

HOST COMMUNITY AGREEMENT

FOR THE SITING OF A MARIJUANA ESTABLISHMENT
FOR USE AS A MARIJUANA CULTIVATOR, TIER 5 MARIJUANA PRODUCT MANUFACTURER,
MARIJUANA RETAILER, AND MARIJUANA TRANSPORTER: EXISTING LICENSING
TRANSPORTER
IN THE TOWN OF ROCKLAND

THIS AGREEMENT (the "Agreement") entered into this 4th day of September, 2018, by and between the Town of Rockland, acting by and through its Board of Selectmen, with a principal address of 242 Union Street, Rockland, Massachusetts 02364 (hereinafter the "Town") and Two Buds, LLC, a Massachusetts limited liability company with a principal office address of One Liberty Square, Suite 410, Boston, Massachusetts, 02109 (hereinafter the "Company").

WHEREAS, the Company wishes to locate a licensed Marijuana Establishment, for use as a Marijuana Retailer, Marijuana Cultivator, Marijuana Product Manufacturer and Marijuana Transporter: Existing Licensing Transporter in the Town at 53 Airport Park Drive, Rockland, Massachusetts (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 retail or manufacturing concerns located 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, and the mutual covenants and agreements set forth herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, 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 its gross revenues from marijuana, marijuana product sales, and related revenues including any form of transportation fees at the Establishment. The minimum Annual Payment shall be One Hundred Thousand and 00/100 (\$100,000.00) Dollars and the maximum Annual Payment shall be Five Hundred Thousand and 00/100 (\$500,000.00) Dollars.
- b. In the first year of operation, the Annual Payment shall be paid in two payments. The first payment shall be in the amount of Twenty Five Thousand and 00/100 (\$25,000.00) upon commencement of sales at the Establishment in Town. The second payment shall be the balance of the three percent (3%) of gross sales but in no event less than the balance of the minimum One Hundred Thousand and 00/100 (\$100,000.00) Dollars or more than the maximum Five Hundred Thousand and 00/100 (\$500,000.00) Dollars. The second payment representing the balance of the Annual Payment shall be due no later than twelve (12) months after the opening date (the "Opening Date.").
- c. In the second, third, fourth and fifth years of operation: the 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, covering the first six (6) months of the operating year, measured annually from the Opening Date, shall be paid within one hundred eighty (180) days from the start of the year of operation 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. In no event shall the semi-annual payments be less than Fifty Thousand and 00/100 (\$50,000.00) Dollars or more than Two Hundred Fifty Thousand and 00/100 (\$250,000.00) Dollars, consistent with the annual minimum and maximum Annual Payments set forth above.
- d. 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.

The Company shall make the Annual Payments set forth in Paragraph 2, above, to the Town of Rockland. 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.

The Company anticipates that it will make purchases of water, and sewer from all local government agencies. The 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: Food Pantry; Local Sports and Youth Activities, Art Foundations, and Veterans' Organizations.

The Company, in addition to any other payments specified herein, shall annually contribute in each year of operation no less than Twenty Five Thousand and 00/100 (\$25,000.00) to a non-profit entity or entities for the purposes of drug abuse prevention/treatment/education programs, local food pantry/food bank; local sports and youth activities; art foundations; and/or local veterans' organizations (the "Annual Donations."). Any education programs shall be held in Rockland and those communities adjacent to Rockland. Prior to the selection of a non-profit entity program for this educational purpose and/or support for local food pantry, local sports and youth activities, art foundations, or local veterans organizations, the Company will review their intentions with the Town, acting through its Board of Selectmen and Chief of Police to ensure that the proposed programming and/or 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 provided to the Town by May 1st of each year of operation. In the event that no non-profit entity can offer the appropriate programming to Rockland 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.

The 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, 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 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 Establishments, (Marijuana Cultivator Tier 5, Marijuana Product Manufacturer, Marijuana Retailer, and Marijuana Transporter: Existing Licensing Transporter) 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 Board of Selectmen, shall consider such information for approval within thirty (30) days following submittal to determine, in consultation with the Rockland 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. The 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. The 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.

The 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.

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.

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 in good faith 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

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 Plymouth 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: Chairman, Board of Selectmen, Town of Rockland
242 Union Street
Rockland, MA 02367

With a copy to: Town Administrator, Town of Rockland
and Chief of Police, Town of Rockland

To Company: Two Buds, LLC
One Liberty Square, Suite 410
Boston, Massachusetts 02109
Attn: Grover B. Daniels

25. Retention of Regulatory Authority.

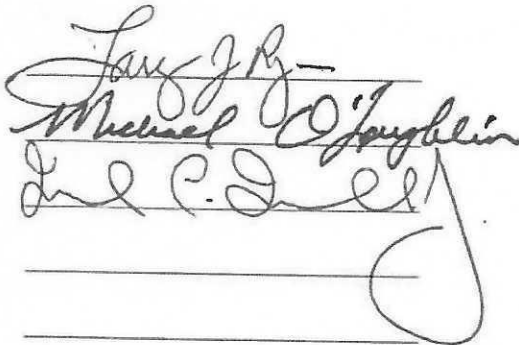
By entering into this Agreement, the Town does not waive any enforcement rights or regulatory authority it currently holds over any business in Town.

26. Third-Parties.

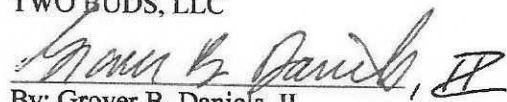
Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Town or the Company.

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

TOWN OF ROCKLAND
By its BOARD OF SELECTMEN



TWO BUDS, LLC


By: Grover B. Daniels, II
Its: Manager and Duly Authorized Representative