

**OPERATING AGREEMENT FOR COMMERCIAL CANNABIS BUSINESS
LOCATED IN THE CITY OF FONTANA, CALIFORNIA**

This Operating Agreement for a Commercial Cannabis Business (hereinafter "Agreement"), dated _____, 2023 ("Effective Date"), is entered into by and between the City of Fontana (the "City"), a California municipal corporation, and _____ ("Commercial Cannabis Business"). The City and Commercial Cannabis Business may be referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

A. The City of Fontana, California (the "City") is a municipal corporation, duly organized under the constitution and laws of the State of California; and

B. The City Council adopted Ordinance No. 1899, on July 12, 2022, establishing a regulatory permit scheme for commercial cannabis activities, such that each proposed commercial activity must have an Agreement and a regulatory permit prior to operation; and

C. The Commercial Cannabis Business submitted an application to the City for a use permit to conduct certain commercial cannabis business in the City, located at _____, Fontana, California ("Subject Property"); and

D. The City issued a Commercial Cannabis Permit to the Cannabis Business on _____, a true and correct copy of which is attached hereto as Exhibit A, to permit cannabis retail sales at the Subject Property, consistent with the provisions and requirements of Chapter 33 of the Fontana Municipal Code, permitting cannabis sales in the City; and

E. As required by Chapter 33 of the Fontana Municipal Code, the Parties now wish to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, conditions, and covenants set forth herein, the Parties agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Recitals, and all defined terms set forth in this Agreement, are hereby incorporated into this Agreement as if set forth herein in full.

2. Public Benefit and Social Equity.

2.1 Intent. The purpose of this Agreement is to ensure positive community impacts from commercial cannabis business operations through local sourcing, community benefit and sustainable business practices, and the collection of required fees as applicable for the operation of a commercial cannabis business and to provide mitigation options to be used by City to compensate for impacts to City services,

residents, and/or businesses as set forth in Fontana Municipal Code Chapter 33. The Parties agree that this Agreement confers substantial private benefits on Commercial Cannabis Business which should be balanced by commensurate public benefits. As part of the cannabis Regulatory Safety Permit process, Commercial Cannabis Business agrees to enter into this Agreement. Commercial Cannabis Business acknowledges that City and Commercial Cannabis Business have had extensive negotiations and proceedings prior to entering into this Agreement. Commercial Cannabis Business has elected to execute this Agreement as it provides Commercial Cannabis Business with important economic benefits. Accordingly, the Parties intend to provide consideration to the public to balance the private benefits conferred on Commercial Cannabis Business by providing mitigation measures to the public and to pay for City services.

2.2 Local Hiring and Sourcing. Commercial Cannabis Business agrees to use its reasonable efforts to hire qualified City of Fontana residents, currently living in Fontana, to work at its commercial cannabis businesses. Commercial Cannabis Business shall also use reasonable efforts to retain the services of qualified contractors and suppliers who are located in the City of Fontana or who employ a significant number of City of Fontana residents. Commercial Cannabis Business shall make a good faith effort to advertise on various social media sites, at local job fairs, and through public agencies and organizations.

3. Definitions. The following terms shall have the following meanings for purposes of this Agreement, but other terms may be defined elsewhere in this Agreement.

3.1 “Commercial Cannabis Permit” means the regulatory permit issued by the City to the Commercial Cannabis Business pursuant to the provisions of Chapter 33 of the Fontana Municipal Code.

3.2 “City Permits” means and includes all building permits, use permits, zoning amendments, operating agreements, development agreements, and other permits, including the cannabis business permit, licenses, entitlements, and agreements that the City, acting in its governmental capacity, must issue or approve for the Cannabis Business to operate in accordance with the City’s regulations and this Agreement.

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

3.4 “City Manager” means the City Manager and his or her designee.

3.5 “Effective Date” means the date first entered above as the Effective Date and is the date that both Parties have signed this Agreement.

