

CITY OF CORONA

OPERATIONAL AGREEMENT FOR
COMMERCIAL CANNABIS BUSINESS

PERMITTEE INFO	
NAME	****INSERT****
ADDRESS	****INSERT****
BUSINESS TYPE	****INSERT****

1. PARTIES AND DATE.

This Operational Agreement for Commercial Cannabis Business ([****INSERT TYPE OF BUSINESS (i.e., STOREFRONT RETAIL, MANUFACTURING, ETC.)****]) (hereinafter “Agreement”), dated ([****INSERT DATE****]) (“Effective Date”), is entered into by and between the City of Corona, a California municipal corporation (“City”), and [****INSERT NAME OF BUSINESS****], a [****INSERT TYPE OF ENTITY - CORPORATION, PARTNERSHIP, SOLE PROPRIETORSHIP OR OTHER LEGAL ENTITY****] (“Permittee”). The City and Permittee may be referred to individually as a “Party” and collectively as the “Parties” throughout this Agreement.

2. RECITALS.

2.1 Subject Property. The Permittee submitted an application to the City for a Commercial Cannabis Permit to conduct a [****INSERT TYPE OF BUSINESS (i.e., STOREFRONT RETAIL, MANUFACTURING, ETC.)****] commercial cannabis business at [****INSERT ADDRESS****] (“Subject Property”).

2.2 Permittee’s Cannabis Business. Pursuant to Chapter 5.36 of the Corona Municipal Code (“CMC”), the Rules and Regulations for Permitting Commercial Cannabis Businesses adopted by Resolution No. 2021-015, and all other applicable policies, the City granted preliminary approval of a Commercial Cannabis Permit to the Permittee on [****INSERT DATE****] for the operation of a [****INSERT TYPE OF BUSINESS (i.e., STOREFRONT RETAIL, MANUFACTURING, ETC.)****] commercial cannabis business at the Subject Property, subject to Permittee’s satisfaction of all conditions of approval, including, without limitation, execution of this Agreement.

2.3 Operational Agreement Required. CMC Section 5.36.050(A)(4) provides that in order to operate a commercial cannabis business or engage in commercial cannabis activity within the City, the Permittee shall enter into commercial cannabis operational agreement with the City, in conjunction with the issuance of a commercial cannabis permit.

2.4 Mitigation of Adverse Impacts. The City Council of the City of Corona has determined that both community benefits and potential adverse impacts may result from the operation of a commercial cannabis businesses in the City, and therefore desires to ensure all such

impacts are adequately mitigated and offset by the potential community benefits the businesses can provide to the City and its residents.

2.5 Community Benefit Payments. The Permittee and the City have mutually agreed to certain minimum payments to the City to provide for projects, programs, and other services and activities that will positively contribute to the community and offset any adverse impacts or increases in need for services caused by the operation of the commercial cannabis business in the community.

3. TERMS.

3.1 Definitions. Unless the context otherwise clearly indicates, the terms used in this Agreement shall have the same meaning as defined in CMC Section 5.36.020. Additionally, the following terms shall have the following meanings for purposes of this Agreement, but other terms may be defined elsewhere in this Agreement.

“Cannabis Regulations” means the provisions set forth in Chapters 5.36 and 9.19 and applicable provisions in Title 17 of the CMC, the Rules and Regulations for Permitting Commercial Cannabis Businesses adopted by Resolution No. 2021-015, and any other rules, regulations, standards, policies and other requirements adopted pursuant to CMC Section 5.36.040, all as presently adopted or further amended.

“City Permits” means all building permits, certificates of occupancy, and other permits, licenses, entitlements, and agreements that the City, acting in its governmental capacity, must issue or approve for the Permittee to operate Permittee’s Cannabis Business in accordance with this Agreement.

“Commencement Date” means the date that all of the following have occurred: (1) the City has issued final approval of the Commercial Cannabis Permit and all other necessary City Permits; (2) the Permittee has obtained all necessary State Licenses to operate; and (3) the Permittee has obtained a certificate of occupancy.

“Director” means the Community Development Director for the City of Corona and his or her designee.

“Gross Receipts” means as defined in California Revenue and Taxation Code Section 6012, as presently adopted or further amended.

