

TOWN OF AMHERST AND
RISE HOLDINGS, INC.

HOST COMMUNITY AGREEMENT

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 29 day of November, 2018 by and between RISE HOLDINGS, INC., a Massachusetts for profit corporation and any successor in interest with a principal office address of 169 Meadow Street, Amherst, Massachusetts ("the Company"), and the Town of Amherst, a Massachusetts municipal corporation with a principal address of 4 Boltwood Avenue, Amherst, MA ("the Town"), acting by and through its Town Manager.

WHEREAS, the Company wishes to locate a Recreational Marijuana Retailer (the "RMR") for the recreational dispensing of cannabis in an approximately 2,500 square foot space of an approximately 6,500 square foot building located at 169 Meadow Street (the "Facility"), in accordance with and pursuant to applicable state laws and regulations, including, but not limited to 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 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 RMR and receives all required local permits and approvals from the Town;

WHEREAS, the parties intend by this Agreement to satisfy the provisions of M.G.L. c. 94G, § 3(d), applicable to the operation of RMRs, such activities to be only done in accordance with the applicable state and local laws and regulations in the Town;

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. Recitals

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

2. Annual Payments

In the event that the Company obtains the requisite licenses and/or approvals as may be required for the operation of an RMR, 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 Recreational Marijuana Dispensary in the Town, and the Company actually begins operations in the Town, then the Company agrees to provide the following Annual Payments, provided, however, that if the Company fails to secure any such other license and/or

approval as may be required, or any of the required municipal approvals, the Company shall reimburse the Town for its costs associated with the negotiation of this Agreement:

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, permitting services, administrative services, and public health services, as well as additional, 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 annually pay an Annual Community Impact Fee in an amount equal to three percent (3%) of gross revenue from marijuana and marijuana product sales, as defined in 935 CMR 500, at the RMR.
2. The Annual Community Impact Fee shall be made quarterly each calendar year on the 1st of January, April, July, and October beginning the first of such dates after the RMR begins sales, and shall continue for a period of 5 years or until a successor agreement is signed, whichever occurs first. In accordance with Section 11 of this Agreement, at the conclusion of each of the respective five year terms, the parties shall negotiate a new Annual Community Impact Fee; provided however, that the Annual Community Impact Fee shall not be reduced below the amount set forth above.
3. The Town shall use the above referenced payments in its sole discretion, but shall make a good faith effort to allocate said payments for road and other infrastructure systems, law enforcement, fire protection services, inspectional services, public health and addiction services, and permitting, administrative, and consulting services, as well as unforeseen impacts upon the Town.
4. The term "gross revenue" referenced above shall mean the total of all sales transactions of the Facility without limitation, whether wholesale or retail, and shall include but not be limited to all sales occurring at the Facility, including the sale of adult-use or recreational marijuana, marijuana infused products, paraphernalia, and any other products sold in person, delivered from, or mailed from the Facility. The term "gross revenue" shall not include sales made under the medical marijuana program, including medical marijuana, marijuana infused products for medical use, or any other products sold at the Facility under the medical marijuana program, which are covered by a separate agreement between the Company and the Town.

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

reasonable building permit 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. Facility Consulting Fees and Costs: The Company shall reimburse the Town for any and all reasonable consulting costs and fees related to any land use applications concerning the Facility, negotiation of this and any other related agreements, and any review concerning the Facility, 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 Facility.
3. Late Payment Penalty: The Company acknowledges that time is of the essence with respect to their timely payment of all funds required under Section 2 of this Agreement. In the event that any such payments are not fully made with ten (10) 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.

C. Annual Charitable/Non-Profit Contributions

In recognition of the unique demographic characteristics of the Town, including the fact that approximately 50% of the population of Amherst is under the age of 21, Amherst has the youngest median age in the Commonwealth, and the Town has approximately 5,000 new community members each year, the majority of whom are under 21 years old, the Company, in addition to any funds specified herein, shall annually contribute to public local charities/non-profit organizations in the Town an amount no less than \$20,000 for the purposes of marijuana education and prevention programs to promote safe, legal, and responsible use (the "Annual Donations."). The education programs shall be held in the Town. Prior to the selection of a non-profit entity program for this purpose, the Company will review its intentions with the Town, acting through its Town Manager, to ensure that the proposed programming is consistent with community needs. The Annual Donations shall not be considered part of the Community Impact Fee set forth in section 2.A. If no non-profit entity can offer the appropriate programming to the Town, the contribution shall be paid to the Town to hold in a restricted fund for release upon mutual and written agreement of the Company and Town once an eligible non-profit program is identified.

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

The Company shall notify the Town when the Company commences sales, pursuant to statute and regulations, at the RMR and shall submit annual financial statements to the Town on or before May 1 of each year, which shall include certification of its gross sales for the previous calendar year, and all other information and corroborating documentation required to ascertain compliance with the terms of this Agreement. 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 license for the Facility.

At the request of the Town, the Company shall also report on other aspects of the business, which may include, but are not limited to, the number of customers served, community service hours performed in Amherst by Company employees, contributions to local non-profit establishments, information about employee training and certifications, educational material provided to customers, the Company's sustainability efforts, and employment reports, including the number of local residents, women, minorities, veterans, people with prior marijuana related convictions, and people from areas of disproportionate impact, that are employed at the Company, as well as other reasonable requests from the Town, such as average wage and average length of employment.

