

# Planning Commission Meeting Agenda



May 7, 2026  
6:00 PM  
City of Turlock Yosemite Room  
156 S. Broadway, Turlock, California

## AMENDMENT NO. 1

Commission Chair  
**Constance Anderson**

Planning Manager  
**Katie Quintero**

Commission Members

**Patrick Jensen**  
**Matthew Davis**  
**Sukhminder Deol**  
(Vice Chair)

**Ray Souza**  
**Bryan Saint**  
**Jim Reape**  
**Bryan Tribble**  
(Alternate)

**NOTICE REGARDING NON-ENGLISH SPEAKERS:** The Turlock Planning Commission meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

**EQUAL ACCESS POLICY:** If you have a disability which affects your access to public facilities or services, please contact the Planning Division at (209) 668-5640. The City is committed to taking all reasonable measures to provide access to its facilities and services. Please allow sufficient time for the City to process and respond to your request.

**NOTICE:** Pursuant to California Government Code Section 54954.3, any member of the public may directly address the Planning Commission on any item appearing on the agenda, including Consent Calendar and Public Hearing items, before or during the Planning Commission's consideration of the item. Members of the public will be allowed three (3) minutes for comments.

**AGENDA PACKETS:** Prior to the Planning Commission meeting, a complete Agenda Packet is available for review on the City's website at [www.cityofturlock.org](http://www.cityofturlock.org) and in the Planning Office at 156 S. Broadway, Suite 120, Turlock, during normal business hours. Materials related to an item on this Agenda submitted to the Commission after distribution of the Agenda Packet are also available for public inspection in the Planning Division Office. Such documents may be available on the City's website subject to staff's ability to post the documents before the meeting.

1. **CALL TO ORDER**
2. **SALUTE TO THE FLAG**
3. **ROLL CALL, DECLARATION OF CONFLICTS OF INTEREST, AND DISCLOSURE OF EX PARTE COMMUNICATIONS**
4. **ANNOUNCEMENTS AND UPDATES**
5. **PUBLIC PARTICIPATION**

This is the time set aside for members of the public to directly address the Planning Commission on

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any item of interest to the public that is within the subject matter jurisdiction of the Planning Commission and to address the Commission on any item on tonight's agenda, including Consent Calendar items. You will be allowed three (3) minutes for your comments. If you wish to speak regarding an item on the agenda, you may be asked to defer your remarks until the Commission addresses the matter. Pursuant to California Government Code Section 54954.2(a)(3), no action or discussion may be undertaken on any item not appearing on the posted agenda, except that the Planning Commission, or its staff, may briefly respond to comments or questions from members of the public, provide a reference to staff or other resources for factual information, or direct staff to place the issue on a future agenda.

**6. CONSENT CALENDAR**

Information concerning the consent items listed herein below has been forwarded to each Commissioner prior to this meeting for study. Unless the Chair, a Commissioner or member of the audience has questions concerning the Consent Calendar, the items are approved at one time by the Commission. The action taken by the Commission in approving the consent items is set forth in the explanation of the individual items.

- A. Motion: Accepting the Minutes of the April 2, 2026 Regular Meeting
- B. Motion: Waiving Reading of Title and Text of All Ordinances Included in the Agenda

**7. PUBLIC HEARINGS**

- A. Variance 2024-01 Time Extension (Self Storage Facility): The applicant is requesting a one-year time extension for the previously approved variance 24-01. The approved variance allowed for the required 20-foot side and rear setbacks established in the Heavy Commercial (HC) zoning district of the Northwest Triangle Specific Plan to be reduced to zero feet to allow for the development of the site located at 2820 Countryside Drive, Stanislaus County APN 088-003-072 with an approximately 48,424 square foot Self-Storage Facility.
- B. Annual Review of, Amendments to and Time Extension of Development Agreement for the Evergreen Market at 101 E Glenwood Avenue: Turlock Municipal Code §9-5-912 and Conditional Use Permit 2022-07 require the Planning Commission to conduct an annual review to verify the business owner's compliance with the terms of the Development Agreement and Conditional Use Permit. In addition, TMC §9-5-912 directs the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement.
- C. Annual Review of, Amendments to and Time Extension of Development Agreement for NHC at 3401 W Monte Vista Avenue: The Turlock Municipal Code §9-5-912 requires the Planning Commission review the development agreement annually and make a recommendation to the City Council as to whether or not the property owner has complied in good faith with the terms and conditions of the agreement. Likewise, City Council Resolution 2020-145 requires annual review of the Conditional Use Permit, by the Planning Commission, for compliance with the conditions of approval.
- D. Annual Review of, Amendments to and Time Extension of Development Agreement for Perfect Union at 2500 N Golden State Boulevard: Turlock Municipal Code §9-5-912 and Conditional Use Permit 2019-07 require the Planning Commission to conduct an annual review to verify the business has complied with the terms of the Development Agreement and Conditional Use Permit. In addition, TMC §9-5-912 requires the Planning Commission to

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recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement.

- E. Annual Review of, Amendments to and Time Extension of Development Agreement for Fire House at 1601 W Main Street: Turlock Municipal Code §9-5-912 and Conditional Use Permit 2019-08 require the Planning Commission to conduct an annual review to verify the business has complied with the terms of the Development Agreement and Conditional Use Permit. In addition, TMC §9-5-912 requires the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement.
- F. Annual Review of, Amendments to and Time Extension of Development Agreement for Plan4Dream Investments LLC at 600 D Street: The Turlock Municipal Code §9-5-912 requires the Planning Commission review the development agreement annually and make a recommendation to the City Council as to whether or not the property owner has complied in good faith with the terms and conditions of the agreement. Likewise, Conditional Use Permit 2020-02 requires annual review by the Planning Commission for compliance with the conditions of approval.

**8. SCHEDULED MATTERS**

**A. STANISLAUS COUNTY REFERRALS**

*This section allows staff to update the Commission on proposed projects in the unincorporated area within or surrounding the City of Turlock. These items are presented for information only. No action will be taken on these items. Members of the public interested in these projects should contact the County Planning and Community Development Department at (209) 525-6330 to obtain information or provide comments.*

**9. COMMISSIONER'S COMMENTS AND ANNOUNCEMENTS**

Commissioners may provide a brief report on notable topics of interest. The Brown Act does not allow discussions or action by the Commission.

**10. ADJOURNMENT**

**--APPEAL--**

Anyone who is dissatisfied with the action(s) of the Planning Commission may file an appeal within **TEN (10) DAYS** following the decision of the Planning Commission. The appeal must be written and filed with the Turlock City Clerk. Appeal Application Forms are available in both the City Clerk and Planning Division Offices, 156 South Broadway, Turlock. There is a \$550.00 filing fee for the Appeal Application. If an Appeal Application is filed, a Public Hearing will be scheduled by the City Council to consider the appeal.

**--CONTINUANCE--  
-- APPLICANT REQUESTS--  
-- EFFECTIVE NOVEMBER 27, 1989--**

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An applicant may request the continuance of a pending application or scheduled matter set for consideration by the Planning Commission by filing a request for a continuance not less than three (3) hours prior to the scheduled consideration of the application pursuant to City Council Resolution No. 89-248. The request must be written and filed with the City of Turlock Planning Division. Continuance Request Application Forms are available in both the City Clerk and Planning Division Offices, 156 South Broadway, Turlock. There is a \$390.00 Filing Fee Deposit for the Continuance Request Application.

**The granting of a request for a continuance of a pending application is discretionary on the part of the City of Turlock. The applicant's compliance with the regulations does not imply, guarantee, or otherwise supersede the City of Turlock's authority to deny the request.**

Thursday, April 2, 2026  
6:00 p.m.  
City of Turlock Yosemite Room  
156 S. Broadway, Turlock, California

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**1. CALL TO ORDER**

Chair Anderson called the meeting to order at 6:00 p.m.

**2. SALUTE TO THE FLAG**

Chair Anderson led those in attendance in the Pledge of Allegiance.

**3. ROLL CALL, DECLARATION OF CONFLICTS OF INTEREST & DISCLOSURE OF EX PARTE COMMUNICATIONS**

Present: Commissioners Patrick Jensen, Bryan Tribble, Matthew Davis, Constance Anderson, Jim Reape, Sukhminder Deol, Bryan Saint

Absent: Commissioner Ray Souza

Commissioner Jensen	Commissioner Tribble	Commissioner Davis	Commissioner Reape	Commissioner Deol	Commissioner Saint	Chair Anderson
None	None	7A	None	None	None	None

**4. ANNOUNCEMENTS & UPDATES**

Planning Manager Katie Quintero introduced Sarah Yonan from the City Attorney’s office and Captain Pacheco and Sergeant Inderbitzen from Turlock Police Department

**5. PUBLIC PARTICIPATION**

Chair Anderson opened the floor for public participation.

Hearing no one, Chair Anderson closed the floor for public participation.

**6. CONSENT CALENDAR**

A. Motion: Accepting the Minutes of the March 5, 2026 Regular Meeting

B. Motion: Waiving Reading of All Ordinances of the Agenda, Except by Title

**Motion:**

Commissioner Reape moved, seconded by Commissioner Davis to approve the consent calendar. Motion carried 7/0 by the following vote:

Commissioner Jensen	Commissioner Tribble	Commissioner Davis	Commissioner Reape	Commissioner Deol	Commissioner Saint	Chair Anderson
Yes	Yes	Yes	Yes	Yes	Yes	Yes

## 7. PUBLIC HEARINGS

Chair Anderson noted there was one item.

Commissioner Davis stepped down from the dais and exited the room at 6:03pm.

- A. CUP 26-01 Back Nine Golf:** Principal Planner Teddie Hernandez presented the staff report. She explained the applicant is requesting approval to construct and operate The Back Nine Golf simulation facility in an existing approximately 3,031 square foot building located at 693 N. Golden State Blvd. The facility will provide four (4) indoor golf simulator bays that can hold up to four (4) members per simulator bay at one time. The members can use the simulators for recreation play, lessons, or small group gatherings. Members will have 24-hour per day, 7-days per week access through a keyless reservation system and general public will have access from 8:00 a.m. – 7:00 p.m. The building would have security cameras operating at all times, including inside each simulator bay. The draft resolution includes conditions to address safety and operations. These include a review by the Turlock Police Department after six months and once each year after that. Alcohol sales and consumption would not be allowed on-site. The business would also take part in the Fusus Program, which allows law enforcement to access video footage if needed. Staff would be present during parties or large events. These events must take place between 8:00 a.m. and 10:00 p.m. The project requires a Conditional Use Permit because it is considered a commercial recreation use in the Community Commercial zone.

### Public Participation

Chair Anderson opened the floor for public hearing.

Applicants Leonard and Selena Williams spoke in support of the project. They said they hope to give back to the community by hosting fundraisers for local high schools and youth programs.

Chair Anderson asked for more details about the app-based entry system.

Mr. Williams said all reservations are made through the app. Members would have access, and non-members could book and pay for tee times through the app.

Chair Anderson asked what happens after someone books a reservation.

Mr. Williams said the customer receives a key code. The code works during a 15-minute window before and after the reserved time. Once the customer leaves, they cannot re-enter. He added that the camera system allows him to monitor the facility and receive alerts.

Chair Anderson asked if the code can be shared with others.

Mr. Williams said it cannot.

Commissioner Jensen asked about how long people typically stay and how the lounge area would be used.

Mr. Williams said most sessions last between 1 and 3 hours. The lounge area would be used as a waiting space for larger groups.

Commissioner Jensen asked about the maximum number of people allowed.

Mr. Williams said the maximum occupancy is about 49 people.

Commissioner Jensen asked about outside food.

Mr. Williams said outside food would be allowed, but alcohol would not be permitted.

Hearing no one else, Chair Anderson closed the floor for public participation.

Chair Anderson asked for clarification on the hours of operation.

Principal Planner Hernandez said members would have 24/7 access, while the general public would be limited to 8:00 a.m. to 7:00 p.m.

**Motion:**

Commissioner Jensen moved, seconded by Commissioner Saint to grant the approval of Conditional Use Permit 2026-01 (The Back Nine Golf), having determined that the project is “Categorically Exempt” from the provisions of CEQA, and that all of the appropriate findings can be made, subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-06. Motion carried by a 6/0 vote.

Commissioner Jensen	Commissioner Tribble	Commissioner Davis	Commissioner Reape	Commissioner Deol	Commissioner Saint	Chair Anderson
Yes	Yes	Not Participating	Yes	Yes	Yes	Yes

Commissioner Davis returned to the dais at 6:16 p.m.

Chair Anderson called a five-minute recess to allow the Commissioners time to review the green sheets provided.

The meeting resumed at 6:21 p.m.

**B. Appeal of Administrative Decision Concerning Building Permit No. 25-1123:**

Development Services Director Adrienne Werner presented the staff report. She explained that the appellant has filed an appeal of the City’s administrative decision dated February 27, 2026 (Building Division) and March 2, 2026 (Interim City Manager) concerning Building Permit #25-1123. Specifically, the appellant has challenged the

validity of the building permit questioning the applicant's authority to sign the building permit application as "Owner-Builder." A building permit is required in order to perform repairs and modifications to the exterior apartment stairs at the property located at 290 N. Thor Street. Director Werner explained that under the Turlock Municipal Code, any action or decision made by the Building and Safety Division can be appealed to the Planning Commission. She clarified that the Commission's role is narrow. The Planning Commission's role is to determine whether or not the administrative decisions made by the Development Services Director and Interim City Manager were made appropriately. She stated that the Commission may uphold, modify, or overturn the administrative decision.

Commissioner Reape asked if a written determination from the City Attorney's Office was included in the agenda packet.

Director Werner said it was not included in the agenda packet. She clarified that the determination was provided in an email from the City Attorney.

Commissioner Reape asked who is allowed to obtain a building permit.

Director Werner stated that building permits may be issued to a property owner, a licensed contractor, a property owner's agent, or a licensed contractor's agent.

Commissioner Reape asked whether it is routine for applicants to provide engineered structural calculations.

Director Werner deferred to Building Inspector Enrique Delgadillo.

Mr. Delgadillo stated that a structural engineer is typically involved and provides the design and calculations needed for the project.

Commissioner Jensen asked whether a permit can be issued to a property owner, licensed contractor, or agent.

Director Werner confirmed that it can.

Commissioner Jensen asked about the ownership of the property, noting it is held in a family trust, and whether the son is included in the trust.

Director Werner answered that she did not know the details of the family trust and it is not information that would be requested or is required.

Commissioner Saint asked to clarify that the issue is not related to Osvaldo Reyes signing the application.

Director Werner clarified that Osvaldo Reyes signed and submitted the application. Anyone can submit an application, but the permit can only be issued to the property owner or a licensed contract or their agents.

## **Public Participation**

Chair Anderson opened the floor for public hearing.

Shawn Sheridan, the appellant, spoke in favor of overturning the administrative decision and revoking the building permit.

Armando Garcia Jr. spoke in favor of upholding the administrative decision.

Milt Trieweiler offered a possible solution, suggesting that relocating the appellant to a first-floor unit might address the concerns.

Director Werner clarified that the California Building Code governs the building application and building permit process. The California Building Code also allows the City to determine what information is required on the application as long as it meets the requirements of the CBC.

Mr. Sheridan provided a rebuttal stating that he is not an attorney and cited Health and Safety Code Section 19825(a) which provides the minimum information that must be included in the building permit application and Owner-Builder Declaration.

Hearing no one else, Chair Anderson closed the floor for public participation.

Commissioner Reape stated that it is important for the City to support both tenants and property owners. Based on the information presented, he said he did not find that the City had deviated from its standard procedures.

Commissioner Jensen asked Mr. Sheridan what outcome he is seeking.

Mr. Sheridan responded that he wants to live in a city that doesn't go rogue.

Commissioner Jensen asked specifically what outcome he wanted regarding the construction of the stairs.

Mr. Sheridan stated that he wants the issue to be fixed.

Commissioner Jensen noted that revoking and reissuing the permit would be a longer process delaying the construction of the stairs.

Mr. Sheridan acknowledged that and stated that his appeal is based on his belief that the City is acting outside of its authority.

Commissioner Jensen asked Director Werner to clarify the Planning Commission's role.

Director Werner explained that the Commission's role is to review the administrative decision and determine whether it was made properly. She noted that some of the topics discussed, such as plan review, inspections and construction are outside the Commission's scope.

Commissioner Davis stated that he agreed with Commissioner Reape’s comments. He said that City processes can sometimes feel overwhelming, but staff works to guide applicants and residents through them. He added that the Commission’s role is limited and focuses on whether City staff acted within their authority. Based on the information presented, he believed that staff acted appropriately.

**Motion:**

Commissioner Reape moved, seconded by Commissioner Tribble to deny the appeal and uphold the administrative decision declaring Building Permit #25-1123 valid and active subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-07. Motion carried by a 7/0 vote.

Commissioner Jensen	Commissioner Tribble	Commissioner Davis	Commissioner Reape	Commissioner Deol	Commissioner Saint	Chair Anderson
Yes	Yes	Yes	Yes	Yes	Yes	Yes

**C. Amendment to Conditional Use Permit No. 2008-07 (Turlock Public Safety Building):** Planning Manager Katie Quintero presented the staff report. She explained the proposed project consists of increasing the height of the fencing around the existing facility from 6’ to 8’ in height and adding metal panels to the existing wrought iron fencing to improve site security. The project is a minor alteration to the fencing around a portion of the site and will not expand or change the use of the site. She also noted that, during the original Conditional Use Permit process, extensive public outreach was conducted to develop the site plan and architectural design. Because the original conditions were very specific, an amendment to the Conditional Use Permit is required for this change. Planning Manager Quintero added that safety concerns have increased in recent years within the facility’s parking lot. The proposed fencing improvements are intended to address those concerns.

Commissioner Tribble asked whether the existing wrought iron fencing would remain or be removed.

Stephen Fremming stated that they had hoped to retain the wrought iron, but it cannot be reused for the project. The existing material will be removed and replaced.

Commissioner Jensen asked how the project would be funded.

Planning Manager Quintero responded that the project is funded through ARPA funding allocated for public safety-related improvements. She stated that the funding has already been budgeted and allocated at the Council level for this project.

**Public Participation**

Chair Anderson opened the floor for public hearing.

Captain Miguel Pacheco spoke in support of the project. He stated that part of his ancillary duties is oversight of safety and maintenance of the public safety facility, and staff have experienced physical altercations in the parking lot. He noted that both sworn personnel and support staff use the parking area and that the goal is to create a safer environment. He added that there have been several occasions where the existing fence has been breached.

Milt Trieweler spoke in support of the project but opposed the fence color.

Hearing no one else, Chair Anderson closed the floor for public participation.

Commissioner Tribble commented that he has experience approving expenditures with the school district and noted that fencing for schools and police departments may require similar levels of protection.

**Motion:**

Commissioner Reape moved, seconded by Commissioner Davis to grant the amendment to Conditional Use Permit 2008-07 (Public Safety fencing), having determined that the project is “Categorically Exempt” from the provisions of CEQA, and that all of the appropriate findings can be made, subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-05. Motion carried by a 7/0 vote.

Commissioner Jensen	Commissioner Tribble	Commissioner Davis	Commissioner Reape	Commissioner Deol	Commissioner Saint	Chair Anderson
Yes	Yes	Yes	Yes	Yes	Yes	Yes

**8. SCHEDULED MATTERS**

There were none.

**9. COMMISSIONER’S COMMENTS AND ANNOUNCEMENTS**

*Commissioners may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the Commission.*

There were none.

## 10. ADJOURNMENT

Having no further business, Chair Anderson asked for a motion to adjourn the meeting. Motion by Commissioner Reape. Motion carried unanimously by a voice vote. The meeting was adjourned at 7:23 p.m.

RESPECTFULLY SUBMITTED

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Constance Anderson  
Planning Commission Chair

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Katie Quintero  
Planning Manager

# Planning Commission Staff Report

May 7, 2026



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From: Katie Quintero, Planning Manager  
Prepared by: Katie Bailey, Assistant Planner  
Agendized by: Adrienne Werner, Development Services Director

**1. ACTION RECOMMENDED:**

Resolution: Determining the one-year time extension for Variance No. 2024-01 to be "Exempt" from the provisions of the California Environmental Quality Act (CEQA) and granting the one-year time extension for Variance Application No. 2024-01, subject to the findings contained in draft resolution 2026-09.

**2. NARRATIVE:**

The applicant is requesting a one-year time extension for the previously approved variance 24-01. The approved variance allowed for the required 20-foot side and rear setbacks established in the Heavy Commercial (HC) zoning district of the Northwest Triangle Specific Plan to be reduced to zero feet to allow for the development of the site located at 2820 Countryside Drive, Stanislaus County APN 088-003-072 with an approximately 48,424 square foot Self-Storage Facility.

**BACKGROUND**

On July 18<sup>th</sup> 2024, the Planning Commission approved Variance No. 2024-01, authorizing a reduction of the required 20-foot side and rear setbacks established in the Heavy Commercial (HC) zoning district of the Northwest Triangle Specific Plan to be reduced to zero feet to allow for the development of the site located at 2820 Countryside Drive, Stanislaus County APN 088-003-072 with an approximately 48,424 square foot Self-Storage Facility.

The 2.14-acre parcel is located behind Home Depot and is a left-over parcel from the Monte Vista Crossings shopping center. Because of its location tucked behind Home Depot and bordered by the Monte Verde and Festival subdivisions it does not have high visibility and its unusual shape is challenging to develop.



**NWTSP & TMC Heavy Commercial Standards**

The property is located within the Northwest Triangle Specific Plan (NWTSP) area. It is important to note that the Heavy Commercial (CH) development standards within the NWTSP differ from those in the Turlock Municipal Code (TMC), particularly with respect to setback requirements. The NWTSP imposes more restrictive standards, as shown in the comparison table below.

	North West Triangle Specific	Turlock Municipal Code
<b>HEAVY COMMERCIAL SETBACKS</b>		
Front	20' minimum	15' minimum
Interior Side	<b>20' minimum</b>	<b>0' minimum</b>
Corner Side	20' minimum	15' minimum
Rear	<b>20' minimum</b>	<b>0' minimum</b>

These more restrictive setback standards are central to the original variance request and remain relevant to this extension. Had this property been located in the same CH zoning district outside the NWTSP boundaries, no variance would have been required.

**MASONRY WALL**

In accordance with TMC §9-2-122 and §9-3-303, a 7-foot solid masonry wall is required along all property lines abutting residential zoning districts. A CMU wall will be constructed along the eastern property line adjacent to the Festival subdivision. An existing CMU wall along the southern property line abutting the Monte Verde subdivision will remain in place.

## **ANALYSIS**

The applicant is requesting a one-year time extension for Variance 2024-01. The project description, site plan, and all previously adopted conditions of approval remain unchanged. The findings originally made by the Planning Commission in support of the variance remain valid and applicable. No new conditions of approval are recommended.

### **TIME EXTENSION**

The applicant has not yet applied for building permits or commenced construction and is requesting a one-year time extension of the original approval. No changes to the project description, site plan, conditions of approval, or project findings are proposed as part of this request.

### **ENVIRONMENTAL REVIEW**

The proposed time extension does not constitute a new project or a change in project scope. The project remains consistent with the zoning regulations, the Turlock General Plan, and the North West Triangle Specific Plan (NWTSP). No new environmental review is required. The project remains exempt from CEQA.

### **PUBLIC NOTICING**

In accordance with Turlock Municipal Code §9-5-120 a public notice was sent out to all property owners within a 500-foot radius of the project site. Additionally the required noticing sign was posted at the site. Staff did not receive any comments regarding the project.

### **CONCLUSION**

The applicant has requested a one-year time extension for Variance No. 2024-01. The project and all conditions of approval remain unchanged. The circumstances that supported the original approval continue to apply. Staff recommends approval of the requested one-year time extension

### **3. FISCAL IMPACT / BUDGET AMENDMENT:**

None.

### **4. ENVIRONMENTAL DETERMINATION:**

The proposed project is consistent with the zoning regulations and the Turlock General Plan. The project will not result in any significant impacts relating to traffic, noise, air quality, or water, nor does the site have any habitat value for endangered, rare, or other threatened species. The site can be adequately served by all required utilities and public services and is located entirely within the City Limits on a parcel no larger than five acres. The site in which the project is located is not environmentally sensitive. Therefore, pursuant to California Environmental Quality Act (CEQA) 15332 [In-Fill Development Projects], this project is Categorically Exempt from the provisions of CEQA.

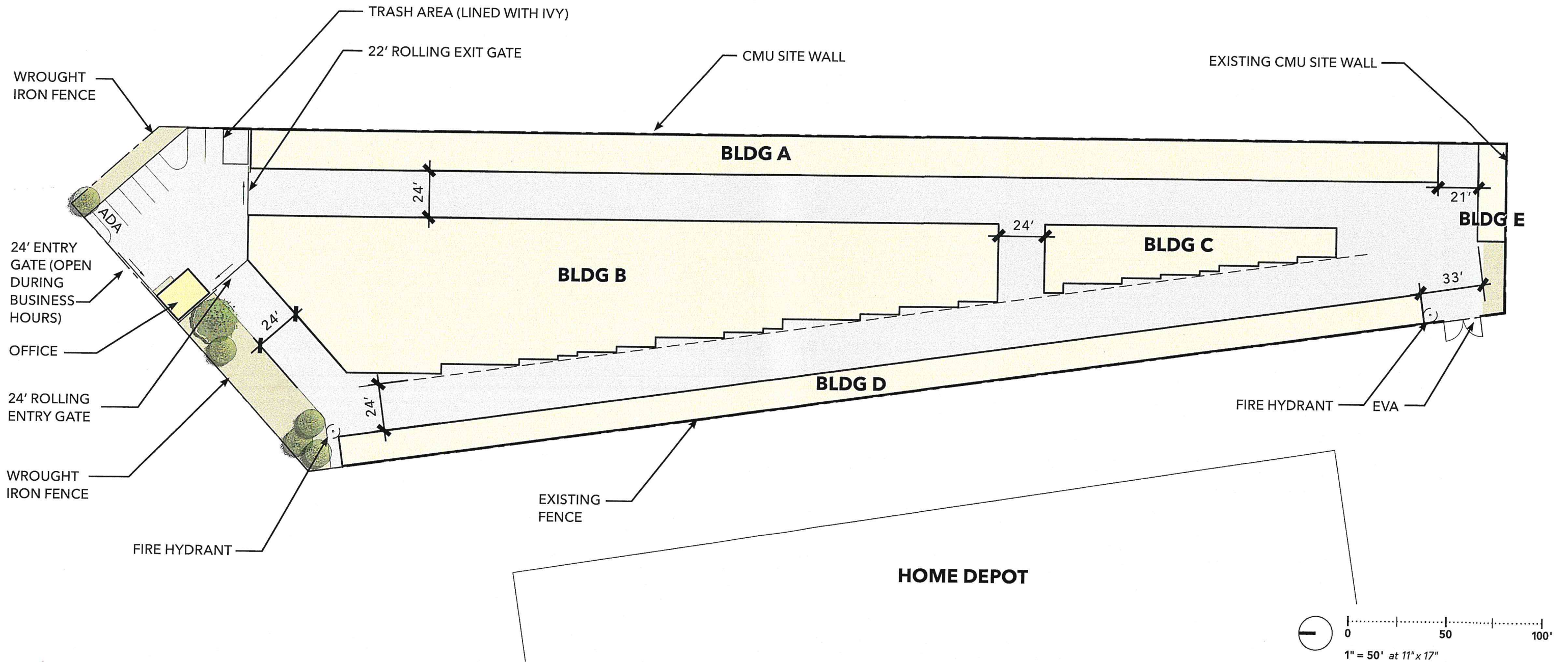
### **5. ATTACHMENTS:**

1. SITE PLANS ATTACHMENT 1

2. VAR 2024-01 TIME EXTENSION DRAFT RESOLUTION

BUILDING	GROSS (SF)
Building A	12,200
Building B	23,148
Building C	3,580
Building D	8,400
Building E	750
Office	346
<b>TOTAL:</b>	<b>48,424 SF</b>
<b>TOTAL LANDSCAPE COVERAGE:</b>	<b>3,481 SF (7.2%)</b>

ATTACHMENT 1



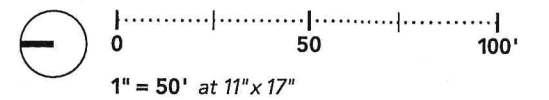
2820 Countryside Drive | Proposed Site Plan

UNIT TYPE	COUNT
10'x20'	104
10'x15'	86
10'x12'	8
10'x10'	91
10'x8'	9
10'x5'	4
TOTAL:	302

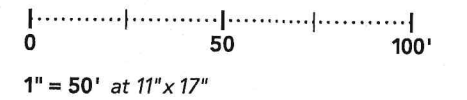
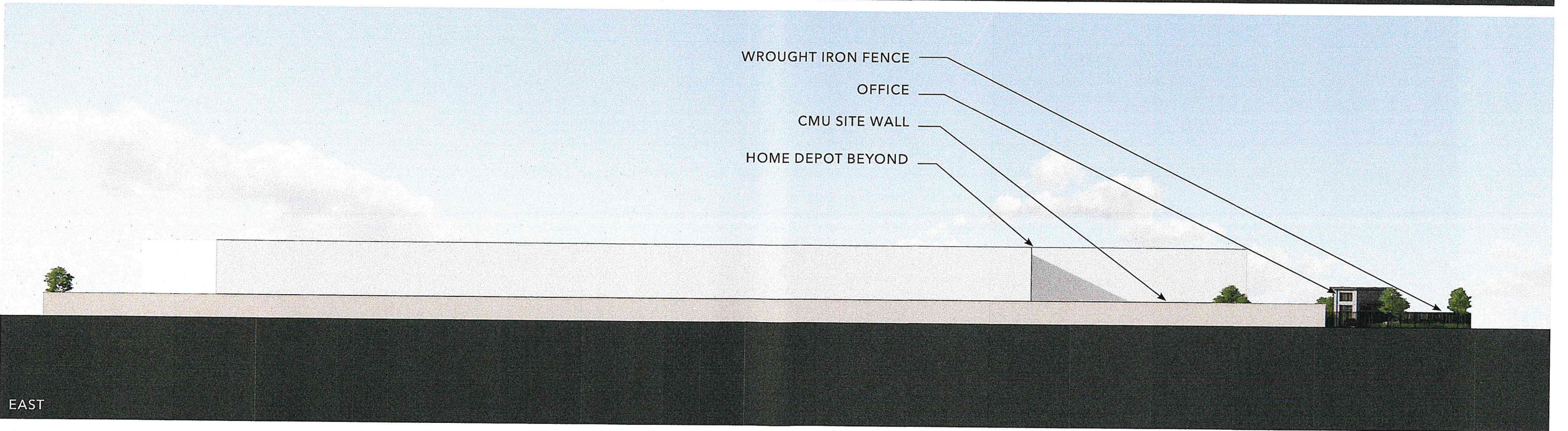
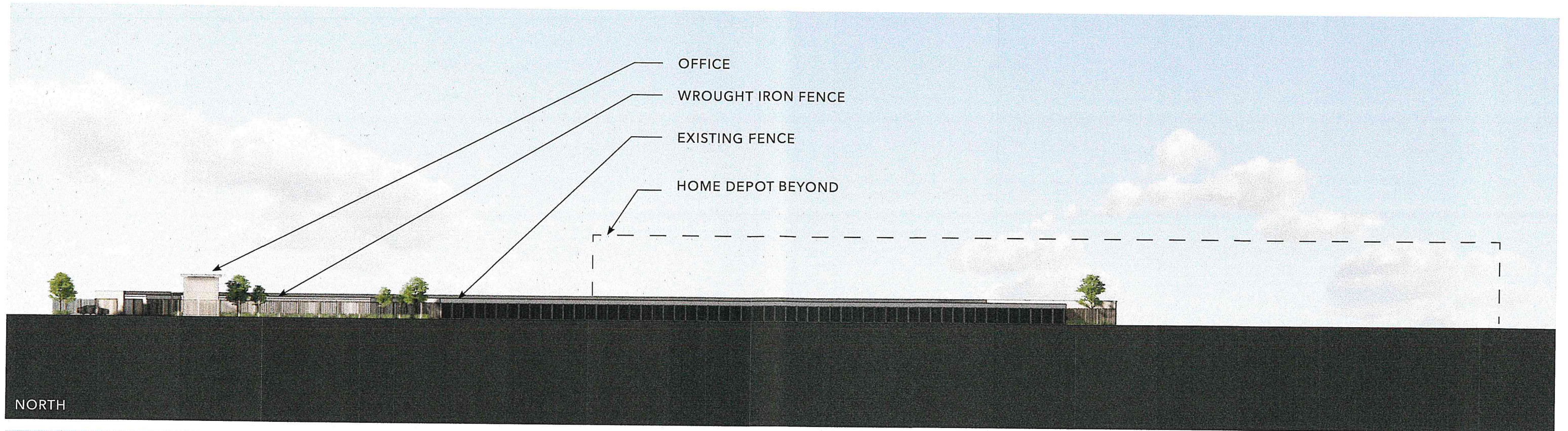
10'x20'	
10'x15'	
10'x12'	
10'x10'	
10'x8'	
10'x5'	
Electrical Closet/Storage	

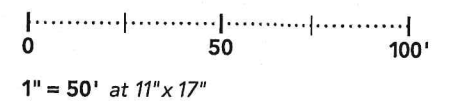
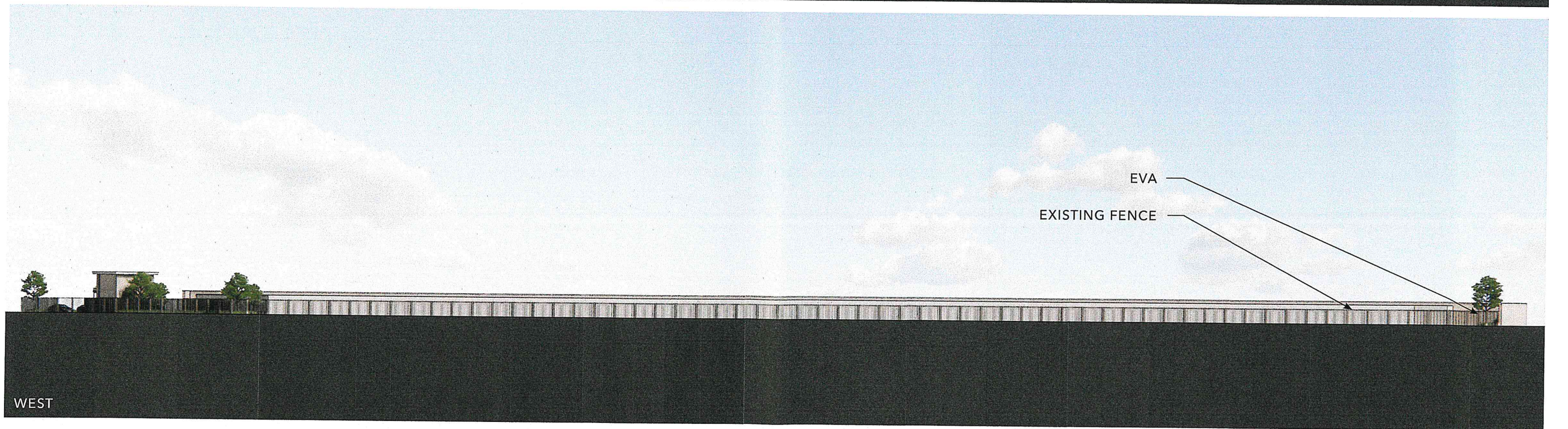
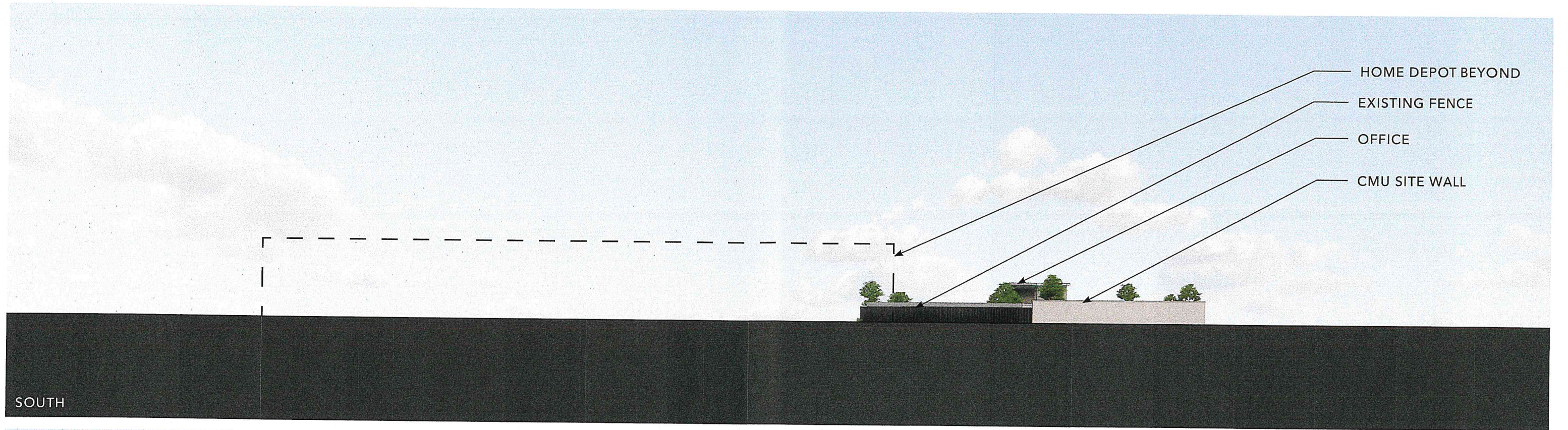


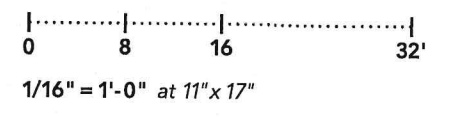
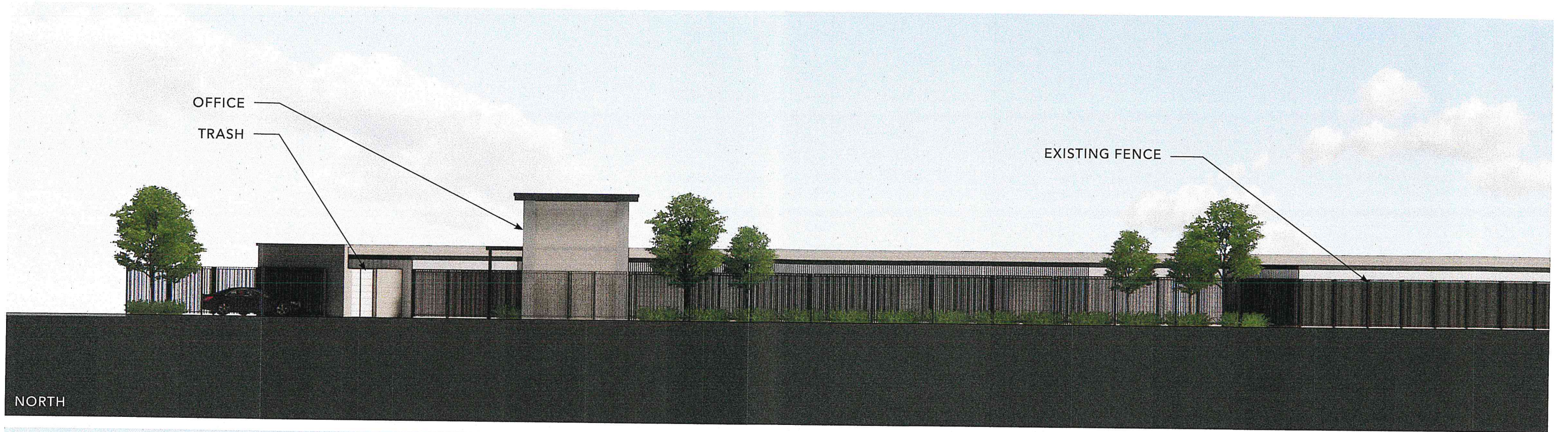
**HOME DEPOT**



