

HOST COMMUNITY AGREEMENT

Between Town of West Tisbury, Massachusetts and Patient Centric of Martha's Vineyard, Ltd.

This Host Community Agreement ("**Agreement**") is entered into this 23 day of October 2019 (the "**Execution Date**"), by and between the Town of West Tisbury, a Massachusetts municipal corporation duly organized under the laws of the Commonwealth, acting through its Board of Selectmen (the "**Selectmen**") with an address of 1059 State Road, PO Box 278, West Tisbury, Massachusetts 02575 (the "**Town**"), and Patient Centric of Martha's Vineyard, Ltd., a Massachusetts Domestic Business Corporation with a principal place of business of 90 Dr. Fisher Road, PO Box 1323, West Tisbury, Massachusetts 02575 ("**Patient Centric**" and, together with the Town, herein referred to as the "**Parties**").

WHEREAS, Patient Centric wishes to establish and operate a Marijuana Establishment ("**ME**"), including dispensing, cultivation processing, manufacturing, and retail of marijuana pursuant to G.L. c. 94G and 935 CMR 500.000, and any other successor agency, law, and/or regulations (the "**Regulations**"), for the adult use of marijuana in the Town in accordance with all the laws of the Commonwealth and Town; and

WHEREAS, Patient Centric will submit a license application to the Cannabis Control Commission (the "**CCC**") to operate a cultivation, processing and manufacturing facility at 90 Doctor Fisher Road, West Tisbury, Massachusetts (the "manufacturing facility") and a retail facility at 510 State Road, West Tisbury, Massachusetts (the "retail facility")(collectively the "Premises"). If Patient Centric receives a Final Certificate of Registration (the "**FCR**") from the CCC to operate a ME at the Premises, and receives all required local permits and approvals, Patient Centric will have the authority to operate a ME in the Town;

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

WHEREAS, the parties intend by this Agreement to satisfy the provisions of G.L.c.94G, § 3(d).

NOW THEREFORE, in consideration of the mutual promises and covenants set forth herein, and other good and valuable consideration, the Town and Patient Centric agree as follows:

1. Contingency. The obligations of Patient Centric and the Town recited herein are specifically contingent upon Patient Centric's commencement of operation of any of the ME facilities (manufacturing facility or retail facility).

2. Host Community Impact Fee. The Town anticipates it 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. Accordingly, in order to mitigate any such impacts upon the Town and use of Town resources, Patient Centric shall provide as a payment to the Town a community impact fee, the receipt of which shall be classified as General Funds under M.G.L. c. 44, § 53 (the "**Community Impact Fee**"). Patient Centric acknowledges and agrees that the Town is under no obligation to use the Community Impact Fee in any particular manner and while the purpose of these payments is to assist the Town in addressing impacts the ME may have on the Town, the Town may expend the Community Impact Fee at its sole and absolute discretion, as determined by the Board of Selectmen, subject to M.G.L. c. 44, § 53.

Notwithstanding any provision herein, the Community Impact Fee shall be reasonably related to the actual or anticipated costs imposed upon the Town as a result of the operation of the ME and shall amount to no more than three percent (3%) of the gross sales of the ME.

Patient Centric shall pay the Community Impact Fee to the Town as follows:

a. **Initial Payment:** Within 10 business days following receipt of a special permit from the Town to operate any aspect of the ME (the retail facility or any part of the manufacturing facility), Patient Centric shall pay the Town Twenty Thousand Dollars (\$20,000), which will thereafter be credited toward the first Annual Payment to be made pursuant to paragraph 2.b. herein.

b. **Annual Payments:** During each year following the anniversary of the commencement of retail sales at the Premises, Patient Centric shall pay the Town three percent (3%) of its gross sales revenues derived from the ME within 45 days following each anniversary following the commencement of sales at the Premises. "Gross sales" shall mean the total of all sales transactions on the Premises, whether wholesale or retail, and shall include but not be limited to all sales occurring at the retail facility, including the sale of marijuana and marijuana infused products sold at the retail facility.

