

10/20/21 c. K. Harlow, Finance
E. Rummy, Planner

**TOWN OF SOUTHBRIDGE
AND LabX Group, LLC dba LabX.
HOST COMMUNITY AGREEMENT**

THIS HOST COMMUNITY AGREEMENT ("AGREEMENT") is entered into this 18 day of OCTOBER 2021 by and between LabX Group, LLC dba LabX, a duly organized Massachusetts limited liability corporation with a principal office address of 25 Foxborough Street, New Bedford, MA 02746, ("the Company"), and the Town of Southbridge, a Massachusetts municipal corporation with a principal address of Town Hall, 41 Elm Street, Southbridge, MA 01550 ("the Town"). The Company and the Town are herein after collectively referred to as the "Parties".

WHEREAS, the Company intends to locate an Independent Marijuana Testing Laboratory at 393 East Main Street (Map 44, Lot 06) (the "Facility") in the Town in accordance with Chapter 55 of the Acts of 2017 and applicable regulations issued by the Massachusetts Cannabis Control Commission ("CCC"), 935 CMR 500.000 , conducting research and quality control testing in a laboratory qualified to test cannabis or marijuana in compliance with 935 CMR 500.160 and M.G.L. c. 94C, § 34, as such statute and regulations may be further amended and subsequent 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 final license from the CCC and/or such other state licensing or monitoring authority to operate an Independent Marijuana Testing Laboratory in Southbridge (the "License") and receives all required local permits and approvals from the Town; and

WHEREAS, the Parties intend by this Agreement to satisfy the provisions of G.L. c.94G, Section 3(d), applicable to the operation of an Independent Marijuana Testing Laboratory, such activities to be only conducted in accordance with the applicable state and local laws and regulations in the Town;

WHEREAS, notwithstanding the anticipated benefits to certain members of the community, the facility may impact Town resources in ways unique to its business and draw upon Town resources in a manner not shared by the general population.

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 by both Parties, the Company and the Town agree as follows:

1. The Parties agree that the above Recitals are true and accurate and that they are incorporated herein and made a part hereof.
2. In the event that the Company obtains the requisite licenses and/or approvals as may be required for the operation of an Independent Marijuana Testing Laboratory, 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 facility in the Town, then the Company agrees to provide the following Annual Payments:

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, and permitting and consulting services, as well as 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 one half of one percent (0.5%) of gross revenue from the Facility.
2. The Annual Community Impact Fee shall be made annually within 60 days following the end of each 12 months of operation and shall continue for a consecutive period of five (5) years.
3. The Town shall use the above referenced payments in its sole discretion, to offset costs related to road and other infrastructure systems, law enforcement, fire protection services, inspectional services, public health and addiction services and permitting and consulting services, as well as unforeseen impacts upon the Town as expressed by State law.
4. The Company, at its sole discretion, has the right to obtain a breakdown of where the Annual Community Impact Fee paid by the Company to the Town has been dispersed, in relation to the Company's annual renewal of its' License with the CCC.

B. Additional Costs, Payments and Reimbursements

1. Permit and Connection Fees: The Company hereby acknowledges, accepts, and waives all rights to challenge, contest or appeal, the Town's building permit fee 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. 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 within ten (10) days of the date they are due, the Company shall be required to pay the Town a late payment penalty equal to two percent (2%) per late month of such required payments.

C. Annual Charitable/Non-Profit Contributions

The Company, in addition to any payments specified herein, shall annually contribute to public charities in the town of Southbridge in an amount no less than a sum of \$35,000 including cash donations and services in kind.

D. Annual Reporting for Host Community Impact Fees

The Company shall submit annual financial statements to the Town upon the payment of its Annual Community Impact Fee with a certification of its annual sales. The Company shall maintain financial records 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.

3. 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 nondiscriminatory 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 Facility when such contractors and suppliers are properly qualified and price competitive and shall use good faith efforts to hire Town residents.