3.6 “Manager” means a person with responsibility and authority over the establishment, management, supervision, or oversight of the operation of the Commercial Cannabis Business.

3.7 “State License(s)” means all licenses required to be issued by the State of California for operation of the Commercial Cannabis Business pursuant to Division 10 of the Business and Professions Code and applicable state regulations, including but not limited to Division 42 of Title 16, Division 8 of Title 3, and Division 1 of Title 17 of the California Code of Regulations (“CCR”), as those provisions may be amended.

3.8 “Term” means the period of time this Agreement is in effect as specified in Section 5.

3.9 “Use Permit” means the use permit, including any and all conditions of approval, issued by the City to the Commercial Cannabis Business pursuant to the City’s Zoning Code, as approved by the City Council on or about [INSERT DATE], as may be amended, related to the operation of a commercial cannabis business at the Subject Property.

4. Consideration. As consideration for the rights and benefits it enjoys under this Agreement, including its operation of approved cannabis uses in the City during the Term, the Commercial Cannabis Business shall pay the City fees as set forth by Resolution by the City Council.

5. Term of Agreement. The Term of this Agreement shall commence on the Effective Date and continue for a period of Three (3) years therefrom (“Initial Term”), unless earlier terminated as specified in this Agreement. Prior to the expiration of the Initial Term and any subsequent renewal period, the Parties may mutually agree to extend the Term of this Agreement.

6. Business License Required. A valid City of Fontana Business License is required for all persons engaged in transacting and carrying on any commercial cannabis business activity in the City of Fontana. It is unlawful for any person or legal entity to commence, transact or carry-on cannabis business activity in the City of Fontana without first having procured a City of Fontana cannabis business license.

7. Bond Requirement. Commercial Cannabis Business shall provide proof of a bond in the amount of Twenty-Five Thousand Dollars (\$25,000.00) to cover the cost of enforcing the terms of Chapter 33 and this Agreement if necessitated by a violation of the licensing requirements.

8. Records and Recordkeeping.

8.1 Commercial Cannabis Business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, Commercial Cannabis Business shall file a sworn statement detailing the Commercial Cannabis Business's revenue and number of sales during the previous 12-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross revenues for each month, and all applicable taxes paid or due to be paid. On an annual basis,

Commercial Cannabis Business shall submit to the City a financial audit of the Commercial Cannabis Business operations conducted by an independent certified public accountant. Each permittee shall be subject to a regulatory compliance review and financial audit as determined by the City.

8.2 Commercial Cannabis Business shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the Commercial Cannabis Business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the Commercial Cannabis Business. The register required by this paragraph shall be provided to the City upon request.

8.3 All records collected by Commercial Cannabis Business shall be maintained for a minimum of seven years and shall be made available by the Commercial Cannabis Business to the agents or employees of the City upon request, except that private medical records shall be made available only pursuant to a properly executed search warrant, subpoena, or court order.

8.4 Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPAA) regulations, Commercial Cannabis Business shall allow City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted commercial cannabis activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than 24 hours after receipt of the City's request, unless otherwise stipulated by the City. The City may require the materials to be submitted in an electronic format that is compatible with the city's software and hardware.

9. Records Inspection, Examination and Audit. Commercial Cannabis Business acknowledges and agrees that City is empowered under this Agreement to inspect, examine and audit Commercial Cannabis Business's books and records (including tax filings and returns). City or its authorized agents shall have the power and authority to conduct a full inspection, examination and audit of such books and records (including tax filings and returns) at any reasonable time, including but not limited to, during normal business hours. In the event any such books, records, tax filings and returns cannot be made fully available within the City of Fontana, Commercial Cannabis Business acknowledges and agrees that it shall reimburse City for the cost of all transportation, lodging, meals, portal-to-portal travel time, and other incidental costs reasonably incurred by City or its authorized agents in obtaining said full inspection, examination and audit. In the event that said records inspection, examination and audit determines that a net operating agreement or development agreement fee payment deficiency of greater than five percent (5%) exists; Commercial Cannabis Business acknowledges and agrees that it shall reimburse City for the full cost of said records inspection, examination and audit reasonably incurred by City or its authorized agents.

