

NEW ENGLAND CRAFT CULTIVATORS, LLC HOST COMMUNITY AGREEMENT FOR
THE SITING OF A RECREATIONAL MARIJUANA ESTABLISHMENT IN PEPPERELL

This Host Community Agreement (the “**Agreement**”) is entered into this 9th day of March 2020 (the “**Effective Date**”) by and between the Town of Pepperell, a municipal corporation under the laws of the Commonwealth of Massachusetts, acting by and through its Board of Selectmen, with a principal address of 1 Main Street, Pepperell, Massachusetts 01463 (hereinafter the “**Municipality**”) and with New England Craft Cultivators, LLC, a principal office address of 112-114 Main Street, Unit 1, Pepperell, Massachusetts 01463 (hereinafter “**Company**”), (Municipality and Company being referred to individually as a “**Party**” and collectively as the “**Parties**”).

RECITALS

WHEREAS, Company intends to locate a licensed Recreational Marijuana Establishment, specifically a Retail Marijuana Establishment (“**RME**”) for the sale of marijuana in accordance with the laws of the Commonwealth of Massachusetts, including M.G.L. Chapters 94G and 94I, 935 CMR 500.100 and 935 CMR 500.102, and any other successor law, and/or regulations (“**MA Law**”) and those of the Municipality (“**Local Law**”);

WHEREAS, Company desires to provide community impact fee payments to the Municipality pursuant to M.G.L. c. 94G, § 3(d) in order to address any reasonable costs imposed upon the Municipality by Company’s operations in the Municipality; and

WHEREAS, the Municipality acknowledges Company’s intention to operate a RME for the sale of recreational marijuana in the Municipality at 112-114 Main Street, Unit 1, Pepperell, Massachusetts, and is willing to enter into this Agreement, subject to the terms and conditions set forth herein.

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. **Host Community Payments.**

- a. **RME Related Payments.** In the event that Company obtains a final license for the operation of a RME in the Municipality from the Cannabis Control Commission (the “**Commission**”), and receives all necessary approvals from the Municipality to operate a RME, then Company agrees to the following:
 - i. The Company shall make quarterly payments to the Municipality of three percent (3%) of the gross sales of recreational marijuana and recreational marijuana products directly to consumers at the Facility (the “**RME**

- Payment**”). The term “gross sales” shall mean the total of all sales transactions of the Facility without limitation, including the sale of
- ii. marijuana, marijuana infused products, paraphernalia, and any other products sold by the Facility.
 - iii. The initial RME Payment shall be due on the first day of the fourth (4th) month following the date that the Company begins sales to retail customers.
 - iv. Subsequent RME Payments shall be due 45 days after the calendar quarter for which payment is due for the term of the Agreement.
 - v. Company acknowledges that time is of the essence with respect to performance of its payment obligations hereunder and that late payments shall be subject to the higher of 5% of the belated payment or interest at the rates prescribed by M.G.L. 59, §57.

2. **Term and Termination**. The Term of this Agreement shall be five (5) years from the Effective Date (the “**Term**”), unless sooner terminated or extended pursuant to the provisions herein. In the event Company ceases all operations in the Municipality, this Agreement shall terminate. In the event Company loses or has its license(s), approvals, and/or permits to operate in the Municipality revoked by the Commission or any other applicable licensing authorities (together, the “**Licensing Authorities**”) or the Municipality, this Agreement shall terminate. The Parties may agree to renegotiate or renew this Agreement prior to the end of the Term. Notwithstanding the foregoing, all payments required hereunder shall remain in effect for the full duration of Company’s operation of the Facility. In the event such term is deemed to be contrary to law, the payments shall remain in effect for the longer of five years or the maximum period allowed by law, and this Agreement together with such payments shall automatically renew for successive terms of the longer of five years or the maximum period allowed by law. At the conclusion of the five-year term set forth above, the Parties may agree upon an extension of this Agreement or may negotiate the terms of a new host community agreement. If the Parties are unable to reach agreement on such an extension or a new agreement, this Agreement shall remain in full force and effect. Under no circumstances shall the Facility be in operation without an operative Host Community Agreement.

Municipality may terminate this Agreement for cause by providing written notice to Company in the event that: (i) Company purposefully or with willful or gross negligence violates any MA Law or Local Law with respect to the operation of the RME, and such violation remains uncured for 30 days following the Municipality’s issuance to Company of written notice of such violation; (ii) Company fails to make payments to the Municipality as required under this Agreement, and such failure remains uncured for 10 days following the Municipality’s issuance to Company of written notice of such violation; or (iii) there is any other material breach of the Agreement by Company, which material breach remains uncured for 30 days following the Municipality’s issuance to Company of written notice of such violation.

