

**HOST COMMUNITY AGREEMENT FOR THE SITING OF A RECREATIONAL MARIJUANA
ESTABLISHMENT IN PRINCETON, MASSACHUSETTS**

This Host Community Agreement (the “**Agreement**”) is entered into this ____ day of _____, 2021 (the “**Effective Date**”) by and between the Town of Princeton, a municipal corporation under the laws of the Commonwealth of Massachusetts, acting by and through its Select Board , with a principal address of 6 Town Hall Drive, Princeton, MA 01541 (hereinafter the “**Municipality**”) and Kind Cannabis, Inc., a Massachusetts corporation with an office address of 44 School Street, Ste. 505, Boston, MA 02108 (hereinafter “**Company**”), (Municipality and Company being referred to individually as a “**Party**” and collectively as the “**Parties**”).

RECITALS

WHEREAS, Company intends to locate within the Municipality a licensed Recreational Marijuana Establishment, specifically a Marijuana Cultivator Establishment and Marijuana Product Manufacturer (“**RME**”), for the outdoor cultivation and manufacturing of marijuana in accordance with the laws of the Commonwealth of Massachusetts, including M.G.L. Chapter 94G, 935 CMR 500.001, et seq., and any other successor law, and/or regulations (“**MA Law**”) and those of the Municipality (“**Local Law**”);

WHEREAS, Company desires to provide community impact fee payments to the Municipality pursuant to M.G.L. c. 94G, § 3(d) in order to address any reasonable costs imposed upon the Municipality by Company’s operations in the Municipality; and

WHEREAS, the Municipality acknowledges Company’s intention to operate a RME for the cultivation and manufacturing of marijuana in the Municipality at 0 Beaman Road, Suite A , Princeton, MA 01541 (the “**Facility**”), and is willing to enter into this Agreement, subject to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual promises set forth below, the Parties agree as follows:

AGREEMENT

1. Host Community Payments.

- a. **RME Related Payments.** In the event that Company obtains a final license for the operation of a RME in the Municipality from the Cannabis Control Commission (the “**Commission**”), and receives all necessary approvals from the Municipality to operate an RME, then Company agrees to the following:
 - i. The Company shall make quarterly payments to the Municipality equal to two and one-quarter percent (2.25%) of the gross sales at the Facility (the “**RME Payment**”) with respect to each year of operation, provided that

the total amount paid per year shall not be less than Twenty-Five Thousand and No/100 Dollars (\$25,000.00) and shall not exceed Seventy-Five Thousand and No/100 Dollars (\$75,000.00). The term “gross sales” shall mean the total of all wholesale sales transactions from marijuana cultivated at the Facility without limitation.

- ii. The initial RME Payment shall be due on the first day of the fourth (4th) month following the date that the Company begins wholesale sales.
- iii. Subsequent RME Payments shall be due forty-five (45) days after the calendar quarter for which payment is due for the term of the Agreement.
- iv. Company acknowledges that time is of the essence with respect to performance of its payment obligations hereunder and that late payments shall be subject to a penalty equal to 5% of the late payment, following written notice of default and ten (10) day opportunity to cure.

2. **Term and Termination.** The Term of this Agreement shall be five (5) years from the Effective Date (the “**Term**”), unless sooner terminated or extended pursuant to the provisions herein. In the event Company ceases all operations in the Municipality, this Agreement shall terminate. In the event Company loses or has its license(s), approvals, and/or permits to operate in the Municipality revoked by the Commission or any other applicable licensing authorities (together, the “**Licensing Authorities**”) or the Municipality for a period of at least nine (9) months, this Agreement shall terminate. Notwithstanding the foregoing, all payments required hereunder shall remain in effect for the full duration of Company’s operation of the Facility in the Municipality. Within six (6) months prior to the conclusion of the Term, the Parties may agree upon an extension of this Agreement or may negotiate the terms of a new host community agreement.

The Municipality may terminate this Agreement for cause by providing written notice to Company in the event that: (i) Company purposefully or negligently violates any MA Law or Local Law with respect to the operation of the RME, and such violation remains uncured for sixty (60) days following the Municipality’s issuance to Company of written notice of such violation; (ii) Company fails to make payments to the Municipality as required under this Agreement, and such failure remains uncured for sixty (60) days following the Municipality’s issuance to Company of written notice of such violation; or (iii) there is any other material breach of the Agreement by Company, which material breach remains uncured for sixty (60) days following the Municipality’s issuance to Company of written notice of such violation.

