



## COMMUNITY BENEFITS AGREEMENT

This Community Benefits Agreement ("Agreement") is entered into in Ventura County, California as of \_\_\_\_\_, 2022 (the "Effective Date") by and between the City of Oxnard, a municipal corporation of the State of California (hereafter "City") and \_\_\_\_\_ [legal name of entity], a \_\_\_\_\_ [type of entity], doing business as \_\_\_\_\_ (hereafter "Operator").

A. On \_\_\_\_\_, 2022, the City issued Operator a special use permit (the "SUP") for Operator to operate a [cannabis retail/manufacturing and distribution/cultivation/testing] facility at \_\_\_\_\_ [address] in the City of Oxnard, California (the "Facility").

B. Operator acknowledges and agrees that the City would not have approved the SUP if Operator had not agreed to comply with all of the conditions of the SUP, including (but not limited to) its obligation to enter into this Agreement.

C. Operator also acknowledges and agrees that, prior to its application for a Commercial Cannabis Business Permit from the City to operate the Facility, Operator was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Operator chose to move forward with such application process.

NOW, THEREFORE, in consideration of the foregoing Recitals which are hereby incorporated into the operative provisions of this Agreement by this reference and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the City and the Operator agree as follows:

**Section 1. Purpose.** The purpose of this Agreement is to memorialize Operator's commitment to:

- A. Pay the City a portion of the Operator's Gross Receipts, which the City will use to fund City services and programs, and for other purposes, that benefit the community;
- B. Pay an initial one-time payment to the City for public benefit programs;
- C. Hire local Oxnard residents.
- D. Comply with ongoing Local Equity reporting and ownership requirements.

**Section 2. Term.** The term (“Term”) of this Agreement begins on the Effective Date, and it expires upon the earliest of any of the following: (a) the revocation or termination of the SUP and the entry of the final court judgment of any litigation challenging such revocation or termination; (b) the effective date of the final court judgment ruling that the SUP is invalid; (c) the effective date of any change in the law that invalidates the SUP or that prohibits sales of cannabis or cannabis products at the Facility; or (d) 75 years from the effective date of this Agreement. Notwithstanding any language in this Section 2 to the contrary, the provisions of Section 20 of this Agreement shall survive the termination of the Agreement for a period of five (5) years.

**Section 3. One-Time Payment.** Prior to the issuance of the certificate of occupancy for the Facility, the Operator shall make the one-time payment of \$250,000 over the course of three years,<sup>1</sup> with the first payment of \$83,333 due prior to issuance of a certificate of occupancy, and the two subsequent payments of \$83,333 due at the time of business tax certificate license renewal for year 2 and for year 3. Any such amounts paid pursuant to this Section are in addition to the yearly business license fee and any voter approved taxes.

**Section 4. Community Benefits Payment.** Operator shall make an annual community benefit payment to the City of one percent (1%) of gross receipts (each a “Payment”) for each year, or portion thereof, during the Term beginning on the date the certificate of occupancy is issued for the Facility. When Operator makes a Payment to the City, Operator shall include with the payment a financial statement showing the Dispensary’s gross receipts for which the Payment is made.

**Section 5. Verification of Gross Receipts.** During the term of this Agreement and for three years following its expiration, the City Manager or his/her designee may request copies of Operator’s state and federal tax returns, cash-flow reports, financial statements, income statements, books, journals, and other financial records for the Operator (“Financial Records”) to enable the City Manager to independently verify Operator’s Gross Receipts during the period for which any Payment is made. Within 30 days after receiving the City Manager’s written request for Financial Records under this section, Operator shall provide the City Manager copies of all Financial Records requested by the City Manager. If the City Manager determines that Operator has underpaid any Payment, Operator shall pay the City the balance owed, as determined by the City Manager, within 30 days following a written request for payment from the City Manager. Operator’s obligations shall survive the expiration of this Agreement.

