



## GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT

STATE OF CALIFORNIA • OFFICE OF GOVERNOR GAVIN NEWSOM

### CANNABIS EQUITY GRANTS PROGRAM FOR LOCAL JURISDICTIONS

#### GRANT AGREEMENT

This Cannabis Equity Grants Program for Local Jurisdictions Grant Agreement ("Agreement") is by and between the City and County of San Francisco ("Grantee") and the California Governor's Office of Business and Economic Development ("GO-Biz"), hereinafter jointly referred to as the "Parties" or individually as the "Party." Unless otherwise specified in this Agreement, all definitions, rules, guidelines, and requirements specified in the Cannabis Equity Grants Program for Local Jurisdictions Grant Solicitation ("Grant Solicitation") issued on October 1, 2021, shall apply to this Agreement. The identification number for this Agreement is **CEG-2022-323**.

In consideration of the mutual covenants and promises in this Agreement, the Parties agree as follows:

1. **Authority.** This Agreement is authorized and entered into pursuant to the California Cannabis Equity Act, commencing with Business and Professions Code section 26240, in which GO-Biz is authorized to provide grants to Eligible Local Jurisdictions to do either of the following:
  - a. Assist the Local Jurisdiction in the development of its Local Equity Program.
  - b. Assist Local Equity Applicants and/or Local Equity Licensees in the Local Jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.
2. **Grant Term.** The performance period of this Agreement shall be from March 15, 2022, or when this Agreement is fully executed by all Parties, whichever is later, through October 31, 2023. Except as provided for in section 7 of this Agreement, grant funds shall be expended only during the Grant Term.
3. **Grant Award.** Based on its grant application and the points allocated to Grantee pursuant to the scoring criteria in the Grant Solicitation, and conditioned upon the requirements set forth in this Agreement, GO-Biz shall provide Grantee a Grant Award of four million four hundred sixty-four thousand five hundred seventy-nine dollars and ninety-six cents (\$4,464,579.96) for the term of this Agreement. In no event shall GO-Biz be obligated to pay any amount in excess of the Grant Award. Grantee waives any and all claims against GO-Biz and the State of California for any costs that exceed the Grant Award.
4. **Grant Scope/Description.** Grantee agrees to use the Grant Award, in accordance with Exhibit A ("Budget"), for the purposes of assisting its Local Equity Applicants and/or Local Equity Licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.
5. **Grant Award Disbursement.** The Grant Award will be issued directly to Grantee in one disbursement, after execution of this Agreement by all parties, and Grantee providing to GO-Biz a copy of the resolution or motion its governing body passed to provide Grantee the authorization to execute this Agreement.
6. **Unused Grant Funds.** Except as provided for in section 7, any amount of the Grant Award provided under this Agreement that is not expended within the Grant Term, or at the time of early termination of this Agreement, whichever is sooner, shall be returned to GO-Biz. Grantee shall notify GO-Biz of such unused grant funds and GO-Biz shall provide Grantee with instructions as to how to return the funds.

- 7. Continued Use of Grant Funds.** Any portion of the Grant Award originally expended by Grantee during the Grant Term that is returned or repaid to Grantee (e.g., loan repayments from Local Equity Licensees to Grantee, in which the loaned amounts were grant funds from this Agreement) may be used subsequent to the end of the Grant Term, however, any such funds shall retain their character and may only be used for the same purposes as identified in the Budget and subject to the same conditions as set forth in this Agreement, which will survive the Grant Term.
- 8. Eligible Uses.** Grant funds sourced from the Cannabis Tax Fund may only be used for the following purposes in accordance with the Budget:
- a. To provide low-interest or no-interest loans or grants to Grantee's Local Equity Applicants and/or Local Equity Licensees to assist the applicants and/or licensees with startup and ongoing costs.
  - b. To provide or fund direct technical assistance to Grantee's Local Equity Applicants and/or Local Equity Licensees. No more than ten (10) percent of the grant funds sourced from the Cannabis Tax Fund may be used for direct technical assistance.
  - c. To assist in the administration of the Grantee's Local Equity Program. No more than ten (10) percent of the grant funds sourced from the Cannabis Tax Fund may be used for administration, which includes the following:
    - Employing staff or hiring consultants to administer Grantee's Local Equity Program, including administering loans and grants.
    - Grantee's costs associated with its efforts to provide sources of capital to its Local Equity Applicants and/or Local Equity Licensees.

