



CITY OF SONOMA
COMMERCIAL CANNABIS BUSINESS PERMIT APPLICATION
FINANCIAL RESPONSIBILITY, INDEMNITY AND CONSENT TO INSPECTION
AGREEMENT

Dated: _____, 2020

The undersigned (sometimes referred to as the "Proposer," "I," "me" or "my") hereby agree to the following terms:

1. I am herewith depositing the sum of \$11,000.00 as an initial deposit (i) for the review and processing of my proposal (sometimes referred to as an "Application" or "Proposal") for a conditional certificate ("CC") submitted herewith and should said CC be awarded to me or my organization, (ii) for the review and processing of my Application for a commercial cannabis business permit ("CCBP"). I understand that the City of Sonoma ("City") may require me to pay additional amounts to cover the costs incurred by the City in reviewing, vetting and acting upon my Proposal pursuant to City of Sonoma's Administrative Regulations ("Regulations") promulgated pursuant to City of Sonoma Ordinance No. 03-2019 and the City's Application Procedures & Guidelines for a Commercial Cannabis Business ("Guidelines"), and I agree to pay such additional sums if and when demanded by the City. The City may require a separate cost recovery agreement in addition to this form.
2. The entire amount deposited is non-refundable except as provided in the Regulations and/or Guidelines. There is no guarantee - expressed or implied - that by submitting the proposal or making the deposit identified above that I will obtain any land use entitlements or a permit to operate a commercial cannabis business in the City of Sonoma. I understand that City staff may recommend the rejection of my proposal for any reason, that staff may change its recommendation at any time, and that staff's recommendation of approval does not guarantee approval by any council, board or commission.
3. All costs incurred by the City in processing said Proposal, including staff time and overhead, shall be paid by me. This is my personal obligation and shall not be affected by sale or transfer of the property subject to the Proposal, changes in business organization, or any other reason. As work proceeds on the Proposal, actual City costs, as established by City Resolution, will be charged against the deposit account. The City will deduct such costs from said deposit at such times and in such amounts as City determines. The City may demand additional deposits be made by me over the course of processing my Application such as prior to each submittal, public review, and hearing(s), as applicable to the certificate and/or permit being sought by me. "Costs incurred by the City" as identified in this paragraph shall include costs for the services of contractors, attorneys or consultants. The City shall exercise its sole discretion in determining whether it is necessary to engage the services of a contractor, consultant or attorney to assist with Application processing, which costs I agree to pay.

4. If it is determined by the City that the amount on deposit will not be adequate to cover all costs associated with Application processing, I shall deposit the additional monies in the amount and by the time specified by the City, or my Application will be deemed withdrawn and the amounts I have already paid to the City forfeited to the City. If at any point in the processing of my Application the amount on deposit will not be adequate to cover all costs associated with Application processing, City staff will suspend work on my Application until sufficient funds are restored. City may make a written demand for additional deposit(s) and I shall deposit with City such additional sums within the time stated in City's demand. If I fail to deposit such additional sums within said period, City staff will cease work on my Application. In the event that the City has incurred any processing costs which are not covered by the amount I have deposited with the City, I will pay same within thirty days of receiving an invoice therefor from the City. Unpaid amounts will accrue interest at the rate of 10% per annum until fully paid.

5. (a) To the fullest extent permitted by law, the City of Sonoma shall not assume any liability whatsoever with respect to having issued a CCBP to the undersigned or otherwise approving the operation of the undersigned's commercial cannabis business.
(b) To the fullest extent permitted by law, the undersigned shall defend (at the undersigned's sole cost and expense), indemnify, save and hold harmless the City of Sonoma and its agents, officers, representatives, elected officials and employees from any claims, damages, losses, injuries or liabilities of any kind which arise out of, or which are in any way related to, the City's issuance of a commercial cannabis business permit to the undersigned or affiliated organization, the City's decision to approve the operation of my commercial cannabis business or activity, the process used by the City in making its decision, the operation of my commercial cannabis business or activity, and/or the alleged violation of any federal, state or local laws by my commercial cannabis business or any of its officers, employees or agents.
(c) This indemnification shall apply to any damages, costs of suit, attorneys' fees or other expenses awarded against or paid by the City, its agents, officers and/or employees as a result of any claim covered by this indemnification obligation. My obligations under this indemnification shall apply regardless of whether a license or any permits or entitlements are issued to the undersigned.
(d) My indemnification obligation as set forth in this Agreement does not cover any claims to the extent they arise out of the City's gross negligence or willful misconduct.
(e) In any action brought to enforce this indemnification obligation, the prevailing party shall be entitled to an award of attorney's fees and costs.
(f) In addition, I shall release the City of Sonoma and its agents, officers, elected officials, representatives and employees from any injuries, expense, claim, damages, or liabilities of any kind that result from or are connected with: (i) any investigation, arrest or prosecution of the undersigned or the Owners, operators, of employees of the commercial cannabis business ("Proposer's Business") which is the subject of the Proposal or their clients or customers for violation of state or federal laws, rules or regulations relating to cannabis activities; and/or (ii) the submission of the Proposal, the City's granting to the Proposer a CC or CCBP or use permit or any other entitlement or permit for Proposer's Business, or the City's enforcement of the conditions of said permits and/or entitlements. Under no circumstances shall the undersigned initiate any action or cause the initiation of any action seeking monetary damages from the City of Sonoma or its

officers, officials, employees, agents or representatives arising from the undersigned's submittal of the Proposal, the City's granting to the Proposer a CC or CCBP or use permit or any other entitlement or permit for Proposer's Business, the City's rejection or denial of the Proposal, or the City's enforcement of the conditions of said permits and/or entitlements.