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<sup>1</sup>This amount is for local equity retail operators. For local equity manufacturing and distribution operators, the one-time payment is \$25,000. For local equity cannabis cultivation or testing operators, the one-time payment is \$50,000.

**Section 6. Additional Community Benefits.** Operator agrees to provide during each calendar year that this Agreement is in effect the specific additional community benefits that are described in Exhibit A, which is attached hereto and incorporated herein by this reference. Within 60 days after the end of each calendar year, Operator shall provide written documentation to the satisfaction of the City Manager or designee that Operator has met the obligations of this Section 6.

**Section 7. Deposit and Use of Payments.** City Manager will ensure that all Payments are deposited in an account administered by the City. The use and allocation of all Payment revenues, and any interest that accrues thereon, will be determined by the City Council in its sole discretion. All Payments, and all interest that accrues thereon, shall be the property of the City.

**Section 8. Ongoing Compliance with SUP Conditions.** Operator agrees to comply with all of the terms and conditions of the SUP while such SUP remains in full force and effect.

**Section 9. Assignment.** Operator's obligations under this Agreement shall be binding upon Operator's successors and assigns. Operator shall not assign this Agreement, or any of its obligations under this Agreement, to any other person or entity without the advance written approval of the City, which shall be within its sole discretion to provide.

**Section 10. No Third-Party Beneficiaries.** Nothing in this Agreement confers and rights or obligations on any person or entity that is not a party to this Agreement.

**Section 11. Counterparts.** The Agreement may be executed in counterparts.

**Section 12. Governing Law.** This Agreement shall be governed by the laws of the State of California.

**Section 13. Venue.** Because the Facility will be located in Ventura County, Operator and City agree that any legal action relating in any way to this Agreement or the SUP may only be brought and maintained in the Ventura County Superior Court.

**Section 14. Notices.** All notices which are allowed or required to be given hereunder shall be in writing and (1) shall be deemed given and received when personally delivered or (2) shall be deemed given when the same are deposited in the United States mail, with postage prepaid, to be sent by registered or certified mail or overnight mail service, addressed to the applicable designated person by one party to the other in writing, and shall be deemed received on the second business day after such mailing.

If to City:

City of Oxnard  
300 West Third Street  
Oxnard, California 93030  
Attention: City Manager

with a copy to:

City of Oxnard  
305 West Third Street  
Oxnard, California 93030  
Attention: City Attorney

If to the Operator:

\_\_\_\_\_

with a copy to:

\_\_\_\_\_

**Section 15. Severability.** If any part of this Agreement is declared invalid for any reason, such invalidity shall not affect the validity of the remainder of the Agreement. The other parts of this Agreement shall remain in effect as if this Agreement had been executed without the invalid part. The City and the Operator intend and desire that the remaining parts of this Agreement continue to be effective without any part or parts that have been declared invalid.

**Section 16. Negation of Agency.** The City and the Operator acknowledge that, in entering into and performing under this Agreement, each is acting as an independent entity and not as an agent of the other in any respect. Nothing contained herein or in any document executed in connection herewith shall be construed as making the City and the Operator joint venturers, partners or employer/employee.

**Section 17. Waiver.** No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought.

**Section 18. Section Headings.** The section headings contained in this Agreement are for convenience and identification only and shall not be deemed to limit or define the contents to which they relate.

**Section 19. Time of Essence.** Time is of the essence of this Agreement, and all performances required hereunder shall be completed within the time periods specified. Any failure of performance shall be deemed as a material breach of this Agreement.

**Section 20. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit pursuant to this article or otherwise approving the operation of any Commercial Cannabis Business. The Operator agrees to indemnify, defend (at Operator's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

**Section 21. Insurance.**

A. Prior to execution of this Agreement by City, Operator shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in Exhibit INS-P, attached hereto and incorporated herein by this reference, issued by a company satisfactory to the Risk Manager, unless the Risk Manager waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

B. Prior to commencement of any construction under this Agreement, Operator shall file with the Risk Manager evidence of insurance coverage as specified in Exhibit INS-P. Evidence of insurance coverage shall be forwarded to the Risk Manager, addressed as specified in Exhibit INS-P.

