# Host Community Agreement Between

**Town of Halifax, Massachusetts and**

**Bud’s Goods & Provisions Corp.**

This Host Community Agreement (“HCA”) is made by and between the Town of Halifax, a Massachusetts municipal corporation with an address of 499 Plymouth Street, Halifax, MA 02338 (the “Town”), and Bud’s Goods & Provisions Corp., a Massachusetts corporation with a principal place of business of 12 Pennsylvania Ave Newton, MA (“Bud’s Goods”). The Town and Bud’s Goods collectively are referred to as the “Parties.”

WHEREAS, Bud’s Goods intends to develop an outdoor marijuana cultivation and 10,000 sq ft. processing facility (the "premises"), over various phases, upon 45 acres of real, improved property located on River Street in the Town of Halifax, Plymouth County, Massachusetts shown as “Site B” on the Plan attached hereto as Exhibit A (the “Premises”) for the purposes of operating as a marijuana cultivator and/or marijuana product manufacturer as those terms are defined by G. L. c. 94G, § 1.

WHEREAS, Bud’s Goods intends to submit an application to the Cannabis Control Commission (the “Commission”) for a license or licenses to operate as a marijuana cultivator and/or marijuana product manufacturer at the Premises (the "Licenses").

WHEREAS, the Commission issued final licensing regulations for the adult use of marijuana under 935 CMR 500.000 (the "Adult Use Regulations"), and the Commission’s licensing process allows the Town to provide a certification of confirmation (the "Commission Certification") that Bud’s Goods operation of the Facility at the Premises complies with the Adult Use Regulations and all local bylaws or ordinances ("Local Laws").

WHEREAS, the Parties have come to a stipulation of responsibilities relating to the establishing and operation of the Facility as provided by G. L. c. 94G, § 3 (the "Local Control Law"), as amended by Stat. 2017 c. 55, § 25.

NOW THEREFORE, in consideration of the mutual obligation set forth in this Agreement, Bud’s Goods offers and the Town accepts the following Agreement terms:

