

## HOST COMMUNITY AGREEMENT (HCA)

This Agreement entered into this the     day of October, 2016 by and between the CITY OF NEW BEDFORD, acting by and through its Mayor, with a principal address of 133 William Street, New Bedford, Massachusetts (hereinafter the "City") and ARL Healthcare, Inc., a Massachusetts nonprofit corporation, with a principal address of 193 Oak St. Suite 507, Newton, Massachusetts (hereinafter "Company").

WHEREAS, COMPANY wishes to locate a licensed medical marijuana cultivation and production center located at 167 John Vertente Blvd, New Bedford, MA 02745 (hereinafter the "Facility") in the City in accordance with the laws of the Commonwealth of Massachusetts and those of the City;

WHEREAS, COMPANY, notwithstanding any exempt status, intends to pay all local taxes attributable to its operation, including real estate taxes on the space within which it is located;

WHEREAS, COMPANY desires to be a responsible corporate citizen and contributing member of the business community of the City consistent with the City "New Bedford Works" policy, and in the event the contingencies noted below are met, intends to provide certain benefits to the City over and above the increased employment base and other typical economic development benefits attributable with similar new manufacturing concerns locating in the City; and

WHEREAS, the city believes that the COMPANY'S operation of a medical marijuana cultivation center at the Facility location, coupled with its various contributions to the City, as set forth herein, would advance the public good;

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged and for the mutual promises set forth below, the parties agree as follows:

1. **Host Community Payment.** In the event that COMPANY obtains a final Certificate of Registration for the operation of the Facility in the City by the Massachusetts Department of Public Health (hereinafter "DPH") and receives any and all necessary and required permits and licenses of the City, and at the expiration of any final appeal period related thereto said matter not being appealed further, which said permits and/or licenses allow COMPANY to locate, occupy and operate the Facility in the City, then COMPANY agrees to:

- a. For the first year of this Agreement after the issuance of a Certificate as called forth above, the COMPANY shall make a host community payment in an amount equal to \$25.00 per pound of "Usable Marijuana" (as defined by state law)(provided that only the weight of marijuana used in a Marijuana Infused Product (MIP) shall be counted towards this amount) produced at the Facility, as reported to DPH, or \$50,000.00, whichever is greater. Said payment shall be due on the June 30 following at least 12 months after the issuance of a Certificate.
- b. For the second year of this Agreement after the issuance of a Certificate as called forth above, the COMPANY shall make a host community payment in an amount

equal to \$25.00 per pound of Usable Marijuana produced at the Facility, as reported to DPH, or \$75,000.00, whichever is greater. Said payment shall be due in two installments to be made on December 31 and June 30 in the fiscal year following the first payment.

- c. For the third year of this Agreement after the issuance of a Certificate as called forth above, the COMPANY shall make a host community payment in an amount equal to \$25.00 per pound of Usable Marijuana produced at the Facility, as reported to DPH, or \$100,000.00, whichever is greater. Said payment shall be due in two installments to be made on December 31 and June 30 of that fiscal year.
- d. For each successive fiscal year of the agreement, payments shall be made as required in paragraph "c" above, with the minimum payment increased each year by the percentage increase, if any, during the preceding 12 month period beginning July 1, in the Consumer Price Index for all Urban Consumers-Boston SMSA, published by the Bureau of Labor Statistics. In no event shall the minimum payment called for herein be adjusted downward.
- e. The maximum yearly amount of a payment required herein shall not exceed \$300,000.00. Provided however, that said maximum yearly payment shall increase each year by the percentage increase, if any, during the preceding 12 month period beginning July 1, in the Consumer Price Index for all Urban Consumers-Boston SMSA, published by the Bureau of Labor Statistics. In no event shall the maximum payment called for herein be adjusted downward.
- f. The COMPANY shall, at least biannually, provide the City with copies of all reports submitted to DPH regarding cultivation and production at the Facility.

2. **Payments.** The COMPANY shall make the payments set forth in Paragraph 1, above, to the City of New Bedford. The parties understand and acknowledge that the City is under no obligation to use the foregoing payments in any particular manner.

3. **Other Payments.** COMPANY anticipates that it will make annual purchases of water, and sewer from all local government agencies. COMPANY will pay any and all fees associated with the local permitting of the Facility.

4. **Re-Opener/Review.** The City will revisit the total amount and allocation noted above every 48 months to ensure that the City's priorities are being met and COMPANY has fulfilled its commitment to City's satisfaction. In no event will the annual payment called forth herein be reduced as a result of this paragraph.

5. **Local Taxes.** Notwithstanding any exempt status as to property taxes, COMPANY agrees that at all times during the term of this Agreement, all local taxes, vehicle excise taxes, and real estate taxes for the property at which the Facility is operated will be paid by COMPANY or any other entity owning said property and in no event will COMPANY or the property owner seek or file for any exemption from paying said taxes.