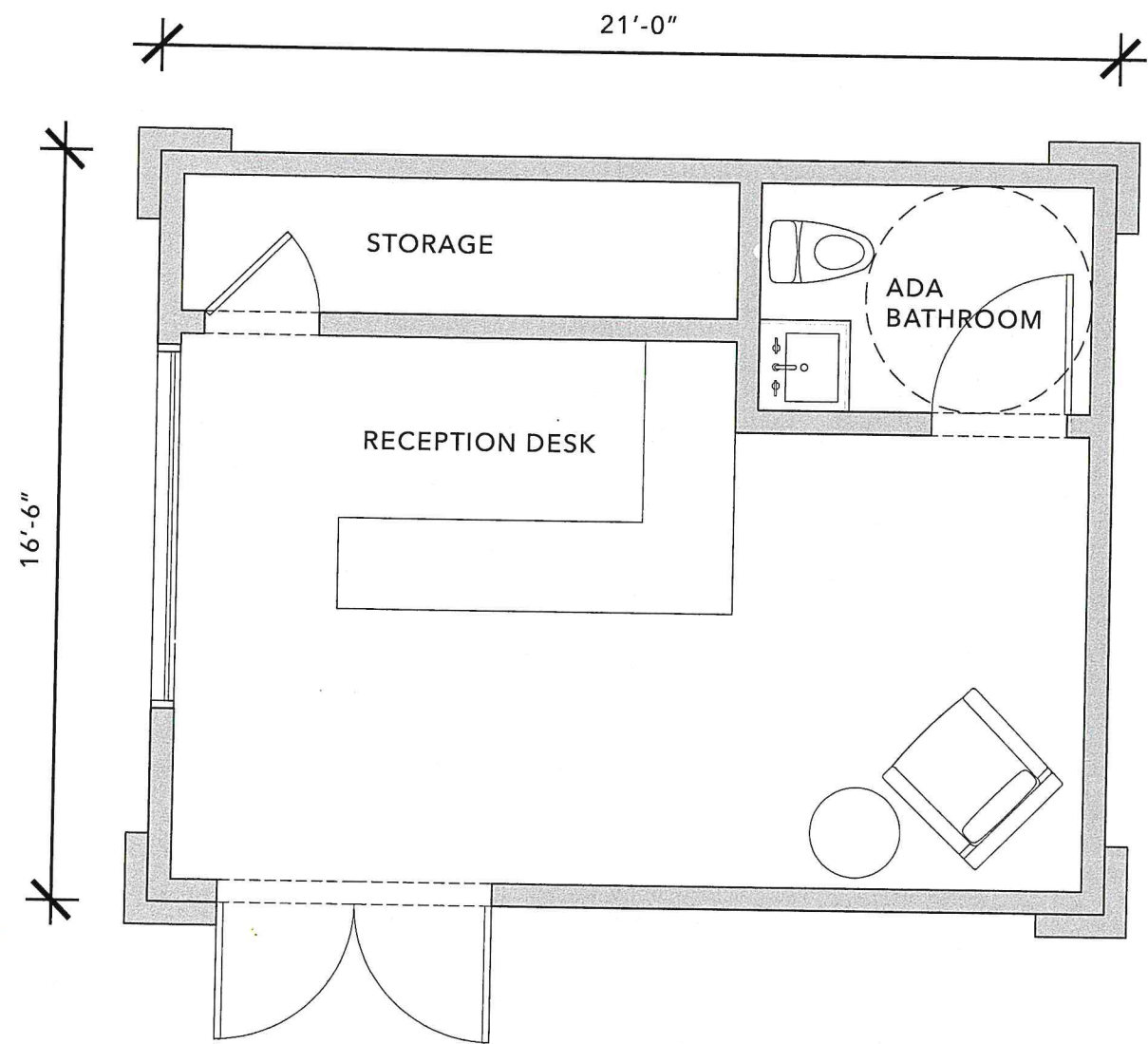
**2820 Countryside Drive** Proposed Floor Plan - Colored Diagram







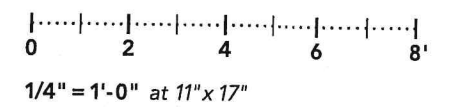
2820 Countryside Drive | Enlarged Elevations



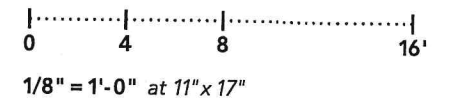
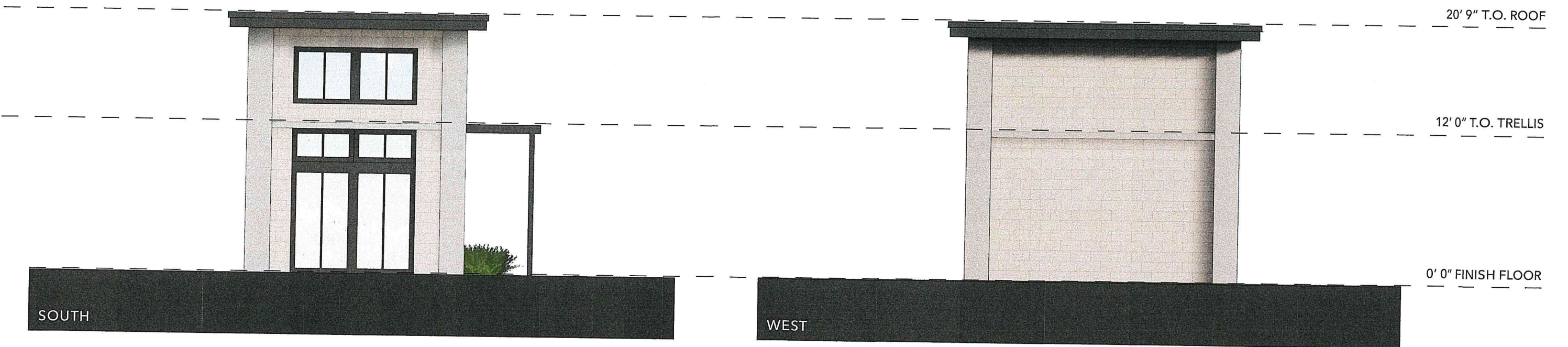
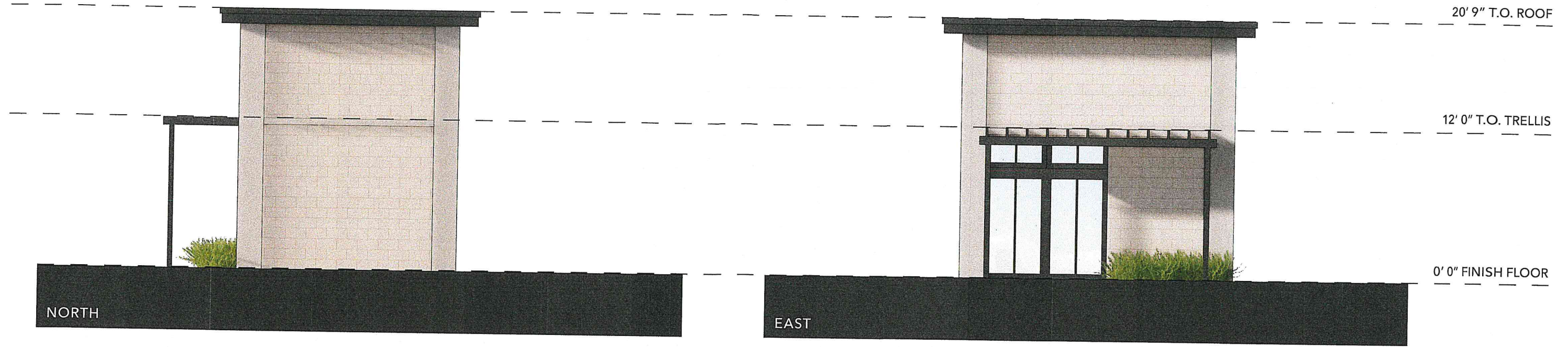
FLOOR PLAN

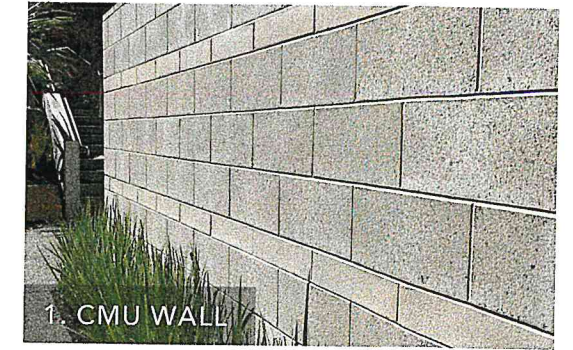
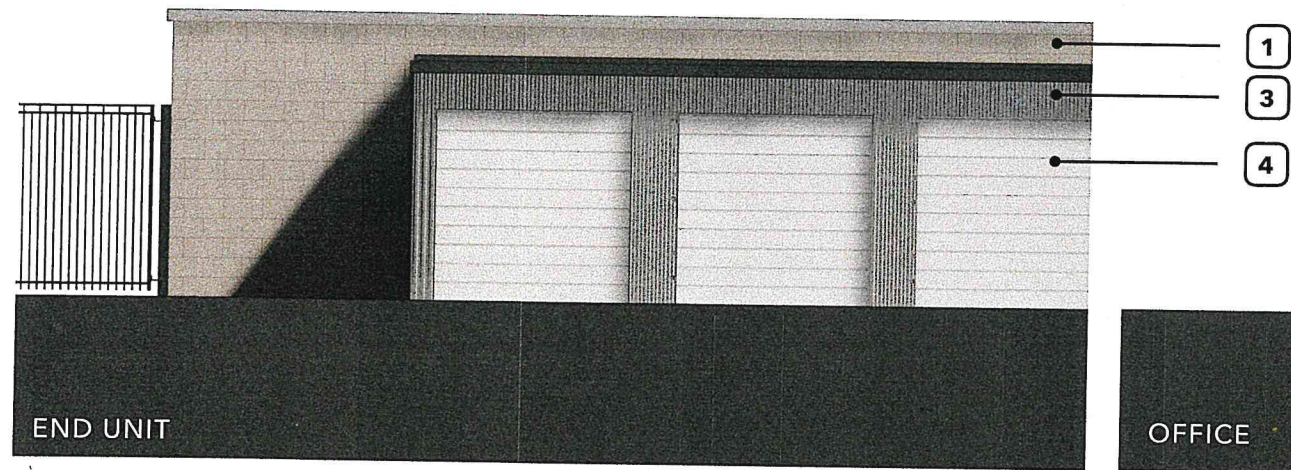


3D VIEW



2820 Countryside Drive | Office Building





0 4 8 16'  
1/8" = 1'-0" at 11" x 17"

2820 Countryside Drive | Material Vignette

**RECORDING REQUESTED BY:**  
CITY OF TURLOCK

When Recorded Mail to:

City of Turlock  
Development Services  
Planning Commission  
156 S. Broadway, Suite 120  
Turlock, CA 95380-5456

EXEMPT FROM FEE PER GOVERNMENT CODE §6103

Space above this line is reserved for the recorder's office.

**DRAFT RESOLUTION NO. 2026-09**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF TURLOCK  
GRANTING VARIANCE 2024-01 TIME EXTENSION**

PROPERTY OWNER: Jack Suski  
PO Box 28  
Stinson Beach, CA 94970

APPLICANT: Jack Suski  
PO Box 28  
Stinson Beach, CA 94970

SITE ADDRESS: 2820 Countryside Drive

APN: 088-003-022

**WHEREAS**, the applicant, Jack Suski, has submitted an application requesting a one-year time extension to Variance No. 2024-01, previously approved by the Planning Commission on July 18, 2024; and

**WHEREAS**, Variance No. 2024-01 allowed for the required 20-foot side and rear setbacks established in the Heavy Commercial (HC) zoning district of the Northwest Triangle Specific Plan to be reduced to zero feet to allow for the development of the site located at 2820 Countryside Drive, Stanislaus County APN 088-003-072 with an approximately 48,424 square foot Self-Storage Facility; and

**WHEREAS**, the property is zoned Heavy Commercial (CH) with a Heavy Commercial (HC) General Plan land use designation; and

**WHEREAS**, the property is located within the Northwest Triangle Specific Plan area; and

**WHEREAS**, the property affected by this Resolution is located at 2820 Countryside Drive, Stanislaus County APN: 088-003-022; and

**WHEREAS**, no changes to the project description, site plan, or conditions of approval are proposed as part of this time extension request; and

**WHEREAS**, the conditions of approval adopted under Planning Commission Resolution No. 2024-14 remain in full force and effect and no new conditions are proposed; and

**WHEREAS**, Section 15332 (In-Fill Development Projects) of the California Environmental Quality Act (CEQA) Guidelines categorically exempts infill projects that occur on project sites of no more than five acres substantially surrounded by urban uses and having no value as habitat for endangered, rare, or threatened species; the project continues to qualify for this exemption and no further environmental review is required; and

**WHEREAS**, a duly noticed public hearing was held on May 07, 2026, at which time the Planning Commission heard public testimony on the time extension request.

**Section 1.** The proposed project is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under the CEQA Guidelines Section 15332 [Infill Development Projects].

**Section 2.** That all of the following findings can be made for Variance 2024-01:

- (1) That there are exceptional or extraordinary circumstances or conditions applying to the property or the intended use, which do not apply to other properties or uses in the same district;
- (2) That, due to these exceptional or extraordinary circumstances, the literal enforcement of the provisions of this article would result in a practical difficulty or unnecessary hardship;
- (3) That a variance is necessary for the preservation of a substantial property right possessed by other properties in the same district;
- (4) That the granting of a variance will not be materially detrimental to the public welfare, injurious to property or improvements in the vicinity or district where the property is located;
- (5) That granting a variance will not constitute a special privilege inconsistent with the limitations on other properties classified in the same zoning district;
- (6) That granting a variance will be in harmony with the general purpose and intent of the provisions of this article and the General Plan.

***NOW THEREFORE BE IT RESOLVED*** the Planning Commission of the City of Turlock hereby grants the time extension for Variance 2024-01 subject to compliance with all applicable codes and ordinances, subject to the terms and conditions set forth below. All conditions listed below shall be complied with prior to issuance of a building permit, or equivalent, unless otherwise stipulated:

**Planning Division (668-5640)**

1. This permit authorizes a one-year time extension to May 7, 2027 for Variance No.

2024-01, approved by the Planning Commission on July 18, 2024, for the property located at 2820 Countryside Drive (Stanislaus County APN: 088-003-022). All conditions of approval adopted under Planning Commission Resolution No. 2024-14 remain in full force and effect. No new conditions of approval are added as part of this time extension.

2. Applicant shall comply with all conditions in Planning Commission Resolution 2024-14
3. In the event the city determines that it is necessary to take legal action to enforce any of the provisions of these conditions, and such legal action is taken, the applicant shall be required to pay any and all costs of such legal action, including reasonable attorney's fees, incurred by the city, even if the matter is not prosecuted to a final judgment or is amicably resolved, unless the city should otherwise agree with applicant to waive said fees or any part thereof. The foregoing shall not apply if the permittee prevails on every issue in the enforcement proceeding.

**Section 3.** That said time extension to the Variance is hereby granted subject to compliance with all applicable codes and ordinances, and subject to the terms and conditions set forth herein. All conditions listed shall be complied with prior to issuance of a Certificate of Occupancy, or equivalent, unless otherwise stipulated.

**Section 4.** The Director of Development Services, or designee, is hereby directed to record this Resolution at the office of the County Recorder of the County of Stanislaus.

**I HEREBY CERTIFY** that the foregoing Resolution was duly and regularly adopted by the Planning Commission of the City of Turlock at a regular meeting of said Planning Commission held on the 7<sup>th</sup> day of May 2026, by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**NOT PARTICIPATING:**

ATTEST: \_\_\_\_\_

Katie Quintero  
Planning Manager & Secretary to the Turlock Planning  
Commission  
City of Turlock

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

**Planning Commission Staff Report**  
**May 7, 2026**



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From: Katie Quintero, Planning Manager  
Prepared by: Katie Quintero, Planning Manager  
Agendized by: Adrienne Werner, Development Services Director

**1. ACTION RECOMMENDED:**

I move that the Planning Commission find that Evergreen Market, dba FF Farms is in compliance with the conditions of approval contained in Conditional Use Permit No. 2022-07 and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-19.

I move that the Planning Commission recommend the City Council find that Evergreen Market, dba FF Farms has complied in good faith with the terms and conditions of the development agreement and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-20.

I move the Planning Commission recommend the City Council approve the First Amended and Restated Development Agreement between the City of Turlock and Evergreen Market dba FF Farms, having determined the action is not subject to the provisions of CEQA and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-21.

**2. NARRATIVE:**

**APPLICATION SUMMARY**

**DATE FILED: September 1, 2025**

**APPLICANT:**

Jose Rodrigues  
101 E. Glenwood Avenue  
Turlock, CA 95380

**PROPERTY OWNER:**

Wilson Eshagh  
1148 N. Golden State Boulevard  
Turlock, CA 95380

**PROJECT ADDRESS:**

101 E. Glenwood Avenue

**APN:**

044-022-013

**AREA OF PROPERTY:**

1.2 acres (approximately)

**EXISTING ZONING:**

Community Commercial (CC)

**GENERAL PLAN:**

Community Commercial (CC)

PREVIOUS ACTIONS: CUP 97-04, MDP 97-03, MDP 97-15, REZ 96-06, PRZ 73-02, CUP 2022-07

REQUEST: Annual review of the Conditional Use Permit and Development Agreement for Evergreen Market dba FF Farms and Amendments to and extension of Development Agreement.

CEQA RECOMMENDATION: Exempt CEQA §15378(b)(5) [Project]

STAFF RECOMMENDATION Approve

## **BACKGROUND**



The Evergreen Market is located at 101 E. Glenwood Avenue. The property is zoned Community Commercial which allows cannabis dispensaries with a Conditional Use Permit and Development Agreement.

At their February 28, 2023, meeting, the City Council adopted the ordinance approving the Development Agreement (DA). As required in the DA, The Evergreen Market applied for a Conditional Use Permit. The Planning Commission granted Conditional Use Permit 2022-07 at the April 6, 2023, public hearing allowing The Evergreen Market to operate a cannabis dispensary in the existing 2,785 square foot building.

On March 31, 2024, Jose Rodrigues and the City of Turlock executed an Assignment and Assumption Agreement, as allowed under Section 10.1 of the Development Agreement. The Assignment and Assumption Agreement allowed the sale, assignment, or transfer of The Evergreen Market at 101 E. Glenwood Avenue, to Jose Rodrigues. All other conditions of the Conditional Use Permit and the Development Agreement remain unchanged.

## **Annual Review**

Turlock Municipal Code §9-5-912 and Conditional Use Permit 2022-07 require the Planning Commission to conduct an annual review to verify the business owner's compliance with the terms of the Development Agreement and Conditional Use Permit. In addition, TMC §9-5-912 directs the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement.

Planning Department

*Signage*

A sign permit was issued for the signs on the building.

Evergreen Market dba FF Farms has complied with the requirements of the Planning Division.

Building Department

The Evergreen Market opened for business in August 2024 under a Temporary Certificate of Occupancy. There are a few remaining items left to complete but none of them are health and safety-related items. The applicant is working with the City of Turlock to address the remaining items and will get a final Certificate of Occupancy once these items are addressed.

The Evergreen Market is in substantial compliance with the requirements of the Building and Safety Division.

Finance Department

*Business License*

The Evergreen Market was issued a business license on August 1, 2024. Their business license is current and active. There are no outstanding issues.

*Public Benefit Amount*

The Development Agreement requires the monthly payment of a public benefit amount. Section 4.2 of the Development Agreement details the public benefit amount that Evergreen Market must submit to the City on a monthly basis.

Effective Date	Public Benefit Amount Due
1 <sup>st</sup> Business Day following the (1 <sup>st</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 1 Amount</u> ").
1 <sup>st</sup> Business Day of the Thirteenth (13 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$30,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 2 Amount</u> ").
1 <sup>st</sup> Business Day of the Twenty-fifth (25 <sup>th</sup> ) Month in which Developer commences	\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 3 Amount</u> ").

Commercial Cannabis Activity.	
1 <sup>st</sup> Business Day of the Thirty-seventh (37 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 4 Amount”).
1 <sup>st</sup> Business Day of the Forty-ninth (49 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 5 Amount”).

The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.

The audits and compliance checks have been completed. Evergreen Market is in compliance with the Finance Department requirements. The public benefit amount that Evergreen Market has paid is detailed in the table below:

Fiscal Year	Public Benefit Payment
2020-21	N/A
2021-22	N/A
2022-23	N/A
2023-24	N/A
2024-25	\$275,000.00
2025-26*	\$262,360.00
<b>Total through 4/29/26</b>	<b>\$537,360.00</b>
*Through March 2026	

Police Department

*Calls for Service*

In 2024, there were two calls for service (CFS). The landscaping crew set off an alarm when leaf blowing near the front doors. The other call for service was a false alarm set off by the business owner. Both calls were closed by the responding officer and did not result in a report or arrests.

Calls for Service from January 1, 2025, through October 22, 2025, totaled two. Both calls were accidental alarms by the employees. Both calls were closed by the responding officer with no arrests made.

There were five calls for service from October 2025 through April 2026. Four calls for service were false or accidental alarms and closed by the responding officer. One call was to assist another agency to check security guard credentials.

It is important to remember, when responding to calls for service, the location is indexed by where the incident occurred or where the officer should respond to contact the victim. If the officer responds to the Evergreen Market parking lot or in close proximity to Evergreen Market, the business name will be indexed in the report. It does not mean a crime occurred at Evergreen Market. If no report was made, the responding officer did not find probable cause to show a crime occurred.

### *Annual Inspection*

On April 23, 2026, the Police Department conducted their annual inspection. The following items were found at the inspection:

- The point of sale cash drawer had the key sitting in the lock, and viewable to the public. This is a security concern. The key needs to be secured by an employee or manager during business hours.
- The dumpster to the business was not locked. The dumpster needs to be locked at all times when not in use to prevent people from accessing the dumpster.
- Immature clone cannabis plants were left stacked outside the back door against the fence line in preparation for disposal. These plants need to be properly secured until they are disposed of per DDC regulations.
- Security door to the lobby was propped open during business hours. This door needs to be secure at all times, and requires key card access to open. \*This occurred during the last inspection in 2025.\*
- The manager was not able to provide permits for all employees. I discussed the necessity of displaying all employee permits in the manager's office for inspections.

The business has been mailed a letter noting these deficiencies and a second inspection will be conducted to ensure these items have been corrected. These items are minor in nature and can be corrected easily and, therefore, Evergreen Market dba FF Farms is in substantial compliance with the Police Department's conditions.

## **PROPOSED AMENDMENTS**

Various amendments are proposed to the Development Agreement. The changes to the Agreement are provided in a track changes as Attachment A to the draft resolution.

To capture all previous amendments to the Development Agreement into one document, the City has prepared a First Amended and Restated Development Agreement. This captures the previous amendments and newly proposed amendments into this one complete Agreement.

In response to concerns from many of the dispensary operators, the City is proposing to amend the language for the public benefit amount to remove the monthly minimum payment

and move to a percentage only. The percentage is set as a range up to 9% of gross receipts but proposes to set the amount required to be paid at 5.25% through May 31, 2027, at which time Council may set a new Public Benefit amount within the range. This change will cause a reduction in the overall amount the City will receive in the public benefit amount, but it will provide more stability and will reduce the financial strain on the cannabis operators.

This Development Agreement does not expire until July 13, 2028, but staff is proposing to amend the term of the agreement through June 30, 2029, so it is on the same schedule as the other dispensary Development Agreements.

Other regulations proposed to be added to the agreement include requiring remote real-time live access to the video footage of cameras installed at the businesses, and requiring background checks prior to any changes in ownership or on any individual or entity every two years or at any other time upon reasonable cause. A section has been added detailing if anyone with direct or indirect ownership or controlling interest in the project is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may terminate the Development Agreement. If given such notice, the Developer would have 180 days to complete a transfer of their interest to a transferee approved by the City.

Other proposed changes include various language cleanups and updates to current laws and regulations.

### **Public Comment**

A public notice was sent out to all property owners within 500 feet of the property. Staff received one phone call from a resident who opposed having a dispensary at this location because of the proximity to the residential neighborhood and school bus stops.

### **3. FISCAL IMPACT / BUDGET AMENDMENT:**

### **4. ENVIRONMENTAL DETERMINATION:**

The project consists of the annual review to determine if Evergreen Market dba FF Farms has complied in good faith with the terms and conditions of the Conditional Use Permit and Development Agreement as well as a three-year time extension and miscellaneous amendments to the Development Agreement.

No changes or modifications to the site are anticipated as a result of this review; therefore, this action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review, request for a time extension and various miscellaneous changes to the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

### **5. ATTACHMENTS:**

1. Evergreen Market dba FF Farms CUP 2022-07 Annual Review Resolution 2026-19
2. Evergreen Market dba FF Farms DA Annual Review 2026-20
3. Evergreen Market dba FF Farms DA Time Extension and Amendments Resolution 2026-21

4. Exhibit A 1st amended and restated DA Evergreen

**Filing Requested By:**

City of Turlock  
Development Services Department  
Planning Division  
156 S. Broadway, Suite 120  
Turlock, CA 95380-5456

**When Filed Mail To:**

*Same as above*

SPACE ABOVE THIS LINE FOR CLERK'S USE ONLY

**DRAFT  
RESOLUTION NO. 2026-19**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF TURLOCK  
APPROVING THE ANNUAL REVIEW OF  
CONDITIONAL USE PERMIT 2022-07  
(THE EVERGREEN MARKET dba FF FARMS)**

PROPERTY OWNER: Wilson Eshagh  
1148 N. Golden State Blvd.  
Turlock, CA 95380

APPLICANT: The Evergreen Market dba FF Farms  
101 E. Glenwood Avenue  
Turlock, CA 95380

SITE ADDRESS: 101 East Glenwood Avenue

APN: 044-022-013

**WHEREAS**, Conditional Use Permit No. 2022-07 for a retail cannabis dispensary for The Evergreen Market, was granted by the Planning Commission on April 6, 2023; and

**WHEREAS**, the property affected by this Resolution is located at 101 East Glenwood Avenue, Turlock, more particularly described as Stanislaus County APN 044-022-013; and

**WHEREAS**, the property is zoned Community Commercial (CC) with General Plan land use designation of Community Commercial; and

**WHEREAS**, Planning Commission Resolution 2023-05 requires annual review of Conditional Use Permit 2022-07 for The Evergreen Market to operate a retail cannabis dispensary; and

**WHEREAS**, this action is not subject to the provisions of the California Environmental

Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the conditional use permit, this action will not result in direct or indirect physical changes in the environment; and

**WHEREAS**, in making its decision, the Planning Commission considered the CEQA determination, the public testimony, the evidence in the record, and the findings for approval.

**WHEREAS**, after the public hearing held on May 7, 2026, the Planning Commission found and determined as follows:

That The Evergreen Market dba FF Farms is in compliance with the conditions of approval contained in Conditional Use Permit No. 2022-07 and the Turlock Municipal Code.

**NOW THEREFORE, BE IT RESOLVED** by the Planning Commission of the City of Turlock as follows:

**Section 1.** The proposed project is “Categorically Exempt” from the provisions of the California Environmental Quality Act (CEQA) under the CEQA Guidelines Section 15378(b)(5) [Project].

**Section 2.** That Evergreen Market dba FF Farms is in compliance with the conditions of approval contained in Conditional Use Permit 2022-07.

**Section 3.** The Director of Development Services, or designee, is hereby directed to record this Resolution at the office of the County Recorder of the County of Stanislaus.

**I HEREBY CERTIFY** that the foregoing Resolution was duly and regularly adopted by the Planning Commission of the City of Turlock at a regular meeting of said Planning Commission held on the 7<sup>th</sup> day of May, 2026, by the following roll call vote:

AYES:

NOES:

ABSTAINED:

NOT PARTICIPATING:

ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_

ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

**BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK**

**A RESOLUTION OF THE PLANNING COMMISSION } RESOLUTION NO. 2026-20  
OF THE CITY OF TURLOCK RECOMMENDING THE }  
CITY COUNCIL OF THE CITY OF TURLOCK FIND }  
THAT EVERGREEN MARKET DBA FF FARMS HAS }  
COMPLIED IN GOOD FAITH WITH THE TERMS AND }  
CONDITIONS OF THE DEVELOPMENT AGREEMENT }  
BETWEEN EVERGREEN MARKET DBA FF FARMS }  
AND THE CITY OF TURLOCK }  
\_\_\_\_\_ }**

**WHEREAS**, on February 14, 2023 the City adopted Ordinance No. 1300-CS approving a Development Agreement by and between the City and The Evergreen Market to operate a storefront retail dispensary as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 101 E. Glenwood Avenue, Turlock, California, County of Stanislaus Assessor’s Parcel Number 044-022-013 (the “Project”), consistent with the General Plan, as amended; and

**WHEREAS**, Turlock Municipal Code Section 9-5-912 directs the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement

**WHEREAS**, the Planning Commission determined that the action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission recommends the City Council determine that The Evergreen Market dba FF Farms, has complied in good faith with the terms and conditions of the Development Agreement.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE CITY OF TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK

<p>A RESOLUTION OF THE PLANNING COMMISSION }          OF THE CITY OF TURLOCK RECOMMENDING THE }          CITY COUNCIL OF THE CITY OF TURLOCK EXTEND }          THE DEVELOPMENT AGREEMENT BETWEEN }          EVERGREEN MARKET DBA FF FARMS AND THE }          CITY OF TURLOCK THROUGH JUNE 30, 2029 AND }          AMEND THE PUBLIC BENEFIT AMOUNT AND }          OTHER VARIOUS LANGUAGE CHANGES IN THE }          FIRST AMENDED AND RESTATED DEVELOPMENT }          AGREEMENT FOR THE OPERATION OF A }          CANNABIS DISPENSARY AT 101 E GLENWOOD }          AVENUE TURLOCK, CALIFORNIA, STANISLAUS }          COUNTY APN 044-022-013 }          _____ }          }</p>	<p>RESOLUTION NO. 2026-21</p>
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**WHEREAS**, on June 11, 2019, the City Council of the City of Turlock (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations for cannabis businesses pursuant to AUMA and MAUCRSA, by amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”); and

**WHEREAS**, on June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City; and

**WHEREAS**, on February 14, 2023 the City adopted Ordinance No. 1300-CS approving a Development Agreement by and between the City and The Evergreen Market to operate a storefront retail dispensary as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 101 E. Glenwood Avenue, Turlock, California, County of Stanislaus Assessor’s Parcel Number 044-022-013 (the “Project”), consistent with the General Plan, as amended; and

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission recommends the City Council extend the term of the Development Agreement through June 30, 2029, and recommends amending the public benefit amount and making various other language changes by approving the First Amended and Restated Development Agreement provided as Exhibit A to this resolution.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

AYES:  
 NOES:

ABSTAIN:  
ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER & SECRETARY  
OF THE CITY OF TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK



- D. On June 11, 2019, the Turlock City Council (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations as defined under Turlock Municipal Code (“T.M.C.”) Section 5.21 pursuant to AUMA and MAUCRSA; ~~and-~~
- E. On June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City.
- ~~F. The City Council finds that establishing a structure to regulate all cannabis businesses contemplated by state law is in the best interest of the health, welfare, and safety of the public.~~
- ~~G.F.~~ G.F. Developer proposeds to improve, develop and use real property to operate a Cannabis Business Project, as defined below, in strict accordance with California Cannabis Laws, as defined in Section 1.4 of this Agreement and the T.M.C., as each may be amended from time to time.
- H.G. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the California Legislature adopted Government Code section 65864 et seq. (the “Development Agreement Statute”), which authorizes City and an individual or business entity with an interest in real property to enter into a development agreement that establishes certain development rights in real property that is subject to a development agreement application.
- H. On June 11, 2019, following the adoption of the Pilot Program, the City issued and circulated a request for qualifications (“RFQ”). The purpose of the RFQ was to form the basis for a selection process of qualified cannabis operators for participation in the Pilot Program. ~~Developer~~ The Evergreen Market (Turlock), Inc. has completed the RFQ requirements; ~~and-~~
- ~~I.~~
- J.I. Developer submitted an application to the City Planning Commission Department for consideration of a development agreement for a commercial cannabis business.
- K.J. Developer has leased property located at 101 E Glenwood Avenue, Turlock, California, County of Stanislaus Assessor’s Parcel Number 044-022-013 of which Developer ~~intends to improve~~improved approximately 2,677 (two thousand six hundred and seventy-seven) square feet of space (the “Site”) to operate the Cannabis Business Project, more particularly described in the legal description attached hereto as **Exhibit A** (“Legal Description”) and the Cannabis Business Project Site Map attached hereto as **Exhibit B**.

~~L.K.~~ Developer ~~has~~ leased the Site for the purpose of carrying out the Cannabis Business Project. A copy of the lease to the Site is attached hereto as **Exhibit C**, within satisfaction of the requirement of T.M.C. Chapter 5.21.

~~M.L.~~ On January 5, 2023 the Turlock Planning Commission (“Planning Commission”), in a duly noticed and conducted public hearing, considered Developer’s application for this Agreement. At that public hearing, the Planning Commission recommended the City Council adopt Ordinance No. \_\_\_\_\_, which would allow Developer to operate the Cannabis Business Project at the Site.

~~N.M.~~ On February 14, 2023, pursuant to Government Code section 65867.5, and following a duly noticed and conducted public hearing, the City Council reviewed, considered, adopted, and entered into this Agreement pursuant to Ordinance No. XXX-CS.

~~O.N.~~ This Agreement is entered into pursuant to the Development Agreement Statute.

~~P.~~ ~~City and Developer desire to enter into this Agreement to (i) facilitate the orderly development of the Site; (ii) create a physical environment that is consistent with and complements the City’s goals and visions; (iii) protect natural resources from adverse impacts; (iv) improve, upgrade and create additional community facilities and infrastructure, enhance services and assist in implementing the goals of the General Plan; and (vi) reduce the economic risk of development of the Site to both City and Developer.~~

~~Q.~~ ~~The Parties intend, through this Agreement, to allow Developer to develop and operate the Cannabis Business Project in accordance with the terms of this Agreement.~~

~~R.O.~~ The City Council has determined that this Agreement is consistent with the City’s General Plan and has conducted all necessary proceedings in accordance with the T.M.C. for the approval of this Agreement.

~~P.~~ Under Section 5-21-103 of the Turlock Municipal Code, any cannabis dispensary business allowed in the City shall obtain a development agreement, a City business license, and a conditional use permit.

~~Q.~~ The Parties wish to enter into this First Amended and Restated Development Agreement to replace previous agreement between the Parties and t fulfill the requirement that a cannabis business requires a development agreement pursuant to TMC Section 5-21-103.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## AGREEMENT

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety and general welfare and is consistent with the City's General Plan, including all text and maps in the General Plan.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 10 of this Agreement, the provisions of Articles 1 through 10 shall prevail.

**Section 1.3. Exhibits.** The following "Exhibits" are attached hereto and incorporated into this Agreement:

<u>Designation</u>	<u>Description</u>
Exhibit A	Cannabis Site Legal Description
Exhibit B	Cannabis Business Project Site Map
Exhibit C	Lease
Exhibit D	Notice of Non-Performance Penalty
Exhibit E	Indemnification Agreement
Exhibit F	Notice of Termination
Exhibit G	Assignment and Assumption Agreement

**Section 1.4. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meaning:

- (a) "Additional Insureds" has the meaning set forth in Section 6.1.
- (b) "Additional Licenses" has the meaning set forth in Section 2.4.
- (c) "Adult-use cannabis" means a product containing cannabis, including, but not limited to, concentrates and extractions, intended for use by adults 21 years of age and older in California pursuant to the California Cannabis Laws.
- (d) "Agreement" means this Development Agreement, inclusive of all Exhibits attached hereto.
- (e) "Application" has the meaning set forth in Recital G.
- (f) "Assignment and Assumption Agreement" has the meaning set forth in Section 10.1.

(g) “AUMA” means the Adult Use of Marijuana Act (Proposition 64) approved by California voters on November 8, 2016.

(h) “Authorized License” has the meaning set forth in Section 2.3.

(i) “Department” means the Department of Cannabis Control or any successor state agency, ~~formerly the Bureau of Cannabis Control, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.~~

(j) “California Building Standards Codes” means the California Building Code, as amended from time to time, in Part 2, Volumes 1 and 2, as part of Title 24 of the California Code of Regulations, as may be adopted by the T.M.C.

(k) “California Cannabis Laws” includes AUMA, MAUCRSA, CUA (as defined below), the Medical Marijuana Program Act of 2004 codified as Health and Safety Code sections 11362.7 through 11.62.83 and any other applicable laws that may be enacted or approved.

(l) “Cannabis” means all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code. Cannabis and the term “marijuana” may be used interchangeably.

(m) “Cannabis Business Pilot Program” means the cannabis business program established and authorized by T.M.C. Chapter 5.21.

(n) “Cannabis Business Project” means the cannabis retail business operated by Developer on the Site pursuant to the Authorized License.

(o) “Cannabis Manufacturing Business” means a business engaged in commercial cannabis activity pursuant to a state approved Type 6 or 7 license, Type A and M licenses designated as a Cannabis business.

(p) “Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(q) “CEQA” means the California Environmental Quality Act, as set forth in Division 13 (Commencing with Section 21000) of the California Public Resources Code, and the CEQA Guidelines, as set forth in Title 14 (Commencing with Section 15000) of the California Code of Regulations.

(r) “City” means the City of Turlock, a California municipal corporation having general police powers.

(s) “City Council” means the City of Turlock City Council, as defined in T.M.C. Section 2.1.

(t) “City Manager” means the City Manager of the City of Turlock or his or her designee, as described in T.M.C. Section 2.4.

(u) “Charged Party” has the meaning set forth in Section 8.1.

(v) “Charging Party” has the meaning set forth in Section 8.1

(w) “Commercial Cannabis Activity” includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, delivery, or sale of cannabis or a cannabis product that requires a state license pursuant to MAUCRSA.

(x) “Planning Commission” means the City of Turlock Planning Commission, as established by T.M.C. Section 9.5.

(y) “Conditional Use Permit” means a conditional use permit issued by City pursuant to T.M.C. Section 9.3.

(z) “CUA” means the Compassionate Use Act (Proposition 215) approved by California voters on November 5, 1996.

(aa) “Developer” means Evergreen Market, (Turlock), Inc. Developer also has the meaning set forth in Section 6.1.

(bb) “Development Agreement Statute” has the meaning set forth in Recital H.

(cc) “Exhibits” has the meaning set forth in Section 1.3.

(dd) “Gross Receipts from Operations” means total revenue actually received or receivable from operation of the Cannabis Business Project, including: all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares, or merchandise; and gains realized from trading in stocks or bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other remunerations, however designated. Included in "gross receipts" shall be all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom on

account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom:

1. Cash discounts allowed and taken on sales;
2. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as "gross receipts";
3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
4. Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit; and
5. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded.

The intent of this definition is to ensure that in calculating the payment required under Section 4.2, all sales of cannabis products through the Cannabis Business Project are captured. This definition shall therefore be given the broadest possible interpretation consistent with this intent.

(ee) "Indemnification Agreement" has the meaning set forth in Section 6.3.

(ff) "Major Amendment" means an amendment that shall have a material effect on the terms of this Agreement. A Major Amendment also has the meaning set forth in Section 2.4. Major Amendments shall require approval by the City Council.

(gg) "Marijuana" has the same meaning as cannabis and those terms may be used interchangeably.

(hh) "MAUCRSA" means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code section 26000 et seq., as may be amended from time to time.

(ii) "MCRSA" has the meaning set forth in Recital A.

(jj) "Ministerial Fee" or "Ministerial Fees" has the meanings set forth in Section 4.1.

(kk) "Minor Amendment" means a clerical amendment to this Agreement that shall not materially affect the terms of this Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.7.

(ll) "Mortgage" has the meaning set forth in Article 7.

- (mm) “Non-Performance Penalty” has the meaning set forth in Section 4.5.
- 4.5. (nn) “Notice of Non-Performance Penalty” has the meaning set forth in Section 4.5.
- (oo) “Notice of Termination” has the meaning set forth in Section 9.1.
- (pp) “Processing Costs” has the meaning set forth in Section 1.11.
- (qq) “Project Litigation” has the meaning set forth in Section 10.7.
- (rr) “Public Benefit” has the meaning set forth in Section 4.2.
- (ss) “Public Benefit Amount” has the meaning set forth in Section 4.2.
- (tt) “State Licensing Authority” means the state agency responsible for the issuance, renewal or reinstatement of a state cannabis license or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.
- (uu) “State Cannabis Regulations” means the regulations promulgated by the State Licensing Authority pursuant to the California Cannabis Laws (4 CCR 15000 et seq., or their respective successors).
- (vv) “State Taxing Authority” has the meaning set forth in Section 4.2.
- (ww) “Subsequent City Approvals” has the meaning set forth in Section 3.1.
- (xx) “Term” has the meaning set forth in Section 1.7.
- (yy) “Type 1A license” or “Specialty Indoor” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting of between 501 and 5,000 square feet of total canopy size on one premises.
- (zz) “Type 2A license” or “Small Indoor” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 5,001 and 10,000 square feet, inclusive, of total canopy size on one premises.
- (aaa) “Type 3A license” or “Indoor” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 10,001 and 22,000 square feet, inclusive, of total canopy size on one premises.
- (bbb) “Type 4 license” or “Nursery” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for cultivation.

(ccc) “Type 6 license” or “Manufacturer 1” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using nonvolatile solvents.

(ddd) “Type 7 license” or “Manufacturer 2” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using volatile solvents.

(eee) “Type 10 license” or “Retailer” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws authorizing the retail sale of cannabis and cannabis products. Retail sale includes sales at a storefront and by delivery, pursuant to all state and local laws and regulations.

(fff) “Type 11 license” or “Distributor” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for the distribution of cannabis and cannabis products from manufacturer to dispensary.

(ggg) “Type 12 license” or “Microbusiness” means a state license issued by a State Licensing Authority pursuant to the California Cannabis Laws relating to cannabis manufacturing, retail and distribution.

(hhh) “Type 13 license” or “Distribution Transport-Only” means a state license issued by the Department of Cannabis Control pursuant to the California Cannabis Laws for distribution cannabis and cannabis products.

**Conforming Interpretation of State Cannabis License References.** Any reference in this Agreement to a State cannabis license, State Cannabis Regulations, licensing authority, or specific state cannabis license type or designation shall be deemed to include any successor license, permit, approval, agency, or regulation that replaces, renames, consolidates, or reclassifies such license or regulatory framework under California law, including those administered by the California Department of Cannabis Control or any successor agency.

No change in the name, number, classification, or structure of any State cannabis business license shall be construed to expand, limit, or otherwise modify the cannabis activities authorized under this Agreement, except as required by applicable state law or as expressly approved in writing by the City.

(hhh) The scope of permitted commercial cannabis activities shall be determined solely by this Agreement and applicable City approvals, and not by the type, title, or designation of any state license held by Developer, unless expressly mandated by state law.

**Section 1.5. Project is a Private Undertaking.** The Parties agree that the Cannabis Business Project is a private development and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Developer or of the Cannabis Business Project.

**Section 1.6. Effective Date of Agreement.** This Agreement shall become effective upon the date that the ordinance approving this Agreement becomes effective (the “Effective Date”).