To assess the three (3%) of Patient Centric's gross sales, Patient Centric shall furnish the Town with audited gross revenue for each sales year with each payment, reflecting gross sales figures for the ME in that given year. Upon request, Patient Centric shall provide the Town with the same access to its financial records as provided to the CCC.

c. All Community Impact Fee payments due hereunder by Patient Centric shall be payable to the Town of West Tisbury and delivered in a timely fashion to the Town Administrator.

d. The Community Impact Fee shall expire at the end of the five (5) year period beginning on the date the first Community Impact Fee is paid in full (i.e. 45 days following the fifth anniversary following the commencement of sales at the Premises). At the conclusion of each five (5) year period, the parties shall negotiate new Community Impact Fee payments in accordance with G.L. c. 94G, §3. Notwithstanding the foregoing, within forty five (45) days after the second annual Community Impact Fee is due, the Town will revisit the Community Impact Fee and decide whether any adjustment should be made to the Community Impact Fee due pursuant to clause 2(b) above for the subsequent three years.

3. Taxes. Patient Centric agrees that all real and personal property taxes owing for the properties at which the ME is located (inclusive of the manufacturing facility and retail facility) and limited to those taxes which are the responsibility of Patient Centric will be paid when due by Patient Centric. Patient Centric agrees not to object to or otherwise challenge the taxability of the real property where the ME is located, and shall pay all local, state and federal taxes as required to be paid by Patient Centric in accordance with applicable law, as now existing or as hereafter may from time to time be enacted, repealed or modified. Patient Centric shall not request any tax credits or subsidy from the Town for the ME, and shall not object or otherwise challenge the taxability of the ME.

4. Voluntary Contributions. Commencing upon the opening date of the ME (either the manufacturing facility or retail facility) Patient Centric intends to make annual voluntary contributions of no less than \$5,000 to an Island wide charitable, non-profit and community assistance organizations, subject to such organizations willingness to accept such funds. The Town shall approve in writing the non-profit recipient suggested by Patient Centric as recipients of these funds. In addition to the foregoing annual voluntary contributions to Island wide non-profit and community assistance organizations, and commencing upon the opening date of the ME (either the manufacturing facility or retail facility), Patient Centric intends to donate \$2,500 per year to a non-profit entity specializing in education on adult marijuana use for the purposes of marijuana education and prevention programs to promote safe, legal, and responsible use. The education programs shall be held on Martha's Vineyard. Prior to the selection of a non-profit entity program for this purpose, Patient Centric will review its intentions with the Town, acting through its Town Administrator, to ensure that the proposed programming is consistent with community needs and shall obtain written approval from the Town approving the non-profit to receive the donation and hold the educational programming on Martha's Vineyard. The foregoing Annual Donations (\$5,000 to an Island wide charitable, non-profit and community organization and \$2,500 for educational programming) shall not be considered part of the Community Impact Fee set forth in paragraph 2 herein and may be made annually beginning on the first anniversary following commencement of operations of any part of the Premises.

5. Termination. The term of this Agreement shall commence on the Execution Date. Upon the occurrence of any of the following, this Agreement shall be terminated pursuant to the provisions contained herein.

a. This Agreement shall terminate immediately if CCC revokes or fails to renew for any reason Patient Centric's FCR to operate the ME in the Town.

b. The Town may terminate this Agreement with cause by providing written notice to Patient Centric in the event that: (i) Patient Centric purposefully or with willful or gross negligence violated any laws of the Town or the Commonwealth with respect to the operation of the ME, and such violation remains uncured for 90 days following Patient Centric's receipt of notice of such violation; (ii) Patient Centric fails to make payments to the Town as required under this Agreement, and such failure remains uncured for 90 days following Patient Centric's receipt of notice of such violation; or (iii) any other material breach of the Agreement by Patient Centric, which material breach remains uncured for 90 days following Patient Centric's receipt of notice of such violation.

c. This Agreement shall terminate immediately if Patient Centric ceases to operate the ME in the Town.

In the case of any termination of this Agreement, an adjustment of funds due to the Town hereunder shall be calculated based upon the period of occupation of the ME in the Town, but in no event shall the Town be responsible for the return of any funds already provided to it by Patient Centric.

