

# City of Boston and KG Collective LLC

## HOST COMMUNITY AGREEMENT

This Host Community Agreement (“Agreement”) is made and entered into on the 9<sup>th</sup> day of March 2021, by and between the City of Boston, Massachusetts (“City” or “Boston”) and KG Collective, LLC (“Company”) and (collectively the “Parties”).

WHEREAS, the Company wishes to operate as a Recreational Marijuana Retailer, by receipt of a license from the Commonwealth of Massachusetts’ Cannabis Control Commission (“CCC”) within the City, in accordance with 105 CMR 725 et seq. and 935 CMR 500.000 et seq.;

WHEREAS, The Parties understand and acknowledge that the Company intends to locate and operate as a Recreational Marijuana Retailer, at 1589 Columbus Avenue, Jamaica Plain, Massachusetts, 02119;

WHEREAS, the Company endeavors to function as a responsible corporate citizen and contributing member of the business community as it builds and sustains its business in the City;

NOW THEREFORE, in consideration of the provisions of this Agreement, the Company and the City agree to the following:

1. Definitions. As used in this agreement, terms shall have the following meaning:

- a. Marijuana Establishment means a Medical Marijuana Treatment Center, Registered Marijuana Dispensary, Marijuana Cultivator, Craft Marijuana Cooperative, Marijuana Product Manufacturer, Marijuana Retailer, Independent Testing Laboratory, Marijuana Research Facility, Marijuana Transporter, or any other type of licensed marijuana-related establishment seeking to conduct business within the City.
- b. Gross Sales Revenue means the total revenue actually derived from cultivation, manufacturing, processing and/or sales of marijuana and marijuana related products at the Marijuana Establishment.
- c. Calendar Year means a period of days running from January 1st until and through December 31st of the same year.
- d. Commencement Date means the date the Company commences sales at its Marijuana Establishment.

2. Payment. In the event that the Company obtains a license from the CCC for the operation of a Marijuana Establishment in the City and the Company receives any and all necessary and required permits and licenses issuable by the City, which said permits and/or licenses allow the

company to locate, occupy and operate the Marijuana Establishment, the Company shall pay the City the following amounts:

- a. The Company shall make quarterly payments equal to three percent (3%) of gross sales revenue within thirty (30) days of receipt of notification from the City. Notification shall be sent to the Company with a form to be completed that indicates the calculation used by the Company. This form must be returned with the corresponding payment. The initial quarterly payment will not be due until the Company has been in operation for a time greater than a full quarter; however, the calculation of the initial payment will include the first full quarter in addition to any earlier partial quarter. Payments should be sent to:

City of Boston Treasury  
P.O. Box 9715  
Boston, MA 02114

Additionally, the Company shall provide the City of Boston a copy of its audited financial statements, demonstrating gross sales revenue for the fiscal year. The financial statements must be received no later than April 30th of the subsequent year. If it is determined that additional funds are owed to the City, the Company must remit this payment within fifteen (15) days of notification.

- b. With regard to any year of operation for the Company which is not a full calendar year, the applicable Quarterly Payment shall be pro-rated accordingly.

3. Obligations of the City. The City shall work cooperatively and in good faith with the Company as the Company progresses through the City's permitting process.

This Agreement does not affect, limit, or control the authority of any City department, including boards and commissions, to carry out their respective duties in deciding whether to issue or deny any necessary local permits or licenses pursuant to state or local law, ordinance, or regulation and collect appropriate fees and fines related to local permits and licenses. By entering into this Agreement the City is not required to issue such permits or licenses.

All rights and obligations under this Agreement are expressly conditioned upon the Company's receipt of a Final License allowing for their operation of a Recreational Marijuana Retailer, within the City, and upon Company obtaining all local approvals. If Company fails to secure a Final License, or any of the required local approvals aforementioned, this Agreement shall be null and void.

