STATE OF FLORIDA
DEPARTMENT OF HEALTH

LOOP'S NURSERY AND
GREENHOUSES, INC.,

Petitioner/Appellant,

v.

FLORIDA DEPARTMENT OF HEALTH,

Respondent/Appellee.

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (Agreement) is entered July 24, 2017, between Petitioner Loop’s Nursery & Greenhouses, Inc. (Loop’s), and Respondent Florida Department of Health (Department) (individually a Party and together the Parties).

REQUITALS

WHEREAS, Loop’s timely filed with the Department its application to become a Dispensing Organization in the Northeast Region of Florida pursuant to section 381.986, Florida Statutes (2015);

WHEREAS, the Department reviewed, evaluated, and scored Loop’s application, scoring it third-best in in the Northeast Region of Florida, 0.4042 points behind the first-ranked Northeast Region applicant, and denied Loop’s application to become a Dispensing Organization;

WHEREAS, on December 14, 2015, Loop’s filed a Petition for Formal Administrative Proceeding (DOAH Case No. 15-7274) with the Department (Administrative Proceeding) challenging the Department’s denial of Loop’s application. The Department issued a Final Order denying Loop’s petition on January 5, 2017;
WHEREAS, Loop's appealed the Department's Final Order in the Administrative Proceeding to the Florida First District Court of Appeal on January 11, 2017, Case No. 1D17-0237 (Appeal);

WHEREAS, the Florida Legislature enacted Senate Bill 8-A (SB 8-A) on June 9, 2017, which, in relevant part, requires the Department to issue medical marijuana treatment center licenses to certain persons who were denied a license under the previous statutory scheme;

WHEREAS, the Governor of Florida signed SB 8-A into law on June 23, 2017; and

WHEREAS, Loop's has submitted an affidavit documenting its compliance with section 381.986(8)(a)(2)a, Florida Statutes (2017) (also known as SB8-A) as part of its request to be licensed under that section (a copy of Loop’s affidavit is attached as Exhibit A); and

WHEREAS, the Department has determined that Loop’s qualifies under SB-8A for a license as a medical marijuana treatment center under SB-8A, more specifically, 381.986 (8)(a)(2)a, Florida Statutes (2017);

WHEREAS, the Parties desire to resolve the disputes between them and therefore intend to enter this Agreement to approve Loop’s to serve as a medical marijuana treatment center under applicable laws and agree for the Department to license and register Loop’s as a medical marijuana treatment center.

NOW, THEREFORE, in consideration of the Parties’ mutual promises, the Parties agree as follows:

1. **Recitals Incorporated.** The Recitals above are incorporated into this Agreement, as if fully set forth in this Agreement.

2. **Loop’s Certification and Representations.** Loop’s certifies and represents the following to the Department:
a. Loop's meets the requirements under current law to be licensed as a medical marijuana treatment center; and

b. Loop's has the existing infrastructure and technical and technological ability to begin cultivating marijuana within 30 calendar days after registration as a medical marijuana treatment center.

3. **Loop's Regulatory Obligations.** Loop's will comply with the following timelines and obligations after being licensed and registered as a medical marijuana treatment center:

   a. Loop's will begin cultivation of cannabis within 30 calendar days of being licensed and registered as a medical marijuana treatment center.

   b. No less than 10 calendar days prior to the initial cultivation of cannabis, Loop's will notify the Department that Loop's is ready to begin cultivation, and seeks cultivation authorization. Loop's will arrange for inspection by the Department and must receive cultivation authority from the Department prior to commencing cultivation of cannabis.

   c. No less than 10 calendar days prior to the initial processing of cannabis, Loop's shall notify the Department that Loop's is ready to begin processing cannabis. Loop's will arrange for inspection by the Department and must receive processing authority from the Department prior to processing any cannabis.

   d. No less than 10 calendar days prior to the initial dispensing of product, Loop's will notify the Department that Loop's is ready to begin dispensing. Loop's will arrange for inspection by the Department and
must receive dispensing authority from the Department prior to dispensing product.

c. Loop's will begin dispensing product within 210 days of being granted cultivation authorization.