1. Bud’s Goods agrees that there will be no retail sales of any marijuana, marijuana infused products or marijuana accessories from the Premises. Retail sales of all marijuana cultivated and products manufactured on the Premises shall take place at other retail locations.
2. Provided that the Facility meets all Adult Use Regulations and Local Laws, the Town agrees to provide the Commission Certification to the Commission within 60 days of a request from the Commission, and to provide such other information as may be reasonably requested by the Commission in connection with Bud’s Goods applications for Licenses at the Premises and to cooperate in good faith in the Commission licensing process.
3. Bud’s Goods agrees that:
	1. for the first five (5) years after Bud’s Goods commences marijuana sales from the Premises under the Licenses (the "CIF Period"), with respect to any wholesale sales of marijuana or Marijuana Infused Products ("MIPs") from the Premises, Bud’s Goods shall provide annual community impact funding ("CIF") in the amount of 3 percent (3%) of Gross Wholesale Sales of marijuana, including wholesale sales of marijuana cultivated at the Premises and marijuana cultivated at or obtained from other marijuana establishments, and Gross Wholesale Sales of MIPs processed from marijuana either cultivated at the Premises or cultivated at or obtained from other marijuana establishments; provided, that for any wholesale sales, delivery or distribution of marijuana or MIPs from the Facility to another wholesale or retail establishment owned or operated by Bud’s Goods or any affiliate of Bud’s Goods ("Close Transactions"), the Gross Wholesale Sales value attributable to such Close Transactions shall be assigned a commercially reasonable fair market value as accepted in writing by the Town and will be included in the CIF. The term "Gross Wholesale Sales" as used herein shall mean total sales at invoice values, not reduced by customer discount, returns or allowances, or other adjustments.
	2. after expiration of the CIF Period and for so long as this HCA continues in effect, with respect to any wholesale sales of MIP's from the Premises, Bud’s Goods shall provide annual community prosperity funding ("CPF") in the amount of 3 percent (3%) of Gross Wholesale Sales of marijuana, including wholesale sales of marijuana cultivated at the Premises and marijuana cultivated at or obtained from other marijuana establishments, and Gross Wholesale Sales of MIPs processed from marijuana either cultivated at the Premises or cultivated at or obtained from other marijuana establishments; provided, that for any Close Transactions, the Gross Wholesale Sales value attributable to such Close Transactions shall be assigned a commercially reasonable fair market value as accepted in writing by the Town and will be included in the CPF.
	3. At all times, Bud’s Goods retains documentation on all sales (including wholesale sales and other sales), deliveries and distributions from the Premises, including wholesale sales to any other operation or location owned by Bud’s Goods, and on the data used to calculate the commercially reasonable market prices for such wholesale sales. Bud’s Goods shall provide such documentation to the Town immediately upon request.
	4. In the event Bud’s Goods’ obligation to provide CIF funding or CPF funding to the Town under this HCA is determined to be unenforceable or stricken either mutually by the Parties or by a court of competent jurisdiction after all periods of appeal have lapsed, then Bud’s Goods and the Town will negotiate in good faith an amendment to the HCA or a new HCA containing provisions, including community funding provisions, substantially similar to the terms contained in this HCA within ninety (90) days following such agreement or determination.
	5. Notwithstanding the terms of the Local Control Law or the Adult Use Regulations, Bud’s Goods shall not take any action ("Action") to seek a determination from any regulatory authority or a decision from any state or Federal court seeking to enjoin, strike, limit or otherwise render moot its obligation to provide CIF and/or CPF funding under this HCA. Bud’s Goods acknowledges that but for its agreement to provide CIF and CPF funding hereunder, the Town would not have entered into this HCA; thus, (i) in the event of any Action taken by Bud’s Goods arising from or related to this HCA, the Town shall be entitled to recover from Bud’s Goods all reasonable costs incurred, including court costs, attorneys fees, and all other related expenses incurred in such Action notwithstanding which Party prevails in the Action, and (ii) in the event the Town commences an action to collect ("Collection Action") CIF and/or CPF funding due, the Town shall be entitled to recover from Bud’s Goods all reasonable costs incurred, including court costs, attorneys fees, and all other related expenses incurred in such Collection Action provided it prevails in the Collection Action.
	6. The Parties agree that the amount of CIF and CPF to be provided to the Town under this HCA is reasonably related to real costs to be imposed on the municipality due to the Facility operating in Town.
4. So that town may ensure the accuracy of CIF and CPF due, Bud’s Goods will furnish the Town with the following reports:
* Within 120 days after the end of each fiscal year, a balance sheet, a statement of income and expense for such year and a statement of changes in financial position, all in form and in detail satisfactory to the Town, with an audit level report thereon by a certified public accountant reasonably satisfactory to the Town.
* Within 30 days after the end of each fiscal quarter management prepared income statements consisting of a balance sheet, statement of income and expense, profit and loss for the quarter and year to date.

All such reports must be in form and substance satisfactory to the Town, and in reasonable detail, in accordance with generally accepted accounting principles consistently applied and certified as complete and accurate by Bud’s Goods. Bud’s Goods will also provide, promptly, such other information concerning Bud’s Goods as the Town may request from time to time.

1. CIF and CPF required by the terms of Paragraph 3 shall be paid by Bud’s Goods on a quarterly basis, following the first date of sale of marijuana cultivated or MIP's processed (the "Sales Commencement Date") at the Facility. The initial payment to the Town shall be made on the fifteenth day of the fourth month after the Sales Commencement Date (the "Initial Payment Date"), and shall reflect gross sales from the Facility for the first three (3) months of operation at the Facility; thereafter, CIF or CPF shall be provided every three (3) months, and shall reflect the subsequent three (3) months gross sales from the Facility.
2. Bud’s Goods will make a one-time payment to the Town in sum of $100,000 within one week of the Sales Commencement Date, and the Town shall credit Bud’s Goods $100,000 towards its initial CIF payment.
3. Bud’s Goods will provide written notice to the Town at least thirty (30) days in advance of the anticipated Sales Commencement Date, and thereafter shall provide written notice to the Town of the actual date of its first sale from the Facility.
4. In the event Bud’s Goods enters into an HCA with another municipality in the Commonwealth of Massachusetts that contains financial terms more favorable for cultivation and/or manufacturing than the financial terms contained in this HCA, then the Parties agree that this HCA shall be amended so as to result in its financial terms being equally favorable to Town as those contained in the other municipality's HCA Bud’s Goods represents and warrants to the Town that it is not presently under an HCA with another Massachusetts municipality providing more favorable financial terms for cultivation and/or manufacturing.
5. The Town may use the community impact funding in its sole discretion, consistent with the purpose of this Agreement.
6. At all times during the terms of this HCA, all property on and about the Premises, both real and personal, owned or operated, used or occupied, by Bud’s Goods, shall be assessed by the Town as taxable property. All applicable real estate and personal property taxes for the property shall be paid either directly by Bud’s Goods or by its landlord, and Bud’s Goods shall not object or otherwise challenge the taxability of any such property, and shall neither seek nor claim manufacturing treatment or classification of the Facility under Chapter 59 or agricultural and/or horticultural treatment or classification of the Premises under Chapter 61A of the Massachusetts General Laws. Notwithstanding the foregoing, (i) if real or personal property owned or operated by Bud’s Goods is determined to be non-taxable, or (ii) if the value of such property is abated with the effect of reducing or eliminating the tax that would otherwise be paid if assessed at fair cash value as defined in G.L. c.59, §38, or (iii) if the value of such property is treated as agricultural or horticultural under said Chapter 61A, or (iv) if Bud’s Goods 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 Bud’s Goods 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, exemption, or agricultural/horticultural treatment (the "Equalization Payment"). This Equalization Payment shall be in addition to the CIF or CPF provided by Bud’s Goods under Section 3 of this Agreement.

