a period of ten (10) years from Operations Commencement; (ii) make application for any franchise, permit or license to manage or operate any casino within the Restricted Area other than the Project; or (iii) respond positively to any request for proposal to develop, manage, operate or become financially interested in any casino within the Restricted Area (the “**Radius Restriction**”) other than the Project, provided however, that this Agreement shall not apply to internet based gaming.

2. If Parent Company acquires or is acquired by a Person such that, but for the provisions of this RRA, Parent Company or the acquiring Person would be in violation of the Radius Restriction as of the date of acquisition, then such party shall have five (5) years in which to comply with the Radius Restriction.

3. It is the desire of the parties hereto that the provisions of this RRA be enforced to the fullest extent permissible under the laws and public policies in each jurisdiction in which enforcement might be sought. Accordingly, if any particular portion of this RRA shall ever be adjudicated as invalid or unenforceable, or if the application thereof to any party or circumstance shall be adjudicated to be prohibited by or invalidated by such laws or public policies, such

section or sections shall be (i) deemed amended to delete therefrom such portions so adjudicated or (ii) modified as determined appropriate by such a court, such deletions or modifications to apply only with respect to the operation of such section or sections in the particular jurisdictions so adjudicating on the parties and under the circumstances as to which so adjudicated.

4. Parent Company hereby represents and warrants that:

(a) it is duly organized, validly existing and in good standing under the applicable laws of the jurisdiction of its formation, with full power and authority to execute and deliver this RRA and consummate the transactions contemplated hereby; and

(b) the execution and delivery of this RRA and the consummation and performance by it of the transactions contemplated hereby: (1) have been duly authorized by all actions required under the terms and provisions of the instruments governing its existence (“**Governing Instruments**”) and the laws of the jurisdiction of its formation; (2) create legal, valid and binding obligations of it enforceable in accordance with the terms hereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors’ rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity); (3) subject to applicable law do not require the approval or consent of any Governmental Authority having jurisdiction over it, except those already obtained; and (4) do not and will not constitute a violation of, or default under, its Governing Instruments, any Government Requirements, agreement, commitment or instrument to which it is a party or by which any of its assets are bound, except for such violations or defaults under any Government Requirements, agreements, commitments or instruments that would not result in a material adverse change in the condition financial or otherwise, or in the results of operations or business affairs of the Restricted Owner and its subsidiaries, considered as one enterprise.

5. Parent Company covenants with the City as follows:

(a) none of the representations and warranties in this RRA contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading;

(b) Parent Company shall give notice to the City promptly upon the occurrence of any Event of Default. Each notice pursuant to this subparagraph shall be accompanied by a statement setting forth details of the Event of Default referred to therein and stating what action Parent Company proposes to take with respect thereto; and

(c) Parent Company agrees, upon the reasonable request of the City, to do any act or execute any additional documents as may be reasonably required by the City to accomplish or further confirm the provisions of this RRA.

6. The City may declare Parent Company to be in default under this RRA upon the occurrence of any of the following events (“**Events of Default**”).

(a) If Parent Company fails to comply with any covenants and agreements made by it in this RRA and such noncompliance continues for fifteen (15) days after written notice from the City, provided, however, that if any such noncompliance is reasonably susceptible of being cured within thirty (30) days, but cannot with due diligence be cured within fifteen (15) days, and if Parent Company commences to cure any noncompliance within said fifteen (15) days and diligently prosecutes the cure to completion, then Parent Company shall not during such period of diligently curing be in default hereunder as long as such default is completely cured within thirty (30) days of the first notice of such default to Parent Company; and

(b) If any representation or warranty made by Parent Company hereunder was false or misleading in any material respect as of the time made.

7. Remedies:

(a) Upon an Event of Default, the City shall have the right if it so elects to: (i) any and all remedies available at law or in equity; and/or (ii) institute and prosecute proceedings to enforce in whole or in part the specific performance of this RRA by Parent Company, and/or to enjoin or restrain Parent Company from commencing or continuing said breach, and/or to cause by injunction Parent Company to correct and cure said breach or threatened breach. None of the remedies enumerated herein is exclusive and nothing herein shall be construed as prohibiting the City from pursuing any other remedies at law, in equity or otherwise available to it under this RRA.

(b) The rights and remedies of the City whether provided by law or by this RRA, shall be cumulative, and the exercise by the City of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach, to the extent permitted by law. No waiver made by the City shall apply to obligations beyond those expressly waived in writing.

8. This writing is intended by the parties hereto as a final expression of this RRA, and is intended to constitute a complete and exclusive statement of the term of the agreement among the parties hereto. There are no promises or conditions, expressed or implied, unless contained in this writing. No course of dealing, course of performance or trade usage, and no parol evidence of any nature, shall be used to supplement or modify the terms of this RRA. No amendment, modification, termination or waiver of any provision of this RRA, shall in any event be effective unless the same shall be in writing and signed by the City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9. Notices shall be given as follows:

(a) Any notice, demand or other communication which any party may desire or may be required to give to any other party hereto shall be in writing delivered by (i) hand-delivery, (ii) a nationally recognized overnight courier, or (iii) mail (but excluding electronic mail, i.e., "**e-mail**") addressed to a party at its address set forth below, or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance herewith:

If to City: Mayor  
City of Springfield  
36 Court Street, Room 210  
Springfield, Massachusetts 01103

with copies to: City Solicitor  
City of Springfield  
36 Court Street  
Springfield, Massachusetts 01103

and

Chief Development Officer  
Springfield Redevelopment Authority  
70 Tapley Street  
Springfield, Massachusetts 01104

If to Parent Company: Bill Hornbuckle  
MGM Resorts International  
3600 Las Vegas Boulevard South  
Las Vegas, NV 89109

with copies to: Frank Fitzgerald, Esq.  
Fitzgerald Attorneys At Law  
46 Center Square  
East Longmeadow, MA 01028

and

John McManus  
Executive Vice President and General  
Counsel  
MGM Resorts International  
3600 S. Las Vegas Boulevard  
Las Vegas, NV 89109

(b) Any such notice, demand or communication shall be deemed delivered and effective upon actual delivery.

10. Time is of the essence in performance of this RRA by Parent Company.

11. The terms of this RRA shall bind and benefit the legal representatives, successors and assigns of the City and Parent Company.

12. This RRA shall be governed by, and construed in accordance with, the local laws of the Commonwealth of Massachusetts without application of its law of conflicts principles.

13. If at any time, Parent Company is not a resident of the Commonwealth or has no officer, director, employee, or agent thereof available for service of process as a resident of the Commonwealth, or if any permitted assignee thereof shall be a foreign corporation, partnership or other entity or shall have no officer, director, employee, or agent available for service of process in the Commonwealth, Parent Company or its assignee hereby designates the Secretary of the Commonwealth, as its agent for the service of process in any court action between it and the City or arising out of or relating to this RRA and such service shall be made as provided by the laws of the Commonwealth for service upon a non-resident.

14. Parent Company acknowledges that it expects to derive a benefit as a result of the Agreement to Developer because of its relationship to Developer, and that it is executing this RRA in consideration of that anticipated benefit.

15. Dispute Resolution:

(a) It is acknowledged by the parties hereto that a quick and efficient resolution of any dispute, claim, or controversy arising under or relating to this RRA, the breach, termination, or validity of this RRA, or the dealings between the parties or their successors, or with respect to any claim arising by virtue of any representations made by any party hereto (collectively, a “**Dispute**”) is critical to the implementation of this RRA. In order to effectuate such intent, the parties hereto do hereby establish this dispute resolution procedure. All Disputes shall be subject to this Section, it being the intention of the parties hereto that all such Disputes be subject thereto regardless of any specific reference or absence of such reference as provided herein. No time bar defenses shall be available based upon the passage of time during any negotiation called for by this Section.

(b) Either party hereto shall give the other party written notice of any Dispute (“**Dispute Notice**”) which Dispute Notice shall set forth the amount of loss, damage, and cost of expense claimed, if any.

(c) Within ten (10) Business Days of the Dispute Notice, the parties hereto shall meet to negotiate in good faith to resolve the Dispute.

(d) At any time, either party hereto may seek injunctive relief from the Court (as hereinafter defined). Subject to the arbitration provisions of this Section, it is the express intention of the parties hereto that the exclusive venue of all judicial actions of any notice whatsoever which relate in any way to this Agreement shall be filed in the Superior Court Department of the Trial Court sitting in the Hampden County Hall of Justice in the City, or the United States District Court sitting in the City (the “Court”) in furtherance of arbitration of the Dispute.

(e) In the event the Dispute is unresolved within thirty (30) days of the Dispute Notice by good faith negotiations, the Dispute shall be arbitrated upon the filing by either party hereto of a written demand, with notice to the other party hereto, to the Judicial Arbitration and Mediation Service (“**JAMS**”) (to the extent such rules are not inconsistent as provided for herein) in the City before a single arbitrator to be selected under JAMS selection process. Arbitration of the Dispute shall be governed by the then

current commercial arbitration rules of JAMS. Within ten (10) days after receipt of written notice of the Dispute being brought to the arbitrator, each party hereto shall submit to the arbitrator a best and final settlement with respect to each issue submitted to the arbitrator and an accompanying statement of position containing supporting facts, documentation and data. Upon such Dispute being submitted to the arbitrator for resolution, the arbitrator shall assume exclusive jurisdiction over the Dispute, and shall utilize such consultants or experts as he shall deem appropriate under the circumstances to assist in the resolution of the Dispute, and will be required to make a final binding determination with a reasoned opinion, not subject to appeal, within forty-five (45) days of the date of submission. Nothing herein shall prevent either party hereto from seeking injunctive relief in Court to maintain the status quo in furtherance of arbitration.

