



STATE OF FLORIDA
DEPARTMENT OF HEALTH

Florida Low-THC Performance Bond

BY THIS BOND, _____, having an address at _____, as
PRINCIPAL (“PRINCIPAL”), and _____, having an address at _____, as
SURETY (“SURETY”), are firmly bound unto the FLORIDA DEPARTMENT OF HEALTH, OFFICE OF
COMPASSIONATE USE (“DEPARTMENT”), as OBLIGEE, to pay the DEPARTMENT for covered damages
defined herein to the Maximum Penal Sum of Five Million Dollars and Zero Cents (\$5,000,000.00), for the
payment of which we jointly and severally bind ourselves and our heirs, personal representatives, successors and
assigns, this ____ day of _____, 20____.

WHEREAS, PRINCIPAL has been approved by the DEPARTMENT as a DISPENSING ORGANIZATION under § 381.986, *Florida Statutes*;

WHEREAS, PRINCIPAL is required under § 381.986, *Florida Statutes*, to post a \$5,000,000.00 performance bond upon approval as a DISPENSING ORGANIZATION;

WHEREAS, PRINCIPAL’s license as a DISPENSING ORGANIZATION from the DEPARTMENT for the cultivation of low-THC cannabis for medical use, which is valid for a period of 2 years (the “effective period”), is incorporated by this reference as if fully set forth herein;

WHEREAS, PRINCIPAL is required to comply with § 381.986(6), *Florida Statutes*, and other applicable law, for the duration of the effective period,

WHEREAS, PRINCIPAL’s license as a DISPENSING ORGANIZATION is subject to revocation during the effective period for any of the reasons identified in 64-4.004, *Florida Administrative Code*, which section is incorporated by reference as if fully set forth herein;

WHEREAS, if PRINCIPAL fails to renew its approval to act as a DISPENSING ORGANIZATION after the effective period, PRINCIPAL shall abide by the requirements of 64-4.003, *Florida Administrative Code*, which requirements are incorporated by reference as if fully set forth herein;

NOW, THEREFORE, THE CONDITION OF THIS BOND is that if the PRINCIPAL maintains its license as a DISPENSING ORGANIZATION for the effective period without revocation, and, if its license is not renewed, then this BOND shall be NULL AND VOID; otherwise PRINCIPAL and SURETY will remain liable to the OBLIGEE for the coverage period for the following covered damages:

1. All damages resulting from the revocation of PRINCIPAL’s license as DISPENSING ORGANIZATION during the effective period, including:

- a. All costs and expenses incurred by the DEPARTMENT attributable to retaining the replacement DISPENSING ORGANIZATION necessitated by the revocation of PRINCIPAL's license;
 - b. All costs and expenses incurred by patients that are attributable to locating and securing a new source of low-THC cannabis necessitated by the revocation of PRINCIPAL'S license including transportation costs, delivery costs, and increased cost of product, so long as the claims for such costs and expenses are assigned to the DEPARTMENT; and
 - c. All costs and expenses incurred by other DISPENSING ORGANIZATIONS attributable to adjusting cultivation, processing or dispensing operations to ensure patient access to low-THC cannabis necessitated by the revocation of PRINCIPAL'S license, so long as the claims for such costs and expenses are assigned to the DEPARTMENT.
2. All damages resulting from PRINCIPAL's failure to comply with the requirements of Florida law applicable to its status as DISPENSING ORGANIZATION for the duration of the effective period, including, without limitation, damages from PRINCIPAL's failure to comply with requirements of applicable Florida law if PRINCIPAL fails to renew its approval.

LIABILITY UNDER THE BOND IS GOVERNED BY THE FOLLOWING TERMS AND CONDITIONS:

1. The obligation of PRINCIPAL and SURETY under this BOND shall be limited to claims made during the coverage period, which is defined as beginning on _____, and ending thirty (30) days after the expiration of the effective period, unless the PRINCIPAL's license is revoked, in which case the coverage period ends one (1) year after the revocation date of the PRINCIPAL's license.
2. At any time prior to initiation of an action by the DEPARTMENT to revoke PRINCIPAL's license to operate as a DISPENSING ORGANIZATION, this BOND may be cancelled by SURETY on ninety (90) days written notice to PRINCIPAL and DEPARTMENT, and SURETY shall not be liable to PRINCIPAL nor DEPARTMENT for any alleged costs or damages resulting from the cancellation of the BOND by SURETY, the SURETY's non-renewal of the BOND, and/or the failure or inability of PRINCIPAL to file a replacement bond in the event of cancellation or non-renewal of this BOND, and those are all expressly excluded from covered damages.
3. This BOND may be extended for additional two-year terms at the option of the SURETY, and with payment of additional premium by PRINCIPAL, SURETY shall issue continuation certificates evidencing the same to DEPARTMENT.
4. No claim, action, suit, or proceeding shall be had or maintained against the SURETY on this BOND unless it is brought or instituted in a court of competent jurisdiction within one (1) year from the expiration of the coverage period.
5. The DEPARTMENT is the only claimant with legal standing to make a claim on this BOND. The SURETY and PRINCIPAL acknowledge that the Department may assert claims from patients and other DISPENSING ORGANIZATIONS, as described above, so long as the Department has obtained an assignment of

claim. This BOND shall not create or be construed to create a contractual relationship of any kind between SURETY and any other persons or entities other than DEPARTMENT.

6. In the event of a claim by DEPARTMENT, it shall deliver to SURETY at the address identified above, by certified mail, Attn. _____, a written statement of the facts supporting its claim along with a detailed itemization of all covered damages claimed with all supporting back-up documentation, within thirty (30) days of the event giving rise to the claim. Failure to strictly comply with this time requirement is a knowing, intentional, and voluntary waiver of DEPARTMENT's right to recover those covered damages sought untimely.

7. The SURETY hereby waives notice of and agrees that any changes in applicable Florida law and compliance or noncompliance with any formalities required thereby or the changes made thereto do not affect SURETY's obligation under this BOND.

IN WITNESS WHEREOF, the said PRINCIPAL _____
has hereunto set his hand and the said SURETY has caused this instrument to be signed by its
_____ and its corporate seal to be hereunto affixed, the day and year first written.

PRINCIPAL

Company: _____

Print Name: _____

Title: _____

(Corporate Seal of PRINCIPAL below)

SURETY

Company: _____

Print Name: _____

Title: _____

(Corporate Seal of SURETY below)