

**BASK, INC.. HOST COMMUNITY AGREEMENT FOR THE SITING OF A
RECREATIONAL MARIJUANA ESTABLISHMENT IN THE TOWN OF FAIRHAVEN**

This Host Community Agreement (the "**Agreement**") is entered into this day of 28th Jan, 2019 (the "**Effective Date**") by and between the Town of Fairhaven acting by and through its Board of Selectmen, with a principal address of 40 Center Street, Fairhaven, MA -02719 (hereinafter the "**Municipality**") and Bask, Inc. with a principal office address of 2 Pequod Road, Fairhaven, MA 02719 (hereinafter "**Company**") (Municipality and Company, collectively the "**Parties**").

RECITALS

Whereas, Company intends to locate a licensed Recreational Marijuana Establishment ("**RME**") for the Cultivation, Product Manufacturing, Retail Sale and Transportation of marijuana in accordance with the laws of the Commonwealth of Massachusetts ("**MA Law**") and those of the Municipality ("**Local Law**");

Whereas, Company desires to provide community impact fee payments to the Municipality pursuant to M.G.L. c. 94G, § 3(d) in order to address any reasonable costs imposed upon the Municipality by Company's operations in the Municipality; and

Whereas, the Municipality supports Company's intention to operate a RME for the Cultivation, Product Manufacturing, Retail Sale and Transportation of marijuana and other uses of recreational marijuana in the Municipality.

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. Host Community Payments.

In the event that Company obtains all necessary approvals, for the operation of a RME in the Municipality from the Cannabis Control Commission ("CCC"), and receives all necessary approvals from the Municipality to operate a RME, then Company agrees to the following:

i. The Company shall make quarterly payments to the Municipality in the amount of Three percent (3%) of the previous quarterly sales of recreational marijuana and recreational marijuana products (collectively "**Recreational Marijuana**"), not including state and local sales taxes, at the Facility (the "**RME Payment**").

ii. The initial RME Payment shall be due by the end of the month following the close of the first calendar quarter (March 31, June 30, September 30, December 31) following the date that the Company begins retail sales of Recreational Marijuana in the Municipality (the "**Initial RME Payment**"). (For example, if the sale of Recreational Marijuana starts on February 12, the first payment will be due on April 30, and would be for the period February 12 to March 31.)

iii. Subsequent RME Payments shall be due by the end of the month following the close of each calendar quarter thereafter.

iv. Payments under this Agreement shall be in addition to, and not in lieu of, any other payments, including taxes, as required by law, or as required pursuant to the terms of any other agreement between the Company and the Municipality

2. Term and Termination:

(a) The Term of this Agreement shall be five (5) years from the Effective Date (the "**Term**"). This Agreement shall automatically terminate at the end of the Term.

(b) Early Termination:

In the event Company ceases all operations in the Municipality, this Agreement shall become null and void. In the event Company loses or has its license(s), approvals, and/or permits to operate in the Municipality revoked by the relevant Licensing Authority(ies) or the Municipality, and such loss or revocation has not been reinstated within applicable appeals periods, this Agreement shall become null and void, and the Company shall to cease operations.

(c) Termination by the Municipality:

This Agreement may be terminated by the municipality for cause upon default by the Company of any of the provisions hereof. In the event of default by the Company the Town shall give written notice to the Company specifying the nature of the default and indicating its intention to terminate the Agreement. If the Company fails to cure the default within ten (10) days of delivery of notice of default the Municipality may terminate this Agreement. Upon termination, the Company shall cease operations. Notice of termination shall be delivered by the Municipality to the Planning Board for the Municipality; and to the Cannabis Control Commission, and shall be recorded in the Bristol County (S.D.) Registry of Deeds, provided that

failure to provide or record such notice shall not impair the effectiveness of the termination of the Agreement.

(d) Post Termination Obligations

Upon termination of this Agreement all unpaid obligations, including payment of the RME Payment due for sales through the date of cessation of operations at the Facility shall be paid within ten (10) days of the date of termination. The obligations of the Company pursuant to Article 15 shall continue and survive, notwithstanding the termination of the Agreement. Termination of this Agreement shall not act to terminate the obligations of the Company pursuant to any laws, licenses, permits, or any other agreement to which the Company is subject or is a party.

