

40-O-15

AN ORDINANCE

Authorizing the City Manager to Execute a Commercial Lease of City-Owned Real Property Located at 1804 Maple Avenue with PharmaCann, LLC

WHEREAS, the City of Evanston owns certain real property located at 1800 Maple Avenue, Evanston, Illinois 60201, which is improved with a parking garage and a couple of commercial units on the ground floor (the "Property"); and

WHEREAS, one of the commercial units at the Property is vacant and available to be leased;

WHEREAS, in August, 2013, Illinois Governor Patrick Quinn signed Public Act 098-0122 "The Compassionate Use of Medical Cannabis Pilot Program Act" into law with an effective date of January 1, 2014 (the "Medical Cannabis Act");

WHEREAS, the Medical Cannabis Act allows for the establishment of sixty (60) medical cannabis dispensaries and cultivation centers for the prescribing of medical cannabis to qualifying patients throughout Illinois. The statute provides for 60 dispensaries to be distributed throughout Illinois by designated geographic areas; and

WHEREAS, Pharmacann, LLC was awarded the authorization by the State of Illinois to apply for a dispensary license in District 34 for the Property location, ("License"), however Tenant has not been formally awarded the License by the State and anticipates that it will be awarded in June 2015; and

WHEREAS, the City Council has determined that it is in the best interests of the City of Evanston to negotiate and execute a two (2)-year commercial lease

agreement (the "Lease Agreement") with two (2) options to extend the lease for three (3) years by and between the City, as Landlord, and PharmaCann, LLC, as the Tenant, for the operation of a medical cannabis dispensary at the Property,

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EVANSTON, COOK COUNTY, ILLINOIS, THAT:

SECTION 1: The foregoing recitals are hereby found as fact and incorporated herein by reference.

SECTION 2: Pursuant to Subsection 1-17-4-1 of the Evanston City Code of 2012, as amended (the "City Code"), the City Manager is hereby authorized and directed to execute, on behalf of the City of Evanston, the Lease Agreement for the Property, by and between the City of Evanston, as landlord, and PharamCann, LLC, as tenant. The Lease Agreement shall be in substantial conformity with the Lease Agreement attached hereto as Exhibit "1" and incorporated herein by reference.

SECTION 3: If any provision of this ordinance or application thereof to any person or circumstance is ruled unconstitutional or otherwise invalid, such invalidity shall not affect other provisions or applications of this ordinance that can be given effect without the invalid application or provision, and each invalid provision or invalid application of this ordinance is severable.

SECTION 4: All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 5: The findings and recitals contained herein are declared to be prima facie evidence of the law of the City and shall be received in evidence as provided by the Illinois Compiled Statutes and the courts of the State of Illinois.

SECTION 6: This ordinance shall be in full force and effect from and after its passage, approval, and publication in the manner provided by law.

Ayes: 6

Nays: 0

Introduced: April 13, 2015

Approved:

Adopted: April 27, 2015

April 29, 2015

Elizabeth B Tisdahl

Elizabeth B. Tisdahl, Mayor

Attest:

Rodney Greene
Rodney Greene, City Clerk (18)

Approved as to form:

W. Grant Farrar
W. Grant Farrar, Corporation Counsel

EXHIBIT 1
LEASE AGREEMENT

LEASE

between

PHARMACANN, LLC

an Illinois limited liability company

as Tenant

and

CITY OF EVANSTON

An Illinois municipal corporation,

as Landlord

1804 MAPLE AVENUE

EVANSTON, ILLINOIS 60201

TABLE OF CONTENTS

1. PREMISES	1
2. TERM.....	1
3. RENT	2
4. CONSTRUCTION	3
5. FIXTURES	4
6. USE OF PREMISES.....	4
7. MAINTENANCE.....	5
8. PAYMENT OF TAXES	6
9. DAMAGE AND DESTRUCTION	7
10. INSURANCE.....	8
11. INDEMNIFICATION	9
12. EXERCISE OF EMINENT DOMAIN	10
13. UTILITIES	11
14. COVENANTS AGAINST LIENS	11
15. ASSIGNMENT AND SUBLETTING	12
16. NOTICES.....	12
17. RIGHT TO GO UPON PREMISES	12
18. DEFAULT.....	13
19. SIGNS	14
20. REPRESENTATIONS AND WARRANTIES.....	14
21. HOLDING OVER; END OF TERM	16
22. EXPENSES OF ENFORCEMENT	16
23. SUCCESSORS IN INTEREST	16
24. REMEDIES ARE CUMULATIVE	16
25. QUIET POSSESSION.....	16
26. ALTERATION.....	17
27. HAZARDOUS SUBSTANCES.....	17
28. GENERAL CONDITIONS	18
29. SUBORDINATION.....	20

LEASE

THIS LEASE AGREEMENT is made by and between **CITY OF EVANSTON** (“**Landlord**”), an Illinois municipal corporation and **PHARMACANN LLC**, an Illinois limited liability company d/b/a **PHARMACANNIS** (“**Tenant**”).

WITNESSETH:

1. PREMISES

(a) Property. Landlord is the fee simple owner of certain real property at 1800 Maple Avenue, Evanston, Illinois 60201, which is the public parking facility commonly known as the “**Maple Avenue Garage**” legally described in **Exhibit “A”** attached hereto and incorporated herein (the “**Garage Property**”). The Garage Property contains two commercial units on the ground level and Landlord leases one of these units to Tenant, which is approximately 2,400 square feet of land with the common address of 1804 Maple Avenue, Evanston, Illinois 60201, as shown on the Site Plan on **Exhibit “B”** attached hereto and incorporated herein by this reference (the “**Premises**”). Landlord does hereby demise and lease the Premises to Tenant, for Tenant’s exclusive use and control, together with all appurtenances thereto, pursuant to the terms and conditions of this Lease.

(b) Parking. This Lease does not include any parking spaces for employees or customers in the Maple Avenue Garage as part of the rental rate. Any parking charges will be assessed at an hourly rate as posted in the Garage Property.

2. TERM

(a) Primary Term. Subject to the provisions of this Lease, the “**Primary Term**” shall commence on the 1st day of May, 2015 (“**Commencement Date**”) and shall end at 11:59 p.m. on the 31st day of December, 2017, except as otherwise terminated as provided herein.

(b) Expiration of Pilot Program. In August, 2013, Illinois Governor Patrick Quinn signed Public Act 098-0122 “The Compassionate Use of Medical Cannabis Pilot Program Act” into law with an effective date of January 1, 2014 (the “**Medical Cannabis Act**”). The Medical Cannabis Act allows for the establishment of sixty (60) medical cannabis dispensaries and cultivation centers for the prescribing of medical cannabis to qualifying patients throughout Illinois. The statute provides for the 60 dispensaries to be distributed throughout the state by designated geographic areas defined by Niles and Evanston Township boundaries and referred to as “**District 34**”. Tenant was awarded the authorization to apply for a dispensary license in District 34 (“**License**”) for the Premises location. On the Effective Date of this Lease, the Tenant has not been awarded the License by the State of Illinois and anticipates that it will be awarded in June 2015. The Medical Cannabis Pilot Program will expire on December 31, 2017 and accordingly the Primary Term shall expire at the same time. Tenant’s obligations under this Lease as conditioned upon Tenant’s receipt of the License.