**Section 1.7. Term.** The term of this Agreement (“Term”) shall be through June 30, 2029, unless earlier terminated in accordance with the provisions of this Agreement. The “Term” of this Agreement is five (5) years from the Effective Date, unless terminated or extended earlier, as set forth in this Agreement

(a) Government Tolling or Termination. City may provide written notice to Developer to cease all Commercial Cannabis Activity, upon which Developer shall immediately comply if City is required, directed or believes, in its sole and absolute discretion, it must temporarily halt or terminate Commercial Cannabis Activity within the City to comply with federal or state law. If City temporarily halts this Agreement to comply with federal or state law, this Agreement shall be tolled for no longer than one (1) calendar year (the “Tolling Period”). Developer shall not accrue or be liable to City for any Ministerial Fees or Public Benefit Amount during the Tolling Period. Developer shall resume paying any applicable fees after the Tolling Period ends. City and Developer shall discuss in good faith the termination of this Agreement if the Tolling Period exceeds one (1) calendar year to comply with federal or state law.

(b) Developer Tolling or Termination. Developer may not temporarily halt or terminate this Agreement for any purpose without causing a default of this Agreement, except as otherwise allowed by this Agreement or by mutual agreement of the Parties.

**Section 1.8. Priority of Enactment.** In the event of a conflict between the various land use documents referenced in this Agreement, the Parties agree that the following sequence of approvals establishes the relative priority of the approvals, each approval superior to the approvals listed thereafter: (a) General Plan, (b) Specific Plan, (c) Agreement, (d) Conditional Use Permit, (e) Indemnification Agreement, and (f) Subsequent City Approvals.

**Section 1.9. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification of the City Council. A Major Amendment to this Agreement shall be approved by the City Council. The City Manager shall, on behalf of City, have sole discretion for City to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing, unless required by law.

**Section 1.10. Recordation of Development Agreement.** The City Clerk shall cause a copy of this Agreement to be recorded against the title of the Site within ten (10) business days of the Effective Date.

**Section 1.11. Funding Agreement for Processing Costs.** If Developer proposes an amendment to this agreement, Developer shall Developer has deposited Sixty-Thousand

~~Dollars (\$60,000) with City to~~ pay for all actual fees and expenses incurred by City that are related to the preparation and processing of amendments to this Agreement ~~and creation and implementation of the City's Cannabis pilot program~~, including recording fees, publishing fees, staff time, and consultant and attorneys' fees and costs (collectively, "Processing Costs"). Developer shall deposit monies for such processing as estimated by the Development Services Department. The Processing Costs are refundable solely to the extent of non-expended Processing Costs. ~~Developer shall be entitled to a refund of available Processing Costs only after City determines all financial obligations associated with the Cannabis Business Project have been received and paid by City.~~

~~(a) — Apportionment of Processing Costs. If the amount deposited for purposes of Processing Costs is insufficient to cover all Processing Costs, Developer shall deposit with City such additional funds necessary to pay for all Processing Costs within thirty (30) days. The failure to timely pay any such additional amounts requested by City shall be considered a material default of this Agreement and City may terminate this Agreement.~~

~~(b)~~(a) Accounting. Developer may request, and City shall issue within a reasonable time not to exceed thirty (30) days, an accounting and written acknowledgement of Processing Costs paid to City.

**ARTICLE 2  
DEVELOPMENT OF PROPERTY**

**Section 2.1. Vested Right of Developer.** During the Term, in developing the Site consistent with the Cannabis Business Project described herein, Developer is assured that the development rights, obligation terms, and conditions specified in this Agreement, including, without limitation, the terms, conditions, and limitations set forth in the Exhibits, are fully vested in Developer and may not be modified or terminated by City except as set forth in this Agreement or with Developer's written consent.

**Section 2.2. Vested Right to Develop.** In accordance with Section 2.1, Developer shall have the vested right to develop and use the Cannabis Business Project consistent with this Agreement, the Conditional Use Permit, and Subsequent City Approvals.

**Section 2.3. Permitted Uses and Development Standards.** Developer shall be authorized to develop, construct, and use the Site for Commercial Cannabis Activity consistent with the following license type (the "Authorized License"):

Type 10	Storefront Dispensary
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Pursuant to this Agreement, Developer shall be permitted to use the Site consistent with the Authorized License for the Term of this Agreement and during the time Developer is applying for the Authorized License with the applicable State Licensing Authority. Developer shall begin operations of the Cannabis Business Project under the Authorized License within twelve (12) months of the issuance of a Conditional Use Permit or adoption of the operative ordinance approving this Agreement, whichever is later, unless Developer is prevented from doing so due to any event or circumstance set forth in

Section 8.6 of this Agreement. Notwithstanding the foregoing, Developer is required to apply for and obtain the Authorized License from the State of California. If the State Licensing Authority does not grant the Authorized License to Developer, Developer shall immediately cease Commercial Cannabis Activity and any other operations on the respective site. Developer shall also, within thirty (30) days of receiving notice from the State Licensing Authority, notify City of the State Licensing Authority's denial or rejection of the Authorized License. In this situation, this Agreement shall terminate immediately. The Parties intend for this Agreement and the Conditional Use Permit to serve as the definitive and controlling documents for all subsequent actions, discretionary or ministerial, relating to development of the Site and the Cannabis Business Project.

**Section 2.4. Major Amendment to Permitted Uses.** Developer may request to add to the Authorized License additional license types once that license is applied for or obtained from the appropriate State Licensing Authority (the "Additional Licenses"). Such request shall be a Major Amendment to this Agreement.

**Section 2.5. Conditional Use Permit.** Developer shall obtain a Conditional Use Permit for the Commercial Cannabis Activity and Authorized License contemplated herein for the Project and at the Site. No Commercial Cannabis Activity may occur at the Site until Developer has obtained a Conditional Use Permit to use and operate the Authorized License at the Site. This Conditional Use Permit must be maintained in good standing throughout the Term. This Agreement shall immediately terminate if the Conditional Use Permit for the Authorized License is revoked by City for any reason.

**Section 2.6. Subsequent Entitlements, Approvals, and Permits.** Successful implementation of the Cannabis Business Project shall require Developer to obtain additional approvals and permits from City and other local and state agencies. City shall comply with CEQA in the administration of all Subsequent City Approvals. In acting upon any Subsequent City Approvals, City's exercise of discretion and permit authority shall conform to this Agreement. Notwithstanding the foregoing, in the course of taking action on the Subsequent City Approvals, City will exercise discretion in adopting mitigation measures as part of the Conditional Use Permit. The exercise of this discretion is not prohibited or limited in any way by this Agreement. Nothing in this Agreement shall preclude the evaluation of impacts or consideration of mitigation measures or alternatives, as required by CEQA.

(a) Contemplated City Rules and Guidelines. City anticipates issuing additional rules, ~~and administrative guidelines, and amendments to the T.M.C.~~ associated with ~~implementation—operation~~ of the Cannabis Business Pilot Program. City may establish requirements that are identical to or place a higher standard of care as existing provisions of the California Cannabis Laws, State Cannabis Regulations, or any amendments thereto. City reserves the right to adopt additional categories of rules or guidelines that are not listed in this Section as part of the Cannabis Business ~~Pilot~~ Program. Developer shall comply with any and all additional rules, administrative guidelines, and amendments to the T.M.C. adopted by City that govern or pertain to the Cannabis Business Project. Nothing in this Agreement shall be construed as limiting the

City to amend the T.M.C or issue rules or guidelines following the Effective Date of this Agreement that Developer will be required to adhere to.

**Section 2.7. Initiatives and Referenda.** If any City ordinance, rule or regulation, or addition to the T.M.C. is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement, an associated Conditional Use Permit, Subsequent City Approvals, or reduce the development rights or assurances provided to Developer in this Agreement, such T.M.C. changes shall not be applied to the Site or the Cannabis Business Project; provided, however, the Parties acknowledge that City's approval of this Agreement is a legislative action subject to referendum. City shall cooperate with Developer and shall undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms to the fullest extent permitted by state or federal law.

**Section 2.8. Regulation by Other Government Entities.** Developer acknowledges that City does not have authority or jurisdiction over any other government entities' ability to grant governmental approvals or permits or to impose a moratorium or other limitations that may negatively affect the Cannabis Business Project or the ability of City to issue a permit to Developer or comply with the terms of this Agreement. Any moratorium imposed by another government entity, including the State Licensing Authority, on City shall not cause City to be in breach of this Agreement.

**Section 2.9. Developer's Right to Rebuild.** Developer may renovate portions of the Site any time within the Term of this Agreement consistent with the T.M.C. Any such renovation or rebuild shall be subject to all design, building code, and other requirements imposed on the Cannabis Business Project by this Agreement.

**Section 2.10. Changes in California Building Standards Codes.** Notwithstanding any provision of this Agreement to the contrary, development of the Cannabis Business Project shall be subject to changes occurring from time to time to the California Building Standards Codes.

**Section 2.11. Changes Mandated by Federal or State Law.** The Site and the Cannabis Business Project shall be subject to subsequently enacted state or federal laws or regulations that may preempt the T.M.C. or mandate the adoption or amendment of local regulations or are in conflict with this Agreement or local rules or guidelines associated with the Cannabis Business Pilot Program. As provided in Section 65869.5 of the Development Agreement Statute, in the event state or federal laws or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Upon discovery of a subsequently enacted federal or state law meeting the requirements of this Section, City or Developer shall provide the other Party with written notice of the state or federal law or regulation, and a written statement of the conflicts thereby raised with the provisions of the T.M.C. or this Agreement. Promptly thereafter, City and Developer shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation provided City shall not be obligated to agree to any modification materially increasing its obligations or materially adversely affecting its rights and benefits hereunder. In such discussions, City and Developer will attempt to preserve the terms of this Agreement and the rights of Developer derived from this Agreement to the maximum feasible extent while resolving the conflict. If City, in its judgment, determines it necessary to modify this Agreement to address such conflict, City shall have the right and responsibility to do so, and shall not have any liability to Developer for doing so or be considered in breach or default of this Agreement. City also agrees to process, in accordance with the provisions of this Agreement, Developer's proposed changes to the Cannabis Business Project that are necessary to comply with such federal or state law and that such proposed changes shall be conclusively deemed to be consistent with this Agreement without further need for any amendment to this Agreement.

**Section 2.12. Health and Safety Emergencies.** In the event that any future public health and safety emergencies arise with respect to the Cannabis Business Project contemplated by this Agreement, City agrees that it shall attempt, if reasonably possible as determined by City in its discretion, to address such emergency in a way that does not have a material adverse impact on the Cannabis Business Project. If City determines, in its discretion, that it is not reasonably possible to so address such health and safety emergency in a way that does not have a material adverse impact on the Cannabis Business Project, City may select an option which, in its discretion, minimizes, so far as reasonably possible, the impact on development and use of the Cannabis Business Project in accordance with this Agreement, while still addressing such health and safety emergency in a manner acceptable to City.

**Section 2.13. Other Regulations.** The following provisions establish operational requirements applicable to this Agreement in furtherance of public safety and to ensure compliance with applicable regulations governing the Project and Developer's obligations hereunder.

(a) In addition to other requirements, remote and real-time, live access to the video footage of cameras installed by the cannabis business shall be provided to the Chief of

Police or his/her designee(s) using such software as designated by the Chief of Police. Developer shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the Chief of Police or his/her designee(s), and that it is compatible with the City's software and hardware. Such access shall be required within 120 days of approval of this agreement.

(b)Prior to changes in ownership, ownership structure, and management, or any sale or other transfer of the cannabis business, shall be subject to additional background checks as required by the Turlock Police Department, and passage by the applicant of such background checks. The City may repeat background checks on any individual every two (2) years, and at any other time upon reasonable cause.

### **ARTICLE 3 ENTITLEMENT AND PERMIT PROCESSING, INSPECTIONS**

**Section 3.1. Subsequent City Approvals.** City shall permit the development, construction, and conditionally permitted use contemplated in this Agreement. City agrees to timely grant, pursuant to the terms of this Agreement, the T.M.C., and any Subsequent City Approvals reasonably necessary to complete the goals, objectives, policies, standards, and plans described in this Agreement. The Subsequent City Approvals shall include any applications, permits, and approvals required to complete the improvements necessary to develop the Site, in general accordance with this Agreement (“Subsequent City Approvals”). Nothing herein shall require City to provide Developer with Subsequent City Approvals prior to, or without complying with, all of the requirements in this Agreement, the T.M.C., and any applicable state law.

**Section 3.2. Timely Processing.** City shall use its reasonable best efforts to process and approve, within a reasonable time, any Subsequent City Approvals or environmental review requested by Developer during the Term of this Agreement.

**Section 3.3. Cooperation Between City and Developer.** Consistent with the terms set forth herein, City agrees to cooperate with Developer, on a timely basis, in securing all permits or licenses that may be required by City or any other government entity with permitting or licensing jurisdiction over the Cannabis Business Project.

**Section 3.4. Further Consistent Discretionary Actions.** The exercise of City's authority and independent judgment is recognized under this Agreement and nothing in this Agreement shall be interpreted as limiting City's discretion or obligation to hold legally required public hearings. Except as otherwise set forth herein, such discretion and action taken by City shall, however, be consistent with the terms of this Agreement and not prevent, hinder, or compromise development or use of the Site as contemplated by the Parties in this Agreement.

**Section 3.5 Existing Pole Sign.** Developer agrees that it shall not utilize the existing pole sign along the East Glenwood frontage of the Site.

**ARTICLE 4  
PUBLIC BENEFIT, PROCESSING, AND OVERSIGHT**

**Section 4.1. Processing Fees and Charges.** Developer shall pay to City those processing, inspection, plan checking and monitoring fees and charges required by City which are in force and effect at the time those fees and charges are incurred (including any post-Effective Date increases in such fees and charges) for processing applications and requests for building permits, inspections, other permits, approvals and actions, and monitoring compliance with any permits issued or approvals granted or the performance of any conditions (each a “Ministerial Fee” and collectively, the “Ministerial Fees”).

**Section 4.2. Public Benefit.**

(a) The Parties acknowledge and agree that this Agreement, and the Cannabis Business Project, confers substantial private benefits upon Developer that will place burdens upon City infrastructure, services, and neighborhoods. Accordingly, the Parties intend to provide consideration to City to offset these impacts that commensurate with the private benefits conferred on Developer (the “Public Benefit”). In consideration of the foregoing, Developer shall remit to City an amount determined and set by the City Council up to a maximum of nine percent (9%) of Gross Receipts from Operations, as follows (the “Cannabis Business Public Benefit” or “Public Benefit Amount”). Notwithstanding the foregoing, the City Council determines and sets the Public Benefit Amount at five and one-quarter percent (5.25%) of gross receipts from operations through May 31, 2027. The City Council may take any actions required to change the Public Benefit Amount that will be in effect from June 1, 2027 and thereafter. Such actions may include, without limitation, setting a new Public Benefit Amount by adopted resolution of the Council. Any such Public Benefit Amount shall be due on the 5th day of each month before 5:00 p.m..

<u>Effective Date</u>	<u>Public Benefit Amount Due</u>
<u>1<sup>st</sup> Business Day following the (1<sup>st</sup>) Month in which Developer commences Commercial Cannabis Activity.</u>	<u>\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 1 Amount”).</u>
<u>1<sup>st</sup> Business Day of the Thirteenth (13<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</u>	<u>\$30,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 2 Amount”).</u>
<u>1<sup>st</sup> Business Day of the Twenty-fifth (25<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</u>	<u>\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 3 Amount”).</u>
<u>1<sup>st</sup> Business Day of the Thirty-seventh (37<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</u>	<u>\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 4 Amount”).</u>

<del>1<sup>st</sup> Business Day of the Forty-ninth (49<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 5 Amount”).</del>
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~~The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.~~

~~(b) Collectively, these amounts shall be known as the “Public Benefit Amount.”~~

~~(b) The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.~~

(c) Developer shall file an applicable statement that complies with the California State Board of Equalization, California Department of Tax and Fee Administration, or either’s successor agency (the “State Taxing Authority”) for sales tax purposes showing the true and correct amount of Gross Receipts from Operations of the Cannabis Business Project during the applicable time period. Developer shall provide a copy of such statement to City upon request by City.

**Section 4.3. Reporting.** Developer shall provide City with copies of any reports provided to a State Licensing Authority within forty-five (45) days of that submission. Any failure or refusal of Developer to provide any statement or report to City, the State Taxing Authority, or any other State Licensing Authority, as required within the time required, or to pay such sums due hereunder when the same are due and payable in accordance with the provisions of this Agreement, may constitute full and sufficient grounds for the revocation or suspension of the Conditional Use Permit.

**Section 4.4. Records.** Developer shall keep records of all Commercial Cannabis Activity in accordance with Chapter 16 (commencing with Section 26160) of Division 10 of the Business and Professions Code and the applicable State Cannabis Regulations. All records required by this Section shall be maintained and made available for City’s examination and duplication (physical or electronic) at the Site or at an alternate facility as approved in writing by the City Manager, or his or her designee.

**Section 4.5. Penalty.** Developer acknowledges that to ensure proper compliance with the terms of this Agreement and any applicable laws, City must engage in costly compliance review, inspections, and, if necessary, enforcement actions to protect the health, safety, and welfare of its residents. Penalty and interest provisions are necessary to assist City in compliance review and enforcement actions. If Developer fails to make any payment when due, as required by this Agreement, including the Public Benefit Amount, City may impose a “Non-Performance Penalty.” A Non-Performance Penalty of ten percent (10%) shall be applied to all past due payments. City shall deliver to Developer a “Notice of Non-Performance Penalty,” attached hereto as **Exhibit D**.

Payment of the Non-Performance Penalty shall be in a single installment due on or before a date fifteen (15) days following delivery of the Notice of Non-Performance Penalty.

**Section 4.6. Interest on Unpaid Non-Performance Penalty.** If Developer fails to pay the Non-Performance Penalty after City has delivered the Notice of Non-Performance Penalty, then, in addition to the principal amount of the Non-performance Penalty, Developer shall pay City interest at the rate of eighteen percent (18%) per annum, computed on the principal amount of the Non-Performance Penalty, from a date fifteen (15) days following delivery of the Notice of Non-performance Penalty.

**Section 4.7. Protections from Duplicative Payments City Tax.** Notwithstanding Section 4.2, ~~for the Term of this Agreement,~~ Developer shall be exempt from paying the Public Benefit Amount if the any City imposes a tax specific to commercial cannabis businesses and instead shall pay such specific tax. Notwithstanding the foregoing, Developer and the Cannabis Business Project shall be subject to any and all taxes, assessments, or similar charges or fees of general applicability enacted by the federal government, state government, County of Stanislaus, including any tax applicable to an area greater than the City limits to which City may be a party (i.e., county tax sharing agreement with City).

## ARTICLE 5 PUBLIC FACILITIES, SERVICES, AND UTILITIES

City shall use the Public Benefit Amount in any way the City Council deems appropriate to offset the impact of the Project or to benefit the City.

## ARTICLE 6 INSURANCE AND INDEMNITY

**Section 6.1. Insurance.** Developer shall require all persons doing construction or related work on the Cannabis Business Project and, including its contractors and subcontractors (collectively, "Developer" for purposes of this Article 6 only), to obtain and maintain insurance of the types and in the amounts described in this Article with carriers reasonably satisfactory to City.

(a) General Liability Insurance. Developer shall maintain commercial general liability insurance or equivalent form with a limit of not less than Two Million Dollars (\$2,000,000) (or as otherwise approved, in writing, by City) per claim and Two Million Dollars (\$2,000,000) each occurrence. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(b) Automotive Liability Insurance. Developer shall maintain business automobile liability insurance or equivalent form with a limit of not less than One Million Dollars (\$1,000,000) for each accident. Such insurance shall include coverage for owned, hired and non-owned automobiles. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as Additional Insureds by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed Additional Insureds.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(c) Workers' Compensation Insurance. Developer shall take out and maintain during the Term of this Agreement, workers' compensation insurance for all of Developer's employees employed at or on the Cannabis Business Project and, should any of the work be subcontracted, Developer shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Developer. In case any class of employee engaged in work on the Cannabis Business Project and is not protected under any workers' compensation law, Developer shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Developer hereby indemnifies City for any damage resulting from failure of Developer, its agents, employees, contractors or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000) for each accident shall be maintained by Developer.

**Section 6.2. Other Insurance Requirements.** Developer shall do all of the following:

(a) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidence all insurance required in this Article, including evidence that such insurance will not be canceled, allowed to expire or materially reduced in coverage without thirty (30) days prior written notice to City.

(b) Provide to City, upon request, and within seven (7) days of said request, certified copies of endorsements and policies and properly executed certificates of insurance evidencing the insurance required herein.

(c) Replace or require the replacement of certificates, policies, and endorsements for any insurance required herein expiring prior to the termination of this Agreement.

(d) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the Term or the mutual written termination of this Agreement.

(e) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

**Section 6.3. Indemnity.** To the fullest extent permitted by law, Developer shall defend, indemnify, and hold harmless City, and its agents, elected and appointed officials, officers, employees, consultants, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City or City's Agents, to attack, set aside, void, or annul an approval concerning the Cannabis Business Project and this Agreement, any applicable Conditional Use Permit or Subsequent City Approvals. Developer shall execute the indemnification agreement ("Indemnification Agreement") attached hereto as **Exhibit E**.

**Section 6.4. Failure to Indemnify; Waiver.** Failure by Developer to indemnify City, when required by this Agreement and the Indemnification Agreement, shall constitute a material breach of this Agreement and of any applicable Conditional Use Permit and Subsequent City Approvals, which shall entitle City to all remedies available under law, including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of any applicable Conditional Use Permit. Developer's failure to indemnify City shall be a waiver by Developer of any right to proceed with the Cannabis Business Project or any portion thereof, and a waiver of Developer's right to file a claim, action, or proceeding against City or City's Agents, based on City's rescission or revocation of any Conditional Use Permit, Subsequent City Approvals, or City's failure to defend any claim, action, or proceeding based on Developer's failure to indemnify City.

**Section 6.5. Waiver of Damages.** Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that City would not have entered into this Agreement had it been exposed to liability for damages from Developer and, therefore, Developer hereby waives all claims for damages against City for breach of this Agreement. Developer further acknowledges that under the Development Agreement Statute, land use approvals (including development agreements) must be approved by the City Council and that, under law, the City Council's discretion to vote in any particular way may not be constrained by contract. Developer therefore waives all claims for damages against City in the event that this Agreement or any Project approval is: (1) not approved by the City Council; or (2) is approved by the City Council but with new changes, amendments, conditions, or deletions to which Developer is opposed. Developer further acknowledges that, as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that, under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against City in this regard.

## ARTICLE 7 MORTGAGEE PROTECTION

This Agreement, once executed and recorded, shall be superior and senior to any lien placed upon the Site or any portion thereof following recording of this Agreement, including the lien of any deed of trust or mortgage ("Mortgage"). Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value. This Agreement shall immediately be deemed in default and immediately terminate upon the foreclosure or transfer of any interest in the Site or Project, whether by operation of law or any other method of interest change or transfer, unless the City Manager has authorized such change or transfer in advance, in writing. City agrees to not unreasonably withhold its authorization.

## **ARTICLE 8 DEFAULT**

### **Section 8.1. General Provisions.**

(a) Subject only to any extensions of time by mutual consent in writing, or as otherwise provided herein, the failure or delay by any Party to perform in accordance with the terms and provisions of this Agreement shall constitute a default. Any Party alleging a default or breach of this Agreement ("Charging Party") shall give the other Party ("Charged Party") not less than ten (10) days written notice, which shall specify the nature of the alleged default and the manner in which the default may be cured. During any such ten (10) calendar day period, the Charged Party shall not be considered in default for purposes of termination of this Agreement or institution of legal proceedings for the breach of this Agreement.

(b) After expiration of the ten (10) calendar day period, if such default has not been cured or is not in the process of being diligently cured in the manner set forth in the notice or if the breach cannot reasonably be cured within ten (10) days, the Charging Party may, at its option, institute legal proceedings pursuant to this Agreement, and give notice of its intent to terminate this Agreement pursuant to Government Code section 65868. In the event City is the Charging Party, City may, in its sole discretion, give notice, as required by law, to the Charged Party of its intent to revoke or rescind any operable Conditional Use Permit related to or concerning the Cannabis Business Project.

(c) Prior to the Charging Party giving notice to the Charged Party of its intent to terminate, or prior to instituting legal proceedings, the matter shall be scheduled for consideration and review by City in the manner set forth in Government Code sections 65865, 65867 and 65868 within thirty (30) days from the expiration of the ten (10) day notice period.

(d) Following consideration of the evidence presented and said review before City, and after providing the Charged Party an additional five (5) calendar day period to cure, the Charging Party may institute legal proceedings against the Charged Party or may give written notice of termination of this Agreement to the Charged Party.

(e) Evidence of default may arise in the course of a regularly scheduled periodic review of this Agreement pursuant to Government Code section 65865.1, as set forth in

Section 8.2. If any Party determines that another Party is in default following the completion of the normally scheduled periodic review, without reference to the procedures specified in Section 8.1(c), said Party may give written notice of termination of this Agreement, specifying in the notice the alleged nature of the default and potential actions to cure said default where appropriate. If the alleged default is not cured in ten (10) days or within such longer period specified in the notice or the defaulting Party is not diligently pursuing a cure, or if the breach cannot reasonably be cured within the period or the defaulting Party waives its right to cure such alleged default, this Agreement may be terminated by the non-defaulting Party by giving written notice. An extension of the ten (10) day cure period may be given by mutual consent of the Parties.

(f) In the event Developer is in default under the terms and conditions of this Agreement, no permit application shall be accepted by City, nor will any permit be issued to Developer until the default is cured or the Agreement is terminated.

**Section 8.2. Annual Review.** City shall, at least every twelve (12) months during the Term of this Agreement, review the extent of good faith, substantial compliance of Developer and City with the terms of this Agreement. Such periodic review by City shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code section 65865.1. City shall deposit in the mail or fax to Developer a copy of all staff reports and, to the extent practical, related exhibits concerning this Agreement or the Cannabis Business Project's performance, at least seven (7) days prior to such periodic review. Developer shall be entitled to appeal a determination of City or the City Manager to the City Council. Any appeal must be filed within ten (10) days of the decision of City or the City Manager, respectively. Developer shall be permitted an opportunity to be heard orally or in writing regarding its performance under this Agreement before City, the City Manager, or the City Council, as applicable. The reasonable cost for City's annual review of this Agreement shall be paid by Developer, not to exceed the actual costs incurred by City in connection with the review.

**Section 8.3. Estoppel Certificate.**

(a) City shall, with at least twenty (20) days prior written notice, execute, acknowledge, and deliver to Developer, Developer's lender, potential investors, or assignees, an Estoppel Certificate in writing which certifies that this Agreement is in full force and effect, that there are no breaches or defaults under the Agreement, and that the Agreement has not been modified or terminated and is enforceable in accordance with its terms and conditions.

(b) At Developer's option, City's failure to deliver such Estoppel Certificate within the stated time period shall be conclusive evidence that the Agreement is in full force and effect, that there are no uncured breaches or defaults in Developer's performance of the Agreement or violation of any City ordinances, regulations, and policies regulating the use and development of the Site, the Cannabis Business Project, or the subject to this Agreement.

**Section 8.4. Default by City.** In the event City does not accept, review, approve, or issue any permits or approvals in a timely fashion, as defined by this Agreement, or if City otherwise defaults under the terms of this Agreement, City agrees that Developer shall not be obligated to proceed with or complete the Cannabis Business Project and shall constitute grounds for termination or cancellation of this Agreement by Developer.

**Section 8.5. Cumulative Remedies of Parties.** In addition to any other rights or remedies, City or Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, enforce any covenant, or enjoin any threatened or attempted violation of the provisions of this Agreement, so long as any such action conforms to Section 9.1(c) of this Agreement.

**Section 8.6. Forced Delay, Extension of Times of Performance.** Delays in performance, by either Party, shall not be deemed a default if such delays or defaults are due to war, terrorism, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, governmental restrictions imposed where mandated by governmental entities other than City, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulations enacted by the state or federal government, litigation, or other force majeure events. An extension of time for such cause shall be in effect for the period of forced delay or longer, as may be mutually agreed upon.

**Section 8.7. Appeals.** Developer may appeal any adverse decision or action of City pursuant to the T.M.C, as may be amended from time to time.

## ARTICLE 9 TERMINATION

**Section 9.1. Termination ~~Upon Completion of Development~~.** This Agreement shall terminate upon the expiration of the Term, unless it is terminated earlier pursuant to the terms of this Agreement. Upon termination of this Agreement, City shall record a notice of such termination in substantial conformance with the “Notice of Termination” attached hereto as **Exhibit F**, and this Agreement shall be of no further force or effect except as otherwise set forth in this Agreement.

**Section 9.2. Effect of Termination on Developer’s Obligations.** Termination of this Agreement shall eliminate any further obligation of Developer to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate the rights of Developer to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.3. Effect of Termination on City’s Obligations.** Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.4. Survival After Termination.** The rights and obligations of the Parties set forth in this Section 9.4, Section 2.8, Section 6.3, Section 10.3, Section 10.4, Section 10.5, Section 10.7, and Section 10.10, and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

**Section 9.5. Criminal Conviction; Termination; Transfer Rights.** If Developer, or any owner, officer, director, manager, or person with a direct or indirect ownership or controlling interest in Developer, is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may, in its sole and absolute discretion, terminate this Agreement upon written notice. A “conviction” includes a guilty or nolo contendere plea and is deemed final upon entry of judgment, regardless of appeal.

Following such notice, Developer shall have a one hundred and eighty (180) day period to complete a transfer of its interest in this Agreement and the Project to a transferee approved in advance and in writing by the City. Approval is in the City’s sole and absolute discretion. Any proposed transferee shall undergo a background investigation and meet all applicable eligibility requirements, including approval by the Chief of Police or designee.

If an approved transfer is not completed within the one hundred and eighty (180) day period, this Agreement shall automatically terminate. Any unapproved transfer is void.

## **ARTICLE 10 OTHER GENERAL PROVISIONS**

**Section 10.1. Assignment and Assumption.** Developer shall not have the right to sell, assign or transfer all or any part of its rights, title, and interests in all or a portion of the Site or Project, subject to or a part of this Agreement, to any person, firm, corporation or entity during the Term of this Agreement without the advance written consent of the City Manager. This assignment prohibition applies to the corporate and business entities of Developer that are a Party to this Agreement. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement. If the City Manager approves an assignment or transfer of any interest detailed in this Section 10.1, City and Developer shall execute an “Assignment and Assumption Agreement” in the form attached hereto as **Exhibit G**.

**Section 10.2. Covenants Running with the Land.** All of the provisions contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of interest in the Site or Project, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law,

including California Civil Code section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Cannabis Business Project and, as appropriate, runs with the Site and is binding upon Developer.

**Section 10.3. Notices.** Any notice or communication required hereunder between City and Developer must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS, or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday, or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent; or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City: City of Turlock  
156 S. Broadway  
Turlock, CA 95380  
Attention: Reagan M. Wilson, City Manager

and ~~Katie Lucchesi, City Attorney~~ ~~Petrulakis Las & Advocacy, APC~~

~~156 S. Broadway~~  
~~Turlock, CA 95380~~ ~~P.O. Box 92~~  
~~Modesto, California~~  
~~Attention: George A. Petrulakis, City Attorney~~

If to Developer: ~~Arne Nelson~~ ~~Jose Rodrigues~~  
~~arne@theevergreenmarket.com~~  
4242 East Valley Road  
Renton, WA 98057

**Section 10.4. Governing Law and Binding Arbitration.** The validity, interpretation, and performance of this Agreement shall be controlled by and construed pursuant to the laws of the state of California. Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration in Sacramento, California, before one arbitrator. The arbitration shall proceed pursuant to the Comprehensive Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services (“JAMS”). Judgment on the award may be entered in any court having jurisdiction thereof.

**Section 10.5. Invalidity of Agreement/Severability.** If this Agreement, in its entirety, is determined by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal.

**Section 10.6. Cumulative Remedies.** In addition to any other rights or remedies, City and Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of the provisions of this Agreement. The prevailing Party in any such action shall be entitled to reasonable attorneys’ fees and costs. Notwithstanding the foregoing or any other provision of this Agreement, in the event of City default under this Agreement, Developer agrees that it may not seek, and shall forever waive any right to, monetary damages against City, but excluding, therefrom, the right to recover any fees or charges paid by Developer in excess of those permitted hereunder.

**Section 10.7. Third Party Legal Challenge.** In the event any legal action or special proceeding is commenced by any person or entity challenging this Agreement or any associated entitlement, permit, or approval granted by City to Developer for the Cannabis Business Project (collectively, “Project Litigation”), the Parties agree to cooperate with each other as set forth herein. City may elect to tender the defense of any lawsuit filed and related, in whole or in part, to Project Litigation with legal counsel selected by City. Developer will indemnify, hold City harmless from, and defend City from all costs and expenses incurred in the defense of such lawsuit, including, but not limited to, damages, attorneys’ fees, and expenses of litigation awarded to the prevailing Party or Parties in

such litigation. Developer shall pay all litigation fees to City within thirty (30) days of receiving a written request and accounting of such fees and expenses from City. Notwithstanding the aforementioned, City may request, and Developer will provide to City within seven (7) days of any such request, a deposit to cover City's reasonably anticipated Project Litigation fees and costs.

**Section 10.8. Constructive Notice and Acceptance.** Every person who, after the Effective Date and recording of this Agreement, owns or acquires any right, title or interest to any portion of the Site is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

**Section 10.9. Statute of Limitations and Laches.** City and Developer agree that each Party will undergo a change in position in detrimental reliance upon this Agreement from the time of its execution and subsequently. The Parties agree that Section 65009(c)(1)(D) of the California Government Code, which provides for a ninety (90) day statute of limitations to challenge the adoption of this Agreement, is applicable to this Agreement. In addition, any person who may challenge the validity of this Agreement is hereby put on notice that, should the legality or validity of this Agreement be challenged by any third party in litigation, which is filed and served more than ninety (90) days after the execution of this Agreement, City and Developer shall each assert the affirmative defense of laches with respect to such challenge, in addition to all other available defenses. This Section in no way limits the right of a Party, claiming that the other Party breached the terms of this Agreement, to bring a claim against the other Party within the four (4) year statute of limitations set forth in Section 337 of the California Civil Code.

**Section 10.10. Joint and Several Liability.** Developer shall be jointly and severally liable for any amount due under this Agreement, and any breach of this Agreement or failure to pay by one Party shall also constitute a breach of this Agreement by the other Party. Developer agrees that City may impose a lien and seek foreclosure on any parcel of the Site due to any default by Developer.

**Section 10.11. Change in State Regulations.** In no event shall Developer operate the Cannabis Business Project in violation of the Agreement, or State Cannabis Regulations, as may be amended from time to time.

**Section 10.12. Standard Terms and Conditions.**

(a) Venue. Venue for all legal proceedings shall be the JAMS Resolution Center in Sacramento, California.

(b) Waiver. A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

(c) Completeness of Instrument. This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

(d) Supersedes Prior Agreement. It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, or representations, written, electronic, or oral, between the Parties hereto with respect to the Site or Cannabis Business Project.

(e) Captions. The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

(f) Number and Gender. In this Agreement, the neuter gender includes the feminine and masculine, and the singular includes the plural, and the word “person” includes corporations, partnerships, firms, or associations, wherever the context requires.

(g) Mandatory and Permissive. “Shall” and “will” and “agrees” are mandatory. “May” or “can” are permissive.

(h) Term Includes Extensions. All references to the Term of this Agreement shall include any extensions of such Term.

(i) Counterparts. This Agreement may be executed simultaneously, and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(j) Other Documents. The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

(k) Time is of the Essence. Time is of the essence in this Agreement in each covenant, term, and condition herein.

(l) Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, no Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

(m) Document Preparation. This Agreement will not be construed against the Party preparing it but will be construed as if prepared by all Parties.

(n) Advice of Legal Counsel. Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

(o) Attorneys' Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(p) Calculation of Time Periods. All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

## **SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, this Agreement has been entered into by and between Developer and City as of the Effective Date of the Agreement, as defined above.

**“CITY”**

CITY OF TURLOCK, a  
California municipal corporation

By: \_\_\_\_\_  
~~Gary Hampton~~ Reagan M. Wilson  
City Manager

Dated: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
~~Nichole Fiez~~ Julie Christel  
City Clerk

Approved to as Form

By \_\_\_\_\_  
~~George A. Petrulakis~~ Katie Lucchesi  
City Attorney

**“DEVELOPER”**

THE EVERGREEN MARKET (TURLOCK),  
INC., a California corporation

By: \_\_\_\_\_  
~~Arne Nelson~~ Jose Rodrigues  
Its: Owner

Dated: \_\_\_\_\_

**California All-Purpose Acknowledgment**

*A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.*

State of California )  
 )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

\_\_\_\_\_  
(Signature)

(Seal)

**California All-Purpose Acknowledgment**

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State of California            )  
  )  
County of \_\_\_\_\_)

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Witness my hand and official seal.

\_\_\_\_\_  
(Signature)

(Seal)

**Exhibit A**  
**Cannabis Site Legal Description**

CANNABIS SITE LEGAL DESCRIPTION  
CITY OF TURLOCK AND THE EVERGREEN MARKET (TURLOCK),, INC.

Exhibit A

**Exhibit A**

**Cannabis Site Legal Description**

**DESCRIPTION:**

The land referred to herein is situated in the State of California, County of Stanislaus, City of Turlock, and is described as follows:

PARCEL A, AS SAID PARCEL IS SHOWN AND SO DESIGNATED ON THAT CERTAIN PARCEL MAP FILED FOR RECORD ON DECEMBER 17, 1997, IN BOOK 48 OF PARCEL MAPS AT PAGE 66, STANISLAUS COUNTY RECORDS.

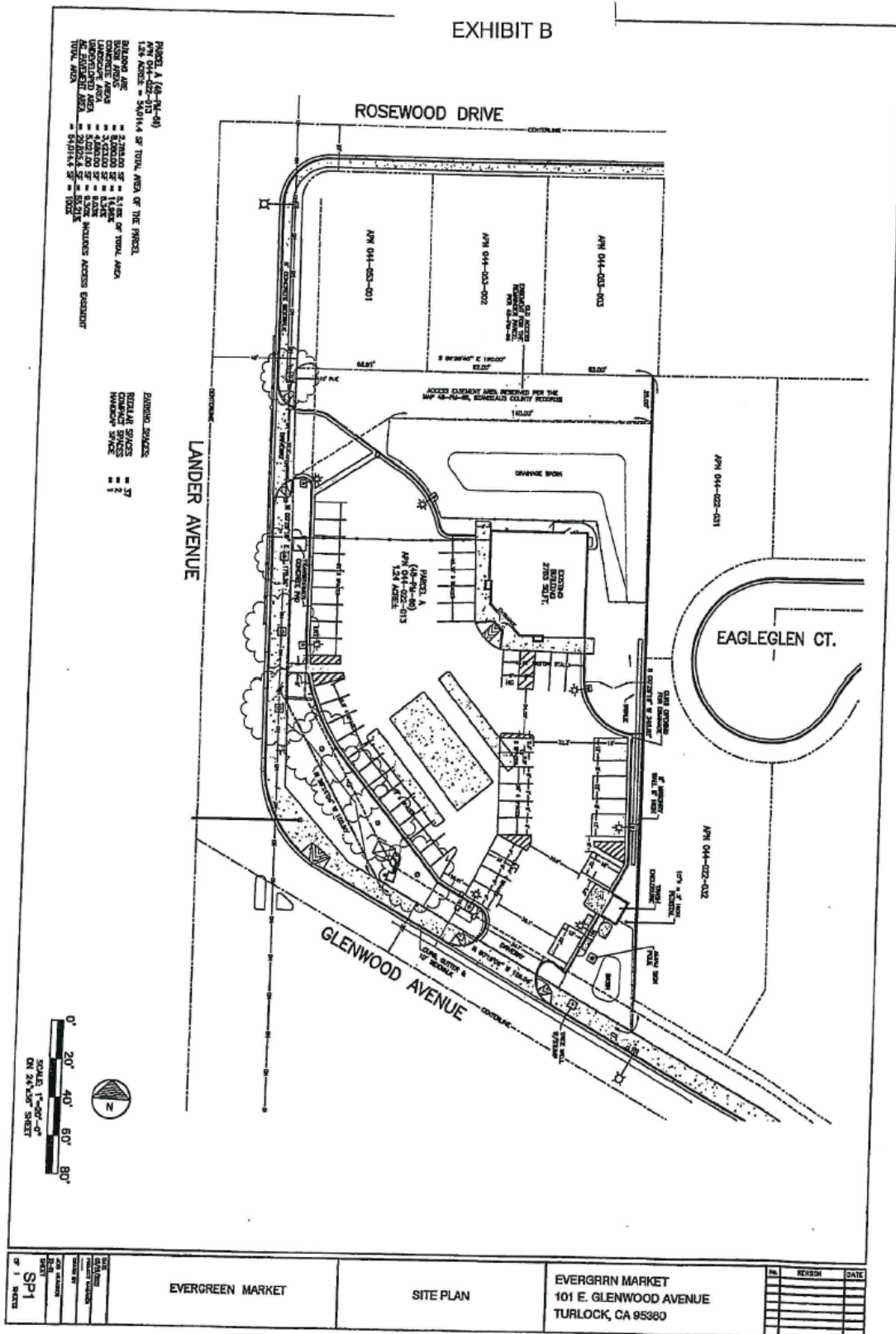
APN: 044-022-013

CANNABIS SITE LEGAL DESCRIPTION  
CITY OF TURLOCK AND THE EVERGREEN MARKET (TURLOCK),, INC.

Exhibit A

**Exhibit B**

**Cannabis Business Project Site Map**



CANNABIS BUSINESS PROJECT SITE MAP  
 CITY OF TURLOCK AND THE EVERGREEN MARKET (TURLOCK), INC.  
 Exhibit B

**Exhibit C**

**Site Lease**

**Exhibit C**

**Site Lease**

SITE DEED  
CITY OF TURLOCK AND THE EVERGREEN MARKET (TURLOCK), INC.  
Exhibit C

SITE LEASE  
CITY OF TURLOCK AND THE EVERGREEN MARKET (TURLOCK), INC.  
Exhibit C

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**OFFICE LEASE**

DATED: 10/28/2021 (the "Effective Date")

This Office Lease (this "Lease") is made and entered into by and between 5 Star Cars LLC, a California limited liability company ("Landlord") and Evergreen Market Property Holdings LLC, a Washington limited liability company, or its assignee ("Tenant").