“Permittee’s Cannabis Business” means the operation by Permittee of a *****INSERT TYPE OF BUSINESS (i.e., STOREFRONT RETAIL, MANUFACTURING, ETC.)***** commercial cannabis business at the Subject Property.

“Police Chief” means the Chief of Police for the City of Corona and his or her designee.

“Term” means the period of time this Agreement is in effect, and any renewal periods, as specified in Section 3.2.

3.2 Term of Agreement. The Term of this Agreement shall commence on the Commencement Date and shall run concurrently with the term of the Commercial Cannabis Permit issued to the Permittee for Permittee's Cannabis Business. If the Commercial Cannabis Permit issued to the Permittee for Permittee's Cannabis Business is renewed pursuant to the Cannabis Regulations, this Agreement shall be automatically extended contemporaneously with the Commercial Cannabis Permit.

3.3 General Terms and Conditions. The Permittee shall comply with all of the following terms and conditions for the Term of this Agreement:

3.3.1 Agreement Applies to Cannabis Business Only. This Agreement is only valid for the Permittee to operate Permittee's Cannabis Business at the Subject Property identified in this Agreement. The rights and obligations set forth in this Agreement shall not be transferred, assigned, or assumed unless otherwise permitted pursuant to CMC Section 5.36.130 and agreed to in advance in writing by the City.

3.3.2 Conditions of Permit Approval Incorporated. Conditions placed on the Commercial Cannabis Permit issued to the Permittee are hereby incorporated into this Agreement as though set forth herein in full and shall be conditions of this Agreement. Violations of the Commercial Cannabis Permit and/or any State License issued to the Permittee for Permittee's Cannabis Business shall be deemed violations of this Agreement and shall constitute a material breach of this Agreement.

3.3.3 State License(s) and City Permits. The Permittee shall obtain and maintain at all times during the Term of this Agreement a valid Commercial Cannabis Permit, and all applicable State License(s) required by the State Cannabis Laws for Permittee's Cannabis Business.

3.3.3.1 State Licenses. As soon as practicable, the Permittee shall inform the City when it obtains all applicable State License(s) and shall provide a copy of the State License(s) to the Director. The City shall cooperate with the Permittee as appropriate and as needed to facilitate the State's issuance of a State License(s) to the Permittee for Permittee's Cannabis Business.

3.3.3.2 City Permits. The City shall diligently process the Permittee's applications for all City Permits. This Agreement does not commit the City in advance to approve the City Permits; nor does this Agreement constrain the City's discretion to determine compliance with all requirements regarding issuance of any City Permits. Nothing in this Agreement relieves the Permittee of the obligation to comply with all requirements and application procedures set forth in the CMC and/or the Cannabis Regulations.

3.3.4 Compliance with Applicable Law. The Permittee understands, acknowledges and agrees to comply with all applicable state and local laws, rules and regulations applicable to operation of Permittee's Cannabis Business, including, without limitation, the Cannabis Regulations.

3.4 Operational Requirements. In addition to all operating requirements set forth in the Cannabis Regulations, the Permittee shall comply with the following specific operational requirements:

3.4.1 Notification Regarding Criminal Activity. The Permittee shall immediately notify the Corona Police Department of any criminal activity, or suspected criminal activity, occurring at the Subject Property. In the event of any internal security system breach, including a faulty alarm system, broken or damaged surveillance cameras or other video recording equipment, or broken or damaged locks, doors, or lighting which may increase risk of criminal activity at the Subject Property, the Permittee or the Manager of Permittee's Cannabis Business shall notify the Corona Police Department as soon as practicable after becoming aware of the security system breach. The Permittee shall diligently attempt to fix or resolve any such security breach immediately; if circumstances require additional time and delay to remedy, the Permittee shall so notify Corona Police Department and provide an estimated timeline of when the breach will be cured.

3.4.2 Notification Regarding Criminal Threats. If the Permittee receives any criminal threats, or otherwise suspects any criminal targeting related to movement of Cannabis or Cannabis Product or cash from or to the Subject Property, the Permittee shall immediately notify the Corona Police Department.