(f) For each issue decided by the arbitrator, the arbitrator shall award the reasonable expenses of the proceeding, including reasonable attorneys' fees, to the prevailing party hereto with respect to such issue. The arbitrator in arriving at his decision shall consider the pertinent facts and circumstances as presented in evidence and be guided by the terms and provisions of this RRA and applicable law, and shall apply the terms of this RRA without adding to, modifying or changing the terms in any respect, and shall apply the laws of the Commonwealth to the extent such application is not inconsistent with this RRA.

(g) Any arbitration award may be entered as a judgment in the Court. A printed transcript of any such arbitration proceeding shall be kept and each of the parties hereto shall have the right to request a copy of such transcript, at its sole cost.

(h) The parties hereto agree that, in addition to monetary relief, the arbitrator may make an award of equitable relief including but not limited to a temporary, preliminary or permanent injunction and the parties hereto further agree that the arbitrator is empowered to enforce any of the provisions of this RRA.



**EXHIBIT R**

**FORM OF RESTRICTED PARTY  
RADIUS RESTRICTION AGREEMENT**

This Radius Restriction Agreement (“**RRA**”) is made as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by \_\_\_\_\_, a \_\_\_\_\_ (“**Restricted Party**”), having its office at \_\_\_\_\_ to and for the benefit of the City of Springfield, Massachusetts, a municipal corporation (the “**City**”).

**RECITALS**

A. \_\_\_\_\_, a \_\_\_\_\_ and \_\_\_\_\_, (collectively, the “**Developer**”) and the City have executed that certain Host Community Agreement dated \_\_\_\_\_, 2013, as the same may from time to time be amended (“**Agreement**,” with capitalized terms herein having the same meaning as therein defined, unless expressly otherwise defined herein), which Agreement sets forth the terms and conditions upon which Developer has agreed to develop, construct, operate and maintain the Project.

B. Restricted Party will benefit from the financial success of Developer.

C. The execution and delivery of this RRA is required under the terms of the Agreement.

**NOW, THEREFORE**, in consideration of the foregoing premises and in order to induce the City to execute and deliver the Agreement, Restricted Party, acknowledging that, but for the execution and delivery of this RRA, the City would not have entered into the Agreement with Developer, hereby covenants and agrees as follows:

1. Restricted Party shall not, directly or indirectly: (i) manage, operate or become financially interested in any casino within the Restricted Area other than the Project for a period of ten (10) years from Operations Commencement; (ii) make application for any franchise, permit or license to manage or operate any casino within the Restricted Area other than the Project; or (iii) respond positively to any request for proposal to develop, manage, operate or become financially interested in any casino within the Restricted Area (the “**Radius Restriction**”) other than the Project; provided however, that this Agreement shall not apply to internet based gaming.

2. If Restricted Party acquires or is acquired by a Person such that, but for the provisions of this RRA, Restricted Party or the acquiring Person would be in violation of the Radius Restriction as of the date of acquisition, then such party shall have five (5) years in which to comply with the Radius Restriction.

3. It is the desire of the parties hereto that the provisions of this RRA be enforced to the fullest extent permissible under the laws and public policies in each jurisdiction in which enforcement might be sought. Accordingly, if any particular portion of this RRA shall ever be adjudicated as invalid or unenforceable, or if the application thereof to any party or circumstance shall be adjudicated to be prohibited by or invalidated by such laws or public policies, such section or sections shall be (i) deemed amended to delete therefrom such portions so adjudicated

or (ii) modified as determined appropriate by such a court, such deletions or modifications to apply only with respect to the operation of such section or sections in the particular jurisdictions so adjudicating on the parties and under the circumstances as to which so adjudicated.

4. Restricted Party hereby represents and warrants that:

(a) it is duly organized, validly existing and in good standing under the applicable laws of the jurisdiction of its formation, with full power and authority to execute and deliver this RRA and consummate the transactions contemplated hereby; and

(b) the execution and delivery of this RRA and the consummation and performance by it of the transactions contemplated hereby: (1) have been duly authorized by all actions required under the terms and provisions of the instruments governing its existence (“**Governing Instruments**”) and the laws of the jurisdiction of its formation; (2) create legal, valid and binding obligations of it enforceable in accordance with the terms hereof, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors’ rights generally and to the effect of general principles of equity which may limit the availability of equitable remedies (whether in a proceeding at law or in equity); (3) subject to applicable law do not require the approval or consent of any Governmental Authority having jurisdiction over it, except those already obtained; and (4) do not and will not constitute a violation of, or default under, its Governing Instruments, any Government Requirements, agreement, commitment or instrument to which it is a party or by which any of its assets are bound, except for such violations or defaults under any Government Requirements, agreements, commitments or instruments that would not result in a material adverse change in the condition financial or otherwise, or in the results of operations or business affairs of the Restricted Owner and its subsidiaries, considered as one enterprise.

5. Restricted Party covenants with the City as follows:

(a) none of the representations and warranties in this RRA contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading; and

(b) Restricted Party shall give notice to the City promptly upon the occurrence of any Event of Default. Each notice pursuant to this subparagraph shall be accompanied by a statement setting forth details of the Event of Default referred to therein and stating what action Restricted Party proposes to take with respect thereto.

(c) Restricted Party agrees, upon the reasonable request of the City, to do any act or execute any additional documents as may be reasonably required by the City to accomplish or further confirm the provisions of this RRA.

6. The City may declare Restricted Party to be in default under this RRA upon the occurrence of any of the following events (each, an “**Event of Default**”, and collectively, “**Events of Default**”).

(a) If Restricted Party fails to comply with any covenants and agreements made by it in this RRA and such noncompliance continues for fifteen (15) days after written notice from the City, provided, however, that if any such noncompliance is reasonably susceptible of being cured within thirty (30) days, but cannot with due diligence be cured within fifteen (15) days, and if Restricted Party commences to cure any noncompliance within said fifteen (15) days and diligently prosecutes the cure to completion, then Restricted Party shall not during such period of diligently curing be in default hereunder as long as such default is completely cured within thirty (30) days of the first notice of such default to Restricted Party; and

(b) If any representation or warranty made by Restricted Party hereunder was false or misleading in any material respect as of the time made.

7. Remedies:

(a) Upon an Event of Default, the City shall have the right if it so elects to: (i) any and all remedies available at law or in equity; and/or (ii) institute and prosecute proceedings to enforce in whole or in part the specific performance of this RRA by Restricted Party, and/or to enjoin or restrain Restricted Party from commencing or continuing said breach, and/or to cause by injunction Restricted Party to correct and cure said breach or threatened breach. None of the remedies enumerated herein is exclusive and nothing herein shall be construed as prohibiting the City from pursuing any other remedies at law, in equity or otherwise available to it under this RRA.

(b) The rights and remedies of the City whether provided by law or by this RRA, shall be cumulative, and the exercise by the City of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach, to the extent permitted by law. No waiver made by the City shall apply to obligations beyond those expressly waived in writing.

8. This writing is intended by the parties hereto as a final expression of this RRA, and is intended to constitute a complete and exclusive statement of the term of the agreement among the parties hereto. There are no promises or conditions, expressed or implied, unless contained in this writing. No course of dealing, course of performance or trade usage, and no parol evidence of any nature, shall be used to supplement or modify the terms of this RRA. No amendment, modification, termination or waiver of any provision of this RRA, shall in any event be effective unless the same shall be in writing and signed by the City, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

9. Notices shall be given as follows:

Any notice, demand or other communication which any party may desire or may be required to give to any other party hereto shall be in writing delivered by (i) hand-delivery, (ii) a nationally recognized overnight courier, or (iii) mail (but excluding electronic mail, i.e., "**e-mail**") addressed to a party at its address set forth below, or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance herewith:

If to City: Mayor  
City of Springfield  
36 Court Street, Room 210  
Springfield, Massachusetts 01103

with copies to: City Solicitor  
City of Springfield  
36 Court Street  
Springfield, Massachusetts 01103

and

Chief Development Officer  
Springfield Redevelopment Authority  
70 Tapley Street  
Springfield, Massachusetts 01104

If to Parent Company: Bill Hornbuckle  
MGM Resorts International  
3600 Las Vegas Boulevard South  
Las Vegas, NV 89109

with copies to: Frank Fitzgerald, Esq.  
Fitzgerald Attorneys At Law  
46 Center Square  
East Longmeadow, MA 01028

and

John McManus  
Executive Vice President and General  
Counsel  
MGM Resorts International  
3600 S. Las Vegas Boulevard  
Las Vegas, NV 89109

(b) Any such notice, demand or communication shall be deemed delivered and effective upon actual delivery.

10. Time is of the essence in performance of this RRA by Restricted Party.

11. The terms of this RRA shall bind and benefit the legal representatives, successors and assigns of the City and Restricted Party.

12. This RRA shall be governed by, and construed in accordance with, the local laws of the Commonwealth of Massachusetts without application of its law of conflicts principles.