**1. BASIC TERMS.**

This Section 1 sets forth certain basic terms of this Lease ("Basic Terms"). The Basic Terms are to be read in conjunction with the other provisions of this Lease; provided, however, to the extent of any inconsistency between the Basic Terms and the other provisions of this Lease, the Basic Terms shall control. The capitalized words or phrases used in the Basic Terms shall constitute defined terms for purposes of this Lease

- 1.1 Landlord 5 Star Cars LLC, a California limited liability company, or *other agreed upon entity*
- 1.2 Tenant *Evergreen Market* ~~Evergreen Market Property Holdings LLC~~, a Washington *Turlock Inc.* limited liability company, or its assignee
- 1.3 Tenant's Trade Name Evergreen Market
- 1.4 Premises That certain real property commonly known as 101 E. Glenwood Avenue, Turlock, CA 95380 ("Premises"), a commercial building comprising of approximately 2,731 square feet situated on approximately 54,014 square feet of land. Tenant understands that a portion of the land upon which the real property lies is currently being leased to two food trucks, which will continue operate under their separate lease(s) subject to city approval.
- 1.5 Rentable Area of Premises Approximately 2,731 SF of Rentable Area
- 1.6 Address of Premises 101 E. Glenwood Avenue, Turlock, CA 95380
- 1.7 Permitted Use all lawful uses, including without limitation, recreational and medicinal cannabis retail sales and storefront with delivery services.
- 1.8 Initial Term Five (5) Lease Years ("Initial Term"). The term "Lease Year" means each period of twelve full calendar months following the Term Commencement Date, plus in the case of the first Lease Year, any partial calendar month at the beginning of the Term. "Lease Calendar Year" refers to each calendar year during the Lease Term. The commencement date of this lease shall be January 1, 2022.

*Wilson Esteban*  
Wilson Esteban [10/28/2021 12:50]  
*W.E.*

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- 1.9 **Renewal Terms** Tenant shall have the option to renew the term of this Lease for two (2) additional terms of five (5) years each (each, a "Renewal Term").
- 1.10 **Term** The Initial Term and Renewal Term(s) are collectively referred to as the "Term".
- 1.11 **Effective Date** The date of this Lease as set forth above. The parties are bound by all terms, covenants and obligations under this Lease as of the Effective Date.
- 1.12 **Target Delivery Date** Upon signing this instrument, Landlord shall provide Tenant with access to the space for the purposes of completing tenant improvements prior to opening and operating the business. For the purposes of this lease, the term shall begin on the effective "Delivery Date" of Jan 1, 2022, notwithstanding prior occupancy.
- 1.13 **Delivery Date** The "Delivery Date" shall be the date Tenant officially takes possession of the Premises.
- 1.14 **Term Commencement Date** The "Term Commencement Date" shall be the Delivery Date.
- 1.15 **Rent Commencement Date** The "Rent Commencement Date" shall be the earlier of (i) 180 days following the Term Commencement Date; or (ii) 30 days after Tenant's receipt of a Certificate of Occupancy; or (iii) Tenant's commencement of business. / *March 1, 2022* *NE*
- 1.16 **Security Deposit** [REDACTED]
- 1.17 **Base Rent** [REDACTED]  
prepay Base Rent for the entire first year of the Initial Term. For years two (2) through five (5) of the Initial Term the Base Rent shall be increased by an amount equal to 3% of the Base Rent for the immediately preceding month. \* 1 year prepay rent shall not be refundable if unable to open.
- 1.18 **Tenant's Share** "Tenant's Share" shall generally be the ratio, expressed as a percentage, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Building. *W.C.*
- 1.19 **Tenant's Work** All improvements to be made to the Premises by Tenant ("Tenant's Work").
- 1.20 **Access to Premises** Tenant and its employees will be allowed access to its Premises twenty-four (24) hours a day, seven (7) days a week.

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**1.21 Parking**

Parking is available at the Premises, and shall be allocated in space sufficient to accommodate both employee as well as customer parking.

**1.22 Addresses for Notices & Rent**

**Landlord:**

Wilson Eshagh  
1148 Golden State Blvd.  
Turlock, CA 95380

**Tenant (Prior to Commencement Date):**

*WEL*  
~~Evergreen Market Turlock Inc.~~  
~~Evergreen Property Holdings LLC~~  
4242 East Valley Road  
Renton, Washington 98057

*Wilson Eshagh*  
Wilson Eshagh (DLR, 202711-00125)

**After Commencement Date:**

Premises

**Rent Payments:**

1148 Golden State Blvd.  
Turlock, CA 95380

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## 2. PREMISES/TENANT IMPROVEMENTS

**2.1 Premises.** Landlord hereby leases the Premises to Tenant, and Tenant leases the Premises from Landlord, on the terms of this Lease.

**2.2 Tenant's Work.** Tenant, at its sole cost, shall construct all Tenant's Work in accordance with the requirements set forth in Section 8.

## 3. LEASE TERM

**3.1 Initial Term.** The Initial Term of this Lease shall commence on the Term Commencement Date (January 1, 2022) and shall be for the number of full Lease Years set forth in the Basic Terms.

**3.2 Renewal Term(s).** Tenant shall have the right to exercise the Renewal Terms, provided Tenant satisfies each of the requirements set forth herein. Each Renewal Term(s) will commence at the day following the last day of the Lease Year for the current Term.

**3.2.1** Tenant shall submit a written notice to exercise such Renewal Term to Landlord not less than one hundred and eighty (180) days prior to the expiration date of the then current Term ("Renewal Notice").

**3.2.2** The Lease shall be in full force and effect as of the date of the Renewal Notice and shall continue thereafter until the commencement of the Renewal Term.

**3.2.3** Tenant shall not have been in default of this Lease beyond the applicable cure period at any time prior to delivery of the Renewal Notice or prior to the commencement of the Renewal Term.

**3.2.4** Tenant shall not have assigned or subleased all or any portion of its interest in this Lease, except an assignment or sublease approved by Landlord as provided in Section 10 below, which approval may not be unreasonably withheld by Landlord.

**3.2.5** Each Renewal Term shall be subject to all of the terms and conditions contained in the Lease, except that Base Rent during the Renewal Term shall be at Market Rent provided the re-set Base Rent shall not be increase more than 10% over the Base Rent paid in the last year of the previous Term. "Market Rent" shall be determined as follows: If the parties are able to agree on an amount of Market Rent that is mutually satisfactory, then such agreements shall be placed in writing and shall be signed by the parties hereto and shall thereupon become a part of the Lease. If the parties are not able to agree on an amount of Market Rent prior to ninety (90) days prior to the expiration of the Initial Term, then Owner and Tenant shall appoint a mutually acceptable an appraiser with the associated costs of such appraisal split equally between the Owner and Tenant. In no event shall the Base Rent be less than the Base Rent of the immediately preceding Lease Year.

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#### 4. RIGHT OF FIRST REFUSAL

4.1 Landlord shall not, at any time prior to the expiration of the Term of this Lease, sell the Premises, or any interest therein, without first giving written notice thereof to Tenant, which notice is hereinafter referred to as "Notice of Sale". The Notice of Sale shall include the exact and complete terms of the proposed sale and shall have attached thereto a copy of the bona fide offer and counteroffer, if any, duly executed by both Landlord and the prospective purchaser.

4.2 For a period of 14 calendar days after receipt by Tenant of the Notice of Sale, Tenant shall have the right to give written notice to Landlord of Tenant's exercise of Tenant's right to purchase the Premises, the interest therein proposed to be sold, or the property of which the Premises are a part, on the same terms, price and conditions as set forth in the Notice of Sale. In the event that Landlord does not receive written notice of Tenant's exercise of the right herein granted within said 14 day period, there shall be a conclusive presumption that Tenant has elected NOT to exercise Tenant's right hereunder, and Landlord may complete the sale to the prospective purchaser, on the same terms set forth in the Notice of Sale.

4.3 In the event that Tenant declines to exercise its right of first refusal after receipt of the Notice of Sale, and, thereafter, Landlord and the prospective purchaser modify by more than 5%, (i) the sales price, or (ii) the amount of down payment, or if there is a material change in any seller financing offered, or in the event that the sale is not consummated within 180 days of the date of the Notice of Sale, then Tenant's right of first refusal shall reapply to said transaction.

4.4 In the event that Tenant declines to exercise its right of first refusal after receipt of the Notice of Sale, and, thereafter, the proposed transfer or sale is not consummated, the Tenant's right of first refusal shall apply to any subsequent transaction. If, however, said transfer or sale is, in fact, completed, then said right shall be extinguished and shall not apply to any subsequent transactions.

4.5 Notwithstanding the above, this right of first refusal is intended to apply only to voluntary transfers involving third party transferees. This right of first refusal shall not, therefore, apply: where the Premises are taken by eminent domain or sold under threat of condemnation, to intra-family or intra-ownership transfers, to transfers by Landlord to a trust created by Landlord, or, if Landlord is a trust, to transfers to a trust beneficiary.

4.6 This right of first refusal cannot be exercised: (i) during the period commencing with the giving of any notice of default and continuing until said default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Tenant), (iii) during the time Tenant is in breach of this Lease, or (iv) in the event that Tenant has been given 3 or more notices of default, whether or not the defaults are cured, during the 12 month period immediately preceding the exercise of the right of first refusal.

#### 5. BASE RENT

5.1 **Base Rent.** As of the Effective Date of this Lease, Tenant shall pre-pay to Landlord an amount equal to the Base Rent for the Premises for the entire first year (\$168,000.00) of the Initial Lease (the "Pre-Paid Rent"). Thereafter, Tenant shall pay Landlord the Base Rent for the subsequent years as stated in the General Terms, by the first day of each month throughout the

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Term, in advance, without offset, deduction or demand. The Base Rent shall be paid to the address specified by Landlord from time to time. Rent for any partial month shall be prorated.

**5.2 Increases.** Base Rent shall be increased on the first day of each Lease Year in the amounts stated in the Basic Terms.

**5.3 Late Charges; Default Interest.** If Landlord does not receive any monthly installment of Rent due and payable under this Lease within ten (10) days after its due date, Tenant shall pay to Landlord a late charge equal to 10% of each such overdue amount or \$100, whichever is greater, as liquidated damages for Landlord's extra expense and handling of any further past due accounts ("Late Charge"). Further, and in addition to any Late Charge, any Rent past due for a period of thirty (30) or more days shall bear interest from the due date at the rate of ten percent (10%) per annum ("Default Interest") until cured in full. Acceptance of a Late Charge and/or Default Interest shall not constitute a waiver of Tenant's default with respect to such overdue amount nor prevent Landlord from exercising any other rights or remedies granted hereunder. No payment by Tenant of an amount less than that due shall be construed other than as a partial payment nor shall any endorsement or statement on the check or letter accompanying the payment be deemed to create accord and satisfaction.

**5.4 Security Deposit.** The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of the terms and conditions of this Lease. In the event that Tenant fails to pay Rent when due, Landlord may, but shall not be required to, use or retain all or any portion of the Security Deposit for the payment of any or all of the past due Rent. If any portion of the Security Deposit is so used or applied, Tenant shall within ten (10) days after written demand therefor deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Landlord shall not be required to maintain the Security Deposit separate from its general funds and Tenant shall not be entitled to interest thereon. If Tenant fully performs the obligations under this Lease, the Security Deposit (or balance thereof) shall be returned to Tenant within thirty (30) days after the later to occur of (i) the expiration or termination of this Lease; and (ii) the date Tenant vacates the Premises and surrenders possession to Landlord in the condition required in this Lease.

## **6. USE AND OPERATIONS**

**6.1 Permitted Uses.** Subject to compliance with all governmental requirements, Tenant covenants and agrees to use and occupy the Premises only for the Permitted Use set forth in the Basic Terms, and for no other purpose whatsoever, without Landlord's prior written consent, which consent shall not be unreasonably withheld. Landlord acknowledges that Tenant's Permitted Use is, at the time of the execution of this Lease, a violation of United States Code and federal law, and Landlord agrees that such violation shall not, on that basis alone, cause Tenant to forfeit the Premises or otherwise be in default or breach of this Lease. Notwithstanding anything in this Lease to the contrary, all references in this Lease to activity or that is "unlawful" or "illegal" shall be expressly deemed to exclude federal law. Subject to Tenant's right to appeal or challenge, Tenant agrees that it shall comply with final non-appealable demands or notices from the federal government, as determined by a court of competent jurisdiction.

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**6.2 Actions that Injure the Project or the Premises.** Subject to the provisions of Section 6.1, Tenant shall not cause or permit the Premises to be used in any way which (a) violates any law, ordinance, governmental regulation or order.

**6.3 Exclusive Use.** With respect to any real property owned or controlled by Landlord or any Landlord affiliate, of which the Premises is a part or any property adjacent to the Premises, Landlord shall not lease to nor permit any occupancy, of a business that will operate a cannabis storefront or similar use, to Tenant's Permitted Use.

**6.4 Change in Law.** Notwithstanding anything to the contrary herein, in the event that (i) Tenant's Permitted Use of the Premises becomes unlawful due to a change in applicable requirements or local law, or (ii) Tenant is unable to secure Tenant's Licenses (as defined in Section 6.6 below) or the Tenant's Licenses are terminated or there is a change in status that prevents Tenant's operations in the Premises, then Tenant shall not be deemed to be in default hereunder, and Tenant may immediately terminate this Lease, in which case neither party shall have any further liability hereunder, and Landlord shall return to Tenant any remaining Prepaid Rent.

**6.5 Hazardous Substance.**

**6.5.1 Definitions.** For purposes of this Section 6.5, the term "Hazardous Substances" shall mean any hazardous or toxic chemical, waste, byproduct, pollutant, contaminant, compound, protect or substance, including without limitation, asbestos, polychlorinated biphenyl, petroleum (including crude oil or any fraction or by-product thereof), underground storage tanks, and any material the exposure to or manufacture, possession, presence, use, generation, storage, transportation, treatment, release, remediation or handling of which is prohibited, controlled or regulated by any Environmental Law (except for normal quantities of standard cleaning or office supplies), and the term "Environmental Laws" shall mean any federal, state, regional, county or local governmental statute, law, regulation, ordinance, order or code or any consent decree, judgment, permit, license, code or other requirement presently in effect or hereafter created, issued or adopted, pertaining to protection of the environment, health or safety of persons, natural resources, conservation, wildlife, waste management and pollution (including without limitation regulation of releases and disposals to air, land, water and groundwater). Notwithstanding the above, "Hazardous Substances" shall expressly exclude cannabis, cannabis products or any related products used in the normal course of business for cannabis retailers with delivery services.

**6.5.2 Tenant Covenants.** Tenant covenants and agrees that Tenant (i) will not cause or permit any Hazardous Substances to be generated, produced, brought upon, used, stored, treated, released, discharged or disposed of in or about the Premises or the Common Area by Tenant or Tenant Parties; (ii) will comply with all Environmental Laws; (iii) will promptly notify Landlord, in writing, if Tenant has or acquires notice or knowledge that any Hazardous Substances has been or is threatened to be released, discharged, disposed of, transported, or stored on, in, under, or from the Premises; and (iv) if any Hazardous Substances are discharged, released or disposed of by Tenant or any Tenant Party, Tenant will immediately take such action as is necessary to detain the spread of, remove and dispose of such Hazardous Substances to the complete satisfaction of Landlord and in compliance with all Environmental Laws, at Tenant's

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own cost and expense. Notwithstanding the foregoing, Tenant shall have the right to maintain upon the Premises such Hazardous Materials as are reasonably necessary for the conduct of Tenant's business and maintenance of the Premises as long as such Hazardous Substances are used and stored in compliance with Environmental Laws.

**6.5.3 Tenant Indemnity.** Tenant agrees to indemnify, defend and hold Landlord and Landlord Parties free and harmless from and against all losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (excluding consequential damages), disbursements or expenses of any kind (including reasonable attorneys' fees and costs incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against Landlord or any of them in connection with or arising from or out of any Hazardous Substances released, discharged or disposed of by Tenant on, in, under, or affecting all or any portion of the Premises, or any claim or action arising from a breach of Tenant's covenants set forth in Section 6.5.2 above. The provisions of this Section will be in addition to any and all obligations and liabilities Tenant may have to Landlord at common law, and will survive the expiration of the Lease Term or earlier termination of this Lease.

**6.5.4 Landlord Indemnity.** Landlord agrees to indemnify, defend and hold Tenant free and harmless from and against all losses, liability, obligations, penalties, claims, litigation, demands, defenses, costs, judgments, suits, proceedings, damages (excluding consequential damages), disbursements or expenses of any kind (including reasonable attorneys' fees and costs incurred in investigating, defending, or prosecuting any litigation, claim, or proceeding) that may at any time be imposed upon, incurred by, or asserted or awarded against Tenant in connection with or arising from or out of any preexisting Hazardous Substances released, discharged or disposed of on, in, under, or affecting all or any portion of the Premises. The provisions of this Section will be in addition to any and all obligations and liabilities Landlord may have to Tenant at common law, and will survive the expiration of the Term or earlier termination of this Lease.

**6.6 Compliance/Permits.** During the term of the Lease, Tenant covenants and agrees that it shall diligently apply for all final permits, authorizations and approvals necessary in connection with the Permitted Use, including, without limitation, the regulatory permits and/or licenses from (i) the City of Turlock (the "City"), (ii) the State of California (the "State"), or (iii) any other applicable governmental or regulatory authority, in connection with Tenant's Permitted Use, including, without limitation, the regulatory permit and State cannabis retailer license, as determined by Tenant in its sole and absolute discretion (any of the foregoing in (i) through (iii) collectively, referred to herein as the "Licenses," and each individually, a "License"). Landlord shall in good faith and in a manner that is commercially reasonable, cooperate with Tenant to timely process and execute any and all of Tenant's applications, authorizations, consents or other documents in connection with the Tenant's Licenses, to the extent the same require Landlord's consent, approval, execution, or acknowledgment.

## **7. MAINTENANCE AND REPAIRS**

**7.1 Landlord's Obligations.** Landlord shall maintain, or cause to be maintained, and keep in good repair and replace the (a) structural and non-structural components of the Building, including but not limited to the roof, floor slab, exterior walls, structural floor, fire and life safety

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systems, exterior plumbing, and electrical systems; (b) improvements in the Building, excluding those within the Premises.

**7.2 Tenant's Obligations.** Tenant shall, at its sole cost and expense, (i) keep the Premises in good condition, free from waste at all times and keep the sidewalks and service-ways adjacent to the Premises neat, clean and free from snow, ice, dirt, rubbish, insects and pests at all times (ii) make all needed repairs and replacements (except for repairs and replacements required to be made by Landlord to the Premises), including replacement of cracked or broken glass and repairs to Tenant's signs, (iii) furnish, maintain and replace all electric light bulbs, tubes and tube casings in the Premises, and (iv) maintain all display windows in a neat, attractive condition, and shall keep all display windows and exterior electric signs in front of the Premises lighted during such hours as Landlord shall require.

**7.3 Interruption of Service.** Landlord does not warrant that any utilities or services will be free from interruption including by reason of accident, repairs, alterations, computer programming weaknesses or other causes. No utility interruption, other than those resulting from Landlord's own negligent or willful act, shall be deemed an eviction or disturbance of Tenant, or render Landlord liable to Tenant for damages, or relieve Tenant from the full and complete performance of all of Tenant's obligations under this Lease.

**7.4 Personal Property.** Personal property, trade fixtures, fixtures and equipment used in the conduct of Tenant's business and placed by Tenant on or in the Premises (collectively, "Personal Property"), shall be in good working order and consist of first quality materials. No such Personal Property owned by Tenant shall become a part of the realty and may be removed by Tenant at any time. Any Personal Property belonging to Tenant shall be deemed abandoned and shall become the property of Landlord if not removed within five (5) business days after the expiration or sooner termination of the Term and may, if so elected by Landlord, become the property of Landlord; provided, however, Landlord shall have the right to require Tenant to remove all Personal Property from the Premises.

## **8. ALTERATIONS**

**8.1 Alterations Procedures.** Tenant shall not make any structural or non-structural repairs, alterations or modifications to the Premises, without Landlord's prior written consent, which shall not be unreasonably withheld or delayed. Landlord may condition its consent on various matters, including Tenant agreeing to remove the alterations and repair any resulting damage on Lease termination at Tenant's cost, Tenant posting security for the estimated cost of such alterations, Tenant posting performance bonds for the alterations and/or lien waivers, and Landlord's written approval of the plans and specifications for such alterations. All alterations or modifications shall be performed in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord.

**8.2 Condition Upon Surrender.** Upon the expiration or termination of this Lease, Tenant shall surrender the Premises to Landlord, broom clean and in good condition as received, except for ordinary wear and tear, and damage by casualty, with all of Tenant's maintenance and repair obligations up to date. Landlord may require Tenant to remove any alterations made by Tenant and to restore the Premises to its prior condition, except for ordinary wear and tear, at Tenant's expense. All alterations which Landlord does not require Tenant to remove shall become

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Landlord's property and shall be surrendered to Landlord on termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment that can be removed without damage to the Premises. Tenant shall repair, at Tenant's expense, any damage to the Premises caused by the removal of any such machinery or equipment. All articles of personal property and all business and trade fixtures, machinery and equipment, furniture and movable partitions owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the property of Tenant and may be removed by Tenant at any time during the Term of the Lease, provided that any damage to the Premises or Building associated with such removal shall be repaired by Tenant.

## 9. INSURANCE/INDEMNITY

**9.1 Tenant's Insurance.** Tenant, at its cost, shall maintain the following insurance on the Premises at all times from and after the Delivery Date:

### 9.1.1 Liability insurance coverage as follows:

(a) Commercial general liability insurance policy ("**Tenant's CGL**") (or equivalent ISO form in use from time to time in the state where the Project is located), providing coverage against any and all claims for bodily injury and property damage occurring in or on the Premises and/or arising out of or in any way related to the use, occupancy and maintenance of the Premises or other areas of the Building and Project that Tenant is entitled to use ("**Tenant Areas**") by Tenant and Tenant Parties, and including broad form blanket contractual coverage covering Tenant's obligations under this Lease. Tenant's CGL shall have a limit of not less than \$1,000,000 per occurrence, with a general aggregate limit of not less than \$2,000,000.

(b) Commercial/Business Automobile liability insurance of not less than \$1,000,000 combined single limit for both owned and hired/non owned vehicles.

(c) Umbrella/excess liability insurance of not less than \$1,000,000 each occurrence, including automobile liability.

(d) All such liability insurance required herein may be provided by a combination of primary insurance and excess coverage providing the same aggregate amounts. Landlord (and upon request, Landlord's property manager and/or Landlord's mortgagees) shall be named as an additional insured on the Tenant's CGL and all other liability coverage.

(e) Business interruption insurance, either for loss of revenues or for extra expense as it relates to the loss of revenues, in an amount deemed to be adequate in the reasonable business judgment of Tenant for the 12-month period of each insurance policy, and otherwise in the manner customary for businesses of similar size engaged in similar activities at similar locations.

**9.1.2 Property insurance insuring against loss or damage resulting from perils covered by the causes of loss – special form ("**Tenant's Property Insurance**")** (or the equivalent ISO form in use from time to time in the state where the Project is located). Tenant's Property Insurance shall be written for the full replacement value of all furniture, fixtures, equipment and improvements located on the Premises, together with such business interruption coverage as Tenant desires and does not wish to assume the risk for. Landlord (and upon request, Landlord's

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property manager and/or Landlord's mortgagees) shall be named as a loss payee on Tenant's Property Insurance, as their interests may appear.

**9.1.3** All insurance required to be maintained by Tenant shall (a) be on a claims-made basis, as to Tenant's CGL, and occurrence basis, as to Tenant's Property Insurance; (b) provide primary coverage and not contributory or excess with Landlord's insurance coverage; (c) require thirty (30) days prior written notice to the named insured, additional insured or loss payees of any cancellation or reduction in coverage; (d) be written by responsible insurance companies licensed to do business in the state where the Project is located; and (e) contain a waiver of subrogation with regard to Landlord and any additional insureds. Such insurance may be provided by a blanket policy covering additional locations. Tenant shall provide Landlord with evidence of the required insurance, naming Landlord as an additional insured or loss payee (as appropriate) on or before the Delivery Date.

**9.2 Landlord's Insurance.** Subject to Tenant's obligation to reimburse Landlord for Tenant's Share of the cost of Insurance, Landlord shall maintain or cause to be maintained such other insurance as Landlord deems necessary and prudent, or as may be required by any lienholder holding a mortgage or security interest in the Building (or any portion thereof). All Insurance required to be maintained by Landlord shall (a) be on an occurrence basis or claims basis (as noted above) and (b) as to the Premises or acts or omissions of Tenant Parties (defined below), be excess, secondary and non-contributory. Such insurance may be provided by a blanket policy covering additional locations.

### **9.3 Indemnity.**

**9.3.1 By Tenant.** Subject to Landlord's release in Section 9.4, Tenant shall indemnify and defend (using legal counsel reasonably acceptable to Landlord) all Landlord Parties (defined below) from any claims, costs (including reasonable attorneys' fees and costs) or damages arising in connection with the occupancy or use of the Premises by Tenant Parties (defined below), including any work undertaken or contracted for by Tenant; any negligent or wrongful act or omission of Tenant Parties; any accident, injury, occurrence or damage in the Premises; and any claim against Landlord by any contractor, agent, employee or former employee of Tenant. Tenant agrees that the provisions of any employee injury insurance act, or any other employee benefit act shall not operate to release or immunize Tenant from its obligations under this Section. This indemnity is not contingent upon insurance coverage, is not limited to the amount of any insurance proceeds, and operates independently of the insurance provisions of this Lease.

**9.3.2 By Landlord.** Subject to Tenant's release in Section 9.4, Landlord shall indemnify and defend (using legal counsel reasonably acceptable to Tenant) all Tenant Parties (defined below) from any claims, costs (including reasonable attorneys' fees and costs) or damages arising in connection with the occupancy or use of the Building by Landlord Parties (defined below), including any work undertaken or contracted for by Landlord; any negligent or wrongful act or omission of Landlord Parties; and any claim against Tenant by any contractor, agent, employee or former employee of Landlord. Landlord agrees that the provisions of any employee injury insurance act, or any other employee benefit act shall not operate to release or immunize Landlord from its obligations under this Section. This indemnity is not contingent upon insurance coverage, is not limited to the amount of any insurance proceeds, and operates independently of the insurance provisions of this Lease.

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**9.3.3 Definitions.** For purposes of this Section 9:

(1) **"Landlord Parties"** shall mean Landlord, and Landlord's (i) shareholders, members, partners or other owners, (ii) affiliates and subsidiaries, (iii) directors, officers, employees, former employees, agents, contractors, property manager and mortgagees; and (iv) successors and assigns, provided that for purposes of Section 9 no prior Landlord Party shall be obligated for the acts of its successors or assigns. Landlord Parties does not include other tenants or occupants of the Building or Project, or their licensees, invitees or customers.

(2) **"Tenant Parties"** means Tenant, and Tenant's (i) shareholders, members, partners or other owners, (ii) affiliates and subsidiaries, (iii) directors, officers, employees, former employees, subtenants, licensees, concessionaires, invitees, customers, agents, contractors and mortgagees, and (iv) successors and assigns.

**9.4 Release.**

**9.4.1 Tenant Release.** Tenant hereby releases, waives and discharges the Landlord Parties from any and all claims Tenant might otherwise now or hereafter possess associated with, any loss covered by insurance (or which would have been covered by the insurance Tenant is required to carry hereunder), including the deductible portion thereof, maintained and/or required to be maintained by Tenant pursuant to this Lease, regardless of cause.

**9.4.2 Landlord Release.** Landlord hereby releases, waives and discharges the Tenant Parties from any and all claims Landlord might otherwise now or hereafter possess associated with any loss covered by insurance (or which would have been covered by the insurance Landlord is required to carry hereunder), maintained and/or required to be maintained by Landlord pursuant to this Lease, regardless of cause.

**9.5 Survival.** The provisions of this Section 9 shall survive expiration or termination of this Lease.

**10. ASSIGNMENT AND SUBLETTING**

**10.1 Assignment or Sublease.** Except as expressly provided below, Tenant shall not assign this Lease or sublet the whole or any part of the Premises (each, a **"Transfer"** and any assignee or subtenant, a **"Transferee"**) without Landlord's prior written consent, which consent may not be unreasonably withheld or delayed by Landlord. Notwithstanding the foregoing, a Transfer shall not include a transfer to any successor-in-interest to Tenant as a result of any merger, acquisition or sale of all of the assets or voting control of Tenant's business. The prohibition against assignment or subletting includes an assignment or subletting to or by a receiver or trustee in any federal or state bankruptcy, insolvency or other proceedings. To assist Landlord in determining whether to consent to a Transfer, Tenant shall submit the following to Landlord as well as any other information reasonably requested by Landlord, (i) the name and legal entity of the Transferee; (ii) a description of the proposed use of the Premises by the Transferee, provided such description shall not imply that any change of use is allowed; (iii) the terms of the proposed Transfer; (iv) and (v) the proposed Transfer documents. In all events, the existing "Tenant" shall not be released from liability hereunder and shall remain primarily, jointly and severally liable with the Transferee for the performance of the obligations of Tenant hereunder unless otherwise waived by Landlord.

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**10.2 No Release.** Should Tenant make a Transfer (with Landlord's consent), Tenant shall nevertheless remain primarily liable to Landlord for full payment of Rent and performance of Tenant's obligations under this Lease unless otherwise waived by Landlord.

**10.3 Assignee Obligation.** Tenant shall provide Landlord with a copy of the written assumption of this Lease, signed by Tenant and such Transferee. Thereafter, Transferee shall be jointly and severally liable with Tenant for the payment of Rent and performance of all of Tenant's obligations under this Lease. Any subtenant will be required to assume all obligations of Tenant to the extent they relate to the subleased premises. Tenant shall provide Landlord with written evidence of Transferee assuming the obligations under this Lease, and a copy of any sublease. If the Transferee defaults, Landlord may, without affecting any other rights of Landlord, proceed against Tenant or any Transferee or any other person liable for Tenant's obligations hereunder unless Tenant's obligations hereunder were otherwise previously waived by Landlord. Tenant shall provide the notice address for any subtenant or assignee to Landlord prior to the effective date of the Transfer and if it is not provided, the applicable notice address shall be deemed to be the Premises.

## **11. DAMAGE OR DESTRUCTION**

**11.1 Damage.** Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Premises. Subject to Section 11.2, if the insurance proceeds available to Landlord are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall repair the damage to the Premises as soon as is reasonably practicable, and Tenant shall repair/replace any damage to Tenant's inventory, equipment, trade fixtures, furnishings and other personal property.

**11.2 Decision.** If (i) the insurance proceeds received by Landlord are not sufficient to pay the entire cost to repair the Premises; (ii) the cause of the damage is not covered by Landlord's insurance; or (iii) Landlord considers the damage to the Premises to be significant, then Landlord, in its sole discretion, may elect either to (1) repair the damage to the Premises as soon as reasonably practicable, in which case this Lease shall remain in full force and effect, or (2) terminate this Lease. Landlord shall notify Tenant of Landlord's decision within ninety (90) days after notice of the occurrence of the damage. If Landlord terminates this Lease under this Section 11.2, Tenant's obligation to pay Rent shall terminate as of the date of termination.

**11.3 Rent Abatement.** In the event of damage, repair, reconstruction and restoration by or through Landlord as herein provided, the Base Rent and Tenant's Share all other amounts payable under this Lease shall be abated proportionately to the degree to which Tenant's use of the Premises is materially impaired during the period of such repair, reconstruction or restoration.

**11.4 Termination Right.** If the damage to the Premises occurs during the last twenty-four (24) months of the Lease Term, and the damage requires more than two hundred seventy (270) days to repair, either Landlord or Tenant may elect to terminate this Lease as of the date the damage occurred regardless of the sufficiency of any insurance proceeds. The party electing to terminate this Lease shall give written notification to the other party of such election within sixty (60) days after Tenant's notice to Landlord of the occurrence of the damage.

**11.5 Termination of Lease.** Upon any termination of this Lease under any of the provisions of this Section 11, Landlord and Tenant shall each be released without further obligation

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to the other from the date possession of the Premises is surrendered to Landlord or such other date as is mutually agreed upon by Landlord and Tenant, except where otherwise provided hereunder.

## 12. CONDEMNATION

If the Premises are condemned or taken for any public or quasi-public purpose, including any purchase in lieu of condemnation, this Lease shall terminate as of the date of taking of possession for such use or purpose and the Rent and other sums payable hereunder shall be terminated as of termination date. If a portion of the Premises is condemned or taken, Landlord may, by notice to Tenant, terminate this Lease as of the date of the taking of possession for such purpose. If Landlord does not terminate this Lease due to partial taking, and if the partial taking results in a reduction in the square footage of the Premises, then the Base Rent and Tenant's Share shall be equitably reduced based on the loss of utility of the Premises for the Permitted Use, and Landlord shall perform any necessary repairs to restore, to the extent feasible and practicable, the Building to a complete unit. Landlord shall be entitled to the entire award in any condemnation proceeding, including any award for the value of any unexpired term of this Lease, and shall have the exclusive authority to settle the condemnation proceeding, and the exclusive discretion to grant "possession and use" to the condemning authority, and Tenant shall have no claim against Landlord or against the proceeds of the condemnation except that Tenant, if provided for under the then existing laws, shall have the right to bring a separate action against the condemning authority to recover compensation for Tenant's moving expenses and loss of any fixtures.

## 13. INSOLVENCY AND DEFAULT

**13.1 Defaults.** Tenant shall be in default under this Lease if (a) Tenant fails to pay any Rent when due, or (b) Tenant fails to perform any other obligation under this Lease, or (c) a Financial Distress Default (defined in Section 13.8) occurs. Except for Late Charges and Default Interest due under Section 5.3, Landlord agrees that it shall not invoke its remedies under this Section 13 if Tenant cures a Curable Default (defined below) within the applicable cure period (set forth in Section 13.2 below). If a Curable Default occurs and Tenant fails to cure the default within the applicable cure period or if any other default occurs, Landlord may, immediately or at any time thereafter, and without preventing Landlord from exercising any other right or remedy, (i) elect to terminate this Lease by notice, by lawful entry or otherwise, whereupon Landlord shall be entitled to recover possession of the Premises from Tenant and those claiming through or under Tenant and (ii) accelerate the payment of all Rent payable by Tenant for the balance of the Term and upon any such election such sums shall be immediately due and payable in full. Termination of this Lease and any repossession shall be without prejudice to any remedies Landlord has for Rent or for a prior breach of any of the provisions of this Lease.

In case of termination, Tenant shall be liable to Landlord for all costs and expenses including the amounts due under Sections 13.3 and 13.4. Each right and remedy provided Landlord in this Lease is cumulative and in addition to every other right or remedy provided in this Lease, or now or hereafter existing at law, in equity, by statute or otherwise. The exercise by Landlord of any one or more such rights or remedies will not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies.

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### 13.2 Cure Periods.

**13.2.1 Monetary Defaults.** If Tenant fails to pay any Rent or amounts hereunder when due, it shall be a Curable Default and the cure period shall be ten (10) days after the date such Rent was due.

**13.2.2 Financial Distress Default.** An Involuntary Financial Distress Default (defined in Section 13.8) is a Curable Default and the cure periods are set forth in Section 13.8. A Voluntary Financial Distress Default is not a Curable Default.

**13.2.3 Insurance Default.** If Tenant fails to maintain the required insurance, it is a Curable Default and the cure period is ten (10) business days after the date Landlord provides written notice of such default.

**13.2.4 Estoppel or Subordination Default.** If Tenant fails to provide the requested estoppel certificate (Section 14.4) or subordination agreement (Section 14.1) within the time period provided, it shall be a Curable Default and the cure period shall be ten (10) business days from the date of Landlord's second request for such estoppels or subordination.

**13.2.5 Abandonment.** If Tenant demonstrates an intent to not occupy the Premises or vacates the Premises during the Term, it is not a Curable Default.

**13.2.6 Hazardous Substances.** If Tenant breaches the provisions of Section 6.5 it shall be a Curable Default and the cure period shall be ten (10) business days after notice from Landlord.

**13.2.7 Other Defaults.** Any non-monetary breaches of this Lease not listed above in this Section 13.2 shall be considered Curable Defaults and the cure period shall be thirty (30) days after written notice from Landlord; provided that if the default cannot reasonably be cured within that time period, Tenant shall have such additional time as is reasonably necessary to cure the default so long as Tenant commences the cure within the thirty (30) day period and diligently pursues the cure to completion.

**13.3 Expense Recovery.** Tenant shall pay all costs and expenses incurred by Landlord in connection with such default, including without limitation (i) all collection costs and costs of obtaining Tenant's compliance with this Lease, including attorneys' fees and enforcement costs; and (ii) all Landlord's other costs proximately caused by such default, excluding consequential or other indirect damages of Landlord (including, without limitation, lost profits or business interruption). Such amounts shall be due and payable immediately upon notice from Landlord without regard to whether the cost or expense was incurred before or after the termination of this Lease. If proceedings are brought under the Bankruptcy Code, including proceedings brought by Landlord, which relate in any way to this Lease (in any of such cases a "Proceeding"), then Tenant shall pay Landlord the costs incurred by Landlord in connection with the Proceeding.

**13.4 Damages.** Notwithstanding termination of this Lease and reentry by Landlord pursuant to Section 13.1, Landlord shall be entitled to recover from Tenant:

(a) Any unpaid Rent which had been earned by Landlord prior to the time of termination with Default Interest accrued thereon; plus

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(b) The amount by which the unpaid Rent would have been earned after termination until the time of an award exceeds the amount of loss of Rent that Tenant proves could have been reasonably avoided, with Default Interest accrued thereon; plus

(c) The worth at the time of an award of the amount by which the unpaid Rent for the balance of the Term (as extended, if at all prior to termination) exceeds the amount of such loss of Rent that Tenant proves could have been reasonably avoided (including Default Interest accruing from the date of the award until paid), discounted at the discount rate of the Federal Reserve Bank of San Francisco, or successor Federal Reserve Bank, on the date of termination; plus

(d) Any other amount necessary to compensate Landlord for all the damage proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, including amounts due and payable pursuant to Section 13.3.

**13.5 Non-Termination of Lease.** No act of Landlord other than a written declaration of termination of Lease shall serve to terminate this Lease. Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all Rent as it becomes due. Separate actions may be maintained by Landlord against Tenant from time to time to recover any damages which, at the commencement of any action, are then due and payable to Landlord under this Section 13 without waiting until the end of the Term.

**13.6 Reletting.** If Tenant's right of possession has been terminated (with or without termination of this Lease), Landlord may at any time, and from time to time, relet the Premises in whole or in part either in its own name or as agent of Tenant for any period equal to, or more or less than the remainder of the then current Term. All rentals received by Landlord from such reletting shall be applied first to the payment of any amounts other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting and of alterations and repairs; third, to the payment of Rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due hereunder. Tenant shall pay Landlord for the loss of Rent by a payment at the end of each month during the remaining Term representing the difference between the Rent which would have been paid in accordance with this Lease and the Rent actually derived from the Premises by Landlord for such month. Upon a reletting of the Premises, Landlord shall not be required to pay Tenant any sums received by Landlord in excess of amounts payable in accordance with this Lease. For purposes of this Section 13, Tenant's right to possession shall not be considered to have been terminated by Landlord's efforts to relet the Premises, by Landlord's acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests under this Lease. This list is merely illustrative of acts that may be performed by Landlord without terminating Tenant's right to possession.

**13.7 Right of Landlord to Cure Defaults.** If Tenant defaults in its obligations under this Lease, Landlord may cure the default, at Tenant's expense, and without notice, if Landlord believes such default creates a risk of damage to persons or interests of others, or in any other case only upon Tenant's failure to remedy such default within the applicable cure period, if any. Tenant shall reimburse Landlord for any costs incurred by Landlord to cure default, together with Default Interest accrued thereon.

**13.8 Financial Distress.**

**13.8.1 Definition.** Each of the following shall be a "Financial Distress Default" under this Lease unless cured within the cure periods set forth below: (a) the making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition for reorganization or arrangement under any law relating to bankruptcy; or (b) the appointment of a trustee or a receiver to take possession of all or any part of Tenant's assets. A Financial Distress Default shall be considered "Voluntary" if the action initiating the default was made by Tenant or a person or entity controlling, controlled by, or under common control with Tenant and otherwise shall be considered "Involuntary". For example, a bankruptcy filing initiated by Tenant is a Voluntary Financial Distress Default and a bankruptcy filing by creditors of Tenant shall be considered an Involuntary Financial Distress Default. Tenant shall immediately notify Landlord upon the occurrence of any Financial Distress Default. Tenant shall have sixty (60) days to cure an Involuntary Financial Distress Default under clause (a) above by having the petition dismissed. Tenant shall have thirty (30) days to cure an Involuntary Financial Distress default under clause (b) above by having the trustee or receiver dismissed or otherwise regaining possession of Tenant's assets. Tenant shall have thirty (30) days to have a judgment described in clause (c) above discharged or satisfied before Landlord will pursue any of its remedies under Section 13.