3. **Payments.** The Company shall make the payments to the Municipality as set forth in Section 1 of this Agreement. While the Municipality has the sole discretion for determining how to spend the RME Payment(s) (the “**Payments**”), the Parties understand and acknowledge that, as required by M.G.L. c. 94G, § 3(d), payments under a host community agreement are to be reasonably related to the costs imposed upon a municipality by virtue of operation of a marijuana establishment in such a municipality, and the Parties agree that the Payments are designed so that they shall be reasonably

related to the actual or anticipated costs imposed upon the Municipality as a result of the operation of the RME. Further, the parties recognize and agree that it is inherently difficult to fully identify, evaluate and quantify the impacts to the Municipality of the RME and that the RME Payment is a fair and reasonable estimation of such impacts and shall remain so for the duration of Company's operation of the Facility. Therefore, the Parties expressly agree that the RME Payment is reasonably related to the costs that will be imposed upon the Municipality as a result of operation of the Facility.

4. **Acknowledgements.** The Municipality understands and acknowledges that Payments due pursuant to this Agreement are contingent upon the Company's receipt of all state and local approvals to operate an RME in the Municipality.
5. **Review.** During the final year of the Term of this Agreement, the Municipality and the Company will review the administration and implementation of the Agreement, and the parties will thereafter utilize the information from the review in negotiating a potential extension or renewal of this Agreement.
6. **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 shall use good faith efforts in a legal and non-discriminatory manner to give priority to qualified local businesses and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility.
 - 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 in a legal and non-discriminatory manner to give priority to hire qualified residents of the Municipality as employees of the Facility.
 - c. **Reports.** The Company shall, at least annually, provide the Municipality with copies of all reports submitted to the Licensing Authorities regarding Company's operations at the Facility.
 - d. **Ongoing Cooperation.** The Company will work cooperatively with all necessary departments, boards, commissions, and agencies of the Municipality to ensure that Company's operations are compliant with all of the Municipality's codes, rules, and regulations.
7. **Municipal Support.** The Municipality agrees to submit to the Licensing Authorities all documentation and information reasonably required by the Licensing Authorities from the Municipality for the Licensing Authorities to process Company's applications for approval to operate the Facility. The Municipality agrees to reasonably cooperate with Company in regard to Company's application(s) for approvals for the RME with the

required Licensing Authorities, but makes no representation or promise that Municipality or any of its departments, boards, commissions, and agencies will act on any license or permit request in any particular way other than by the Municipality's normal and regular course of conduct and in accordance with their codes, rules, and regulations and any statutory guidelines governing them.

8. **Annual Reporting.** Company shall submit an annual written report to the Municipality's Select Board within thirty (30) days after the payment of its fourth quarterly installment of the RME Payment with a certification of: (1) its annual sales of products cultivated at the Facility; and (2) its compliance with all other requirements of this Agreement. During the Term, Company shall, upon request of the Municipality, appear at a meeting of the Select Board to review compliance with the terms of this Agreement. Such meeting shall occur no later than thirty (30) days following written notice from the Municipality, unless the Parties mutually agree upon an alternative date.

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 Commission. All records shall be kept for a period of at least three (3) years. Upon request by the Municipality, the Company shall provide the Municipality with the same access to its financial records (to be treated as confidential, to the extent allowed by law) as is required by the Commission and Department of Revenue for purposes of obtaining and maintaining a license for the Facility.

During the term of this Agreement, and for three (3) years following the termination of this Agreement, Company shall, upon request of the Municipality, have its financial records examined, copied and audited by an independent financial auditor. The independent financial auditor shall review the Company's financial records for purposes of determining that the payment of the RME Payment is in compliance with the terms of this Agreement. Such examination shall be made not less than thirty (30) days following written notice from the Municipality 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 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. The full report resulting from such audit shall be delivered to the Municipality within sixty (60) days after the Municipality's initial request that an audit be conducted.

