

**TOWN OF AYER AND
PHARMASEED INC.**

HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 13th day of August, 2019 by and between Pharmaseed Inc., a Massachusetts corporation with a principal address of 4 New England Way (the "Company"), and the Town of Ayer, a Massachusetts municipal corporation with a principal address of 1 Main Street (the "Town"), acting by and through its Board of Selectmen in reliance upon all of the representations made herein.

WHEREAS, the Company wishes to locate a 28,000 square foot Marijuana Cultivator, and Marijuana Product Manufacturer for the cultivation, product manufacturing (including transportation), commercial production and distribution of marijuana for adult use (the "Establishment") at 4 New England Way and Map 17-Parcel 20 in accordance with and pursuant to applicable state laws and regulations, including, but not limited to G.L. c.94G and 935 CMR 500.00, and such approvals as may be issued by the Town in accordance with its Zoning Bylaw and other applicable local regulations; and

WHEREAS, the Town recognizes the Establishment may benefit the Town and its citizens through increased economic development, additional employment opportunities for residents, and a strengthened local tax base; and

WHEREAS, the Company anticipates that the Town will incur additional expenses and impacts on the Town's road and other infrastructure systems, law enforcement, fire protection services, inspectional services, permitting and consulting services and public health, as well as unforeseen impacts, both quantifiable and unquantifiable on the Town; and

WHEREAS, the Company intends to provide certain benefits to the Town in the event that it receives the requisite licenses from Cannabis Control Commission (the "CCC") or such other state licensing or monitoring authority, as the case may be, to operate the 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 the Establishment, such activities to be only done in accordance with the applicable state and local laws and regulations in the Town; and

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

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. Annual Payments

In the event that the Company obtains the requisite licenses and/or approvals as may be required for the operation of the Establishment, and receives any and all necessary and required permits and licenses of 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 Establishment 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 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. 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 pay an Annual Community Impact Fee in an amount equal to three percent (1%) of the wholesale value of marketable product produced by the cultivation and product manufacturing operations at the Establishment which are not sold directly to consumers on-site, but are distributed to other off-site marijuana establishments. Wholesale Value shall be determined by arms-length wholesale sales made by the Establishment during the year and shall include all marijuana, marijuana infused products, paraphernalia and any other products produced and sold by the Establishment.
2. The Annual Community Impact Fee shall be made in quarterly installments per the Town's fiscal year (July 1 - June 30). The Annual Community Impact Fee for the first year of operation shall be prorated based on the number of months the Establishment is in operation. The Establishment shall be deemed in operation six (6) months upon receipt of both an occupancy permit from the Building Commissioner and the issuance of a final license from the Cannabis Control Commission.
3. The Annual Community Impact Fee shall continue for a period of five (5) years from the date the Establishment commences operations. The Establishment shall be deemed in operation upon receipt of both an occupancy permit from the Building Commissioner and the issuance of a final License and approval to grow from the CCC. A minimum of 3 months prior to the conclusion of the five year term, the parties shall negotiate in good faith the terms of a new Annual Community Impact Fee 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 Annual 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.

4. 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.
5. Pursuant to M.G.L. c. 94G, §3(d), a “community impact fee shall be reasonably related to the costs imposed upon the municipality by the operation of the marijuana establishment...” Notwithstanding the foregoing, the Parties hereby acknowledge the difficulty in computing actual Town costs and agree that impacts may result in municipal budgetary increases that cannot be separately identified or precisely quantified. Consequently, the Company agrees that the payments due under this Agreement are reasonably related to Town costs and waives any claims to the contrary.

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. Establishment Consulting Fees and Costs: The Company shall reimburse the Town for any and all reasonable third-party consulting costs and fees related to any land use applications concerning the Establishment, negotiation of this and any other related agreements, and any review concerning the Establishment, 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 Establishment that may be required in addition to the Planning Board’s review under the Bylaw, for which reimbursement will be required pursuant to G.L. c.44 §53G.
3. Other Costs: The Company shall reimburse the Town for the actual costs incurred by the Town in connection with holding public meetings and forums substantially devoted to discussing the Establishment and/or reviewing the Establishment 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 its timely payment of all funds required under Section 1 of this Agreement. In the event that any such payments are not fully made with five (5)

days of the date they are due, the Company shall be required to pay the Town a late payment penalty equal to five percent (5%) of such required payments if the Company fails to cure the default within five (5) days following issuance of written notice from the Town of the default.