(c) Extended Terms. Provided Tenant is not otherwise in default beyond any applicable cure period and the Medical Cannabis Act is extended, replaced or otherwise amended such that Tenant is still permitted to conduct the Permitted Use from the Premises, Tenant shall have two (2) options (individually, an “**Extension Option**”), for two (2) immediately successive periods of three (3) years

each (each an “**Extension Term**”) upon the same terms, covenants and conditions as herein provided. Each Extension Option shall be exercised by Tenant delivering to Landlord written notice of such election, not less than one hundred twenty (120) days prior to the expiration of the then current term. The exercise by Tenant of any one Extension Option shall not be deemed to impose upon Tenant any duty or obligation to renew for any further period of time, and that the exercise of any Extension Option shall be effective only upon the giving of notice of extension in accordance with the foregoing provisions. The Primary Term together with any Extension Term is referred to herein collectively as the “**Term**”.

(d) Adverse Legislation; Termination Right. Notwithstanding anything to the contrary in this Lease, if at any time during the term of this Lease, Tenant is prohibited from conducting its normal course of business by reason of law or legislative or administrative act, whether federal, state or local, or loss of the License, Tenant shall have the right to terminate this Lease upon ninety (90) days prior written notice. In the event Tenant terminates this Lease as aforesaid, Tenant shall pay to Landlord an amount equal to all rents and other charges due Landlord through the effective date of termination and, in the event any such amounts are unknown at that time, an amount reasonably estimated by Landlord to reflect Tenant’s obligation under this Lease, and the parties shall have no further obligations under this Lease except for those obligations which specifically survive the expiration or earlier termination of this Lease.

3. RENT

(a) Fixed Minimum Rent. Commencing on the Commencement Date, and subject to the terms of this Lease, Tenant agrees to pay to Landlord: (i) Fixed Minimum Rent (herein so called) described below; and (ii) all other charges due from Tenant to Landlord hereunder as “**Additional Rent**” (herein so called).

(i) Initial Fixed Minimum Rent. Commencing on the Commencement Date and continuing through the Primary Term, Tenant shall pay to Landlord the sum of Eighty-four Thousand and 00/100 Dollars (\$84,000.00) per annum in monthly installments of Seven Thousand and 00/100 Dollars (\$7,000.00) (\$35.00 per square foot per annum). The rent specified in this paragraph 3(a) (i) as adjusted pursuant to paragraph 3(a) (ii) below shall be deemed “**Fixed Minimum Rent**” for purposes of this Lease.

(ii) Fixed Minimum Rent Adjustments. The Fixed Minimum Rent set forth in Section 3(a) (i) above shall be adjusted at the beginning of each Extension Term, commencing on the first day of such Extension Term and continuing until the expiration of the such Extension Term, if any, (each such date being referred to herein as an “**Adjustment Date**”), in an amount equal to Fair Market Value Rent (as determined herein). Within fifteen (15) days after the date of Tenant’s notice to extend the Term as provided in Section 2(c), above, the parties shall agree upon a determination of Fair Market Value Rent. In the event Landlord and Tenant cannot agree upon Fair Market Value Rent within said fifteen (15) day period, Landlord and Tenant shall each appoint a separate real estate broker within ten (10) days thereafter, who have been practicing their respective professions in Evanston, Illinois and Cook County for at least ten (10) years and have substantial experience with the leasing of office space in the Evanston, Illinois area. Each broker shall then independently determine the market rate within fifteen (15) days thereafter. In the event the market rate as determined by Landlord’s broker is within ten percent (10%) of the market rate as determined by Tenant’s broker, the market rates shall be combined and blended for a single composite market rate

which rate shall be Fair Market Value Rent. However, in the event the market rates as determined by the parties respective brokers are in excess of ten percent (10%) of one another, the two brokers shall appoint a third broker within fifteen (15) days after both brokers receive notice of each other's respective market rate. Said third broker shall have similar qualifications as the other brokers, and he, alone, shall then determine the market rate by selecting either the market rate determined by Landlord's broker or the market rate determined by Tenant's broker, who selected rate shall be Fair Market Value Rent. Each party shall pay the fees and expenses of its broker and one-half (1/2) of the fees and expenses of a single or third-party broker, if applicable. Notwithstanding anything to the contrary in this Section, in no event shall the Fixed Minimum Rent for any Extension Term be (i) reduced below the Fixed Minimum Rent in effect for the then-current term, nor (ii) increased in excess of five percent (5%) of the Fixed Minimum Rent in effect for the then-current term.

(iii) Late Fee and Interest. In the event any sums required hereunder to be paid are not received by Landlord on or before the date the same are due, then, Tenant shall on demand pay, as additional rent, a service charge of Two Hundred Dollars (\$200). In addition, interest shall accrue on all past due sums at an annual rate equal to the lesser of six percent (6.0%) per month and the maximum legal rate. Such interest shall also be deemed Additional Rent.

(b) Time and Place of Payment. Tenant shall pay to Landlord Fixed Minimum Rent in advance, in equal monthly installments, and without prior notice, setoff (unless otherwise expressly permitted herein) or demand, except as otherwise specifically provided herein, on or before the first (1st) day of each calendar month during the Term hereof to:

City of Evanston
Attn: Jessica Wingander, City Manager's Office
2100 Ridge Avenue, Room 4500
Evanston, IL 60201

4. CONSTRUCTION

(a) Tenant Improvements. Tenant represents, covenants and agrees, at its sole cost and expense, that it shall construct and develop, or cause to be constructed, in accordance with the provisions of this Lease, the improvements to the Premises, in accordance with the Plans, hereinafter defined (herein "**Tenant's Work**"). Landlord, at the Commencement Date, shall deliver the Premises to Tenant in an "AS IS" condition and vacant.

(b) Plans and Specifications.

(i) Plans. Landlord acknowledges and agrees that Tenant's plans for leasehold improvements to the Premises, as set forth on Exhibit B, attached hereto and made a part hereof by this reference ("**Plans**") have been submitted to and approved by the State of Illinois pursuant to Tenant's application for the License. Landlord hereby approves the Plans. Promptly upon the Effective Date and in all events prior to construction of Tenant's Work, Landlord may further review and suggest reasonable modifications to the Plans and review the security plans associated with the Premises and provide comment and direction. Such review may include, among other things, review by the City of Evanston Chief of Police and Fire Chief relating to security concerns with respect to the delivery of Tenant's merchandise. Subject to the terms of this Section 4(b),

Tenant agrees to take commercially reasonable steps to request modifications to the Plans to the State based on Police Chief and Fire Chief's timely review. Notwithstanding the foregoing, Tenant shall not be obligated to revise the Plans in any way which, in Tenant's reasonable business judgment, may violate the License, contradict Tenant's application for the License or otherwise require Tenant to obtain approval of any agency of the State of Illinois. Tenant shall construct Tenant's Work in conformance with the Plans, all laws, ordinances, codes, and permits, and in a good and workmanlike manner. Landlord represents and warrants to Tenant that Landlord will not withhold or condition any licenses, permits (including business licenses, building permits or occupancy permits) or other permissions or authorizations required for Tenant to operate in the Premises for any reason so long as Tenant's Work is constructed in conformance with the Plans. Tenant shall obtain, or cause to be obtained, in connection with, and prior to the commencement of, the construction of such improvements, builder's risk insurance for the full estimated value of the proposed improvements and workers' compensation insurance in amounts required by law as well as all applicable permits.

(c) Tenant Construction Indemnification. Subject to Section 10(e), Tenant indemnifies, defends and holds Landlord and Landlord's shareholders, officers, directors, employees and agents harmless from and against any costs, claims, expenses (including, without limitation, reasonable attorney's fees) or liabilities resulting from any injury or death of any person or persons or any damage to property that arises from or relates to Tenant's Work. This provision shall expressly survive the termination or expiration of this Lease.

