

**TOWN OF SALISBURY AND
COASTAL INFUSIONS, LLC
HOST COMMUNITY AGREEMENT**

This HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 9th day of November 2020, by and between Coastal Infusions, LLC, a Massachusetts corporation with a principal office address of 10 Fanaras Drive, Suite 2, Salisbury MA, 01952 ("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 Recreational Marijuana Establishment for adult use cultivation and product manufacturing (but not dispensing) at 10 Fanaras Drive (the "Facility") in the Town in accordance with Chapter 55 of the Acts of 2017 and applicable regulations issued by the Massachusetts Cannabis Control Commission ("CCC"), 935 CMR 500.00, as such statute and regulations may be further amended and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable local regulations; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives the requisite license from the CCC or such other state licensing or monitoring authority, as the case may be, to operate a cultivation and product manufacturing facility in Salisbury (the "License") and receives all required local permits and approvals from the Town; and

WHEREAS, the parties intend by this Agreement to satisfy the provisions of G.L. c.94G, Section 3(d), applicable to the operation of the Facility, such activities to be only done in accordance with the applicable state and local laws and regulations in the Town; and

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

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 Company and the Town agree as follows:

1. The Parties agree that the above Recitals are true and accurate and that they are incorporated herein and made a part hereof.
2. In the event that the Company obtains the requisite licenses and/or approvals as may be required for the operation of the Facility, and receives any and all necessary and required permits and licenses from the Town, and at the expiration of any final appeal period related thereto, said matter not being appealed further, which permits and/or licenses allow the Company to locate, occupy and operate the Facility in the Town, then the Company agrees to provide the following Annual Payments:

A. Community Impact Fee

The Company anticipates that the Town will incur additional expenses and impacts on the Town's law enforcement, fire protection services, inspectional services, and permitting and consulting services, as well as unforeseen impacts on the Town. Accordingly, in order to mitigate the financial impact on the Town and use of Town resources, the Company agrees to pay an Annual Community Impact Fee to the Town, in the amount and under the terms provided herein.

1. Company shall annually pay an Annual Community Impact Fee in an amount equal to one percent (1%) of its gross sales at the Facility. The term "gross sales" shall mean the total of all sales marijuana and marijuana-infused product sales transactions at the Facility. The Company shall notify the Town in writing when the Company commences sales within the Town.
2. The Annual Community Impact Fee shall be made annually within 60 days following the end of each 12 months of operation and shall continue for a period of five (5) years.
3. The Town shall use the above referenced payments in its sole discretion, but shall make a good faith effort to allocate said payments to offset costs related to law enforcement, fire protection services, inspectional services, public health and addiction services and permitting and consulting services, as well as unforeseen impacts upon the Town. While the purpose of these payments is to assist the Town in addressing any public health, safety and other effects or impacts the Facility may have on the Town, the Town may expend the above-referenced payments at its sole and absolute discretion.

B. Additional Costs, Payments and Reimbursements

1. Permit and Connection Fees: The Company hereby acknowledges and accepts, and waives all rights to challenge, contest or appeal, the Town's building permit fee and other permit application fees, sewer and water connection fees, and all other local charges and fees generally applicable to other commercial developments in the Town.
2. Late Payment Penalty: The Company acknowledges that time is of the essence with respect to their timely payment of all funds required under Section 2 of this Agreement. In the event that any such payments are not fully made within ten (10) days of the date they are due, the Company shall be required to pay the Town a late payment penalty equal to two percent (2%) per month of such required payments.

C. Annual Reporting for Host Community Impact Fees

The Company shall submit annual financial statements to the Town within 30 days after the payment of its Annual Community Impact Fee with a certification of its annual sales. The 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 CCC. All records shall be kept for a period of at least seven (7) years. Upon request by the Town, the Company shall provide the Town 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 CCC and Department of Revenue for purposes of obtaining and maintaining a license for the Facility

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 Facility. The terms of this Agreement in the meantime 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 Facility, including, without limitation, community health, associated business growth, traffic, crime, use of Town resources, proximate property value impacts, and other documented impacts.

3. The use of the Facility shall not generate outside odors from the cultivation or processing of marijuana and/or marijuana-infused products, in accordance with §300-156.6 B (1) of the Town's Zoning Bylaws.
4. To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, the Company 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 when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire Town residents
5. At all times during the term of this Agreement, the Company agrees that the value of both real and personal property 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 the Company not shall object to or otherwise challenge the taxability of such real property and shall not seek a non-profit or agricultural exemption or reduction with respect to such taxes. The Company 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 Facility, and shall not object or otherwise challenge the taxability of the Facility, including real and personal property. 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 Community Impact Fee.

6. 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 CCC-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 employees to be aware of, observe, and report any unusual behavior in authorized visitors or other Facility employees that may indicate the potential for diversion; (ii) utilizing seed-to-sale tracking software to closely track all inventory at the Facility. The Company shall not provide retail delivery services from the Facility.
7. Security: To the extent requested by the Town's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, the Company shall work with the Town's Police Department in determining the placement of interior and exterior security cameras, so that at least two (2) 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 Facility and with regard to any anti-diversion procedures.
8. 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 935 CMR 500.150, 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.
9. The on-site consumption of marijuana products shall be prohibited.
10. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining Adult Use Cultivation and Product Manufacturing Licenses for operation of the Facility in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate the Facility in the Town.

11. 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 Company and/or its Facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.
12. 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.
13. The Company agrees to comply with all laws, rules, regulations and orders applicable to the 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.
14. 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.
15. 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.

16. 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.
17. 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. 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 signatories to the original Agreement.
18. This Agreement shall also be null and void in the event that the Company shall (1) not locate the Facility in the Town within twenty-four (24) months of the execution date of this Agreement, in which case, the Company shall reimburse the Town for its legal fees associated with negotiation of this Agreement, or (2) relocate such 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 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 Facility 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.
19. 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.
20. 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.
21. Facsimile signatures affixed to this Agreement shall have the same weight and authority as an original signature.
22. The Parties hereto agree that nothing contained in this Agreement or any other documents executed in connection herewith is intended or shall be construed to establish the Town, or the Town and any other successor, affiliate or corporate entity as joint ventures or partners.
23. The Company shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the Town, their agents, departments, officials, employees, insurers and/or successors, by any third party arising from or relating to the development of the Property and/or Facility. Such indemnification shall include, but shall not be limited to, all reasonable fees and

reasonable costs of attorneys and other reasonable consultant fees and all fees and costs (including but not limited to attorneys and consultant fees and costs) shall be at charged at regular and customary municipal rates, of the Town's choosing incurred in defending such claims, actions, proceedings or demands. The Company agrees, within thirty (30) days of written notice by the Town, to reimburse the Town for any and all costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

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

TOWN OF SALISBURY, by its
BOARD OF SELECTMEN

COASTAL INFUSIONS, INC., by

Monna Abdulla

Christopher Edwards

Christopher Edwards
Duly Authorized

[Signature]

[Signature]

Win M. McKay

Freeman J Condon