C. Annual Charitable/Non-Profit Contributions

The Company, in addition to any funds specified herein, shall annually contribute to public local charities/non-profit organizations in the Town, or a regional non-profit organization that directly benefits residents of the Town, in an amount of \$50,000 (Fifty thousand dollars), said charities/non-profit organizations to be determined by the Ayer Board of Selectmen with the approval of the Company in its reasonable discretion. The Annual Charitable Non/Profit Contribution shall be made annually beginning on the first anniversary following the commencement of sales at the Establishment, and shall continue for the term of this Agreement.

The parties hereby recognize and agree that any charitable/non-profit contributions to be paid by the Company shall not be deemed a community impact fee subject to the requirements or limitations set forth in G.L. c.94G, §3(d).

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

The Company shall submit an annual written report to the Town's Board of Selectmen within thirty (30) days after the payment of its fourth quarterly installment of the Annual Community Impact Fee with a certification of: (1) its annual sales; and (2) its compliance with all other requirements of this Agreement. During the term of this Agreement the Company shall agree, upon request of the Town, to appear before a meeting of Board of Selectmen to review compliance with the terms of this Agreement. Such meeting shall occur no later than thirty (30) days following written notice from the Town.

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 Certificate of Registration for the Establishment.

During the term of this Agreement, and for three (3) years following the termination of this Agreement, the Company shall agree, upon request of the Town, to have its financial records examined, copied 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 payment of its Annual Community Impact Fee 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 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.

2. Local Vendors and Employment

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 Establishment when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire Town residents and make reasonable efforts to utilize women-owned, minority-owned, and veteran-owned vendors within the Town. The Company's annual report to the Board of Selectmen shall include information concerning the number of Brewster residents employed at the Establishment.

3. 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.

4. 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, as the case may be, the Company shall work with Town's Police Department in reviewing and approving all security plans prior to implementation and commencement of operations.

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 Establishment and with regard to any anti-diversion procedures to ensure that marijuana and marijuana products are not being transferred to the illegal market or to minors. .

To the extent requested by the Town'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.

The Company shall promptly report the discovery of the following to Town Police within 24 hours of the Company becoming aware of such event: 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.

5. 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 Establishment, including, but not limited to any and all concerns or issues raised at the Company's required Community Outreach Meeting relative to the operation of the Establishment. Said written policies and procedures, as may be amended from time to time, shall be reviewed by the Board of Selectmen as part of its annual review of the Establishment and shall be incorporated herein by reference and made a part of this Agreement, the same as if each were fully set forth herein.

6. Additional Obligations

A. Permitting

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

B. Retained Authority of the Municipality

This agreement does not affect, limit, or control the authority of the 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 Establishment to operate in the Town, or to refrain from enforcement action against the Company and/or the Establishment for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

C. Annual Reporting

The Company shall file an annual report with the Board of Selectmen in connection with its annual financial submissions on July 31 of each year for purposes of reporting on compliance with each of the terms of this Agreement and shall, at the request of the Board of Selectmen, appear at a regularly scheduled meeting to discuss the Annual Report.

D. Annual Inspections

The Company agrees that it will voluntarily submit to a minimum of one annual inspections by the Police, Fire and Building Departments to ensure compliance with the terms of this Agreement and other local approvals. This provisions shall not preclude the municipality or any of its departments from conducting inspections at other times during the year to address enforcement matters.

E. Improvements to the Property

The Company shall make capital improvements to the property such that the property will match the look and feel of the Town and the surrounding parcels, and be of construction standards at least at the quality of other nearby businesses.

7. Electrical Usage and Renewable Energy Requirements

The Company shall (a) satisfy all minimum energy efficiency and equipment standards established by the Cannabis Control Commission and meet all applicable environmental laws, regulations, permits, and other applicable approvals; (b) adopt and use best management practices as determined by the Cannabis Control Commission to reduce energy usage and consumption and engage in energy conservation; and (c) ensure that lighting power densities for cultivation spaces does not exceed an average of 36 watts per gross square foot of active and growing canopy.

The Company shall report to the Board of Selectmen annually on its energy use and shall include in its annual report a summary of its ongoing strategies to further reduce electrical demand.

8. Water Consumption

The Company shall follow the CCC's Best Management Practices for Water Use. In addition the Company shall install water meters, conduct regular water audits to determine the amount and location of water use, and develop and implement a water savings strategy. The Company shall report to the Board of Selectmen annually on its water use, and shall include in its annual report a summary of its ongoing strategies to further reduce water use.

9. Waste and Waste Water Controls

The Company shall ensure that all recyclables and waste, including organic waste composed of or containing finished marijuana and marijuana products, shall be stored, secured, and managed in accordance with applicable state and local statutes, ordinances, and regulations and comply with the CCC's Waste Management Requirements.