**13.8.2 Filing of Petition.** If a petition ("Petition") is filed by or against Tenant (as either debtor or debtor-in-possession) under Title 11 of the United States Code (the "Bankruptcy Code") and same is not dismissed within sixty (60) days thereafter:

- (1) Adequate protection for Tenant's Lease obligations accruing after filing of the Petition shall be provided within fifteen (15) days after filing in the form of a deposit equal to two months Base Rent (in addition to the security deposit), to be held by the court or an escrow agent approved by Landlord and the court.
- (2) All amounts payable by Tenant to Landlord under this Lease represent reasonable compensation for the occupancy of the Premises by Tenant.
- (3) Tenant or Trustee shall give Landlord at least thirty (30) days written notice of any abandonment of the Premises or proceeding relating to administrative claims. If Tenant abandons without notice, Tenant or Trustee shall stipulate to entry of an order for relief from stay to permit Landlord to reenter and relet the Premises.
- (4) If Tenant was in default under the Lease before the filing of the Petition, whether or not Landlord has given Tenant written notice of that default and whether or not any cure period expired before filing the Petition, Tenant shall be deemed to have been in default on the date the Petition was filed for all purposes under the Bankruptcy Code.
- (5) For purposes of Section 365(b)(1) of the Bankruptcy Code, prompt cure of defaults shall mean cure within thirty (30) days after assumption and shall include cure of any defaults under any other agreements between Landlord and Tenant.
- (6) If Tenant or Trustee intends to assume and/or assign the Lease, Tenant or Trustee shall provide Landlord with thirty (30) days written notice of the proposed action, separate from and in addition to any notice provided to all creditors. Notice of a proposed

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assignment and assumption shall state the assurance of prompt cure, compensation for loss and assurance of future performance to be provided to Landlord. Notice of a proposed sale shall state: (i) the name, address, and federal tax ID numbers of the proposed assignee; (ii) the terms and conditions of the proposed assignment; and (iii) the proposed assurance of future performance.

**13.9 Default by Landlord.** Landlord shall not be in default under this Lease unless Landlord (or a mortgagee or beneficiary on behalf of Landlord) fails to cure such nonperformance within thirty (30) days after receipt of Tenant's notice (except that when the nature of Landlord's obligation is such that more than thirty (30) days are reasonably required for its performance, then Landlord shall not be deemed in default if Landlord commences performance within such 30-day period and thereafter diligently pursues the cure to completion). A copy of any notice of default shall be delivered to all parties entitled thereto under Section 14.3. If Landlord fails to cure the default within the time set forth herein, Tenant shall have all rights and remedies available at law and in equity.

**13.10 Holding Over.** If Tenant fails to surrender possession of the Premises upon termination or expiration of this Lease, and Landlord consent in writing to Tenant's continued occupancy, then Tenant's occupancy shall be deemed to be a month to month tenancy, with Base Rent at the rate of one hundred twenty-five percent (125%) of the Base Rent payable during the calendar month immediately preceding such termination or expiration, together with all Additional Rent due for such period (the "Latest Rate") and Landlord may terminate such month to month tenancy upon thirty (30) day's notice to Tenant. If Tenant fails to surrender possession of the Premises upon termination or expiration of this Lease and if Tenant does not obtain Landlord's written consent to Tenant's continued occupancy, then Tenant shall be deemed a trespasser and shall be liable to Landlord for all damages sustained by Landlord as a result thereof.

#### **14. PROTECTION OF LENDERS; ESTOPPEL**

**14.1 Subordination.** This Lease shall be subordinate to any financing now existing or hereafter placed upon the Building, or any portion thereof, by Landlord, and to any and all advances to be made thereunder and to interest thereon and all modifications thereof (each, a "Mortgage"). This provision shall be self-operative. Tenant shall, within fifteen (15) days of written notice by Landlord, execute and deliver a subordination and non disturbance agreement required by the holder of a Mortgage, but only if any such subordination agreement provides that so long as Tenant is not in default under this Lease beyond any applicable cure period, Tenant shall have the continued enjoyment of the Premises free from any disturbance or interruption by any holder of a Mortgage or any purchaser at a foreclosure or private sale of the Building.

**14.2 Attornment.** If Landlord's interest in the Premises is acquired by any holder of a Mortgage, or purchaser at a foreclosure sale, or transferee thereof, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Premises and recognize such transferee or successor as Landlord under this Lease; provided that new landlord has assumed in writing all of Landlord's obligations under this lease from and after the date of such transfer. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of Landlord's interest. Landlord agrees to obtain from any future lender such lender's standard form of Non-Disturbance and Attornment Agreement ("NDA") within thirty (30) days after Landlord obtains financing from such lender.

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**14.3 Notice.** Tenant shall give written notice of any failure of Landlord to perform any of its obligations under this Lease to Landlord and to any mortgagee or beneficiary under any Mortgage whose name and address has been furnished to Tenant in accordance with the Notice provisions of Section 16.1. Tenant shall have the right, but no obligation, to cure the default on Landlord's behalf.

**14.4 Estoppel Certificates.** Tenant shall, within fifteen (15) days of prior written request by Landlord, execute and deliver to Landlord a written statement certifying to Landlord, and any prospective buyer or lender: (i) the date the Term commences and expires, and the number of remaining Renewal Terms; (ii) the amount of Rent and the date to which it has been paid; (iii) that this Lease is in full force and effect and has not been assigned or amended in any way (or specifying the date and terms of each agreement so affecting this Lease) and that no part of the Premises has been sublet (or to the extent such is not the case, a copy of any sublease); (iv) that Landlord is not in default under this Lease (or if such is not the case, the extent and specific nature of such default); (v) on the date of such certification, there are no existing defenses or claims which Tenant has against Landlord (or if such is not the case, the extent and specific nature of such defenses or claims); (vi) the amount of the Security Deposit, if any, held by Landlord; and (vii) any other information that Landlord or a mortgagee or purchaser may reasonably request. It is intended that any such statement shall be binding upon Tenant and may be relied upon by and run to the benefit of Landlord and any prospective purchaser or mortgagee.

## **15. MISCELLANEOUS PROVISIONS**

**15.1 Notices.** All notices required or permitted under this Lease shall be in writing and shall be (a) provided by personal delivery; (b) sent by United States certified mail or registered, return receipt requested, postage prepaid; or (c) sent by overnight delivery using a nationally recognized overnight courier which shall provide evidence of delivery upon request. Such notice shall be deemed delivered upon the earlier of (i) actual receipt; (ii) the date of refusal by the intended recipient to accept delivery; (iii) if sent by United States mail, three (3) days after deposit in the mail; and (iv) if sent by overnight courier, one (1) business day after deposit with such carrier. The notice address for each party is set forth in the General Terms and may be changed by written notice to the other party.

**15.2 Non-Waiver/Accord.** Failure of Landlord or Tenant to insist, in any one or more instances, upon strict performance of any term of this Lease, or to exercise any election herein contained, shall not be construed as a waiver or a relinquishment, but the same shall continue and remain in full force and effect. No party shall be deemed to have waived any provision of this Lease unless expressed in writing and signed. Tenant specifically acknowledges that, where Tenant has received a notice of default (whether monetary or non-monetary), no acceptance by Landlord of Rent shall be deemed a waiver of such default, and no acceptance by Landlord of partial Rent shall be deemed to waive or cure any Rent default. Landlord may, in its sole discretion, after receipt of partial payment of Rent, continue any pending action to collect the full amount of Rent due. The default shall not be cured until Tenant pays the full amount due (in good funds). Payment by Tenant or receipt by Landlord of a lesser amount than the Rent and other charges stipulated herein shall be deemed to be on account of the earliest stipulated Rent or other charges. No endorsement or statement on any check or any letter accompanying any payment shall be deemed an accord and satisfaction, and Landlord's acceptance of such check or payment

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shall be without prejudice to Landlord's right to recover the balance of the amount due or pursue any other remedy to which it is entitled.

**15.3 Brokers.** Landlord and Tenant represent that neither has worked with or consulted any broker, agent or finder to act in its behalf in connection with this Lease ("**Broker**"). Each party agrees to indemnify, defend and hold harmless the other from and against any and all liability, claims, costs, damages, judgments, and proceedings of any kind arising from any claim for brokerage commissions, finder's commissions or other such compensation by any broker or other person (other than Broker) based upon a claimed obligation or liability (whether valid or not) of the indemnifying party.

**15.4 Entire Agreement; Amendment; Severability.** This Lease supersedes all prior and contemporaneous understandings and agreements; the provisions of this Lease are intended as the final expression of the parties' agreement; this Lease constitutes the complete and exclusive statement of its terms; and no representations, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. No provisions of this Lease may be changed, waived, discharged or terminated orally, but only by instrument in writing executed by Landlord and Tenant, or their respective successors in interest, concurrently with or subsequent to the date of this Lease. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

**15.5 Force Majeure.** Except as specifically provided otherwise herein, time periods for Landlord's or Tenant's performance under any provisions of this Lease (except for the payment of money) shall be extended for periods of time during which the non-performing party's performance is prevented due to circumstances beyond the party's control, including strikes, embargoes, governmental regulations, inclement weather and other acts of God, war or other strife and no such delay in performance shall constitute an actual or constructive eviction or entitle Tenant to any abatement of Rent.

**15.6 Successors and Assigns.** This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord or Tenant. However, Landlord shall have no obligations to Tenant's successor unless such successor acquired its rights in accordance with the terms of this Lease, including obtaining Landlord's prior written consent to any restriction on assignment and subletting.

**15.7 No Reservation/Counterparts.** The submission of this Lease for examination, or for execution by Tenant, does not constitute a reservation or option to lease the Premises and this Lease becomes effective as a lease only upon execution and delivery thereof by Landlord and Tenant. This Lease may be executed in counterparts and when all counterparts are executed, the counterparts shall constitute a single binding instrument.

**15.8 Authority.** If Tenant is an entity rather than a person, each individual executing this Lease on behalf of such entity or its constituents represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of such entity.

**15.9 Arbitration; Choice of Law and Venue.** This Lease shall be governed by the laws of the State of California. Further, the parties agree that because the Premises and the subject of this Lease relate to real property located in Stanislaus County, California, venue shall be proper

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in Stanislaus County, California. Landlord and Tenant each unconditionally waive any right to a jury trial and agree that any dispute shall be resolved through arbitration as set forth on the attached Exhibit B.

**15.10 Landlord's Access.** Subject to Tenant's obligations pursuant to applicable law in connection with the Agreed Use, Landlord or its agents may enter the Premises to show the Premises to potential purchasers, lenders, tenants, insurers, or other parties; to make repairs, alterations or improvements, to inspect and conduct tests in order to monitor Tenant's compliance with this Lease and applicable law; or for any other purpose Landlord reasonably deems necessary. Landlord shall give Tenant at least 24 hours prior notice of such entry, except in the case of emergency, and shall take all reasonable efforts to minimize any disruptions to Tenant's business. Landlord may place customary "For Sale" or "For Lease" signs in and about the Premises and Building.

**15.11 Mitigation.** Landlord shall make reasonable efforts to mitigate the loss or damage occasioned by a default of the Tenant, provided that said obligation to mitigate shall not relieve the Tenant of the burden of proof as required in this Article or otherwise affect the rights and remedies available to Landlord in the event of a default by the Tenant as provided in this Article or otherwise allowed by law or equity.

**15.12 Quiet Enjoyment.** So long as Tenant is not in default hereunder then, subject to the other terms and conditions of this Lease, Tenant shall not incur any manner of unreasonable interference with its quiet enjoyment, possession and use of the Premises from Landlord.

**15.13 Costs and Attorneys' Fees.** In the event of litigation between the parties hereto, declaratory or otherwise to enforce, interpret or seek redress of a breach of this Lease, the non-prevailing party shall pay the costs thereof and attorneys' fees actually incurred by the prevailing party, in such suit, at trial and on appeal. The prevailing party shall be the party who is determined by the presiding authority to have substantially prevailed as to its central claim.

**15.14 Interpretation.** The captions of sections or subsections of this Lease are to assist the parties in reading this Lease and are not a part of the terms and provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Premises with Tenant's expressed or implied permission.

**15.15 Survival.** The obligations of each party applicable to time periods prior to the termination or expiration of this Lease shall survive termination or expiration of this Lease, including Landlord's right to indemnification and defense from claims arising from matters occurring prior to termination even though the claim is asserted against Landlord after termination, and payment of amounts not finally calculated by the expiration/termination date.

**15.16 Electronic Signatures.** Landlord and Tenant agree that this Lease may be conducted by electronic means pursuant to the provisions of the Uniform Electronic Transaction Act.

**16. CONFIDENTIALITY AND NON-DISCLOSURE.**

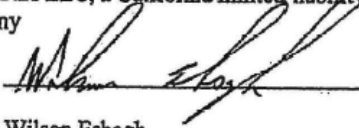
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The parties hereto acknowledge and agree that the terms and provisions of this Agreement are, by their nature, confidential and each such party shall retain in confidence and not disclose, except as required by law, and require their respective professional representatives and agents to retain in confidence and not disclose, except as required by law, any of the terms and provisions of this Agreement.

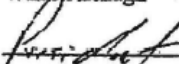
Dated as of the Effective Date

**LANDLORD:**

5 Star Cars LLC, a California limited liability company

By: 


Name: Wilson Eshagh

Title: 

**TENANT:**

~~Evergreen Market Turlock Inc.~~  
~~Evergreen Market Property Holdings LLC, a~~  
~~Washington limited liability company~~

*WEC*  
  
Wilson Eshagh  
5 Star Cars LLC, 2021 12 20 2021

By: 

Name: Eric Gaston

Title: Owner

## Exhibit D

### Notice of Non-Performance Penalty

DATE: \_\_\_\_\_, 20\_\_

PARTIES: CITY OF TURLOCK  
156 S Broadway  
Turlock, CA 95380  
Attention: City Manager

DEVELOPER  
Evergreen Market (Turlock), Inc.  
4242 East Valley Road  
Renton, WA 98057  
Attention: ~~Arne Nelsen~~ Jose Rodrigues

**THIS NOTICE OF NON-PERFORMANCE PENALTY** ("Penalty Notice") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

- A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 20\_\_, City recorded a development agreement between City and Evergreen Market (Turlock), Inc., a California corporation ("Developer"), dated \_\_\_\_\_, 20\_\_ (the "Development Agreement"), relating to the development and operation of a cannabis business.
- B. Pursuant to Section 4.2 of the Development Agreement, Developer agrees to pay to City a Public Benefit on the first business day of each month during the Term of the Development Agreement.
- C. On \_\_\_\_\_, 20\_\_, the Public Benefit was due to City by Developer. City did not receive payment.
- D. Pursuant to Section 4.5 of the Development Agreement, if Developer fails to make payment when it is due, City may impose a penalty of ten percent (10%) of the total of the past due amounts ("Penalty"). As of \_\_\_\_\_, 20\_\_, the past due amount equals \$ \_\_\_\_\_. The Penalty owed by Developer equals \$ \_\_\_\_\_ ("Penalty Amount").
- E. Pursuant to Section 4.5 of the Development Agreement, Developer shall make payment of the Penalty Amount in a single installment due within fifteen (15) days of delivery of this Penalty Notice ("Penalty Due Date").

NOTICE OF NON-PERFORMANCE PENALTY  
CITY OF TURLOCK AND THE EVERGREEN MARKET (TURLOCK), INC.  
Exhibit D

- F. Pursuant to Section 4.6 of the Development Agreement, if Developer fails to pay the Penalty Amount before the Penalty Due Date, then, in addition to the Penalty Amount specified in subdivision (D), Developer shall pay City interest on the Penalty Amount, at the rate of eighteen percent (18%) per annum ("Penalty Interest Payment"), computed from the Penalty Due Date specified in subdivision (E). The Penalty Interest Payment is due fifteen (15) days following delivery of the Penalty Due Date. As of \_\_\_\_\_, 20\_\_, the Penalty Interest Payment amount equals \$\_\_\_\_\_.
- G. Nothing contained herein shall constitute a waiver of City's future claims for the Public Benefit, Penalty, or interest on the Penalty.

**NOW, THEREFORE,** City hereby provides Developer the Penalty Notice required by Section 4.5 of the Development Agreement. This Penalty Notice shall be effective upon notice pursuant to Section 10.3 of the Development Agreement.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

**Exhibit E****INDEMNITY AGREEMENT FOR  
LAND USE ENTITLEMENT PROCESSING**

**THIS INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING** (“Agreement”) is made and entered into on this \_\_\_ day of \_\_\_, 20\_\_\_, (“Effective Date”) by and between the City of Turlock, a California municipal corporation (“City”) and Evergreen Market (Turlock), Inc., a California corporation (“Applicant”). City and Applicant may be referred to herein individually as a “Party” or collectively as the “Parties”. There are no other parties to this Agreement.

**RECITALS**

A. In 1996, the people of the state of California approved Proposition 215, the Compassionate Use Act of 1996 (“CUA”). The CUA enables seriously ill Californians to legally possess, use, and cultivate marijuana for medical use under state law. In 2003, the California Legislature adopted Senate Bill 420, entitled the Medical Marijuana Program (“MMP”), which authorizes qualified patients and their primary caregivers to cultivate marijuana for medical purposes without being subject to criminal prosecution under the California Penal Code.

B. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act (“MCRSA”). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing, and distribution of medical marijuana to qualified patients and their primary caregivers.

C. On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (“AUMA”). AUMA legalizes the cultivation, commercial sale, and possession of recreational cannabis for adults age 21 and older.

D. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”), which created a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in the MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in a particular jurisdiction.

E. On December 7, 2017, California state cannabis licensing authorities issued emergency regulations that apply to AUMA and MAUCRA and further regulate businesses engaged in commercial cannabis activity.

F. Turlock Municipal Code (“T.M.C.”) Chapter 5.21 authorizes cannabis businesses to operate within the City under specified restrictions pursuant to a Cannabis Pilot Program.

G. Applicant intends to improve, develop, and use real property to operate a cannabis business (the “Project”) within the City in strict compliance with MAUCRSA and T.M.C. chapter 5.60.

H. Applicant has an agreement to lease that certain real property located at 101 East Glenwood Avenue in the City of Turlock, identified as Stanislaus County Assessor’s Parcel Number 044-022-013 (the “Project”) Applicant intends to improve approximately 2,677 (two thousand six hundred and seventy-seven) square feet of space and operate the Project on the Property.

I. As a condition of approval of the Land Use Entitlements, City has required Applicant to enter into this Agreement.

J. It is in the public interest for City and Applicant to enter into this Agreement, as Applicant will benefit from City’s processing of the Project.

K. Applicant desires to enter into this Agreement to fulfill a condition of approval of the Project, which is a prerequisite for construction of the Project.

## **AGREEMENT**

**NOW, THEREFORE**, in consideration of the promises, covenants and agreements set forth below, the Parties agree as follows:

**Section 1. Recitals.** The recitals set forth above (“Recitals”) are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 19 of this Agreement, Sections 1 through 19 shall prevail.

**Section 2. Applicant’s Indemnification Obligations.**

**2.1. Indemnification for Land Use Entitlements.** To the fullest extent permitted by law, Applicant shall indemnify, and hold harmless City and its agents, elected and appointed officials, officers, employees, and volunteers (collectively, “City’s Agents”) from any and all liability arising out of a claim, action, or proceeding against City, or City’s

Agents, to attack, set aside, void, or annul, an approval concerning the Land Use Entitlements by reason of the action or inaction of City, or City's Agents. Applicant's duty to indemnify and hold harmless shall not extend to any claim, action or proceeding arising from the gross negligence or willful misconduct of City, or City's Agents.

Applicant's obligations under this Agreement to indemnify City shall apply to any claim, lawsuit or challenge against City brought against the Project, specifically including, but not limited to, any legal challenge based on the California Environmental Quality Act, codified in California Public Resources Code section 21000 et seq.; actions or proceedings brought to challenge the validity of environmental documents prepared in conjunction with the approval of the Project or Land Use Entitlements, or the requirements of any other federal, state, or local laws, including, but not limited to, general plan, specific plan, and zoning requirements.

**2.2. Tender of Defense.** Upon receiving notice of a claim and pursuant to Article 6 of the Land Use Entitlements, Applicant shall assume the defense of the claim, action, or proceeding through the prompt payment of all attorneys' fees and costs, incurred in good faith and in the exercise of reasonable discretion, of City's counsel in defending such an action. Regardless of whether Applicant chooses to defend City pursuant to Section 6.4 of the Land Use Entitlements, City shall have the absolute and sole authority to control the litigation and make litigation decisions, including, but not limited to, selecting counsel to defend City and settlement or other disposition of the matter.

**2.3. Deposit for Costs.** Applicant shall make a refundable deposit to City within thirty (30) days of written notification from City ("Cost Deposit"), to cover the estimated fees and costs associated with City's defense of any claim, action or proceeding. Applicant shall make any and all additional payments to City to replenish the Cost Deposit within thirty (30) days of written notice from City.

**2.4. Failure to Indemnify; Waiver.** Failure to indemnify City, when required by this Agreement, shall constitute a material breach of this Agreement and of the Land Use Entitlements, which shall entitle City to all remedies available under law including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of the Land Use Entitlements. Applicant's failure to indemnify City shall be a waiver by Applicant of any right to proceed with the Project, or any portion thereof, and a waiver of Applicant's right to file a claim, action or proceeding against City or City's Agents based on City's rescission or revocation of the Land Use Entitlements, or City's failure to defend any claim, action or proceeding based on Applicant's failure to indemnify City.

**2.5. Satisfaction of Judgment.** With respect to any claims, demands, acts, causes of action, damages, costs, expenses, settlements, losses or liabilities which Applicant has indemnified City against, Applicant shall pay and satisfy any judgment, award, settlement or decree that may be rendered or agreed against City and City's Agents arising out of any final, non-appealable judicial or administrative action.

**2.6. Payment of Costs and Fees.** Applicant's obligations under this Agreement to defend and indemnify City shall include, but not be limited to, payment of all court costs and attorneys' fees, all litigation-related costs, all costs of any judgments or awards against City, or all settlement costs which arise out of City's processing or approval of the Project.

**2.7. Continuing Obligation.** Applicant shall be and remain personally obligated to all of the terms of this Agreement, notwithstanding any attempt to assign, delegate or otherwise transfer all or any of the rights or obligations of this Agreement, and notwithstanding a change in or transfer of ownership of the real property upon which the Project is located (or any interest therein). However, Applicant may be released from such obligations if Applicant obtains City's prior written consent to such transfer, which consent shall not be unreasonably withheld.

**Section 3. City's Obligations.** City shall notify Applicant of any claim, action or proceeding within ten (10) business days of receiving service of any claim, action or proceeding. If City fails to notify Applicant of any claim, action, or proceeding, Applicant shall not, thereafter, be responsible to defend, indemnify, or hold City harmless. City shall have and retain, in its sole discretion, the right to not participate in the defense of any claim, action, or proceeding. At its sole discretion, City may participate at its own expense in the defense, but such participation shall not relieve Applicant of any obligation imposed by this Agreement.

**Section 4. Notice.** Any notice or communication required hereunder between City and Applicant must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which

such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City: City of Turlock  
156 S. Broadway  
Turlock, CA 95380  
Attention: City Manager

and Katie O. Lucchesi, City Attorney  
156 S. Broadway  
Turlock, CA 95380 George A Petrulakis  
P.O. Box 92  
Modesto, California 95353  
Attention: City Attorney

If to Developer: Arne Nelson Jose Rodrigues  
arne@theevergreenmarket.com  
4242 East Valley Road  
Renton WA 98057

**Section 5. Modification of Agreement.** This Agreement may be supplemented, amended, or modified only by a writing signed by City and Applicant.

**Section 6. Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the action and supersedes all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement.

**Section 7. Agreement is Voluntary.** The Parties acknowledge that they have entered into this Agreement voluntarily, on the basis of their own judgment and without coercion, and not in reliance on any promises, representations, or statements made by the other Party other than those contained in this Agreement. This Agreement incorporates the entire understanding of the Parties and recites the sole consideration of the promises and agreements contained within it. The Parties have read this Agreement and are fully aware of its contents and legal effect.

**Section 8. Time of Essence.** Time is of the essence for this Agreement, and each section contained within this Agreement is made and declared to be a material, necessary, and essential part of this Agreement.

**Section 9. Severability of Agreement.** If a court or an arbitrator of competent jurisdiction holds any section of this Agreement to be illegal, unenforceable, or invalid for any reason, the validity and enforceability of the remaining sections of this Agreement shall not be affected.

**Section 10. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement, and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 11. Noninterference.** No Party will do anything to interfere with or inhibit the ability of the other to comply with their respective obligations under the terms of this Agreement.

**Section 12. Ambiguities.** Each Party has participated fully in the review and revision of this Agreement. Any rule of construction that ambiguities are to be resolved against the drafting Party does not apply in interpreting this Agreement.

**Section 13. Headings.** The headings in this Agreement are included for convenience only, and neither affect the construction or interpretation of any section in this Agreement nor affect any of the rights or obligations of the Parties to this Agreement.

**Section 14. Necessary Acts and Further Assurances.** The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement. The Parties will act in good faith to carry out the intent of this Agreement.

**Section 15. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.

**Section 16. Venue.** Venue for all legal proceedings shall be in the Superior Court of the State of California in and for the County of Stanislaus.

**Section 17. Attorney's Fees and Costs.** If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret sections of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may

be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 18. Waiver.** No covenant, term, or condition, or the breach thereof, shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

**Section 19. Counterparts.** This Agreement may be executed in counterparts and all so executed shall constitute an agreement which shall be binding upon the Parties hereto, notwithstanding that the signatures of all Parties and Parties' designated representatives do not appear on the same page.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS THEREOF, the Parties have executed this Agreement on the day, month and year first above written.

**APPLICANT**

**CITY**

The Evergreen Market (Turlock), Inc., a California corporation

City of Turlock, a California municipal corporation

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

~~Arne Nelson~~ Jose Rodrigues

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

Gary Hampton Reagan M. Wilson, City

Its: \_\_\_\_\_

Owner

Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

The Evergreen Market (Turlock), Inc., a California corporation

APPROVED AS TO FORM:

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

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

Katie Lucchesi George A. Petruklakis, City Attorney

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit F**

**Notice of Termination**

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT**

DATE: \_\_\_\_\_, 20\_\_

PARTIES: CITY OF TURLOCK  
156 S Broadway  
Turlock, CA 95380

THE EVERGREEN MARKET (TURLOCK), INC.  
4242 East Valley Road  
Renton, WA 98057  
Attn: ~~Arne Nelson~~ Jose Rodrigues

**THIS NOTICE OF TERMINATION AND RELEASE** (the "Release") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

- A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 20\_\_, City recorded a development agreement between City and \_\_\_\_\_, dated \_\_\_\_\_, 20\_\_ (the "Development Agreement"), relating to the development and operation of a cannabis business.
- B. Pursuant to Sections 1.7 and 9.1 of the Development Agreement, the term of the Development Agreement expires five (5) years from \_\_\_\_\_, 20\_\_, on \_\_\_\_\_, 20\_\_.

NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND THE EVERGREEN MARKET (TURLOCK), INC.  
Exhibit F

- C. Pursuant to Section 9.1 of the Development Agreement, once terminated, the Development Agreement has no further force or effect, unless otherwise set forth in the Development Agreement.

**NOW, THEREFORE,** City hereby terminates, cancels, and otherwise releases Developer and Developer’s heirs, executives, administrators, successors, and assigns from their obligations in the Development Agreement on this \_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_, and relinquishes any right it may hereafter have to enforce any of the terms and provisions set forth in the Development Agreement, unless otherwise set forth in the Development Agreement. This termination, cancellation, and release shall be effective upon the recordation of this Release in the office of the County Recorder for the County of Stanislaus, State of California.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

**Exhibit G**

**Assignment and Assumption Agreement**

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (the "Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ The Evergreen Market (Turlock), Inc. ("Assignors"), and \_\_\_\_\_ ("Assignee").

**RECITALS**

A. On \_\_\_\_\_, 20\_\_, Assignor and the City of Turlock (the "City") entered into that certain agreement entitled "Development Agreement by and between the City of Turlock, a California municipal corporation and The Evergreen Market (Turlock), Inc. relating to the improvement, development, and use of real property to operate a cannabis business (the "Development Agreement"), originally recorded upon Stanislaus County Assessor's Parcel Number 061-041-006 (the "Property").

B. Section 10.1 of the Development Agreement prohibits the sale, assignment, or transfer by Assignor of any portion of Assignor's interests, rights, or titles described in that section of the Development Agreement ("Assignable Rights") to a third party without prior written approval by the City Manager of the City of Turlock (the "City Manager").

C. Assignor intends to assign, and Assignee intends to assume, the Assignable Rights under the Development Agreement.

D. In accordance with the terms of the Development Agreement, Assignor has provided to the City Manager a written request for consent to assignment. The City Manager has received the information he or she deems appropriate and consulted with the City Attorney for the purpose of determining that Assignee is a qualified applicant for purposes of the foregoing terms of the Development Agreement. This Agreement is intended to meet the requirements of Section 10.1 of the Development Agreement for an Assignment and Assumption Agreement and is executed with the consent of the City Manager as contemplated in the Development Agreement.

**NOW, THEREFORE**, Assignor and Assignee hereby agree as follows:

1. The foregoing Recitals are true and incorporated herein by this reference as though set forth in full.
2. Assignor hereby assigns to Assignee all of the Assignable Rights of Assignor under the Development Agreement.
3. Assignee hereby assumes all of the burdens and obligations of Assignor under the Development Agreement and agrees to observe and fully perform all of the duties and obligations of Assignor under the Development Agreement, and to be subject to all the terms and conditions thereof, with respect to the Property and Assignable Rights. It is the express intention of Assignor and Assignee that, upon the execution of this Agreement, Assignee shall become substituted for Assignor as the “Developer” under the Development Agreement.
4. This Agreement shall take effect and be binding only upon the City Manager’s consent to and approval of the Agreement.
5. Assignee represents and warrants that it has reviewed and is familiar with the terms and conditions of the Development Agreement. Assignee acknowledges that the Assignable Rights are as set forth in Section 10.1 of the Development Agreement, and the duties of Assignor thereunder and the duties of Assignee hereunder, as between Assignee and City, shall be without reference to any underlying agreements or understandings that may exist between Assignee, Assignor, or any other party with respect to the subject matter hereof, and that City is not party to such other agreements.
6. All of the covenants, terms, and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

**IN WITNESS HEREOF**, the parties hereto have executed this Agreement as of the day and year first above written.

**[Signatures on the Following Page]**

**ASSIGNOR**

The Evergreen Market (Turlock), Inc., a California corporation

City of Turlock, a California municipal corporation

By: \_\_\_\_\_  
~~Arne Nelson~~ Jose Rodrigues  
Its: Owner

By: \_\_\_\_\_  
Gary Hampton ~~Reagan M. Wilson~~  
City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ASSIGNEE**

\_\_\_\_\_  
\_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Katie Lucchesi ~~George A. Petrulakis~~,  
City Attorney  
Date: \_\_\_\_\_

# Planning Commission Staff Report

May 7, 2026



---

From: Katie Quintero, Planning Manager  
Prepared by: Katie Quintero, Planning Manager  
Agendized by: Adrienne Werner, Development Services Director

**1. ACTION RECOMMENDED:**

I move that the Planning Commission find that NHC is in compliance with the conditions of approval contained in City Council Resolution 2020-045 and Conditional Use Permit No. 2020-01 and that all the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-16

I move that the Planning Commission recommend the City Council find that NHC has complied in good faith with the terms and conditions of the development agreement and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-17.

I move the Planning Commission recommend the City Council approve the First Amended and Restated Development Agreement between the City of Turlock and NHC having determined the action is not subject to the provisions of CEQA and that all the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-18.

**2. NARRATIVE:**

**APPLICATION SUMMARY DATE FILED: April 13, 2026**

APPLICANT: Kyle Kazan  
NHC Turlock LLC  
3645 Long Beach Blvd  
Long Beach, CA 90807

PROPERTY OWNER: 3401 W. Monte Vista LLC  
7510 Los Osos Valley Road  
San Luis Obispo, CA 93405

PROJECT ADDRESS: 3401 W. Monte Vista Avenue

APN: 087-003-039

AREA OF PROPERTY: 1.3 acres (approximately)

EXISTING ZONING: Planned Development 233 (PD 233)

GENERAL PLAN: Highway Commercial (HWC)

PREVIOUS ACTIONS: Rezones 96-05, 96-05, 03-11 MDP 05-11, 05-21, CUP 2020-01

REQUEST: Annual review of the Conditional Use Permit and Development Agreement for NHC and Amendments to and extension of Development Agreement.

CEQA RECOMMENDATION: Exempt CEQA §15378(b)(5) [Project]

STAFF RECOMMENDATION: Approve

**BACKGROUND**



NHC is located at 3401 W. Monte Vista Avenue. The property is zoned PD 233 with an underlying General Plan Designation of Highway Commercial (HWC). The commercial zoning and general plan designations allow cannabis dispensaries with a Conditional Use Permit and Development Agreement.

On September 22, 2020, the City Council granted Conditional Use Permit 2020-01 and approved the Development Agreement to allow NHC to operate a cannabis dispensary.

NHC opened for business on May 19, 2023.

On September 11, 2025, the City of Turlock and NHC entered into a second amendment to the Development Agreement to extend the term of the Development Agreement through June 30, 2026.

**Annual Review**

The Turlock Municipal Code §9-5-912 requires the Planning Commission review the development agreement annually and make a recommendation to the City Council as to whether or not the property owner has complied in good faith with the terms and conditions of the agreement. Likewise, City Council Resolution 2020-145 requires annual review of the

Conditional Use Permit, by the Planning Commission, for compliance with the conditions of approval.

**Planning Department**

*Signage*

NHC was issued a sign permit for the signs on the building and is in compliance with all sign requirements.

NHC is in compliance with all other Planning conditions established in City Council Resolution 2020-145.

**Building Department**

There are no active building code violations and NHC is in compliance with the requirements of the Building and Safety Division.

**Finance Department**

*Business License*

NHC was issued a business license on January 27, 2023. Their business license is current and active. There are no outstanding issues.

*Public Benefit Amount*

The Development Agreement requires monthly payment of a public benefit amount. Section 4.2 of the Development Agreement details the public benefit amount that NHC must submit to the City on a monthly basis.

Effective Date	Public Benefit Amount Due
1 <sup>st</sup> Business Day following the (1 <sup>st</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 1 Amount</u> ").
1 <sup>st</sup> Business Day of the Thirteenth (13 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$30,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 2 Amount</u> ").
1 <sup>st</sup> Business Day of the Twenty-fifth (25 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 3 Amount</u> ").
1 <sup>st</sup> Business Day of the Thirty-seventh (37 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 4 Amount</u> ").

1 <sup>st</sup> Business Day of the Forty-ninth (49 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 5 Amount</u> ").

The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.

The audits and compliance checks have been completed. NHC is in compliance with the Finance Department requirements. The public benefit amount that NHC has paid is detailed in the table below:

Fiscal Year	Public Benefit Payment
2020-21	N/A
2021-22	N/A
2022-23	\$50,000.00
2023-24	\$310,000.00
2024-25	\$375,000.00
2025-26*	\$280,000.00
<b>Total through 4/29/26</b>	<b>\$1,015,000.00</b>
*Payment made through March 2026	

**Police Department**

*Calls for Service*

There were 13 calls for service (CFS) in 2023, including four extra patrols and three trespassing calls prior to NHC opening for business. Two panic alarms were accidental. The responding officer found the building secure. The alarm company called back and canceled the 2 commercial alarms. A suspicious vehicle call found an unoccupied car with no one in the vicinity. A self-initiated trespass call was placed by the security guard when two males in an RV refused to leave the property. The officer responded and advised the subjects to leave the area. The subjects stated they were waiting for a friend to drive them to Modesto. The Fire Department responded to a fire in the microwave in the employee break room. One fraudulent phone call made to the business was closed by the responding officer.

There were a total of 9 CFS in 2024, including one commercial fire alarm and a medical emergency call, both cleared by the Fire Department. A suspicious vehicle call found a boat and trailer parked on the property with no one in the surrounding area. Three panic alarm calls were attributed to employees accidentally pressing the panic button, two commercial alarms found a roof hatch unsecured, and a main entry unsecured. Employees were educated on securing the respective entries. One CFS was for larceny with two suspects

concealing a product and leaving the business without paying for the product. This call for service resulted in an arrest. All other calls did not result in a report filed by the responding officer or arrests.

Calls for Service from January 1, 2025, through October 22, 2025, totaled five. All five calls for service were false alarm calls closed by dispatch and the alarm company and/or the responding officer.

There were eight calls for service from October 2025 through April 2026. Five false alarm or accidental alarm calls included three closed by the responding officer, one closed by dispatch and one closed by the alarm company. One emergency medical call was closed by AMR. Two ordinance checks were closed by dispatch and the responding officer. The ordinance checks were suspicious objects left in the bushes.

It is important to remember, when responding to calls, the location is indexed by where the incident occurred or where the officer should respond to, to contact the victim. If the officer responds to the parking lot for NHC, the address and business name will be indexed in the report. If no report was made, the officer did not find probable cause to show a crime occurred.

### *Annual Inspection*

On April 23, 2026, the Police Department conducted their annual inspection. The following items were found at the inspection:

- The public lobby of the business did not have a monitor viewable to the public to show customers they were being recorded.

The business has been mailed a letter noting these deficiencies and a second inspection will be conducted to ensure these items have been corrected. These items are minor in nature and can be corrected easily and, therefore, NHC is in substantial compliance with the Police Department's conditions.

### **PROPOSED AMENDMENTS**

Various amendments are proposed to the Development Agreement. The changes to the Agreement are provided in a track changes as Attachment A to the draft resolution. To capture all previous amendments to the Development Agreement into one document, the City has prepared a First Amended and Restated Development Agreement. This captures the two previous amendments and newly proposed into this one complete Agreement.

In response to concerns from many of the dispensary operators, the City is proposing to amend the language for the public benefit amount to remove the monthly minimum payment and move to a percentage only. The percentage is set as a range up to 9% of gross receipts but proposes to set the amount required to be paid at 5.25% through May 31, 2027, at which time Council may set a new Public Benefit amount within the range. This change will cause a reduction in the overall amount the City will receive in the public benefit amount, but it will provide more stability and will reduce the financial strain on the cannabis operators.

The term of the agreement is proposed to be extended for three years through June 30, 2029.

Other regulations proposed to be added to the agreement include requiring remote real-time live access to the video footage of cameras installed at the businesses and requiring background checks prior to any changes in ownership or on any individual or entity every two years or at any other time upon reasonable cause. A section has been added detailing if anyone with direct or indirect ownership or controlling interest in the project is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may terminate the Development Agreement. If given such notice, the Developer would have 180 days to complete a transfer of their interest to a transferee approved by the City.

Other proposed changes include various language cleanups and updates to current laws and regulations.

### **Public Comment**

A public notice was sent out to all property owners within 500 feet of the project. Staff did not receive any phone calls or correspondence regarding this item.

### **CONCLUSION**

After reviewing the information, NHC has complied with the conditions in their Conditional Use Permit and has complied in good faith with their Development Agreement. Staff recommends approval of the proposed amendments to the Development Agreement.

### **3. FISCAL IMPACT / BUDGET AMENDMENT:**

### **4. ENVIRONMENTAL DETERMINATION:**

The project consists of the annual review to determine if NHC has complied in good faith with the terms and conditions of the Conditional Use Permit and Development Agreement as well as a three-year time extension and miscellaneous amendments to the Development Agreement.

No changes or modifications in the site are anticipated as a result of this review; therefore, this action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review, request for a time extension and various miscellaneous changes to the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

### **5. ATTACHMENTS:**

1. NHC CUP 2020-01 Annual Review Resolution 2026-16
2. NHC DA Annual Review Resolution 2026-17
3. NHC Time Extension and DA Amendment Resolution 2026-18
4. Exhibit A 1st amended and restated Natural Healing Center DA

**Filing Requested By:**

City of Turlock  
Development Services Department  
Planning Division  
156 S. Broadway, Suite 120  
Turlock, CA 95380-5456

**When Filed Mail To:**

*Same as above*

SPACE ABOVE THIS LINE FOR CLERK'S USE ONLY

**RESOLUTION NO. 2026-16**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF TURLOCK  
APPROVING THE ANNUAL REVIEW OF  
CONDITIONAL USE PERMIT 2020-01 (NHC)**

APPLICANT: Kyle Kazan  
NHC Turlock LLC  
3645 Long Beach Boulevard  
Long Beach, CA 90807

OWNER: 3401 W. Monte Vista LLC  
7510 Los Osos Valley Road  
San Luis Obispo, CA 93405

SITE ADDRESS: 3401 W. Monte Vista Avenue

APN: 087-003-039

**WHEREAS**, Conditional Use Permit No. 2020-01 for the operation of a retail cannabis dispensary for Natural Healing Center (NHC), was granted by the City Council on September 22, 2020; and

**WHEREAS**, the property affected by this Resolution is located at 3401 W. Monte Vista Avenue, Turlock, more particularly described as Stanislaus County APN 087-003-039; and

**WHEREAS**, the property is zoned Planned Development 233 (PD 233) with General Plan land use designation of Highway Commercial; and

**WHEREAS**, City Council Resolution 2020-145 requires annual review of Conditional Use Permit 2020-01; and

**WHEREAS**, the Planning Commission determined that the action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative

activity involving the annual review of the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

**WHEREAS**, in making its decision, the Planning Commission considered the CEQA determination, the public testimony, the evidence in the record, and the findings for approval.

**WHEREAS**, after the public hearing held on May 7, 2026, the Planning Commission found and determined as follows:

That Natural Healing Center (NHC) is in compliance with the conditions of approval contained in City Council Resolution 2020-145, Conditional Use Permit 2020-01 and the Turlock Municipal Code.

**NOW THEREFORE, BE IT RESOLVED** by the Planning Commission of the City of Turlock as follows:

**Section 1.** The proposed project is “Categorically Exempt” from the provisions of the California Environmental Quality Act (CEQA) under the CEQA Guidelines Section 15378(b)(5) [Project].

**Section 2.** The Director of Development Services, or designee, is hereby directed to record this Resolution at the office of the County Recorder of the County of Stanislaus.