10. General Terms and Conditions. The Commercial Cannabis Business shall comply with all of the following terms and conditions for the Term of this Agreement:

10.1 This Agreement is only valid for the Commercial Cannabis Business to operate 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 agreed to in advance in writing by the City. The Commercial Cannabis Business expressly acknowledges, understands and agrees that nothing in this Agreement confers any ongoing vested property right or entitlement to conduct the Commercial Cannabis Business, or any other commercial cannabis activity, at the Subject Property; this Agreement sets forth only the operational requirements of the Commercial Cannabis Business as otherwise approved by the City and the Commercial Cannabis Business will be required to obtain a permit in accordance with Chapter 33 of the Fontana Municipal Code which the City shall issue in accordance with this Agreement.

10.2 Conditions placed on any City Permits, expressly including the Commercial Cannabis Business Permit shall be conditions and requirements of this Agreement. Violations of the City Permits shall be deemed violations of this Agreement and shall constitute a material breach of this Agreement. Violations of any applicable State Licenses shall be deemed violations of this Agreement and shall constitute a material breach of this Agreement.

10.3 The Commercial Cannabis Business shall obtain and maintain at all times a valid Commercial Cannabis Permit, Use Permit, and applicable State License(s) prior to and during operation of the Cannabis Business. The City shall issue a Commercial Cannabis Permit and any other City Permits to the Commercial Cannabis Business provided that the Cannabis Business is in compliance with the provision of Chapter 33 of the Fontana Municipal Code and State Law.

10.3.1 As soon as practicable, the Commercial Cannabis Business shall inform the City when it obtains its necessary State License(s), and shall provide a copy of the State License(s) to the City Manager. The City shall cooperate with the Commercial Cannabis Business as appropriate and as needed to facilitate the State's issuance of a State License(s) to the Commercial Cannabis Business. Failure of the Commercial Cannabis Business to procure and produce evidence of receipt of any required state licenses within eighteen months of the effective date of this Agreement shall be deemed a material and incurable breach of the Agreement and, this Agreement, along with any permits issued by the City for a Commercial Cannabis Business shall immediately be deemed null and void and the Commercial Cannabis Business shall be prohibited from application for a future Commercial Cannabis Business permit in the City for a period of ten years.

10.3.2 The Commercial Cannabis Business agrees to provide City with copies of any reports provided to a State Cannabis Licensing Agency, including any required financial or compliance reports, within thirty (30) days of that submission and further agrees to keep such records in accordance with State law and Chapter 33 of the Fontana Municipal Code.

10.3.3 The City shall diligently process the Commercial Cannabis Business's applications for all City Permits. This Agreement commits the City in advance

to approve the City Permits provided that the Commercial Cannabis Business complies with all the provisions of Chapter 33 of the Fontana Municipal Code and the requirements to obtain City Permits. Nothing in this Agreement relieves the Commercial Cannabis Business of the obligation to comply with all requirements of the Fontana Municipal Code.

10.4 The Commercial Cannabis Business agrees to comply with all applicable State Law and local laws and regulations applicable to operation of the Commercial Cannabis Business, including Chapter 33 of the Fontana Municipal Code.

10.5 The Commercial Cannabis Business agrees to conduct an annual financial audit and/or compliance review, at Commercial Cannabis Business's cost, as requested by the City.

11. Operational Requirements. In addition to all operating requirements set forth in Chapter 33 of the Fontana Municipal Code, the Commercial Cannabis Business shall comply with the following specific operational requirements:

11.1 The Commercial Cannabis Business shall immediately notify the Fontana 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 Manager of the Commercial Cannabis Business shall notify the City Police Department as soon as practicable after becoming aware of the security system breach. The Commercial Cannabis Business shall diligently attempt to fix or resolve any such security breach immediately; if circumstances require additional time and delay to remedy, the Commercial Cannabis Business shall so notify the City Police Department and provide an estimated timeline the security breach will be cured.