The Company shall exclusively use organic or natural cultivation processes to limit the risk of cultivation-related pollutants and contaminants from being discharged into surface water and groundwater. Company shall utilize cultivation processes such as hand watering of plants and use of dehumidification systems to ensure that there is no wastewater discharged as part of the cultivation at the Facility. Company agrees to consult with the Ayer Department of Public Works regarding its cultivation methods and wastewater plan prior to commencing cultivation at the Establishment or in the event of a change of the Company's cultivation practices that may result in wastewater discharge at the Establishment. The Company shall comply with all reasonable requests of the Ayer Department of Public Works, including, but not limited to, testing requirements and tank holding requirements if necessary.

The Company will ensure that no fewer than two agents witness and document how the marijuana waste is disposed or otherwise handled (recycled, composted, etc.) in accordance with 935 CMR 500.105(12). When marijuana products or waste is disposed or handled, the Company will create and maintain a written or electronic record of the date, the type and quantity disposed or handled, the manner of disposal or other handling, the location of disposal or other handling, and the names of the two Company agents present during the disposal or other handling, with their signatures. The Company shall keep these records for at least three years.

10. Odor Control Technology

The Company shall ensure that odor from the Establishment is not released so as to constitute a nuisance to surrounding properties. The Company shall utilize a closed air system at the Establishment to not relive or introduce any outdoor air into the Establishment, nor allow any indoor air to escape. The Company shall employ odor control technology to remove odors and harmful volatile organic compounds (VOCs) from the Establishment. The Company shall ensure proper maintenance of all odor mitigation equipment to ensure maximum efficiency.

In the event the Town receives five or more complaints from citizens representing separate households within a two-week period with respect to odor impacts in relation to the operation of the Establishment, the Company shall be required to meet with the Board of Selectmen, which

may require that additional mitigation measures be taken, at the Company's sole expense, to address the specific nature of the complaints.

11. Re-Opener/Review

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

In the event the Company or any controlling person enters into a Host Community Agreement for a Marijuana Cultivator, Marijuana Product Manufacturer or Marijuana Transporter, either individually or as co-located uses, with another municipality located within 50 miles of the Town, and with a comparable size population, 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 pursuant to this Agreement, then the parties shall reopen this Agreement and negotiate an amendment resulting in financial benefits to the Town equivalent or superior to those provided to the other municipality. The re-negotiation of the Host Community Agreement under this provision would not preclude the Company from operating during the negotiation of the successor agreement, provided the Company is in full compliance with all other terms of this Agreement.

12. Municipal Support

The Town agrees to submit to the CCC, 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 Establishment 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 Establishment, in any particular way other than by the Town's normal and regular course of conduct and in accordance with its rules and regulations and any statutory guidelines governing them.

13. 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 the Establishment in the Town 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).

In the event the Company has not secured a final License from the CCC and all necessary local permits from the Town for adult use marijuana operations and commenced adult use marijuana operations at the Facility within two years from the date this Agreement takes effect, this Agreement shall expire and the Company shall be required to negotiate a new Host Community Agreement in order to operate the Facility within the Town. The Board of Selectmen, in its discretion, may agree to an extension of the two year expiration, for good cause, which shall

include the time required to pursue or await the determination of an appeal of the special permit or other legal proceeding.

14. 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, and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the Town. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives.

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.

15. 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: Robert A. Pontbriand, Town Manager|1 Main Street| Ayer, MA 01432

To Licensee: Pharmaseed Inc.| 4 New England Way| Ayer, MA 01432

16. 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 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 in enforcing this Agreement.

17. 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.

18. Entire Agreement

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.

19. 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.

20. 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.

21. 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.

22. Signatures.

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

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

24. Nullity

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

25. Indemnification


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 Establishment. 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.


26. 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 or the Company.

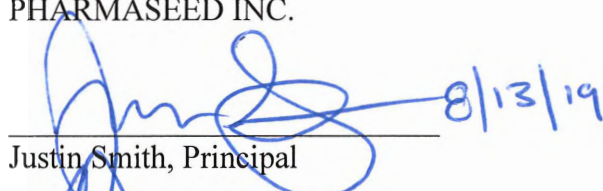
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

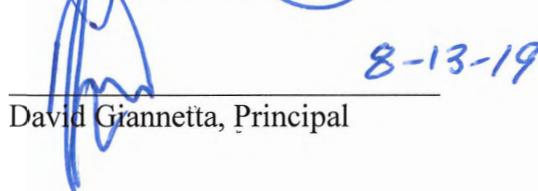
TOWN OF AYER


Scott A. Houde, Chairman


Jannice L. Livingston, Vice-Chair

PHARMASEED INC.

 8/13/19
Justin Smith, Principal

 8-13-19
David Giannetta, Principal