5. FIXTURES

All trade fixtures and equipment installed by Tenant in or on the Premises (including furniture, satellite communication dish and equipment, registers, other equipment, shelving and signs) shall remain the property of Tenant and Tenant may remove the same or any part thereof at any time prior to or at the expiration or earlier termination of this Lease. Tenant shall repair at its own expense any damage to the Garage Property or Premises caused by the removal of said fixtures or equipment by Tenant. This provision shall expressly survive the termination or expiration of this Lease.

6. USE OF PREMISES

(a) Permitted Use. Tenant shall have the right, subject to applicable Federal, State and local laws and the terms of this Lease, to use the Premises for the following purpose(s): to run a commercial medical cannabis dispensary, as defined in the Medical Cannabis Act, and selling medical cannabis, medical cannabis-infused products, associated cannabis devices, and business related functions to run the dispensary organization, as defined in the Medical Cannabis Act (herein collectively "**Permitted Use**"). Any violations of the restrictions contained within the Medical Cannabis Act or any violation of the Rules implementing the Medical Cannabis Act, Illinois Register Volume 38, Issue 16, is considered a default of this Lease and subject to the cure provisions contained in Section 18.

(b) Tenant Exclusive Use of Premises. Landlord covenants and agrees that it has no rights to use, modify, alter or lease any portion of the Premises other than as expressly provided in this Lease.

(c) No Continuous Operation. Provided Tenant is open for business for at least one (1) day to the general public for the Permitted Use provided herein, anything contained in this Lease, express or implied, to the contrary notwithstanding, Tenant shall be under no duty or obligation, either express or implied to thereafter continuously conduct its business in the Premises and any such failure shall not, in any way, be deemed an event of default under this Lease, nor shall such a failure otherwise entitle Landlord to commence or to maintain any action, suit, or proceeding, whether at law or in equity, relating in any way to Tenant's failure to continuously conduct its business in the Premises; provided, however that Tenant shall otherwise perform and obey the other covenants and agreements contained in this Lease on the part of Tenant to be performed, including the payment of all Fixed Minimum Rent, Additional Rent and any other charges due hereunder. In the event Tenant has ceased operating its business for a continuous period of one hundred eighty (180) days, Landlord shall have the right, to be exercised by giving Tenant sixty (60) days written notice, to recapture the Premises and, upon such recapture, this Lease shall terminate and neither party shall be further obligated hereunder, except to the extent any such obligation hereunder is expressly specified herein to survive the termination of this Lease.

7. MAINTENANCE

(a) Tenant accepts the Premises in as-is condition, and acknowledges that the Landlord has made no representations to the condition or has made any repairs to same except as provided in this Lease. The Landlord or Landlord's staff or other representatives have made no representations or assurances that it will alter or remodel the Premises and all renovations will be at Tenant's sole cost and expense.

(b) Maintenance Responsibilities of Tenant:

(i) HVAC system for the Premises, interior sprinkler and fire safety system within the Premises, and other interior fixtures.

(ii) All refuse associated with medical cannabis and associated products must be placed in appropriate containers in conformance with the restrictions provided in the Medical Cannabis Act. All other regular refuse must be disposed of in appropriate containers to be provided by the Landlord. Tenant cannot dispose of construction building materials in the standard refuse containers and must arrange for special pick-ups and containers for said materials. A refuse container for regular refuse will be located at the Premises in reasonable proximity to the Premises. Tenant will contract to have trash hauled from such container with reasonable frequency. Tenant is responsible for snow, ice removal and leaf removal and general upkeep of the exterior directly in front and in back of the Premises.

(iii) The Tenant will at all times maintain all of the Premises in a clean, neat and orderly condition. The Tenant will not use the Premises in a manner that will violate or make void or inoperative any policy of insurance held by the Landlord. The Tenant shall pay the Landlord for overtime wages for staff and for any other related expenses incurred in the event that repairs, alterations or other work in the Premises required or permitted hereunder are not made during ordinary business hours at the Tenant's request.

(iv) Tenant will keep the interior non-structural portions of the Premises, including all

interior, non-structural walls, surfaces and appurtenances (other than systems and any other items that Landlord is required to maintain pursuant to Section 7(c), in good repair. Tenant shall be responsible for repairs, damages and losses for damages sustained outside the Premises attributable to Tenant's negligence or intentional misconduct. Tenant agrees to use good faith efforts to report such damage in writing to the Director of Public Works or her designee, by the next City of Evanston business day, after discovery of such damage by Tenant.

(v) Tenant shall yield the Premises back to Landlord, upon the termination of this Lease, whether such termination shall occur by expiration of the Term, or in any other manner whatsoever, in the same condition of cleanliness and repair as at the date of the execution hereof, less by casualty and reasonable wear and tear accepted. Except to the extent any of the following is Landlord's obligation pursuant to Section 7(c), Tenant shall make all necessary repairs and renewals upon Premises and replace broken fixtures with material of the same size and quality as that broken. If, however, the Premises shall not thus be kept in good repair and in a clean condition by Tenant, as aforesaid, Landlord may enter the same, or by Landlord's agents, servants or employees, without such entering causing or constituting a termination of this Lease or an interference with the possession of the Premises by Tenant, and Landlord may replace the same in the same condition of repair and cleanliness as existed at the date of execution hereof, and Tenant agrees to pay Landlord, in addition to the rent hereby reserved, the expenses of Landlord in thus replacing the Premises in that condition. Tenant shall not cause or permit any waste, misuse or neglect of the water, or of the water, gas or electric fixtures.

(vi) Tenant will keep its leasehold improvements in compliance with all laws and regulations during the entire Term of this Lease, except for repairs required of the Landlord to be made and damage occasioned by fire, hurricane or other causes as provided for in this Lease.

(c) Landlord, at its sole cost and expense, shall maintain and repair the exterior (except for improvements made by Tenant) and all structural and load bearing columns and walls of the Maple Avenue Garage including the roof membrane, roof structure, and the roof covering, the outside walls (excluding the sign fascia attached to the front of the Premises), all buried utilities, and the foundations of the Maple Avenue Garage in good condition and repair throughout the Term of this Lease.

Landlord, at its sole cost and expense, shall also be responsible for all capital expenses relating to the maintenance and repair of the exterior portions of the Maple Avenue Garage and damages caused by Landlord, its agents, employees, licensees or contractors.

8. PAYMENT OF TAXES

(a) Definition. For purposes hereof, "Taxes" shall mean real property taxes and "Assessments" shall mean assessments, general and special, foreseen and unforeseen, for public improvements levied or assessed against the Premises and the improvements thereon for that portion of the Term from and after the Premises PIN Creation Date (as defined herein).

(b) Payment. Landlord represents and warrants to Tenant that the Garage Property is currently exempt from Taxes and Assessments. Upon the Effective Date, Landlord may endeavor to obtain a separate tax parcel identification number with respect to the Premises ("Premises PIN"). The

actual date on which the Cook County Assessor's Office creates the Premises PIN shall be the "**Premises PIN Creation Date**". Landlord shall provide Tenant with a written notice, within ten business (10) days of the Premises PIN Creation Date, setting forth the Premises PIN and Premises PIN Creation Date. Landlord shall cause all property tax bills with respect to the Premises PIN to be delivered to Tenant's notice address provided herein. Tenant shall thereafter pay all Taxes and Assessments before any fine, penalty, interest or cost may be added thereto, become due or be imposed by operation of law for the nonpayment of late payment thereof.

