

TOWN OF FRANKLIN  
AND  
PHARMACANNIS MASSACHUSETTS, INC.  
HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("Agreement") is entered into this 17th day of May 2018 by and between PHARMACANNIS Massachusetts Inc., a duly organized Massachusetts for-profit corporation with a principal office address of 465 Hopping Brook Road, Holliston, MA 01746 (the "Company"), and the Town of Franklin, with a principal address of 355 East Central Street, Franklin, MA 02038 (the "Town"), acting by and through its Town Administrator.

WHEREAS, the Company proposes to operate a Medical Marijuana Establishment (RMD) and Retail Marijuana Dispensary facility for the purpose of the distribution of medical marijuana and non-medical marijuana products at 164 Grove Street in the Town in accordance with regulations issued by the Commonwealth of Massachusetts Department of Public Health ("DPH") and in accordance with regulations issued by the Massachusetts Cannabis Control Commission ("CCC"); and

WHEREAS, the Company intends to make certain payments to the Town to address direct or secondary impacts of the Company operation within the Town pursuant to applicable Massachusetts law and CCC regulations during the period of this Agreement while it operates the current RMD as well as in the event that it receives final CCC licenses to expand the operation of the RMD facility (the "CCC License") as provided above and receives all other required permits and approvals.

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. The Company agrees to make annual payments to the Town, in the amounts and under the terms provided herein for the purpose of addressing such direct and secondary impacts of the Company operation within the Town as the Town shall, in its sole discretion, determine, provided that the use of such funds shall comply with and be consistent with any and all applicable CCC regulations, DPH regulations and other state laws and regulations applicable to the Company or the Town, as determined by the Attorney General's Office, CCC, DPH, the Courts or other administrative bodies or any other responsible governing authorities. The Parties agree that the amount of the fees set forth herein are reasonably related to the real tangible and intangible mitigation costs imposed upon the Town due to the establishment and operation of the existing and proposed Medical Marijuana Treatment Center and Marijuana Establishments within the Town, as the case may be.
2. On the anniversary of the date when the DPH and the CCC issue a Final Certificate of Registration to the Company (the "Effective Date"), the Company shall make an annual payment to the Town (the "Annual Payment") in the amount of (i) three hundred thousand dollars (\$300,000.00) (the "Minimum Annual Amount"), and (ii) an amount equal to three percent (3.0%) of gross revenues over ten million dollars (\$10,000,000.00) generated by the Company over the preceding twelve-month period at its point of sale within the Town for the retail dispensing of medical and non-medical marijuana products (the "Gross Revenue Amount").
3. Notwithstanding Section 2 herein, the first year's Annual Payment, the Company shall make installment payments of the Minimum Annual Amount of \$100,000 each on the following dates:
  - a. Payment #1: The Effective Date;

- b. Payment #2: The six (6) month anniversary of the Effective Date; and
  - c. Payments #3: The nine (9) month anniversary of the Effective Date.
4. In the event that the state legislation governing community host agreements is amended to increase the maximum permissible percentage of gross sales above the existing three percent (3%), the higher percentage shall apply, as of the effective date of the legislation, unless prior to said date, the Company requests the Town in writing to negotiate a lesser percentage, in which the parties shall undertake good faith negotiations to reach agreement on an increased percentage less than the amended maximum.
  5. In consideration of the terms of this Agreement, and for so long as the Company operates its business in accordance with regulations issued by the DPH and CCC, if the Town undertakes plans to rezone new areas permitting for the operation of an RMD or Retail Marijuana Establishment, the Town shall promptly notify the Company of such plans.
  6. The Company agrees to cooperate with the Town's Police and Fire Departments, as well as all of other Town Departments at the discretion of the Town Administrator or his/her designee, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and other concerns or impacts identified by the Municipality that may arise during this agreement.
  7. This Agreement shall be null and void in the event that the Company does not continue to operate its RMD facility in the Town or relocates such RMD facility outside of the Town and gives notice to the Town no less than Ninety (90) days of such developments. In the event that the CCC or Town issues additional conditions, or thereafter seeks to modify the CCC License or any of the Franklin License or other approvals or the conditions therein, or the existing approvals for the current operation in a manner that could reasonably be expected to result in a material adverse effect on the Company's business and operations (financial or otherwise), the Company may elect to give notice to the Town of such adverse effect, in which case this Agreement shall be null and void and the parties hereby agree to negotiate in good faith a revised Agreement for the Company's then operation.
  8. The Town and Company agree that Town Administrator or his/her designee shall act as the primary liaison between the Town, its subsidiary departments, boards, agencies and committees; and, the Company and Town agree all communications are through the primary liaison after final permitting has been granted.
  9. This Agreement shall 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 parties acknowledge that 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 facility to operate and expand in the Town, or to refrain from enforcement action against the Company and/or its RMD facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.
  10. Local Hiring: Except for senior management, the Company commits to hiring local, qualified employees to the extent consistent with law and subject to available talent. In addition to the direct hiring, the Company will work in a good faith, legal and non-