Grant funds sourced from the General Fund (one-time allocation as specified in the Grant Solicitation) may only be used for the following purposes in accordance with the Budget:

- a. To provide low-interest or no-interest loans or grants to Grantee's Local Equity Applicants and/or Local Equity Licensees to assist the applicants and/or licensees with startup and ongoing costs.
  - b. To provide or fund direct technical assistance to the Grantee's Local Equity Applicants and/or Local Equity Licensees. No more than ten (10) percent of the grant funds sourced from the General Fund may be used for direct technical assistance.
- 9. Subcontractors.** No amount of the Grant Award may be used to subcontract any of the commitments contemplated in this Agreement to another entity or person, unless such amount is specifically identified as a subcontracted expense in the Budget.
- 10. Funding Contingency Clause.** Grantee agrees that GO-Biz's obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed to GO-Biz for such purposes. If there is insufficient funding, GO-Biz shall have the option to either: 1) terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or 2) negotiate an Agreement amendment with Grantee to reduce the Grant Award to be provided under this Agreement.
- 11. Documentation and Reporting Requirements.**
- (a) Grantee must be able to demonstrate to the satisfaction of GO-Biz that the Grant Award was expended for eligible uses in accordance with the Budget.
  - (b) Grantee shall submit periodic reports to GO-Biz to document its progress assisting its Local Equity Applicants and/or Local Equity Licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace in accordance with the Budget. Grantee shall use the periodic performance report template available at <http://www.business.ca.gov/CEG>. Each periodic report shall be due in accordance with the chart below. For the first periodic report, the beginning date is either March 15, 2022, or when this Agreement is fully executed by all Parties, whichever is later. If this Agreement is terminated before the end

of the Grant Term, Grantee must submit its periodic reports, within thirty (30) calendar days of the termination date, to document its progress through the termination date of the Agreement.

Period	Report Due Date
March – October 2022	November 30, 2022
November 2022 – January 2023	February 28, 2023
February – April 2023	May 31, 2023
May – July 2023	August 31, 2023
August – October 2023	November 30, 2023

(c) In addition to the periodic reports referenced above, pursuant to California Business and Professions Code section 26244(c), Grantee shall submit an annual report to GO-Biz on or before January 1, 2023, and annually thereafter for each year grant funds are expended. No report shall be submitted prior to December 15, 2022. Grantee shall provide a report to GO-Biz whether or not the Grant Term has expired, or Grantee has expended the grant funds before the end of the Grant Term. At a minimum, the annual report to GO-Biz shall include all of the following information:

- How Grantee disbursed the grant funds.
- How Grantee identified Local Equity Applicants and/or Local Equity Licensees, including how the Grantee determines who qualifies as a Local Equity Applicant or Local Equity Licensee.
- The number of Local Equity Applicants and/or Local Equity Licensees that were served by the grant funds.
- Aggregate demographic data on Local Equity Applicants, Local Equity Licensees, as applicable, and all other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, education level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information. Nothing in this subparagraph requires applicants or licensees to report this information should they wish to decline reporting one or more of the listed characteristics.
- If the Grantee requires Local Equity Applicants and/or Local Equity Licensees to become eligible through specific ownership percentages, a breakdown of Local Equity Applicants' and Local Equity Licensees' business ownership types and percentages of ownership.
- At least one success story, including the contact information for the individual that the story relates to, that describes a Local Equity Applicant and/or Local Equity Licensee that was assisted as a result of the grant funds.

(d) Grantee must maintain records detailing the expenditure of all grant funds for a period of seven (7) years after the end of the Grant Term, and shall provide this information to GO-Biz upon request.

- 12. Audit.** The books, accounts, files, and other records of Grantee which are applicable to this Agreement shall be made available for inspection, review, and audit upon request by GO-Biz and its designated representatives to verify proper use of the Grant Award.
- 13. Termination of Agreement.** This Agreement may be terminated by GO-Biz upon action, or inaction, by Grantee that constitutes a material breach of this Agreement. A material breach includes, but is not limited to, refusal or inability to complete the commitments contemplated in this Agreement, improper expenditure of grant funds, failure to properly maintain records or allow GO-Biz access to records as required under this Agreement, and failure to timely complete and submit the reports required under this Agreement. GO-Biz will notify Grantee in writing if it intends to terminate the Agreement pursuant to this section and provide Grantee an opportunity to cure the breach or breaches within thirty (30) calendar days.