(c) Prorations. At the end of the Term, Taxes and Assessments to be paid by Tenant shall be prorated based on the portion of the fiscal tax year in which this Lease is in effect.

(d) Personal Property Taxes. Tenant shall pay before delinquency any and all taxes and assessments levied or assessed and becoming payable during the Term, against Tenant's personal property located upon the Premises.

9. DAMAGE AND DESTRUCTION

(a) Casualty. If the Premises shall be damaged by fire or other casualty ("**Casualty**"), Landlord shall, within one hundred eighty (180) days after such damage occurs (subject to being able to obtain all necessary permits and approvals, including, without limitation, permits and approvals required from any agency or body administering environmental laws, rules or regulations, and taking into account the time necessary to effectuate a satisfactory settlement with any insurance company) repair such damage at Landlord's expense and this Lease shall not terminate. If the foregoing damage is due to the negligence or willful misconduct of Tenant, then Landlord shall look first to the insurance carried by Tenant to pay for such damage. Notwithstanding (i) any other provisions of the Lease to the contrary, and (ii) any legal interpretation that all improvements become part of the realty upon being attached to the Premises, following a Casualty, the Landlord shall be responsible only for restoring the Premises to building standard levels of improvement, and the tenant shall be responsible for insuring and replacing the above building standard levels of improvement, and the tenant shall be responsible for insuring and replacing the above building standard tenant improvements or betterments that made the Premises "customized" for Tenant's use. Customized improvements include, but not limited to: bullet proof glass, alarm censored doors, wood flooring, and custom cabinetry. Except as otherwise provided herein, if the entire Premises are rendered untenable by reason of any such damage, all Fixed Minimum Rent and Additional Rent shall abate for the period from the date of the damage to the date the damage is repaired, and if only a part of the Premises are so rendered untenable, the Fixed Minimum Rent and Additional Rent shall abate for the same period in the proportion that the area of the untenable part bears to the total area of the Premises; provided, however, that if, prior to the date when all of the damage has been repaired, any part of the Premises so damaged are rendered tenantable and shall be used or occupied by or through Tenant, then the amount by which the Fixed Minimum Rent and Additional Rent abates shall be apportioned for the period from the date of such use or occupancy to the date when all the damage has been repaired.

(b) Repair to Leasehold Improvements. Landlord shall have no obligation to repair damage to or to replace any leasehold improvements, Tenant's personal property or any other property located in the Premises, and Tenant shall within thirty (30) days after the Maple Avenue Garage is sufficiently repaired so as to permit the commencement of work by Tenant, commence to repair,

reconstruct and restore or replace the Premises (including fixtures, furnishings and equipment) and prosecute the same diligently to completion.

(c) Termination Right. Notwithstanding any provision contained herein to the contrary, Tenant shall have the option and right to terminate this Lease if, (a) the Premises shall be so damaged by Casualty that it cannot be fully repaired within one hundred eighty (180) days after the date of damage; (b) during the last eighteen (18) months of the Term of this Lease; the Maple Avenue Garage is damaged by a Casualty in amount exceeding thirty-three and one-third percent (33.33%) of the square footage of the Premises, provided that, in such event, such termination of this Lease shall be effected by written notice within ninety (90) days of the happening of the Casualty causing such damage. This provision shall expressly survive the termination or expiration of this Lease.

10. INSURANCE

(a) Tenant shall keep in full force and effect during the Term special form coverage insurance covering Tenant's leasehold improvements, trade fixtures, merchandise and other personal property from time to time in, on or upon the Premises for the full replacement value insuring against physical loss or damage generally included in the classification of "all risk" coverage.

(i) Said insurance shall be written by a company or companies licensed to do business in the state in which the Premises is located and rated Class A:XII or better in Bests Key Rating Guide of Property-Casualty Insurance Companies.

(ii) Said insurance shall be in an amount of the full replacement value with a deductible in Tenant's reasonable discretion, which deductible Tenant shall be paid at Tenant's sole cost and expense. The insurance is to cover, in addition to any personal property at the Premises, the above building standard leasehold improvements and betterments incorporated into the premises, whether or not initially installed and/or paid for by the Tenant. The Tenant's aggregate coverage amount must be an amount sufficient to cover both the tenant's personal property at the Premises and the leasehold improvements. So long as the Lease is not terminated pursuant to Paragraph 9 for a casualty, the proceeds of tenant's insurance policy with respect to the tenant improvements shall be used to restore and replace the same.

(b) Tenant agrees to maintain a policy or policies of commercial general liability insurance written by an insurance carrier rated at least Class A or better in Bests Key Rating Guide of Property-Casualty Insurance Companies and licensed to do business in the state in which the Premises is located which shall insure against liability for injury to and/or death of and/or damage to personal property of any person or persons, with policy limits of not less than \$2,000,000.00 combined single limit for injury to or death of any number of persons or for damage to property of others not arising out of any one occurrence. Said policy or policies shall provide, among other things, blanket contractual liability insurance. Tenant's policy shall cover the Premises and the business operated by Tenant and shall name Landlord as an additional insured. Landlord is self-insured up to \$1.25 Million and agrees to maintain an excess policy or policies of commercial general liability insurance over the self-insured limit written by an insurance carrier with a rating at least Class A or better in the Bests Key Rating Guide and licensed to do business in the state in which the Premises is located which shall insure against liability for injury to and/or death of and/or damage to personal property of any person or persons, with policy limits of not less than \$2,000,000.00 combined single limit for injury to or death of any number of persons or for

damage to property of others not arising out of any one occurrence. Landlord's policy shall name Tenant as an additional insured. Subject to the terms of Paragraph 9(a), Landlord shall maintain casualty insurance covering the entire Maple Avenue Garage and any alterations, improvements, additions or changes made by Landlord thereto in an amount not less than their full replacement cost from time to time during the Term, providing protection against any peril included within the classification of "all risks".

(c) Each of the parties hereto agrees to maintain and keep in force, during the Term hereof, all Workers' Compensation and Employers' Liability Insurance required under applicable Workers' Compensation Acts.

(d) Within thirty (30) days after written request, each of the parties agrees to deliver to the other a certificate of insurance as evidence that the policies of insurance required by this Section 10 have been issued and are in effect.

(e) Waiver of Subrogation. Neither Landlord nor Tenant shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, or any resulting loss of income for property or general liability losses, even though such loss or damage might have been occasioned by the acts or omissions of such party, its agents, contractors or employees. Landlord or Tenant shall look exclusively to the proceeds of insurance carried by it or for its benefit in the event of any damage or destruction to its property located on the Premises. Notwithstanding anything to the contrary contained herein, Landlord and Tenant hereby release and waive any and all rights of recovery, claim, action or cause of action, against the other, or its respective directors, shareholders, officers, agents, invitees and employees, for any loss or damage that may occur to the property or the equipment, fixtures and improvements comprising any part of the Premises, by reason of fire, the elements, or any other cause which could be insured against under the terms of an "all risk" fire insurance policy, in the state where the Premises is located, regardless of cause or origin, including negligence of the parties hereto, their agents, officers, invitees and employees. Subject to the provisions of the Lease, no insurer of a party hereunder shall ever hold or be entitled to any claim, demand or cause of action against Tenant by virtue of a claim of loss paid under any such insurance policies, whether such insurer's claim be in the nature of subrogation or otherwise. The waivers provided pursuant to this paragraph shall not operate to the extent that they would void coverage under the provisions of any policy of insurance.