13. If at any time, Restricted Party is not a resident of the Commonwealth or has no officer, director, employee, or agent thereof available for service of process as a resident of the Commonwealth, or if any permitted assignee thereof shall be a foreign corporation, partnership or other entity or shall have no officer, director, employee, or agent available for service of process in the Commonwealth, Restricted Party or its assignee hereby designates the Secretary of the Commonwealth, as its agent for the service of process in any court action between it and the City or arising out of or relating to this RRA and such service shall be made as provided by the laws of the Commonwealth for service upon a non-resident.

14. Restricted Party acknowledges that it expects to derive a benefit as a result of the Agreement to Developer because of its relationship to Developer, and that it is executing this RRA in consideration of that anticipated benefit.

15. Dispute Resolution:

(a) It is acknowledged by the parties hereto that a quick and efficient resolution of any dispute, claim, or controversy arising under or relating to this RRA, the breach, termination, or validity of this RRA, or the dealings between the parties or their successors, or with respect to any claim arising by virtue of any representations made by any party hereto (collectively, a “**Dispute**”) is critical to the implementation of this RRA. In order to effectuate such intent, the parties hereto do hereby establish this dispute resolution procedure. All Disputes shall be subject to this Section, it being the intention of the parties hereto that all such Disputes be subject thereto regardless of any specific reference or absence of such reference as provided herein. No time bar defenses shall be available based upon the passage of time during any negotiation called for by this Section.

(b) Either party hereto shall give the other party written notice of any Dispute (“**Dispute Notice**”) which Dispute Notice shall set forth the amount of loss, damage, and cost of expense claimed, if any.

(c) Within ten (10) Business Days of the Dispute Notice, the parties hereto shall meet to negotiate in good faith to resolve the Dispute.

(d) At any time, either party hereto may seek injunctive relief from the Court (as hereinafter defined). Subject to the arbitration provisions of this Section, it is the express intention of the parties hereto that the exclusive venue of all judicial actions of any notice whatsoever which relate in any way to this Agreement shall be filed in the Superior Court Department of the Trial Court sitting in the Hampden County Hall of Justice in the City, or the United States District Court sitting in the City (the “Court”) in furtherance of arbitration of the Dispute.

(e) In the event the Dispute is unresolved within thirty (30) days of the Dispute Notice by good faith negotiations, the Dispute shall be arbitrated upon the filing by either party hereto of a written demand, with notice to the other party hereto, to the Judicial Arbitration and Mediation Service (“**JAMS**”) (to the extent such rules are not inconsistent as provided for herein) in the City before a single arbitrator to be selected under JAMS selection process. Arbitration of the Dispute shall be governed by the then

current commercial arbitration rules of JAMS. Within ten (10) days after receipt of written notice of the Dispute being brought to the arbitrator, each party hereto shall submit to the arbitrator a best and final settlement with respect to each issue submitted to the arbitrator and an accompanying statement of position containing supporting facts, documentation and data. Upon such Dispute being submitted to the arbitrator for resolution, the arbitrator shall assume exclusive jurisdiction over the Dispute, and shall utilize such consultants or experts as he shall deem appropriate under the circumstances to assist in the resolution of the Dispute, and will be required to make a final binding determination with a reasoned opinion, not subject to appeal, within forty-five (45) days of the date of submission. Nothing herein shall prevent either party hereto from seeking injunctive relief in Court to maintain the status quo in furtherance of arbitration.

(f) For each issue decided by the arbitrator, the arbitrator shall award the reasonable expenses of the proceeding, including reasonable attorneys' fees, to the prevailing party hereto with respect to such issue. The arbitrator in arriving at his decision shall consider the pertinent facts and circumstances as presented in evidence and be guided by the terms and provisions of this RRA and applicable law, and shall apply the terms of this RRA without adding to, modifying or changing the terms in any respect, and shall apply the laws of the Commonwealth to the extent such application is not inconsistent with this RRA.

(g) Any arbitration award may be entered as a judgment in the Court. A printed transcript of any such arbitration proceeding shall be kept and each of the parties hereto shall have the right to request a copy of such transcript, at its sole cost.

(h) The parties hereto agree that, in addition to monetary relief, the arbitrator may make an award of equitable relief including but not limited to a temporary, preliminary or permanent injunction and the parties hereto further agree that the arbitrator is empowered to enforce any of the provisions of this RRA.

**EXHIBIT S**

**FORM OF NOTICE OF AGREEMENT**

THIS INSTRUMENT WAS  
PREPARED BY AND AFTER  
RECORDING MAIL TO:

Attorney Edward M. Pikula  
City of Springfield Law Department  
36 Court Street  
Springfield, MA 01103

And

Attorney Frank P. Fitzgerald  
Fitzgerald Attorneys at Law, P.C.  
46 Center Square  
East Longmeadow, MA 01028

**NOTICE OF AGREEMENT<sup>2</sup>**

THIS NOTICE OF AGREEMENT (this “**Notice**”), dated as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, is made by and among the City of Springfield, Massachusetts, a municipal corporation (the “**City**”), and \_\_\_\_\_, a Massachusetts limited liability company (collectively, the “**Developer**”).

**RECITALS**

A. The City selected Developer to develop, construct and operate a destination resort casino complex pursuant to a certain two phase Request for Qualifications/Proposals issued by the City;

B. The City and the Developer entered into that certain Host Community Agreement dated \_\_\_\_\_, 2013, (the “**Agreement**”) which sets forth their mutual rights and obligations with respect to the development, construction and operation of a destination resort casino complex; and

C. The City and Developer desire to set forth certain terms and provisions contained in the Agreement in this Notice for recording purposes.

NOW, THEREFORE, for and in consideration of the premises and the covenants and conditions set forth in the Agreement, the City and Developer do hereby covenant, promise and agree as follows:

---

<sup>2</sup>This Notice may be re-executed at such time as an Affiliate of Developer takes title to the Project Site.

1. Capitalized terms used herein which are not otherwise defined herein shall have the respective meanings ascribed to them in the Agreement.

2. Developer, or its Affiliate own or have enforceable rights to acquire the Project Site on which the Project is to be developed, constructed and operated.

3. A description of the Project Site is attached hereto as Exhibit 1 and by this reference made a part hereof.

4. The Project and its operations are subject to the terms and conditions set forth in the Agreement, including but not limited to restrictions on Transfer as defined in the Agreement.

**Blue Tarp reDevelopment, LLC, a**  
Massachusetts limited liability company

**The City Of Springfield, Massachusetts, a**  
municipal corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_, a  
Massachusetts limited liability company,

By: \_\_\_\_\_  
Its: \_\_\_\_\_



COMMONWEALTH OF MASSACHUSETTS )  
 ) SS  
COUNTY OF HAMPDEN )

I, \_\_\_\_\_, a Notary Public in and for said County, in the Commonwealth aforesaid, DO HEREBY CERTIFY, that \_\_\_\_\_, personally known to me to be the \_\_\_\_\_ of \_\_\_\_\_, a Massachusetts limited liability company, whose name is subscribed to the within Instrument, appeared before me this day in person and acknowledged that as such \_\_\_\_\_ s/he signed and delivered the said Instrument of writing as his/her free and voluntary act and as the free and voluntary act and deed of said company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

COMMONWEALTH OF MASSACHUSETTS )  
 ) SS  
COUNTY OF HAMPDEN )

I, \_\_\_\_\_, a Notary Public in and for said County, in the Commonwealth aforesaid, DO HEREBY CERTIFY, that \_\_\_\_\_, personally known to me to be the \_\_\_\_\_ of The City of Springfield, Massachusetts, a municipal corporation, whose name is subscribed to the within Instrument, appeared before me this day in person and acknowledged that as such \_\_\_\_\_ s/he signed and delivered the said Instrument of writing as his/her free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal, this \_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Notary Public

My Commission Expires:

\_\_\_\_\_

**EXHIBIT 1**

**LEGAL DESCRIPTION OF PROJECT SITE**

See property description in Exhibit H (Project Site). Survey to be completed.

**EXHIBIT T**  
**TAX AFFIDAVIT**

**TO BE INCLUDED IN ALL SPECIFICATIONS**

**COMPLIANCE WITH FEDERAL, COMMONWEALTH OF MASSACHUSETTS, AND CITY OF SPRINGFIELD TAX LAWS.**

**A. COMPLIANCE WITH TAX LAWS**

The contractor must be in compliance at the time it submits its bid and afterwards if selected as the contractor, with all Federal, Commonwealth of Massachusetts and City of Springfield tax laws, the contractor will be disqualified from the bidding procedure.

**B. TAX CERTIFICATION AFFIDAVIT.**

The contractor must complete and return the Tax Certification Affidavit with the contractor's bid/proposal. Failure to complete and return the Tax Certification Affidavit will disqualify the contractor from the bidding procedure.

**C. VERIFICATION OF COMPLIANCE WITH FEDERAL AND MASSACHUSETTS TAX LAWS.**

If the City of Springfield discovers that the contractor is not in compliance with Federal or Massachusetts tax laws, the contractor shall be excluded from the bidding procedure.

**D. COMPLIANCE WITH THE CITY OF SPRINGFIELD TAXES.**

If the City of Springfield discovers that the contractor owes the City of Springfield any assessments, excise, property or other taxes, including any penalties and interest thereon, the contractor shall be excluded from the bidding procedure.

The contractor at all times during the term of an awarded contract shall observe and abide by all Federal, Commonwealth of Massachusetts and City of Springfield tax laws and remain in compliance with such laws, all as amended.