3.4.3 Site Inspections. The Director and/or the Police Chief may perform site inspections of Permittee's Cannabis Business and the Subject Property during hours of operation, upon reasonable notice. The scope of the inspection shall be to ensure compliance with all conditions on Permittee's Cannabis Business, including compliance with State Cannabis Laws, such as but not limited to, track and trace requirements, product storage, labeling, and disposal of product, as well as accounting, ledgers for distribution, and other records and operating procedures. Upon reasonable notice by the City, the Permittee shall provide proof, including through visual observation and confirmation by City staff, of any storage, disposal or distribution of cannabis and/or cannabis product as may be necessary to ensure compliance. Should the City discover any evidence of falsification of records or other practices inconsistent with the Cannabis Regulations and/or the State Cannabis Laws, the Commercial Cannabis Permit may be suspended in accordance with the Cannabis Regulations, in which event, the Permittee shall, upon written notice from the City, immediately cease and desist operations until such time that the issues have been resolved to the satisfaction of the City.

3.5 Consideration. As consideration for the rights and benefits Permittee enjoys under this Agreement, including its operation of approved cannabis uses in the City during the Term, the Parties have negotiated the following terms:

3.5.1 Monthly Operating Fee. The Permittee shall pay to the City a monthly operating fee equal to *****INSERT WRITTEN NUMBER***** percent (*****INSERT NUMBER*****%) of the Gross Receipts for Permittee's Cannabis Business ("Monthly Payment"). The Monthly Payment shall be calculated each calendar month and shall be due and payable on the 15th day of the subsequent calendar month. By way of example only, a Monthly Payment for

the month of September, 2021 would be calculated from September 1, 2021 through September 30, 2021, and would be due and payable on October 15, 2021. The obligation to make Monthly Payments shall begin as of the Commencement Date. If a Monthly Payment is not paid in full within fifteen (15) days after it is due and payable, the Monthly Payment shall accrue a penalty of five percent (5%) compounding for each month the Monthly Payment is late, until the Monthly Payment and all penalties are paid in full.

3.5.2 Payment of Monthly Payment. Monthly Payments shall be made to the City's Administrative Services Department. In the event the Permittee intends to pay a Monthly Payment in cash in an amount that exceeds \$5,000, the Permittee shall notify the City in advance to make prior arrangements.

3.5.3 Maintenance of Records. The Permittee shall keep accurate and adequate records and documentation to reflect its monthly Gross Receipts. Pursuant to CMC Section 5.36.200, the Permittee shall maintain all such records for at least seven (7) years and shall produce those records to the City within 24 hours after receipt of the City's request.

3.5.4 Monthly Report. Accompanying the Monthly Payment, the Permittee shall deliver to the City a report ("Monthly Report") showing: (1) Gross Receipts of Permittee's Cannabis Business for the immediate prior month; 2) a cumulative total of all amounts of Gross Receipts for Permittee's Cannabis Business to date for the calendar year, (3) a calculation of the Monthly Payment currently due to the City; and (4) a calculation of the cumulative total of all Monthly Payments made to the City to date for the calendar year.

3.5.5 Audits. In addition to the annual financial audit that Permittee is required to submit pursuant to CMC Section 5.36.200(B), the City shall have the right to inspect and conduct an audit of the books and records of Permittee's Cannabis Business upon request. If such audit discloses an underpayment of the Monthly Payment in excess of five percent (5%) of the amounts which should have been paid, the Permittee shall promptly tender to the City the amount of such underpayment together with interest at the rate of ten percent (10%) computed from the date of underpayment, and shall further reimburse the City for the entirety of its audit costs, including, without limitation, the auditor's costs and expenses, internal costs and expenses, and legal and other third party expenses. If such audit discloses an underpayment of the Monthly Payment of five percent (5%) or less than the amounts which should have been paid, the Permittee shall promptly tender to the City the amount of such underpayment together with interest at the rate of ten percent (10%) computed from the date of underpayment and the costs of such audit shall be borne by the City.

3.5.6 Community Benefit. Permittee shall provide the following community benefits: *****INSERT COMMUNITY BENEFIT ACTIONS OR MEASURES (SPONSOR OF COMMUNITY EVENTS, PUBLIC IMPROVEMENTS, DONATIONS TO YOUTH PROGRAMS, ETC.)*****.