6. The City will promptly notify the Proposer/Applicants and Owner of any such claim, action, or proceeding that is or may be subject to this Agreement. The City may, within its unlimited discretion, participate in the defense of any such claim, action, or proceeding.
7. In the event that any claim, action, or proceeding as described above is filed against the City, I shall, within 30 days of the filing make an additional deposit of \$40,000 to the City to cover the costs or expenses which the City anticipates it will likely incur in defending said claim, action or proceeding (collectively, the "action"). If during the prosecution of the action, the City's actual costs or expenses incurred equal or exceed 80% of the deposit amount, upon demand by the City and within 30 days of receiving said demand, I shall deposit additional funds sufficient to bring the balance up to the amount of \$40,000. Unpaid amounts shall accrue interest at the rate of 10% per annum until fully paid.
8. The City shall have the absolute right to approve any and all counsel employed to defend the City. To the extent the City uses any of its own resources to defend and/or respond to such action, or to assist the defense, I will reimburse the City for the cost of those resources through the deposit and replenishment of the deposit described in paragraph 7 above. Such resources include, but are not limited to, staff time, court costs, City Attorney's time and expenses, special counsel time and expenses and/or any other direct or indirect cost associated with defending and responding to, or assisting in the defense of, the action.
9. I consent and expressly allow, authorize, and permit the City, all its departments, agents, and employees (collectively, "City"), to enter upon and inspect the property on or in which I propose to conduct the commercial cannabis business which is the subject of my Proposal, , with or without prior notice, for the purposes of inspecting, photographing, and/or processing this Application and to inspect for compliance with all laws, regulations, and conditions placed on land use approvals or the CCBP. No additional permission or consent to enter upon the property is necessary or shall be required. By signing this Application, the undersigned further certify and warrant that the undersigned am/are authorized to, and hereby do, consent to and allow such inspections on my behalf and on the behalf of each and every Proposer, Owner of the commercial cannabis business and the owners of the property.
10. I understand that all materials submitted in connection with my Application are public record subject to inspection and copying by members of the public. By filing an Application, I agree that the public may inspect and copy these materials and the information contained therein, and that some or all of the materials may be posted on the City's website. In order to be treated as exempt from disclosure as a public record pursuant to Government Code Section 6255(a), the Applicant must denote the submitted Pro Forma plans as confidential/proprietary. For any materials (with the exception of materials that may require an architect's permission for release to the public) that may be subject to copyright protection, or which may be subject to sections 5500.1 and 5536.4 of the

California Business and Professions Code, by submitting such materials to the City, I represent that I have the authority to grant, and hereby grant, the City permission to make the materials available to the public for inspection and copying, whether in hardcopy or electronic format.

11. If any permit which is issued by the City for the commercial cannabis business that is the subject of the Proposal is, in part or in whole, revoked, invalidated, rendered null or set aside by a court of competent jurisdiction or by the City pursuant to Ordinance No. 03-2019, the Regulations, State law or the CCBP and/or use permit granted for such business, I agree to be bound by the terms of this Agreement, which shall survive such invalidation, nullification or setting aside.
12. This Agreement shall be construed and enforced in accordance with the laws of the State of California and in any legal action or other proceeding brought by either party to enforce or interpret this Agreement; the appropriate venue is the Sonoma County Superior Court.
13. Acronyms and capitalized terms used herein shall have the same meaning as those acronyms and terms are defined in City of Sonoma Ordinance No. 03-2019 and/or the Administrative Regulations promulgated thereunder, unless the context clearly indicates otherwise.
14. This Agreement shall be binding on the undersigned and on any entity which each of the undersigned represents and on whose behalf the undersigned have executed this Agreement. Each of the signatories below who execute this Agreement on behalf of an entity warrant and represent that they have been duly authorized to execute this Agreement on behalf of the entity which s/he represents and that this Agreement is a valid obligation fully binding upon said entity in accordance with its terms and conditions.
15. In the event any action is brought to enforce or interpret this Agreement, the prevailing party shall be awarded its attorney's fees and costs.

After review and consideration of all of the foregoing terms and conditions, the undersigned agree to be bound by and to fully and timely comply with all of the foregoing terms and conditions.

Applicant(s)/Owner(s):

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

Printed Name

Signature

NOTE: The intent of this Agreement is to bind each Proposer personally and individually, as well as to bind any entity on whose behalf the signatory is executing this Agreement. This may require an individual signatory to sign this Agreement two times: once as an officer, director, agent or representative of an entity, and a second time as an individual. Furthermore, all directors of a corporation submitting a Proposal and all members of any limited liability company submitting a Proposal under the City's commercial cannabis program must sign this Agreement, making each such signatory personally liable for the obligations set forth herein.