

TOWN OF WINCHENDON AND
CNA Stores, Inc.
HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT (“AGREEMENT”) is entered into this 26 day of October 2020 by and between CNA Stores a Massachusetts domestic corporation and any successor in interest, with a principal office address of 57 South Hunt Rd. Amesbury MA 01913 (“the Company”), and the Town of Winchendon, a Massachusetts municipal corporation with a principal address of 109 Front St., Winchendon MA 01475 (“the Town”), acting by and through its Town Manager in reliance upon all of the representations made herein.

WHEREAS, the Company wishes to locate an Adult Use Marijuana Cultivation and Manufacturing business Establishment at West St. known as ASSESSOR’S MAP 1 PARCEL 99 and Map 5A1 Parcel 2, in accordance with and pursuant to applicable state laws and regulations, including, but not limited to 935 CMR 500.00 and such approvals as may be issued by the Town of Winchendon in accordance with its Zoning Article 6.12 and other applicable local regulations; and

WHEREAS, the Company intends to provide certain benefits to the Town of Winchendon in the event that it receives the requisite license THE CANNABIS CONTROL COMMISSION (THE “CNB”)] or such other state licensing or monitoring authority, as the case may be, to operate Adult Use Cultivation Establishment and receives all required local permits and approvals from the Town;

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

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 of Winchendon agree as follows:

1. Recitals

The Parties agree that the above Recitals are true and accurate and that they are incorporated herein and made a part hereof.

2. Annual Payments

In the event that the Company obtains the requisite licenses and/or approvals as may be required for the operation of an Adult Use Cultivation and Manufacturing Establishment and receives any and all necessary and required permits and license from the Town of Winchendon, 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 proposed Adult Use Cultivation and Manufacturing Establishment in the Town of Winchendon, then the

Company agrees to provide the following Annual Payments: provided, however, that if the Company fails to secure any such other license and/or approval as may be required, or any of the required municipal approvals, the Company shall reimburse the Town for any fees associated with the negotiation of this Agreement.

A. Community Impact Fee

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

1. The Company shall pay a Community Impact Fee in an amount equal to three percent (3%) of the total wholesale sales of all products produced by the cultivation and manufacturing operations at the Facility.
2. The Community Impact Fees shall be made quarterly per the Town's fiscal year (July 1- June 30) with a due dates as follows:

<u>Payment</u>	<u>Due Date</u>
Qtr. 1	September 30
Qtr. 2	December 31
Qtr. 3	March 31
Qtr. 4	June 30

The Community Impact Fees for the first quarter of operation shall be prorated. The Community Impact Fees shall continue for a period of five (5) years. At the conclusion of each of the respective five year terms, the parties shall negotiate in good faith the terms of a new Community Impact Fee based on impact costs as an Amendment to this Agreement; provided, however, that if the parties are unable to reach an agreement on a successor Community Impact Fee, the Community Impact Fee specified in Paragraph 2.A.1 of this Agreement shall remain in effect and shall not be reduced below the amount set forth above until such time as the Parties negotiate a successor Community Impact Fee.

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 off-set costs related to road and other infrastructure systems, 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 of Winchendon.

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 of Winchendon'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 of Winchendon.
2. Facility Consulting Fees and Costs: The Company shall reimburse the Town of Winchendon for any and all reasonable consulting costs and fees related to any land use applications concerning the Facilities, negotiation of this and any other related agreements, and any review concerning the Facility, including planning, engineering, legal and/or environmental professional consultants and any related reasonable disbursements at standard rates charged by the above-referenced consultants in relation to the Facility. Applicant must provide a deposit, to be held in escrow in the amount of \$2,000 to cover costs for the review and processing of the initial application. All remaining escrow funds will be returned to the applicant.
3. Other Costs: The Company shall reimburse the Town of Winchendon for the actual costs incurred by the Town of Winchendon in connection with holding public meetings and forums substantially devoted to discussing the Facility through the Special Permit/Site Plan Approval Process and/or reviewing the Facility and for any and all reasonable consulting costs and fees related to the monitoring and enforcement of the terms of this Agreement, including, but not limited to independent financial auditors and legal fees.
4. 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 with ten (10) days of the date they are due, the Company shall be required to pay the Town of Winchendon a late payment penalty equal to five percent (5%) on all outstanding balances.

