HOST COMMUNITY AGREEMENT
FOR THE SITING OF A
MARIJUANA ESTABLISHMENT
IN THE CITY OF NORTHAMPTON

This Agreement (the "Agreement") entered into this 13th day of January, 2025, by and between the City of Northampton, acting by and through its Mayor, ~~with offices~~ at 210 Main Street, Northampton, Massachusetts 01060 ("the City"), and Palazzi, Incorporated, a Massachusetts corporation with a principal office address of 5 528 Bonny Rigg Hill Road, Becket, MA 01223 ("the Company").

WHEREAS, the Company wishes to continue operating a Marijuana Cultivator Microbusiness ("Marijuana Establishment") located at 131 Texas Road in the City; and

WHEREAS, this Host Community Agreement shall constitute the stipulations of responsibilities between the City and the Company pursuant to G. L. c. 94G, § 3, as amended, for the Company's Marijuana Establishment in the City; and

NOW THEREFORE, in consideration of the provisions of this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. **Host Community Fees.**

The City anticipates that, as a result of the Company's Marijuana Establishment, the City may incur additional expenses and impacts upon its road system, law enforcement, inspectional services, permitting services, administrative services and public health services, in addition to potential additional unforeseen impacts upon the City. Any community impact fee imposed by the City on the Company shall be reasonably related to the costs imposed upon the municipality by the operation of the Marijuana Establishment and shall not amount to more than 3 percent of the gross sales of the Marijuana Establishment or be effective after the eighth (8th) year of the Marijuana Establishment's operations in the City. Any cost to a city or town imposed by the operation of the Marijuana Establishment shall be documented and transmitted to the Company not later than one month after the anniversary of the date the final license to operate the Marijuana Establishment was received from the Massachusetts Cannabis Control Commission (the "CCC"). For the sake of clarity, the final Marijuana Retailer license for the Marijuana Establishment was received on May 12, 2022. All such documentation shall be considered a public record as defined by clause Twenty-sixth of section 7 of chapter 4. Nothing in this document shall be deemed to prohibit the Company from disputing any proposed impact fees assessed under this paragraph.

2. **Financial Records.**

If requested by the City, the Company shall provide the City 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

Commonwealth to obtain and maintain pursuant to its licenses to operate the Marijuana Establishment.

The Company shall maintain its books, financial records and any other data related to its finances and operations in accordance with standard accounting practices and any applicable regulations and guidelines promulgated by the CCC. All records shall be retained for a period of at least seven (7) years.

3. **Local Taxes and Generally Recurring Fees.**

a. 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.

b. The Company shall be subject to all recurring fees that are routinely charged by the City to non-cannabis businesses, which shall include water and sewer (to the extent that the location is served by municipal water and sewer), real estate and personal property taxes (including all surcharges), excise taxes, and d/b/a filing fees. The Company shall not be obligated to pay any recurring fees that are not routinely charged to non-cannabis businesses.

4. **Community Support and Additional Obligations.**

a. Local Vendors — To the extent permissible by law, the Company will make every effort in a legal and non-discriminatory manner to hire or contract with 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 Marijuana Establishment.

b. Employment — Except for senior management, and to the extent permissible by law, the Company shall use good faith efforts to hire City residents.

c. Cooperation with City Public Safety Departments – If requested by the City, Company shall work cooperatively with other City public safety departments not mentioned in the Agreement.

5. **Support.**

The City agrees to submit to the CCC, or such other state licensing or monitoring authority, as the case may be, certification of compliance with applicable local bylaws relating to the Company's application for a License as an Marijuana Establishment, where such compliance has been properly demonstrated, but makes no representation or promise that it will act on any other license or permit request, including, but not limited to any Special Permit or other zoning application submitted by the Company, in any particular way other than by the City's normal and regular course of conduct, subject to the statutes, rules, regulations and guidelines governing

them. The City agrees to use reasonable efforts to work with the Company, if approved, to help assist the Company with their community support and employee outreach programs.

This agreement does not affect, limit, or control the authority of City 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 subject to the statutes and regulations of the Commonwealth, the General and Zoning Ordinance of the City, or applicable regulations of those boards, commissions, and departments, or to enforce said statutes, ordinances, and regulations. The City, by entering into this Agreement, is not thereby required or obligated to issue such permits and approvals as may be necessary for the Marijuana Establishment to operate in the City, or to refrain from enforcement action against the Company for violation of the terms of said permits and approvals or said statutes, ordinances, and regulations.

