

**INDEMNIFICATION AGREEMENT
FOR
COMMERCIAL CANNABIS PERMIT**

THIS AGREEMENT is made and entered into on _____ (Month)
(Date), _____ (Year), by _____
("OWNER") and the City of Commerce, California referred to herein as "Commerce" or the
"CITY." CITY and OWNER are sometimes individually referred to herein as a "Party," and
jointly as "Parties."

R E C I T A L S

WHEREAS, OWNER has requested that the City of Commerce process its application for a Commercial Cannabis Permit submitted by OWNER which will allow OWNER to operate Commercial Cannabis Activities consistent with City Ordinance No. 700, and as described in OWNER's submittal documents and Development Agreement, identified as Application No. _____, (collectively "PERMIT").

WHEREAS, OWNER desires to defend and indemnify CITY from liability or loss connected with the approval of the PERMIT and environmental clearances, if any, as provided in this Agreement.

NOW, THEREFORE, IT IS MUTUALLY AGREED between CITY and OWNER as follows:

Parties

For the purposes of this Agreement, the term CITY shall include the City of Commerce, the City of Commerce Planning Commission, City Council, City Administrator, and/or any City of Commerce agencies, departments, commissions, agents, officers, and/or employees. For the purposes of this Agreement, the term OWNER shall include all parties applying for approval of the PERMIT, including but not limited to the owner or owners of the property or properties upon which the Commercial Cannabis Activities will be sited and the OWNER'(s) successor(s)-in-interest.

Indemnification and Defense by OWNER

OWNER shall defend, indemnify, and hold harmless CITY and its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees against and from any and all liabilities, demands, claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees), which any or all of them may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to the legality, validity or adequacy of any of the following: (i) the issuance of a Commercial Cannabis Permit, the approval and execution of a Development Agreement and the issuance, approval and/or execution of concurrent and subsequent permits, licenses and entitlements approved by the CITY for

Commercial Cannabis Activities; (ii) the environmental impact report, mitigated negative declaration or negative declaration, as the case may be, prepared in connection with the Commercial Cannabis Activities; (iii) any claims based on or alleging inverse condemnation by any person or entity with an interest in the property or properties upon which the Commercial Cannabis Activities will be sited; and (iv) the proceedings undertaken in connection with the adoption or approval of any of the above. In the event of any legal or equitable action or other proceeding instituted by any third party (including a governmental entity or official) challenging the validity of any provision of the PERMIT or any portion thereof as set forth herein, the parties shall mutually cooperate with each other in defense of said action or proceeding. Notwithstanding the above, CITY, at its sole option, may tender the complete defense of any third-party challenge as described herein. In the event CITY elects to contract with special counsel to provide for such a defense, CITY shall meet and confer with OWNER regarding the selection of special counsel, and OWNER shall pay all costs of defense, including but not limited to, special counsel's fees and costs, CITY staff time, and City Attorney fees and costs.

Cooperation in the Event of Initiative or Legal Challenge

a. Legal Challenge

If any legal action or special proceeding related to the PERMIT is commenced by anyone for any reason, the CITY and OWNER agree to cooperate with each other in good faith to defend the CITY. The OWNER shall not settle any lawsuit on grounds which include, but are not limited to, non-monetary relief, without the consent of the CITY.

b. Initiative

Should a non-City initiative measure or measures be enacted which could affect the PERMIT:

OWNER and CITY shall meet and confer in good faith to mutually determine the proper course of action; and

In the event CITY and OWNER jointly determine to challenge such initiative measure, OWNER shall provide for any challenge to such initiative measure at its sole cost and expense.

No Duty of CITY

OWNER acknowledges and agrees that the Commercial Cannabis Activities that are the subject of the PERMIT is a private development and CITY has no interest in, responsibility for, or duty to anyone concerning the PERMIT and/or the business operated by the OWNER pursuant to the PERMIT.

Release

OWNER acknowledges and waives its rights under California Civil Code Section 1542 which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."_____ (OWNER's Initials)

Notices

Except as may be otherwise required by law, any notice to be given shall be written and shall be either personally delivered, sent by facsimile transmission or sent by first class mail, postage prepaid and addressed as follows:

CITY: CITY OF COMMERCE
Attention: City Administrator
2535 Commerce Way
Commerce, CA 90040
(323) 722-4805

With a Copy to: Norma Copado, Esq.
Alvarez-Glasman & Colvin
13181 Crossroads Pkwy North
Suite 400 – West Tower
City of Industry, CA 91746

OWNER:

Notice personally delivered is effective when delivered. Notice sent by facsimile transmission is deemed to be received upon successful transmission. Notice sent by first class mail shall be deemed received on the fifth day after the date of mailing. Either Party may change the above address by giving written notice pursuant to this paragraph.

Entire Agreement

This Agreement combined with the Development Agreement and the terms contained in Ordinance No. 700 contain the entire contract of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

Enforcement Action

In the event it becomes necessary for CITY to take any action against the OWNER to enforce or interpret the terms of this Agreement, CITY shall be entitled to its reasonable attorneys' fees and costs, including all costs of investigation, and all pre-litigation costs.

Severability

If any provision of this Agreement is held by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect and shall in no way be impaired or invalidated.

Governing Law

The rights and obligations of the parties and the interpretation and performance of this Agreement shall be governed by the laws of the State of California and venue shall be in Los Angeles County.

No Third Party Beneficiaries Intended

Unless specifically set forth, the parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.

Waiver

The failure of either Party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either Party of either performance or payment shall not be considered to be a waiver of any preceding breach of the Agreement by the other Party.

[**Signatures on Following Page**]

The undersigned OWNER expressly warrant his/her authority to enter into this Agreement.

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

CITY OF COMMERCE

[NAME OF OPERATOR] OWNER

Mayor

Name: XXXX
Title: XXXX

OTHER PARTY

Name: XXXX
Title: XXXX

APPROVED AS TO FORM:

City Attorney
City of Commerce