4. **Appellate Jurisdiction.** Within one (1) business day after execution of this Agreement, Loop's and the Department will file in the Appeal a Joint Motion to Relinquish Jurisdiction under Rule 9.600(b) of the Florida Rules of Appellate Procedure. That Joint Motion will ask the appellate court to stay Loop’s pending appeal for twenty (20) calendar days, and relinquish jurisdiction to the Department for the limited purpose of entering an amended final order consistent with the Agreement.

5. **Department Obligations.** Within five (5) calendar days of the entry of an appellate court order granting the Joint Motion to Relinquish Jurisdiction, the Department will enter an amended final order in the Administrative Proceeding adopting this Agreement and approving Loop's as a medical marijuana treatment center under section 381.986(8)(a)(2)a, Florida Statutes (2017). Loop’s stipulates to entry of such final order. Within ten (10) calendar days of the amended final order, the Department will license and register Loop’s as a medical marijuana treatment center.

6. **Appeal Dismissal.** Within one business day (1) after the Department’s issuance of a license to Loop’s and registry of Loop's as a medical marijuana treatment center, Loop’s will file a stipulated motion in the Appeal dismissing the appeal with prejudice.

7. **Loop’s Bond Requirement.** Within ten (10) calendar days after the Department licenses and registers Loop’s as a medical marijuana treatment center, Loop’s will do one of the following:
a. post a $5 million performance bond issued by an authorized surety insurance company rated in one of the three highest rating categories by a nationally recognized rating service,

b. provide an irrevocable letter of credit of $5 million payable to the Department, or

c. provide $5 million in cash by cashier’s check to the Department.

8. **Expenses.** The Parties will each bear their own costs, expenses, and attorneys’ fees associated with the Administrative Proceeding, the Appeal, and this Agreement.

9. **Loop’s Release of the Department.** Conditioned on the issuance of a medical marijuana treatment center license, Loop’s, for itself and on behalf of its officers, directors, shareholders, divisions, affiliates, employees, consultants, agents, representatives, subsidiaries, operators, licensors, successors, guarantors, insurers, sureties, attorneys, assigns, and all persons acting or purporting to act for Loop’s, releases the Department and its officers, directors, employees, agents, trustees, representatives, successors, assigns, consultants, subcontractors, sureties, guarantors, insurers, and attorneys from any and all claims, demands, damages, actions, causes of action, contracts, agreements, charges, losses, sums of money, claims for attorneys’ fees, claims based on rules or regulations, administrative proceedings, lawsuits, and actions/proceedings of every kind and description, whether known or unknown, latent or obvious, now existing or that may later arise, relating to, based upon, or having any connection in any way whatsoever with the Department’s denial of Loop’s application for licensure submitted in July 2015, the Administrative Proceeding, and the Appeal.

10. **Known & Unknown Claims.** The Parties fully understand that if the facts relating to the Agreement, including those contained in the Recitals, are later found to be
different from the facts they now believe to be true, they expressly accept and assume the risk of any differences, regardless of any reason for such differences, and agree that the Agreement will remain in effect and not be subject to termination or rescission because of such differences.

11. **No Admission.** The Agreement represents the compromise of disputed claims by and between the Parties. Neither the execution nor performance of the Agreement nor any of its terms or provisions will be deemed a presumption, concession, or admission of any fact, liability, breach of contract, negligence, fault, or wrongdoing of any kind by either Party.

12. **Legal Representation.** The Parties individually represent and warrant that (i) the Parties are represented by separate and independent counsel relating to the license application, the Administrative Proceeding, the Appeal, and the Agreement; (ii) the Parties and their respective counsel have reviewed the Agreement and all matters contemplated within it; (iii) the Parties have been advised fully by their respective counsel concerning the Parties' respective rights and duties; and (iv) the Parties are aware that the Agreement releases both known and unknown claims and rights.

13. **Amendment & Waiver.** The Agreement may be amended, modified, waived, discharged, or terminated only by a verified written instrument executed by both Parties.

14. **Governing Law.** The Agreement will be governed by and construed in accordance with the laws of the State of Florida, without regard to conflicts of laws principles.

