

Host Community Agreement
Between
City of Greenfield, Massachusetts
and
15 Arch, LLC

This Agreement entered into this 1st day of December 2019 by and between the City of Greenfield, acting by and through its Mayor, with a principal address at 14 Court Square, Greenfield, MA 01301 (hereinafter the "**City**"), and 15 Arch, LLC, a Massachusetts limited liability company with a principal place of business at 15 Arch Street, Greenfield, MA 01301 ("**Operator**"). The City and Operator collectively are referred to as the "**Parties**."

WHEREAS, Operator intends to utilize space located at 15 Arch Street, Greenfield, MA (the "**Premises**") for the purposes of operating as an adult use marijuana cultivator 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 a Marijuana Establishment at the Premises.

WHEREAS, the Operator intends to provide certain benefits to the City 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 Marijuana Cultivation 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 City 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 City will incur additional expenses and impacts upon the City's road systems, public safety services, educational system, inspectional services and permitting services, as well as unforeseen impacts upon the City. Accordingly, in order to mitigate the financial impact upon the City and the use of City resources, the Operator agrees to the following annual payment (the "**Annual Payment**"):

- a. The Company shall make annual host community payments of three percent (3%) of the gross sales of the Facility to the City in excess of \$500,000 in the first year of the first 3-year term and three percent (3%) of the gross sales of the Facility in the second and third year of the first 3-year term to the City (the “Annual Payment”) during the term of this Agreement. For each subsequent 3-year term extension, the Company shall make annual host community payments of three percent (3%) of the gross sales of the Facility in excess of the \$250,000 in the first year of the 3 year extension term and three percent (3%) of the gross sales of the Facility in the second and third year of the 3-year extension term to the City. Gross sales will be defined as total sales of marijuana and marijuana products, less discounts and excluding state sales or local excise tax. The initial Annual Payment shall be due on August 1 following the issuance of a Final Certificate of Registration or its equivalent (the “Initial Payment”), and each subsequent Annual Payment shall be due on the anniversary date of the Initial Payment.
- b. The Company will make an initial payment, following the approvals noted above, for the first three-year term of Fifteen Thousand Dollars (\$15,000.00) and subsequent three year term Agreements of Seven Thousand Five Hundred Dollars (\$7,500.00) at each term extension.

2. Payments

The Company shall make the payments set forth in Section 1 of this Agreement made payable to the City. The parties understand and acknowledge that the City is under no obligation to use the payments described in Section 1(b) above in any particular manner.

3. 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 City the same percentage community impact fee provided to said other municipality. If the City permits more than 2 additional retail ME’s to locate in the City, the Annual Payment will decline to 2.5% beginning in the term year in which the 2 additional ME’s open for business in the City.

4. Local Preference 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 twenty-five percent (25%) 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 twenty-five percent (25%) of the employees of the Facility will be City residents.
- c. Company shall provide the City with annual reports with its annual payments indicating the percentages of vendors and employees in accordance with paragraphs (a) and (b) above.
- d. The Company shall, at least annually, make available to the City, for review at the Facility, of all reports submitted to the Licensing Authority regarding operations at the Facility.

5. Security

Operator shall coordinate with the Greenfield Police Department and 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 Greenfield Police Department, including but not limited to, periodic meetings to review operational concerns and communication to Greenfield Police Department of any suspicious activities on the site.

6. Annual Reporting

Company shall notify the City when the Company commences sales at the 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, and all other information required to ascertain compliance with the terms of this Agreement. 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. Additionally, Company will provide an annual report of local, city entities that Company has provided contributions to. If the City permits more than 2 additional retail ME's to locate in the City, the Annual Payment will decline to 2.5% beginning in the term year in which the 2 additional ME's open for business in the City.

7. Other Payments

The Parties acknowledge that, according to State Law, the City may only apply the Annual Payment to items reasonably related to the impact of the Operator on the City, and that there may be community initiatives that do not fall within that purview that the Operator, in a show of good faith to the City of Greenfield, would support. The Operator hereby agrees that it will donate funds to such local community initiatives in the City in such amounts as it determines from time to time, with a target goal of \$25,000 in donations per year.

8. Community Support

The Operator agrees to work with the City of Greenfield, its appropriate administrators, departments, or officers to develop community initiatives, such as: educational programs regarding marijuana and prevention of use and/or diversion to minors, education regarding medical uses of marijuana or its related products, and other appropriate programs within the City of Greenfield.

9. Additional Obligations

Amendments to the terms of this 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 City nor the 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 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, 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 Facility to operate in the City, 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.

10. Notice Requirements

Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To City: William F. Martin, Mayor
Office of the Mayor
14 Court Square, Room 201
Greenfield, MA 01301

To Licensee: John David Hadden, Esq
39 Meadowbrook Rd
Bedford, MA 01730

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.

11. Indemnification

Operator shall indemnify, defend, and hold the City 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.

12. 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.

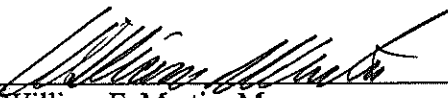
13. Governing Law

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.

*** * * SIGNATURES ON FOLLOWING PAGE * * ***

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this 1st day of December, 2019.

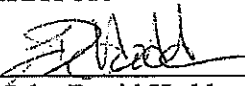
CITY OF GREENFIELD

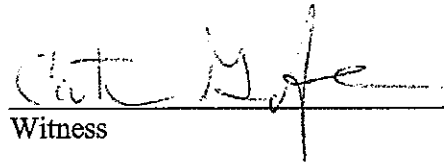
By: 
William F. Martin, Mayor


Witness

Date: 12-11-19, 2019

OPERATOR

By: 
John David Hadden


Witness

Date: December 1, 2019