C. Maintenance of proper insurance coverages by Operator is a material element of this Agreement. Operator's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

## **Section 22. Outside Trash Enclosure**

A. The operator shall establish and implement a written cannabis waste management plan that describes the method or methods by which the operator shall dispose of cannabis waste, as applicable to the operator's activities. The operator shall dispose of cannabis waste in compliance with section 17223 of Department of Cannabis Control regulations. The operator shall not dispose of cannabis waste in any outside trash receptacle on the property.

B. The operator shall keep the outside trash enclosures closed and locked at all times except when disposing, removing or inspecting solid waste, recyclable materials and organic waste. The operator shall obtain a universal lock and key from the City's Environmental Resources Division prior to issuance of a certificate of occupancy.

**City:**

**CITY OF OXNARD**, a municipal corporation  
of the State of California

By: \_\_\_\_\_  
John C. Zaragoza, Mayor

**ATTEST:**

\_\_\_\_\_  
Rose Chaparro, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Stephen Fischer, City Attorney

**Operator:**

*[Name of Legal Entity]*

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

*[Document must be signed by two authorized signatories of the Operator]*

Exhibit A

(To be completed by the applicant)



Exhibit INS-P

**INSURANCE REQUIREMENTS FOR PERMITS  
(WITH AUTOMOBILE LIABILITY AND WORKERS' COMPENSATION REQUIREMENT)**

1. Permittee shall obtain and maintain during the performance of any activities under this Permit the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of activities by Permittee, its agents, representatives, or employees.

a. Commercial General Liability Insurance, including Contractual Liability, in an amount not less than \$2,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability Coverage (Occurrence Form CG 0001). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. Business Automobile Liability Insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Insurance Services Office Automobile Liability Coverage (Occurrence Form CA0001) covering Code No. 1, "any auto;"

c. Workers' Compensation Insurance in compliance with the laws of the State of California, and Employer's Liability Insurance in an amount not less than \$1,000,000 per claimant. Additionally, the workers' compensation policy shall include a waiver of all rights of subrogation which the insurer may have against the City.

2. Permittee shall, prior to performance of any services, file with the Risk Manager certificates of insurance with original endorsements effecting coverage required by this Exhibit INS-P. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Risk Manager. All certificates and endorsements are to be received and approved by the Risk Manager before work commences. City reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be sent via email (or fax if necessary) to the Risk Manager, addressed as follows (do not send hard copies):

City of Oxnard  
Insurance Compliance  
Reference No. \_\_\_\_\_  
P.O. Box 100085 – OX  
Duluth, GA 30096  
Via Email: [cityofoxnard@ebix.com](mailto:cityofoxnard@ebix.com)  
Via Fax: 678-259-1007

3. Permittee agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled by either party, or reduced in coverage or limits without 30 days' prior written notice to the Risk Manager. The Risk Manager shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Permittee agrees that the Commercial General Liability and Business Automobile Liability Insurance policies shall be endorsed to name City, its City Council, officers, employees and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of permittee; products and completed operations of permittee; premises owned, occupied or used by permittee; or automobiles owned, leased, hired or borrowed by permittee. The coverage shall contain no special limitations on the scope of protection afforded to City, its City Council, officers, employees and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Exhibit INS-P or substitute forms containing the same information and acceptable to the Risk Manager shall be used to provide the endorsements (ISO form CG 2010 11/85 or if not available, CG 2010 with an edition date prior to 01/94 and CG 2037).**

5. The coverages provided to City shall be primary and not contributing to or in excess of any existing City insurance coverages (**this must be endorsed**). Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its City Council, officers, employees and volunteers. The insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. Any deductibles or self-insured retentions must be declared to and approved by the Risk Manager. At the option of the Risk Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its City Council, officers, employees and volunteers, or the permittee shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