**TAX CERTIFICATION AFFIDAVIT FOR CONTRACTS**

Individual Social Security Number \_\_\_\_\_ State Identification Number \_\_\_\_\_ Federal Identification Number \_\_\_\_\_  
**Company:** \_\_\_\_\_

**P.O. Box (if any):** \_\_\_\_\_ **Street Address Only:** \_\_\_\_\_

**City/State/Zip Code:** \_\_\_\_\_

**Telephone #:** \_\_\_\_\_ **Fax #:** \_\_\_\_\_

**List address(es) of all other property owned by company in Springfield:**

*Please Identify if the bidder/proposer is a:*

<b>Corporation</b>	_____	<b>Name of Individual:</b>	_____
<b>Individual</b>	_____	<b>Names of all</b>	_____
<b>Partnership</b>	_____	<b>Partners:</b>	_____
<b>Limited Liability Company</b>	_____	<b>Names of all</b>	_____
<b>Limited Liability Partnership</b>	_____	<b>Managers:</b>	_____
<b>Limited Partnership</b>	_____	<b>Names of all</b>	_____
		<b>Partners:</b>	_____
		<b>Names of all</b>	_____
		<b>General Partners:</b>	_____

**You must complete the following certifications and have the signature(s) notarized on the lines below. Any certification that does not apply to you, write N/A in the blanks provided.**

**FEDERAL TAX CERTIFICATION**

I, \_\_\_\_\_ (authorized agent) certify under the pains and penalties of perjury that \_\_\_\_\_ (Bidder/Proposer), to my best knowledge and belief, has/have complied with all **United States Federal taxes** required by law.  
 \_\_\_\_\_ Bidder/Proposer/Contracting Entity \_\_\_\_\_ Authorized Person's Signature  
 Date: \_\_\_\_\_

**CITY OF SPRINGFIELD TAX CERTIFICATION**

I, \_\_\_\_\_ (authorized agent) certify under the pains and penalties of perjury that \_\_\_\_\_ (Bidder/Proposer), to my best knowledge and belief, has/have complied with all **City of Springfield taxes** required by law (has/have entered into a Payment Agreement with the City).  
 \_\_\_\_\_ Bidder/Proposer/Contracting Entity \_\_\_\_\_ Authorized Person's Signature  
 Date: \_\_\_\_\_

**COMMONWEALTH OF MASSACHUSETTS TAX CERTIFICATION**

Pursuant to M.G.L. c. 62C §49A, I, \_\_\_\_\_ (authorized agent) certify under the pains and penalties of perjury that \_\_\_\_\_ (Bidder/Proposer) to my best knowledge and belief, has/have complied with all laws of the Commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting child support.  
 \_\_\_\_\_ Bidder/Proposer/Contracting Entity \_\_\_\_\_ Authorized Person's Signature  
 Date: \_\_\_\_\_

**Notary Public**

STATE OF \_\_\_\_\_, 2013  
COUNTY OF \_\_\_\_\_ ss.

Then personally appeared before me [name] \_\_\_\_\_, [title] \_\_\_\_\_ of [company name] \_\_\_\_\_, being duly sworn, and made oath that he/she has read the foregoing document, and knows the contents thereof; and that the facts stated therein are true of his/her own knowledge, and stated the foregoing to be his/her free act and deed and the free act and deed of [company name] \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**YOU MUST FILL THIS FORM OUT COMPLETELY AND, SIGNATURES MUST BE NOTARIZED ON THIS FORM AND YOU MUST FILE THIS FORM WITH YOUR BID/CONTRACT.**

## EXHIBIT U

### SECTION 6A AGREEMENT

1. Aggregate annual 121A payments shall be \$17.6 million (the “**Fixed Payment**”), plus (a) an adjustment set forth below and (b) a payment based on Gross Revenue as set forth below.
2. The Prepayments shall be credited against Section 6A payments in seven (7) equal annual amounts commencing with the first Casino Year and for each Casino year thereafter.
3. The Fixed Payment shall be subject to an adjustment equal to Two and One-Half Percent (2.5%) commencing in 2024 through and including 2040; increasing to Two and Three Quarters Percent (2.75%) in 2041 through and including 2042; and decreasing to Two and 275/1000 Percent (2.275%) in 2043. Thereafter there shall be no further adjustments. The timing of payments as set forth in this paragraph assumes Operations Commencement occurs in the City’s fiscal year 2017. To the extent Operations Commencement occurs in a different fiscal year of the City, such dates shall be correspondingly adjusted.
4. In addition to the Fixed Payment, the 121A payments shall include an annual amount during each Casino Year equal to (a) One-Eighth of One Percent (0.125%) of Developer’s Gross Revenue until Developer’s aggregate Gross Revenue for such Casino Year equals \$400 million and (b) One Percent (1%) of Developer’s daily Gross Revenue in excess of \$400 million.
5. The excise portion of the Section 121A payments shall be due and payable commencing March 1, and the Section 6A payments shall be due and payable commencing April 1 of the year in which Operations Commencement occurs, prorated for the City’s fiscal year.
6. The term of the Section 6A Agreement shall be Forty (40) years commencing from Operations Commencement.
7. The Section 6A Agreement is not assignable except in connection with a Transfer.
8. Developer shall waive its rights to make a claim to abate taxes on the Project Site assessed prior to the date Section 121A payments become due and payable.

C# 20131059

4.5.a

FIRST AMENDMENT TO THE HOST COMMUNITY AGREEMENT BY AND BETWEEN  
CITY OF SPRINGFIELD, MASSACHUSETTS AND  
BLUE TARP REDEVELOPMENT, LLC

This Amendment dated \_\_\_\_\_, 2015 is made to the Host Community Agreement  
By and Between City of Springfield, Massachusetts and Blue Tarp reDevelopment, LLC (the  
"Agreement") as of May 14, 2013;

WHEREAS, the City of Springfield Massachusetts and Blue Tarp reDevelopment, LLC  
(collectively referred to as the "Parties")<sup>1</sup> wish to amend the Agreement with respect to the parcels  
on which the Project<sup>2</sup> will be located; and

NOW THEREFORE, for good and valuable consideration the Agreement is hereby amended  
as follows:

Exhibit H to the Agreement shall be amended and replaced in its entirety as follows:

EXHIBIT H  
PROJECT SITE

The Project Site shall be the premises in the following Legal Description and the Locus bounded by  
the property lines on the below map.

<sup>1</sup> MGM Springfield reDevelopment, LLC executed a Joinder to the Agreement.  
<sup>2</sup> Capitalized terms not defined in this Amendment shall have the same definition as in the Agreement.

Packet Pg. 50

Attachment: Exhibit #1 to Order Approving First Amendment to Host Community Agreement (3119 : Order Approving First Amendment to Host



LEGAL DESCRIPTION  
SUBJECT PREMISES - LOT 1 - PROJECT PROPERTY LINE PLAN  
SPRINGFIELD, MA

A certain parcel of land situated within the block formed by Main Street, Union Street, East Columbus Avenue and Main Street in the City of Springfield, County of Hampden, Commonwealth of Massachusetts, bounded and described as follows:

Beginning at the Northerly most point of the lot to be described hereafter, said point being shown as "P.O.B.#1" on the hereinafter referenced plan; thence

- S50°52'48"E Two hundred eight and twenty-three hundredths feet (208.23') to a point; thence
- S45°44'56"E Three hundred thirty-one and sixty-one hundredths feet (331.61') to a point; thence
- S43°10'27"W One hundred eighty-two and twenty-one hundredths feet (182.21') to a point of curvature; thence
- Southwesterly Along an arc to the right having a radius of twenty and no hundredths feet (20.00'), an arc length of eighteen and sixty hundredths feet (18.60'), a chord length of seventeen and ninety-four hundredths feet (17.94') and a chord bearing of S69°49'13"W to a point of reverse curvature; thence
- Southwesterly Along an arc to the left having a radius of thirty-six and no hundredths feet (36.00'), an arc length of one hundred twenty-two and six hundredths feet (122.06'), a chord length of seventy-one and forty-four hundredths feet (71.44') and a chord bearing of S00°39'45"E to a point of non-tangency; thence
- S46°49'33"E Eight and three hundredths feet (8.03') to a point; thence
- N43°10'41"E One hundred three and no hundredths feet (103.00') to a point; thence
- S47°29'19"E One hundred seventy-one and forty-five hundredths feet (171.45') to a point; thence
- S43°15'22"W One hundred three and no hundredths feet (103.00') to a point; thence
- S47°30'32"E Sixty-seven and fifty-four hundredths feet (67.54') to a point; thence
- N43°21'15"E Two hundred forty-one and fifty hundredths feet (241.50') to a point; thence
- S45°44'56"E One hundred six and ninety-one hundredths feet (106.91') to a point; thence
- S30°31'25"W Fifteen and no hundredths feet (15.00') to a point; thence
- S42°41'58"W Three hundred forty-eight and no hundredths feet (348.00') to a point; thence
- S46°19'02"W One hundred fifty-five and no hundredths feet (155.00') to a point; thence
- S42°37'25"W One hundred fifteen and no hundredths feet (115.00') to a point of curvature; thence

Attachment: Exhibit #1 to Order Approving First Amendment to Host Community Agreement (3119 : Order Approving First Amendment to Host