6. Diversion Plan. Patient Centric will comply with regulations as per 935 CMR 500.000. In cooperation with and to the extent requested by the Town's Police Department, and consistent with the Regulations, Patient Centric shall work with the Town's Police Department to implement a comprehensive diversion prevention plan to prevent diversion, a form of which plan is to be in place prior to the commencement of operation of any aspect of the ME by Patient Centric. Such plan shall include, but is not limited to, (i) training ME employees to be aware of, observe, and report any unusual behavior in visitors or other ME employees that may indicate the potential for diversion; (ii) strictly adhering to certification amounts and time periods (per the CCC Regulations and Guidelines) and adult use purchase limits as applicable; (iii) rigorous customer identification and verification procedure; (iv) utilizing seed-to-sale tracking software to closely track all inventory at the ME; and (v) refusing to complete a transaction if the customer appears to be under the influence of drugs or alcohol.

7. Security. Patient Centric shall comply with regulations as per the CCC's security regulations set forth in 935 CMR 500.110. To the extent requested by the Town's Police Department, Patient Centric shall consult with the Town's Police Department regarding the placement of interior and exterior security cameras at all locations of the ME (including both the manufacturing facility and the retail facility), at Patient Centric's sole expense. Patient Centric shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinities of the ME and with regard to any anti-diversion procedures. Patient Centric agrees that a key and lock system shall not be the sole means of controlling access to the ME. Patient Centric agrees to implement a method such as a keypad, electronic access card, or other similar method for controlling access to areas in which marijuana or marijuana products are kept in compliance with 935 CMR 500.110.

8. On-site Consumption. The consumption of marijuana on site of the ME operated by Patient Centric shall be prohibited at all times.

9. Local Boards. 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 of the ME to operate in the Town, or to refrain from enforcement action against Patient Centric and/or its ME facilities for violation of the terms of said permits and approvals or said statutes, Bylaws and regulations. Patient Centric 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 By-laws.

10. Hours of Operation. In no event shall any of the ME facilities open and/or operate earlier than 9 a.m. and in no event shall any of the ME facilities close and/or operate later than 7 p.m., except, however, during Daylight Savings Time, the ME facilities may stay open and/or operate until 8 p.m.

11. Notice. Any and all notices, consents, demands, requests, approvals, or other communications required or permitted under this Agreement shall be deemed to be received by the intended recipient (a) when delivered personally, (b) by the day following delivery to a nationally recognized overnight courier service with proof of delivery, or (c) five (5) days after mailing by certified mail, postage prepaid with return receipt requested. Notice to Patient Centric shall be delivered to the following address: Geoffrey Rose, President, 90 Dr. Fisher Road, PO Box 1323, West Tisbury, MA 02575, with copy to Vicente Sederberg LLP, 2 Seaport lane, Boston, MA 02210 Attn: Philip C. Silverman. Notice to the Town shall be delivered to the following address: Town Administrator, 1059 State Road, PO Box 278, West Tisbury, MA 02575, with copy to Reynolds, Rappaport, Kaplan & Hackney, LLC, PO Box 2540, Edgartown, MA 02539; Attn: Isabelle Lew.

12. Amendments. This Agreement may only be amended by a written document duly executed by both Parties.

13. Adult Use Marijuana Sales. The Parties acknowledge and agree that this Agreement is solely intended to govern the sale of adult use marijuana and that this Agreement does not authorize or govern the sale of marijuana for medical use.

14. Entire Agreement. This Agreement, including all documents incorporated herein by reference, constitutes the entire integrated agreement between the Town and Patient Centric 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. Can the financial terms be reviewed after 2 years?

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

16. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

17. No Rights in Third Parties. This Agreement is not intended to, nor shall it be construed to, create any rights in any third party.

18. Binding Effect. This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. Neither the Town nor Patient Centric shall assign, sublet or otherwise transfer any interest in the Agreement without the written consent of the other party. Patient Centric 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.

The above notwithstanding, the Town's consent shall not be required for the assignment of Patient Centric's rights and obligations under this Agreement to Patient Centric of Martha's Vineyard LLC so long as Patient Centric of Martha's Vineyard LLC consists of the same ownership and control at the time of transfer and thereafter and the Town is given written notice at the time of such assignment together with evidence satisfactory to the Town of such ownership and control.

19. Counterparts; Signatures. This Agreement may be signed in counterparts, each of which shall constitute an original and all of which shall constitute one and the same agreement. The Parties hereto and all third parties may rely upon copies of signatures to this Agreement to the same extent as manually signed original signatures.

20. Indemnification. Patient Centric agrees to indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, costs and expenses, including attorney's fees, arising from and or relating to the development of the Premises and or the operation of the ME.

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SIGANTURES FOLLOW]