6. **Community Support.** COMPANY will provide the following indirect support to the City:

- a. Local Vendors – To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, COMPANY will make every effort in a legal and non-discriminatory manner to give priority to local businesses and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility. COMPANY shall use good faith efforts to ensure that at least twenty percent (20%) of the vendors and/or contractors utilized by the Facility will be based in the City.
- b. Employment/Salaries - To the extent such practice and its implementation are consistent with federal, state, and municipal laws and regulations, COMPANY shall use good faith efforts to ensure that at least twenty percent (20%) of the employees of the Facility will be City residents.
- c. COMPANY shall provide the City with annual reports indicating the percentages of vendors and employees in accordance with paragraphs (a) and (b) above.
- d. The numbers called forth above are based upon the representations of COMPANY. The parties understand and acknowledge that the percentages listed in the preceding paragraphs (a) and (b) constitute a portion of the consideration for the City entering into the within Agreement. In the event that COMPANY fails to meet the percentages called for herein, the parties shall review the Agreement pursuant to Section 3 herein.

7. **Support.** The City agrees to submit to DPH a letter supporting the COMPANY'S application for a Certificate to operate the Facility. The City agrees to support COMPANY's application with DPH but makes no representation or promise that it will act on any other license or permit request in any particular way other than by the City's normal and regular course of conduct and in accordance with their rules and regulations and any statutory guidelines governing them. The City agrees to use best effort to work with COMPANY, if approved, to help advise COMPANY on their community support and employee outreach programs.

8. **Security.** COMPANY shall maintain security at the Facility at least in accordance the security plan presented to the City and approved by DPH. In addition, COMPANY shall at all times comply with all applicable laws and regulations regarding the operations of the Facility and the security thereof. Such compliance shall include, but will not be limited to: coordinating with the City regarding panic alarms; providing hours of operation; after-hours contact information and access to surveillance operations; and requiring dispensary agents to produce their Program ID Card to law enforcement upon request.

COMPANY shall promptly report the discovery of the following to City police within 24 hours: diversion of marijuana; unusual discrepancies identified during inventory, theft, loss and any criminal action; unusual discrepancy in weight or inventory during transportation; any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport; any

suspicious act involving the sale, cultivation, distribution, processing, or production of marijuana by any person; unauthorized destruction of marijuana; any loss or unauthorized alteration of records related to marijuana, registered qualifying patients, personal caregivers, or dispensary agents; an alarm activation or other event that requires response by public safety personnel; failure of any security alarm system due to a loss of electrical power or mechanical malfunction that is expected to last longer than eight hours; and any other breach of security.

8. **Term and Termination**. This Agreement shall take effect on the day above written, subject to the contingencies noted herein. This agreement shall continue in effect for so long as COMPANY operates the Facility or any similar facility within the City. In the event COMPANY no longer does business in the City or in any way loses or has its license revoked by the State, this agreement shall become null and void.

9. **Approvals**. The parties understand and acknowledge that the within agreement is subject to the approval of the New Bedford City Council and all rights and responsibilities contained herein are subject thereto.

10. **Governing Law**. This Agreement shall be governed in accordance with the laws of the Commonwealth of Massachusetts and venue for any dispute hereunder shall be in the courts of Bristol County.

11. **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.

12. **Severability**. If any term or condition of the Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by the 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.

13. **Successors/Assigns**. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the City nor COMPANY shall assign or transfer any interest in the Agreement without the written consent of the other.

14. **Entire Agreement**. This Agreement constitutes the entire integrated agreement between the parties with respect to the matters described. 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.

15. **Notices**. Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To City:	Mayor, City of New Bedford
	133 William Street
	New Bedford, MA 02740
	(508) 979-1410

Facsimile (508) 961-3078

With a copy to: City Solicitor, City of New Bedford

To Licensee: ARL Healthcare, Inc.  
193 Oak St. Suite 507  
Newton, MA 02464

With a copy to: Rita Glassman  
Upper Falls Law Office  
26 Ossipee Rd  
Newton, MA 02464

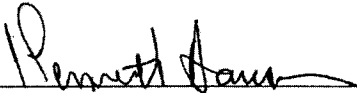
Notice shall be deemed given (a) two (2) business days after the date when it is deposited with the U.S. Post Office, if sent by first class or certified mail, (b) one (1) business day after the date when it is deposited with an overnight courier, if next business day delivery is required, (c) upon the date personal delivery is made, or (d) upon the date when it is sent by facsimile, if the sender receives a facsimile report confirming such delivery has been successful and the sender mails a copy of such notice to the other party by U.S. first-class mail on such date.

In witness whereof, the parties have hereafter set faith their hand as of the date first above written.

CITY OF NEW BEDFORD

ARL HEALTHCARE, INC.

\_\_\_\_\_  
Jonathan F. Mitchell  
Mayor

  
\_\_\_\_\_  
By: Kenneth Housman  
Its':President

COMMONWEALTH OF MASSACHUSETTS

BRISTOL, ss.

October , 2016

On this      day of October , before me, the undersigned Notary Public, personally appeared the above-named Jonathan F. Mitchell, proved to me by satisfactory evidence of identification, being (check whichever applies): ☐ driver's license or other state or federal governmental document bearing a photographic image, ☐ oath or affirmation of a credible witness known to me who knows the above signatory, or ☐ my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized Mayor of the City of New Bedford.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss

October 3,, 2016

On this 3rd day of October, before me, the undersigned Notary Public, personally appeared the above-named Kenneth Housman, proved to me by satisfactory evidence of identification, being (check whichever applies): ☐ driver's license or other state or federal governmental document bearing a photographic image, ☐ oath or affirmation of a credible witness known to me who knows the above signatory, or ☐ my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by him voluntarily for its stated purpose, as the duly authorized President of ARL Healthcare, Inc.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