11. INDEMNIFICATION

(a) Indemnification of Landlord. Except as otherwise provided in this Lease and subject to Section 10(e), and except to the extent caused by the negligence or willful misconduct of Landlord, or its agents, employees or contractors, or by the breach of this Lease by Landlord, Tenant shall protect, defend, indemnify and save Landlord and its officers, directors, agents, attorneys, and employees harmless from and against any and all obligations, liabilities, costs, damages, claims and expenses of whatever nature arising from (i) any matter, condition or thing that occurs in the Premises, which is not the result of Landlord's negligence or willful misconduct, (ii) any negligence or willful misconduct of Tenant, or its agents, employees or contractors; or (iii) Landlord's breach occasioned wholly or in part by any act, omission of Tenant, its agents, employees, contractors or servants. The provisions of this Section shall survive the expiration or earlier termination of this Lease only with respect to any damage, injury or death occurring before such expiration or earlier

termination.

(b) Indemnification of Tenant. Except as otherwise provided in this Lease and subject to Section 10(e), and except to the extent caused by the negligence or willful misconduct of Tenant, or its agents, employees or contractors, or by the breach of this Lease by Tenant, Landlord shall protect, defend, indemnify and save Tenant and its officers, directors, agents, attorneys, and employees harmless from and against any and all obligations, liabilities, costs, damages, claims and expenses of whatever nature arising from any act, omission or negligence of Landlord, its agents, employees, contractors or servants; The provisions of this Section shall survive the expiration or earlier termination of this Lease only with respect to any damage, injury or death occurring before such expiration or earlier termination.

12. EXERCISE OF EMINENT DOMAIN

(a) Taking. An appropriation or taking under the power of eminent domain of all, or a portion, of the Property, are sometimes hereinafter called a "taking."

(b) Total Taking of the Garage Property. If all of the Garage Property shall be taken this Lease shall terminate and expire as of the date of vesting of title in, or taking of actual physical possession of the Garage Property by, the condemnor, and Landlord and Tenant shall thereupon be released from any and all further liability hereunder except to the extent any such liability hereunder expressly states that it shall survive the termination of this Lease. In such event, Tenant shall be entitled to participate in any condemnation award so as to be compensated for the cost of relocation, removal and decrease in value, as a result of such taking of Tenant's fixtures, equipment and stock-in-trade located in the Premises, goodwill and any other items to which Tenant is entitled under applicable law, and, the value of the leasehold of which Tenant is being deprived for the remainder of the Term hereof so long as any such award made to Tenant shall not reduce any award which may be obtained by Landlord. Nothing in this Section shall be construed as a waiver by Landlord of any rights vested in it by law to recover damages from a condemnor for the taking of its right, title, or interest in the Garage Property.

(c) Partial Taking.

In the event of the taking of:

(i) any portion of the Garage Property, so that the remainder thereof is not reasonably adapted to the continued leasing of the Premises by Tenant; or

(ii) access, whether by a taking or otherwise, of the Garage Property or a portion thereof to adjoining thoroughfares, so that all accessibility is substantially or materially restricted and as a result the continued leasing of the Garage Property by Tenant will become impracticable or unprofitable in Tenant's sole discretion; then Tenant shall have the right to cancel and terminate this Lease as hereinafter provided. Within ninety (90) days after receipt by Tenant from Landlord of written notice that a condemnation action has been commenced, Tenant may, by written notice to Landlord, notify Landlord of its election to terminate this Lease, whereupon the parties shall be released from any and all further obligations under this Lease except to the extent any such obligation hereunder is expressly provided hereunder that the same shall survive the termination of this Lease and Tenant shall share any award or sale price as provided in Section 12(b) hereof.

(d) Notice of Proceedings. Upon service on either party hereto of any legal process in connection with any condemnation proceedings, the party so served shall give immediate notice thereof to the other party hereto.

(e) Temporary Taking. In the event of a taking of the Garage Property, or any portion thereof, for temporary use (specifically one not exceeding one hundred twenty (120) days in duration), without the taking of the fee simple title thereto, this Lease shall remain in full force and effect, except for Tenant's payment of Fixed Minimum Rent which shall be proportionally abated for any period during which Tenant cannot operate its business from the Premises in the same manner as prior to such temporary taking. All awards, damages, compensation and proceeds payable by the condemnor by reason of such taking relating to the Premises, for periods prior to the expiration of the Lease shall be payable to Tenant. All such awards, damages, compensation and proceeds for periods after the expiration of the Lease shall be payable to Landlord.

(f) Lease Prevails. In the event of any taking, the rights and obligations of the parties shall be determined by this Lease and Landlord and Tenant waive any rights at law to the contrary.

13. UTILITIES

Tenant shall pay during the Term hereof directly to the appropriate utility company or governmental agency all electric, water, gas, telephone and other public utility charges in connection with its occupancy and use of the Premises, including all costs of operating and maintaining all equipment therein, all business licenses and similar permit fees but excluding any installation costs, tap fees and/or connection fees or charges, all of which shall be paid by Landlord. All utilities shall be paid pursuant to separate meters measuring Tenant's consumption of utilities from the Premises, which meter fee shall be Landlord's obligation at its sole cost and expense. Landlord shall not be liable to Tenant for damages or otherwise (i) if any utilities shall become unavailable from any public utility company, public authority or any other person or entity supplying or distributing such utility, or (ii) for any interruption in any utility service (including, but without limitation, any heating, ventilation or air conditioning) caused by the making of any necessary repairs or improvements or by any cause beyond Landlord's reasonable control, and the same shall not constitute a default, termination or an eviction. Notwithstanding the foregoing, in the event an interruption with such utility services shall continue for more than five (5) consecutive days, and if such interruption is not caused in part by Tenant, and if as a result of such interruption Tenant is unable to operate in the Premises and in fact does not operate in the Premises, then Fixed minimum Rent and all other rent and charges shall abate for the entire period of interruption. Tenant assures Landlord that it shall arrange for an adequate supply of electricity to the Premises and it shall pay for any increased voltage and any additional wiring required addressing the increased capacity.

14. COVENANTS AGAINST LIENS

Tenant covenants and agrees that it shall not, during the Term hereof, suffer or permit any lien to be attached to or upon the Garage Property or the Premises by reason of any act or omission on the part of Tenant or its agents, contractors or employees. In the event that any such lien does so attach, and (i) is not released within thirty (30) days after notice to Tenant thereof, or (ii) if Tenant has not bonded such lien within said thirty (30) day period, Landlord, in its sole discretion, may pay and discharge the same and relieve the Premises or the Garage Property therefrom, and Tenant

agrees to repay and reimburse Landlord upon demand for the amount so paid by Landlord and for other reasonable costs incurred by Landlord in discharging and relieving said lien. The Tenant will hold the Landlord harmless from all claims, liens, claims of lien, demands, charges, encumbrances or litigation arising out of any work or activity of Tenant on the Premises. Tenant will, within sixty (60) days after filing of any lien, fully pay and satisfy the lien and reimburse Landlord for all resulting loss and expense, including a reasonable attorney's fees. Provided, however, in the event that Tenant contests any lien so filed in good faith and pursues an active defense of said lien, Tenant shall not be in default of this paragraph. However, in the event of any final judgment against Tenant regarding such lien, Tenant agrees to pay such judgment and satisfy such lien within 60 days of the entry of any such judgment.