3.5.7 Cannabis Tax. In the event that City voters approve a cannabis-specific tax to be imposed on cannabis businesses operating in the City, including Permittee's Cannabis Business operated by Permittee, the obligation to make Monthly Payments under this Agreement

may terminate or be reduced as of the effective date of the cannabis tax in the sole discretion of the City. Nothing in this Agreement shall relieve the Permittee of the obligation to pay all applicable State and local taxes, including a possible future City cannabis tax.

3.6 Termination. The City and/or Permittee may terminate this Agreement prior to expiration of the Term for the reasons and subject to the requirements set forth in this section. The Permittee understands and acknowledges that the right to operate Permittee's Cannabis Business is expressly contingent on, among other things, full execution of and compliance with this Agreement, as required by CMC Section 5.36.050(A)(4). As such, termination of this Agreement shall result in the immediate termination of the operation of Permittee's Cannabis Business, unless and until a new operational agreement is executed by the Parties.

3.6.1 City's Termination Rights. Without prejudice to its other remedies at law or in equity, the City may terminate this Agreement, at any time and in its sole discretion, effective thirty (30) days after the City provides written notice of termination to the Permittee, if any of the following circumstances occurs:

3.6.1.1 Breach. The Permittee breaches its obligation to pay the Monthly Payments when due or otherwise breaches its obligation to perform in accordance with any material provision of this Agreement and fails to cure the breach within thirty (30) days after the City provides the Permittee with a written notice of default. The express designation in this Agreement of a provision as "material" does not imply that other provisions are not material.

3.6.1.2 Permit Expires. The Commercial Cannabis Permit issued to the Permittee for Permittee's Cannabis Business expires and/or the Permittee fails to renew the Commercial Cannabis Permit as required by the Cannabis Regulations.

3.6.1.3 Permit Revoked. The Commercial Cannabis Permit issued to Permittee for Permittee's Cannabis Business is revoked pursuant to CMC Section 5.36.130.

3.6.1.4 Unlawful or Illegal Operation. The uses and business activities of the Permittee at Permittee's Cannabis Business are declared unlawful by order of Court or become illegal by operation of State law.

3.6.2 Permittee's Termination Rights. The Permittee may, at any time and in its sole discretion, effective thirty (30) days after the Permittee provides written notice of termination to the City, terminate this Agreement if Permittee's Cannabis Business has permanently ceased operations, or intends to cease operations within thirty(30) days after such notice, provided that in the event Permittee terminates this Agreement, Permittee shall be deemed to simultaneously voluntarily forfeit, without compensation or other consideration of any kind, the Commercial Cannabis Permit for Permittee's Cannabis Business.

3.7 Indemnification. The Permittee shall defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, agents and volunteers free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death,

to the extent arising out of, pertaining to, or incident to: (a) the City's issuance of the Commercial Cannabis Permit to Permittee for Permittee's Cannabis Business; (b) the process used by the City in making its decision to issue a Commercial Cannabis Permit or approve the operation of Permittee's Cannabis Business; (c) any repeal or amendment of the Cannabis Regulations relating to the Permittee; (d) the operation of Permittee's Cannabis Business or the prosecution of the Permittee or a Permittee Representative for violation of federal law or the State Cannabis Laws, including without limitation the payment of all settlement amounts, expert witness fees and attorney's fees and other related costs and expenses. The obligations in this Section 3.7 shall survive any expiration or termination of this Agreement.

3.9 Insurance.

3.9.1 Time for Compliance. Promptly following the Effective Date of this Agreement, Permittee shall provide evidence satisfactory to the City that it has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the City to terminate this Agreement for cause.

3.9.2 Minimum Requirements. Permittee shall, at its expense, procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of this Agreement or operation of Permittee's Cannabis Business by the Permittee, its agents, representatives, employees or subconsultants. Permittee shall also require all of its subconsultants to procure and maintain the same insurance for the duration of the Agreement. Such insurance shall meet at least the following minimum levels of coverage:

3.9.2.1 Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001); (2) *Automobile Liability*: Insurance Services Office Business Auto Coverage form number CA 0001, code 1 (any auto), or if Permittee has no owned autos, Code 8 (hired) and 9 (non-owned); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

3.9.2.2 Minimum Limits of Insurance. Permittee shall maintain limits no less than: (1) *General Liability*: \$1,000,000 per occurrence for bodily injury, personal injury, advertising injury and property damage. If Commercial General Liability Insurance or other form with general aggregate limit is used including, but not limited to, form CG 2503, either the general aggregate limit shall apply separately to this Agreement/location or the general aggregate limit shall be twice the required occurrence limit; (2) *Automobile Liability*: \$1,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 per accident for bodily injury or disease.