1. Bud’s Goods agrees that it shall observe high security practices and implement enhanced policies and standards for monitoring the Premises and safeguarding the Premises from break-in and other intrusion, and theft of its inventory, raw marijuana product and MIPs. Bud’s Goods shall work with the Halifax Police Department in determining the scope and level of security measures taken on and about the Premises and Facility, including but not limited to a traffic management plan, the location of exterior security cameras to provide unobstructed surveillance of the entire Premises, fencing, Facility security, identification of dispensary agents and other employees, and after hours contact information. Bud’s Goods will maintain a cooperative relationship with the Halifax Police Department to ensure the Premises is safeguarded as aforesaid, including but not limited to periodic meetings to review operational concerns, cooperation in investigations, and reporting to the Halifax Police Department of any suspicious activities on the Premises.
2. Bud’s Goods shall give hiring preferences to residents of the Town who otherwise meet the qualifications for employment at the Facility. In addition, Bud’s Goods will work in a good faith, legal and non-discriminatory manner to hire local vendors, suppliers, contractors and builders from the Halifax area where possible.
3. This HCA and all of the obligations of the Parties hereunder shall continue in full force and effect until such time as: (a) the Town notifies Bud’s Goods of the Town's termination of the HCA, notice of which termination shall be provided in writing not less than ninety (90) days in advance of the effective date of termination or (b) Bud’s Goods ceases to operate the Facility in the Town.
4. Amendments to the terms of this HCA may be made only by written agreement of the Parties.
5. This HCA is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor Bud’s Goods shall assign or transfer any interest in the HCA without the written consent of the other, such agreement not to be unreasonably withheld.
6. Bud’s Goods agrees to comply with all state and local laws, bylaws, rules, regulations and orders applicable to the licensing and operation of the Facility on the Premises, such provisions being incorporated herein by reference. Bud’s Goods

shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of renovation or construction of the Premises.

1. Any and all notices, or other communications required or permitted under this HCA, 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, to the Parties at the addresses set forth on Page 1 or furnished from time to time in writing hereafter by one party to the other party, and in the case of Bud’s Goods to:

Alexander Mazin

CEO/President

Bud’s Goods & Provisions Corp.

8 Parkland Rd.

Needham, MA 02494

phone: 774-239-2200

alex@budsgoods.com

and in the case of the Town to:

Larry Mayo, Esq.

Attorney Lawrence P. Mayo, P.C. 80 Washington Square, Unit C20 Norwell, MA 02061

Tel. 781.261.9914 / Fax 781.261.9670

Email: LPM@mayolaw.net

Any such notice or correspondence 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.

1. If any term or condition of this HCA 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 HCA shall not be deemed affected thereby unless one or both parties would be substantially or materially prejudiced.
2. This HCA shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.
3. This HCA may be signed in multiple 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 machine copies of signatures to this HCA to the same extent as manually signed original signatures.

Host Community Agreement between Town of Halifax, Massachusetts and Bud’s Goods & Provisions Corp.

Dated this \_ day of , 2019.

## BOARD OF SELECTMEN

Troy Garron, Chair

Thomas Millias, Vice Chair

Gordon C, Andrews, Clerk

## BUD’S GOODS & PROVISIONS CORP.

ALEXANDER MAZIN, CEO/PRESIDENT