

**COMMERCIAL CANNABIS BUSINESS PERMIT  
INDEMNIFICATION AGREEMENT**

THIS COMMERCIAL CANNABIS BUSINESS PERMIT INDEMNIFICATION AGREEMENT (“Agreement”) is entered into this \_\_\_ day of \_\_\_\_\_, 2018, by and between the City of Merced (“City”) and \_\_\_\_\_ (“Applicant”).

**RECITALS**

WHEREAS, the Applicant has a legal and/or equitable interest in the certain real property located commonly known as \_\_\_\_\_, within the City of Merced, State of California, APN \_\_\_\_\_ (the “Property”);

WHEREAS, the Applicant has submitted an application to the City for a Commercial Cannabis Business Permit “CCBP” for the commercial dispensing, cultivation, distribution, testing, and/or manufacturing of medical marijuana at the Property (the “Project”);

WHEREAS, Merced Municipal Code 20.44.170, requires applicants to execute and deliver an Indemnification Agreement to the City as part of the application package for any CCBP, prior to the issuance of a CCBP.

**AGREEMENT**

NOW, THEREFORE, in consideration of the promises, covenants and provisions set forth herein, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Nothing in this Agreement shall be construed to limit, direct, impede or influence the City’s review and consideration of Applicant’s application to the City for the Project.

2. Applicant shall defend, indemnify, save and hold harmless the City, its elected and appointed officials, officers, employees, agents and volunteers from any and all claims, actions, proceedings, demands, losses, damages, expenses, or liability of any nature whatsoever, including, but not limited to: any approvals issued in connection with any of the above described application(s) by City; any action taken to provide related environmental clearance under the California Environmental

Quality Act (“CEQA”) by City’s advisory agencies, boards or commissions, appeals boards, or commissions, Planning Commission, or City Council; and attorneys’ fees and costs arising out of, or in connection with the City’s review and/or approval of the Project or arising out of or in connection with the acts or omissions of the Applicant, its agents, employees or contractors.

With respect to the City’s review and/or approval of the Project, this obligation shall also extend to any effort to attack, set aside, void, or annul the approval of the Project, including any contention the Project or its approval is defective because a City ordinance, resolution, policy, standard or plan is not in compliance with local, State or Federal law. With respect to acts or omissions of the Applicant, its agents, employees or contractors, its obligation, hereunder shall apply regardless of whether the City prepared, supplied and/or approved plans and/or specifications.

3. The obligations of the Applicant under this Agreement shall apply regardless of whether a permit is actually issued.

4. The City will promptly notify Applicant of any such claim, action, or proceeding that is or may be subject to this Agreement and will cooperate fully in the defense. The City may, within its unlimited discretion, participate in the defense of any such claim, action, or proceeding if the City defends the claim, action, or proceeding in good faith.

5. The City Council 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 resources to respond to such claim, action or proceeding, or to assist the defense, the Applicant will reimburse the City upon demand. Such resources include, but are not limited to, staff time, court costs, City Council’s time at its regular rate for non-City agencies, or any other direct or indirect cost associated with responding to, or assisting in defense of, the claim, action or proceedings.

6. The Applicant shall not be required to pay or perform any settlement unless the settlement is approved in writing by the Applicant, which approval shall not be unreasonably withheld. The City must approve any settlement affecting the rights and obligations of the City in writing.

7. The defense and indemnification of City set forth herein shall remain in full force and effect throughout all stages of litigation including appeals of any lower court judgments rendered in the proceeding.

8. For any breach of this Agreement the City may rescind its approval of the Project and/or any CCBP previously issued.

9. The parties agree that this Agreement shall constitute a separate agreement from any Project approval, and/or CCBP and that if the Project, in part or in whole, is invalidated, rendered null or set aside by a court of competent jurisdiction, the parties agree to be bound by the terms of this Agreement, which shall survive such invalidation, nullification or setting aside.

10. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

11. In any legal action or other proceeding brought by either party to enforce or interpret this Agreement, the appropriate venue is the Merced County Superior Court.

12. If any action, proceeding, or arbitration arising out of or relating to this Agreement is commenced by either party, the prevailing party shall be entitled to receive from the other party, in addition to any other relief that may be granted, the reasonable attorneys' fees, costs, and expenses incurred in the action, proceeding, or arbitration by the prevailing party.

13. This Agreement shall be binding on and inure to the benefit of the parties and their legal representative, successors, heirs and assigns.

14. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement

After review and consideration of all of the foregoing terms and conditions, Applicant, but its signature below, hereby agrees to be bound by and to fully and timely comply with all of the foregoing terms and conditions.

Dated:

Applicant(s):

\_\_\_\_\_  
Printed Name/Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name/Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name/Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name/Title

\_\_\_\_\_  
Signature

CITY OF MERCED  
A California Charter Municipal  
Corporation

BY: \_\_\_\_\_  
City Manager

ATTEST:  
STEVE CARRIGAN, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: \_\_\_\_\_  
City Attorney                      Date

ACCOUNT DATA:

BY: \_\_\_\_\_  
Verified by Finance Officer