C. Annual Charitable/Non-Profit Contributions

The Company, in addition to any funds specified herein, shall annually contribute the sum of \$25,000.00 to a non-profit agency of their choice that serves the inhabitants of the town of Winchendon MA 01475. The Annual Charitable Non/Profit Contribution shall be made quarterly beginning on the first anniversary following the commencement of the operations, and shall continue for the term of this Agreement. Proof of such contribution must be supplied to the town at the time of donation.

D. Annual Reporting for Host Community Impact Fees and Benefit Payments

At the time of payment, the Company shall furnish certified copies of all mandated State sales reporting documents to the Town of Winchendon. 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 CNB. All records shall be kept for a period of at least seven (7) years. Upon request by the Town of Winchendon, the Company shall provide the Town of Winchendon 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 CNB and Department of Revenue for purposes of obtaining and maintaining a license for the Facility

During the term of this Agreement and for three years following the termination of this Agreement the Company shall agree, upon just cause as determined by the Board of Selectmen or the Town Manager to have its financial records examined, and audited by an Independent Financial Auditor, the expense of which shall be borne by the Company. The Independent Financial Auditor shall review the Company's financial records for purposes of determining that the Annual Payments are in compliance with the terms of this Agreement. Such examination shall be made not less than thirty (30) days following written notice from the Town of Winchendon 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 the 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.

3. Local Vendors and Employment

To the extent such practice and its implementation are consistent with best business practices, and compliant 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 proposed Adult Use Cultivation and Manufacturing Establishment when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire Town of Winchendon residents.

4. Local Taxes

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 landlord and neither the Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit or agricultural exemption or reduction with respect to such taxes.

Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by the Company is determined to be non-taxable or partially non-taxable, or (ii) if the value of such property is abated with the effect of reducing or eliminating the tax which would otherwise be paid

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 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 payment made by the Company under Section 2 of this Agreement.

5. Security

To the extent requested by the Town of Winchendon Police Department, and subject to the security and architectural review requirements of the CNB, or such other state licensing or monitoring authority, as the case may be, the Company shall work with the Town's Police Department in determining the placement of exterior security cameras.

The 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 proposed Adult Use Cultivation Establishment, and with regard to any anti-diversion procedures.

To the extent requested by the Town of Winchendon's Police Department, the Company shall work with the Police Department to implement a comprehensive diversion prevention plan to prevent diversion, such plan to be in place prior to the commencement of operations at the Establishment.

6. Community Impact Hearing Concerns

The Company agrees to employ its best efforts to work collaboratively and cooperatively with its neighboring businesses and residents to establish written policies and procedures to address mitigation of any concerns or issues that may arise through its operation of the Facility, including, but not limited to any and all site specific concerns or issues raised at the Company's required Community Outreach Meeting relative to the operation of the Facility; said written policies and procedures, as may be amended from time to time, shall be reviewed and approved by the The Permit Granting Authority (Planning Board) and shall be incorporated herein by reference and made a part of this Agreement, the same as if each were fully set forth herein.

7. Additional Obligations

The obligations of the Company and the Town of Winchendon recited herein are specifically contingent upon the Company obtaining a license for operation of an Adult Use Marijuana Cultivation and Manufacturing Establishment in the Town of Winchendon, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate an Adult Use Marijuana Cultivation and Manufacturing Establishment in the Town of Winchendon.

This agreement does not affect, limit, or control the authority of Town of Winchendon 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 of Winchendon, or applicable regulations of those boards, commissions, and departments or to enforce said statutes, [Bylaws/Ordinances], and regulations. The Town of Winchendon, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for an Adult Use Marijuana Cultivation and Manufacturing Establishment to operate in the Town of Winchendon, or to refrain from enforcement action against the Company and/or its proposed Adult Use Marijuana Cultivation and Manufacturing Establishment for violation of the terms of said permits and approvals or said statutes, BYLAWS, and regulations.

8. Re-Opener/Review

The Company, as defined in 935 CMR 500.02, shall be required to provide to the Town of Winchendon notice and a copy of any other Host Community Agreement entered into for any establishment in which the Company, has any interest and which is licensed by the CNB as the same type of establishment as the entity governed by this agreement.

