

SOLAR THERAPEUTICS INC HOST COMMUNITY AGREEMENT FOR THE SITING OF A DISPENSING FACILITY IN THE TOWN OF SOMERSET

This Agreement entered into this 29th day of March, 2018 by and between the Town of Somerset, acting by and through its Town Administrator with a principal address of 140 Wood Street Somerset, MA 02726 (hereinafter the "**Municipality**") and Solar Therapeutics Inc. a Massachusetts not-for-profit corporation with a principal office address of 2 Seaport Lane, 11th Floor, Boston, MA 02210 (hereinafter "**Company**").

RECITALS

WHEREAS, Company wishes to locate a licensed medical marijuana dispensing, cultivation, and processing facility located at 1400 Brayton Point Rd (hereinafter the "**Facility**") in the Municipality in accordance with the laws of the Commonwealth of Massachusetts and those of the Municipality;

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 Municipality, and in the event the contingencies noted below are met, intends to provide certain benefits to the Municipality over and above typical economic development benefits attributable with similar new manufacturing and retail concerns locating in the Municipality; and

WHEREAS, the Municipality believes that the Company's operation of a medical marijuana dispensing facility at the Facility location, coupled with its contributions to the Municipality, 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:

AGREEMENT

1. **Community Impact Fee.** In the event that Company obtains a Final Certificate of Registration, or its equivalent, for the operation of the Facility in the Municipality from the Massachusetts Department of Public Health, the Cannabis Control Commission, or such other state licensing authority (hereinafter "**Licensing Authority**"), as the case may be, and receives any and all necessary and required permits and licenses of the Municipality, 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 Municipality, then Company agrees to the following:
 - a. The Company shall make an annual Community Impact Fee payment of **3 percent 3% of the gross sales of the Facility to the Municipality** (the "**Annual Payment**")

for a period of five (5) years. The initial Annual Payment shall be due twelve (12) months after the issuance of a Final Certificate of Registration or its equivalent (the “**Initial Payment**”), and each subsequent Annual Payment shall be due on the anniversary date of the Initial Payment.

- b. Said Community Impact Fee may be expended to mitigate impacts and additional expenses incurred by the Municipality reasonably related to operation of the Facility, including those for services required of the Town's Highway Department due to impacts on the Town's roads and other infrastructure, law enforcement services, fire protection services, water and sewer services, inspection and permitting services, impacts on aid and grant funding to the Town, impacts on public health and other unforeseen impacts to the community.
2. **Payments.** The Company shall make the payments set forth in Section 1 of this Agreement made payable to the Municipality. The parties understand and acknowledge that the Municipality is under no obligation to use the payments described in Section 1(a) above in any particular manner, provided, however, that the payments are reasonably related to the costs imposed upon the Municipality by the operation of the Facility.
 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. **Review.** The Municipality and the Company will review the Annual Payment every twelve (12) months to ensure that the Annual Payment is reasonably related to the costs imposed upon the Municipality by the operation of the Facility.
 5. **Local Taxes.** At all times during the Term of this Agreement, property, both real and personal, owned or operated by Company shall be treated as taxable, and all applicable real estate and personal property taxes for that property shall be paid either directly by Company or by its landlord, and neither Company nor its landlord shall object or otherwise challenge the taxability of such property and shall not seek a non-profit exemption from paying such taxes.
 6. **Community Support and Additional Obligations.**
 - 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 fifty percent (50%) of the vendors and/or contractors utilized by the Facility will be based in the Municipality.

- b. The Company, in addition to any funds specified herein, shall annually contribute to public local charities in the City an amount no less than **Ten Thousand Dollars (\$10,000.00)**, said charities to be determined by the Company in its reasonable discretion.
 - c. Employment/Salaries – except for senior management and 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 fifty percent (50%) of the employees of the Facility will be Municipality residents.
 - d. Company shall provide the Municipality with annual reports indicating the percentages of vendors and employees in accordance with paragraphs (a) and (b) above.
 - e. The Company shall, at least annually, provide the Municipality with copies of all reports submitted to the Licensing Authority regarding operations at the Facility.
 - f. The Company will work with the Municipality’s Health Department to ensure that all Company products are tested to the satisfaction of the Municipality.
 - g. The Company agrees to support the town’s passage of a 3% local option sales tax for cannabis products.
 - h. To the fullest extent permitted by law, no later than 90 days before the expiration of this Agreement the Company agrees to negotiate with the Municipality in good faith over a successor Host Community Agreement including provision for annual Community Impact Fee payments after the expiration of this Agreement.
7. **Support.** The Municipality agrees to submit to the Licensing Authority all documentation and information required by the Licensing Authority from the Municipality for the Company to obtain approval to operate a medical marijuana dispensing facility at the Facility. The Municipality agrees to support Company’s application with the Licensing Authority 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 Municipality’s normal and regular course of conduct and in accordance with their rules and regulations and any statutory guidelines governing them. The Municipality agrees to use best effort to work with Company, if approved, to help advise the 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 Municipality and approved by the Licensing Authority. 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: 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 as promptly as possible report the discovery of the following to Municipality's police department, but in no event later than twenty-four (24) hours after discovery: 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, distribution, and delivery 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.

9. **Approval of Manager.** If requested by the Municipality, Company shall provide to the Municipality, for review and approval, the name and relevant information, including but not limited to the information set forth in 105 CMR 725.030 and any other relevant regulations, of the person proposed to act as on-site manager of the Facility. The submittal shall include authorization to perform a criminal history (CORI) check. Municipality shall consider such request for approval within thirty days following submittal to determine, in consultation with the Chief of Police, if the person proposed is of suitable character to act as on-site manager. Such approval shall not be unreasonably denied, conditioned or delayed. In the event that Municipality does not provide confirmation or rejection of the proposed on-site manager within thirty days, that manager shall be deemed approved by Municipality. This approval process shall also apply to any change of on-site manager and shall not preclude the review and approval of any other personnel as required by 105 C.M.R. 725.030 or other applicable law, by-law, or regulation.
10. **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 or five (5) years from the date of this Agreement. In the event Company no longer does business in the Municipality or in any way loses or has its license revoked by the State, this Agreement shall become null and void. The Municipality may terminate this Agreement at any time. Company shall not be required to cease operations at the termination of this Agreement, unless otherwise required to do so by applicable law, by-law or regulation.
11. **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.

12. **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.
13. **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.
14. **Successors/Assigns.** This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Municipality nor Company shall assign or transfer any interest in the Agreement without the written consent of the other.
15. **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.
16. **Notices.** Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To Municipality: Town of Somerset
 Town Administrator
 140 Wood Street
 Somerset, MA 02726

To Licensee: Solar Therapeutics, Inc.
 2 Seaport Lane
 Boston, MA 02210

Notice shall be deemed given (a) three (3) 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.

* * * SIGNATURES ON FOLLOWING PAGE * * *

IN WITNESS WHEREOF, the parties have hereafter set faith their hand as of the date first above written.

Town of Somerset

Solar Therapeutics Inc.



Richard M. Brown
Town Administrator

Edward F Dow III
Chief Executive Officer