15. ASSIGNMENT AND SUBLETTING

Tenant shall not have the right to assign this Lease, or to sublet the Premises, transfer and grant concessions or licenses ("**Transfer**") in all or any part of the Premises without the Landlord's written consent, which consent shall not be unreasonably withheld, conditioned or delayed. No Transfer shall relieve Tenant from any of its obligations as Tenant hereunder. Every such assignment or sublease shall recite that it is and shall be subject and subordinate to the provisions of this Lease, and the termination or cancellation of this Lease shall constitute a termination and cancellation of every such assignment or sublease. Notwithstanding the foregoing, Landlord agrees that no merger, consolidation, corporate reorganization, or sale or transfer of Tenant's assets or stock (specifically including any inter-family or inter-company transfers), redemption or issuance of additional stock of any class, or assignment or sublease to any person or entity which controls, is controlled by or is under common control with Tenant, shall be deemed a Transfer hereunder.

16. NOTICES

Any notices required to be given hereunder, or which either party hereto may desire to give to the other, shall be in writing. Such notice may be given by reputable overnight delivery service (with proof of receipt available), personal delivery or mailing the same by United States mail, registered or certified, return receipt requested, postage prepaid, at the following addresses identified for Landlord and Tenant, or to such other address as the respective parties may from time to time designate by notice given in the manner provided in this Section.

If to the Landlord:

City Manager
2100 Ridge Avenue
Evanston, IL 60201

with a copy to:

Corporation Counsel
2100 Ridge Avenue
Evanston, IL 60201

If to Tenant:

Pharmacann LLC
137 N. Oak Park Ave. #101F
Chicago, IL 60004

For purposes of this Lease, a notice shall be deemed given upon the date of actual receipt thereof or the date of proof of rejection thereof if delivered by hand or overnight courier service.

17. RIGHT TO GO UPON PREMISES

Landlord hereby reserves the right for itself or its duly authorized agents and representatives at all reasonable times during business hours of Tenant upon at least forty-eight (48) hours prior notice to Tenant and accompanied by a representative of Tenant (which may be the store manager or assistant manager) to enter upon the Premises for the purpose of inspecting the same and of showing the same to any prospective purchaser or encumbrance or tenant, and for the purpose of making any repairs which Landlord is required hereunder to make on the Garage Property, but any such repairs shall be made with all due dispatch during normal construction trade working hours, and in such manner as to minimize the inconvenience to Tenant in the conduct of its business, it being agreed that in the event of a necessity of emergency repairs to be made by Landlord, Landlord may enter upon the Premises forthwith to effect such repairs. Notwithstanding the foregoing, in the event that due to an entry by or on behalf of Landlord into the Premises, Tenant's use is materially interfered with and Tenant, from the standpoint of prudent business management, cannot open and operate the Premises for business for two (2) consecutive days, all Fixed Minimum Rent and other charges payable by Tenant hereunder shall equitably abate commencing after such second (2nd) day, and continuing until such repairs are completed, unless such entry is required as a result of Tenant's negligence or intentional misconduct.

18. DEFAULT

(a) Tenant Default

(i) Events of Default. Including, but not limited to, the following events shall be deemed to be an "event of default" hereunder by Tenant subject to Tenant's right to cure:

a. Tenant shall fail to pay any item of Fixed Minimum Rent per Section 3 at the time and place when and where due and does not cure such failure within five (5) business days after receipt of notice from Landlord of such failure;

b. Tenant shall fail to comply with any other term, provision, covenant or warranty made under this Lease or if any of Tenant's representations and warranties made under this Lease are determined to be untrue, either when made or at any time during the Term, by Tenant, and Tenant shall not cure such failure within thirty (30) days after Landlord's written notice thereof to Tenant. In the event Tenant cannot comply with such term, provision, or warranty, within said thirty (30) day period, Tenant shall not be in default if Tenant is diligently and continuously making an effort to comply with such term, provision, covenant or warranty and Tenant completes the cure of the default; or

c. Tenant shall make a general assignment the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due or shall file a petition in bankruptcy.

(ii) Remedies. Upon the occurrence of an event of default, Landlord may, so long as such default continues, as permitted by law and subject to Landlord's obligation to use good faith efforts to mitigate damages, either:

a. terminate this Lease by written notice to Tenant, which written notice shall specify a date for such termination at least fifteen (15) days after the date of such written termination notice and such termination shall be effective as provided in such written notice unless Tenant shall cure such default within such notice period, or not terminate this Lease as a result of the default of Tenant. If Tenant shall fail to surrender the Premises upon such termination, Landlord may thereupon, reenter the Premises, or any part thereof, and expel or remove therefrom Tenant and any other persons occupying the same, using such means provided by law;

b. without terminating this Lease, Landlord may evict Tenant (by any means provided by law) and let or relet the Premises or any or all parts thereof for the whole or any part of the remainder of the Term hereof, or for a period of time in excess of the remainder of the Term hereof, and out of any rent so collected or received, Landlord shall first pay to itself the expense of the cost of retaking and repossessing the Premises and the expense of removing all persons and property therefrom, and shall, second, pay to itself any costs or expenses sustained in securing any new tenant or tenants (provided that such amount shall not include any amounts incurred to restore the Premises to more than the condition originally delivered to Tenant), and shall third, pay to itself any balance remaining, and apply the whole thereof or so much thereof as may be required toward payment of the liability of Tenant to Landlord then or thereafter unpaid by Tenant; or

c. pursue such other remedies as are available at law or in equity.

(b) Landlord Default. Should Landlord default in the performance of any covenant, provision, warranty, condition or agreement herein, or if any of Landlord's representations and warranties made under this Lease are determined to be untrue, either when made or at any time during the Term, and such default in the case of any failure by Landlord to pay any sum required to be paid to Tenant hereunder, continues for ten (10) business days after notice thereof from Tenant, or in case of any non-monetary default, continues for thirty (30) days after receipt by Landlord of written notice thereof from Tenant (except as otherwise provided herein), or if the default of Landlord is of a type which is not reasonably possible to cure within thirty (30) days, if Landlord has not commenced to cure said default within said thirty (30) day period and does not thereafter diligently prosecute the curing of said default to completion (except as otherwise provided herein), Tenant in addition to any and all other remedies which it may have at law and/or in equity including the right to seek injunctive relief without posting a bond or the obligation to prove irreparable harm, may pay or perform any obligations of Landlord hereunder and deduct the cost thereof from each installment of annual Fixed Minimum Rent payable pursuant to the terms of this Lease; provided, however, in no event shall the amount of any such deduction exceed ten percent (10%) of the Fixed Minimum Rent payable on a monthly basis; provided, further, Tenant shall not have the right to terminate this Lease except as expressly permitted herein.

19. SIGNS

Tenant may apply for signage (temporary and permanent signage) for the exterior and interior of the Premises, at its own expense, in order to conduct the business of Tenant. Tenant acknowledges that there are limitations from the City of Evanston Municipal Code of 2012, as amended, and the Code governs the application process and the details regarding size, type, and number of signs and Tenant agrees to be bound by such ordinances. Landlord cannot make representations in a lease

agreement that Tenant shall be entitled additional signage, a certain number of signs and/or dimensions of proposed signage, because the Tenant must make an application to the Sign Review Board, as provided by Code, but Landlord will not withhold, condition or delay its consent to a sign over the new entrance to the Premises which complies with applicable laws.