6. <u>Security.</u>

a. Company shall maintain security at the location of the Marijuana Establishment at least in accordance with the security plan presented to the City 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 operation of the Marijuana 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 information.

b. To the extent requested by the City'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 the City's Police Department in determining the placement of exterior security cameras.

c. Company agrees to cooperate with the City's Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperate in investigations, and communications with the Police Department of any suspicious activities at or in the immediate vicinity of the Marijuana Establishment, and with regard to any anti-diversion procedures.

d. Company shall promptly report the discovery of the following occurrences within the City to the City's Police within twenty-four (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, manufacturing, 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.

7. **Effective Date, Term and Termination.**

This Agreement shall take effect on the date first stated above (the "Effective Date"). This agreement shall continue in effect for so long as the Company operates the Marijuana Establishment.

Regarding the imposition of community impact fees, this Agreement shall take effect on the date of commencement of operation of the Marijuana Establishment and shall continue until the Company ceases operation in the City or the 8-year anniversary of final licensure, whichever is earlier. For the avoidance of doubt, final licensure of Marijuana Cultivator Microbusiness in the City was issued on May 12, 2022, and therefore, no community impact fee shall be assessed after May 12, 2030.

8. **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 Hampshire County.

9. **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 duly authorized representatives of the Company and the City, prior to the effective date of the amendment.

10. **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 or the CCC, 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.

11. **Successors/Assigns.**

This Agreement is binding upon the parties hereto, their successors, assigns and legal representatives. 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 City, which shall not be unreasonably withheld, conditioned, or delayed, and shall not assign or obligate any of the monies payable under this Agreement, except by and with the written consent of the City.

12. **Headings.**

The article, section, and 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.

13. **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.

14. **Signatures.**

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

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, consents, demands, request, 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 will be effective upon receipt for hand or said delivery and three days after mailing, to the other Party at the following addresses:

To City:

Mayor Gina-Louise Sciarra
City Hall
210 Main Street
Northampton, MA 01060

To Company:

Anthony Palazzi, President and Treasurer
Palazzi, Incorporated
528 Bonny Rigg Hill Road
Becket, MA 01223

17. **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 City or the Company.

18. Location of Marijuana Establishment.

This Agreement shall be valid for the premises located at 131 Texas Road, Northampton, MA, and shall not be transferable to any other location without amendment of this Agreement in writing.

19. CCC Review.

The parties hereto acknowledge and agree that this Agreement must comply with M.G.L. c. 94G § 3(d) and 935 CMR 500.180, and this Agreement is subject to review and approval by the CCC. In the event that the CCC determines that this Agreement, or specific provisions of this Agreement, do not comply with 935 CMR 500.180, the parties shall work cooperatively and in good faith to amend this Agreement accordingly.

[SIGNATURE PAGES TO FOLLOW]

CITY OF NORTHAMPTON

By _____
Mayor Gina-Louise Sciarra

PALAZZI, INCORPORATED

By _____
Anthony Palazzi, President and Treasurer

COMMONWEALTH OF MASSACHUSETTS

On this 13th day of January, 2024, before me, the undersigned Notary Public, personally appeared the above-named Gina-Louise Sciarra, proved to me by satisfactory evidence of identification, being (check whichever applies): ☐ driver's license or other state or federal governmental document bearing a photographic image, ☐ oath or affirmation of a credible witness known to me who knows the above signatory, or ☑ my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed by her voluntarily for its stated purpose, as the duly authorized Mayor of the City of Northampton.

_____
Notary Public
My Commission Expires: March 21, 2025

ANNIE LYONS LESKO
Notary Public
COMMONWEALTH OF MASSACHUSETTS
My Commission Expires
March 21, 2025

COMMONWEALTH OF MASSACHUSETTS

On this 6th day of January, 2024, before me, the undersigned Notary Public, personally appeared the above-named Anthony Palazzi, proved to me by satisfactory evidence of identification, being (check whichever applies): ☑ driver's license or other state or federal governmental document bearing a photographic image, ☐ oath or affirmation of a credible witness known to me who knows the above signatory, or ☐ my own personal knowledge of the identity of the signatory, to be the person whose name is signed above, and acknowledged the foregoing to be signed voluntarily for its stated purpose, as the duly authorized President and Treasurer for Palazzi, Incorporated.

_____
Notary Public Adrienne L. Arnold
My Commission Expires: 08/21/2026

Adrienne L. Arnold
My Commission Expires
08/21/2026
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS