

HOST COMMUNITY AGREEMENT

FACILITY IN THE CITY OF GREENFIELD

This Agreement entered into this 31 day of Oct., 2019 by and between the City of Greenfield, acting by and through its Mayor, with a principal address at 14 Court Square, Greenfield, MA (hereinafter the "City") and ToroVerde (Massachusetts) II, Inc., a Massachusetts domestic business corporation with a current principal address of 10539 Audiebrook Drive, Spring Hill, Florida 34608 (hereinafter "Company").

RECITALS

WHEREAS, Company currently seeks to obtain a license from the State to operate an adult use Retail Marijuana Establishment ("ME") at 51 Davis Street, Greenfield, MA 01301 as provided in MGL Chapter 94G Section 3 (hereinafter the "Facility") in the City in accordance with the laws of the Commonwealth of Massachusetts and those of the City;

WHEREAS, Company intends to pay all local taxes attributable to its operation, including real estate taxes on the space within which it 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 an ME facility at the Facility location, coupled with its 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:

AGREEMENT

1. **Host Community Payment.** In the event that Company obtains a Final Certificate of Registration, or its equivalent, for the operation of a Retail Marijuana Establishment from the Cannabis Control Commission, or such other applicable state licensing authority, as the case may be (hereinafter "**Licensing Authority**"), as the case may be, 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 Facility in the City, then Company agrees to the following:
 - a. 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.

- b. 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 for adult-use or its equivalent (the “Initial Payment”), and each subsequent Annual Payment shall be due on the anniversary date of the Initial Payment.

Year	1	2	3	4	5	6
Minimum Required Payment	\$15,000			\$7,500		
Supplemental Required Payment	3% of sales over \$500,000	3% of sales	3% of sales	3% of sales over \$250,000	3% of sales	3% of sales

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(a) 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. **Annual Filing.** The City and the Company will review the Annual Payment every twenty-four (24) months to ensure that the Annual Payment is reasonably related to the costs imposed upon the City by the operation of the Facility. If required by State law, the City will provide an accounting for such costs on a timely basis. In no event will the Annual Payment exceed three percent (3%) of gross sales as that percentage is the maximum allowed by State law. In the event that State law lowers the maximum allowed percentage the City and the Company shall agree to reopen this Agreement.

5. **Review.** The City and Company will review the Annual Payment every twenty-four (24) months to ensure that the Annual Payment is reasonably related to the costs imposed upon the City by the operation of the Facility. 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.
6. **Reopener.** If the Company enters into successor Host Agreement(s) with another municipality with higher percentage of gross sales (or its equivalent) than described in 1(b), the City and Company shall agree to reopen this agreement and renegotiate financial terms. If the City enter into a Host Agreement with another marijuana retailer (adult use or medical) with a lower percentage of gross sales (or its equivalent) than described in 1(b), the City and Company shall agree to reopen this Agreement and renegotiate financial terms. 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. **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.
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, 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.

9. **Support.** The City agrees to submit to the Licensing Authority all documentation and information required by the Licensing Authority from the City for the Company to obtain approval to operate a Retail Marijuana Establishment at the Facility. The City agrees to support Company's application with the Licensing Authority 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.
10. **Security.** Company shall maintain security at the Facility at least in accordance the security plan presented to the City and approved by the Licensing Authority. In addition, 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.

Company shall promptly report the discovery of the following to City police within twenty-four (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, 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.

11. **On-Site Consumption.** Company agrees, even if permitted by statute or regulation, it will prohibit on-site consumption of marijuana and marijuana-infused products at the Facility.
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 three (3) years from the date of this Agreement. In the event Company no longer does business in the City or in any way loses or has its license revoked by the State, this Agreement shall become null and void. The parties may negotiate an extension of the term of this Agreement, but Company shall not be required to cease operations at the termination of this Agreement, unless for Just Cause (Just Cause shall be defined as: Company 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; Company fails to make payment to the City as required under this Agreement, and such failure remains uncured for 90 days) and all payments called for

under paragraph 1 and (the Host Community Fee and the Community Donation), shall continue in perpetuity until such negotiations are finalized and an agreement is executed.

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 Franklin 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 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.** 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 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: ToroVerde (Massachusetts) II, Inc.
51 Davis Street
Greenfield, MA 01301

With a copy to: ToroVerde (Massachusetts) II, Inc.
c/o William Beetz
10539 Audiebrook Drive
Spring Hill, Florida 34608

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.

- 20 **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.

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