In the event the Company enters into a Host Community Agreement for an Adult Use Marijuana Cultivation and Manufacturing Establishment with another municipality in the Commonwealth that contains financial terms resulting in payments of a Community Impact Fee or other payments totaling a higher percentage of gross sales for the same type of establishment than the Company agrees to provide the Town of Winchendon pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the Town of Winchendon equivalent or superior to those provided to the other municipality.

9. Support

The Town of Winchendon agrees to submit to the CNB, or such other state licensing or monitoring authority, as the case may be, the required certifications relating to the Company's application for a license to operate the Facility where such compliance has been properly met, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any zoning application submitted for the Facility, in any particular way other than by the Town of Winchendon normal and regular course of conduct and in accordance with its rules and regulations and any statutory guidelines governing them.

10. Term

Except as expressly provided herein, this Agreement shall take effect on the date set forth above, and shall be applicable for as long as the Company operates an Adult Use Marijuana Cultivation and Manufacturing Establishment in the Town of Winchendon with the exception of the Community Impact Fee, which shall be subject to the five (5) year statutory limitations of G.L. c.94G, §3(d).

11. Successors/Assigns

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 from the Town of Winchendon, and shall not assign any of the monies payable under this Agreement, except by and with the written consent of the Town of Winchendon and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town of Winchendon. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town of Winchendon nor the Company shall assign, sublet, or otherwise transfer any interest in the Agreement without the written consent of the other.

Events deemed an assignment include, without limitation: (i) Company's final and adjudicated bankruptcy whether voluntary or involuntary; (ii) the Company's takeover or merger by or with any other entity; (iii) the Company's outright sale of assets and equity, majority stock sale to another organization or entity for which the Company does not maintain a controlling equity interest; (iv) or any other change in ownership or status of the Company; (v) any assignment for the benefit of creditors; and/or (vi) any other assignment not approved in advance in writing by the Town of Winchendon.

12. Notices

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, and 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.

To Town of Winchendon: 109 Front St. Winchendon MA 01475

To Licensee: 57 South Hunt Rd. Amesbury MA 01913

13. Severability

If any term of 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 the Town of Winchendon would be substantially or materially prejudiced. Further, the Company agrees that 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 of Winchendon in enforcing this Agreement.

14. Governing Law

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.

15. Entire Agreement

This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Company and the Town of Winchendon 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.

16. 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 signatories to the original Agreement, prior to the effective date of the amendment.

17. Headings:

The article, section, and/or paragraph headings in this Agreement are for convenience of reference only, and shall in no way affect, modify, define or be used in interpreting the text of this Agreement.

18. Counterparts

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.

19. Signatures.

Facsimile signatures affixed to this Agreement shall have the same weight and authority as an original signature.

20. No Joint Venture:

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 of Winchendon, or the Town of Winchendon and any other successor, affiliate or corporate entity as joint ventures or partners.

21. Nullity

This Agreement shall be null and void in the event that the Company does not locate an Adult Cultivation and Manufacturing Establishment in the Town of Winchendon or relocates the Adult Use Marijuana Cultivation and Manufacturing Establishment out of the Town of Winchendon, provided, however, that if the Company decides not to locate an Adult Use Cultivation Establishment in the Town of Winchendon. Further, in the case of any relocation out of the Town of Winchendon, the Company agrees that an adjustment of Annual Payments due to the Town of Winchendon hereunder shall be calculated based upon the period of occupation of the Adult Use Cultivation Establishment within the Town of Winchendon, but in no event shall the Town of Winchendon be responsible for the return of any funds provided to it by the Company.

22. Indemnification

The Company shall indemnify, defend, and hold the Town of Winchendon 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 of Winchendon, 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 of Winchendon, to reimburse the Town of Winchendon for any and all costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

23. Third-Parties

Nothing contained in this agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Town of Winchendon or the Company.

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

Town of Winchendon

CNA Stores, Inc.

Keith Hickey
Town Manager
On behalf of the
Town of Winchendon

Robert DiFazio

Robert DiFazio, CEO
on behalf of
CNA Stores, Inc.