4. 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 exemption from paying such taxes. Notwithstanding the foregoing, (i) if real or personal property owned, leased or operated by the Company is determined to be non-taxable or partially non-taxable, or (ii) if the value of such property is abated with the effect of reducing or eliminating the tax which would otherwise be paid if assessed at fair cash value as defined in G.L. c. 59, §38, or (iii) if the Company 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 the Company shall pay to the City 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 or exemption; this payment shall be in addition to the payment made by the Company under Section 2 of this Agreement. Nothing in this section shall in any way limit or prevent the Company from challenging the valuation of its property before the Board of Assessors or at the Appellate Tax Board. All taxes and charges owed to the City must be paid on a current basis. The City may place a lien on the property of any person who has an outstanding balance due the City from any fee, charge or tax, which balance is at least six (6) months past due.

5. Term and Termination. This agreement shall take effect on the above written date, subject to the contingencies noted herein. This agreement shall continue in effect for so long as the Company operates as a Recreational Marijuana Retailer within the City, or five (5) years from the commencement date, 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 prevailing regulations and laws as such regulations may be amended or replaced. If the Company seeks to change its business operations, including but not limited to the addition of delivery services, at this site the Company agrees to comply with the established City process relative to a cannabis related establishment, including but not limited to, notice to abutters, a community outreach meeting and City review process and, if approved, to renegotiate a new Host Community Agreement. In the event that the Company no longer does business in the City or in any way loses or has its license revoked by the Commonwealth and/or the Boston Cannabis Board, this agreement shall become null and void; however, the Company will be responsible for the pro-rated portion of the Quarterly Payment due as under section 2 above. In the event that the Company wishes to transfer ownership of the Company, any such proposed changes must be approved by the Boston Cannabis Board.

6. Appropriation. The purpose of this agreement is to assist the City in addressing the costs imposed upon the City by the operation of the Marijuana Establishment.

7. Security. The Company shall maintain security at the Marijuana Establishment in accordance with the security plan presented to the City and included as part of their application to the Cannabis Control Commission. Said security plan shall take into account the unique operational concerns particular to the Marijuana Establishment at the proposed location as well as all applicable laws and regulations.

8. Signage. The Company will limit signage for the Marijuana Establishment to the extent that such signage is inconsistent with applicable statutes and regulations, and to the extent that such



signage is inconsistent with the look and character of the surrounding area and/or injurious to the neighborhood.

9. Hours of Operation. The Company agrees to the following operating hours for the public: 11 a.m. – 8 p.m., unless otherwise changed by the Boston Cannabis Board. The Company agrees to not operate on legal holidays of the Commonwealth of Massachusetts, as established by the Secretary of State’s Office, or Suffolk County holidays. In the event that the Boston Cannabis Board (BCB) adopts any policy, rule or regulation governing the hours that Marijuana Establishments may operate in the City on certain Federal, State and Suffolk County holidays, this agreement shall be immediately amended to reflect such policy, rule or regulation.

10. To the extent that such a practice and its implementation are consistent with federal and state laws and regulations, the Company will work in a good faith, legal and nondiscriminatory manner to give reasonable preference in the hiring of employees for the site to qualified Boston residents. In addition, the Company shall endeavor to establish a diversity and inclusion plan aimed at creating increased opportunities for people of color, women, and M/WBEs to participate in the development of the site, including but not limited to, meaningful participation by people of color, women, and M/WBEs in the following professional fields: construction; design; development; financing; operations; and ownership.

A Minority Business Enterprise or “MBE” is a firm that is owned, operated, and controlled by one or more individuals who are African American, Hispanic American, Native American, or Asian American who have at least 51% ownership of the firm.

A Woman Business Enterprise or “WBE” is a firm that is owned, operated, and controlled by one or more women who has or have at least 51% ownership of the firm.

11. The terms of this Agreement will not constitute a waiver of the City’s regulatory authority or of the Company’s applicant responsibilities not otherwise addressed by this Agreement.

12. Events of Default. The Company shall be deemed to have committed an event of default if any of the following occur:

- a. The Company fails to obtain, and maintain in good standing, all necessary local licenses and permits for the Marijuana Establishment, provided that the Company is able to exercise all available rights and due-process for maintaining in good standing said licenses and permits;
- b. The Company ceases to operate as a Recreational Marijuana Retailer without notifying the City; and
- c. The Company fails to make payments to the City as required under this Agreement, and such failure remains uncured with reasonable written notice from the City for thirty (30) days.

