NEWTON, MASSACHUSETTS
AND GARDEN REMEDIES, INC.
HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into as of this 12th day of April, 2018 by and between Garden Remedies, Inc. ("Garden Remedies"), a Massachusetts not-for-profit corporation with a principal office address of 697 Washington Street, Newton, Massachusetts 02458 ("the Company") and the City of Newton, a Massachusetts municipal corporation with a principal address of 1000 Commonwealth Avenue, Newton Centre, Massachusetts 02459 ("the City"), acting by and through its Mayor.

WHEREAS, the Company seeks to locate a Marijuana Establishment ("ME"), as defined in and subject to the provisions of M.G.L. Chapter 94G and Chapter 55 of the Acts of 2017, in the City, in accordance with regulations issued by the Massachusetts Cannabis Control Commission ("CCC") at 935 CMR 500.000 *et. seq.*; and

WHEREAS, the Company intends to provide certain benefits to the City in the event that it receives a Final License from the CCC to operate a ME (the "CCC License"), and receives all other required local permits and approvals; and

WHEREAS, the parties agree that the terms, conditions, and funds required herein are reasonable and directly proportional to the costs of addressing the potential health, safety, and other effects or impacts of the ME on the City.

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company and the City agree as follows:

1. The Company agrees to make payments to the City, in the amounts and under the terms provided herein (the "Funds"). The Treasurer of the City shall hold the funds for the purposes of addressing the public health, safety, education, administrative, infrastructure and other effects or impacts as may be identified of the ~~Medical Establishment~~ on the City and on its municipal and school programs, services, personnel, and facilities. The Funds shall be used at the City's sole discretion, and the City will track expenditures on an annual basis. KM 9-13-18

2. The Company shall pay to the City the following sums: RF 9/18/18

(a) 3% of the Company's gross revenues from the sale of Medical Marijuana calculated retroactive to March 5, 2018.

(b) 3% of the Company's gross revenues from the sale of Adult-Use (i.e. Recreational) Marijuana calculated as of the first date of retail sales.

Payments made pursuant to this provision shall be made on a quarterly basis and shall represent 3% gross revenues from relevant sales made in the preceding quarter. The quarters are to be defined as follows – Quarter 1 is January 1 through March 31, Quarter 2 is

April 1 through June 30, Quarter 3 is July 1 through September 30, and Quarter 4 is October 1 through December 31. Payments to the City representing a percentage of gross revenues received by the Company during a given quarter shall be made on or before the last day of the next month. (As an example, the payment due for sales occurring during Quarter 1 shall be made on or before the last day of the first month of Quarter 2, i.e., April 30.)The Company shall provide the City with copies of its periodic financial filing to the CCC documenting sales, and also a copy of its annual filing as a non-profit, if any, to the Massachusetts Office of the Attorney General.

3. This Agreement shall take effect as of the date first written above and shall run for an initial term of five (5) years with any changes to be approved in writing by both parties. The parties agree to begin negotiation for a successor agreement six months in advance of the fifth anniversary of the Agreement's execution.

4. The purpose of the payments by the Company is to assist the City in addressing any public health, safety, education, administrative, infrastructure and other effects or impacts as may be identified of the M~~edical~~ E~~stablishment~~ on the City and on its municipal and school programs, services, personnel and facilities. The City may expend the above-referenced payments for these purposes at its sole and absolute discretion.

KM 9-13-18

RF 9/18/18

5. The provisions of this Agreement shall be applicable as long as the Company operates a ME in the City pursuant to a license issued by the CCC.

6. The Company, in addition to any funds specified herein, shall contribute to public charities or private non-profit entities in the City an amount not less than $2,500.00 in the first year of this Agreement,and shall escalate five percent (5%) annually thereafter. Said charities shall be determined by the Company in its reasonable discretion.

7. The Company will make best efforts to hire qualified employees who are City residents.

8. The Company shall notify the City of the name and relevant information, including but not limited to the information set forth in 95 CMR 500.802, of the person proposed to act as on-site manager of the ME. The submitted information shall include the results of a criminal history (CORI) check on the person proposed to act as on-site manager of the Facility, verifying that the individual is of suitable character to act as on-site manager. This notification process shall also apply to any change of on-site manager.

9. The Company shall provide the City with certification and a written summary of the training which shall be provided to the on-site manager and to all agents of the ME. The Company shall further provide the City with a copy of its policy (as required pursuant to 95 CMR 500.105(1)(l)(a) and (b)) for the immediate dismissal of any dispensary agent who has (a) diverted marijuana, which shall be reported to law enforcement officials and to the CCC; or (b)

engaged in unsafe practices with regard to the operation of the ME, which shall be reported to the CCC.