3.9.3 Insurance Endorsements. The insurance policies shall contain or be endorsed (amended) to include the following provisions:

3.9.3.1 General Liability. The general liability policy shall state that: (1) the City, its directors, officials, officers, employees, agents, and volunteers shall be covered as additional insured with respect to liability arising out of work or operations performed by or on behalf of the Permittee, including materials, parts or equipment furnished in connection therewith (the endorsement form shall be at least as broad as ISO Form CG 20 10 11 85 or both CG 20 37 and one of the following: CG 20 10, CG 20 26, CG 20 33 or CG 20 38); and (2) the insurance coverage shall be primary insurance coverage as respects the City, its directors, officials, officers, employees, agents, and volunteers (the endorsement form shall be at least as broad as ISO CG 20 01 04 13). Any insurance or self-insurance maintained by the City, its directors, officials, officers, employees, agents, and volunteers shall be excess of the Permittee's insurance and shall not be called upon to contribute with it in any way.

3.9.3.2 Waiver of Subrogation – Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the City, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of the insurance policy which arise from the performance of this Agreement or operation of Permittee's Cannabis Business.

3.9.3.3 All Coverages. If Permittee maintains broader coverage and/or higher limits than the minimums shown above, the City is entitled to the broader coverage and/or higher limits maintained by Permittee. Thus, any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

3.9.4 Other Provisions; Endorsements Preferred. Permittee shall endeavor to provide endorsements regarding the following provisions, but nonetheless understands, acknowledges and agrees that the following provisions shall apply and that failure to comply shall be considered to be a breach of this Agreement by Permittee:

3.9.4.1 Waiver of Subrogation – All Other Policies. Permittee hereby waives all rights of subrogation any insurer of Permittee's may acquire against the City, its directors, officials, officers, employees, agents, and volunteers for losses paid under the terms of any insurance policy which arise from the performance of this Agreement or operation of Permittee's Cannabis Business. Permittee understands, acknowledges and agrees that this provision is in full force and effect even if the City does not receive a waiver of subrogation endorsement from the insurer.

3.9.4.2 Notice. Permittee shall either: (1) require its insurer to provide thirty (30) days prior written notice to the City before coverage is suspended, voided, or canceled; or (2) notify City in writing that such notice is not available and forward any notice of such actions to the City within two (2) business days from date of receipt by Permittee.

3.9.5 Claims Made Policies. The following provisions shall apply to all policies that provide coverage on a claims-made basis: (A) the retroactive date must be shown and must be before the Effective Date of this Agreement; (B) the insurance must be maintained and evidence of insurance must be provided for at least five (5) years after expiration or termination of this Agreement; and (C) if coverage is canceled or not renewed and is not replaced with another claims-

made policy with a retroactive date prior to the Effective Date of this Agreement, Permittee must purchase “extended reporting” coverage for a minimum of five (5) years after expiration or termination of this Agreement.

3.9.6 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. The City may require the Permittee to provide proof of ability to pay losses and related investigation, claims administration and defense expenses within the deductible or self-insured retention. The deductible or self-insured retention may be satisfied by either the named insured or the City.

3.9.7 Acceptability of Insurers. Unless under the circumstances a different rating is otherwise acceptable to the City in its sole and absolute discretion, insurance is to be placed with insurers which are satisfactory to the City and which meet either of the following criteria: (1) an insurer with a current A.M. Best’s rating no less than A-:VII and licensed as an admitted insurance carrier in California; or (2) an insurer with a current A.M. Best’s rating no less than A-:X and authorized to issue the required policies in California.

3.9.8 Verification of Coverage. Permittee shall furnish City with original certificates of insurance, as well as amendatory endorsements or copies of the applicable policy language effecting coverage required by this Agreement. All documents must be received and approved by the City before commencement of operations of Permittee’s Cannabis Business. The City reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.9.9 Reporting of Claims. Permittee shall report to the City, in addition to Permittee’s insurer, any and all insurance claims submitted by Permittee in connection with the Permittee’s performance of this Agreement or operation of Permittee’s Cannabis Business.