13. In the event that the Cannabis Control Commission and/or the Boston Cannabis Board suspends or revokes the Company's license, the City may also declare an event of default and terminate this Agreement. The Company shall be required to pay any amounts due upon the termination date; such amount to be determined by the period of operation of the Marijuana Establishment within the city.

14. The City may terminate this Agreement upon the occurrence of any event of default, and in the event the Company fails to cure said default in a commercially reasonable time.

15. Termination for Cause. The City may terminate this Agreement for cause at any time by giving at least thirty (30) days' notice, in writing, to the Company. Cause is defined as the Company's violation of any applicable laws of the Commonwealth, or local ordinances and regulations, with respect to the operation of a Marijuana Establishment in the City of Boston. Notwithstanding the above, the Company shall not be relieved of liability to the City for damages sustained by the City for personal injury or property damage by virtue of any termination of the Agreement.

16. This Agreement is not intended to, nor shall it be construed to, create any rights in any third parties.

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. All legal disputes shall be resolved in the Courts of the Commonwealth of Massachusetts and the Company submits to the jurisdiction of the Trial Court for Suffolk County for the adjudication of disputes arising out of this Agreement.

18. Assignment. Neither party may assign its rights or delegate its obligations under this Agreement without the prior written consent of the other party.

19. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain.

20. Headings. Section headings in this Agreement are inserted for convenience of reference only and shall in no way affect, modify, define or be used in construing the text of the Agreement. Where the context requires, all singular words in the Agreement shall be construed to include the masculine and feminine forms of such words.

21. Modifications. Modifications to this Agreement may be effective only if made in writing and signed by both Parties.

22. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original. The facsimile or PDF signatures of the parties shall be deemed to constitute original signatures.



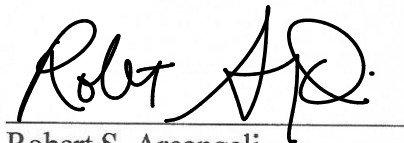
23. Additional Items. (i) This agreement shall be subject to all conditions imposed upon the License as issued by the Boston Cannabis Board, such conditions being subject to amendment by the BCB from time to time; (ii) there will be no benches or social gathering areas in or around the business; (iii) the Company agrees to prohibit smoking, vaping or any other form of consumption of marijuana on site unless specifically allowed by amendment to this agreement; (iii) the Company agrees to share aggregate data and reports to the Boston Public Health Commission in a form and manner as requested to inform public health efforts; and (v) the Company agrees to assist in the dissemination of communications materials related to public health, public safety and prevention efforts and work with the City and the public health community on efforts associated with prevention.

24. Executive Order. The Company acknowledges its compliance with the Executive Order of the City of Boston, dated September 13, 2019, which states: "No City of Boston employee or immediate family member may participate in a marijuana business that is currently seeking, or intends to seek, an approval from the City of Boston or its agencies. No member of the Zoning Board of Appeal, the Boston Licensing Board, the Boston Public Health Commission, the Boston Zoning Commission, the Boston Redevelopment Authority d/b/a the Boston Planning and Development Agency, or their immediate family members, may participate in a marijuana business that is currently seeking, or intends to seek, an approval from the City of Boston, or its agencies."

This Agreement shall be binding upon and shall inure to the benefit of the Parties, their respective heirs, executors, administrators and assigns.

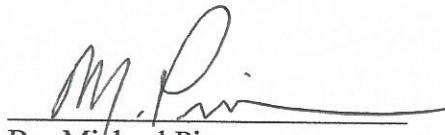
The company hereby certifies that the information supplied to the City during the application process and the information contained in this Agreement is accurate and that the provision of false or misleading information may subject the applicant to sanctions, up to and including revocation of a host community agreement.

**CITY OF BOSTON**



Robert S. Arcangeli  
Assistant Corporation Counsel  
City of Boston Law Department

**KG COLLECTIVE, LLC**



By: Michael Pires  
Title: Chief Executive Officer