

TOWN OF SALISBURY
AND ALTERNATIVE THERAPIES GROUP, INC.

HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 18th day of December 2017 by and between Alternative Therapies Group, Inc., a Massachusetts not-for-profit corporation with a principal office address of 24R Pleasant St, Unit 2, Newburyport, MA, 01950 ("the Company"), and the Town of Salisbury, a Massachusetts municipal corporation with a principal address of Town Hall, 5 Beach Road, Salisbury, MA 01952 ("the Town").

WHEREAS, the Company wishes to locate a Registered Marijuana Dispensary ("RMD") dispensing facility (but not a cultivation or processing facility) in the Town in accordance with Chapter 369 of the Acts of 2012 and applicable regulations issued by the Commonwealth of Massachusetts Department of Public Health ("DPH"), as such statute and regulations have and may be further amended by Chapter 55 of the Acts of 2017 and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable regulations.; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives a Final Certificate of Registration from the DPH to operate an RMD dispensing facility in Salisbury (the "DPH License") and receives all required local permits and approvals; and

WHEREAS, the Company has received a Provisional Certificate of Registration from the DPH and intends to file an RMD Change of Location form in order to operate the RMD at 107 Elm Street, Salisbury, MA; and

WHEREAS, the Company is seeking a letter of support/non-opposition from the Town regarding the Company's application for the DPH License; and

WHEREAS, notwithstanding the anticipated benefits to certain members of the community, the RMD may impact Town resources in ways unique to the business of the RMD and draw upon Town resources in a manner not shared by the general population.

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company offers and the Town accepts this Agreement in accordance with G.L c.44, §53A, and the Company and the Town agree as follows:

1. The parties anticipate that the town will incur additional expenses and impacts upon the Town's road system, law enforcement, fire protection services, inspectional services and permitting services, public health services, and potential additional unforeseen impacts upon the Town. Accordingly, in order to mitigate any such impacts upon the Town and use of Town resources, the Company shall provide as a donation to the Town a community impact grant. The Company agrees to make grant payments to the Town, in the amounts and under the terms provided herein (the "Funds"). The Company shall furnish the Town with annual Profit and Loss

Statements, as soon as they become available, reflecting gross sales figures for the RMD dispensing facility located in the Town. Additionally, the Company shall provide the Town with copies of its periodic financial filings to the DPH documenting Gross Sales, and also a copy of its annual filing as a non-profit, if any, to the Massachusetts Office of the Attorney General.”

2. The Company acknowledges and agrees that the Town is under no obligation to use the donation payments made hereunder in any particular manner, and that the payments shall constitute donations in accordance with G.L. c. 44, §53A. The Company shall pay to the Town the following sums:
 - a. In the first year of operation: 1.25 percent of the RMD’s gross sales revenue generated in the Town during the first year of operation, to be paid within 60 days after the end of the first year of operation, PLUS the sum of \$100,000, consisting of two payments of \$50,000 each to be made within 30 days after each of the following milestones: (1) the receipt of all necessary Special Permits, occupancy permits, etc. issued by the Town as required to commence RMD operations; (2) the commencement of sales at the RMD dispensing facility in Town, provided that the total of such payments shall not exceed 3.00 percent of the RMD’s gross sales revenue generated in the Town during the first year of operation. The Company shall notify the Town in writing when the Company commences sales within the Town.
 - b. In the second, third, fourth and fifth years of operation: 3.00 percent of the RMD’s gross sales revenue generated in the Town in each year of operation, to be paid within 60 days after the end of the year of operation. In the event that the RMD facility is not allowed to operate 7 days per week, the percentage shall be 2.50 percent.
3. The terms of this Agreement shall be renegotiated by the Company and the Town in good faith following five (5) years of continuous operation of the RMD facility, or sooner, in the event that the Town enters into a host community agreement with an additional RMD. The terms of this Agreement shall continue in full force and effect unless the parties reach accord on a subsequent agreement. Any renegotiation of this Agreement shall include a review of positive and negative impacts upon the Town, its residents, and businesses resulting from operation of the RMD, including, without limitation, community health, associated business growth, traffic, crime, use of Town resources, proximate property value impacts, and other documented impacts. In the event that the Company enters into a host community agreement for a RMD with another municipality in the Commonwealth of Massachusetts that contains financial terms that are superior to what the Company agrees to provide the Town pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the Town equivalent or superior to those provided to the other municipality.