3. **Payments.** The Company shall make the payments to the Municipality as set forth in Section 1 of this Agreement. While the Municipality has the sole discretion for determining how to spend the RME Payment(s) (the “**Payments**”), the Parties understand and acknowledge that, as required by M.G.L. c. 94G, § 3(d), payments under a host community agreement are to be reasonably related to the costs imposed upon a municipality by virtue of operation of a marijuana establishment in such a municipality, and the Parties agree that the Payments are designed so that they shall be reasonably related to the actual or anticipated costs imposed upon the Municipality as a result of the operation of the RME. Further, the parties recognize and agree that it is inherently difficult to fully identify, evaluate and quantify the impacts to the Municipality of the RME and that the RME Payment is a fair and reasonable estimation of such impacts and shall remain so for the duration of Company’s operation of the Facility. Therefore, the Parties expressly agree that the RME Payment is reasonably related to the costs that will be imposed upon the Municipality as a result of operation of the Facility.
4. **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 RME in the Municipality.
5. **Review.** During the Term of this Agreement, the Municipality and the Company will review the administration and implementation of the Agreement on an annual basis (the “**Annual Review**”). In connection with the Annual Review, the Parties may agree to modify the Agreement on such terms as are mutually acceptable.
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 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 Municipality as employees of the Facility.
 - c. The Company shall, at least annually, provide the Municipality with copies of all reports submitted to the Licensing Authorities regarding Company’s operations at the Facility.
 - d. The Company will work cooperatively with all necessary departments, boards, commissions, and agencies of the Municipality to ensure that Company’s operations are compliant with all of the Municipality’s codes, rules, and regulations.

7. **Support.** The Municipality agrees to submit to the Licensing Authorities all documentation and information reasonably required by the Licensing Authorities from the Municipality for the Licensing Authorities to process Company's applications for approval to operate the Facility. The Municipality agrees to reasonably cooperate with Company in regard to Company's application(s) for approvals for the RME with the required Licensing Authorities, but makes no representation or promise that Municipality or any of its departments, boards, commissions, and agencies will act on any 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.

8. **Annual Reporting.** Company shall submit an annual written report to the Municipality's Board of Selectmen within thirty (30) days after the payment of its fourth quarterly installment of the RME Payment with a certification of: (1) its annual sales; and (2) its compliance with all other requirements of this Agreement. During the term of this Agreement, Company shall, upon request of the Municipality, appear at a meeting of the Board of Selectmen to review compliance with the terms of this Agreement. Such meeting shall occur no later than thirty (30) days following written notice from the Municipality, unless the Parties mutually agree upon an alternative date.

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 Commission. All records shall be kept for a period of at least seven (7) years. Upon request by the Municipality, the Company shall provide the Municipality with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as is required by the Commission 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, Company shall, upon request of the Municipality, have its financial records examined, copied and audited by an independent financial auditor, the expense of which shall be borne by Company. The independent financial auditor shall review the Company's financial records for purposes of determining that the payment of the RME Payment is in compliance with the terms of this Agreement. Such examination shall be made not less than thirty (30) days following written notice from the Municipality 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 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.

9. **Security and Safety.** Company shall maintain security at the Facility in accordance with a security plan presented to the Municipality and approved by the Licensing Authorities. In addition, Company shall at all times comply with MA Law and Local Law regarding security of the Facility. Company shall work with Municipality's Police Department in reviewing and approving all security plans prior to implementation and commencement of operations. 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 ensure that the marijuana and marijuana products sold in the Facility are not being transferred to the illegal market or to minors.

Company agrees and acknowledges that annual inspections of the Facility by the Municipality's Police Department, Fire Department, Building Department and Board of Health shall be a condition of continued operation of the Facility and agrees to cooperate with the Police Department, Fire Department, Building Department, and Board of Health in providing access for scheduled and unscheduled inspections of the Facility.