20. REPRESENTATIONS AND WARRANTIES

(a) Landlord represents, warrants and covenants to Tenant that, to Landlord's knowledge, the following is true as of the Effective Date:

- (i) all of the Premises is zoned for commercial purposes, and the Permitted Use is permitted under the applicable zoning designation, and that the Premises and Garage Property are presently properly subdivided in conformity with all applicable laws;
- (ii) Landlord is the fee simple owner of the Premises;
- (iii) the Premises is subject to no restrictions or continuing regulations of any kind or nature whatsoever incompatible with the Permitted Use and that there are no restrictions in any agreement by which Landlord is bound (including, but not limited to, Landlord's insurance policies) which would adversely affect Tenant's right to use the Premises for the Permitted Use during the Term;
- (iv) the Premises are in good working order and condition, the roof is watertight and all utility systems are functional;
- (v) there are no exceptions to title with respect to and/or encumbrances on the Premises which would interfere with Tenants proposed use of the Premises;
- (vi) Landlord has no notice of any proposed Assessments other than as reflected on the current tax bill;
- (vii) Landlord has not used, discharged, dumped, spilled or stored any Hazardous Substances on or about the Premises, whether accidentally or intentionally, legally or illegally, and has received no notice of such occurrence and has no knowledge that any such condition exists at the Premises;
- (viii) Landlord has no knowledge of any condition that would preclude Tenant from obtaining all Tenant's permits and licenses necessary for Tenant to open for business and operate for the Permitted Use;
- (ix) if Landlord is a corporation, limited liability company, partnership or trust, Landlord covenants that it is duly constituted under the laws of the state of its organization, and that its officer, member, manager, partner or trustee who is acting as its signatory in this Lease is duly authorized and empowered to act for and on behalf of the entity or trust; and
- (x) there are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against Landlord or the Garage Property which preclude or interfere with, or would preclude or interfere with, the construction contemplated herein or the

occupancy and use of the Premises by Tenant for the purposes herein contemplated.

- (xi) no third party has the right to object to Tenant's tenancy hereunder, prohibit the selling of any products sold by Tenant or the uses allowed herein or the right to consent to any feature of the Premises or Tenant's signage.
 - (xii) there are no mortgages, prime leases, deeds to secure debt, deeds of trust, or other instruments in the nature thereof, affecting Landlord or its interest in the Premises.
- (b) All representations and warranties, covenants and indemnities contained in this Lease shall survive the expiration or earlier termination of this Lease.
- (c) Deliveries. Subject to governmental regulations, Tenant shall have the right to accept deliveries and unload merchandise in its designated loading area adjacent to the front of the Premises, during 9:00 a.m. to 6:00 p.m. seven (7) days a week.

21. HOLDING OVER; END OF TERM

- (a) If Tenant shall hold possession of the Premises after the expiration or termination of this Lease, at Landlord's option (i) Tenant shall be deemed to be occupying the Premises as a tenant from month-to-month at one hundred fifty percent (150%) of the Fixed Minimum Rent in effect upon the expiration or termination of the immediately preceding term or (ii) Landlord may exercise any other remedies it has under this Lease or at law or in equity including an action for wrongfully holding over.
- (b) Upon the expiration or sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in as good order, condition and repair as when received by Tenant; ordinary wear and tear, casualty and condemnation excepted. This provision shall expressly survive the termination or expiration of this Lease.
- (c) Any property, equipment, or product remaining in the Premises upon expiration of this Lease shall be considered abandoned and property of the Landlord. Any abandoned medical cannabis or infused products shall be turned over to the proper law enforcement authorities for destruction.

22. EXPENSES OF ENFORCEMENT

The Parties shall bear its own costs, charges, expenses and attorney's fees, and any other fees incurred in the event of a dispute between the Parties. Neither Party may seek recovery of expenses of enforcement of obligations under this Lease.

23. SUCCESSORS IN INTEREST

Each and all of the covenants, agreements, obligations, conditions and provisions of this Lease shall inure to the benefit of and shall bind the successors and permitted assigns of the respective parties hereto.

24. REMEDIES ARE CUMULATIVE

Remedies conferred by this Lease upon the respective parties are not intended to be exclusive, but are cumulative and in addition to remedies otherwise afforded by the law.

25. QUIET POSSESSION

Upon payment by the Tenant of the minimum, percentage and additional rent and all other sums due hereunder and upon the observance and performance of all covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term of this Lease without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject nevertheless, to the terms and conditions of this Lease.

26. ALTERATION

(a) Changes Required by Law. Any structural changes, alterations or additions in or to the Premises which may be necessary or required by reason of any law, rule, regulation or order promulgated by competent governmental authority shall be made at the sole cost and expense of Landlord, including but not limited to asbestos removal and disposal and interior and exterior compliance with the Americans with Disabilities Act (ADA) etc. Notwithstanding the foregoing, if any such changes, alterations or additions are required as a result of improvements made by Tenant during the Term hereof or due to Tenant's use of the Premises, such changes, alterations or additions shall be made at the sole cost and expense of Tenant. Tenant may contest the validity of any such law, rule, regulation or order, but shall indemnify and save Landlord harmless against the consequences of continued violation thereof by Tenant pending such contest.

(b) Alterations During Term. Tenant shall be permitted to perform interior, nonstructural alterations to the Premises and to revise the interior layout of the Premises; provided that the alterations are in conformance the security plans approved by the State of Illinois, any regulations under the Medical Cannabis Act, and any additional regulatory authority provisions governing the Permitted Use. Tenant shall obtain Landlord's written consent to any other alterations or construction which affects the structural nature of the Premises, which consent shall not be unreasonably withheld, conditioned or delayed.

27. HAZARDOUS SUBSTANCES

(a) Tenant agrees that, except as herein set forth, it shall not generate, use, store, handle or dispose of on or transport over the Premises any Hazardous Substances (defined below) in violation of any Environmental Laws (defined below), except as such incidental amounts of Hazardous Substances as may be required for Tenant to conduct the Permitted Use.

(b) If, at any time during the Term, Hazardous Substances are found in the Premises or at the Premises, then, in such event:

(i) with regard to any Hazardous Substances existing on the Garage Property prior to the Commencement Date or that Landlord shall have caused, Landlord shall remove same, in compliance with applicable Environmental Laws, at Landlord's sole cost and expense. Landlord shall defend, indemnify, and hold Tenant harmless from and against any and all costs, damages, expenses and/or liabilities (including reasonable attorneys' fees) which Tenant may suffer as a result

of any claim, suit or action regarding any such Hazardous Substances (whether alleged or real) and/or regarding the removal and clean-up of same or resulting from the presence of such Hazardous Substances. The representation, warranty and indemnity of Landlord described in this subsection shall survive the termination or expiration of this Lease.

(ii) with regard to any Hazardous Substances caused by Tenant or its agents, contractors or employees, Tenant shall remove same, in compliance with applicable Environmental Laws, at Tenant's sole cost and expense. Tenant shall defend, indemnify, and hold Landlord harmless from and against any and all costs, damages, expenses and/or liabilities (including reasonable attorneys' fees) which Landlord may suffer as a result of any claim, suit or action regarding any such Hazardous Substances (whether alleged or real) present due to Tenant and/or regarding the removal and clean-up of same or resulting from the presence of such Hazardous Substances. The representation, warranty and indemnity of Tenant described in this subsection shall survive the termination or expiration of this Lease.

(c) In the event that during the Term of this Lease, Tenant is prevented from performing Tenant's Work and/or Tenant shall be unable to operate for a period of thirty (30) days or more for the Permitted Use at the Premises and ceases operating at the Premises as a result of the existence or remediation of Hazardous Substances located at the Premises which were not caused by Tenant or its agents, contractors or employees, then Fixed Minimum Rent, Additional Rent and all other charges due hereunder shall equitably abate, in accordance with the portion of the Premises used by Tenant, until such time as Tenant is able to resume the performance of Tenant's Work and/or the operation of its business in the Premises. If Fixed Minimum Rent and other charges shall be so abated for a period of three hundred sixty-five (365) days, Tenant shall have the right to terminate this Lease upon thirty (30) days prior written notice to Landlord.