3.9.10 Special Risk or Circumstances. The City reserves the right, in its sole and absolute discretion, to modify the requirements of this Section 3.9, including limits, based on any of the following: (A) the nature of the risk of Permittee’s Cannabis Business; (B) the prior experience of the insured; (C) the rating or other quality or characteristic of the insurer; (D) any special or unique coverage issues; and (E) any other special or unique circumstances.

3.10 Limitation of Permittee’s Remedies and Release. Permittee acknowledges and agrees that City would not have entered into this Agreement, if it were to individually or jointly, be liable to Permittee for any monetary damages, monetary recovery or any remedy following a default under this Agreement by City, other than: (i) termination of this Agreement pursuant to Section 3.6.2, or any other provision of this Agreement; (ii) specific performance; or (iii) injunctive relief (collectively, “Permittee Remedies”). Accordingly, the Parties agree that the Permittee Remedies shall be Permittee’s sole and exclusive rights and remedies following a default under this Agreement by City. Permittee hereby waives any right to pursue any remedy or damages based upon a default by City under this Agreement other than the Permittee Remedies. It is the intention of Permittee to be bound by the limitations on damages and remedies set forth in this Section 3.10, and Permittee hereby releases any and all claims against City for monetary damages, monetary recovery or other legal or equitable relief related to any default under this Agreement by

City, except as specifically provided in this Section 3.10, whether or not any such released claims were known or unknown to Permittee as of the Effective Date of this Agreement. Except for the Permittee Remedies, Permittee hereby releases City, its directors, officials, officers, employees and agents from any and all claims arising out of a default by City under this Agreement.

Without limiting the generality of anything in this Section 3.10, with respect to the waivers, releases and limitations on remedies contained in this Section 3.10, Permittee hereby expressly waives the benefit of and any protections provided by California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY

In addition to waiving the provisions of California Civil Code Section 1542, Permittee hereby waives, releases and foregoes the provisions of any other federal or state statute or judicial decision of similar effect with respect to the waivers, releases and limitations contained in this Section 3.10.

Initials of Authorized
Permittee Representative

The obligations described above will be for the benefit of City and binding upon Permittee, its successors and assigns, officers, employees and representatives and will survive termination or expiration of this Agreement.

*****INCLUDE THE FOLLOWING SECTION 3.11 ONLY FOR STOREFRONT RETAILERS & STOREFRONT RETAIL MICROBUSINESSES; OTHERWISE DELETE AND REPLACE WITH "SECTION INTENTIONALLY OMITTED"***]**

3.11 Additional Requirements for Storefront Operations.

3.11.1 Local Hiring Practices. Permittee shall comply with the following plan to promote local hiring or provide incentives for local residents to work with Permittee's Cannabis Business: *****INSERT LOCAL HIRING PLAN OR PRACTICES DESCRIBED IN PERMITTEE'S APPLICATION FOR A COMMERCIAL CANNABIS PERMIT***]**

3.11.2 Local Sourcing Practices. Permittee shall comply with the following plan to secure supplies and equipment for Permittee's Cannabis Business from local sources: *****INSERT LOCAL SOURCING PLAN OR PRACTICES DESCRIBED IN PERMITTEE'S APPLICATION FOR A COMMERCIAL CANNABIS PERMIT***]**

3.12 General Provisions.

3.12.1 Notice. Any notice or other communication provided pursuant to this Agreement must be in writing and shall be considered properly given and effective only when mailed or delivered in the manner provided by this Section 3.14.1 to the persons identified below. A mailed notice or other communication shall be considered given and effective on the third day after it is deposited in the United States Mail (certified mail and return receipt requested). A notice or other communication sent in any other manner will be effective or will be considered properly given when actually delivered. A Party may change its address for these purposes by giving written notice of the change to the other Party in the manner provided in this Section 3.14.1.