10. **Diversion Plan.** Company shall comply with the Commission's regulations at 935 CMR 500.100 and 500.102. In cooperation with and to the extent requested by the Municipality's Police Department, and consistent with the MA Law, Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion of marijuana and marijuana products to ineligible users, a form of which plan is to be approved by the Police Department and in place prior to the commencement of operation of the Facility by Company. Such plan shall include, but not be limited to, (i) training RME employees to be aware of, observe, and report any unusual behavior in visitors or other RME employees that may indicate the potential for diversion; (ii) strictly adhering to certification amounts and time periods (per MA Law); (iii) rigorous identification and verification procedures through the applicable Commission online system; (iv) utilizing seed-to-sale tracking software to closely track all inventory at the RME; and (v) refusing to complete a transaction if the customer appears to be under the influence of drugs or alcohol.
11. **On-site Consumption.** The consumption of marijuana on the site of the Facility shall be prohibited at all times.
12. **Community Impact Hearing.** Company shall conduct a Community Outreach Meeting prior to commencement of operations to work collaboratively and cooperatively with its neighboring businesses and residents. Company shall, as a result of community feedback and neighborhood concerns, establish written policies and procedures to address mitigation of any concerns or issues that may arise through its operation of the Facility; said written policies and procedures, as may be amended from time to time at the request of the Board of Selectmen, shall be reviewed annually by the Board of Selectmen as part of Company's annual report to ensure compliance with the policies

and procedures and to address any further impacts requiring mitigation. The policies and procedures addressing community impact mitigation shall be incorporated herein by reference and made a part of this Agreement, the same as if each were fully set forth herein.

13. **Approval of Manager.** If requested by the Municipality, 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 935 CMR 500 or any successor regulation, of the person proposed to act as on-site manager of the Facility. The submittal shall include authorization to perform a Criminal Offender Record Information (CORI) check. The Municipality shall consider such request for approval within thirty days following submittal to determine 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 the Municipality does not confirm or reject the proposed on-site manager within thirty (30) days, the manager shall be deemed approved by the Municipality for purposes of this Agreement. This approval process shall also apply to any change of on-site manager.
14. **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 thereof. The Parties expressly waive any defense to enforcement based upon nonconformance with federal law regarding the illegality of marijuana.
15. **Validity.** If any provision of this Agreement is adjudicated to be invalid or unenforceable, this Agreement shall be void of no effect unless, prior to the expiration of thirty (30) days of any final judgment declaring such provision void, the Municipality's Board of Selectmen votes to ratify the Agreement notwithstanding such adjudication; Company agrees it shall not operate the Facility without a valid and effective host community agreement. Company further 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, Company shall pay for all reasonable fees and costs incurred by the Municipality in defending such challenge; furthermore, Company shall pay for all reasonable fees and costs incurred by the Municipality in enforcing this Agreement if the Municipality prevails.
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 Parties, prior to the effective date of the amendment.
17. **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.

18. **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 or transfer any interest or obligation in this Agreement without the prior written consent of the Municipality, which shall not be unreasonably delayed, conditioned, or withheld.
19. **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.
20. **Notices.** Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To the Municipality:

Andrew MacLean
Town Administrator
Town of Pepperell
1 Main Street
Pepperell, MA 01463

To the Company:

Ture Turnbull, Managing Partner
New England Craft Cultivators, LLC
12 Robeson Street,
Boston, MA 02130

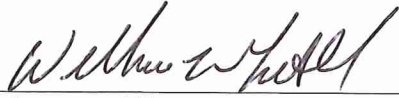
Notice shall be deemed given (a) two (2) business days after the date when it is deposited with the U.S. Post Office, if sent by first class or certified mail, (b) one (1) business day after the date when it is deposited with an overnight courier, if next business day delivery is required, or (c) upon the date personal delivery is made.

*** * * SIGNATURE PAGE FOLLOWS * * ***

IN WITNESS WHEREOF, the Parties hereto have duly executed this Host Community Agreement on the 9th day of March, 2020.

Town of Pepperell, Massachusetts

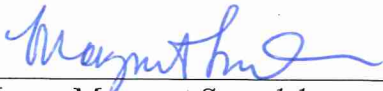
New England Craft Cultivators, LLC
12 Robeson Street,
Boston, MA 02130



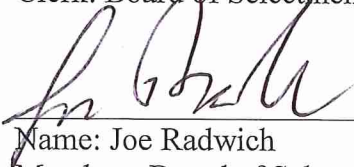
Name: William Greathead
Chairman, Board of Selectmen



Name: Ture Turnbull
Managing Director
New England Craft Cultivators, LLC



Name: Margaret Scarsdale
Clerk: Board of Selectmen



Name: Joe Radwicz
Member: Board of Selectmen