(d) The term "**Hazardous Substance**" includes, without limitation, any material or substance which is (i) defined or listed as a "hazardous waste", "extremely hazardous waste", "restrictive hazardous waste" or "hazardous substance" or considered a waste, condition of pollution or nuisance under any Environmental Law (as defined below); (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos and any asbestos containing materials; and/or (iv) substances known to cause cancer and/or reproductive toxicity. The term "**Environmental Law**" shall mean any federal, state or local law, statute, ordinance, rule, regulation, order, consent, decree, judgment or common-law doctrine, interpretation thereof, and provisions and conditions of permits, licenses, plans, approvals and other operating authorizations whether currently in force or hereafter enacted relating to health, industrial hygiene or the environmental conditions on, under or about the Premises or the Garage Property, as such laws are amended and the regulations and administrative codes applicable thereto. It is the intent of the parties hereto to construe the terms "Hazardous Substance" and "Environmental Law" in their broadest sense.

28. GENERAL CONDITIONS

(a) Time is of the essence of this Lease. Any deadlines in this Lease which cannot be met because of delays caused by governmental regulations, inability to procure labor or materials, strikes, acts of God, or other causes (other than financial), beyond the control of Landlord or Tenant ("**Force Majeure**") shall be extended by the amount of time caused by such delays; provided, however, the payment of rent shall not be excused. Notwithstanding anything herein to the contrary, the failure by Landlord to construct the Premises according to building code and/or

to receive timely inspections by the necessary authorities due solely to the negligence, misconduct or financial inability of Landlord or Landlord's contractors, employees or representatives shall not constitute Force Majeure. In order for Landlord to claim the occurrence of Force Majeure, Landlord must have notified Tenant in writing of such occurrence within twenty (20) business days after the initial occurrence.

(b) No waiver of any breach of the covenants, agreements, obligations and conditions of this Lease to be kept or performed by either party hereto shall be construed to be a waiver of any succeeding breach of the same or any other covenant, agreement, obligation, condition or provision hereof.

(c) Tenant shall not be responsible for the payment of any commissions in relation to the leasing transaction represented by this Lease. Landlord and Tenant each covenant that they have not dealt with any real estate broker or finder with respect to this Lease (herein collectively "**Brokers**"). Each party shall hold the other party harmless from all damages, claims, liabilities or expenses, including reasonable and actual attorneys' fees (through all levels of proceedings), resulting from any claims that may be asserted against the other party by any real estate broker or finder with whom the indemnifying party either has or is purported to have dealt, except for the Brokers.

(d) The use herein of any gender or number shall not be deemed to make inapplicable the provision should the gender or number be inappropriate to the party referenced. All section headings, titles or captions contained in this Lease are for convenience only and shall not be deemed part of this Lease and shall not in any way limit or amplify the terms and provisions of this Lease.

(e) Landlord and Tenant have negotiated this Lease, have had the opportunity to be advised respecting the provisions contained herein and have had the right to approve each and every provision hereof; therefore, this Lease shall not be construed against either Landlord or Tenant as a result of the preparation of this Lease by or on behalf of either party.

(f) If any clause, sentence or other portion of this Lease shall become invalid or unenforceable, the remaining portions thereof shall remain in full force and effect.

(g) Wherever in this Lease Landlord or Tenant is required to give consent, such consent shall not be unreasonably withheld, conditioned or delayed except to the extent otherwise expressly provided herein.

(h) If the time for performance of any obligation or taking any action under this Lease expires on a Saturday, Sunday or legal holiday, the time for such performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday. If the day on which rent or any other payment due hereunder is payable falls on a Saturday, Sunday or on a legal holiday, it shall be payable on the next succeeding day which is not a Saturday, Sunday or legal holiday.

(i) Landlord hereby agrees that it shall maintain all confidentiality with regard to entering into this Lease, the opening for business by Tenant in the Premises and any financial information contained hereunder or obtained from Tenant during the Term of this Lease, other than disclosures to necessary third parties and Landlord shall not release any material whatsoever to the press or any news media without the prior written approval of Tenant, which approval may be withheld in

Tenant's sole discretion.

(j) Each covenant hereunder of Landlord, whether affirmative or negative in nature, is intended to and shall bind the Landlord and each successive owner of the Premises and their respective heirs, successors and assigns.

(k) There shall be no personal liability on Landlord, its elected officials, officers, employees, agents, or any successor in interest with respect to any provisions of this Lease, or amendments, modifications or renewals hereof. Tenant shall look solely to the then owner's interest in the Premises (including but not limited to any insurance proceeds, rents, or judgments) for the satisfaction of any remedies of Tenant in the event of a breach by Landlord of any of its obligations hereunder.

(l) Landlord hereunder shall have the right to assign, sell or transfer Landlord's interest in this Lease or the Premises with consent of Tenant, which shall not be unreasonably withheld. In the event of any such transfer, the transferor shall be automatically relieved of any and all obligations on the part of Landlord accruing from and after the date of such transfer.

(m) Tenant acknowledges that it will seek applications from qualified Evanston residents for employment in the PharmaCannis business located at the Premises.

(n) The parties agree the this Lease shall be governed by and interpreted in accordance with the laws of the State of Illinois and that venue for any disputes shall be in the Circuit Court of Cook County, Illinois.

(o) This Lease shall become effective on the day that this Lease shall be executed by the last of the parties hereto to execute this Lease (herein "**Effective Date**").

(p) There are no oral agreements between the parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, letters of intent, lease proposals, brochures, agreements, representations, promises, warranties and understandings between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. This Lease cannot be changed or terminated except by a written instrument subsequently executed by the parties hereto.

29. SUBORDINATION

This Lease and all rights of Tenant hereunder are and shall be subject and subordinate to the lien of any mortgage, prime lease, deed to secure debt, deed of trust, or other instrument in the nature thereof, which may now or hereafter affect Landlord or its interest in the Premises; provided, however, that the foregoing subordination shall with respect to any future debt, mortgage, prime lease, deed of trust or other instrument only, be conditioned upon the holder of such mortgage, deed to secure debt, deed of trust, or other instrument in the nature thereof providing Tenant with a non-disturbance agreement to Tenant on such lender's or prime landlord's standard form. If the holder of any mortgage, deed to secure debt, deed of trust or other instrument in the nature thereof shall hereafter succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action, termination of a prime lease or delivery of a new lease, then Tenant shall attorn to and recognize such successor as landlord under this Lease and such successor shall not disturb Tenant of its possession of the Premises as long as Tenant is not in default under the Lease and this

Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant, subject to all of the terms, covenants and conditions of this Lease. Tenant and Landlord's successor shall promptly execute and deliver any reasonable instrument that may be necessary to evidence such subordination, nondisturbance and attornment.

[REMAINDER OF THE PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the respective parties hereto have executed this Lease by officers or agents thereunto duly authorized.

Landlord:

CITY OF EVANSTON,
An Illinois municipal corporation

By: _____

Name: Wally Bobkiewicz

Title: City Manager

Tenant:

PHARMACANN LLC,
An Illinois limited liability company d/b/a
PHARMACANNIS

By: _____

Name: Theodore C. Scott, President

EXHIBIT A
LEGAL DESCRIPTION

(TO BE INSERTED AT A LATER DATE)

EXHIBIT B
PLANS

(TO BE INSERTED AT A LATER DATE)