10. The Company shall work with the Newton Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the sales commencement date. Such plan will include, but is not limited to, (a) training ME employees to be aware of, observe, and report any unusual behavior in customers, or other ME employees that may indicate the potential for diversion; (b) strictly adhering to maximum sale quantities and time periods for purchases (per CCC and DPH guidelines); (c) in the case of medical patients, rigorous patient identification and verification procedures through the MMJ Online System; (d) utilizing seed-to-sale tracking software to track closely all inventory at the ME; (e) refusing to complete a transaction if the customer (i) requests additional marijuana product because a prior purchase was damaged or lost; (ii) threatens or attempts to coerce an ME employee in order to obtain excess marijuana product; or (iii) attempts to elicit guilt or sympathy from an ME employee in order to obtain excess marijuana product.

11. The Company shall maintain its books, financial records, and any other data related to its finances and operation in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the Commonwealth. All records shall be retained for a period of at least seven (7) years. The City shall have the right to enter and audit or inspect said records upon reasonable notice to Company, provided, however, that said records shall not become a public record by virtue of the audit or inspection.

12. The Company shall schedule an annual meeting every June with the Mayor, or his or her designee, to review the previous year's operations in the City.

13. 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 lessor, and the Company shall not object to 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 or operated by the Company is determined to be non-taxable or partially non-taxable, a determination of which the Company agrees not to seek at any time during this Agreement, or (ii) 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 1 of this Agreement.

14. The obligations of the Company and the City recited herein are specifically contingent upon the Company obtaining the CCC License for operation of an ME in the City,

and the Company's receipt of any and all necessary local permits and approvals to locate, occupy, and operate an ME in the City. If the Company fails to obtain the necessary CCC License or such local permits and approvals for Adult-Use Sales, then this Agreement shall be of no further force and effect, in which event, the parties shall enter into a revised host agreement, relating to medical sales only if required to do so by state law.

15. 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 to deny, applicable permits and other approvals under the statutes and regulations of the Commonwealth, the Zoning Ordinances 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, including, without limitation, a special permit issued by the Newton City Council, and approvals as may be necessary for the ME to operate in the City, or to refrain from enforcement action against the Company and/or its ME for violation of the terms of said permits and approvals or said statutes, bylaws, and regulations.

16. The Company shall not assign, sublet, or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the City, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the City.

17. This Agreement is binding upon the parties hereto, their successors, assigns, and legal representatives. Neither the City nor the Company shall assign or transfer any interest in the Agreement without the written consent of the other.

18. The Company agrees to comply with all laws, rules, regulations, and orders applicable to the ME, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of such work.

19. Any and all notices 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 overnight commercial delivery service, to the parties at the addresses set forth on below 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 overnight commercial delivery service, when deposited with such delivery service.

<u>City</u>:
City of Newton
Attention: Mayor
Newton City Hall
1000 Commonwealth Avenue

Newton Centre, MA 02459-1449

with a copy (by first class mail, postage prepaid) to:
City Solicitor
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459-1449

Garden Remedies:
Garden Remedies, Inc.
Attention: Dr. Karen Munkacy, President
697 Washington Street
Newton, MA 02458

with a copy (by first class mail, postage prepaid) to:
Schlesinger and Buchbinder, LLP
Attention: Stephen J. Buchbinder, Esquire
1200 Walnut Street
Newton, MA 02461-1267

20. 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.

21. 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.

22. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated Host Community 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. This paragraph, however, shall not apply to separate permitting or permit conditions as may be required by the City as noted in paragraph 15, above.

23. This Agreement shall be null and void in the event that the Company shall not locate an ME in the City or shall relocate such ME outside of the City. In the case of any relocation outside of the City, an adjustment of funds due to the City hereunder shall be calculated based upon the period of occupation of the ME 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.

24. The Company shall be deemed to be in default of this Agreement if the Company fails to maintain all necessary licenses and permits required to operate the ME facility in accordance with the CCC License, or if it breaches any term of this Agreement and fails to cure said breach within thirty (30) days of notice thereof.

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

CITY OF NEWTON

Ruthanne Fuller

By: Ruthanne Fuller

Its: Mayor, duly authorized

GARDEN REMEDIES, INC.

Karen Munkacy MD

By: Karen Munkacy

Its: President, duly authorized

Approved as to legal form and character:

Marie M. Lawler

Assistant City Solicitor

(8) 4/10/18