3. Payments. The Company shall make the payments to the Municipality as set forth in Section 1 of this Agreement. While the Municipality has the sole discretion for determining how to spend the RME Payments (the "Payments"), the Municipality understands and acknowledges that, as required by M.G.L. c. 94G, § 3(d), the Payments shall be reasonably related to the costs imposed upon the Municipality by Company's operation of a RME in the Municipality. Furthermore, the Municipality understands and acknowledges that, pursuant to M.G.L. c. 94G, §3(d), any cost to the Municipality imposed by Company's operation of a RME in the Municipality shall be documented and considered a public record pursuant to MA Law.

4. Acknowledgements. The Municipality understands and acknowledges that Payments due pursuant to this Agreement are contingent upon the Company's receipt of all state and local approvals to operate a RME in the Municipality.

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 directly by Company as and when due, and Company shall not object or otherwise challenge the taxability of such property. Failure by the Company to pay any tax as and when due shall be a default under this Agreement.

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 shall use good faith efforts in a legal and non-discriminatory manner to give priority to qualified local businesses and vendors in the provision of goods and services called for in the construction, maintenance and continued operation of the Facility.

b. 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 in a legal and non-discriminatory manner to give priority to hire qualified residents of the Municipality as employees of the Facility.

c. The Company shall, at least annually, provide the Municipality with copies of all reports submitted to the Licensing Authority(ies) regarding Company's operations at the Facility.

d. The Company will work cooperatively with all necessary municipal departments, boards, commissions, and agencies ensure to that Company's operations are compliant with all of the Municipality's codes, rules, and regulations. The Company hereby authorizes the Municipality by its officers or agents to enter the Facility for the purpose of inspection upon reasonable notice and in accordance with all state regulations. For the purpose of this provision one hour notice shall be deemed reasonable. No advance notice shall be required in the case of an emergency resulting from a condition threatening the health or safety of any person.

7. **Support.** The Municipality agrees to submit to the required Licensing Authority(ies), including the CCC, all documentation and information required by the Licensing Authority(ies) from the Municipality for the Company to obtain approval to operate a RME at the Facility. The Municipality agrees to support Company's application(s) for a RME with the required Licensing Authority(ies) 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 codes, rules, and regulations and any statutory guidelines governing them. Failure by the Municipality, its officers or agents, to follow the normal or regular course of conduct, or to act in accordance with applicable laws or regulations shall not be actionable as a default under this Agreement. The sole remedy for such failure shall be the remedy or remedies otherwise provided to the Company by applicable law. Nothing in this Agreement shall require the Municipality to act, or to fail or refuse to act, in any way which violates state laws regarding marijuana. It shall not be a violation of this Agreement for the Municipality to act, or to fail or refuse to act, in a good faith effort to comply with state laws regarding marijuana, or to comply with the demands of a federal enforcement action

8. **Security.** Company shall maintain security at the Facility in accordance with a security plan presented to the Municipality and approved by the Licensing Authority(ies). In addition, Company shall at all times comply with MA Law and Local Law regarding security of the Facility.

9. **Governing Law.** This Agreement shall be governed and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts, without regard to the principals of conflicts of law thereof. Venue for any action arising from the terms of this contract, or

for any other action between the parties arising from or relating to the operation of an RME, shall be solely in the trial court for Bristol County.

10. Amendment/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 Parties, prior to the effective date of the amendment.

11. Severability/Change of Law. If any term or condition of this Agreement or any application thereof shall to any extent be held invalid, illegal or unenforceable by an agency or 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, provided that in the event such a ruling has the effect of reducing, eliminating, or delaying, in whole or in part, any of the payments due under Article 1, this Agreement shall be void unless otherwise agreed by the Parties in writing

12. Successors/Assigns. This Agreement is binding upon the Parties hereto, their successors, assigns and legal representatives. The Municipality shall not assign or transfer any interest or obligations in this Agreement without the prior written consent of the Company, which shall not be unreasonably delayed, conditioned, or withheld. The Company shall not assign or transfer any interest or obligation in this Agreement without the prior written consent of the Municipality, which shall not be unreasonably delayed, conditioned, or withheld.

13. 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.

14. General Obligations of Company: The Company shall comply with the requirements of all applicable laws and regulations of the Commonwealth and the Municipality, including the conditions of any license, permit, special permit or other authorization granted to the Company for the operation of an RME and activities related thereto. Failure by the Company to so comply shall be a default under this Agreement, and shall be grounds for termination in addition to such other sanctions as may apply under applicable laws and regulations.

15. Indemnity. The Company shall indemnify and hold harmless the Municipality from any and all claims for damages of any sort whatsoever, including claims of violation of state or federal law, and shall reimburse the Municipality for any damages, including fines or other charges recovered from, paid by or assessed against the Municipality, and for attorneys' fees and expenses, and all other costs incurred by the Municipality in defense of such claims, which claims whether in whole or in part, arise from or are related to the operation of the RME or this

Agreement.