During the term of this Agreement and for three 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 Town may, in its sole discretion, accept an audit of the Company's financial records which the Company has prepared as part of its normal course of operations. The Independent Financial Auditor shall review the Company's financial records for purposes of determining that the Annual Payments 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.

3. Community Support

If requested by the Town, the Company shall provide qualified staff to participate in Town-sponsored public health education programs, not to exceed four in any calendar year, and to work cooperatively with other Town departments not explicitly mentioned in the Agreement.

4. 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 Recreational Marijuana Dispensary when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire Town residents.

5. 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.

6. On-site Consumption

The Company agrees that, even if permitted by statute or regulation, it will prohibit on-site consumption of marijuana and marijuana-infused products at the RMR.

7. Security

To the extent requested by the Town's Chief of Police, 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 the Town's Chief of Police in determining appropriate security measures including, but not limited to the number and location of interior and exterior cameras, lighting, and fencing.

The Company agrees to cooperate with the Police Department through its Chief of Police, 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 Recreational Marijuana Dispensary, and with regard to any anti-diversion procedures.

To the extent requested by the Town's Chief of Police, 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 maintain security at the RMR at least in accordance with the security plan presented to the Town and approved by the CCC, or such other state licensing or monitoring authority, as the case may be. In addition, the Company shall at all times comply with all applicable laws and regulations regarding the operations of the Retail Establishment 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 Agent Registration Card to law enforcement upon request.

The Company shall promptly report the discovery of the following occurrences within the Town to the Town's Police Department within twenty-four (24) hours of the Company becoming aware of such event: diversion of marijuana; 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, 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. Additional Obligations

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

This agreement does not affect, limit, or control the authority of Town boards, committees, 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, committees, 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 a Recreational Marijuana Dispensary to operate in the Town, or to refrain from enforcement action against the Company and/or its Recreational Marijuana Dispensary for violation of the terms of said permits and approvals or said statutes, bylaws, and regulations.

If requested by the Town, the Company shall make the on-site manager available to appear before an appropriate Town-designated body.

9. 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 Town 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 an RMR with another municipality in the Commonwealth that contains financial terms that are superior to what 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.

10. 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 Facility 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 Facility, in any particular way other than by the Town normal and regular course of conduct and in accordance with its rules and regulations and any statutory guidelines governing them.

11. Term and Termination

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 a Recreational Marijuana Dispensary or any similar RMR in the Town, or five (5) years from the date of this Agreement, whichever is earlier. At the conclusion of the term of this Agreement, the parties shall renegotiate a new Host Community Agreement in accordance with the current prevailing regulations and laws as such regulations and laws may be amended or replaced. In the event the Company no longer does business in the Town or in any way loses or has its license revoked by the Commonwealth, this Agreement shall become null and void; however, the Company will be responsible for the prorated portion of the Community Impact Fee due under section 2.A above. The Town may terminate this Agreement at any time.

12. 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 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 and all such consent shall not be unreasonably withheld, delayed, or conditioned. This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. Neither the Town nor the Company shall assign, sublet, or otherwise transfer any interest in the Agreement without the written consent of the other, which shall not be unreasonably withheld, delayed, or conditioned.

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.

13. 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 the Town: Paul Bockelman, Town Manager
4 Boltwood Avenue
Amherst, MA 01002

To Licensee: RISE Holdings, Inc.
c/o Benjamin Kovler, Authorized Director
325 West Huron, Suite 320
Chicago, IL 60654

14. 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. Provided, however, that if any provision which is the same as, or similar to in purpose, intent or otherwise included in this Agreement has been found by a court of competent jurisdiction to be unenforceable, illegal, invalid or otherwise offensive, then the Company may, at its sole cost and expense, challenge said provision in this Agreement and the immediately preceding sentence prohibiting challenge shall not apply.

15. 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. The venue for any dispute hereunder shall be in the courts of Hampshire County.

16. 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.

17. 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.

18. 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.

19. 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.

20. Signatures.

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

21. 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.

22. Nullity

This Agreement shall be null and void in the event that the Company does not locate an RMR in the Town or relocates the RMR out of the Town, provided, however, that if the Company decides not to locate an RMR in the Town, the Company shall reimburse the Town for its legal fees and administrative costs associated with the negotiation of this Agreement. 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 RMR within the Town, but in no event shall the Town be responsible for the return of any funds provided to it by the Company. If, however, the RMR is relocated out of the Town prior to the second anniversary of the date of this Agreement, the Company shall pay to the Town as liquidated damages an amount equal to twenty-five thousand dollars (\$25,000) in consideration of the expenditure of resources by the Town in negotiating this agreement and preparing for impacts.

23. 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 Facility. 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 reasonable costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

24. 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.

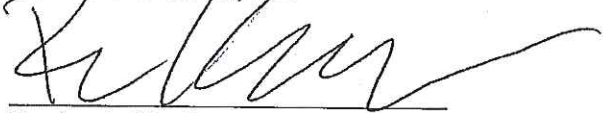
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

TOWN OF AMHERST



Paul Bockelman
Town Manager,
On behalf of the
Town of Amherst

RISE HOLDINGS, Inc.



Benjamin Kovler
Authorized Director
On behalf of RISE HOLDINGS, Inc.