## INSTRUCTION FOR SUBMITTING INSURANCE CERTIFICATES AND ENDORSEMENT FORMS

### *Certificates of Insurance*

The sample accord form on the following page is provided to facilitate your preparation and submission of certificates of insurance. You may use this or any industry form that shows coverage as broad as that shown on the attached sample. **Please note the certificate holder address must be as shown on the attached sample accord form with the contract number and insurance exhibit identification information completed.** Improperly addressed certificates may delay the contract start-up date because the City's practice is to return unidentifiable insurance certificates to the insured for clarification as to the contract number. **Cancellation provisions must be endorsed to the policy. Modifying the certificate does not change coverage or obligate the carrier to provide notice of cancellation.**

### *Endorsement Forms*

Original endorsements are required for commercial general liability and business automobile liability insurance policies and must be attached to the applicable certificate of insurance. City preference is that you use the endorsement forms which are attached. Substitute forms will be accepted, however, as long as they include provisions comparable to the attached.

INS-P.doc

# ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

<b>PRODUCER</b>	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
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CODESUB-CODE	<b>COMPANIES AFFORDING INSURANCE COVERAGE</b>
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INSURED	COMPANY LETTER <b>A</b> SPECIFY COMPANY NAMES IN THIS SPACE
	COMPANY LETTER <b>B</b>

## COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> [x] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [x] OCCUR. [x] OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$2,000,000 PRODUCTS COMP/OP AGG. \$2,000,000 PERSONAL & ADV. INJURY \$2,000,000 EACH OCCURRENCE \$2,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
A	<b>AUTOMOBILE LIABILITY</b> [x] ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE LIMIT \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
A	<b>EXCESS LIABILITY</b> UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	<b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY</b>				STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
A	<b>OTHER</b>				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

<b>CERTIFICATE HOLDER</b>  <b>CITY OF OXNARD</b> <b>Attn: Insurance Compliance</b> <b>Reference No. _____</b> <b>P.O. Box 100085 – OX</b> <b>Duluth, GA 30096</b> <b>Via Email: <a href="mailto:cityofoxnard@ebix.com">cityofoxnard@ebix.com</a></b> <b>Via Fax: 678-259-1007</b>	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  AUTHORIZED REPRESENTATIVE
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**City of Oxnard**  
**City Council Approved**  
**Cannabis Community Benefit Agreement**

**October 20, 2020**

The City of Oxnard is reserving two (2) of the ten (10) retail cannabis permits to Local Equity Retail Cannabis applicants. Applicants who meet the definition as defined below shall be considered a Local Equity Retail Cannabis applicant.

All applicants are required to sign a Community Benefits Agreement as a condition of approval.

1. All Cannabis Applicants - One time Payment

- a. One time payment amounts by cannabis operator type, including timing for payment of one time funds prior to issuance of a certificate of occupancy:
  - o \$25,000 for manufacturing and distribution;
  - o \$250,000 for retail cannabis applicants;
  - o \$50,000 for cannabis cultivation and testing
- b. Local Equity Retail operators pay the one time payment of \$250,000 over the course of three years. The first payment of \$83,333 is due prior to issuance of a certificate of occupancy. The subsequent annual payment amount of \$83,333 is due at the time of business license renewal years 2 and 3, and would be in addition to the yearly business license fee/process and voter approved taxes.

2. All Cannabis Applicants - Yearly 1% of gross revenues donation to City of Oxnard

- a. 1% of gross revenue donation required with yearly business license fee/process. This amount is in addition to the license fee and the City cannabis taxes.

3. Local Hire

- a. 75% of the employees of retail dispensary and cannabis manufacturing operators are required to be City of Oxnard residents.
- b. 50% of the employees of cannabis cultivation operators are required to be City of Oxnard residents.
- c. There is no local hire requirement for cannabis distribution and testing operators.