16. Insurance

(a) The Company shall obtain and maintain general liability insurance coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually, and product liability insurance coverage for no less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, annually. The deductible for each policy shall be no higher than \$5,000 per occurrence.

(b) In the event that the Company documents an inability to obtain minimum liability insurance coverage as required by paragraph (a), above, with the approval of the Municipality acting in its sole discretion, the Company may place in escrow, under a form of escrow agreement satisfactory to the Municipality, a sum of no less than \$250,000 or such other amount approved by the Municipality, to be expended for coverage of liabilities.

(c) The escrow account required pursuant to paragraph (b), above, must be replenished within ten business days of any expenditure.

(d) Reports documenting compliance with paragraphs (a) – (c), above, in the form of certificates of insurance or bank statements shall be made annually, and as otherwise reasonably requested by the Municipality.

17. Notices. Except as otherwise provided herein, any notices given under this Agreement shall be addressed as follows:

To the Municipality:

Town of Fairhaven, Attn: Town Administrator
40 Center Street
Fairhaven, MA 02719

To the Company:

Bask, Inc.
2 Pequod Road
Fairhaven, MA 02719

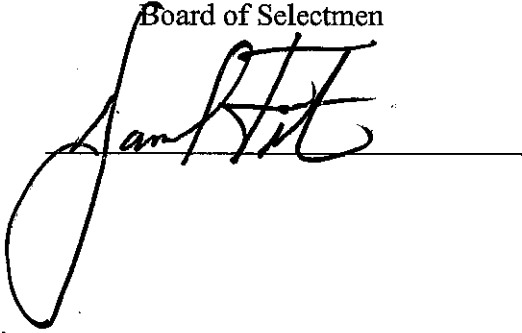
Notice shall be deemed given (a) two (2) business days after the date when it is deposited

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, or (d) upon the date when it is sent by facsimile, if the sender receives a facsimile report confirming such delivery has been successful and the sender mails a copy of such notice to the other party by U.S. first-class mail on such date.

***** SIGNATURE PAGE FOLLOWS *****

IN WITNESS WHEREOF, the Parties hereto have duly executed this Host Community Agreement on the date set forth above.

TOWN OF FAIRHAVEN, by
Name: Daniel Freitas
Title: Chairman , Fairhaven
Board of Selectmen

A handwritten signature in black ink, appearing to read "Daniel Freitas", written over a horizontal line.

BASK, INC., by
Name: Chapman R. Dickerson
Title: CEO

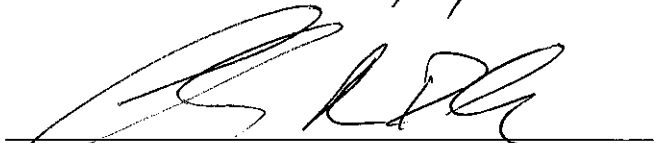
A handwritten signature in black ink, appearing to read "Chapman R. Dickerson", written over a horizontal line.

Host Community Agreement Certification Form

The applicant and contracting authority for the host community must complete each section of this form before uploading it to the application. Failure to complete a section will result in the application being deemed incomplete. Instructions to the applicant and/or municipality appear in italics. Please note that submission of information that is "misleading, incorrect, false, or fraudulent" is grounds for denial of an application for a license pursuant to 935 CMR 500.400(1).

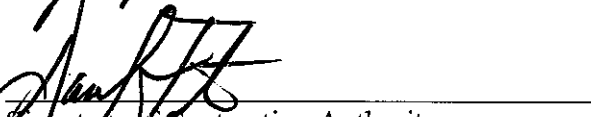
Applicant

I, Chapman R. Dickerson, (*insert name*) certify as an authorized representative of Bask, Inc. (*insert name of applicant*) that the applicant has executed a host community agreement with Fairhaven, MA (*insert name of host community*) pursuant to G.L.c. 94G § 3(d) on 1/24/2019 (*insert date*).


Signature of Authorized Representative of Applicant

Host Community

I, Daniel Trefts, (*insert name*) certify that I am the contracting authority or have been duly authorized by the contracting authority for Fairhaven, MA (*insert name of host community*) to certify that the applicant and Fairhaven, MA (*insert name of host community*) has executed a host community agreement pursuant to G.L.c. 94G § 3(d) on 1/28/19 (*insert date*).


Signature of Contracting Authority or
Authorized Representative of Host Community