If to the City:

City of Corona
400 South Vicentia Avenue
Corona, CA 92882
Attn: [***INSERT NAME & DEPARTMENT***]
Telephone: [***INSERT TELEPHONE NUMBER***]

If to Permittee:

[***INSERT PERMITTEE NAME***]
[***INSERT PERMITTEE ADDRESS***]
Attn: [***INSERT CONTACT NAME***]
Telephone: [***INSERT TELEPHONE NUMBER***]

3.12.2 Force Majeure. Except as otherwise expressly provided in this Agreement, if the performance of any act required by this Agreement to be performed by either the City or Permittee is prevented or delayed because of a Force Majeure Event, then the time for performance shall be extended for a period equivalent to the period of delay, and performance of the act during the period of delay will be excused. For purposes of this section, "Force Majeure Event" means a cause of delay that is not the fault of the Party who is required to perform under this Agreement and is beyond that Party's reasonable control, including the elements (such as floods, earthquakes, windstorms, and unusually severe weather), fire, energy shortages or rationing, riots, acts of terrorism, war or war-defense conditions, acts of any public enemy, epidemics, the actions or inactions of any governmental entity (excluding the City) or that entity's agents, litigation, labor shortages (including shortages caused by strikes or walkouts), and materials shortages.

3.12.3 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel or otherwise.

3.12.4 Relationship of Parties. This Agreement does not create any employment relationship, ownership interest, or other association between the City and Permittee. Nothing herein shall be construed to create the relationship of principal and agent, partnership or other joint venture between the City and Permittee.

3.12.5 Attorneys' Fees. If either Party commences an action against the other Party, either legal, administrative or otherwise, arising out of or in connection with this Agreement or the Permittee's operation of Permittee's Cannabis Business, the prevailing Party in such litigation shall be entitled to have and recover from the losing Party reasonable attorney's fees and all other costs of such action.

3.12.6 Severability. If a court with jurisdiction finds any provision of this Agreement to be invalid, void, or unenforceable, then the remaining provisions shall remain in full force and effect, and to this end this Agreement shall be severable.

3.12.7 Counterparts. The Parties may execute this Agreement in counterparts, each of which shall constitute an original, but all of which shall collectively constitute this same Agreement.

3.12.8 Authority to Enter Agreement. Permittee has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.12.9 Entire Agreement. This Agreement contains the entire Agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both Parties.

3.12.10 Prohibited Interests. Permittee maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Permittee, to solicit or secure this Agreement. Further, Permittee warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Permittee, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the Term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.12.11 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.12.12 No Third-Party Beneficiaries. There are no intended third-party beneficiaries of any right or obligation assumed by the Parties.

[SIGNATURES ON NEXT 2 PAGES]

**CITY'S SIGNATURE PAGE FOR
CITY OF CORONA**

**OPERATIONAL AGREEMENT FOR
COMMERCIAL CANNABIS BUSINESS**

(INSERT PERMITTEE NAME** – **INSERT BUSINESS TYPE**)**

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

CITY OF CORONA
A Municipal Corporation

By:

(INSERT NAME**)**

City Manager

Attest:

(INSERT NAME**)**

City Clerk

Approved as to Form:

(INSERT NAME**)**

City Attorney

**PERMITTEE’S SIGNATURE PAGE FOR
CITY OF CORONA**

**OPERATIONAL AGREEMENT FOR
COMMERCIAL CANNABIS BUSINESS**

[***INSERT PERMITTEE NAME***] – [***INSERT BUSINESS TYPE***]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first written above.

[***INSERT NAME OF PERMITTEE***]

A [***INSERT TYPE OF LEGAL ENTITY***]

By:

[***INSERT NAME***]
[***INSERT TITLE***]

By:

[***INSERT NAME***]
[***INSERT TITLE***]

[***NOTE (READ AND DELETE THIS BLOCK BEFORE USING MODEL): SIGNATURE BLOCKS CAN VARY DEPENDING UPON THE PERMITTEE’S TYPE OF LEGAL ENTITY (E.G. CORPORATION; GENERAL PARTNERSHIP; LIMITED PARTNERSHIP; LIMITED LIABILITY PARTNERSHIP OR COMPANY; OR AN INDIVIDUAL). THIS MODEL CONTAINS A GENERAL FRAMEWORK WHICH WILL WORK FOR MOST CORPORATIONS, INDIVIDUAL (NON-CORPORATE) PARTNERSHIPS AND INDIVIDUAL SOLE PROPRIETORSHIPS. PLEASE REFER TO THE CITY CLERK’S “SIGNATURE REQUIREMENT” MEMO ON THE CITY OF CORONA INFO WEB FOR COMPLETE INFORMATION***]