

STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
MEDICAL CANNABIS CULTIVATION CENTER SURETY BOND  
Proof of Financial Responsibility

**THE UNDERSIGNED,** \_\_\_\_\_,  
(Full Legal Name & Trade Name If Used)

of \_\_\_\_\_,  
(Full Address of Business Location)

as **PRINCIPAL** and \_\_\_\_\_,

of \_\_\_\_\_,

as **SURETY**, are firmly bound unto the State of Illinois (“State”) in the penal sum of \$1,500,000 for the payment of which we jointly and severally bind ourselves and our heirs, personal representatives, successors and assigns, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

This bond is to automatically become effective from the date upon which the [Producer Performance Bond for the Construction of a Production Facility] becomes null and void due to the Principal having successfully met its obligation to construct a production facility that is fully operational and able to commence production of marijuana.

Should the Principal fail to successfully meet its obligation to construct a production facility such that the above-referenced bond becomes payable to the State, this bond for the operation of a cultivation center shall not be effective.

WHEREAS, the above-named Principal has made application to the Illinois Department of Agriculture (“Department”) to be licensed as a medical cannabis cultivation center, pursuant to Illinois Compiled Statutes, Chapter 410 ("Act"), Sections 130/15 and 85 and the regulations ("rules") promulgated thereunder.

WHEREAS, the Department has notified Principal that it has been selected to receive a medical cannabis cultivation center permit.

WHEREAS, by accepting the permit, the Principal is obligated to construct a cultivation center that is fully operational and commence production of medical cannabis as provided for in the permit application of the Principal within six (6) months after the date of issuance of the permit.

WHEREAS, following the timely and successful construction of a cultivation center and commencement of production of medical cannabis as set forth above, the Principal is obligated to: (1) maintain uninterrupted production for not less than 90 consecutive days for any reason after it has completed construction of the facility: and, (2) continue to operate the cultivation center in a manner that provides an uninterrupted supply of medical cannabis to licensed

dispensaries, sufficient enough to allow the licensed dispensaries to supply their registered qualifying patients with an adequate supply of medical cannabis.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT if the Department determines, after a hearing pursuant to Section 1000.700 of the rules of the Department (8 Ill. Adm. Code 1000.700), that the Principal has failed to: (1) maintain production for any reason for more than ninety (90) consecutive days after it has completed construction of the facility; or (2) provide an uninterrupted supply of medical cannabis to licensed dispensaries during the term of the license, then the Surety shall immediately make payment of the above penal sum to the State, which sum shall be reduced by \$500,000 upon the successful achievement of each of the following milestones by the Principal:

1. A determination by the Department that the cultivation center remained operational without substantial interruption, was able to provide an uninterrupted supply of medical cannabis to licensed dispensaries, as required by Sections 1000.40(g) and 1000.240, and operated without any violation of the Act or the rules for a one year period;
2. A determination by the Department that the cultivation center remained operational without substantial interruption, was able to provide an uninterrupted supply of medical cannabis to licensed dispensaries, as required by Sections 1000.40(g) and 1000.240, and operated without any violation of the Act or the rules for two consecutive years; and
3. A determination by the Department that the cultivation center remained operational without substantial interruption, was able to provide an uninterrupted supply of medical cannabis to licensed dispensaries as required by Sections 1000.40(g) and 1000.240, and operated without any violation of the Act or the rules for three consecutive years.

Provided, however, that the bond shall expire on the five (5) year anniversary of the effective date upon the following conditions: (i) automatic and immediate payment of any remaining obligation due on the bond is made to the State the day prior to the instrument expiring; (ii) written notice is received from the Department that either a replacement account or instrument, acceptable to the Department, is in place; or (iii) the Principal is released by the Department of the obligation to carry a replacement account or instrument.

FURTHERMORE, THE CONDITIONS OF THIS BOND ARE SUCH THAT if:

1. The Department determines that the cultivation center remained operational without substantial interruption, was able to provide an uninterrupted supply of medical cannabis to licensed dispensaries as required by Sections 1000.40(g) and 1000.240, and operated without any violation of the Act or this Part for three consecutive years; or
2. The Principal voluntarily chooses not to renew the permit and provides notice of this decision to the Department in accordance with Section 1000.600 of the rules of the Department (8 Ill. Adm. Code 1000.600); or

3. Should the sunset provision of the Act, found in Section 220 of the Act (410 ILCS 130/220), take effect and no successor medical cannabis program be in place allowing for the continuation of cultivation centers as provided for in the Act and the rules, provided the cultivation center is not in violation of the Act or the rules,

then, the obligation of the bond shall be null and void. Until such time, it shall remain in full force and effect.

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.

Witness as to Principal

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

Witness as to Surety

\_\_\_\_\_ By: \_\_\_\_\_  
(Surety)  
\_\_\_\_\_