**I HEREBY CERTIFY** that the foregoing Resolution was duly and regularly adopted by the Planning Commission of the City of Turlock at a regular meeting of said Planning Commission held on the 7<sup>th</sup> day of May 2026, by the following roll call vote:

AYES:

NOES:

ABSTAINED:

NOT PARTICIPATING:

ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_

ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK

A RESOLUTION OF THE PLANNING COMMISSION } RESOLUTION NO. 2026-17  
 OF THE CITY OF TURLOCK RECOMMENDING THE }  
 CITY COUNCIL OF THE CITY OF TURLOCK FIND }  
 THAT NATURAL HEALING CENTER (NHC) HAS }  
 COMPLIED IN GOOD FAITH WITH THE TERMS AND }  
 CONDITIONS OF THE DEVELOPMENT AGREEMENT }  
 BETWEEN NATURAL HEALING CENTER (NHC) AND }  
THE CITY OF TURLOCK }

**WHEREAS**, on September 22, 2020 the City adopted Ordinance No. 1284-CS approving a Development Agreement by and between the City and NHC to operate a storefront retail dispensary as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 3401 West Monte Vista Avenue, Turlock, California, County of Stanislaus Assessor’s Parcel Number 087-003-039 (the “Project”), consistent with the General Plan, as amended; and

**WHEREAS**, Turlock Municipal Code Section 9-5-912 directs the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement

**WHEREAS**, the Planning Commission determined that the action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission recommends the City Council determine that NHC has complied in good faith with the terms and conditions of the Development Agreement.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST: \_\_\_\_\_

KATIE QUINTERO  
 PLANNING MANAGER &  
 SECRETARY OF THE CITY OF TURLOCK PLANNING COMMISSION  
 CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK

A RESOLUTION OF THE PLANNING COMMISSION } RESOLUTION NO. 2026-18  
 OF THE CITY OF TURLOCK RECOMMENDING THE }  
 CITY COUNCIL OF THE CITY OF TURLOCK EXTEND }  
 THE DEVELOPMENT AGREEMENT BETWEEN }  
 NHC TURLOCK LLC AND THE CITY OF TURLOCK }  
 THROUGH JUNE 30, 2029 AND AMEND THE PUBLIC }  
 BENEFIT AMOUNT AND OTHER VARIOUS }  
 LANGUAGE CHANGES IN THE FIRST AMENDED }  
 AND RESTATED DEVELOPMENT AGREEMENT FOR }  
 THE OPERATION OF A CANNABIS DISPENSARY AT }  
 3401 WEST MONTE VISTA AVENUE, TURLOCK, }  
 CALIFORNIA STANISLAUS COUNTY }  
 APN 087-003-039 }

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**WHEREAS**, on June 11, 2019, the City Council of the City of Turlock (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations for cannabis businesses pursuant to AUMA and MAUCRSA, by amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”); and

**WHEREAS**, on June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City; and

**WHEREAS**, on September 22, 2020 the City adopted Ordinance No. 1284-CS approving a Development Agreement by and between the City and NHC to operate a storefront retail dispensary as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 3401 West Monte Vista Avenue, Turlock, California, County of Stanislaus Assessor’s Parcel Number 087-003-039 (the “Project”), consistent with the General Plan, as amended; and

**WHEREAS**, the City and NHC Turlock LLC entered into that certain First Amendment to Development Agreement dated December 19, 2022 authorizing a change in ownership; and

**WHEREAS**, on September 11, 2025, the City and NHC Turlock LLC entered into that certain Second Amendment to extend the term of the Development Agreement through June 30, 2026; and

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission find this action is not subject to CEQA and recommends the City Council extend the term of the Development Agreement through June 30, 2029, and recommends amending the public benefit amount and making

various other language changes by approving the First Amended and Restated Development Agreement provided as Exhibit A to this resolution.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER & SECRETARY  
OF THE CITY OF TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code §6103

**FIRST AMENDED AND RESTATED DEVELOPMENT AGREEMENT BETWEEN  
THE CITY OF TURLOCK AND NHC TURLOCK LLC**

**THIS FIRST AMENDED AND RESTATED DEVELOPMENT AGREEMENT** ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_ 2026, by and between the **City of Turlock**, a California municipal corporation ("City"), and **NHC Turlock LLC**, a California limited liability company ("Developer"). City and Developer may be referred to herein individually as a "Party" or collectively as the "Parties." There are no other parties to this Agreement.

**RECITALS**

- A. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing and distribution of medical marijuana to qualified patients and their primary caregivers.
- B. On November 8, 2016, California voters enacted Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act, also known as the Adult Use of Marijuana Act ("AUMA"), which establishes a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older and to tax the growth and retail sale of cannabis for nonmedical use.
- C. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which creates a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in Commercial Cannabis Activity, as defined in Section 1.4 of this Agreement, may operate in a particular jurisdiction.

- D. On June 11, 2019, the Turlock City Council (the "City Council") adopted Ordinance No. 1255-CS to enact cannabis regulations as defined under Turlock Municipal Code ("T.M.C.") Chapter 5.21 pursuant to AUMA and MAUCRSA.
- E. On June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City's cannabis business regulations and establishing a Cannabis Business Pilot Program (the "Pilot Program") to regulate the operation of commercial cannabis businesses within the City.
- ~~F. The City Council finds that establishing a structure to regulate all cannabis businesses contemplated by state law is in the best interest of the health, welfare, and safety of the public.~~
- ~~G.F.~~ Developer ~~proposes~~proposed to improve, develop and use real property to operate a Cannabis Business Project, as defined below, in strict accordance with California Cannabis Laws, as defined in Section 1.4 of this Agreement and the T.M.C., as each may be amended from time to time.
- ~~H.G.~~ To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the California Legislature adopted Government Code section 65864 et seq. (the "Development Agreement Statute"), which authorizes City and an individual or business entity with an interest in real property to enter into a development agreement that establishes certain development rights in real property that is subject to a development agreement application.
- ~~I.H.~~ On June 11, 2019, following the adoption of the Pilot Program, the City issued and circulated a request for qualifications ("RFQ"). The purpose of the RFQ was to form the basis for a selection process of qualified cannabis operators for participation in the Pilot Program. Developer ~~has~~ completed the RFQ requirements.
- ~~J.I.~~ Developer submitted an application to the City Planning Department for consideration of a development agreement for a commercial cannabis business.
- ~~K.J.~~ Developer ~~has~~ purchased property located at 3401 West Monte Vista Avenue Turlock, California, County of Stanislaus Assessor's Parcel Number 087-003-039 of which Developer ~~intends to improve~~improved approximately 1.326 acres of space (the "Site") to operate the Cannabis Business Project, more particularly described in the legal description attached hereto as **Exhibit A ("Legal Description")** and the Cannabis Business Project Site Map attached hereto as **Exhibit B.**
- ~~L.K.~~ Developer ~~has~~ purchased the Site for the purpose of carrying out the Cannabis Business Project. A copy of the deed to the Site is attached hereto as **Exhibit C**, within satisfaction of the requirement of T.M.C. Chapter 5.21.
- ~~M.L.~~ On August 6, 2020, the Turlock Planning Commission ("Planning Commission"), in a duly noticed and conducted public hearing, considered Developer's application

for this Agreement. At that public hearing, the Planning Commission adopted Planning Commission Resolution No. 2020-16 recommending the City Council adopt an Ordinance, which would allow Developer to operate the Cannabis Business Project at the Site.

~~N.M.~~ On September 22, 2020, pursuant to Government Code section 65867.5, and following a duly noticed and conducted public hearing, the City Council reviewed, considered, adopted, and entered into this Agreement pursuant to Ordinance No. 1284-CS.

~~N.~~ ~~0.~~—This Agreement is entered into pursuant to the Development Agreement Statute.

~~P.~~—~~City and Developer desire to enter into this Agreement to (i) facilitate the orderly development of the Site; (ii) create a physical environment that is consistent with and complements the City's goals and visions; (iii) protect natural resources from adverse impacts; (iv) improve, upgrade and create additional community facilities and infrastructure, enhance services and assist in implementing the goals of the General Plan; and (vi) reduce the economic risk of development of the Site to both City and Developer.~~

~~Q.~~—~~The Parties intend, through this Agreement, to allow Developer to develop and operate the Cannabis Business Project in accordance with the terms of this Agreement.~~

~~O.~~ The City Council has determined that this Agreement is consistent with the City's General Plan and has conducted all necessary proceedings in accordance with the T.M.C. for the approval of this Agreement.

~~P.~~ The City and NHC Turlock LLC entered into that certain First Amendment to Development Agreement dated December 19, 2022 ("First Amendment").

~~Q.~~ The City and NHC Turlock LLC entered into that certain Second Amendment to Development Agreement dated September 11, 2025 ("Second Amendment").

~~R.~~ Under Section 5-21-103 of the Turlock Municipal Code, any cannabis dispensary business allowed in the City shall obtain a development agreement, a City business license, and a conditional use permit.

S. [The Parties wish to enter into this First Amended and Restated Development Agreement to replace previous agreements between the Parties and to fulfill the requirement that a cannabis business requires a development agreement pursuant to TMC Section 5-21-103.](#)

R.

**NOW, THEREFORE,** in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## AGREEMENT

### ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety and general welfare and is consistent with the City's General Plan, including all text and maps in the General Plan.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 10 of this Agreement, the provisions of Articles 1 through 10 shall prevail.

**Section 1.3. Exhibits.** The following "Exhibits" are attached hereto and incorporated into this Agreement:

Designation	Description
Exhibit A	Cannabis Site Legal Description
Exhibit B	Cannabis Business Project Site Map
Exhibit C	Site Deed
Exhibit D	Notice of Non-Performance Penalty
Exhibit E	Indemnification Agreement
Exhibit F	Notice of Termination
Exhibit G	Assignment and Assumption Agreement

**Section 1.4. Definitions.** In this Agreement, unless the

context otherwise requires, the terms below have the following meaning:

- (a) "Additional Insureds" has the meaning set forth in Section 6.1.
- (b) "Additional Licenses" has the meaning set forth in Section 2.4.
- (c) "Adult-use cannabis" means a product containing cannabis, including, but not limited to, concentrates and extractions, intended for use by adults 21 years of age and older in California pursuant to the California Cannabis Laws.
- (d) "Agreement" means this Development Agreement, inclusive of all Exhibits attached hereto.
- (e) "Application" has the meaning set forth in Recital G.
- (f) "Assignment and Assumption Agreement" has the meaning set forth in Section 10.1.
- (g) "AUMA" means the Adult Use of Marijuana Act (Proposition 64) approved by California voters on November 8, 2016.
- (h) "Authorized License" has the meaning set forth in Section 2.3.
- (i) "Bureau"(i) "Department" means the ~~Bureau~~Department of Cannabis Control ~~within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation~~or any successor state agency.
- U) "California Building Standards Codes" means the California Building Code, as amended from time to time, in Part 2, Volumes 1 and 2, as part of Title 24 of the California Code of Regulations, as may be adopted by the T.M.C.

(k) "California Cannabis Laws" includes AUMA, MAUCRSA, CUA (as defined below), the Medical Marijuana Program Act of 2004 codified as Health and Safety Code sections 11362.7 through 11.62.83 and any other applicable laws that may be enacted or approved.

(l) "Cannabis" means all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, "cannabis" does not mean "industrial hemp" as defined by Section 11018.5 of the Health and Safety Code. Cannabis and the term "marijuana" may be used interchangeably.

(m) "Cannabis Business Pilot Program" means the cannabis business program established and authorized by T.M.C. Chapter 5.21.

(n) "Cannabis Business Project" means the cannabis retail business operated by Developer on the Site pursuant to the Authorized License.

(o) "Cannabis Manufacturing Business" means a business engaged in commercial cannabis activity pursuant to a state approved Type 6 or 7 license, Type A and M licenses designated as a Cannabis business.

(p) "Cannabis product" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(q) "CEQA" means the California Environmental Quality Act, as set forth in Division 13 (Commencing with Section 21000) of the California Public Resources Code, and the CEQA Guidelines, as set forth in Title 14 (Commencing with Section 15000) of the California Code of Regulations.

(r) "City" means the City of Turlock, a California municipal corporation having general police powers.

(s) "City Council" means the City of Turlock City Council, as defined in T.M.C. Section 2.1.

(t) "City Manager" means the City Manager of the City of Turlock or his or her designee, as described in T.M.C. Section 2.4.

(u) "Charged Party" has the meaning set forth in Section 8.1.

(v) "Charging Party" has the meaning set forth in Section 8.1

(w) "Commercial Cannabis Activity" includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, delivery, or sale of cannabis or a cannabis product that requires a state license pursuant to MAUCRSA.

(x) "Planning Commission" means the City of Turlock Planning Commission, as established by T.M.C. Section 9.5.

(y) "Conditional Use Permit" means a conditional use permit issued by City pursuant to T.M.C. Section 9.3.

(z) "CUA" means the Compassionate Use Act (Proposition 215) approved by California voters on November 5, 1996.

(aa) "Developer" means NHC Turlock, LLC Developer also has the meaning set forth in Section 6.1.

(bb) "Development Agreement Statute" has the meaning set forth in Recital

(cc) "Exhibits" has the meaning set forth in Section 1.3.

(dd) "Gross Receipts from Operations" means total revenue actually received or receivable from operation of the Cannabis Business Project, including: all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares, or merchandise; and gains realized from trading in stocks or bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other remunerations, however designated. Included in "gross receipts" shall be all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom:

1. Cash discounts allowed and taken on sales;
2. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as "gross receipts";
3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
4. Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit; and
5. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded.

The intent of this definition is to ensure that in calculating the payment required under Section 4.2, all sales of cannabis products through the Cannabis Business Project are captured. This definition shall therefore be given the broadest possible interpretation consistent with this intent.

(ee) "Indemnification Agreement" has the meaning set forth in Section 6.3.

(ff) "Major Amendment" means an amendment that shall have a material effect on the terms of this Agreement. A Major Amendment also has the meaning set forth in Section 2.4. Major Amendments shall require approval by the City Council.

(gg) "Marijuana" has the same meaning as cannabis and those terms may be used interchangeably.

(hh) "MAUCRSA" means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code section 26000 et seq., as may be amended from time to time.

(ii) "MCRSA" has the meaning set forth in Recital A.

(jj) "Ministerial Fee" or "Ministerial Fees" has the meanings set forth in Section 4.1.

(kk) "Minor Amendment" means a clerical amendment to this Agreement that shall not materially affect the terms of this Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.7.

(ll) "Mortgage" has the meaning set forth in Article 7.

(mm) "Non-Performance Penalty" has the meaning set forth in Section 4.5.

(nn) "Notice of Non-Performance Penalty" has the meaning set forth in Section 4.5.

(oo) "Termination" has the meaning set forth in Section 9.1.

(pp) "Processing Costs" has the meaning set forth in Section 1.11.

(qq) "Project Litigation" has the meaning set forth in Section 10.7.

(rr) "Public Benefit" has the meaning set forth in Section 4.2.

(ss) "Public Benefit Amount" has the meaning set forth in Section 4.2.

(tt) "State Licensing Authority" means the state agency responsible for the issuance, renewal or reinstatement of a state cannabis license or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

(uu) "State Cannabis Regulations" means the regulations promulgated by the State Licensing Authority pursuant to the California Cannabis Laws (~~34 CCR § 8000 et seq., 17 CCR§ 40100 et seq., 42 CCR 35000 4 15000 et seq.~~, or their respective successors)

(vv) "State Taxing Authority" has the meaning set forth in Section 4.2.

(ww) "Subsequent City Approvals" has the meaning set forth in Section 3.1.

(xx) "Term" has the meaning set forth in Section 1.7.

(yy) "T.M.C." means the Turlock Municipal Code.

(yy(zz)) "Type 1A license" or "Specialty Indoor" means a state license issued by the Department of AgricultureCannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting of between 501 and 5,000 square feet of total canopy size on one premises.

(zzaaa) "Type 2A license" or "Small Indoor" means a state license issued by the Department of AgricultureCannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 5,001 and 10,000 square feet, inclusive, of total canopy size on one premises.

(aaabbb) "Type 3A license" or "Indoor" means a state license issued by the Department of AgricultureCannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 10,001 and 22,000 square feet, inclusive, of total canopy size on one premises.

(bbbccc) "Type 4 license" or "Nursery" means a state license issued by the Department of AgricultureCannabis Control pursuant to the California Cannabis Laws for cultivation.

(ceeddd) "Type 6 license" or "Manufacturer 1" means a state license issued by the Department of Public Health pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using nonvolatile solvents.

(dddeee) "Type? license" or "Manufacturer 2" means a state license issued by the Department of Public Health pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using volatile solvents.

(eeefff) "Type 10 license" or "Retailer" means a state license issued by the BureauDepartment of Cannabis Control pursuant to the California Cannabis Laws authorizing the retail sale of cannabis and cannabis products. Retail sale includes sales at a storefront and by delivery, pursuant to all state and local laws and regulations.

(fffggg) "Type 11 license" or "Distributor" means a state license issued by the BureauDepartment of Cannabis Control pursuant to the California Cannabis Laws for the distribution of cannabis and cannabis products from manufacturer to dispensary.

(ggghhh) "Type 12 license" or "Microbusiness" means a state license issued by a State Licensing Authority pursuant to the California Cannabis Laws relating to cannabis manufacturing, retail and distribution.

(hhhhii) "Type 13 license" or "Distribution Transport-Only" means a state license issued by the BureauDepartment of Cannabis Control pursuant to the California Cannabis Laws for distribution cannabis and cannabis products.

Conforming Interpretation of State Cannabis License References. Any reference in this Agreement to a State cannabis license, State Cannabis Regulations,

licensing authority, or specific state cannabis license type or designation shall be deemed to include any successor license, permit, approval, agency, or regulation that replaces, renames, consolidates, or reclassifies such license or regulatory framework under California law, including those administered by the California Department of Cannabis Control or any successor agency.

No change in the name, number, classification, or structure of any State cannabis business license shall be construed to expand, limit, or otherwise modify the cannabis activities authorized under this Agreement, except as required by applicable state law or as expressly approved in writing by the City.

The scope of permitted commercial cannabis activities shall be determined solely by this Agreement and applicable City approvals, and not by the type, title, or designation of any state license held by Developer, unless expressly mandated by state law.

**Section 1.5. Project is a Private Undertaking.** The Parties agree that the Cannabis Business Project is a private development and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Developer or of the Cannabis Business Project.

**Section 1.6. Effective Date of Agreement.** This Agreement shall become effective upon the date that the ordinance approving this Agreement becomes effective (the "Effective Date").

**Section 1.7. Term.** The "Term" term of this Agreement is five (5) years from the Effective Date ("Term") shall be through June 30, 2029, unless earlier terminated or extended earlier, as set forth in accordance with the provisions of this Agreement.

(a) Government Tolling or Termination. City may provide written notice to Developer to cease all Commercial Cannabis Activity, upon which Developer shall immediately comply if City is required, directed or believes, in its sole and absolute discretion, it must temporarily halt or terminate Commercial Cannabis Activity within the City to comply with federal or state law. If City temporarily halts this Agreement to comply with federal or state law, this Agreement shall be tolled for no longer than one (1) calendar year (the "Tolling Period"). Developer shall not accrue or be liable to City for any Ministerial Fees or Public Benefit Amount during the Tolling Period. Developer shall resume paying any applicable fees after the Tolling Period ends. City and Developer shall discuss in good faith the termination of this Agreement if the Tolling Period exceeds one (1) calendar year to comply with federal or state law.

(a)(b) Developer Tolling or Termination. Developer may not temporarily halt or terminate this Agreement for any purpose without causing a default of this Agreement, except as otherwise allowed by this Agreement or by mutual agreement of the Parties.

**Section 1.8. Priority of Enactment.** In the event of a conflict between the various land use documents referenced in this Agreement, the Parties agree that the following sequence of approvals establishes the relative priority of the approvals, each approval superior to the approvals listed thereafter: (a) General Plan, (b) Specific Plan, (c) Agreement, (d) Conditional Use Permit, (e) Indemnification Agreement, and (f) Subsequent City Approvals.

**Section 1.9. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification of the City Council. A Major Amendment to this Agreement shall be approved by the City Council. The City Manager shall, on behalf of City, have sole discretion for City to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing, unless required by law.

**Section 1.10. Recordation of Development Agreement.** The City Clerk shall cause a copy of this Agreement to be recorded against the title of the Site within ten (10) business days of the Effective Date.

**Section 1.11. Funding Agreement for Processing Costs.** ~~If Developer has deposited Thirty Thousand Dollars (\$30,000) with City proposes an amendment to this agreement, Developer shall pay for all actual fees and expenses incurred by City that are related to the preparation and processing of amendments to this Agreement and creation and implementation of the City's Cannabis pilot program, including recording fees, publishing fees, staff time, and consultant and attorneys' fees and costs (collectively, "Processing Costs"). Developer shall deposit monies for such processing as estimated by the Development Services Department. The Processing Costs are refundable solely to the extent of non-expended Processing Costs. Developer shall be entitled to a refund of available Processing Costs only after City determines all financial obligations associated with the Cannabis Business Project have been received and paid by City.~~

~~(a) Apportionment of Processing Costs. If the amount deposited for purposes of Processing Costs is insufficient to cover all Processing Costs, Developer shall deposit with City such additional funds necessary to pay for all Processing Costs within thirty (30) days. The failure to timely pay any such additional amounts requested by City shall be considered a material default of this Agreement and City may terminate this Agreement.~~

~~(b)~~(a) Accounting. Developer may request, and City shall issue within a reasonable time not to exceed thirty (30) days, an accounting and written acknowledgement of Processing Costs paid to City.

## ARTICLE 2 DEVELOPMENT OF PROPERTY

**Section 2.1. Vested Right of Developer.** During the Term, in developing the Site consistent with the Cannabis Business Project described herein, Developer is assured that the development rights, obligation terms, and conditions specified in this Agreement, including, without limitation, the terms, conditions, and limitations set forth in the Exhibits, are fully vested in Developer and may not be modified or terminated by City except as set forth in this Agreement or with Developer's written consent.

**Section 2.2. Vested Right to Develop.** In accordance with Section 2.1, Developer shall have the vested right to develop and use the Cannabis Business Project consistent with this Agreement, the Conditional Use Permit, and Subsequent City Approvals.

**Section 2.3. Permitted Uses and Development Standards.** Developer shall be authorized to develop, construct, and use the Site for Commercial Cannabis Activity consistent with the following license type (the "Authorized License"):

Type 10	Storefront Dispensary
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Pursuant to this Agreement, Developer shall be permitted to use the Site consistent with the Authorized License for the Term of this Agreement and during the time Developer is applying for the Authorized License with the applicable State Licensing Authority. Developer shall begin operations of the Cannabis Business Project under the Authorized License within six (6) months of the issuance of a Conditional Use Permit or adoption of the operative ordinance approving this Agreement, whichever is later, unless Developer is prevented from doing so due to any event or circumstance set forth in Section 8.6 of this Agreement. Notwithstanding the foregoing, Developer is required to apply for and obtain the Authorized License from the State of California. If the State Licensing Authority does not grant the Authorized License to Developer, Developer shall immediately cease Commercial Cannabis Activity and any other operations on the respective site. Developer shall also, within thirty (30) days of receiving notice from the State Licensing Authority, notify City of the State Licensing Authority's denial or rejection of the Authorized License. In this situation, this Agreement shall terminate immediately. The Parties intend for this Agreement and the Conditional Use Permit to serve as the definitive and controlling documents for all subsequent actions, discretionary or ministerial, relating to development of the Site and the Cannabis Business Project.

**Section 2.4. Major Amendment to Permitted Uses.** Developer may request to add to the Authorized License additional license types once that license is applied for or obtained from the appropriate State Licensing Authority (the "Additional Licenses"). Such request shall be a Major Amendment to this Agreement.

**Section 2.5. Conditional Use Permit.** Developer shall obtain a Conditional Use Permit for the Commercial Cannabis Activity and Authorized License contemplated herein for the Project and at the Site. No Commercial Cannabis Activity may occur at the Site until Developer has obtained a Conditional Use Permit to use and operate the Authorized License at the Site. This Conditional Use Permit must be maintained in good standing throughout the Term. This Agreement shall immediately terminate if the Conditional Use Permit for the Authorized License is revoked by City for any reason.

**Section 2.6. Subsequent Entitlements, Approvals, and Permits.** Successful implementation of the Cannabis Business Project shall require Developer to obtain additional approvals and permits from City and other local and state agencies. City shall comply with CEQA in the administration of all Subsequent City Approvals. In acting upon any Subsequent City Approvals, City's exercise of discretion and permit authority shall conform to this Agreement. Notwithstanding the foregoing, in the course of taking action on the Subsequent City Approvals, City will exercise discretion in adopting mitigation measures as part of the Conditional Use Permit. The exercise of this discretion is not prohibited or limited in any way by this Agreement. Nothing in this Agreement shall

preclude the evaluation of impacts or consideration of mitigation measures or alternatives, as required by CEQA.

(a) Contemplated City Rules and Guidelines. City anticipates issuing additional rules, ~~and~~ administrative guidelines, and amendments to the T.M.C. associated with ~~implementation operation~~ of the Cannabis Business ~~Pilot~~ Program. City may establish requirements that are identical to or place a higher standard of care as existing provisions of the California Cannabis Laws, State Cannabis Regulations, or any amendments thereto. City reserves the right to adopt additional categories of rules or guidelines that are not listed in this Section as part of the Cannabis Business ~~Pilot~~ Program. Developer shall comply with any and all additional rules, administrative guidelines, and amendments to the T.M.C. adopted by City that govern or pertain to the Cannabis Business Project. Nothing in this Agreement shall be construed as limiting the City to amend the T.M.C or issue rules or guidelines following the Effective Date of this Agreement that Developer will be required to adhere to.

**Section 2.7. Initiatives and Referenda.** If any City ordinance, rule or regulation, or addition to the T.M.C. is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement, an associated Conditional Use Permit, Subsequent City Approvals, or reduce the development rights or assurances provided to Developer in this Agreement, such T.M.C. changes shall not be applied to the Site or the Cannabis Business Project; provided, however, the Parties acknowledge that City's approval of this Agreement is a legislative action subject to referendum. City shall cooperate with Developer and shall undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms to the fullest extent permitted by state or federal law.

**Section 2.8. Regulation by Other Government Entities.** Developer acknowledges that City does not have authority or jurisdiction over any other government entities' ability to grant governmental approvals or permits or to impose a moratorium or other limitations that may negatively affect the Cannabis Business Project or the ability of City to issue a permit to Developer or comply with the terms of this Agreement. Any moratorium imposed by another government entity, including the State Licensing Authority, on City shall not cause City to be in breach of this Agreement.

**Section 2.9. Developer's Right to Rebuild.** Developer may renovate portions of the Site any time within the Term of this Agreement consistent with the T.M.C. Any such renovation or rebuild shall be subject to all design, building code, and other requirements imposed on the Cannabis Business Project by this Agreement.

**Section 2.10. Changes in California Building Standards Codes.** Notwithstanding any provision of this Agreement to the contrary, development of the Cannabis Business Project shall be subject to changes occurring from time to time to the California Building Standards Codes.

**Section 2.11. Changes Mandated by Federal or State Law.** The Site and the Cannabis

Business Project shall be subject to subsequently enacted state or federal laws or regulations that may preempt the T.M.C. or mandate the adoption or amendment of local regulations or are in conflict with this Agreement or local rules or guidelines associated with the Cannabis Business ~~Pilot~~ Program. As provided in Section 65869.5 of the Development Agreement Statute, in the event state or federal laws or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Upon discovery of a subsequently enacted federal or state law meeting the requirements of this Section, City or Developer shall provide the other Party with written notice of the state or federal law or regulation, and a written statement of the conflicts thereby raised with the provisions of the T.M.C. or this Agreement. Promptly thereafter, City and Developer shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation provided City shall not be obligated to agree to any modification materially increasing its obligations or materially adversely affecting its rights and benefits hereunder. In such discussions, City and Developer will attempt to preserve the terms of this Agreement and the rights of Developer derived from this Agreement to the maximum feasible extent while resolving the conflict. If City, in its judgment, determines it necessary to modify this Agreement to address such conflict, City shall have the right and responsibility to do so, and shall not have any liability to Developer for doing so or be considered in breach or default of this Agreement. City also agrees to process, in accordance with the provisions of this Agreement, Developer's proposed changes to the Cannabis Business Project that are necessary to comply with such federal or state law and that such proposed changes shall be conclusively deemed to be consistent with this Agreement without further need for any amendment to this Agreement.

**Section 2.12. Health and Safety Emergencies.** In the event that any future public health and safety emergencies arise with respect to the Cannabis Business Project contemplated by this Agreement, City agrees that it shall attempt, if reasonably possible as determined by City in its discretion, to address such emergency in a way that does not have a material adverse impact on the Cannabis Business Project. If City determines, in its discretion, that it is not reasonably possible to so address such health and safety emergency in a way that does not have a material adverse impact on the Cannabis Business Project, City may select an option which, in its discretion, minimizes, so far as reasonably possible, the impact on development and use of the Cannabis Business Project in accordance with this Agreement, while still addressing such health and safety emergency in a manner acceptable to City.

**Section 2.13. Other Regulations.** The following provisions establish operational requirements applicable to this Agreement in furtherance of public safety and to ensure compliance with applicable regulations governing the Project and Developer's obligations hereunder.

(a) In addition to other requirements, remote and real-time, live access to the video footage of cameras installed by the cannabis business shall be provided to the Chief of Police or his/her designee(s) using such software as designated by the Chief of Police. Developer shall be responsible for ensuring that the security surveillance camera's

footage is remotely accessible by the Chief of Police or his/her designee(s), and that it is compatible with the City's software and hardware. Such access shall be required within 120 days of approval.

(b) Prior to changes in ownership, ownership structure, and management, or any sale or other transfer of the cannabis business, shall be subject to additional background checks as required by the Turlock Police Department, and passage by the applicant of such background checks. The City may repeat background checks on any individual every two (2) years, and at any other time upon reasonable cause

### **ARTICLE 3 ENTITLEMENT AND PERMIT PROCESSING, INSPECTIONS**

**Section 3.1. Subsequent City Approvals.** City shall permit the development, construction, and conditionally permitted use contemplated in this Agreement. City agrees to timely grant, pursuant to the terms of this Agreement, the T.M.C., and any Subsequent City Approvals reasonably necessary to complete the goals, objectives, policies, standards, and plans described in this Agreement. The Subsequent City Approvals shall include any applications, permits, and approvals required to complete the improvements necessary to develop the Site, in general accordance with this Agreement ("Subsequent City Approvals"). Nothing herein shall require City to provide Developer with Subsequent City Approvals prior to, or without complying with, all of the requirements in this Agreement, the T.M.C., and any applicable state law.

**Section 3.2. Timely Processing.** City shall use its reasonable best efforts to process and approve, within a reasonable time, any Subsequent City Approvals or environmental review requested by Developer during the Term of this Agreement.

**Section 3.3. Cooperation Between City and Developer.** Consistent with the terms set forth herein, City agrees to cooperate with Developer, on a timely basis, in securing all permits or licenses that may be required by City or any other government entity with permitting or licensing jurisdiction over the Cannabis Business Project.

**Section 3.4. Further Consistent Discretionary Actions.** The exercise of City's authority and independent judgment is recognized under this Agreement and nothing in this Agreement shall be interpreted as limiting City's discretion or obligation to hold legally required public hearings. Except as otherwise set forth herein, such discretion and action taken by City shall, however, be consistent with the terms of this Agreement and not prevent, hinder, or compromise development or use of the Site as contemplated by the Parties in this Agreement.

### **ARTICLE 4 PUBLIC BENEFIT, PROCESSING, AND OVERSIGHT**

**Section 4.1. Processing Fees and Charges.** Developer shall pay to City those processing, inspection, plan checking and monitoring fees and charges required by City

which are in force and effect at the time those fees and charges are incurred (including any post-Effective Date increases in such fees and charges) for processing applications and requests for building permits, inspections, other permits, approvals and actions, and monitoring compliance with any permits issued or approvals granted or the performance of any conditions (each a "Ministerial Fee" and collectively, the "Ministerial Fees").

**Section 4.2. Public Benefit.**

(a) The Parties acknowledge and agree that this Agreement, and the Cannabis Business Project, confers substantial private benefits upon Developer that will place burdens upon City infrastructure, services, and neighborhoods. Accordingly, the Parties intend to provide consideration to City to offset these impacts that commensurate with the private benefits conferred on Developer (the "Public Benefit"). In consideration of the foregoing, Developer shall remit to City as follows an amount determined and set by the City Council up to a maximum of nine percent (9%) of gross receipts from operations (the "Cannabis Business Public Benefit"); or "Public Benefit Amount". Notwithstanding the foregoing, the City Council determines and sets the Public Benefit Amount at five and one-quarter percent (5.25%) of gross receipts from operations through May 31, 2027. The City Council may take any actions required to change the Public Benefit Amount that will be in effect from June 1, 2027 and thereafter. Such actions may include, without limitation, setting a new Public Benefit Amount by adopted resolution of the Council. Any such Public Benefit Amount shall be due on the 5<sup>th</sup> day of each month before 5:00 p.m..

(a) \_\_\_\_\_

Effective Date	Public Benefit Amount Due
1 <sup>st</sup> Business Day following the (1 <sup>st</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("Tier 1 Amount").
1 <sup>st</sup> Business Day of the Thirteenth (13 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$30,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("Tier 2 Amount").
1 <sup>st</sup> Business Day of the Twenty-fifth (25 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("Tier 3 Amount").
1 <sup>st</sup> Business Day of the Thirty-seventh (37 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("Tier 4 Amount").
1 <sup>st</sup> Business Day of the Forty-ninth (49 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("Tier 5 Amount").

(b) The above public benefit amounts include a one-quarter percent (.25%) dollar

amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.

~~(b) Collectively, these amounts shall be known as the "Public Benefit Amount~~

(c) Developer shall file an applicable statement that complies with the California State Board of Equalization, California Department of Tax and Fee Administration, or either's successor agency (the "State Taxing Authority") for sales tax purposes showing the true and correct amount of Gross Receipts from Operations of the Cannabis Business Project during the applicable time period. Developer shall provide a copy of such statement to City upon request by City.

~~(e)~~

**Section 4.3. Reporting.** Developer shall provide City with copies of any reports provided to a State Licensing Authority within forty-five (45) days of that submission. Any failure or refusal of Developer to provide any statement or report to City, the State Taxing Authority, or any other State Licensing Authority, as required within the time required, or to pay such sums due hereunder when the same are due and payable in accordance with the provisions of this Agreement, may constitute full and sufficient grounds for the revocation or suspension of the Conditional Use Permit.

**Section 4.4. Records.** Developer shall keep records of all Commercial Cannabis Activity in accordance with Chapter 16 (commencing with Section 26160) of Division 10 of the Business and Professions Code and the applicable State Cannabis Regulations. All records required by this Section shall be maintained and made available for City's examination and duplication (physical or electronic) at the Site or at an alternate facility as approved in writing by the City Manager, or his or her designee.

**Section 4.5. Penalty.** Developer acknowledges that to ensure proper compliance with the terms of this Agreement and any applicable laws, City must engage in costly compliance review, inspections, and, if necessary, enforcement actions to protect the health, safety, and welfare of its residents. Penalty and interest provisions are necessary to assist City in compliance review and enforcement actions. If Developer fails to make any payment when due, as required by this Agreement, including the Public Benefit Amount, City may impose a "Non-Performance Penalty." A Non-Performance Penalty of ten percent (10%) shall be applied to all past due payments. City shall deliver to Developer a "Notice of Non-Performance Penalty." attached hereto as **Exhibit D**. Payment of the Non-Performance Penalty shall be in a single installment due on or before a date fifteen (15) days following delivery of the Notice of Non-Performance Penalty.

**Section 4.6. Interest on Unpaid Non-Performance Penalty.** If Developer fails to pay the Non-Performance Penalty after City has delivered the Notice of Non-Performance Penalty, then, in addition to the principal amount of the Non-performance Penalty, Developer shall pay City interest at the rate of eighteen percent (18%) per annum, computed on the principal amount of the Non-Performance Penalty, from a date fifteen (15) days following delivery of the Notice of Non-performance Penalty.

**Section 4.7. Protections from Duplicative Payments City Tax.** Notwithstanding Section 4.2, ~~for the Term of this Agreement~~, Developer shall be exempt from paying the Public Benefit Amount any City imposes a tax specific to commercial cannabis businesses and instead shall pay such specific tax. Notwithstanding the foregoing, Developer and the Cannabis Business Project shall be subject to any and all taxes, assessments, or similar charges or fees of general applicability enacted by the federal government, state government, County of Stanislaus, including any tax applicable to an area greater than the City limits to which City may be a party (i.e., county tax sharing agreement with City).

## **ARTICLE 5 PUBLIC FACILITIES, SERVICES, AND UTILITIES**

City shall use the Public Benefit Amount in any way the City Council deems appropriate to offset the impact of the Project or to benefit the City.

## **ARTICLE 6 INSURANCE AND INDEMNITY**

**Section 6.1. Insurance.** Developer shall require all persons doing construction or related work on the Cannabis Business Project and, including its contractors and subcontractors (collectively, "Developer" for purposes of this Article 6 only), to obtain and maintain insurance of the types and in the amounts described in this Article with carriers reasonably satisfactory to City.

(a) General Liability Insurance. Developer shall maintain commercial general liability insurance or equivalent form with a limit of not less than Two Million Dollars (\$2,000,000) (or as otherwise approved, in writing, by City) per claim and Two Million Dollars (\$2,000,000) each occurrence. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(b) Automotive Liability Insurance. Developer shall maintain business automobile liability insurance or equivalent form with a limit of not less than One Million Dollars (\$1,000,000) for each accident. Such insurance shall include coverage for owned, hired and non-owned automobiles. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as Additional Insureds by endorsement

with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed Additional Insureds.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(c) Workers' Compensation Insurance. Developer shall take out and maintain during the Term of this Agreement, workers' compensation insurance for all of Developer's employees employed at or on the Cannabis Business Project and, should any of the work be subcontracted, Developer shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Developer. In case any class of employee engaged in work on the Cannabis Business Project and is not protected under any workers' compensation law, Developer shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Developer hereby indemnifies City for any damage resulting from failure of Developer, its agents, employees, contractors or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000) for each accident shall be maintained by Developer.

**Section 6.2. Other Insurance Requirements.** Developer shall do all of the following:

(a) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidence all insurance required in this Article, including evidence that such insurance will not be canceled, allowed to expire or materially reduced in coverage without thirty (30) days prior written notice to City.

(b) Provide to City, upon request, and within seven (7) days of said request, certified copies of endorsements and policies and properly executed certificates of insurance evidencing the insurance required herein.

(c) Replace or require the replacement of certificates, policies, and endorsements for any insurance required herein expiring prior to the termination of this Agreement.

(d) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the Term or the mutual written termination of this Agreement.

(e) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

**Section 6.3. Indemnity.** To the fullest extent permitted by law, Developer shall defend, indemnify, and hold harmless City, and its agents, elected and appointed officials, officers, employees, consultants, and volunteers (collectively, "City's Agents") from any and all

liability arising out of a claim, action, or proceeding against City or City's Agents, to attack, set aside, void, or annul an approval concerning the Cannabis Business Project and this Agreement, any applicable Conditional Use Permit or Subsequent City Approvals. Developer shall execute the indemnification agreement ("Indemnification Agreement") attached hereto as **Exhibit E**.

**Section 6.4. Failure to Indemnify; Waiver.** Failure by Developer to indemnify City, when required by this Agreement and the Indemnification Agreement, shall constitute a material breach of this Agreement and of any applicable Conditional Use Permit and Subsequent City Approvals, which shall entitle City to all remedies available under law, including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of any applicable Conditional Use Permit. Developer's failure to indemnify City shall be a waiver by Developer of any right to proceed with the Cannabis Business Project or any portion thereof, and a waiver of Developer's right to file a claim, action, or proceeding against City or City's Agents, based on City's rescission or revocation of any Conditional Use Permit, Subsequent City Approvals, or City's failure to defend any claim, action, or proceeding based on Developer's failure to indemnify City

**Section 6.5. Waiver of Damages.** Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that City would not have entered into this Agreement had it been exposed to liability for damages from Developer and, therefore, Developer hereby waives all claims for damages against City for breach of this Agreement. Developer further acknowledges that under the Development Agreement Statute, land use approvals (including development agreements) must be approved by the City Council and that, under law, the City Council's discretion to vote in any particular way may not be constrained by contract. Developer therefore waives all claims for damages against City in the event that this Agreement or any Project approval is: (1) not approved by the City Council; or (2) is approved by the City Council but with new changes, amendments, conditions, or deletions to which Developer is opposed. Developer further acknowledges that, as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that, under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against City in this regard.

## **ARTICLE 7 MORTGAGEE PROTECTION**

This Agreement, once executed and recorded, shall be superior and senior to any lien placed upon the Site or any portion thereof following recording of this Agreement, including the lien of any deed of trust or mortgage ("Mortgage"). Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value. This Agreement shall immediately be deemed in default and immediately terminate upon the foreclosure or transfer of any interest in the Site or Project, whether by operation of law or any other method of interest change or transfer, unless the City Manager has authorized such change or transfer in advance, in

writing. City agrees to not unreasonably withhold its authorization.

## **ARTICLE 8 DEFAULT**

### **Section 8.1. General Provisions.**

(a) Subject only to any extensions of time by mutual consent in writing, or as otherwise provided herein, the failure or delay by any Party to perform in accordance with the terms and provisions of this Agreement shall constitute a default. Any Party alleging a default or breach of this Agreement ("Charging Party") shall give the other Party ("Charged Party") not less than ten (10) days written notice, which shall specify the nature of the alleged default and the manner in which the default may be cured. During any such ten (10) calendar day period, the Charged Party shall not be considered in default for purposes of termination of this Agreement or institution of legal proceedings for the breach of this Agreement.