4. At all times during the term of this Agreement, the Company agrees that the value of both real and personal property 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 the Company not shall object to or otherwise challenge the taxability of such real property. The Company shall pay all local, state, and federal taxes as required to be paid by the Company in accordance with applicable law, as now existing or as hereafter may from time to time be enacted, repealed or modified. The Company, shall not request any tax credits or subsidy from the Town for the Facility, and shall not object or otherwise challenge the taxability of the Facility, including real and personal property.

5. **Diversion Mitigation:** In cooperation with and to the extent requested by the Town's Police Department, and consistent with the CCC laws and regulations, the Company shall work with the Town's Police Department to implement a CCC compliant diversion prevention plan to be in place prior to the Sales Commencement Date. Such plan will include, but is not limited to, (i) training employees to be aware of, observe, and report any unusual behavior in customers, authorized visitors or other Facility employees that may indicate the potential for diversion; and (ii) rigorous customer identification and verification procedures; (iv) utilizing seed-to-sale tracking software to closely track all inventory at the Facility;

6. **Security:** To the extent requested by the Town's Police Department, and subject to the security and architectural review requirements of the CCC, or such other state licensing or monitoring authority, the Company shall work with the Town's Police Department in determining the placement of interior and exterior security cameras, so that at least 1 camera is located to provide an unobstructed view in each direction of the public way(s) on which the Facility is located. The Company shall maintain a cooperative relationship with the Police Department, including but not limited to periodic meetings to review operational concerns, security, delivery schedule and procedures, cooperation in investigations, and communication to the Police Department of any suspicious activities on or in the immediate vicinity of the Facility and with regard to any anti-diversion procedures.

7. The handling, testing and disposing of marijuana products by the Company shall be in accordance with the CCC Regulations, other applicable regulatory bodies and with local laws.

8. The on-site consumption of marijuana products shall be prohibited.

9. The obligations of the Company and the Town recited herein are specifically contingent upon the Company obtaining an Independent Marijuana Testing Laboratory License from the CCC for operation of a Laboratory Facility in the Town, and the Company's receipt of any and all necessary local approvals to locate, occupy, and operate an Independent Marijuana Testing Laboratory in the Town.

10. This Agreement does not affect, limit, or control the authority of Town 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 under the statutes and regulations of the Commonwealth, the General and Zoning Bylaws of the Town, or applicable regulations of those boards, 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 the Facility to operate in the Town, or to refrain from enforcement action against the Company and/or its Facility for violation of the terms of said permits and approvals or said statutes, Bylaws, and regulations.

11. 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. 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 of 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.

12. The Company agrees to comply with all laws, rules, regulations and orders applicable to the Facility, such provisions being incorporated herein by reference, and shall be responsible for obtaining all necessary licenses, permits, and approvals required for the performance of such work. The Company agrees not to assert or seek exemption as an agricultural use under the provisions of G.L. c.40A, §3 from the requirements of the Town's Zoning Bylaws.

13. 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, 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. 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.

14. If any term or 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 one or both parties would be substantially or materially prejudiced. Further, the Company agrees 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.

15. 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.

16. 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. 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.

17. This Agreement shall also be null and void in the event that the Company shall (1) not locate an Independent Marijuana Testing Laboratory in the Town, or (2) relocate such Independent Marijuana Testing Laboratory out of the Town. The Company may terminate this Agreement ninety (90) days after the cessation of operations of any facility within the Town. The Company shall provide notice to the Town that it is ceasing to operate within the Town and/or is relocating to another facility outside the Town at least ninety (90) days prior to the cessation or relocation of operations. In the case of any relocation out of the Town, an adjustment of funds due to the Town hereunder shall be calculated based upon the period of occupation of the Independent Marijuana Testing Laboratory within the Town, but in no event shall the Town be responsible for the return of any funds already provided to it by the Company. The Company shall pay the final annual payment to the Town within thirty (30) days following the date of termination.

18. 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.