- Southwesterly Along an arc to the left having a radius of two hundred fifty and no hundredths feet (250.00'), an arc length of sixty-seven and forty-nine hundredths feet (67.49'), a chord length of sixty-seven and twenty-nine hundredths feet (67.29') and a chord bearing of S34°53'22"W to a point of tangency; thence
- S27°09'19"W Thirty-four and no hundredths feet (34.00') to a point; thence
- N47°13'58"W Three hundred sixty-four and thirty-five hundredths feet (364.35') to a point; thence
- N45°44'56"W Forty-nine and forty-eight hundredths feet (49.48') to a point; thence
- S42°59'19"W One hundred forty-two and fifty-three hundredths feet (142.53') to a point; thence
- N48°19'48"W One hundred forty-one and seventy-three hundredths feet (141.73') to a point; thence
- S43°46'56"W Thirty-three and thirty-three hundredths feet (33.33') to a point; thence
- N49°13'21"W Forty-six and sixty-four hundredths feet (46.64') to a point of curvature; thence
- Northwesterly Along an arc to the right having a radius of fifty and no hundredths feet (50.00'), an arc length of seventy-nine and ninety-eight hundredths feet (79.98'), a chord length of seventy-one and seventy-two hundredths feet (71.72') and a chord bearing of N03°23'40"W to a point of tangency; thence
- N42°26'00"E Three hundred eight-two and sixty-one hundredths feet (382.61') to a point; thence
- N48°10'00"W Two hundred eighty-three and fifty hundredths feet (283.50') to a point; thence
- N42°13'15"E Thirty-eight and eighty-nine hundredths feet (38.89') to a point; thence
- N41°54'09"E Four hundred forty-nine and seventy-six hundredths feet (449.76') to the point of beginning.

The above described parcel contains an area of 601,741 square feet (13.81 acres), more or less, and is more particularly shown as "Lot 1" on a plan entitled "Project Property Line Plan - State Street, Main Street, Union Street, Bliss Street, Howard Street, MGM Way & East Columbus Avenue, Springfield, MA", Dated June 15, 2015. Scale: 1" = 80'. Prepared for Blue Tap reDevelopment, LLC. Prepared by Allen & Major Associates, Inc.

Attachment: Exhibit #1 to Order Approving First Amendment to Host Community Agreement (3119 : Order Approving First Amendment to Host

LEGAL DESCRIPTION  
SUBJECT PREMISES -- LOT 2 -- PROJECT PROPERTY LINE PLAN  
SPRINGFIELD, MA

A certain parcel of land situated within the block formed by Main Street, Union Street, East Columbus Avenue and Main Street in the City of Springfield, County of Hampden, Commonwealth of Massachusetts, bounded and described as follows:

Beginning at the Southwesterly most point of the lot to be described hereafter, said point being shown as "P.O.B.#2" on the hereinafter referenced plan; thence

- N42°13'15"E Sixty and thirty-one hundredths feet (60.31') to a point; thence
- S48°10'00"E One hundred seven and four hundredths feet (107.04') to a point; thence
- S42°01'55"W Sixty and sixty-five hundredths feet (60.65') to a point; thence
- N47°59'05"W One hundred seven and twenty-four hundredths feet (107.24') to the point of beginning.

The above described parcel contains an area of 6,480 square feet (0.15 acres), more or less, and is more particularly shown as "Lot 2" on a plan entitled "Project Property Line Plan -- State Street, Main Street, Union Street, Bliss Street, Howard Street, MGM Way & East Columbus Avenue, Springfield, MA". Dated June 15, 2015, Scale: 1" = 80'. Prepared for Blue Tarp reDevelopment, LLC. Prepared by Allen & Major Associates, Inc.

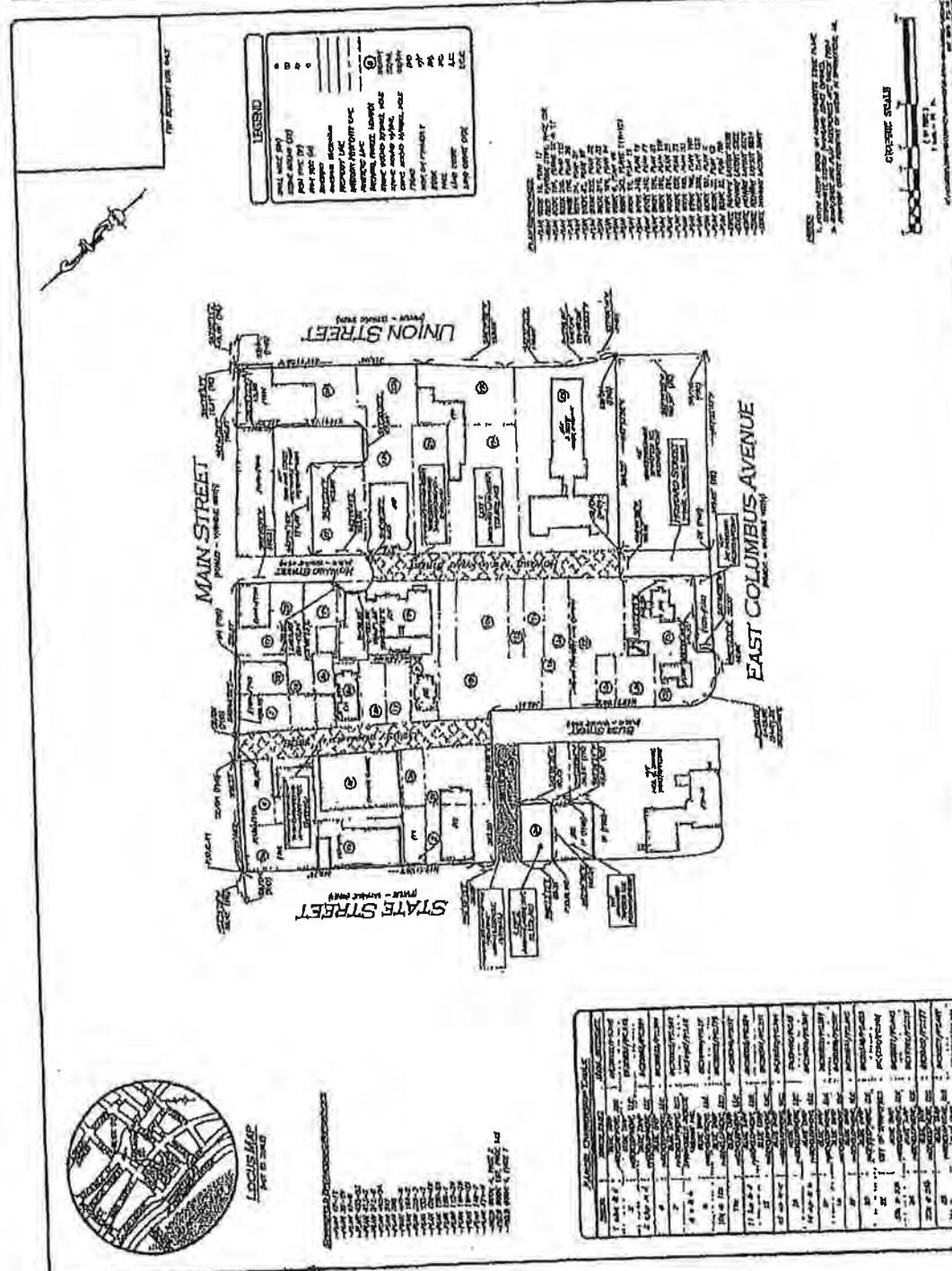
Attachment: Exhibit #1 to Order Approving First Amendment to Host Community Agreement (3119 : Order Approving First Amendment to Host

**ISSUED FOR REVIEW**

PROJECT NO. 3119  
 PROJECT NAME: 3119 - 1st AMENDMENT TO HOST COMMUNITY AGREEMENT

**ALLEN & MAJOR ASSOCIATES, INC.**  
 100 STATE STREET, SUITE 200  
 SPRINGFIELD, MASSACHUSETTS 01103  
 TEL: (413) 733-1111  
 FAX: (413) 733-1112  
 WWW: WWW.ALLENMAJOR.COM

DATE: 08/15/2011  
 DRAWN BY: JMM  
 CHECKED BY: JMM  
 SCALE: AS SHOWN



Attachment: Exhibit #1 to Order Approving First Amendment to Host Community Agreement (3119 : Order Approving First Amendment to Host

All other terms and provisions of the Agreement shall continue to have full force and affect.  
CITY OF SPRINGFIELD, MASSACHUSETTS, a municipal corporation

Approved:

*[Signature]*  
Chief Development Officer  
Date Signed: \_\_\_\_\_

*[Signature]*  
Approved as to appropriation: *na*  
City Comptroller  
Date Signed: *12/8/15*

Approved as to form:

*[Signature]*  
Edward Pikula, City Solicitor  
Date Signed: *12/9/15*

Reviewed:

*[Signature]*  
Chief Administrative and  
Financial Officer  
Date Signed: *12/10/15*

APPROVED:

*[Signature]*  
DOMENIC J. SARNO, MAYOR  
Date Signed: *12/11/15*

Attachment: Exhibit #1 to Order Approving First Amendment to Host Community Agreement (3119 : Order Approving First Amendment to Host

4.5.a

BLUE TARP reDEVELOPMENT, LLC, a Massachusetts limited liability company,

Michael Mathis  
MICHAEL MATHIS, President and Chief Operating Officer  
Dated Signed: July 2, 2015

