

**ARLO MAX, LLC. & UNIVERSITY OF PUERTO RICO**  
**MEMORANDUM OF UNDERSTANDING**  
**HEMP AGRICULTURAL PROJECT**

The University of Puerto Rico, hereinafter referred to as the UPR, represented by its President Mr. Jorge Haddock Acevedo, PHD, and ARLO MAX ,LLC, a limited liability corporation, duly registered and authorized under the laws of the Commonwealth of Puerto Rico hereinafter referred to as "AMC", represented by its Member and Chief Executive Officer, Mr. Mark Shriver agree to the present Memorandum of Agreement, wherein are preliminary stated the terms of the potential Hemp Harvesting Operations in controlled and/or owned UPR plots of land as follows:

**CLAUSES**

**FIRST:** The UPR and AMC reaffirm their decision to favor the harvesting and exploitation of Hemp Agricultural Operations in UPR owned or controlled plots of parcel of lands as a valuable mechanism towards promoting both UPR financial position & educational facilities & AMC growth in the Hemp Agricultural Industry in Puerto Rico. They both understand that a final agreement promoting this endeavor will benefit both contracting parties and will enhance their objectives in the near future.

According to AES-UPR field evaluation, AES-UPR may be able to provide land as follows: 48 acres at Isabela Substation, 130 acres at Aguadilla (finca La Montaña), and 147 acres at Sábana Grande (This farm is not managed by AES-UPR, but was managed under the aquaculture project of the UPR-RUM Marine Science Department, which was terminated about two decades ago) for a total of 325 acres of high value land with irrigation access, fences, and accessibility.

**SECOND:** In order to prepare a final agreement that clearly defines and specify the parcels of land to be formally leased and the specific collaboration agreement to be executed in the Hemp Agricultural project, the parties will formally agree on the following conditions:

1. That UPR owns or directly controls the offered land and has the legal right to lease the land that may be used for Agricultural Purposes within the jurisdiction of the Commonwealth of Puerto Rico.
2. That UPR is willing to lease the specifically chosen parcels by AMC to AMC for their Agricultural Operations in the harvesting of Hemp in Puerto Rico. All parcels must meet the satisfaction of AMC. AMC may reject parcels, which they do not believe meets the AMC objectives.

MEMORANDUM OF UNDERSTANDING BETWEEN UPR & AMC

Page 2

3. AMC & UPR will exchange their knowledge and support in the Hemp Agricultural Industry operations except for proprietary information provided by the AMC farming partner covered by a NDA.

**THIRD:** The two parties agree to the following:

1. UPR agrees to provide what information they have on each parcel such as soil tests, proof of water rights, soil map, topographic map, amount of farmable land, use of existing structures, etc.
2. AMC will be responsible for hiring and paying their employees, cost of utilities including electric energy and water, renting agricultural equipment (including tractors, necessary machinery and vehicles) and everything that is required for farming hemp including fencing the areas, providing security, soil treatments, irrigation, clearing of land, erect removable structures owned by AMC, enhance utilities, drill wells, build roads, or any other necessary addition for hemp operations.
3. UPR will not be responsible for compensating losses caused by vandalism, acts of nature, or by causes not under its control.
4. AMC must submit a Public Liability Policy, including the UPR as an additional insured party within 90 days of the signing of this agreement. The policy must remain in effect for the duration of the contract.
5. UPR will share the information and studies already done on the premises; AMC must be responsible for performing its own studies and covering the costs as part of its feasibility assessments.
6. AMC may reject any and all the land if it does not meet its qualifications including but not limited to size, soil test results, and accessibility.
7. AMC agrees to hire a minimum of 15 students on ongoing bases at a minimum rate of \$15 per hour.
8. The lease payment should be sent to the AES-UPR's Finance Office.

**FOURTH:** UPR & AMC shall agree on the lease of each parcel of land at a price not exceeding a rate of \$750.00 per cuerda per annum for all UPR fees.

- Up to 5 cuerda of accepted leased land will be paid for immediately within 10 business days of signing this agreement to meet the request of the Agricultural department for testing of seed varieties and their reaction to various soil types and climates.
- The balance of the accepted leased land will be paid for within 90 days of the signing of this agreement to allow adequate time for due diligence and testing.
- AMC has up to 90 days after the signing of this Agreement to accept or reject the parcels.

MEMORANDUM OF UNDERSTANDING BETWEEN UPR & AMC

Page 3

The subsequent years the lease will become due and payable at the anniversary of the execution of the lease.

**FIFTH:** UPR & AMC will formally execute each lease, which will comprise a minimum period of five (5) years. Once the lease expires, both parties should evaluate whether to continue the agreement or whether a new contract with new terms and conditions should be signed.

**SIXTH:** N/A

**SEVENTH:** The UPR will provide AMC with their Research & Development permits during all the period covered by the leases of UPR Parcels of Land and provide evidence of the legality of its use for AMC farming. In addition UPR will provide Research Stations for the development of hemp oil extraction and identify any existing buildings on the properties that may be used. It is the hope but not the expectation to find up to 15,000 sq. ft. of buildings. In exchange for those accommodations, AMC will provide assistance to UPR laboratories and campus.

**EIGHTH:** As part of the leases, UPR will receive a one and one half (1.5%) percent of the GROSS SALES on each of the projects in the parcel leased to AMC.

Any other modification or repeal of the Memorandum Of Understanding may be proposed in writing, by either party, without damage to those activities previously agreed upon, and be resolved on the basis of mutual agreement.

Time is of the essence.

Having read this document and made aware of the content and scope of each of its clauses, and having indicated that in its formalization there is no fraudulent intent, bad faith, or any other defect that might invalidate the agreement, the parties sign their consent, each keeping two (2) copies.

In \_\_\_\_\_, \_\_\_\_\_ on \_\_\_\_\_, 2019.

UNIVERSITY OF PUERTO RICO

JORGE HADDOCK ACEVEDO, PHD

MEMORANDUM OF UNDERSTANDING BETWEEN UPR & AMC

Page 4

---

ARLO MAX, LLC.

---

MARK SHRIVER