11.2 If the Commercial Cannabis Business receives any criminal threats, or otherwise suspects any criminal targeting related to movement of product or cash from or to the Subject Property, the Commercial Cannabis Business shall immediately notify the City Police Department.

11.3 Commercial Cannabis Business shall abide by the operating procedures submitted to the City, as set forth in Section 33-8(a)(8) and that are hereby attached and incorporated into this Agreement as Exhibit B. The Commercial Cannabis Business shall immediately notify City of any modifications to the operating procedures.

11.4 Commercial Cannabis Business shall abide by the operating requirements set forth in Sections 33-29, 33-30 and 33-31, including but not limited to, hours of operation not to exceed 9:00 am to 9:00 pm, no consumption of cannabis on premises, no cannabis or cannabis products shall be visible from exterior of property, and no persons under 21 years shall be allowed on the premises. The provisions of Sections 33-29, 33-30 and 33-31 shall be strictly enforced by Commercial Cannabis Business.

11.5 Commercial Cannabis Business shall abide by the requirements of Development Agreement.

12. Inspections.

12.1 The city manager, police chief, fire marshal, code compliance representative and their designees charged with enforcing the provisions of the Fontana Municipal Code may enter the Commercial Cannabis Business at any time during regular business hours, without notice, and inspect the location of the Commercial Cannabis Business as well as any recordings and records required to be maintained pursuant to this chapter or under applicable provisions of state law.

12.2 It is unlawful for any person having responsibility over the operation of the Commercial Cannabis Business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an inspection, review or copy records, recordings or other documents required to be maintained by the Commercial Cannabis Business under Chapter 33 or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsify any records, recordings or other documents required to be maintained by the Commercial Cannabis Business under Chapter 33 or under state or local law.

13. Default and Termination for Cause. Without prejudice to its other remedies at law or in equity, the City may terminate this Agreement for cause within thirty (30) days' written notice to Commercial Cannabis Business. Caused as used in this section is defined as:

13.1 Failure to comply with the terms of the City of Fontana Commercial Cannabis Permit issued to Commercial Cannabis Business by City;

13.2 Failure of Commercial Cannabis Business to maintain a valid active City of Fontana Business License as the commercial cannabis business approved by the Commercial Cannabis Permit and as operating;

13.3 Failure by Commercial Cannabis Business to accurately report gross receipts information or other data necessary for City to calculate/confirm operating or development agreement fees;

13.4 Failure by Commercial Cannabis Business to pay operating agreement fees and related reimbursement costs within thirty (30) days of the date those fees are due;

13.5 Failure by Commercial Cannabis Business to cooperate with City or City's authorized agents in any inspection, examination and audit of Commercial Cannabis Business's commercial cannabis business books and records (including tax filings and returns).

13.6 This Agreement will automatically terminate if:

13.6.1 Commercial Cannabis Business's Commercial Cannabis Permit is revoked by City or is not renewed by City, or

13.6.2 Commercial Cannabis Business transfers its Commercial Cannabis Permit in violation of Fontana Municipal Code section 33-15.

13.7 Cure Period. Commercial Cannabis Business shall cure the default resulting from the cause for termination within thirty (30) days of the date of the notice of termination. If Commercial Cannabis Business fails to cure the default within thirty (30) days of the date of the notice of termination for cause, this Agreement will be terminated.

14. Termination.

14.1 The Commercial Cannabis Business may terminate this Agreement prior to expiration of the Term for the reasons and subject to the requirements set forth below. The Commercial Cannabis Business understands and acknowledges that the right to operate the Commercial Cannabis Business is expressly contingent on full compliance with Chapter 33 of the Fontana Municipal Code. As such, termination of this Agreement shall result in the immediate termination of the Commercial Cannabis Business's operations, unless and until a new Operating Agreement is executed by the Parties.