MGM SPRINGFIELD reDEVELOPMENT, LLC, a Massachusetts limited liability company,

Michael Mathis  
MICHAEL MATHIS, Authorized Signatory  
Dated Signed: July 2, 2015

Attachment: Exhibit #1 to Order Approving First Amendment to Host Community Agreement (3119 : Order Approving First Amendment to Host



# City of Springfield

ADOPTED

Meeting: 06/22/15 07:00 PM  
Initiator: Kathy Breck  
Sponsors: Mayor Domenic J. Sarno  
DOC ID: 3119

## Order Approving First Amendment to Host Community Agreement (Mayor Sarno)

WHEREAS, pursuant to "An Act Establishing Expanded Gaming in the Commonwealth", codified at Chapter 194 of the Acts of 2011 and regulations promulgated thereunder (collectively, the "Act"), the Mayor selected "Blue Tarp reDevelopment, LLC, an affiliate of MGM Resorts International" ("Blue Tarp"), as preferred developer, to construct and operate a destination casino resort project in the City on a site bounded generally by State Street, Main Street, Union Street, and East Columbus Avenue; and

WHEREAS, the City and Blue Tarp subsequently entered into a Host Community Agreement which was approved by the City Council and signed by the Mayor and other City officials on behalf of the City; and

WHEREAS, Section 13.15 of the Host Community Agreement allows for amendments by a written instrument signed by the parties; and

WHEREAS, in Section 13.21 of the Host Community Agreement, the City and the Developer (Blue Tarp) agreed to cooperate and work together in good faith to the extent reasonably necessary and commercially reasonable to accomplish the mutual intent of the Parties that the Project be successfully completed as expeditiously as is reasonably possible; and

WHEREAS, Blue Tarp has requested a "First Amendment to the Host Community Agreement", a copy of which is attached hereto as Exhibit #1, containing an updated description of the Project Site, in order to more accurately reflect the location of the Project pursuant to Blue Tarp's submissions to the Massachusetts Gaming Commission; and

NOW THEREFORE BE IT ORDERED, pursuant to Section 13.15 of the Host Community Agreement, that the City Council hereby:

- 1) Approves the First Amendment to the Host Community Agreement in substantially the same form as the draft First Amendment submitted by the Mayor to the City Council and attached hereto as Exhibit #1; and
- 2) Authorizes the Mayor to execute the First Amendment to the Host Community Agreement referenced herein, in substantially the same form as the draft First Amendment submitted by the Mayor to the City Council and attached hereto as Exhibit #1.

The First Amendment updates the description of the Project Site to more accurately reflect the location of the Project pursuant to Blue Tarp reDevelopment LLC's submissions to the Massachusetts Gaming Commission.

<b>RESULT:</b>	ADOPTED [10 TO 0]
<b>MOVER:</b>	E. Henry Twiggs, Ward 4 Councilor
<b>SECONDER:</b>	Bud L. Williams, At-Large Councilor
<b>AYES:</b>	Ashe, Allen, Concepcion, Ramos, Rooke, Williams, Twiggs, Edwards, Walsh, Fenton
<b>ABSENT:</b>	Kenneth E. Shea, Justin Hurst, Zaida Luna

**A true copy of an Order approved by the City Council on June 22, 2015 and approved by the Mayor on July 1, 2015.**

Attest:

City Clerk

Updated: 6/17/2015, 9:33 AM by Kathy Breck

Page 1

C# 2013 1059

**SECOND AMENDMENT TO THE HOST COMMUNITY AGREEMENT BY AND BETWEEN CITY OF SPRINGFIELD, MASSACHUSETTS AND BLUE TARP REDEVELOPMENT, LLC**

*This Amendment dated February \_\_, 2016 is made to the Host Community Agreement By and Between City of Springfield, Massachusetts and Blue Tarp reDevelopment, LLC (the "Agreement") as of May 14, 2013 as amended.*

*WHEREAS, the City of Springfield Massachusetts and Blue Tarp reDevelopment, LLC (collectively referred to as the "Parties")<sup>1</sup> wish to amend the Agreement as further provided below;*

*NOW THEREFORE, for good and valuable consideration the Agreement is hereby amended as follows:*

*(1) Section 1 to the Agreement shall be amended by deletion of the existing definitions (dd), (tt) and (qqq) and insertion in place thereof the following definitions:*

*(dd) "Construction Completion Date" means the date occurring the later of (i) August 6, 2018 or (ii) the date on which Milestone No. 3 – Full Beneficial Use of the I-91 Viaduct (as outlined in Mass DOT Project Summary – Springfield I-91 Viaduct Deck Replacement #607731) is achieved.*

*(tt) "Final Completion Date" means the date occurring no later than thirty (30) days following the Construction Completion Date.*

*(qqq) "Operations Commencement Date" means the date occurring no later thirty (30) days following the Construction Completion Date*

*(2) Sentence five (5) of Section 3 to the Agreement shall be amended and replaced in its entirety as follows:*

To determine compliance with the Concept Design Documents and the Project Description, Developer shall submit the following to the City: (i) no later than six (6) months following the issuance by the Commission of a Category 1 license to Developer having no material conditions that are unacceptable to Developer, final Project design documents; (ii) no later than November 7, 2016, fifty percent (50%) construction documents for the Project, and (iii) no later than April 7, 2017, ninety-five percent (95%) construction documents for the Project.

*(3) The last sentence of Section 3.5 to the Agreement shall be amended and replaced in its entirety as follows:*

No earlier than July 2, 2015 and no later than August 31, 2015, Developer shall make a prepayment to the City of Four Million Dollars (\$4,000,000); no earlier than October 2, 2015 and no later than November 2, 2015, Developer shall make a prepayment to the City of Three Million Dollars (\$3,000,000); no earlier than October 2, 2016 and no later than October 31, 2016, Developer shall make a prepayment to the City of Three Million Dollars (\$3,000,000); and no earlier than October 2, 2017 and no later than October 31, 2017, Developer shall make a prepayment to the City of Three Million Dollars (\$3,000,000) collectively (the "Prepayments").

<sup>1</sup> MGM Springfield reDevelopment, LLC executed a Joinder to the Agreement.



(4) *Paragraph 1 in Exhibit A to the Agreement shall be amended and replaced in its entirety as follows:*

1. No later than May 8, 2017, Two Million Five Hundred Thousand Dollars (\$2,500,000).

(5) *Exhibit A to the Agreement shall be amended by adding the following paragraph after paragraph 3:*

4. No later than October 31, 2017, One Million Dollars (\$1,000,000) to be used to assist in the funding of new and innovative additional methods to deploy public safety resources in the general area bounded Southerly by Main Street at the intersection of Mill Street; Westerly by West Columbus Avenue; Northerly by Liberty Street, and Easterly by Dwight Street, in a variety of ways, to ensure maximum police visibility in such area and to enable officers to provide quick response times to calls for service in such area. Expenditures may include, without limitation, expenses for enhanced police technology, infrastructure, supportive equipment, and personnel services, as well as additional resources for the dissemination of information to the public.

(6) *Paragraph 6 in Exhibit C to the Agreement shall be amended and replaced in its entirety as follows*

Developer shall exercise its best efforts to ensure that at least Fifty Million Dollars (\$50,000,000) of its annual biddable goods and services are prioritized for local procurement, meaning principally Springfield, but including the surrounding Greater Springfield Area, meaning Hampden, Hampshire, Franklin and Berkshire Counties. Such local businesses shall not be guaranteed any awards but shall be given preferential consideration if all other aspects of the respective bid responses are competitive with non-local businesses.

(7) *Paragraph 7(a) in Exhibit C to the Agreement shall be amended and replaced in its entirety as follows:*

“City Resident” means any person for whom the principal place of residence is within the City as of the date of such person’s hire. However, if any such person’s residency occurs within three (3) months of the date of such hire as a result Developer’s prior express agreement to hire, such person shall not be considered a “City Resident” under this definition unless such person had previously resided in the City for at least one (1) year. The intent of this provision is to create an incentive for those individuals who may have left the area to return to Springfield. Proof of residence may include, but is not limited to, the following: a valid Massachusetts driver’s license indicating a City permanent residence, utility bills, proof of voter registration within the City or such other proof indicating a permanent residence within the City.

(8) *Paragraph 1 in Exhibit E to the Agreement shall be amended and replaced in its entirety as follows:*

1. Traffic Improvements

The Developer shall implement or fully fund, as applicable, on a timely basis according to a schedule agreed to by the City and not later than the Construction Completion Date (except for those measures that by their terms extend beyond the Construction Completion Date) the transportation

mitigation measures provided by the Commission's findings issued pursuant to M.G.L. c. 23K and M.G.L. c. 30 § 61 dated December 22, 2015 and by the individual M.G.L. c. 30 § 61 findings for each other state agency with jurisdiction to issue any state permit for the Project (collectively, the "Section 61 Findings"), as the same may be modified from time to time by the Commission and such other state agency in accordance with the terms and provisions of the Section 61 Findings.

(9) *Paragraph 2(b) in Exhibit E to the Agreement shall be amended and replaced in its entirety as follows:*

(b) In lieu of Developer's obligations in Paragraph 2(a) above, the SRA shall have the right to require that Developer shall enter into an agreement with the SRA to make fifteen (15) annual payments to the SRA of Five Hundred Thousand Dollars (\$500,000) each, with the first such annual payment commencing not later than August 8, 2016 and on each anniversary date thereof until fully paid.

