HOST COMMUNITY AGREEMENT
FOR THE SITING OF A
MARIJUANA RETAIL ESTABLISHMENT
IN THE CITY OF NORTHAMPTON

This Agreement (the "Agreement") entered into this 30th day of October, 2018 by and between the CITY NORTHAMPTON, acting by and through its Mayor, with offices at 210 Main Street, Northampton, Massachusetts 01060 ("the City") and GALIL GREENERY, LLC, a duly organized Massachusetts limited liability company with principal offices at 69B Day Avenue, Northampton, MA 01060 ("the Company").

WHEREAS, the Company wishes to operate as a marijuana retailer as that term is defined in G. L. c. 94G and the regulations of the Cannabis Control Commission, 935 CMR 500 ("the Retail Establishment") in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended by Stat. 2017 c. 55, § 25 for the Company's operations as a marijuana retailer in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Community Impact.

The City anticipates that, as a result of the Company's operation of the Retail Establishment, the City will incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Accordingly, in order to mitigate the direct and indirect financial impact upon the City and use of City resources, the Company agrees to annually pay a community impact fee to the City, in the amounts and under the terms provided herein (the "Annual Payments").

2. Annual Payment.

In the event that the Company obtains a Final License, or such other license and/or approval as may be required, for the operation of the Retail Establishment in the City by the Massachusetts Cannabis Control Commission (the "CCC"), or such other state licensing or monitoring authority, as the case may be, and receives any and all necessary and required permits, licenses and/or approvals required by the City, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which said permits, licenses, and/or approvals allow the Company to locate, occupy and operate the Retail Establishment in the City (the "Opening"), then the Company agrees to provide

the following Annual Payment for each year this Agreement is in effect; provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of required municipal approvals, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement.

a. Company shall make Annual Payments in an amount equal to three percent (3%) of gross revenue from retail marijuana product sales, as those terms are defined in 935 CMR 500, at the Retail Establishment.
b. The Company shall make the Annual Payments quarterly each calendar year on the 1st of January, April, July and October beginning on the first of such dates after the \the Opening.

3. <u>Marijuana Education and Prevention Programs.</u>

The Company, in addition to any other payments specified herein, confirms that it shall annually voluntarily contribute to non-profit entity or entities in an amount no less than ten thousand dollars ($10,000) for the purposes of marijuana education and prevention programs to promote safe, legal and responsible use (the "Annual Donations."). The education programs shall be held in the City. Prior to the selection of a non-profit entity program for this purpose, the Company will review their intentions with the City, acting through its Mayor, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Annual Payment to the City. Documentation of the Annual Donations shall be made in accordance with the Annual Payment schedule set forth in Paragraph 2. In the event that no non-profit entity can offer the appropriate programming to the City, the contribution shall be paid to the City to hold in a restricted fund for release upon mutual and written agreement of the Company and City once an eligible non-profit program is identified.

4. <u>Annual Filing.</u>

Company shall notify the City when the Company commences sales pursuant to statute and regulation, at the Retail Establishment and shall submit annual financial statements to the City on or before May 1, which shall include certification of gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. 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 pursuant to its marijuana retailer license for the Retail Establishment from the CCC.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

5. Re-Opener/Review.

In the event that the Company enters into a host community agreement for a Retail Marijuana Establishment with another municipality in the Commonwealth of Massachusetts that contains terms that are superior to what the Company agrees to provide the City pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in benefits to the City equivalent or superior to those provided to the other municipality.

6. 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, and neither the Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption from paying 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.

7. Community Support and Additional Obligations.

a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with 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 Retail Establishment.

b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.

c. Educational Programs – If requested by the City, Company shall provide qualified staff to participate in City-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other City public safety departments not mentioned in the Agreement.

8. Support.

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License to operate the Retail Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing them. The City agrees to use reasonable efforts to work with Company, if approved, to help assist the Company with their community support and employee outreach programs.

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 subject to the statutes and regulations of the Commonwealth, the General and Zoning Bylaws 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 Retail Establishment to operate in the City, or to refrain from enforcement action against the Company and/or the Retail Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

9. Security.

a. Company shall maintain security at the Retail Establishment at least in accordance with the security plan presented to the City and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment 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.

b. 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.

c. Company agrees to cooperate with the City's 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 Retail Establishment, and with regard to any anti-diversion procedures.

d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (24) hours of the Company becoming aware of such event: 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, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, 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.

10. <u>On-site Consumption.</u>

The Company agrees that, even if permitted by statute or regulation, it will prohibit on-site consumption of marijuana and marijuana-infused products at the Retail Establishment.

11. <u>Term and Termination.</u>

This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates the Retail Establishment or any similar Marijuana Retail Establishment within the City, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Annual Payment due as under section 2. above. The City may terminate this Agreement at any time.

12. <u>Failure to Locate and/or Relocation.</u>

This Agreement shall be null and void in the event that the Company shall (1) not locate a Retail Establishment in the City, in which case, the Company shall reimburse the City for its legal fees associated with the negotiation of this Agreement or (2) relocate the Retail Establishment out of the City. In the case of relocation out of City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of operation within the City, but in no event shall the City be responsible for the return of any funds already provided to it by the Company. If, however, the Retail Establishment is relocated out of the City prior to the second anniversary of the date of this Agreement, the Company shall

pay the City as liquidated damages an amount equal to twenty-five thousand dollars ($25,000) in consideration of the expenditure of resources by the City in negotiating this agreement and preparing for impacts.

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 Hampshire 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 duly authorized representatives of the Company and the City, 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. Further, the Company 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 by the Company in a court of competent jurisdiction, the Company shall pay for all reasonable fees and costs incurred by the City in enforcing this Agreement.

16. Successors/Assigns.

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. 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 any of the monies payable under this Agreement, except by and with the written consent of 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.

17. Headings.

The article, section, and 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.

18. 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.

19. Signatures.

Facsimile signatures affixed to this Agreement shall have the same weight and authority as an original signature.

20. 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.

21. Notices.

Except as otherwise provided herein, any notices, consents, demands, request, 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 will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City: Mayor David J. Narkewicz
City Hall
210 Main Street
Northampton, MA 01060

To Company: Manager
Galil Greenery, LLC
69B Day Avenue
Northampton. MA 01060

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 City or the Company.

[SIGNATURE PAGE TO FOLLOW]

In witness whereof, the parties have hereafter set their hand as of the date first above written.

CITY OF NORTHAMPTON

By_____
Mayor David J. Narkewicz

GALIL GREENERY LLC.

By_____
Adi Nagli, Manager

COMMONWEALTH OF MASSACHUSETTS

Hampshire, ss

On this 30 day of October, before me, the undersigned Notary Public, personally appeared the above-named David J. Narkewicz, proved to me by satisfactory evidence of identification, being (check whichever applies): ❑ driver's license or other state or federal governmental document bearing a photographic image, ❑ oath or affirmation of a credible witness known to me who knows the above signatory, or ☑ my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.

ANNIE LYONS LESKO
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
March 21, 2025

Notary Public
My Commission Expires: 3/21/2025

COMMONWEALTH OF MASSACHUSETTS

On this 18 day of October, before me, the undersigned Notary Public, personally appeared the above-named Adi Nagli, proved to me by satisfactory evidence of identification, being (check whichever applies): ❑ driver's license or other state or federal governmental document bearing a photographic image, ❑ oath or affirmation of a credible witness known to me who knows the above signatory, or ☑ my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by her voluntarily on behalf of Galil Greenery LLC for its stated purpose, as the duly authorized Manager of Galil Greenery LLC.

Notary Public Richard M. Evans, N.P.
My Commission Expires: 11/19/21.