9. **Security and Safety.** Company shall maintain security at the Facility in accordance with a security plan presented to the Municipality and approved by the Licensing Authorities. In addition, Company shall at all times comply with MA Law and Local Law regarding security of the Facility. Company shall work with Municipality's Police Department in reviewing and approving all security plans prior to implementation and commencement

of operations. 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 ensure that the marijuana and marijuana products produced at the Facility are not being transferred to the illegal market or to minors.

10. **Diversion Plan.** Company shall comply with the Commission's regulations at 935 CMR 500.001, *et seq.* In cooperation with and to the extent requested by the Municipality's Police Department, and consistent with MA Law, Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion of marijuana and marijuana products to ineligible users, a form of which plan is to be approved by the Police Department and in place prior to commencement of operations at the Facility. Such plan shall include, but not be limited to, (i) training RME employees to be aware of, observe, and report any unusual behavior in visitors or other RME employees that may indicate the potential for diversion; (ii) strictly adhering to state purchasing limits; (iii) rigorous identification and verification procedures through the Commission's online system; and (iv) utilizing seed-to-sale tracking software to closely track all inventory at the RME.
11. **Community Outreach Meeting.** Company shall conduct a Community Outreach Meeting prior to commencement of operations to work collaboratively and cooperatively with its neighboring businesses and residents. Company shall, as a result of community feedback, establish written policies and procedures to address mitigation of any concerns or issues that may arise through its operation of the Facility.
12. **Governing Law.** This Agreement shall be governed, construed, and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principles of conflicts of law thereof. The Parties expressly waive any defense to enforcement based upon nonconformance with federal law regarding the illegality of marijuana.
13. **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 Parties, prior to the effective date of the amendment.
14. **Severability.** If any term or 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 one or both Parties would be substantially or materially prejudiced.
15. **Successors/Assigns.** This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. The Municipality shall not assign or transfer any

interest or obligations in this Agreement without the prior written consent of the Company, which shall not be unreasonably delayed, conditioned, or withheld. The Company shall not assign or transfer any interest or obligation in this Agreement without the prior written consent of the Municipality, which shall not be unreasonably delayed, conditioned, or withheld.

16. **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.
17. **Municipal Regulation.** This Agreement does not waive, limit, control, govern or in any way describe the legal authority of any board, commission, committee, officer or official of the Municipality to regulate, authorize, restrict, inspect, investigate, enforce against, or issue, deny, suspend or revoke any permit, license, or other approval with respect to, the Company or its RME; nor does it waive, limit, control, govern, or in any way describe the legal authority of the Municipality's Police Department to investigate, prevent, or take action against any criminal activity with respect to the Company or any RME.
18. **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, and neither Company nor its landlord shall object or otherwise challenge the taxability of such property. Nothing herein shall limit, affect or be affected by the imposition of any tax on the Company pursuant to G.L. c. 64N, § 3, nor shall any RME Payment be reduced by or offset against any taxes paid thereunder or on account of any taxes levied on real or personal property.
19. **Site Plan Review.** Notwithstanding any provision to the contrary in the Zoning Bylaws of the Municipality, the Company agrees that it shall not construct or use the Facility until the Company's plans therefor have been reviewed and approved, or approved with reasonable conditions, by the Planning Board of the Municipality, and further that the Company shall construct, occupy and use the Facility in accordance with such site plan approval or approval with conditions.
20. **Notices.** Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To the Municipality:

Sherry Patch
Town Administrator
Town of Princeton
6 Town Hall Drive
Princeton, MA 01541

To the Company:

Kind Cannabis, Inc.
44 School Street, Ste. 505
Boston, MA 02108

With a copy to:

Philip C. Silverman, Esq.
Vicente Sederberg LLP
Prudential Tower
800 Boylston Street, 26th floor
Boston, MA 02199

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, or (c) upon the date personal delivery is made.

*** * * SIGNATURE PAGE FOLLOWS * * ***

IN WITNESS WHEREOF, the Parties hereto have duly executed this Host Community Agreement on the _____ day of _____, 2021.

Town of Princeton, Massachusetts

Kind Cannabis, Inc.,
a Massachusetts corporation

Name: Karen Cruise
Chair: Select Board

Name:
Title:

Name: Richard Bisk
Member: Select Board

Name: Matthew Moncreaff
Member: Select Board