(10) *Paragraph 3 in Exhibit E to the Agreement shall be amended and replaced in its entirety as follows:*

3. Riverfront Park

No later than August 8, 2016, the Developer shall provide the City with a grant of One Million Dollars (\$1,000,000) to be used by the City to fund improvements at Riverfront Park.

(11) *The first three (3) words in Paragraph 6 in Exhibit E to the Agreement shall be amended and replaced in their entirety with "Upon Operations Commencement".*

(12) *Paragraph 8(a) in Exhibit E to the Agreement shall be amended by deleting the number "3,000" and replacing it with the number "5,000".*

(13) *Exhibit E to the Agreement shall be amended by deleting the eighth page thereof, which is a project site parcel map inadvertently included in such Exhibit, which has been superseded by the First Amendment to the Host Community Agreement replacing Exhibit H.*

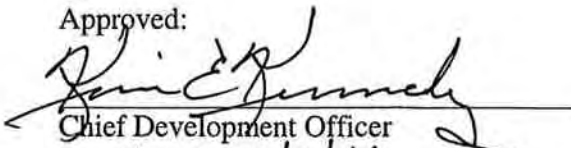
(14) *Exhibit G shall be amended and replaced in its entirety with the attached Exhibit G.*

(15) *Exhibit I shall be amended and replaced in its entirety with the site plan submitted by the Developer and approved by the City in accordance with Section 8.5 of the Springfield, Massachusetts Zoning Ordinance, copies of which are on file in the Office of Planning and Economic Development and the Office of the City Clerk.*

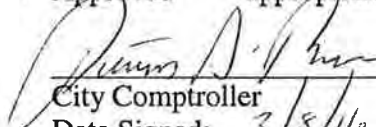
All other terms and provisions of the Agreement shall continue to have full force and affect.

**CITY OF SPRINGFIELD, MASSACHUSETTS,**  
a municipal corporation


Approved:

  
Chief Development Officer  
Date Signed: 3/7/16

LLC N/A  
Approved as to appropriation:

  
\_\_\_\_\_  
City Comptroller  
Date Signed: 3/8/16

Approved as to form:

  
\_\_\_\_\_  
Edward Pikula, City Solicitor  
Date Signed: 3/14/16

Consent of MGM Resort  
International  
attached


Reviewed:

\_\_\_\_\_  
~~Acting~~ Chief Administrative and  
Financial Officer  
Date Signed: \_\_\_\_\_

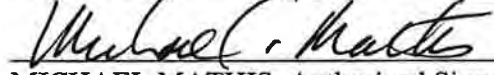
APPROVED:

\_\_\_\_\_  
DOMENIC J. SARNO, MAYOR  
Date Signed: \_\_\_\_\_

**BLUE TARP reDEVELOPMENT, LLC**, a Massachusetts  
limited liability company,

  
\_\_\_\_\_  
MICHAEL MATHIS, President and Chief Operating Officer  
Dated Signed: 2/24/16

**MGM SPRINGFIELD reDEVELOPMENT, LLC**, a  
Massachusetts limited liability company,

  
\_\_\_\_\_  
MICHAEL MATHIS, Authorized Signatory  
Dated Signed: 2/24/16

**EXHIBIT G**  
**PROJECT DESCRIPTION**

The Project is a mixed-used destination casino resort development, including the following components and approximate square footage:

Component	Description	Approx. Sq. Ft.
<i>Casino &amp; Retail Block</i>		
Gaming	A one-level casino with no fewer than approximately 2,800 - 3,000 slot and video gaming machines, approximately 75 – 100 table games, including a poker room and a high-limit area and related support, security and customer service facilities. Future expansion of the casino may be on a second level.	125,000
Retail	Retail outlets adjoining the casino floor and facing and opening onto Main, State, Howard and Union Streets.	30,000
Cinema	A branded movie cinema with at least six theaters and accompanying food and beverage service.	35,000
Bowling	A branded bowling and entertainment space with ten lanes and accompanying food and beverage service.	12,000
Food and Beverage	Food and beverage amenities allocated among no fewer than seven outlets containing at least ten distinctly branded restaurants, lounges or cafes located along Main, State, Howard and Union Streets.	70,000
Banquet and Conference	Modern, finished banquet and meeting space and related pre-function and back-of-house/food preparation areas planned to complement existing convention facilities at the MassMutual Center and Arena; pre-function space shall front and have access to rooftop garden.	42,500
Hotel	A mid-rise four-star hotel on Main Street with no fewer than 250 keys and amenities and finishes characteristic of the upper upscale market, including an approximate 6,000 square foot spa and fitness facilities with adjacent, 10,000 square foot accessible roof-top outdoor swimming pool and deck, spa terrace and lanai deck.	150,000
Operations Functions/Offices	Executive office, back of house and operations space necessary to support the public spaces and patron amenities.	220,000

<i>Additional On-Site or Nearby Project Amenities</i>		
Armory Marketplace	An outdoor market place located between the Armory and the relocated French Congregational Church, with ice skating and other seasonal programming.	10,000
Outdoor Plaza	An outdoor public plaza with facilities and infrastructure to host events, a large dynamic video display, outdoor areas for events and concerts that can easily be transformed into interactive environments for exhibitions, art shows and similar functions.	57,000
Rooftop Gardens	Second-level rooftop gardens as an amenity to Hotel and Banquet/Conference patrons with a portion overlooking the Outdoor Plaza (excluding spa terrace, pool deck and lanai deck cited above in Hotel).	20,500
Parking	A parking garage with a high quality interior valet parking arrival/drop off space, bus drop off, bus parking, loading dock and ancillary short-term bus and vehicle parking in surface lots, resulting in parking for approximately 3,500 personal vehicles on-site.	1,250,000
Child Care	A child care center with adjacent, fenced outdoor play area and dedicated drop-off space easily accessible to the Project site.	5,000
Residential	No less than 54 newly developed market rate higher end upscale urban apartment units owned, operated and/or branded by Developer in pedestrian scaled buildings within one-half (1/2) mile of the boundaries of the Project Site, a minimum of 25 to 30 such apartment units to be available for occupancy within 18 months of the date of this Amendment and the balance to be available by Operations Commencement.	65,000
Commercial Office	Rehabbed commercial Class A office space located at 95 State Street and refurbished commercial space at 101 State/1200 Main Street.	80,000



SPRINGFIELD

An MGM Resort  
Luxury Destination

RECEIVED  
MAR 09 2016  
CITY OF SPRINGFIELD  
Law Department

March 4, 2016

**By First Class Mail**

Edward M. Pikula, Esq., City Solicitor  
City of Springfield  
36 Court Street  
Springfield, MA 01103

**Re: Consent Letter from MGM Resorts International**

Dear Ed:

Enclosed please find the consent letter from MGM Resorts International which the City requested in connection with the Second Amendment to the HCA.

Please do not hesitate to contact me should you have any questions.

Sincerely,

Seth N. Stratton  
Vice President & General Counsel

Encl.

cc: Michael Schaller, Esq.  
Frank Fitzgerald, Esq.

MGM Springfield  
One Monarch Place, Suite 910  
Springfield, MA 01144  
413-273-5000





**MGM RESORTS**  
INTERNATIONAL

**JOHN M. MCMANUS**  
EXECUTIVE VICE PRESIDENT,  
GENERAL COUNSEL AND SECRETARY

February 26, 2016

Mayor Domenic J. Sarno  
City of Springfield  
36 Court Street  
Springfield, MA 01103

Dear Mr. Mayor:

Reference is made to the Second Amendment to the Host Community Agreement by and between City of Springfield, Massachusetts ("City") and Blue Tarp reDevelopment, LLC ("Developer") approved by the City Council on February 22, 2016 and executed by Michael Mathis on behalf of Developer on February 24, 2016 (the "Second Amendment") and the Guaranty and Keep Well Agreement dated May 10, 2013 executed by MGM Resorts International ("MGM") to and for the benefit of the City (the "Guaranty Agreement"). Pursuant to Section 6(a) of the Guaranty Agreement, no amendment of the Obligations (as that term is defined in the Guaranty Agreement) may be made without the consent of MGM. MGM desires that Developer and City approve and execute the Second Amendment. Accordingly, MGM hereby consents to any alterations, amendments or modifications in, to or of its Obligations that may result directly or indirectly from Developer and City entering into the Second Amendment.

