

Host Community Agreement  
Between  
Town of Montague, Massachusetts  
and  
253 ORGANIC, LLC

This Host Community Agreement ("HCA") is made by and between the Town of Montague, a Massachusetts municipal corporation with an address of One Avenue A, Turners Falls, MA 01376, acting by and through its Board of Selectmen ("Town"), and 253 Organic, LLC, a Massachusetts limited liability company with a principal place of business at 253 Millers Falls Road, Turners Falls, MA 01376<sup>1</sup>, ("Operator"). The Town and Operator collectively are referred to as the "Parties."

WHEREAS, Operator intends to utilize commercial space located at 253 Millers Falls Road, Turners Falls, MA (the "Premises") for the purposes of operating as an adult use marijuana cultivator, product manufacturer and retailer 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 as a marijuana cultivator, product manufacturer and retailer at the Premises.

WHEREAS, the Operator intends to provide certain benefits to the Town 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 co-located marijuana cultivation, manufacturing, and retail 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 Town 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 Town will incur additional expenses and impacts upon the Town's road systems, public safety services, educational system, inspectional services and permitting services, as well as unforeseen impacts upon the Town. Accordingly, in order to mitigate the financial impact upon the Town and the use of Town resources, the Operator agrees to the following annual payments (collectively, the "Annual Payments"):

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<sup>1</sup> Turners Falls is a village in the Town of Montague.  
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- A. The Operator shall make an annual Community Impact Payment pursuant to G. L. c. 94G, § 3 to the Town in the amount of three percent (3%) of gross on-site retail sales of marijuana and marijuana products to consumers from the Facility.
- B. The Operator shall make an annual Wholesale Payment to the Town in connection with the wholesale value of marketable product produced by the cultivation and manufacturing operations at the Facility which are not sold directly to consumers on-site, but are distributed to other off-site marijuana establishments. The Wholesale Payment shall be equal to a percentage of gross wholesale sales as set forth below:

Wholesale Payment	Gross Wholesale Sales
1%	\$0 - \$399,999.99
2%	\$400,000.00 - \$800,000.00
3%	Equal to or greater than \$800,000.01

Wholesale Value shall be determined by arms-length wholesale sales made by the Cultivation Facility during the year, but shall not equal not less than 35 % of the retail value of such product as determined by the average retail sales price at the Marijuana Retail location licensed to the Operator within the Town, or, if no such facility is licensed in the Town, the average retail sales price at the Operator's Marijuana Retail locations located outside the Town.

The Annual Payments shall expire at the end of the five (5) year period beginning on the date the Facility begins operation in the Town. At the conclusion of each five (5) year period, the Parties shall negotiate new Annual Payments in accordance with the G.L. c.94G, §3; provided, however, that the Annual Payments shall not be reduced below the amount set forth above.

If the Legislature raises the current three percent (3%) maximum amount of Community Impact Payment that a marijuana retailer may pay to a municipality pursuant to G. L. c. 94G, § 3(d), Operator shall pay a Community Impact Payment based on the highest percentage of on-site gross retail sales from the Facility and at such rate as allowed by the Legislature.

The Annual Payments shall be paid by Operator not later than thirty (30) days after the close of the Operator's fiscal year.

## **2. 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 Town the same percentage community impact fee provided to said other municipality.

**3.           Local Preference**

To the extent consistent with State and Municipal law and regulations, Operator shall give hiring preferences to residents of the Town who otherwise meet the qualifications for employment at the Facility, and 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 Facility.

**4.           Security**

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

**5.           Annual Reporting**

Operator shall submit financial records to the Town within thirty (30) days after payment of the Annual Payment with a certification of sales with respect to each such payment. Operator shall maintain its 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. During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense), those parts of Operator's books and financial records which relate to the determination of the required Annual Payment and to Operator's compliance with this Agreement. Such examinations may be made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner as not to interfere with Operator's normal business activities.

**6.           Other Payments**

In addition to any funds specified herein, the Operator will annually donate funds to local community initiatives in the Town in such amounts as it determines from time to time, with a target goal of \$15,000 in donations per year.

**7.           Community Support**

The Operator agrees to provide no less than 150 man hours annually, to be provided by the Facility's management and employees, to participate in community meetings and community service activities, including but not limited to: community educational

programs and drug abuse prevention, senior assistance, community clean up or veteran's assistance within the Town of Montague.

## **8. Additional Obligations**

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

## **9. Notice Requirements**

Any and all notices, or other communications required or permitted under this HCA, 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, to the Parties at the addresses set forth on Page 1 or furnished from time to time in writing hereafter by one party to the other party.

Any such notice or correspondence 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.

## **10. Indemnification**

Operator shall indemnify, defend, and hold the Town 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.

## **11. Severability**

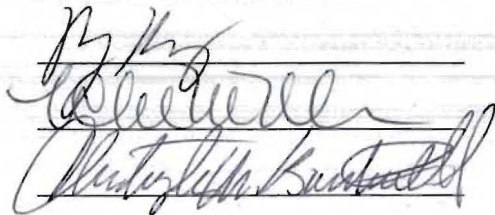
If any term or condition of this HCA or any application thereof shall to any extent be held invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining terms and conditions of this HCA shall not be deemed affected thereby unless one or both Parties would be substantially or materially prejudiced.

**12. 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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on this  
2 day of April, 2018.

TOWN OF MONTAGUE  
BOARD OF SELECTMEN



253 organic LLC  
OPERATOR



(Signature)

John Rutherford Parker  
(Name and Title)