

CITY OF AMESBURY and CNA STORES, INC.

HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 12 day of August, 2019 by and between CNA Stores, Inc., a Massachusetts corporation, and any successor in interest, with a principal office address of 100 Main Street, Amesbury, Massachusetts 01913 (the "Company"), and the City of Amesbury, acting by and through its Mayor, in reliance upon all of the representations made herein, a Massachusetts municipal corporation with a principal address of 62 Friend Street, Amesbury, Massachusetts 01913 (the "City").

WHEREAS, the Company wishes to locate a Tier 4 Adult-Use Marijuana Cultivation Establishment (the "Establishment") for cultivation, processing, packaging of adult-use marijuana, as well as transferring and delivering adult-use marijuana products to marijuana establishments, but not to consumers, at a facility located at 57 South Hunt Rd, Amesbury, Massachusetts 01913, as shown on Assessors Map No. 95 as Lot 7 (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 City in accordance with its Zoning Ordinances and other applicable local regulations; and

WHEREAS, the Company intends to provide certain benefits to the City 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 an Establishment in the City 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 an Establishment, 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, the Company 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 the Company obtains the requisite licenses and/or approvals as may be required for the operation of an Establishment, 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 permits and/or licenses allow the Company to locate,

occupy and operate the Facility in the City, then the Company agrees to provide the following Annual Payments.

A. Community Impact Fee

The Company anticipates that the City will incur additional expenses and impacts on the City'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 City. Accordingly, in order to mitigate the financial impact on the City and use of City resources, the Company agrees to pay an annual community impact fee to the City, in the amount and under the terms provided herein (the "Annual Community Impact Fee").

1. Company shall annually pay a Community Impact Fee in the amount equal to 3% of the Company's gross annual sales out of this location in quarterly installments on August 1, November 1, February 1, and May 1 of each year (the "quarterly payment dates"). The first quarterly payment is to be paid to the City on the first quarterly payment date following the date that the Company is granted a certificate of occupancy or temporary certificate of occupancy by the City's Building Inspector or the date on which the Company commences cultivation at the above location, whichever occurs sooner. Thereafter, payments shall adhere to the quarterly payment date. .
2. The Annual Community Impact Fee 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; provided however, that the Annual Community Impact Fee shall not be reduced below the amount set forth above.
3. The City 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 City.

B. 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 City'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 City.
2. 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 City a late payment penalty equal to five percent (5%) of such required payments.

C. Annual Charitable/Non-Profit Contribution

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 \$5,000, said charities/non-profit organizations to be determined by the Company 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 Establishment, and shall continue for the term of this Agreement. The Company shall provide the City with an annual reporting of contributions made pursuant to this agreement.

The parties hereby recognize and agree that any charitable/non-profit contributions to be paid by the Company shall not be deemed a community impact fee subject to the requirements or limitations set forth in G.L. c.94G, §3(d).

D. Annual Reporting for Host Community Impact Fees

The Company 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. 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 City, 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 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 City 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 City 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 shall 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 City residents. Such efforts shall include actively soliciting bids from City vendors through local advertisements and direct contact.

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, 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 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.

5. 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, the Company shall work with the City's Police Department in determining the placement of exterior security cameras and any and all other factors reasonably associated with the Company's security plans and operations.

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 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.

6. Additional Obligations

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

In the event the Company or any controlling person enters into a Host Community Agreement for an 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 City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the City equivalent or superior to those provided to the other municipality.

8. 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 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 City 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 as long as the Company operates the Facility in the City.

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 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, except by and with the written consent of the City. 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.

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 City.

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 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: The Honorable Mayor of the City of Amesbury
62Friend Street
Amesbury, MA 01913

To Company: Robert DiFazio
100 Main Street
Amesbury, MA 01913

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 City 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

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 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.

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.

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 City, or the City 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 an Establishment in the City or relocates the Facility. Further, in the case of any relocation out of the City, the Company agrees that an adjustment of any and all 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 the Company.

21. Indemnification

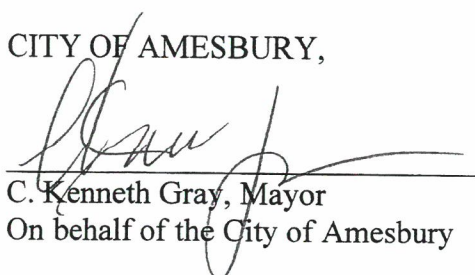
The Company shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the City, their agents, departments, officials, employees, 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. The Company agrees, within thirty (30) days of written notice by the City, to reimburse the City for any and all costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

22. Third-Parties

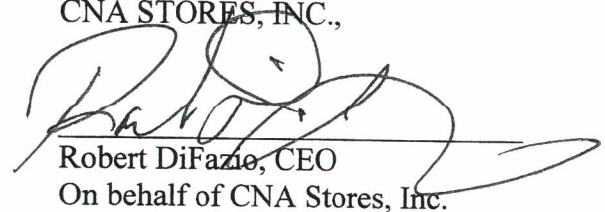
Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the City or the Company.

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

CITY OF AMESBURY,


C. Kenneth Gray, Mayor
On behalf of the City of Amesbury

CNA STORES, INC.,


Robert DiFazio, CEO
On behalf of CNA Stores, Inc.