4. While the purpose of these payments is to assist the Town in addressing any public health, safety and other effects or impacts the RMD dispensing facility may have on the Town, the Town may expend the above-referenced payments at its sole and absolute discretion.
5. The Company, in addition to any payments specified herein, shall annually contribute to public charities in an amount no less than a sum of \$25,000, said charities to be determined by the Company in its reasonable discretion.
6. The provisions of this Agreement shall be applicable as long as the Company operates a RMD dispensing facility in the Town, pursuant to a license issued by DPH, subject to the provisions of Paragraph 9, below.
7. The Company will make efforts to hire qualified employees who are Town residents, and to utilize local vendors and suppliers, contractors and builders where possible.
8. Intentionally Omitted.
9. The Company agrees that the value of the real property of the RMD dispensing facility shall be treated as taxable and the Company shall not object to or otherwise challenge the taxability of such real property, but reserves any rights it might have with respect to the valuation of same and shall pay all local, state and federal taxes as required to be paid by the Company in accordance with applicable law, as now existing or as hereafter may from time to time be enacted, repealed or modified. The Company, shall not request any tax credits or subsidy from the Town for the RMD, including, but not limited to, any request for a tax exemption or abatement as a non-profit corporation, and shall not object or otherwise challenge the taxability of the RMD. Notwithstanding the foregoing, (i) if personal property of 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 value of such personal property of the Company is abated with the effect of reducing or eliminating the tax which would otherwise be due from the Company 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 from the Company if not so exempted, then the Company shall pay to the Town 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 Annual Contribution.
10. Diversion Mitigation: In cooperation with and to the extent requested by the Town's Police Department, and consistent with the Regulations, the Company shall work with the Town's Police Department to implement a DPH compliant diversion prevention plan, a form of which plan to be in place prior to the Sales Commencement Date. Such plan will include, but is not limited to, (i) training RMD

employees to be aware of, observe, and report any unusual behavior in patients, caregivers, authorized visitors or other RMD employees that may indicate the potential for diversion; (ii) strictly adhering to certification amounts and time periods (per DPH guidelines); (iii) rigorous patient identification and verification procedures through the DPH Online System; (iv) utilizing seed-to-sale tracking software to closely track all inventory at the RMD; and (v) refusing to complete a transaction if the patient or caregiver appears to be under the influence of drugs or alcohol. The Company shall not provide delivery services from the RMD. Notwithstanding the foregoing, the RMD shall allow qualified personal caregivers to obtain and transport marijuana from a RMD on behalf of a registered qualifying patient consistent with DPH guidelines.

11. Security: To the extent requested by the Town's Police Department, and consistent with the Regulations, the Company shall work with the Town's Police Department in determining the placement of interior and exterior security cameras, so that at least five cameras are located to provide an unobstructed view in each direction of the public way(s) on which the Facility is located. The Company shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinity of the RMD and with regard to any anti-diversion procedures. Such camera(s) may be altered by the DPH during their security and architectural review process upon approval by the Police Department.
12. The production, handling, marketing and sale of edible marijuana-infused products ("MIPs") by the Company shall be in accordance with the Regulations, including the packaging and labeling requirements set forth in 105 CMR 725.105(E)(a) and (3), which, among other things, provide that edible MIPs shall not bear a reasonable resemblance to any product available for consumption as a commercially available candy.
13. The on-site consumption of marijuana products shall be prohibited.
14. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining the DPH Final Certificate of Registration for operation of a RMD dispensing facility in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate a RMD dispensing facility in the Town.
15. 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 RMD dispensing facility to operate in the Town, or to refrain from enforcement action against the Company and/or its RMD dispensing facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

16. Intentionally Omitted.
17. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign, sublet or otherwise transfer any interest in the Agreement without the written consent of the other. 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 of the Town, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the Town and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town.
18. The Company agrees to comply with all laws, rules, regulations and orders applicable to the RMD dispensing facility, 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. The Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.
19. 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, 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.
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. 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 Town in enforcing this Agreement.
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 agreement between the Company and the Town 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.
23. This Agreement shall also be null and void in the event that the Company shall (1) not locate a RMD dispensing facility in the Town, in which case, the Company shall reimburse the Town for its legal fees associated with negotiation of this Agreement or (2) relocate such RMD dispensing facility out of the Town. In the case of any relocation out of the Town, an adjustment of funds due to the Town hereunder shall be calculated based upon the period of occupation of the RMD dispensing facility within the Town, but in no event shall the Town be responsible for the return of any funds already provided to it by the Company. If, however, such RMD is relocated out of the Town prior to the second anniversary of the date of this Agreement, the Company shall pay to the Town as liquidated damages an amount equal to \$10,000 in consideration of the expenditure of resources by the Town in negotiating this Agreement.
24. Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either Town or the Company.
25. The terms of this Agreement shall be renegotiated by the parties if and when the Commonwealth of Massachusetts or the Town of Salisbury adopts an excise tax, fee, or assessment that entitles the Town to assess a charge on the revenue from medical marijuana sold by the Company in addition to the annual compensation set forth in this Agreement (Section 2).

[Signature Page Follows]

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

TOWN OF SALISBURY

ALTERNATIVE THERAPIES GROUP, INC.

By:

Its: Board of Selectmen

By:

Christopher Edwards

Its: Executive Director