14.2 Commercial Cannabis Business's Termination Rights. The Commercial Cannabis Business may, at any time and in its sole discretion, effective thirty (30) days after the Commercial Cannabis Business provides written notice of termination to the City. Such termination shall not relieve Commercial Cannabis Business of any outstanding or previously incurred liability, payment, or obligation to City. All fees due pursuant to the Commercial Cannabis Permit, this Operating Agreement or any Development Agreement between the Parties shall immediately be due and payable.

15. Indemnification.

15.1 Commercial Cannabis Business shall defend (with Counsel reasonably approved by the City), indemnify, and hold harmless the City and its Council, boards and commissions, officers, officials, employees, and agents from and against any and all actual and alleged liabilities, demands, claims, losses, damages, injuries, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and attorney's fees), which arise out of, or which are in any way related to i) the cannabis business permit and any land use entitlement related thereto, ii) the proceedings undertaken in connection with the approval, denial, or appeal of the cannabis business permit and any land use entitlement related thereto, iii) any subsequent approvals or licensing/permits relating to the cannabis business permit and any land use entitlement related thereto, iv) the processing of the cannabis business permit and any land use entitlement related thereto, v) any amendments to the approvals for the cannabis business permit and any land use entitlement related thereto, vi) the City's approval, consideration, analysis, review, issuance, denial or appeal of the cannabis business permit; vii) the City's approval, consideration, analysis, review, issuance, denial or appeal of any land use entitlement related thereto, viii) the City's drafting, adoption and passage

of an ordinance, and related resolutions, policies, rules and regulations, allowing for cannabis businesses, ix) the City's drafting, adoption and passage of an ordinance, and related resolutions if necessary in the future regarding any zoning law amendment(s) related to Commercial Cannabis Business, x) the operation of Commercial Cannabis Business or activity, xi) the process used by the City in making its decision to approve, consider, analyze, review, issue, or deny, my cannabis business permit or any related land use entitlement, or the appeal of either, xii) City's compliance or failure to comply with applicable laws and regulations or xiii) the alleged violation of any federal, state or local laws by Commercial Cannabis Business or any of its officers, employees or agents, except where such liability is caused by the sole negligence or willful misconduct of the City.

15.2 City may (but is not obligated to) defend such challenge as City, in its sole discretion, determines appropriate, all at applicant's sole cost and expense. Commercial Cannabis Business shall bear any and all losses, damages, injuries, liabilities, costs, and expenses (including, without limitation, staff time and in-house attorney's fees on a fully-loaded basis, attorney's fees for outside legal counsel, expert witness fees, court costs, and other litigation expenses) arising out of or related to any challenge ("Costs"), whether incurred by Commercial Cannabis Business, City, or awarded to any third party, and shall pay to the City upon demand any Costs incurred by the City.

15.3 Commercial Cannabis Business shall fund a deposit account ("Fund") to reimburse the City's cost, including attorney's fees, to defend any claim, action, or proceeding that is or may be subject to the agreement on limitations of City's Liability, and Certifications, Assurances Warranties, and Indemnification to City. In the event that any such claim, action, or proceeding is filed against the City, Commercial Cannabis Business shall within thirty (30) days of the filing deposit an initial sum of \$25,000 to the Fund to reimburse Commercial Cannabis Business' portion of the City defense costs, as determined by the City in its sole discretion. The Fund, once established, shall at all times, until conclusion of the claim, proceedings, or action, contain an amount necessary to cover not less than three months' worth of budgeted expenditures by the City relating to the City's defense of the claim, action, or proceeding, including all time to appeal, or as long as expenditures made by the City relating to its defense remain unreimbursed, whichever is later. The City may, from time to time, in the City's sole and absolute discretion, request additional deposits from the Commercial Cannabis Business to ensure the fund balance is adequate to defend any claim, action or proceeding, including appeals related thereto. Once all remaining and outstanding reimbursements have been paid to the City by Commercial Cannabis Business, and upon resolution of the claim, proceeding or action, City shall return any remaining unused portion of deposit.