~~(a)~~(b) After expiration of the ten (10) calendar day period, if such default has not been cured or is not in the process of being diligently cured in the manner set forth in the notice or if the breach cannot reasonably be cured within ten (10) days, the Charging Party may, at its option, institute legal proceedings pursuant to this Agreement, and give notice of its intent to terminate this Agreement pursuant to Government Code section 65868. In the event City is the Charging Party, City may, in its sole discretion, give notice, as required by law, to the Charged Party of its intent to revoke or rescind any operable Conditional Use Permit related to or concerning the Cannabis Business Project.

~~(b)~~(c) Prior to the Charging Party giving notice to the Charged Party of its intent to terminate, or prior to instituting legal proceedings, the matter shall be scheduled for consideration and review by City in the manner set forth in Government Code sections 65865, 65867 and 65868 within thirty (30) days from the expiration of the ten (10) day notice period.

~~(c)~~(d) Following consideration of the evidence presented and said review before City, and after providing the Charged Party an additional five (5) calendar day period to cure, the Charging Party may institute legal proceedings against the Charged Party or may give written notice of termination of this Agreement to the Charged Party.

~~(d)~~(e) Evidence of default may arise in the course of a regularly scheduled periodic review of this Agreement pursuant to Government Code section 65865.1, as set forth in Section 8.2. If any Party determines that another Party is in default following the completion of the normally scheduled periodic review, without reference to the procedures specified in Section 8.1(c), said Party may give written notice of termination of this Agreement, specifying in the notice the alleged nature of the default and potential actions to cure said default where appropriate. If the alleged default is not cured in ten (10) days or within such longer period specified in the notice or the defaulting Party is not diligently pursuing a cure, or if the breach cannot reasonably be cured within the period or the defaulting Party waives its right to cure such alleged default, this Agreement may be terminated by the non-defaulting Party by giving written notice. An extension of the ten

(10) day cure period may be given by mutual consent of the Parties.

~~(e)~~(f) In the event Developer is in default under the terms and conditions of this Agreement, no permit application shall be accepted by City, nor will any permit be issued to Developer until the default is cured or the Agreement is terminated.

**Section 8.2. Annual Review.** City shall, at least every twelve (12) months during the Term of this Agreement, review the extent of good faith, substantial compliance of Developer and City with the terms of this Agreement. Such periodic review by City shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code section 65865.1. City shall deposit in the mail or fax to Developer a copy of all staff reports and, to the extent practical, related exhibits concerning this Agreement or the Cannabis Business Project's performance, at least seven (7) days prior to such periodic review. Developer shall be entitled to appeal a determination of City or the City Manager to the City Council. Any appeal must be filed within ten (10) days of the decision of City or the City Manager, respectively. Developer shall be permitted an opportunity to be heard orally or in writing regarding its performance under this Agreement before City, the City Manager, or the City Council, as applicable. The reasonable cost for City's annual review of this Agreement shall be paid by Developer, not to exceed the actual costs incurred by City in connection with the review.

**Section 8.3. Estoppel Certificate.**

(a) City shall, with at least twenty (20) days prior written notice, execute, acknowledge, and deliver to Developer, Developer's lender, potential investors, or assignees, an Estoppel Certificate in writing which certifies that this Agreement is in full force and effect, that there are no breaches or defaults under the Agreement, and that the Agreement has not been modified or terminated and is enforceable in accordance with its terms and conditions.

(b) At Developer's option, City's failure to deliver such Estoppel Certificate within the stated time period shall be conclusive evidence that the Agreement is in full force and effect, that there are no uncured breaches or defaults in Developer's performance of the Agreement or violation of any City ordinances, regulations, and policies regulating the use and development of the Site, the Cannabis Business Project, or the subject to this Agreement.

**Section 8.4. Default by City.** In the event City does not accept, review, approve, or issue any permits or approvals in a timely fashion, as defined by this Agreement, or if City otherwise defaults under the terms of this Agreement, City agrees that Developer shall not be obligated to proceed with or complete the Cannabis Business Project and shall constitute grounds for termination or cancellation of this Agreement by Developer.

**Section 8.5. Cumulative Remedies of Parties.** In addition to any other rights or remedies, City or Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, enforce any covenant, or enjoin any threatened or attempted violation of the provisions of this Agreement, so long as any such action conforms to Section 9.1(c) of this Agreement.

**Section 8.6. Forced Delay, Extension of Times of Performance.** Delays in performance, by either Party, shall not be deemed a default if such delays or defaults are due to war, terrorism, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, governmental restrictions imposed where mandated by governmental entities other than City, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulations enacted by the state or federal government, litigation, or other force majeure events. An extension of time for such cause shall be in effect for the period of forced delay or longer, as may be mutually agreed upon.

**Section 8.7. Appeals.** Developer may appeal any adverse decision or action of City pursuant to the T.M.C, as may be amended from time to time.

## **ARTICLE 9 TERMINATION**

**Section 9.1. Termination ~~Upon Completion of Development~~.** This Agreement shall terminate upon the expiration of the Term, unless it is terminated earlier pursuant to the terms of this Agreement. Upon termination of this Agreement, City shall record a notice of such termination in substantial conformance with the "Notice of Termination" attached hereto as **Exhibit F**, and this Agreement shall be of no further force or effect except as otherwise set forth in this Agreement.

**Section 9.2. Effect of Termination on Developer's Obligations.** Termination of this Agreement shall eliminate any further obligation of Developer to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate the rights of Developer to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.3. Effect of Termination on City's Obligations.** Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.4. Survival After Termination.** The rights and obligations of the Parties set forth in this Section 9.4, Section 2.8, Section 6.3, Section 10.3, Section 10.4, Section 10.5, Section 10.7, and Section 10.10, and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

**Section 9.5. Criminal Conviction; Termination; Transfer Rights.** If Developer, or any owner, officer, director, manager, or person with a direct or indirect ownership or controlling interest in Developer, is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may, in its sole and absolute discretion, terminate this Agreement upon written notice. A "conviction" includes

a guilty or nolo contendere plea and is deemed final upon entry of judgment, regardless of appeal.

Following such notice, Developer shall have a one hundred and eighty (180) day period to complete a transfer of its interest in this Agreement and the Project to a transferee approved in advance and in writing by the City. Approval is in the City's sole and absolute discretion. Any proposed transferee shall undergo a background investigation and meet all applicable eligibility requirements, including approval by the Chief of Police or designee.

If an approved transfer is not completed within the one hundred and eighty (180) day period, this Agreement shall automatically terminate. Any unapproved transfer is void.

## **ARTICLE 10 OTHER GENERAL PROVISIONS**

**Section 10.1. Assignment and Assumption.** Developer shall not have the right to sell, assign or transfer all or any part of its rights, title, and interests in all or a portion of the Site or Project, subject to or a part of this Agreement, to any person, firm, corporation or entity during the Term of this Agreement without the advance written consent of the City Manager. This assignment prohibition applies to the corporate and business entities of Developer that are a Party to this Agreement. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement. If the City Manager approves an assignment or transfer of any interest detailed in this Section 10.1, City and Developer shall execute an "Assignment and Assumption Agreement" in the form attached hereto as **Exhibit J**.

**Section 10.2. Covenants Running with the Land.** All of the provisions contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of interest in the Site or Project, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law, including California Civil Code section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Cannabis Business Project and, as appropriate, runs with the Site and is binding upon Developer.

**Section 10.3. Notices.** Any notice or communication required hereunder between City and Developer must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS, or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday, or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall

be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent; or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City:                   City of Turlock  
                                  156 S. Broadway  
                                  Turlock, CA 95380  
                                  Attention: ~~Toby Wells~~, City Manager

~~and \_\_\_\_\_ Churchwell White LLP  
                                  1414 K Street, 3<sup>rd</sup> Floor  
                                  Sacramento, CA 95814  
Attention: ~~Douglas L. White, and  
                                  Katie O. Lucchesi,  
                                  City Attorney  
                                  156 S. Broadway  
                                  Turlock, CA 95380~~~~

If to Developer:   ~~Valnette Garcia Kyle Kazan  
                                  Manager, NHC Turlock LLC  
                                  3645 Long Beach Blvd  
                                  Long Beach, CA 90807998  
                                  Huston St A  
                                  Grover Beach, CA 93433~~

**Section 10.4. Governing Law and Binding Arbitration.** The validity, interpretation, and performance of this Agreement shall be controlled by and construed pursuant to the laws of the state of California. Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration in Sacramento, California, before one arbitrator. The arbitration shall proceed pursuant to the Comprehensive Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services ("JAMS"). Judgment on the award may be entered in any court having jurisdiction thereof.

**Section 10.5. Invalidity of Agreement/Severability.** If this Agreement, in its entirety,

is determined by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal.

**Section 10.6. Cumulative Remedies.** In addition to any other rights or remedies, City and Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of the provisions of this Agreement. The prevailing Party in any such action shall be entitled to reasonable attorneys' fees and costs. Notwithstanding the foregoing or any other provision of this Agreement, in the event of City default under this Agreement, Developer agrees that it may not seek, and shall forever waive any right to, monetary damages against City, but excluding, therefrom, the right to recover any fees or charges paid by Developer in excess of those permitted hereunder.

**Section 10.7. Third Party Legal Challenge.** In the event any legal action or special proceeding is commenced by any person or entity challenging this Agreement or any associated entitlement, permit, or approval granted by City to Developer for the Cannabis Business Project (collectively, "Project Litigation"), the Parties agree to cooperate with each other as set forth herein. City may elect to tender the defense of any lawsuit filed and related, in whole or in part, to Project Litigation with legal counsel selected by City. Developer will indemnify, hold City harmless from, and defend City from all costs and expenses incurred in the defense of such lawsuit, including, but not limited to, damages, attorneys' fees, and expenses of litigation awarded to the prevailing Party or Parties in

such litigation. Developer shall pay all litigation fees to City within thirty (30) days of receiving a written request and accounting of such fees and expenses from City. Notwithstanding the aforementioned, City may request, and Developer will provide to City within seven (7) days of any such request, a deposit to cover City's reasonably anticipated Project Litigation fees and costs.

**Section 10.8. Constructive Notice and Acceptance.** Every person who, after the Effective Date and recording of this Agreement, owns or acquires any right, title or interest to any portion of the Site is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

**Section 10.9. Statute of Limitations and Laches.** City and Developer agree that each Party will undergo a change in position in detrimental reliance upon this Agreement from the time of its execution and subsequently. The Parties agree that Section 65009(c)(1)(D) of the California Government Code, which provides for a ninety (90) day statute of limitations to challenge the adoption of this Agreement, is applicable to this Agreement. In addition, any person who may challenge the validity of this Agreement is hereby put on notice that, should the legality or validity of this Agreement be challenged by any third party in litigation, which is filed and served more than ninety (90) days after the execution of this Agreement, City and Developer shall each assert the affirmative defense of laches with respect to such challenge, in addition to all other available defenses. This Section in no way limits the right of a Party, claiming that the other Party breached the terms of this Agreement, to bring a claim against the other Party within the four (4) year statute of limitations set forth in Section 337 of the California Civil Code.

**Section 10.10. Joint and Several Liability.** Developer shall be jointly and severally liable for any amount due under this Agreement, and any breach of this Agreement or failure to pay by one Party shall also constitute a breach of this Agreement by the other Party. Developer agrees that City may impose a lien and seek foreclosure on any parcel of the Site due to any default by Developer.

**Section 10.11. Change in State Regulations.** In no event shall Developer operate the Cannabis Business Project in violation of the Agreement, or State Cannabis Regulations, as may be amended from time to time.

**Section 10.12. Standard Terms and Conditions.**

(a) Venue. Venue for all legal proceedings shall be the JAMS Resolution Center in Sacramento, California.

(b) Waiver. A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to

have made any such waiver unless it is in writing and signed by the Party so waiving.

(c) Completeness of Instrument. This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

(d) Supersedes Prior Agreement. It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, or representations, written, electronic, or oral, between the Parties hereto with respect to the Site or Cannabis Business Project.

(e) Captions. The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

(f) Number and Gender. In this Agreement, the neuter gender includes the feminine and masculine, and the singular includes the plural, and the word "person" includes corporations, partnerships, firms, or associations, wherever the context requires.

(g) Mandatory and Permissive. "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

(h) Term Includes Extensions. All references to the Term of this Agreement shall include any extensions of such Term.

(i) Counterparts. This Agreement may be executed simultaneously, and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(j) Other Documents. The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

(k) Time is of the Essence. Time is of the essence in this Agreement in each covenant, term, and condition herein.

(l) Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, no Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

(m) Document Preparation. This Agreement will not be construed against the Party preparing it but will be construed as if prepared by all Parties.

(n) Advice of Legal Counsel. Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

(o) Attorneys' Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(p) Calculation of Time Periods. All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, this Agreement has been entered into by and between Developer and City as of the Effect above.

**“CITY”**

CITY OF TURLOCK, a  
California municipal corporation

By: \_\_\_\_\_  
Gary Hampton  
City Manager

Dated: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Nichole Feiz  
City Clerk

Approved to as Form

By \_\_\_\_\_  
Katie O. Lucchesi  
City Attorney

**“DEVELOPER”**

NHC Turlock LLC, a California limited  
liability company

By: \_\_\_\_\_  
Kyle Kazan

Its: \_\_\_\_\_  
Owner

Dated: \_\_\_\_\_



**Exhibit A**  
**Cannabis Site Legal Description**

CANNABIS SITE LEGAL DESCRIPTION  
CITY OF TURLOCK AND NHC TURLOCK, LLC

Exhibit A

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

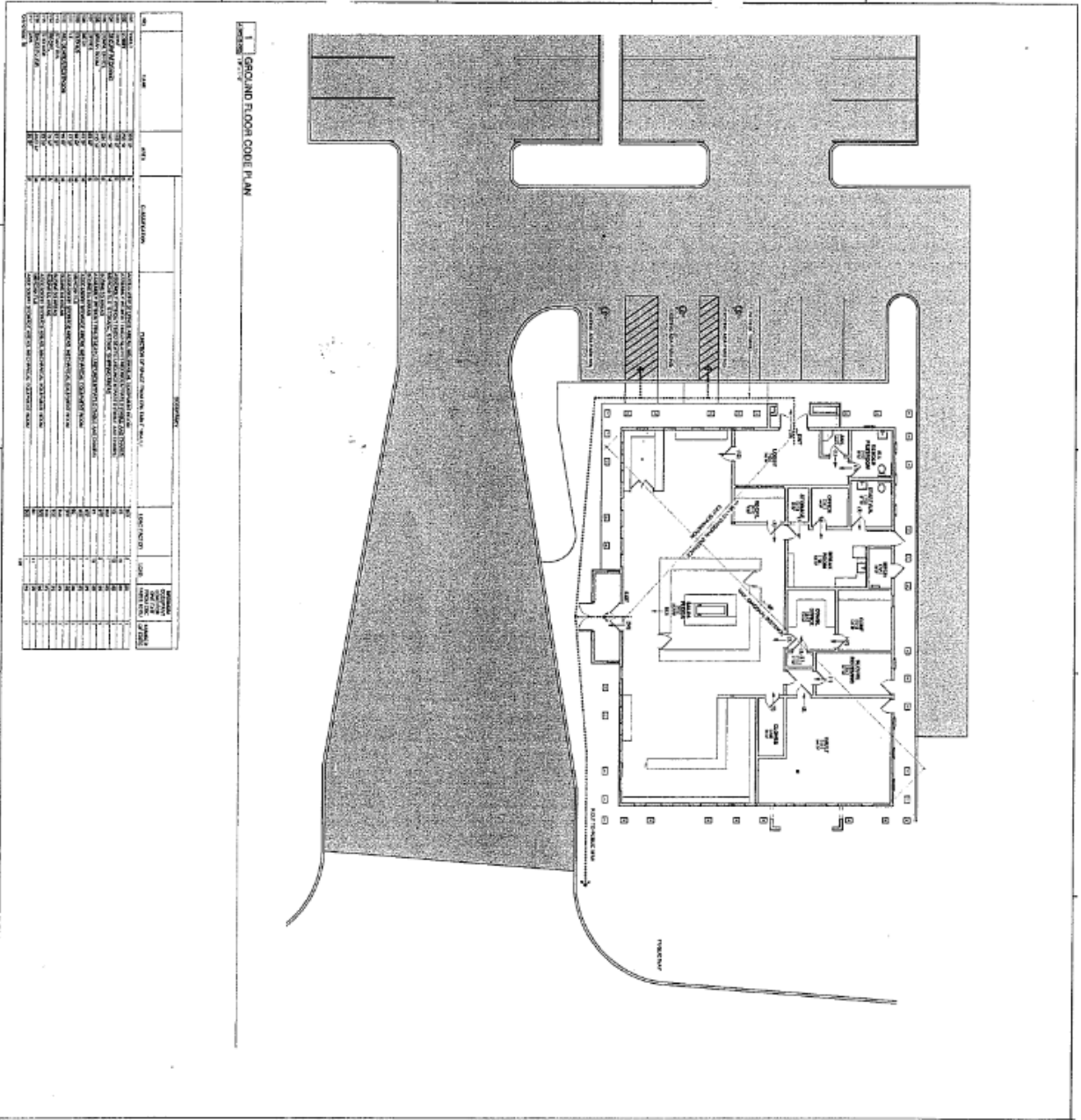
The land described herein is situated in the State of California, County of Stanislaus, unincorporated area, described as follows:

Parcel 4, as shown on a Parcel Map Filed April 14, 2004 in Book 52 Page 79 of Parcel Maps in the Office of the County Recorder of Stanislaus County, Being a portion of the Southeast 1/4 of Section 5 Township 5 South, Range 10 East, Mount Diablo Base and Meridian.

APN: 087-003-039-000

**Exhibit B**

**Cannabis Business Project Site Map**



NO.	DATE	DESCRIPTION	BY	CHECKED
1	01/15/2021	ISSUED FOR PERMIT	J. M. [Name]	[Name]
2	01/15/2021	REVISIONS	J. M. [Name]	[Name]
3	01/15/2021	REVISIONS	J. M. [Name]	[Name]
4	01/15/2021	REVISIONS	J. M. [Name]	[Name]
5	01/15/2021	REVISIONS	J. M. [Name]	[Name]
6	01/15/2021	REVISIONS	J. M. [Name]	[Name]
7	01/15/2021	REVISIONS	J. M. [Name]	[Name]
8	01/15/2021	REVISIONS	J. M. [Name]	[Name]
9	01/15/2021	REVISIONS	J. M. [Name]	[Name]
10	01/15/2021	REVISIONS	J. M. [Name]	[Name]
11	01/15/2021	REVISIONS	J. M. [Name]	[Name]
12	01/15/2021	REVISIONS	J. M. [Name]	[Name]
13	01/15/2021	REVISIONS	J. M. [Name]	[Name]
14	01/15/2021	REVISIONS	J. M. [Name]	[Name]
15	01/15/2021	REVISIONS	J. M. [Name]	[Name]
16	01/15/2021	REVISIONS	J. M. [Name]	[Name]
17	01/15/2021	REVISIONS	J. M. [Name]	[Name]
18	01/15/2021	REVISIONS	J. M. [Name]	[Name]
19	01/15/2021	REVISIONS	J. M. [Name]	[Name]
20	01/15/2021	REVISIONS	J. M. [Name]	[Name]
21	01/15/2021	REVISIONS	J. M. [Name]	[Name]
22	01/15/2021	REVISIONS	J. M. [Name]	[Name]
23	01/15/2021	REVISIONS	J. M. [Name]	[Name]
24	01/15/2021	REVISIONS	J. M. [Name]	[Name]
25	01/15/2021	REVISIONS	J. M. [Name]	[Name]
26	01/15/2021	REVISIONS	J. M. [Name]	[Name]
27	01/15/2021	REVISIONS	J. M. [Name]	[Name]
28	01/15/2021	REVISIONS	J. M. [Name]	[Name]
29	01/15/2021	REVISIONS	J. M. [Name]	[Name]
30	01/15/2021	REVISIONS	J. M. [Name]	[Name]
31	01/15/2021	REVISIONS	J. M. [Name]	[Name]
32	01/15/2021	REVISIONS	J. M. [Name]	[Name]
33	01/15/2021	REVISIONS	J. M. [Name]	[Name]
34	01/15/2021	REVISIONS	J. M. [Name]	[Name]
35	01/15/2021	REVISIONS	J. M. [Name]	[Name]
36	01/15/2021	REVISIONS	J. M. [Name]	[Name]
37	01/15/2021	REVISIONS	J. M. [Name]	[Name]
38	01/15/2021	REVISIONS	J. M. [Name]	[Name]
39	01/15/2021	REVISIONS	J. M. [Name]	[Name]
40	01/15/2021	REVISIONS	J. M. [Name]	[Name]
41	01/15/2021	REVISIONS	J. M. [Name]	[Name]
42	01/15/2021	REVISIONS	J. M. [Name]	[Name]
43	01/15/2021	REVISIONS	J. M. [Name]	[Name]
44	01/15/2021	REVISIONS	J. M. [Name]	[Name]
45	01/15/2021	REVISIONS	J. M. [Name]	[Name]
46	01/15/2021	REVISIONS	J. M. [Name]	[Name]
47	01/15/2021	REVISIONS	J. M. [Name]	[Name]
48	01/15/2021	REVISIONS	J. M. [Name]	[Name]
49	01/15/2021	REVISIONS	J. M. [Name]	[Name]
50	01/15/2021	REVISIONS	J. M. [Name]	[Name]

**CODE ANALYSIS**

SECTION	DESCRIPTION	CODE	STATUS
1.0	GENERAL BUILDING	IBC 2018	COMPLIANT
2.0	MECHANICAL	IBC 2018	COMPLIANT
3.0	ELECTRICAL	IBC 2018	COMPLIANT
4.0	PLUMBING	IBC 2018	COMPLIANT
5.0	FIRE PROTECTION	IBC 2018	COMPLIANT
6.0	DISCRETE	IBC 2018	COMPLIANT
7.0	ENVIRONMENTAL	IBC 2018	COMPLIANT
8.0	ENERGY EFFICIENCY	IBC 2018	COMPLIANT
9.0	ACCESSIBILITY	IBC 2018	COMPLIANT
10.0	SAFETY	IBC 2018	COMPLIANT
11.0	MARKING	IBC 2018	COMPLIANT
12.0	RECORDS	IBC 2018	COMPLIANT
13.0	CONSTRUCTION	IBC 2018	COMPLIANT
14.0	PERMITS	IBC 2018	COMPLIANT
15.0	INSPECTIONS	IBC 2018	COMPLIANT
16.0	FINAL REVIEW	IBC 2018	COMPLIANT
17.0	ISSUANCE	IBC 2018	COMPLIANT
18.0	REVISIONS	IBC 2018	COMPLIANT
19.0	CLOSURE	IBC 2018	COMPLIANT
20.0	REOPENING	IBC 2018	COMPLIANT
21.0	REVISIONS	IBC 2018	COMPLIANT
22.0	CLOSURE	IBC 2018	COMPLIANT
23.0	REOPENING	IBC 2018	COMPLIANT
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46.0	CLOSURE	IBC 2018	COMPLIANT
47.0	REOPENING	IBC 2018	COMPLIANT
48.0	REVISIONS	IBC 2018	COMPLIANT
49.0	CLOSURE	IBC 2018	COMPLIANT
50.0	REOPENING	IBC 2018	COMPLIANT

**LEGEND**

1.0 - GENERAL BUILDING

2.0 - MECHANICAL

3.0 - ELECTRICAL

4.0 - PLUMBING

5.0 - FIRE PROTECTION

6.0 - DISCRETE

7.0 - ENVIRONMENTAL

8.0 - ENERGY EFFICIENCY

9.0 - ACCESSIBILITY

10.0 - SAFETY

11.0 - MARKING

12.0 - RECORDS

13.0 - CONSTRUCTION

14.0 - PERMITS

15.0 - INSPECTIONS

16.0 - FINAL REVIEW

17.0 - ISSUANCE

18.0 - REVISIONS

19.0 - CLOSURE

20.0 - REOPENING

21.0 - REVISIONS

22.0 - CLOSURE

23.0 - REOPENING

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48.0 - REVISIONS

49.0 - CLOSURE

50.0 - REOPENING

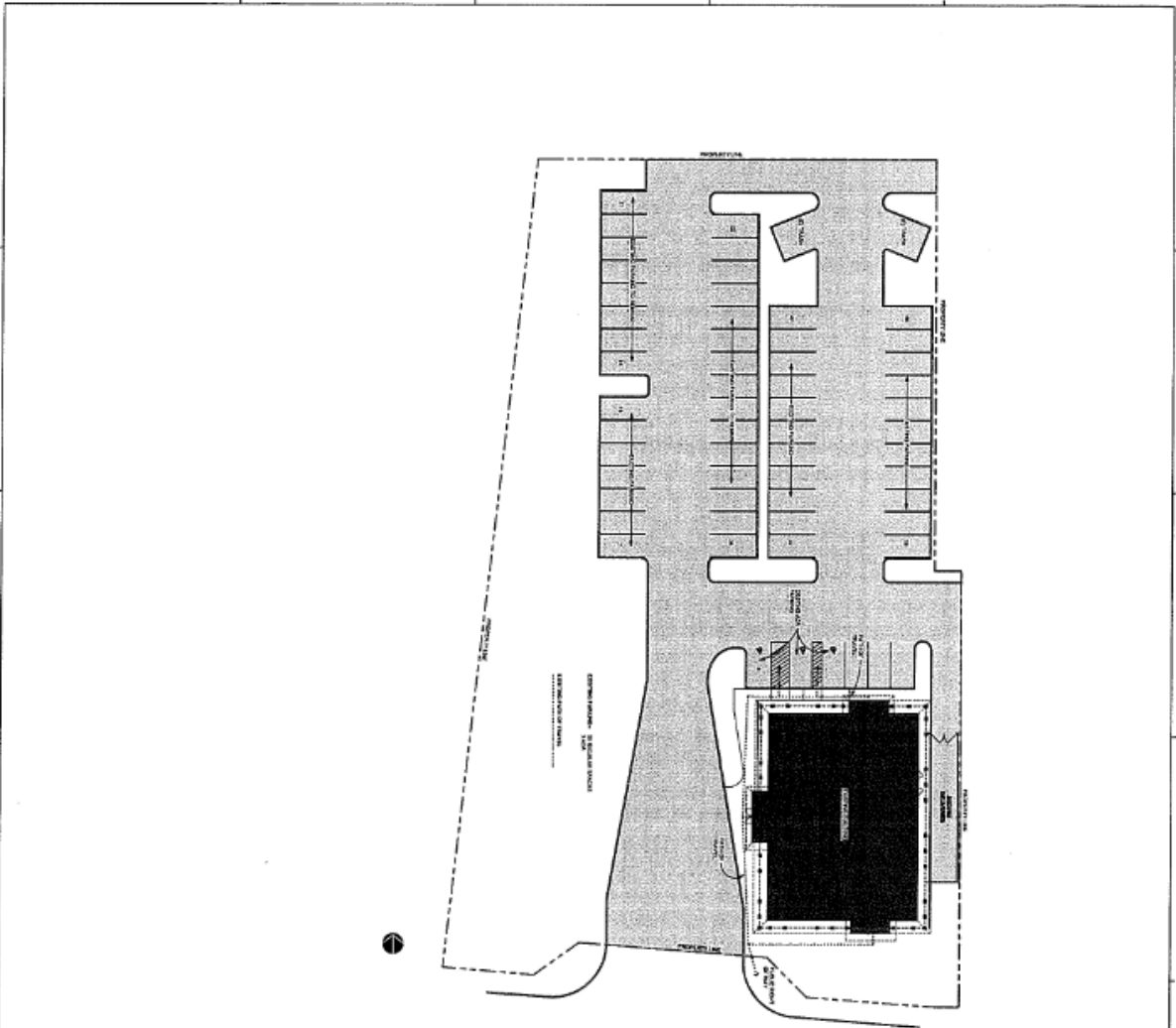
**NATURAL HEALING CENTER TURLOCK**  
 3401 W MONTE VISTA AVE  
 TURLOCK, CA 95380

**CODE ANALYSIS**

G-002

**firm design group**

**CANNABIS BUSINESS PROJECT SITE MAP**  
**CITY OF TURLOCK AND NHC TURLOCK, LLC**  
**Exhibit B**



W. MONTE VISTA AVE

LEGEND

KEYNOTES

GENERAL NOTES

**NATURAL HEALING CENTER TURLOCK**  
3401 W MONTE VISTA AVE  
TURLOCK, CA 95380

**ARCHITECTURAL SITE PLAN**

NO.	REVISION	DATE
1	ISSUED FOR PERMIT	08/04/15
2	ISSUED FOR PERMIT	08/04/15
3	ISSUED FOR PERMIT	08/04/15
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100	ISSUED FOR PERMIT	08/04/15

DATE: 08/04/15 11:00:00 AM  
DRAWN: JMA/CLD/COZD  
SCALE: AS101

**rrm design group**  
3401 W MONTE VISTA AVE  
TURLOCK, CA 95380  
TEL: 916.484.1174  
WWW.RRMDESIGN.COM

**ARCHITECT**  
JAMES M. ANDERSON  
REGISTERED ARCHITECT  
NO. 123456789  
STATE OF CALIFORNIA

[CANNABIS BUSINESS PROJECT SITE MAP](#)  
[CITY OF TURLOCK AND NHC TURLOCK, LLC](#)  
[Exhibit B](#)

**Exhibit C**

**Site Deed**

RECORDING REQUESTED BY

Placer Title Company  
Escrow Number: P-409187  
Branch: 2801

11/12/2020 @ 9:38 am

2020-0088687

AND WHEN RECORDED MAIL TO

3401 W Monte Vista LLC, A California Limited Liability  
Company  
7510 Los Osos Valley Road  
San Luis Obispo, CA 93405

A.P.N.: 087-003-039-000

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRANT DEED**

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$4,180.00 City Transfer Tax: \$0.00

(X) Unincorporated Area ( ) City of \_\_\_\_\_

(X) computed on full value of property conveyed, or

( ) computed on full value less value of liens and encumbrances remaining at time of sale.

**FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, J. Marcos Solis and Maria E. Martinez, as Trustees of the Solis Family 2006 Trust dated January 19, 2006**

Hereby GRANT(S) to **3401 W Monte Vista LLC, A California Limited Liability Company**

The land described herein is situated in the State of California, County of Stanislaus, unincorporated area, described as follows:

Parcel 4, as shown on a Parcel Map Filed April 14, 2004 in Book 52 Page 79 of Parcel Maps in the Office of the County Recorder of Stanislaus County, Being a portion of the Southeast 1/4 of Section 5 Township 5 South, Range 10 East, Mount Diablo Base and Meridian.

APN: 087-003-039-000

**MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE**

**SAME AS ABOVE**

Name

Street Address  
Page 1 of 2

City & State

Grant Deed - Sale

[SITE DEED](#)  
[CITY OF TURLOCK AND NHC TURLOCK, LLC](#)  
[Exhibit C](#)

Dated: October 22, 2020

J. Marcos Solis and Maria E. Martinez, as Trustees of the Solis Family 2006 Trust dated January 19, 2006

J. Marcos Solis  
J. Marcos Solis, Trustee

Maria E. Martinez  
Maria E. Martinez, Trustee

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Stanislaus ) ss.

On OCTOBER 26, 2020 before me,  
ROCIO TORRES

Notary Public personally appeared J. MARCOS SOLIS AND MARIA E. MARTINEZ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

SIGNATURE Rocio Torres



**Exhibit D**

**Notice of Non-Performance Penalty**

DATE: \_\_\_\_\_, 2026~~0~~

PARTIES: CITY OF TURLOCK  
156 S Broadway  
Turlock, CA 95380  
Attention: City Manager

DEVELOPER  
Kyle Kazan, Owner,  
Natural Healing Center  
3645 Long Beach Blvd.  
Long Beach, CA 90807

**THIS NOTICE OF NON-PERFORMANCE PENALTY** ("Penalty Notice") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

- A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 2020, City recorded a development agreement between City and NHC Turlock LLC, a California limited liability company ("Developer"), dated \_\_\_\_\_, 2020 (the "Development Agreement"), relating to the development and operation of a cannabis business.
- B. Pursuant to Section 4.2 of the Development Agreement, Developer agrees to pay to City a Public Benefit on the first business day of each month during the Term of the Development Agreement.
- C. On \_\_\_\_\_, 20\_\_, the Public Benefit was due to City by Developer. City did not receive payment.
- D. Pursuant to Section 4.5 of the Development Agreement, if Developer fails to make payment when it is due, City may impose a penalty of ten percent (10%) of the total of the past due amounts ("Penalty"). As of \_\_\_\_\_, 20\_\_, the past due amount equals \$\_\_\_\_\_. The Penalty owed by Developer equals \$\_\_\_\_\_ ("Penalty Amount").
- E. Pursuant to Section 4.5 of the Development Agreement, Developer shall make payment of the Penalty Amount in a single installment due within fifteen (15) days of delivery of this Penalty Notice ("Penalty Due Date").

- F. Pursuant to Section 4.6 of the Development Agreement, if Developer fails to pay the Penalty Amount before the Penalty Due Date, then, in addition to the Penalty Amount specified in subdivision (D), Developer shall pay City interest on the Penalty Amount, at the rate of eighteen percent (18%) per annum ("Penalty Interest Payment"), computed from the Penalty Due Date specified in subdivision (E). The Penalty Interest Payment is due fifteen (15) days following delivery of the Penalty Due Date. As of \_\_\_\_\_, 20\_\_, the Penalty Interest Payment amount equals \$\_\_\_\_ \_
  
- G. Nothing contained herein shall constitute a waiver of City's future claims for the Public Benefit, Penalty, or interest on the Penalty.

**NOW, THEREFORE**, City hereby provides Developer the Penalty Notice required by Section 4.5 of the Development Agreement. This Penalty Notice shall be effective upon notice pursuant to Section 10.3 of the Development Agreement.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

## Exhibit E

### INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING

**THIS INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING** ("Agreement") is made and entered into on this\_\_ day of \_\_\_\_ 2020, ("Effective Date") by and between the City of Turlock, a California municipal corporation ("City") and NHC Turlock LLC, a California limited liability company ("Applicant"). City and Applicant may be referred to herein individually as a "Party" or collectively as the "Parties". There are no other parties to this Agreement.

#### RECITALS

A. In 1996, the people of the state of California approved Proposition 215, the Compassionate Use Act of 1996 ("CUA"). The CUA enables seriously ill Californians to legally possess, use, and cultivate marijuana for medical use under state law. In 2003, the California Legislature adopted Senate Bill 420, entitled the Medical Marijuana Program ("MMP"), which authorizes qualified patients and their primary caregivers to cultivate marijuana for medical purposes without being subject to criminal prosecution under the California Penal Code.

B. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing, and distribution of medical marijuana to qualified patients and their primary caregivers.

C. On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act ("AUMA"). AUMA legalizes the cultivation, commercial sale, and possession of recreational cannabis for adults age 21 and older.

D. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which created a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in the MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in a particular jurisdiction.

E. On December 7, 2017, California state cannabis licensing authorities issued emergency regulations that apply to AUMA and MAUCRA and further regulate businesses engaged in commercial cannabis activity.

F. Turlock Municipal Code ("T.M.C.") Chapter 5.21 authorizes cannabis businesses to operate within the City under specified restrictions pursuant to a Cannabis Pilot Program.

G. Applicant intends to improve, develop, and use real property to operate a cannabis business (the "Project") within the City in strict compliance with MAUCRSA and T.M.C. chapter 5.60.

H. Applicant has an agreement to purchase that certain real property located at 3401 W Monte Vista Ave in the City of Turlock, identified as Stanislaus County Assessor's Parcel Number 087-003-039 (the "Project") Applicant intends to improve approximately 5,400 (fifty four hundred) of space and operate the Project on the Property.

I. As a condition of approval of the Land Use Entitlements, City has required Applicant to enter into this Agreement.

J. It is in the public interest for City and Applicant to enter into this Agreement, as Applicant will benefit from City's processing of the Project.

K. Applicant desires to enter into this Agreement to fulfill a condition of approval of the Project, which is a prerequisite for construction of the Project.

## **AGREEMENT**

**NOW, THEREFORE**, in consideration of the promises, covenants and agreements set forth below, the Parties agree as follows:

**Section 1. Recitals.** The recitals set forth above ("Recitals") are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 19 of this Agreement, Sections 1 through 19 shall prevail.

### **Section 2. Applicant's Indemnification Obligations.**

**2.1. Indemnification for Land Use Entitlements.** To the fullest extent permitted by law, Applicant shall indemnify, and hold harmless City and its agents, elected and appointed officials, officers, employees, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City, or City's Agents, to attack, set aside, void, or annul, an approval concerning the Land Use

Entitlements by reason of the action or inaction of City, or City's Agents. Applicant's duty to indemnify and hold harmless shall not extend to any claim, action or proceeding arising from the gross negligence or willful misconduct of City, or City's Agents.

Applicant's obligations under this Agreement to indemnify City shall apply to any claim, lawsuit or challenge against City brought against the Project, specifically including, but not limited to, any legal challenge based on the California Environmental Quality Act, codified in California Public Resources Code section 21000 et seq.; actions or proceedings brought to challenge the validity of environmental documents prepared in conjunction with the approval of the Project or Land Use Entitlements, or the requirements of any other federal, state, or local laws, including, but not limited to, general plan, specific plan, and zoning requirements.

**2.2. Tender of Defense.** Upon receiving notice of a claim and pursuant to Article 6 of the Land Use Entitlements, Applicant shall assume the defense of the claim, action, or proceeding through the prompt payment of all attorneys' fees and costs, incurred in good faith and in the exercise of reasonable discretion, of City's counsel in defending such an action. Regardless of whether Applicant chooses to defend City pursuant to Section 6.4 of the Land Use Entitlements, City shall have the absolute and sole authority to control the litigation and make litigation decisions, including, but not limited to, selecting counsel to defend City and settlement or other disposition of the matter.

**2.3. Deposit for Costs.** Applicant shall make a refundable deposit to City within thirty (30) days of written notification from City ("Cost Deposit"), to cover the estimated fees and costs associated with City's defense of any claim, action or proceeding. Applicant shall make any and all additional payments to City to replenish the Cost Deposit within thirty (30) days of written notice from City.

**2.4. Failure to Indemnify; Waiver.** Failure to indemnify City, when required by this Agreement, shall constitute a material breach of this Agreement and of the Land Use Entitlements, which shall entitle City to all remedies available under law including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of the Land Use Entitlements. Applicant's failure to indemnify City shall be a waiver by Applicant of any right to proceed with the Project, or any portion thereof, and a waiver of Applicant's right to file a claim, action or proceeding against City or City's Agents based on City's rescission or revocation of the Land Use Entitlements, or City's failure to defend any claim, action or proceeding based on Applicant's failure to indemnify City.

**2.5. Satisfaction of Judgment.** With respect to any claims, demands, acts, causes of action, damages, costs, expenses, settlements, losses or liabilities which Applicant has indemnified City against, Applicant shall pay and satisfy any judgment, award, settlement or decree that may be rendered or agreed against City and City's Agents arising out of any final, non-appealable judicial or administrative action.

**2.6. Payment of Costs and Fees.** Applicant's obligations under this Agreement to defend and indemnify City shall include, but not be limited to, payment of all court costs and attorneys' fees, all litigation-related costs, all costs of any judgments or awards against City, or all settlement costs which arise out of City's processing or approval of the Project.

**2.7. Continuing Obligation.** Applicant shall be and remain personally obligated to all of the terms of this Agreement, notwithstanding any attempt to assign, delegate or otherwise transfer all or any of the rights or obligations of this Agreement, and notwithstanding a change in or transfer of ownership of the real property upon which the Project is located (or any interest therein). However, Applicant may be released from such obligations if Applicant obtains City's prior written consent to such transfer, which consent shall not be unreasonably withheld.

**Section 3. City's Obligations.** City shall notify Applicant of any claim, action or proceeding within ten (10) business days of receiving service of any claim, action or proceeding. If City fails to notify Applicant of any claim, action, or proceeding, Applicant shall not, thereafter, be responsible to defend, indemnify, or hold City harmless. City shall have and retain, in its sole discretion, the right to not participate in the defense of any claim, action, or proceeding. At its sole discretion, City may participate at its own expense in the defense, but such participation shall not relieve Applicant of any obligation imposed by this Agreement.

**Section 4. Notice.** Any notice or communication required hereunder between City and Applicant must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City: City of Turlock  
156 S. Broadway  
Turlock, CA 95380  
Attention: City Manager

and Katie O. Lucchesi, City Attorney  
156 S. Broadway  
Turlock, CA 95380  
Churchwell White LLP,  
1414 K Street, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
Attention: City Attorney

If to Developer: Kyle Kazan, Owner  
NHC Turlock LLC  
3645 Long Beach Blvd.  
Long Beach, CA 90807

With copies to:

**Section 5. Modification of Agreement.** This Agreement may be supplemented, amended, or modified only by a writing signed by City and Applicant.

**Section 6. Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the action and supersedes all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement.

**Section 7. Agreement is Voluntary.** The Parties acknowledge that they have entered into this Agreement voluntarily, on the basis of their own judgment and without coercion, and not in reliance on any promises, representations, or statements made by the other Party other than those contained in this Agreement. This Agreement incorporates the entire understanding of the Parties and recites the sole consideration of the promises and agreements contained within it. The Parties have read this Agreement and are fully aware of its contents and legal effect.

**Section 8. Time of Essence.** Time is of the essence for this Agreement, and each section contained within this Agreement is made and declared to be a material, necessary, and essential part of this Agreement.

[INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND NHC TURLOCK, LLC  
Exhibit E](#)

**Section 9. Severability of Agreement.** If a court or an arbitrator of competent jurisdiction holds any section of this Agreement to be illegal, unenforceable, or invalid for any reason, the validity and enforceability of the remaining sections of this Agreement shall not be affected.

**Section 10. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement, and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 11. Noninterference.** No Party will do anything to interfere with or inhibit the ability of the other to comply with their respective obligations under the terms of this Agreement.