15. **Jurisdiction & Venue Selection.** Any action arising from or relating to the Agreement will be litigated exclusively in the Leon County, Florida, Circuit Court. The Parties submit to the personal jurisdiction of that court; waive any objection to the convenience of that forum; and agree that such court will constitute the exclusive and mandatory venue and jurisdiction. The Parties expressly waive any right to trial by jury.
16. **Supremacy, Integration & Interpretation.** The Agreement constitutes the full and entire agreement between the Parties with respect to Loop’s application for licensure submitted in July 2015, the Administrative Proceeding, the Appeal, and the grant or award of a license and registration to Loop’s to become a medical marijuana treatment center, and no other material terms exist outside the Agreement. The Agreement supersedes and integrates all previous and contemporaneous terms, agreements, communications, representations, and understandings of any sort whatsoever. Neither the Agreement nor any of its terms may be interpreted for or against either Party, regardless of which Party drafted the Agreement.

17. **Successors & Assigns.** The Agreement will be binding on and inure to the benefit of the Parties and their respective successors. The Agreement is not assignable or delegable.

18. **Effective Date.** The Agreement will be in full force and effect upon execution by each of the respective Parties’ authorized signatories, and effective on the date of the last or final signature.

19. **Titles & Headings.** Titles and headings to the sections of the Agreement are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of the Agreement.

20. **Counterparts.** The Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which together will constitute a single document. Execution of facsimile copies, teletypes, and other reproductions will be acceptable as counterparts.

21. **Divisibility & Enforceability of Terms.** The terms of the Agreement are divisible. If any provision, term, portion, or language of the Agreement contravenes or is
rendered unenforceable by any constitution, statute, rule, judicial or administrative decision, regulation, or other law, all remaining provisions, terms, portions, and language will remain in full force and effect.

LOOP'S NURSERY & GREENHOUSES, INC.

[Signature]

David W. Loop
Chief Executive Officer
Loop's Nursery & Greenhouses, Inc.
July 29, 2017

FLORIDA DEPARTMENT OF HEALTH

[Signature]

Celeste Philip, M.D., M.P.H.
State Surgeon General and Secretary
Florida Department of Health
July 31, 2017
EXHIBIT A

AFFIDAVIT OF DAVID W. LOOP

STATE OF FLORIDA
COUNTY OF DUVAL

BEFORE ME, the undersigned authority, appeared Affiant, David W. Loop, and based on personal knowledge, swears and affirms:

1. I am over 18 years of age.

2. I serve as Chief Executive Officer of Loop’s Nursery & Greenhouses, Inc. (“Loop’s”). In this capacity, I am familiar with, among other things, Loop’s operations, finances, security measures, infrastructure, and cultivation capabilities.

3. Loop’s filed an application to become a Dispensing Organization in the Northeast Region of Florida with the Florida Department of Health (“Department”) under § 381.986, Florida Statutes 2015. The Department reviewed, evaluated, scored, and ultimately denied Loop’s application. Loop’s was within one point of the first-ranked applicant in the Northeast Region. Loop’s filed a timely Petition for Formal Administrative Hearing with the Department, which resulted in a Final Order. Loop’s appealed the Final Order to the First District Court of Appeal. That appeal remains pending. I am familiar with Loop’s application, filings in the Formal Administrative Hearing, the Department’s Final Order, and filings in the appeal.

5. On behalf of Loop’s, I certify that Loop’s complies with § 381.986(8)(a)(2)a, Florida Statutes 2017, insofar as:

   a. Loop’s application was reviewed, evaluated, and scored by the Department and Loop’s was denied a dispensing organization license by the Department under former § 381.986, Florida Statutes 2014;

   b. Loop’s had one or more administrative or judicial challenges pending as of January 1, 2017;

   c. Loop’s had a final ranking within one point of the highest final ranking in its region under former § 381.986, Florida Statutes 2014;

   d. Loop’s meets the requirements of § 381.986(8)(a)(2)a, Florida Statutes 2017; and

   e. Loop’s has the existing infrastructure and technical and technological ability to begin cultivating marijuana within 30 days after registration as a medical marijuana treatment center.
6. Accordingly, Loop’s hereby requests a license under § 381.986(8)(a)(2)a, Florida Statutes 2017.

Affiant says nothing further.

[Signature]
David W. Loop, CEO
Loop’s Nursery & Greenhouses, Inc.

SWORN AND SUBSCRIBED before me on this 28th day of July, 2017, by David Loop, who is personally known to me or has produced _______ (type of identification) as identification and who has taken an oath.

My commission Expires:

[Signature]
2/20/21

ANN L LOOP
MY COMMISSION # GG074683
EXPIRES February 20, 2021