- 14. Assignment.** This Agreement is not assignable by Grantee, either in whole or in part, without the consent of GO-Biz in the form of a written amendment.
- 15. Amendment.** This Agreement may be amended or modified only in writing signed by all parties.
- 16. Grantee – Representations and Warranties.** Grantee represents and warrants that:
- (a) It is an Eligible Local Jurisdiction as set forth in the Grant Solicitation.
  - (b) It is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein.
  - (c) All of the information in its grant application and all materials submitted to GO-Biz are true and accurate.
  - (d) Its governing body has authorized it to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of it, through a resolution or motion in the same or substantially similar form as the Sample Resolution posted on GO-Biz’s website at [www.business.ca.gov/CEG](http://www.business.ca.gov/CEG).
  - (e) It understands and agrees it is not eligible to apply for a subsequent Cannabis Equity Grants Program for Local Jurisdictions grant until it has expended its Grant Award under this Agreement as follows:
    - Grantee must demonstrate it has expended at least fifty (50) percent of the grant funds awarded pursuant to this Agreement if greater than twelve (12) and fewer than eighteen (18) months have elapsed since execution of this Agreement (calculated from the date this Agreement was fully executed to the application due date for any subsequent round of the Cannabis Equity Grants Program for Local Jurisdictions).
    - Grantee must demonstrate it has expended at least eighty (80) percent of any grant funds awarded pursuant to this Agreement if eighteen (18) or more months have elapsed since execution of this Agreement (calculated from the date this Agreement was fully executed to the application due date for any subsequent round of the Cannabis Equity Grants Program for Local Jurisdictions).
    - Grantee’s expenditures, as required above, must be evidenced by expenditures reported in the most recent periodic report submitted to GO-Biz by the application due date for the subsequent round of the Cannabis Equity Grants Program for Local Jurisdictions for which Grantee is applying.
- 17. Nondiscrimination.** Grantee shall comply with all applicable federal and state laws and statutes related to nondiscrimination, including, but not limited to, race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, veteran and military status, drug addiction, and alcoholism.
- 18. Union Activities.** Grantee acknowledges that Government Code section 16645.2 applies to this Agreement. Pursuant to Government Code section 16645.2, Grantee certifies that none of the Grant Award will be used to assist, promote, or deter union organizing. If Grantee makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the Grant Award was used for those expenditures. Grantee shall provide those records to the Attorney General upon request.
- 19. Media Release.** Grantee may elect to issue a press release related to this Agreement, but any release shall be approved by GO-Biz in writing prior to such release. Such approval shall not be unreasonably withheld.
- 20. Indemnification/Warranty and Disclaimer/Limitation of Liability.** Grantee shall defend, indemnify, and hold GO-Biz and its agents or assigns, harmless from and against all claims, damages, and liabilities (including reasonable attorneys’ fees) arising from this Agreement due to Grantee’s breach of this Agreement, or the result of Grantee’s negligence or willful misconduct. UNDER NO CIRCUMSTANCES WILL THE STATE OF CALIFORNIA, GO-BIZ, ITS AGENTS OR EMPLOYEES, BE LIABLE TO GRANTEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES THAT ARISE FROM THIS AGREEMENT.
- 21. Force Majeure.** If by reason of force majeure Grantee’s performance hereunder is delayed or prevented, then the performance by Grantee may be extended for the amount of time of such delay or prevention. The term

"force majeure" shall mean any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond Grantee's control which would excuse Grantee's performance as a matter of law.

- 22. Notice of Force Majeure.** Grantee agrees to provide GO-Biz written notice of an event of force majeure under this Agreement within ten (10) calendar days of the commencement of such event and within ten (10) calendar days after the termination of such event, unless the force majeure prohibits Grantee from reasonably giving notice within this period. Grantee will give such notice at the earliest possible time following the event of force majeure.
- 23. Integration.** This Agreement (including the exhibits hereto and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this Grant Award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the Grant Award described herein.
- 24. Notice.** Within thirty (30) calendar days of the effective date of this Agreement, Grantee shall notify GO-Biz, in writing, of the name, address, phone number, and email of its primary and secondary contact persons for future communication relating to this Agreement. In addition, Grantee agrees to immediately inform GO-Biz of any changes to the name, address, phone number, and email of its primary and secondary contact persons. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to GO-Biz shall be emailed to [CEG@gobiz.ca.gov](mailto:CEG@gobiz.ca.gov).
- 25. Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.
- 26. Necessary Acts, Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.
- 27. Sections and Other Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- 28. Attorneys' Fees.** In the event of any litigation between the parties concerning the terms and provisions of this Agreement, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.
- 29. Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized and that this Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.
- 30. Severability.** If any portion of this Agreement is to any extent invalid, illegal, or incapable of being enforced, such portion shall be excluded to the extent of such invalidity, illegality, or unenforceability; all other terms hereof shall remain in full force and effect.
- 31. Governing Law and Consent to Jurisdiction.** This Agreement will be governed, construed, and enforced according to the laws of the State of California without regard to its conflict of laws rules. Each party hereby irrevocably consents to the exclusive jurisdiction and venue of any state court located within Sacramento

County, State of California in connection with any matter arising out of this Agreement or the transactions contemplated under this Agreement.

*Remainder of the page is intentionally left blank. Signature page immediately follows.*

**Governor's Office of Business and Economic Development**

By: 0905430306D342E...

Name: Will Koch

Title: Deputy Director

Date: March 15, 2022 | 13:50 PDT

**Grantee  
City and County of San Francisco**

By: 69F84CCA070148D...

