

**CITY OF COALINGA
COMMERCIAL MARIJUANA OPERATIONS
BOND REQUIREMENTS**

Bonding requirements to cover the costs of the destruction of cannabis and cannabis products for a violation of State licensing requirements shall be in substantially the following form, unless otherwise dictated by the applicable State regulatory body. The bond shall be from a surety company licensed and admitted to conduct business in the State of California and rated at a minimum with an "A" by A.M. Best Company.

On _____ 201_, _____ [COMPANY NAME AND LEGAL STATUS] ("Developer") received a permit or permits ("Permit") from the City of Coalinga ("City") for the opening of Commercial Marijuana Operations in the City at [INSERT ADDRESS] as authorized by Coalinga Municipal Code, Section 9-5.128. In accordance with State and City licensing requirements, Developer is required to post a bond to cover the costs of destruction of cannabis or cannabis products if necessitated by a violation of licensing requirements.

The purpose of this bond is to secure the payment of claims the City or State (collectively "Obligee") may have for the destruction of the cannabis or cannabis products. Developer is required, before commencing operations, to file a good and sufficient bond with the City to secure claims arising under the Permit as they relate to the destruction of the cannabis or cannabis products.

The Developer and the undersigned [SURETY INFORMATION] ("Surety") are held and firmly bound for all amounts due the City or State of California for the costs of the destruction of the cannabis or cannabis products in the sum of Twenty Five Thousand Dollars (\$25,000.00) which sum well and truly be made, we bind ourselves, our heirs, executors, administrators, successors, or assigns, jointly and severally, by this bond.

The condition of this obligation is that if the City or State of California requires the destruction of the cannabis or cannabis products, and Developer, or any of its subcontractors, or the heirs, executors, administrators, successors, or assigns of any of them, shall fail to pay for the costs of destruction within thirty (30) days of a demand by the City or State, that said Surety will pay the same in an amount not exceeding the sum shown above. Further, in case suit is brought upon this bond, said Surety will pay costs and reasonable attorney's fees to be awarded and fixed by the Court, and to be taxed as costs and to be included in the judgment rendered. A demand to the Developer is not required if the Developer is no longer in business or is in a bankruptcy proceeding, whether voluntary or involuntary. It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void, otherwise it shall be and remain in full force. The Surety, for value received, stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Permit or the approved Commercial Marijuana Operation, shall in any manner affect its obligations on this bond, and it waives notice of any such change, extension, alteration, or addition.

Notwithstanding the foregoing, Surety may cancel this bond and be relieved of all further liability hereunder upon giving ninety (90) days' notice to the City. However cancellation shall not affect any rights or liabilities which have accrued under this bond prior to the date of such cancellation. No suit or action shall be brought hereunder by any party other than the Obligee, and no suit or action shall be commenced under this bond more than one (1) year from the expiration or cancellation thereof. Regardless of the number of years this bond remains in force, or the number of renewal periods, the aggregate liability of the surety under this bond shall not exceed the penal sum.

(To be signed by)	_____
(Principal and Surety,)	Principal
(and acknowledged and)	_____
(Notarial Seal attached)	_____
		Surety
		By: _____
		Attorney-in-Fact

The above bond is accepted and approved on _____, 201_.