19. The Parties agree that the Town is entitled to collect revenue from the Company pursuant to this agreement and will collect 3% of the tax imposed on the Company pursuant to Section 13 of Chapter 55 of the Acts of 2017, as codified in Section 3 of Chapter 64N of the General Laws of Massachusetts.

20. 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.

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

22. 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.

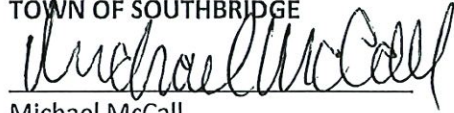
23. The Company shall indemnify, defend, and hold the Town harmless from and against any and all claims, demands, liabilities, actions, causes of actions, defenses, proceedings and/or costs and expenses, including attorney's fees, brought against the Town, their agents, departments, officials, employees, 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 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 costs and fees incurred in defending itself with respect to any such claim, action, proceeding or demand.

The terms of this Agreement shall be renegotiated by the Company and the Town in good faith following five (5) years of continuous operation of the Independent Marijuana Testing Laboratory. After the term of this agreement has concluded, the subsequent new agreement between the Parties shall include the same terms as stated herein unless prohibited by State or Federal law or unless renegotiated by the Parties. Any renegotiation of this Agreement shall include a review of positive and negative impacts upon the Town, its residents, and businesses resulting from operation of the Facility, including, without limitation, community health, associated business growth, traffic, crime, use of Town resources, proximate property value impacts, and other documented impacts.

[signature page follows]

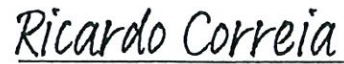
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

TOWN OF SOUTHBRIDGE



Michael McCall,
Town Manager

LabX Group, LLC DBA LabX



Ricardo Correia
CEO of LabX Group, LLC

Duly Authorized by Vote of the Southbridge
Town Council on OCTOBER 18, 2021

Proposed Motions – HCA – Laboratory

Subcommittee

Review the Host Community Agreement between the Town of Southbridge and LabX, LLC, regarding the siting of an Independent Marijuana Testing Laboratory in the Town of Southbridge at 393 East Main Street (Assessors Map 44, Parcel 006), and entertain a motion to vote to recommend to Council for ratification.

Town Council

Vote to ratify the Host Community Agreement between the Town of Southbridge and LabX, LLC, regarding the siting of an Independent Marijuana Testing Laboratory in the Town of Southbridge at 393 East Main Street (Assessors Map 44, Parcel 006).

September 9, 2021

LEGAL NOTICE OF COMMUNITY OUTREACH MEETING
FOR MARIJUANA ESTABLISHMENT PURSUANT TO 935 CMR 500.000

Dear Neighbor,

Notice is hereby given that a virtual Community Outreach Meeting for a proposed Marijuana Establishment is scheduled for September 30, 2021 at 6:30 p.m. EST via Zoom. The proposed Independent Marijuana Testing Laboratory is anticipated to be located at 393 E Main St., Southbridge, MA 01550.

Questions and requests for the hearing impairment accommodation may be emailed to labxgroup@gmail.com by 1:00 p.m. on September 30, 2021. Written comments received prior to the meeting are encouraged and will be addressed during the remote meeting.

The presentation will be posted on www.labx.express at least 24 hours prior to the meeting. Questions from the community are encouraged and may be submitted prior to the meeting by email to the address above, during the presentation via chat function, at the end of the presentation during a dedicated interactive question and answer session, as well as follow up questions by email to the address above. Closed captioning available.

The following topics will be covered during the presentation: location, local regulations and zoning considerations, the types of Marijuana Establishment, facility security plan, plan to prevent diversion to minors, information to demonstrate that Marijuana Establishment we will not present a nuisances, Positive Impact Plan, and information about the Host Community Agreement requirements.

Join the meeting with this Zoom ID: 865 7418 2362

Or

<https://us02web.zoom.us/j/86574182362>

Sincerely,

Ricardo H. Correia

Ricardo H. Correia
CEO of LabX Group, LLC (LabX)

LabX

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TOWN MANAGER'S OFFICE
SOUTHBRIDGE MA

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