Name: Ken Bukowski

Title: Deputy City Administrator

Date: March 4, 2022 | 11:55 PST

## Exhibit A Budget

Cannabis Equity Grants Program for Local Jurisdictions FY 2021-2022 Grant Budget						
City and County of San Francisco						
<b>Total Grant Award Amount:</b>		<b>Cannabis Tax Fund Allocation:</b>		<b>General Fund Allocation:</b>		
<b>\$4,464,579.96</b>		<b>\$1,748,947.60</b>		<b>\$2,715,632.36</b>		
<b>A. Grants and Loans</b>						
Assistance for Local Equity Applicants' and Licensees' Startup and Ongoing Costs	Grants	No-interest Loans	Low-interest Loans	Budget (Cannabis Tax Fund Allocation)	Budget (General Fund Allocation)	
Rent	\$ 1,700,000.00			\$ 1,400,000.00	\$ 300,000.00	
Lease				\$ -	\$ -	
Local and state application, licensing, and regulatory fees	\$ 100,000.00			\$ -	\$ 100,000.00	
Legal assistance	\$ 100,000.00			\$ -	\$ 100,000.00	
Regulatory compliance	\$ 350,000.00			\$ -	\$ 350,000.00	
Testing of cannabis	\$ 24,052.84			\$ 14,052.84	\$ 10,000.00	
Furniture	\$ 15,500.00				\$ 15,500.00	
Fixtures and equipment	\$ 200,000.00			\$ -	\$ 200,000.00	
Capital improvements	\$ 900,000.00			\$ -	\$ 900,000.00	
Training and retention of a qualified and diverse workforce				\$ -	\$ -	
Banking and Escrow Fees	\$ 40,000.00			\$ -	\$ 40,000.00	
Accounting Services	\$ 40,132.36			\$ -	\$ 40,132.36	
Packaging and Materials	\$ 200,000.00			\$ -	\$ 200,000.00	
Marketing and Advertising	\$ 150,000.00			\$ -	\$ 150,000.00	
Tax Liability of the Cannabis Business	\$ 150,000.00			\$ -	\$ 150,000.00	
<b>Grants and Loans Subtotal</b>				<b>\$ 1,414,052.84</b>	<b>\$ 2,555,632.36</b>	
<b>B. Direct Technical Assistance Costs (Up to 10% of Cannabis Tax Fund Allocation. Up to 10% of General Fund Allocation)</b>						
<b>To Provide or Fund Direct Technical Assistance (TA) to Local Equity Applicants and Equity Licensees</b>						
Personnel	Role in Project	Annual Salary and Benefits	Percentage of Time	Budget (Cannabis Tax Fund Allocation)	Budget (General Fund Allocation)	
TBD	Permit and Grant Support	TBD	TBD	\$ 80,000.00	\$ 80,000.00	
TBD	Professional Development	TBD	TBD	\$ 80,000.00	\$ 80,000.00	
<b>Other Direct Technical Assistance Costs</b>				\$ -	\$ -	
<b>Direct Technical Assistance Costs Subtotal</b>				<b>\$ 160,000.00</b>	<b>\$ 160,000.00</b>	
<b>C. Administrative Costs (Up to 10% of Cannabis Tax Fund Allocation. Ineligible use of General Fund Allocation)</b>						
Personnel	Role in Project	Annual Salary and Benefits	Percentage of Time	Budget (Cannabis Tax Fund Allocation)		
Grant Administration	Grant Administration	\$ 179,856.00	80.0%	\$ 143,884.80		
Existing	Staff Positions - Equity Contribution	\$ 197,031.00	20.0%	\$ 31,009.96		
<b>Other Administrative Costs</b>				\$ -		
<b>Administrative Costs Subtotal</b>				<b>\$ 174,894.76</b>		
				Total (Cannabis Tax Fund Allocation)	Total (General Fund Allocation)	Grand Total
<b>Grants and Loans</b>				<b>\$ 1,414,052.84</b>	<b>\$ 2,555,632.36</b>	<b>\$ 3,969,685.20</b>
<b>Direct Technical Assistance Costs</b>				<b>\$ 160,000.00</b>	<b>\$ 160,000.00</b>	<b>\$ 320,000.00</b>
<b>Direct Technical Assistance Costs as a Percentage of Allocation (may not exceed 10%)</b>				<b>9.15%</b>	<b>5.89%</b>	<b>N/A</b>
<b>Administrative Costs</b>				<b>\$ 174,894.76</b>	<b>N/A</b>	<b>\$ 174,894.76</b>
<b>Administrative Costs as a Percentage of Allocation (may not exceed 10%)</b>				<b>10.00%</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL</b>				<b>\$ 1,748,947.60</b>	<b>\$ 2,715,632.36</b>	<b>\$ 4,464,579.96</b>