Very Truly Yours,

MGM Resorts International

By: 

Its: EVP, General Counsel & Secretary



**THIRD AMENDMENT TO THE HOST COMMUNITY AGREEMENT BY  
AND BETWEEN CITY OF SPRINGFIELD, MASSACHUSETTS AND  
BLUE TARP  
REDEVELOPMENT, LLC**

*This Amendment dated August 25, 2017 is made to the Host Community Agreement By and Between City of Springfield, Massachusetts (the "City") and Blue Tarp reDevelopment, LLC (the "Developer" and collectively with the City, the "Parties"<sup>1</sup>) as of May 14, 2013 as amended (collectively, the "Agreement").*

*WHEREAS, pursuant to the terms of the Agreement the Parties have agreed to the development of market rate housing;*

*WHEREAS, in furtherance of this obligation, the Developer has purchased property located at 195 State Street, Springfield, Massachusetts for this possible residential development and is also exploring additional properties;*

*WHEREAS, the City has signed a Memorandum of Understanding with a preferred developer with respect to the development of 3-7 Elm Street and 13-31 Elm Street, known as the Court Square Redevelopment (the "Elm Street Project") as a potential mixed used development which would have a residential component;*

*WHEREAS, negotiations are ongoing between the preferred developer and the City with respect to the Elm Street Project;*

*WHEREAS, the Parties agree that the Elm Street Project would be a preferred alternative to the current residential obligation in the Agreement;*

*WHEREAS, the City has requested a grant of funds from the Developer which may be used for the Elm Street Project should it go forward;*

*WHEREAS, the City and the Developer have determined that, while the negotiations are ongoing between the City and the preferred developer, the obligation to construct the market rate housing should be postponed so that the City and the Developer can come to an agreement as to the location of the market rate housing;*

*WHEREAS, the City and Developer acknowledge that upon completion of the negotiations between the City and the preferred developer, the City and Developer will need to amend the Agreement to reflect the new arrangement for the Elm Street Project;*

*WHEREAS, the Parties wish to amend the Agreement as further provided below; and*

*NOW THEREFORE, for good and valuable consideration the Agreement is hereby amended as follows:*

*(1) The Residential paragraph in **Exhibit G** shall be amended and replaced in its entirety as follows:*

---

<sup>1</sup> MGM Springfield reDevelopment, LLC executed a Joinder to the Agreement.

Residential	No less than 54 newly developed market rate higher end upscale urban apartment units owned, operated and/or branded by Developer in pedestrian scaled buildings within one-half (1/2) mile of the boundaries of the Project Site, all of which units are to be available for occupancy within 18 months after the Operations Commencement Date.
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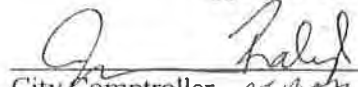
All other terms and provisions of the Agreement shall continue to have full force and effect.

**CITY OF SPRINGFIELD, MASSACHUSETTS,**  
a municipal corporation

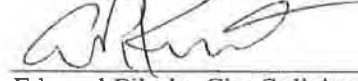
Approved:

  
 Chief Development Officer  
 Date Signed: 8/21/17

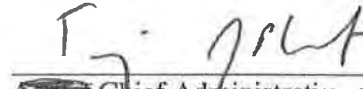
*ll* Approved as to appropriation: <sup>N/A</sup>

  
 City Comptroller  
 Date Signed: 8/21/17

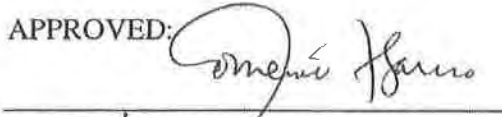
Approved as to  
form

  
 Edward Pikula, City Solicitor  
 Date Signed: 8/24/17

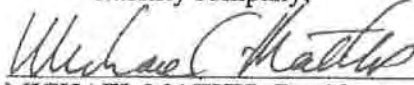
Reviewed:

  
 Chief Administrative and  
 Financial Officer  
 Date Signed: 8/25/17

APPROVED:

  
 DOMENIC J. SARNO, MAYOR  
 Date Signed: 8/25/17

**BLUE TARP reDEVELOPMENT, LLC**, a Massachusetts limited liability company,

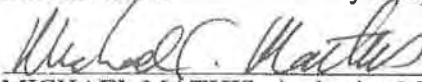


MICHAEL MATHIS, President and Chief Operating Officer

Dated Signed: 7/6/17



**MGM SPRINGFIELD reDEVELOPMENT, LLC**, a Massachusetts limited liability company,



MICHAEL MATHIS, Authorized Signatory

Dated Signed: 7/6/17

19891717.2

**FOURTH AMENDMENT TO THE HOST COMMUNITY AGREEMENT  
BY AND BETWEEN CITY OF SPRINGFIELD, MASSACHUSETTS AND  
BLUE TARP  
REDEVELOPMENT, LLC**

This Amendment dated July 24, 2018 is made to the Host Community Agreement By and Between City of Springfield, Massachusetts (the "City") and Blue Tarp reDevelopment, LLC ((the "Developer") and collectively with the City, (the "Parties"<sup>1</sup>)) as of May 14, 2013 as amended (collectively, the "Agreement").

WHEREAS, pursuant to the terms of the Agreement the Parties have agreed that the Developer shall use its best efforts to strive to achieve labor participation goals for the utilization of city residents so that no fewer than thirty-five percent (35%) of persons employed by the Developer at the Project<sup>2</sup> (the "HCA Residency Target") will be city residents at the time of their hire beginning with Operations Commencement and continuing through the Term;

WHEREAS, in furtherance of this obligation, the Developer has an obligation to file a report with the City, no later than 90 days following the end of the Developer's fiscal year, which outlines the Developer's compliance with the HCA Residency Target, among other compliance reporting obligations;

WHEREAS, the Developer has informed the City that the Developer's corporate human resources system is only configured to report residency as of the date of the report, and does not report regarding previous residences;

WHEREAS, a potential situation exists wherein an employee of the Developer may reside in the City at the time of hire, but move outside the City after hire and if this situation were to occur the Developer's tracking of residency would no longer show the employee as a resident of the City despite the employee being a resident of the City at the time of hire;

WHEREAS, the City and the Developer have agreed that the intent of the residency obligation was to ensure best efforts to employ residents of the City during the entirety of the Term;

WHEREAS, the City and the Developer have determined that it is necessary to amend the Host Community Agreement to reflect this timing of City residency;

WHEREAS, the Parties wish to amend the Agreement as further provided below; and

NOW THEREFORE, for good and valuable consideration the Agreement is hereby amended as follows:

- (1) **Paragraph 7(a) in Exhibit C** to the Agreement shall be amended and replaced in its entirety as follows:


<sup>1</sup> MGM Springfield reDevelopment, LLC executed a Joinder to the Agreement.

<sup>2</sup> Capitalized terms not defined in this Fourth Amendment shall have the same definitions as in the Host Community Agreement.

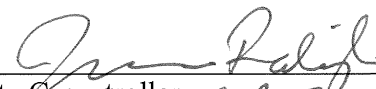
“City Resident” means any person for whom the principal place of residence is located in the City as of the date of the Developer’s report as provided for in Section 6.1(d)(i). Proof of residence may include, but is not limited to, the following: a valid Massachusetts driver’s license indicating a City permanent residence, utility bills, proof of voter registration within the City or such other proof indicating a permanent residence within the City.

**CITY OF SPRINGFIELD, MASSACHUSETTS,**  
a municipal corporation


Approved:

  
\_\_\_\_\_  
Chief Development Officer  
Date Signed: 7/2/18


*WJK* Approved as to appropriation: <sup>N/A</sup>

  
\_\_\_\_\_  
City Comptroller *1000000*  
Date Signed: 7/19/18


Approved as to  
form:

  
\_\_\_\_\_  
Edward Pikula, City Solicitor  
Date Signed: 7/19/18

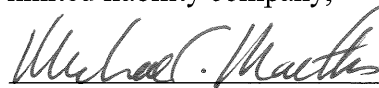
Reviewed:

  
\_\_\_\_\_  
Chief Administrative and  
Financial Officer  
Date Signed: 7/24/18

APPROVED:

  
\_\_\_\_\_  
DOMENIC J. SARNO, MAYOR  
Date Signed: 7/24/18

**BLUE TARP reDEVELOPMENT, LLC**, a Massachusetts  
limited liability company,



MICHAEL MATHIS, President and Chief Operating Officer

Dated Signed: 6/22/18

**MGM SPRINGFIELD reDEVELOPMENT, LLC**, a  
Massachusetts limited liability company,



MICHAEL MATHIS, Authorized Signatory

Dated Signed: 6/22/18

5



#  
City Contract 20131059  
Amendment #4

### Blanket Contract

### City of Springfield Blanket Contract Tracer Document

The purpose of this document is to provide continuous responsibility for the custody of **BLANKET CONTRACTS** during the processing period.

**INSTRUCTIONS:** Upon receipt, please initial and write in the date of receipt. When your department has approved and signed the blanket contract, please initial and date in the forwarding section and deliver to the next department.

DEPARTMENT	DATE RECEIVED		DATE FORWARDED TO NEXT DEPT.	
	Initials	Date	Initials	Date
Community Development			KK	7/6/18 to Law
City Comptroller	NKL	7/13/18	LKL	7/19/18
Law (LKB)	AK	7/19/18	AK	7-21-18
CAFO	JMM	7-20-18	JMM	7-24-18
Mayor	BJ	7/24/18	BJ	7/24/18
City Comptroller				7/25/18
Law				

Vendor No.: 10931    Blanket Contract No.: 20131059    Blanket Contract Date:

Blanket Contract Amt.: \$0.00    Issue Date:    Renewal Date:

Appropriation Code1: revenue  
 Appropriation Code2:  
 Appropriation Code3:  
 Appropriation Code4:

Description of Funding Source: N/A

Bid No.: 20131059    Requisition No.:    PO No.:

Vendor Name: Blue Tarp reDevelopment

Blanket Contract Type: Community Host Agreement Amendment #4

Blanket Contract Purpose: Labor participation goals for the utilization of city residents

Originating Dept.: Law

Expiration Date:    Amendment Date: 6-2018    Extension Date:

TYPE OF DOCUMENT (Please select at least one):  
 New     Renewal     Amendment #4     Extension