discriminatory manner to hire local vendors, suppliers, contractors and builders from the Franklin area where possible.

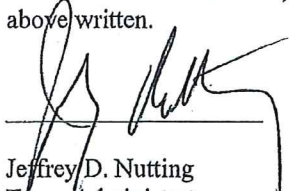
11. Financial Records and Audit Rights of Town:


- a. The Company shall submit financial records to the Town for each calendar year, due not later than March 1st of each calendar year, with a certification of the Gross Sales for the prior calendar year.
  - b. The financial records provided on or before March 1st of each year shall include a certification of the Gross Sales from the RMD (to dispense marijuana for medical and adult use) for the previous calendar year, for purposes of determining whether the Annual Payment shall be the applicable Minimum Payment or the Percentage of Gross Sales.
  - c. The Company shall also submit to the Town copies of any additional financial records that the Company must submit to DPH and/or CCC.
  - d. The Company shall maintain its 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 DPH and the CCC.
  - e. All records shall be kept for a period of at least seven (7) years.
12. During the term of this Agreement and for three (3) years following termination of this Agreement, the Town shall have the right to examine, audit and copy (at its sole cost and expense) those parts of the Company's books and financial records which relate to the determination of the required Annual Payment and to the Company's compliance with this Agreement. Such examinations may be made upon not less than thirty (30) days prior written notice from the Town and shall occur only during normal business hours at such place where said books, financial records and accounts are maintained. The Town's examination, copying or audit of such records shall be conducted in such manner as not to interfere with the Company's normal business activities.
13. Any and all notices or other communications required or permitted under this Agreement shall be in writing and delivered by mail postage prepaid, return receipt requested, by registered or certified mail, or by overnight mail, or in hand 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 deposited with the U.S. Postal Service or, if sent by private overnight or other delivery service, when deposited with such delivery service.
14. 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. Governing Law. The performance of this contract shall be governed, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.
16. Claims, disputes, or other matters in question between the Town and the Company or any other party claiming rights under this agreement relating to or arising from this agreement shall be resolved only by a civil action commenced in the Commonwealth of Massachusetts in either the Superior Court department, Norfolk County or the District Court Department,

Wrentham Division, of the Massachusetts Trial Court; in the alternative, private arbitration or mediation may be employed if the parties mutually agree in writing to do so.

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.
18. The individuals signing below have full authority to do so by the entity on whose behalf they have signed.
19. The obligations of the Company and the Town set forth in this Agreement are contingent upon the issuance of a Final Certificate of Registration by DPH and CCC to the Company for the operation of an RMD to distribute medical marijuana and non-medical marijuana products.
20. The terms of this Agreement shall commence on the date DPH and CCC issues a Final Certificate of Registration to the Company to operate in the Town. The termination date shall be the date five years after the Effective date.

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

  
Jeffrey D. Nutting  
Town Administrator  
Town of Franklin

  
Shelley Stormo  
Executive Director  
Pharmacannis, LLC MS  
Massachusetts Inc.