16. Waiver, Release and Hold Harmless

16.1 Commercial Cannabis Business hereby waives, releases, and holds harmless the City of Fontana ("City") and its Council, boards and commissions, officers, officials, employees, and agents from any and all actual and alleged claims, losses,

damages, injuries, liabilities, costs (including attorney's fees), suits or other expenses which arise out of, or which are in any way relate to my application for a cannabis business permit, the issuance of the cannabis business permit, the process used by the City in making its decision, the enforcement of the conditions of the cannabis business permit, or the cannabis business' operations.

16.2 Commercial Cannabis Business hereby waives, releases and holds harmless the City and its Council, boards and commissions, officers, officials, employees, and agents from any and all actual and alleged claims, losses, damages, injuries, liabilities, costs (including attorney's fees), suits or other expenses which arise out of, or which are in any way relate to: (1) any repeal or amendment of any provision of the Fontana Municipal Code or Zoning Ordinance relating to commercial cannabis activity; or (2) any investigation, arrest or prosecution of Commercial Cannabis Business, or the cannabis business' owners, operators, employees, clients or customers, for a violation of state or federal laws, rules or regulations relating to cannabis activities.

17. 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 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 .

If to the City:

City of Fontana
8353 Sierra Ave.
Fontana, CA 92335
Attn: City Manager

If to Commercial Cannabis Business:

[**INSERT**]

18. Force Majeure.

18.1 "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, pandemics, the actions or inactions of any governmental entity (excluding the City) or that entity's agents, including any "stay at home" or "safer at home" and/or any other governmental order requiring the Commercial Cannabis Business to temporarily cease operations, litigation, labor shortages (including shortages caused by strikes or walkouts), and materials shortages.

18.2 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 Commercial Cannabis Business 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.

19. Waiver. A Party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon the other Party's breach of this Agreement shall not constitute a waiver of any performance, right, or remedy. A Party's waiver of the other Party's breach of any provision in this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in writing and signed by the waiving Party.

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

21. Attorneys' Fees. The Party prevailing in any litigation concerning this Agreement, the Subject Property, or the Commercial Cannabis Business operations, shall be entitled to an award by the court of reasonable attorneys' fees and litigation costs. If the City is the prevailing party, then this Section shall apply whether the City is represented in the litigation by the designated City Attorney or by outside counsel.

22. Jurisdiction and Venue. This Agreement has been executed and delivered in the State of California and the validity, interpretation, performance, and enforcement of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. Both parties further agree that San Bernardino County, California, shall be the venue for any action or proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

23. Severability. If a court with competent 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.

24. 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.

25. Disclaimer. Despite California's commercial cannabis laws and the terms and conditions of this Agreement or any Commercial Cannabis Permit issued pertaining to Commercial Cannabis Business or the hereinabove specified property location, California commercial cannabis cultivators, transporters, distributors, cannabis testing facility/laboratory businesses or possessors may still be subject to arrest by federal officers and prosecuted under federal law. The Federal Controlled Substances Act, 21

USC § 801 et seq., prohibits the manufacture, manufacturing, and possession of cannabis without any exemptions for medical or non-medicinal use.

26. Integration and Modification. This Agreement sets forth the Parties' entire understanding and agreement regarding the matters addressed herein. This Agreement supersedes all prior or contemporaneous agreements, representations, and negotiations (written, oral, express, or implied) and may be modified only by written agreement signed by both Parties.

(Signature Page Follows)

DRAFT

IN WITNESS WHEREOF, the parties enter into this Agreement as of the Effective Date.

City of Fontana

Commercial Cannabis Business:

By: _____
City Manager
Dated: _____, 20__

By: _____
[INSERT]
Dated: _____, 20__

Approved as to Form

Fontana City Attorney

By: _____
City Attorney