**Section 12. Ambiguities.** Each Party has participated fully in the review and revision of this Agreement. Any rule of construction that ambiguities are to be resolved against the drafting Party does not apply in interpreting this Agreement.

**Section 13. Headings.** The headings in this Agreement are included for convenience only, and neither affect the construction or interpretation of any section in this Agreement nor affect any of the rights or obligations of the Parties to this Agreement.

**Section 14. Necessary Acts and Further Assurances.** The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement. The Parties will act in good faith to carry out the intent of this Agreement.

**Section 15. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.

**Section 16. Venue.** Venue for all legal proceedings shall be in the Superior Court of the State of California in and for the County of Stanislaus.

**Section 17. Attorney's Fees and Costs.** If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret sections of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in

addition to any other relief to which such Party may be entitled.

**Section 18. Waiver.** No covenant, term, or condition, or the breach thereof, shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

**Section 19. Counterparts.** This Agreement may be executed in counterparts and all so executed shall constitute an agreement which shall be binding upon the Parties hereto, notwithstanding that the signatures of all Parties and Parties' designated representatives do not appear on the same page.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS THEREOF, the Parties have executed this Agreement on the day, month and year first above written.

**APPLICANT**

Natural Healing Center, LLC  
a California limited liability company

By: \_\_\_\_\_  
Kyle Kazan

Its: Owner

Date: .....

Natural Healing Center, LLC  
A California limited liability company

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

Its: \_\_\_\_\_  
Owner

Date: \_\_\_\_\_

**CITY**

City of Turlock, a California municipal corporation

By: \_\_\_\_\_  
Gary Hampton., City Manager

Date: .....

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Katie O. Lucchesi, City Attorney

**Exhibit F**

**Notice of Termination**

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT**

DATE: \_\_\_\_\_, 20\_\_

PARTIES: CITY OF TURLOCK  
156 S Broadway  
Turlock, CA 95380  
Attention: City Manager

NHC TURLOCK LLC  
[Kyle Kazan](#)  
Owner, NHC Turlock LLC  
[3645 Long Beach Blvd.](#)  
[Long Beach, CA 90807](#)

**THIS NOTICE OF TERMINATION AND RELEASE** (the "Release") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

- A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 2020, City recorded a development agreement between City and \_\_\_\_\_, dated \_\_\_\_\_, 2020 (the "Development Agreement"), relating to the development and operation of a cannabis business.
- B. Pursuant to Sections 1.7 and 9.1 of the Development Agreement, the term of the Development Agreement expires five (5) years from \_\_\_\_, 2020, on \_\_\_\_\_, 20\_\_.

- C. Pursuant to Section 9.1 of the Development Agreement, once terminated, the Development Agreement has no further force or effect, unless otherwise set forth in the Development Agreement.

**NOW, THEREFORE,** City hereby terminates, cancels, and otherwise releases Developer and Developer's heirs, executives, administrators, successors, and assigns from their obligations in the Development Agreement on this \_\_\_ of \_\_\_, 20\_\_, and relinquishes any right it may hereafter have to enforce any of the terms and provisions set forth in the Development Agreement, unless otherwise set forth in the Development Agreement. This termination, cancellation, and release shall be effective upon the recordation of this Release in the office of the County Recorder for the County of Stanislaus, State of California.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

**Exhibit G**

**Assignment and Assumption Agreement**

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (the "Agreement") is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between NHC Turlock LLC, a California limited liability company ("Assignors"), and \_\_\_\_\_ ("Assignee").

**RECITALS**

A. On \_\_\_\_\_, 2020, Assignor and the City of Turlock (the "City") entered into that certain agreement entitled "Development Agreement by and between the City of Turlock, a California municipal corporation and NHC Turlock LLC, a California limited liability company, relating to the improvement, development, and use of real property to operate a cannabis business (the "Development Agreement"). originally recorded upon Stanislaus County Assessor's Parcel Number 061-041-006 (the "Pro□").

B. Section 10.1 of the Development Agreement prohibits the sale, assignment, or transfer by Assignor of any portion of Assignor's interests, rights, or titles described in that section of the Development Agreement ("Assignable Rights") to a third party without prior written approval by the City Manager of the City of Turlock (the "City Manager").

C. Assignor intends to assign, and Assignee intends to assume, the Assignable Rights under the Development Agreement.

D. In accordance with the terms of the Development Agreement, Assignor has provided to the City Manager a written request for consent to assignment. The City Manager has received the information he or she deems appropriate and consulted with the City Attorney for the purpose of determining that Assignee is a qualified applicant for purposes of the foregoing terms of the Development Agreement. This Agreement is intended to meet the requirements of Section 10.1 of the Development Agreement for an Assignment and Assumption Agreement and is executed with the consent of the City Manager as contemplated in the Development Agreement.

**NOW, THEREFORE,** Assignor and Assignee hereby agree as follows:

1. The foregoing Recitals are true and incorporated herein by this reference as though set forth in full.

2. Assignor hereby assigns to Assignee all of the Assignable Rights of Assignor under the Development Agreement.

3. Assignee hereby assumes all of the burdens and obligations of Assignor under the Development Agreement and agrees to observe and fully perform all of the duties and obligations of Assignor under the Development Agreement, and to be subject to all the terms and conditions thereof, with respect to the Property and Assignable Rights. It is the express intention of Assignor and Assignee that, upon the execution of this Agreement, Assignee shall become substituted for Assignor as the "Developer" under the Development Agreement.

4. This Agreement shall take effect and be binding only upon the City Manager's consent to and approval of the Agreement.

5. Assignee represents and warrants that it has reviewed and is familiar with the terms and conditions of the Development Agreement. Assignee acknowledges that the Assignable Rights are as set forth in Section 10.1 of the Development Agreement, and the duties of Assignor thereunder and the duties of Assignee hereunder, as between Assignee and City, shall be without reference to any underlying agreements or understandings that may exist between Assignee, Assignor, or any other party with respect to the subject matter hereof, and that City is not party to such other agreements.

6. All of the covenants, terms, and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

**IN WITNESS HEREOF,** the parties hereto have executed this Agreement as of the day and year first above written.

**[Signatures on the Following Page]**

**ASSIGNOR**

NHC Turlock LLC, a California limited liability company

By: \_\_\_\_\_  
Kyle Kazan

Its: Owner

Date: \_\_\_\_\_

**ASSIGNEE**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

Its: .....

Date: \_\_\_\_\_

City of Turlock, a California municipal corporation

By: \_\_\_\_\_  
Gary Hampton, City Manager

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Katie O. Lucchesi, City Attorney

Date: \_\_\_\_\_

**Planning Commission Staff Report**  
**May 7, 2026**



---

From: Katie Quintero, Planning Manager  
Prepared by: Katie Quintero, Planning Manager  
Agendized by: Adrienne Werner, Development Services Director

**1. ACTION RECOMMENDED:**

I move that the Planning Commission find that Perfect Union is in compliance with the conditions of approval contained in Conditional Use Permit No. 2019-07 and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-13

I move that the Planning Commission recommend the City Council find that Perfect Union has complied in good faith with the terms and conditions of the development agreement and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-14.

I move the Planning Commission recommend the City Council approve the First Amended and Restated Development Agreement between the City of Turlock and Perfect Union, having determined the action is not subject to the provisions of CEQA and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-15.

**2. NARRATIVE:**

**APPLICATION SUMMARY**

**DATE FILED: April 14, 2026**

**APPLICANT:**

Thomas Sheridan  
1025 Joelis Way, Suite 150  
Sacramento, CA 95815

**PROPERTY OWNER:**

MWG Properties LLC  
1025 Joellis Way, Suite 150  
Sacramento, CA 95815

**PROJECT ADDRESS:**

2500 N. Golden State Boulevard

**APN:**

088-007-025

**AREA OF PROPERTY:**

1.079 acres (approximately)

**EXISTING ZONING:**

Community Commercial (CC)

**GENERAL PLAN:**

Community Commercial (CC)

**PREVIOUS ACTIONS:**

Rezoned 12-03, General Plan Amendment 12-02,  
Minor Discretionary Permit 2010-06, Minor

Administrative Approval 2010-03, Conditional Use Permit 90-16 and 19-07, Variance 21-01

**REQUEST:** Annual review of the Conditional Use Permit and Development Agreement for Perfect Union and Amendments to and extension of Development Agreement.

**CEQA RECOMMENDATION:** Exempt CEQA §15378(b)(5) [Project]

**STAFF RECOMMENDATION** Approve

## **BACKGROUND**



Perfect Union is located at 2500 N. Golden State Boulevard. The property is zoned Community Commercial which allows cannabis dispensaries with a Conditional Use Permit and Development Agreement.

The City Council adopted ordinance 1263-CS approving the Development Agreement on September 24, 2019, and the Planning Commission approved Conditional Use Permit 2019-07 on

March 5, 2020, to allow Perfect Union to operate a cannabis retail dispensary. Perfect Union opened for business in September 2020.

The initial Development Agreement was set to expire in October 2024. As a result, under the City Manager's authority of the Development Agreement, the City and Perfect Union entered into an Amendment to the Development Agreement extending the Development Agreement through December 31, 2024.

On September 19, 2024, the Planning Commission recommended the City Council extend the Development Agreement to June 30, 2025. The City Council approved the extension of the Development Agreement at their October 8, 2024, meeting.

In May of 2025, Council approved another extension to the Development Agreement through June 30, 2026. The intention of the shorter-term time extensions was to allow time for the cannabis operators and the City to discuss potential changes to the cannabis program.

The item before the Commission proposes changes to the Development Agreement to begin to address some of the desired changes, but it is anticipated updates to the Municipal Code and the cannabis program will be ongoing.

**ANNUAL REVIEW**

Turlock Municipal Code §9-5-912 and Conditional Use Permit 2019-07 require the Planning Commission to conduct an annual review to verify the business has complied with the terms of the Development Agreement and Conditional Use Permit. In addition, TMC §9-5-912 requires the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement.

Planning Department

*Signage*

The signs at Perfect Union have been permitted and comply with all requirements.

A complaint was received that a special event was held in the parking lot with a food vendor on site. Outside vendors such as food vendors are not allowed per the Conditional Use Permit. Perfect Union has been made aware such events are not allowed, and all staff are being made aware of this and Perfect Union has confirmed this will not occur again.

Perfect Union is in substantial compliance with the Planning Department.

Building Department

Perfect Union opened for business on September 18, 2020. There are no active building code violations and Perfect Union is in compliance with the requirements of the Building and Safety Division.

Finance Department

*Business License*

Perfect Union was issued a business license on August 25, 2020. Their business license is current and active. There are no outstanding issues.

*Public Benefit Amount*

The Development Agreement requires a monthly public benefit payment to the City of Turlock. Section 4.2 of the Development Agreement details the public benefit amount that Perfect Union must submit to the City on a monthly basis.

Effective Date	Public Benefit Amount Due
1 <sup>st</sup> Business Day following the (1 <sup>st</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 1 Amount”).
1 <sup>st</sup> Business Day of the Thirteenth (13 <sup>th</sup> ) Month in which Developer	\$30,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 2 Amount”).

commences Commercial Cannabis Activity.	
1 <sup>st</sup> Business Day of the Twenty-fifth (25 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 3 Amount”).
1 <sup>st</sup> Business Day of the Thirty-seventh (37 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 4 Amount”).
1 <sup>st</sup> Business Day of the Forty-ninth (49 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 5 Amount”).

The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.

The audits and compliance checks have been completed. Perfect Union is in compliance with the Finance Department requirements. The public benefit amount that Perfect Union has paid is detailed in the table below:

Fiscal Year	Public Benefit Payment
2020-21	\$237,500.00
2021-22	\$350,000.00
2022-23	\$410,000.00
2023-24	\$430,000.00
2024-25	\$525,000.00
2025-26 *	\$365,500.00
<b>Total through 4/29/26</b>	<b>\$2,358,000.00</b>
*Payment made through March 2026	

Police Department

There were nine calls for service (CFS) in 2023. Three calls were for City Ordinance re-inspections, four commercial alarm checks, a security check and a suspicious incident call. All CFS were closed by the officer and did not result in a report being filed or an arrest.

In 2024, there were four calls for service (CFS). Two calls were closed by the responding officer. A fireworks violation where a nearby business was setting off fireworks, and damage to a nearby property. A medical emergency was attended by the Fire Department and an

accidental panic alarm was closed by dispatch. None of the calls resulted in a report being filed by the officer and no arrests were made.

Calls for Service from January 1, 2025, through October 22, 2025, totaled 7. Four calls were emergency medical calls which were cleared by the Fire Department, one suspicious vehicle, two individuals fighting each other, and a public intoxication call. Only the public intoxication call resulted in an arrest. The other 6 calls were closed by the responding officer.

There was one call for service from October 2025 through April 2026. The call was a security check on an individual asking for help getting home. The call was closed by the responding officer.

It is important to remember, when responding to calls for service, the location is indexed by where the incident occurred or where the officer should respond to contact the victim. If the officer responds to the Perfect Union parking lot or in close proximity to Perfect Union the business name will be indexed in the report. It does not mean a crime occurred at Perfect Union. If no report was made, the responding officer did not find probable cause to show a crime occurred. In reviewing the calls for service these are typical for what is anticipated for this use and does not create a concern at this time.

### *Annual Inspection*

On April 23, 2026, the Police Department conducted their annual inspection. There were no items found during the inspection.

Perfect Union is in compliance with the Police Department's conditions.

## **PROPOSED AMENDMENTS**

Various amendments are proposed to the Development Agreement. The changes to the Agreement are provided in a track changes as Attachment A to the draft resolution. To capture all previous amendments to the Development Agreement into one document, the City has prepared a First Amended and Restated Development Agreement. This captures all previous amendments and newly proposed into this one complete Agreement.

In response to concerns from many of the dispensary operators, the City is proposing to amend the language for the public benefit amount to remove the monthly minimum payment and move to a percentage only. The percentage is set as a range up to 9% of gross receipts but proposes to set the amount required to be paid at 5.25% through May 31, 2027, at which time Council may set a new Public Benefit amount within the range. This change will cause a reduction in the overall amount the City will receive in the public benefit amount, but it will provide more stability and will reduce the financial strain on the cannabis operators.

The term of the agreement is proposed to be extended for three years through June 30, 2029.

Other regulations proposed to be added to the agreement include requiring remote real-time live access to the video footage of cameras installed at the businesses and requiring background checks prior to any changes in ownership or on any individual or entity every

two years or at any other time upon reasonable cause. A section has been added detailing if anyone with direct or indirect ownership or controlling interest in the project is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may terminate the Development Agreement. If given such notice, the Developer would have 180 days to complete a transfer of their interest to a transferee approved by the City.

Other proposed changes include various language cleanups and updates to current laws and regulations.

### **Public Comment**

A public notice was sent out to all property owners within 500 feet of the property. Staff did not receive any phone calls or correspondence regarding this item.

### **3. FISCAL IMPACT / BUDGET AMENDMENT:**

### **4. ENVIRONMENTAL DETERMINATION:**

The project consists of the annual review to determine if Perfect Union has complied in good faith with the terms and conditions of the Conditional Use Permit and Development Agreement as well as a three-year time extension and miscellaneous amendments to the Development Agreement.

No changes or modifications in the site are anticipated as a result of this review; therefore, this action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review, request for a time extension and various miscellaneous changes to the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

### **5. ATTACHMENTS:**

1. Perfect Union CUP 2019-07 Annual Review Resolution 2026 13
2. Perfect Union DA Annual Review Resolution 2026-14
3. Perfect UnionDA Time Extension and Amendments Resolution 2026-15
4. Exhibit A 1st amended and restated DA Perfect Union

**Filing Requested By:**

City of Turlock  
Development Services Department  
Planning Division  
156 S. Broadway, Suite 120  
Turlock, CA 95380-5456

**When Filed Mail To:**

*Same as above*

SPACE ABOVE THIS LINE FOR CLERK'S USE ONLY

**RESOLUTION NO. 2026-13**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF TURLOCK  
APPROVING THE ANNUAL REVIEW OF  
CONDITIONAL USE PERMIT 2019-07 (PERFECT UNION)**

PROPERTY OWNER: LATO Investments LLC  
6532 Rose Bridge Dr  
Roseville CA 95678

APPLICANT: Thomas Sheridan  
1025 Joelis Way, Suite 150  
Sacramento, CA 95815

SITE ADDRESS: 2500 N Golden State Boulevard

APN: 088-007-025

**WHEREAS**, Conditional Use Permit No. 2019-07 for the operation of a retail cannabis dispensary for Perfect Union, was granted by the Planning Commission on March 5, 2020; and

**WHEREAS**, the property affected by this Resolution is located at 2500 N Golden State Boulevard, Turlock, more particularly described as Stanislaus County APN 088-007-025; and

**WHEREAS**, the property is zoned Community Commercial (CC) with General Plan land use designation of Community Commercial; and

**WHEREAS**, Planning Commission Resolution 2020-07 requires annual review of Conditional Use Permit 2019-07 for Perfect Union to operate a retail cannabis dispensary; and

**WHEREAS**, this action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the conditional use permit, this action will not result in direct or indirect physical changes in the environment; and

**WHEREAS**, in making its decision, the Planning Commission considered the CEQA determination, the public testimony, the evidence in the record, and the findings for approval.

**WHEREAS**, after the public hearing held on May 7, 2026, the Planning Commission found and determined as follows:

Perfect Union is in compliance with the conditions of approval contained in Conditional Use Permit No. 2019-07 and the Turlock Municipal Code.

**NOW THEREFORE, BE IT RESOLVED** by the Planning Commission of the City of Turlock as follows:

**Section 1.** The proposed project is “Categorically Exempt” from the provisions of the California Environmental Quality Act (CEQA) under the CEQA Guidelines Section 15378(b)(5) [Project].

**Section 2.** The Director of Development Services, or designee, is hereby directed to record this Resolution at the office of the County Recorder of the County of Stanislaus.

**I HEREBY CERTIFY** that the foregoing Resolution was duly and regularly adopted by the Planning Commission of the City of Turlock at a regular meeting of said Planning Commission held on the 7<sup>th</sup> day of May, 2026, by the following roll call vote:

AYES:

NOES:

ABSTAINED:

NOT PARTICIPATING:

ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

**BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK**

<b>A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF TURLOCK RECOMMENDING THE CITY COUNCIL OF THE CITY OF TURLOCK FIND THAT PERFECT UNION HAS COMPLIED IN GOOD FAITH WITH THE TERMS AND CONDITIONS OF THE DEVELOPMENT AGREEMENT BETWEEN PERFECT UNION AND THE CITY OF TURLOCK</b>	} } } } } } } } }	<b>RESOLUTION NO. 2026-14</b>
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**WHEREAS**, on September 24, 2019 the City adopted Ordinance No. 1263-CS approving a Development Agreement by and between the City and Perfect Union to operate a storefront retail dispensary as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 2500 N. Golden State Boulevard, Turlock, California, County of Stanislaus Assessor’s Parcel Number 088-007-025 (the “Project”), consistent with the General Plan, as amended; and

**WHEREAS**, Turlock Municipal Code Section 9-5-912 directs the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement

**WHEREAS**, the Planning Commission determined that the action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026 the Planning Commission recommends the City Council determine that Perfect Union has complied in good faith with the terms and conditions of the Development Agreement.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE CITY OF TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK

A RESOLUTION OF THE PLANNING COMMISSION } RESOLUTION NO. 2026-15  
 OF THE CITY OF TURLOCK RECOMMENDING THE }  
 CITY COUNCIL OF THE CITY OF TURLOCK EXTEND }  
 THE DEVELOPMENT AGREEMENT BETWEEN }  
 PERFECT UNION AND THE CITY OF TURLOCK }  
 THROUGH JUNE 30, 2029 AND AMEND THE }  
 PUBLIC BENEFIT AMOUNT AND OTHER VARIOUS }  
 LANGUAGE CHANGES IN THE FIRST AMENDED }  
 AND RESTATED DEVELOPMENT AGREEMENT FOR }  
 THE OPERATION OF A CANNABIS DISPENSARY AT }  
 2500 N. GOLDEN STATE BOULEVARD, TURLOCK, }  
 CALIFORNIA STANISLAUS COUNTY APN }  
088-007-025 }

**WHEREAS**, on June 11, 2019, the City Council of the City of Turlock (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations for cannabis businesses pursuant to AUMA and MAUCRSA, by amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”); and

**WHEREAS**, on June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City; and

**WHEREAS**, the City and Perfect Union entered into a Development Agreement dated September 15, 2020, which permitted Perfect Union to operate a cannabis dispensary at 2500 N. Golden State Boulevard, Turlock, California, County of Stanislaus Assessor’s Parcel Number 088-007-025; and

**WHEREAS**, on September 24, 2019 the City adopted Ordinance No. 1263-CS approving a Development Agreement by and between the City and Perfect Union to operate a storefront retail dispensary as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 2500 N. Golden State Boulevard, Turlock, California, County of Stanislaus Assessor’s Parcel Number 088-007-025 (the “Project”), consistent with the General Plan, as amended; and

**WHEREAS**, on August 30, 2024 the City and Perfect Union entered into that certain First Amendment to extend the term of the Development Agreement dated September 15, 2020 through December 31, 2024; and

**WHEREAS**, on October 8, 2024 the City and Perfect Union entered into that certain Second Amendment to extend the term of the Development Agreement dated September 15, 2020 through June 30, 2025; and

**WHEREAS**, on May 27, 2025, the City and Perfect Union entered into that certain Third Amendment to extend the term of the Development Agreement through June 30,

2026; and

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission recommends the City Council extend the term of the Development Agreement through June 30, 2029 and recommends amending the public benefit amount and making various other language changes by approving the First Amended and Restated Development Agreement provided as Exhibit A to this resolution.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER & SECRETARY  
OF THE CITY OF TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK



- C. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA"), which creates a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in Commercial Cannabis Activity, as defined in Section 1.4 of this Agreement, may operate in a particular jurisdiction.
  
- D. On June 11, 2019, the Turlock City Council (the "City Council") adopted Ordinance No. 1255-CS to enact cannabis regulations as defined under Turlock Municipal Code ("T.M.C.") section 5.21 pursuant to AUMA and MAUCRSA.
  
- E. On June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City's cannabis business regulations and establishing a Cannabis Business Pilot Program (the "Pilot Program") to regulate the operation of commercial cannabis businesses within the City.

~~F. The City Council finds that establishing a structure to regulate all cannabis businesses contemplated by state law is in the best interest of the health, welfare, and safety of the public.~~

~~G.F.~~ Developer proposeds to improve, develop and use real property to operate a Cannabis Business Project, as defined below, in strict accordance with California Cannabis Laws, as defined in Section 1.4 of this Agreement and the T.M.C., as each may be amended from time to time.

~~H.G.~~ To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the

California Legislature adopted Government Code section 65864 et seq. (the "Development Agreement Statute"), which authorizes City and an individual or business entity with an interest in real property to enter into a development agreement that establishes certain development rights in real property that is subject to a development agreement application.

H. On June 11, 2019, following the adoption of the Pilot Program, the City issued and circulated a request for qualifications ("RFQ"). The purpose of the RFQ was to form the basis for a selection process of qualified cannabis operators for participation in the Pilot Program. Developer ~~has~~ completed the RFQ requirements.

I. Developer submitted an application to the City Planning Commission Department for consideration of a development agreement for a commercial cannabis business.

J. Developer ~~has~~ purchased property located at 2500 N. Golden State Blvd., California, County of Stanislaus Assessor's Parcel Number 088-007-025 of which Developer ~~intends to improve~~ approximately 4,200 (four thousand two hundred) square feet of space (the "Site") to operate the Cannabis Business Project, more particularly described in the legal description attached hereto as Exhibit A ("Legal Description") and the Cannabis Business Project Site Map attached hereto as Exhibit B.

K. Developer ~~has~~ purchased the Site for the purpose of carrying out the Cannabis Business Project. A copy of the deed to the Site is attached hereto as Exhibit C, within satisfaction of the requirement of T.M.C. Chapter 5.21.

~~{CW093563}~~

M.L. On August 22, 2019, the Turlock Planning Commission ("Planning Commission"), in a duly noticed and conducted public hearing, considered Developer's application for this Agreement. At that public hearing, the Planning Commission recommended the City Council adopt Ordinance No. 2019-18, which would allow Developer to operate the Cannabis Business Project at the Site.

N.M. On August 27, 2019, pursuant to Government Code section 65867.5, and following a duly noticed and conducted public hearing, the City Council reviewed, considered, adopted, and entered into this Agreement pursuant to Ordinance No. 1263-CS; thereafter, on September 15, 2020, the City and Perfect Union Turlock, LLC entered into that certain Development Agreement (the "Development Agreement"), which authorizes the operation of a cannabis dispensary in the City of Turlock.

O.N. This Agreement is entered into pursuant to the Development Agreement Statute.

P. ~~City and Developer desire to enter into this Agreement to (i) facilitate the orderly development of the Site; (ii) create a physical environment that is consistent with and complements the City's goals and visions; (iii) protect natural resources from adverse impacts; (iv) improve, upgrade and create additional community facilities and infrastructure, enhance services and assist in implementing the goals of the General Plan; and (vi) reduce the economic risk of development of the Site to both City and Developer.~~

Q. ~~The Parties intend, through this Agreement, to allow Developer to develop and operate the Cannabis Business Project in accordance with the terms of this Agreement.~~

O. The City Council has determined that this Agreement is consistent with the City's General Plan and has conducted all necessary proceedings in accordance with the T.M.C. for the approval of this Agreement.

P. The City and Perfect Union Turlock, LLC entered into that certain First Amendment to Development Agreement dated September 23, 2024 ("First Amendment").

Q. The City and Perfect Union Turlock, LLC entered into that certain Second Amendment to Development Agreement dated October 8, 2024 ("Second Amendment").

R. The City and Perfect Union Turlock, LLC entered into that certain Third Amendment to Development Agreement dated ~~on or about May 27, 2025~~ ("Third Amendment").

Commented [SM1]: Find date.

S. This Agreement is entered into pursuant to the Development Agreement Statute.

T. Under Section 5-21-103 of the Turlock Municipal Code, any cannabis dispensary business allowed in the City shall obtain a development agreement, a City business license, and a conditional use permit.

R.U. The Parties wish to enter into this First Amended and Restated Development Agreement to replace previous agreements between the Parties and to fulfill the requirement that a cannabis business requires a development agreement pursuant to TMC Section 5-21-103.

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**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

**AGREEMENT**

**ARTICLE 1  
GENERAL PROVISIONS**

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety and general welfare and is consistent with the City's General Plan, including all text and maps in the General Plan.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 10 of this Agreement, the provisions of Articles 1 through 10 shall prevail.

**Section 1.3. Exhibits.** The following "Exhibits" are attached hereto and incorporated into this Agreement:

<u>Designation</u>	<u>Description</u>
Exhibit A	Cannabis Site Legal Description
Exhibit B	Cannabis Business Project Site Map
Exhibit C	Site Deed
Exhibit D	Notice of Non-Performance Penalty
Exhibit E	Indemnification Agreement
Exhibit F	Notice of Termination
Exhibit G	Assignment and Assumption Agreement

**Section 1.4. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meaning:

- (a) "Additional Insureds" has the meaning set forth in Section 6.1.

(b) 'Additional Licenses' has the meaning set forth in Section 2.4.

(c) "Adult-use cannabis" means a product containing cannabis, including, but not limited to, concentrates and extractions, intended for use by adults 21 years of age and older in California pursuant to the California Cannabis Laws.

(d) "Agreement" means this Development Agreement, inclusive of all Exhibits attached hereto.

(e) "Application" has the meaning set forth in Recital G.

(f) "Assignment and Assumption Agreement" has the meaning set forth in Section 10.1 .

(g) "AUMA" means the Adult Use of Marijuana Act (Proposition 64) approved by California voters on November 8, 2016.

(h) "Authorized License" has the meaning set forth in Section 2.3.

(i) "Bureau/Department" means the [Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation](#) [Department of Cannabis Control or any successor state agency.](#)

(j) "California Building Standards Codes" means the California Building Code, as amended from time to time, in Part 2, Volumes 1 and 2, as part of Title 24 of the California Code of Regulations, as may be adopted by the T.M.C.

(k) "California Cannabis Laws" includes AUMA, MAUCRSA, CUA (as defined below), the Medical Marijuana Program Act of 2004 codified as Health and Safety Code sections 11362.7 through 11.62.83 and any other applicable laws that may be enacted or approved.

(l) "Cannabis" means all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, "cannabis" does not mean "industrial hemp" as defined by Section 11018.5 of the Health and Safety Code. Cannabis and the term "marijuana" may be used interchangeably.

(m) "Cannabis Business Pilot Program" means the cannabis business program established and authorized by T.M.C. Chapter 5.21.

(n) "Cannabis Business Project" means the cannabis retail business operated by Developer on the Site pursuant to the Authorized License.

(o) "Cannabis Manufacturing Business" means a business engaged in commercial cannabis activity pursuant to a state approved Type 6 or 7 license, Type A and M licenses designated as a Cannabis business.

(p) "Cannabis product" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(q) "CEQA" means the California Environmental Quality Act, as set forth in Division 13 (Commencing with Section 21000) of the California Public Resources Code, and the CEQA Guidelines, as set forth in Title 14 (Commencing with Section 15000) of the California Code of Regulations.

(r) "City" means the City of Turlock, a California municipal corporation having general police powers.

(s) "City Council" means the City of Turlock City Council, as defined in T.M.C. Section 2.1.

(t) "City Manager" means the City Manager of the City of Turlock or his or her designee, as described in T.M.C. Section 2.4.

(u) "Charged Party" has the meaning set forth in Section 8.1.

(v) "Charging Party" has the meaning set forth in Section 8.1

(w) "Commercial Cannabis Activity" includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, delivery, or sale of cannabis or a cannabis product that requires a state license pursuant to MAUCRSA.

(x) "Planning Commission" means the City of Turlock Planning Commission, as established by T.M.C. Section 9.5.

(y) "Conditional Use Permit" means a conditional use permit issued by City pursuant to T.M.C. Section 9.3.

(z) "CUA" means the Compassionate Use Act (Proposition 215) approved by California voters on November 5, 1996.

(aa) "Developer" means Perfect Union Turlock, LLC. Developer also has the meaning set forth in Section 6.1.

(bb) "Development Agreement Statute" has the meaning set forth in Recital H.

(cc) "Exhibits" has the meaning set forth in Section 1.3.

(dd) "Gross Receipts from Operations" means total revenue actually received or receivable from operation of the Cannabis Business Project, including: all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares, or merchandise; and gains realized from trading in stocks or bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other remunerations, however designated. Included in "gross receipts" shall be all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom:

1. Cash discounts allowed and taken on sales;
2. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as "gross receipts";
3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
4. Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit; and
5. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded.

The intent of this definition is to ensure that in calculating the payment required under Section 4.2, all sales of cannabis products through the Cannabis Business Project are captured. This definition shall therefore be given the broadest possible interpretation consistent with this intent

(ee) "Indemnification Agreement" has the meaning set forth in Section 6.3.

(ff) "Major Amendment" means an amendment that shall have a material effect on the terms of this Agreement. A Major Amendment also has the meaning set forth in Section 2.4. Major Amendments shall require approval by the City Council.

(gg) "Marijuana" has the same meaning as cannabis and those terms may be used interchangeably.

(hh) "MAUCRSA" means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code section 26000 et seq., as may be amended from time to time.

(ii) "MCRSA" has the meaning set forth in Recital A.

(jj) "Ministerial Fee" or "Ministerial Fees" has the meanings set forth in Section 4.1.

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(kk) "Minor Amendment" means a clerical amendment to this Agreement that shall not materially affect the terms of this Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.7.

(ll) "Mortgage" has the meaning set forth in Article 7.

(mm) "Non-Performance Penalty" has the meaning set forth in Section 4.5.

(nn) "Notice of Non-Performance Penalty" has the meaning set forth in Section 4.5

(oo) "Notice of Termination" has the meaning set forth in Section 9.1.

(pp) "Processing Costs" has the meaning set forth in Section 1.11.

(qq) "Project Litigation" has the meaning set forth in Section 10.7.

(rr) "Public Benefit" has the meaning set forth in Section 4.2.

(ss) "Public Benefit Amount" has the meaning set forth in Section 4.2.

(tt) "State Licensing Authority" means the state agency responsible for the issuance, renewal or reinstatement of a state cannabis license or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

(uu) "State Cannabis Regulations" means the regulations promulgated by the State Licensing Authority pursuant to the California Cannabis Laws (~~3 CCR S 8000 et seq., 17 CGR S 40100 et seq., 42 CGR 350004 CCR 15000~~ et seq., or their respective successors).

(vv) "State Taxing Authority" has the meaning set forth in Section 4.2. (ww) "Subsequent City Approvals" has the meaning set forth in Section 3.1.

(ww) "Subsequent City Approvals" has the meaning set forth in Section 4.2.

(xx) "Term" has the meaning set forth in Section 1.7.

~~(xx)~~(yy) "T.M.C." means the Turlock Municipal Code.

~~(yy)~~(zz) "Type IA license" or "Specialty Indoor" means a state license issued by the Department of Agriculture-Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting of between 501 and 5,000 square feet of total canopy size on one premises.

~~(zz)~~(aaa) "Type 2A license" or "Small Indoor" means a state license issued by the Department of Agriculture-Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 5,001 and 10,000 square feet, inclusive, of total canopy size on one premises.

(aaa)(bbb) "Type 3A license" or "Indoor" means a state license issued by the Department of ~~Agriculture Cannabis Control~~ pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 10,001 and 22,000 square feet, inclusive, of total canopy size on one premises.

(bbb)(ccc) "Type 4 license" or "Nursery" means a state license issued by the Department of ~~Agriculture Cannabis Control~~ pursuant to the California Cannabis Laws for cultivation.

(ccc)(ddd) "Type 6 license" or "Manufacturer 1" means a state license issued by the Department of ~~Public Health Cannabis Control~~ pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using nonvolatile solvents.

(ddd)(eee) "Type 7 license" or "Manufacturer 2" means a state license issued by the Department of ~~Public Health Cannabis Control~~ pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using volatile solvents.

(eee)(fff) "Type 10 license" or "Retailer" means a state license issues by the ~~Bureau Department~~ of Cannabis Control pursuant to the California Cannabis Laws authorizing the retail sale of cannabis and cannabis products. Retail sale includes sales at a storefront and by delivery, pursuant to all state and local laws and regulations.

(fff)(ggg) "Type 1 1 license" or "Distributor" means a state license issued by the ~~Bureau Department~~ of Cannabis Control pursuant to the California Cannabis Laws for the distribution of cannabis and cannabis products from manufacturer to dispensary.

(ggg)(hhh) "Type 12 license" or "Microbusiness" means a state license issued by a State Licensing Authority pursuant to the California Cannabis Laws relating to cannabis manufacturing, retail and distribution.

(iii) "Type 13 license" or "Distribution Transport-Only" means a state license issued by the ~~Bureau Department~~ of Cannabis Control pursuant to the California Cannabis Laws for distribution cannabis and cannabis products.

**Conforming Interpretation of State Cannabis License References.** Any reference in this Agreement to a State cannabis license, State Cannabis Regulations, licensing authority, or specific state cannabis license type or designation shall be deemed to include any successor license, permit, approval, agency, or regulation that replaces, renames, consolidates, or reclassifies such license or regulatory framework under California law, including those administered by the California Department of Cannabis Control or any successor agency.

No change in the name, number, classification, or structure of any State cannabis business license shall be construed to expand, limit, or otherwise modify the cannabis activities authorized under this Agreement, except as required by applicable state law or as expressly approved in writing by the City.

(a) The scope of permitted commercial cannabis activities shall be determined solely by this Agreement and applicable City approvals, and not by the type, title, or designation of any state license held by Developer, unless expressly mandated by state law.

**Section 1.5. Project is a Private Undertaking.** The Parties agree that the Cannabis Business Project is a private development and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Developer or of the Cannabis Business Project.

**Section 1.6. Effective Date of Agreement.** This Agreement shall become effective upon the date that the ordinance approving this Agreement becomes effective (the "Effective Date").

**Section 1.7. Term.** The "Term" of this Agreement is five (5) years from the Effective Date, unless terminated or extended earlier, as set forth in this Agreement. The term of this Agreement ("Term") shall be through June 30, 2029, unless earlier terminated in accordance with the provisions of this Agreement.

- (a) Government Tolling or Termination. City may provide written notice to Developer to cease all Commercial Cannabis Activity, upon which Developer shall immediately comply if City is required, directed or believes, in its sole and absolute discretion, it must temporarily halt or terminate Commercial Cannabis Activity within the City to comply with federal or state law. If City temporarily halts this Agreement to comply with federal or state law, this Agreement shall be tolled for no longer than one (1 ) calendar year (the "Tolling Period"). Developer shall not accrue or be liable to City for any Ministerial Fees or Public Benefit Amount during the Tolling Period. Developer shall resume paying any applicable fees after the Tolling Period ends. City and Developer shall discuss in good faith the termination of this Agreement if the Tolling Period exceeds one (1) calendar year to comply with federal or state law.
- (b) Developer Tolling or Termination. Developer may not temporarily halt or terminate this Agreement for any purpose without causing a default of this Agreement, except as otherwise allowed by this Agreement or by mutual agreement of the Parties.

**Section 1.8. Priority of Enactment.** In the event of a conflict between the various land use documents referenced in this Agreement, the Parties agree that the following sequence of approvals establishes the relative priority of the approvals, each approval superior to the approvals listed thereafter: (a) General Plan, (b) Specific Plan, (c)

Agreement, (d) Conditional Use Permit, (e) Indemnification Agreement, and (f) Subsequent City Approvals.

**Section 1.9. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification of the City Council. A Major Amendment to this Agreement shall be approved by the City Council. The City Manager shall, on behalf of City, have sole discretion for City to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing, unless required by law.

**Section 1.10. Recordation of Development Agreement.** The City Clerk shall cause a copy of this Agreement to be recorded against the title of the Site within ten (10) business days of the Effective Date.

**Section 1.11. Funding Agreement for Processing Costs.** ~~If Developer proposes an amendment to this agreement, Developer has deposited Thirty-Thousand Thousand Dollars (\$30,000) with City to shall~~ pay for all actual fees and expenses incurred by City that are related to the preparation and processing of amendments to this Agreement and creation and implementation of the City's Cannabis pilot program, including recording fees, publishing fees, staff time, and consultant and attorneys' fees and costs (collectively, "Processing Costs"); Developer shall deposit monies for such processing as estimated by the Development Services Department. The Processing Costs are refundable solely to the extent of non-expended Processing Costs. ~~Developer shall be entitled to a refund of available Processing Costs only after City determines all financial obligations associated with the Cannabis Business Project have been received and paid by City.~~

~~(a) Apportionment of Processing Costs. If the amount deposited for purposes of Processing Costs is insufficient to cover all Processing Costs, Developer shall deposit with City such additional funds necessary to pay for all Processing Costs within thirty (30) days. The failure to timely pay any such additional amounts requested by City shall be considered a material default of this Agreement and City may terminate this Agreement.~~

~~(b)~~(a) Accounting. Developer may request, and City shall issue within a reasonable time not to exceed thirty (30) days, an accounting and written acknowledgement of Processing Costs paid to City.

## ARTICLE 2 DEVELOPMENT OF PROPERTY

**Section 2.1. Vested Right of Developer.** During the Term, in developing the Site consistent with the Cannabis Business Project described herein, Developer is assured that the development rights, obligation terms, and conditions specified in this Agreement, including, without limitation, the terms, conditions, and limitations set forth

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DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC  
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in the Exhibits, are fully vested in Developer and may not be modified or terminated by City except as set forth in this Agreement or with Developer's written consent.

**Section 2.2. Vested Right to Develop.** In accordance with Section 2.1, Developer shall have the vested right to develop and use the Cannabis Business Project consistent with this Agreement, the Conditional Use Permit, and Subsequent City Approvals.

**Section 2.3. Permitted Uses and Development Standards.** Developer shall be authorized to develop, construct, and use the Site for Commercial Cannabis Activity consistent with the following license type (the "Authorized License"):

Type 10	Storefront Dispensary
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Pursuant to this Agreement, Developer shall be permitted to use the Site consistent with the Authorized License for the Term of this Agreement and during the time Developer is applying for the Authorized License with the applicable State Licensing Authority. Developer shall begin operations of the Cannabis Business Project under the Authorized License within six (6) months of the issuance of a Conditional Use Permit or adoption of the operative ordinance approving this Agreement, whichever is later, unless Developer is prevented from doing so due to any event or circumstance set forth in Section 8.6 of this Agreement. Notwithstanding the foregoing, Developer is required to apply for and obtain the Authorized License from the State of California. If the State Licensing Authority does not grant the Authorized License to Developer, Developer shall immediately cease Commercial Cannabis Activity and any other operations on the respective site. Developer shall also, within thirty (30) days of receiving notice from the State Licensing Authority, notify City of the State Licensing Authority's denial or rejection of the Authorized License. In this situation, this Agreement shall terminate immediately. The Parties intend for this Agreement and the Conditional Use Permit to serve as the definitive and controlling documents for all subsequent actions, discretionary or ministerial, relating to development of the Site and the Cannabis Business Project.

**Section 2.4. Major Amendment to Permitted Uses.** Developer may request to add to the Authorized License additional license types once that license is applied for or obtained from the appropriate State Licensing Authority (the "Additional Licenses"). Such request shall be a Major Amendment to this Agreement.

**Section 2.5. Conditional Use Permit.** Developer shall obtain a Conditional Use Permit for the Commercial Cannabis Activity and Authorized License contemplated herein for the Project and at the Site. No Commercial Cannabis Activity may occur at the Site until Developer has obtained a Conditional Use Permit to use and operate the Authorized License at the Site. This Conditional Use Permit must be maintained in good standing throughout the Term. This Agreement shall immediately terminate if the Conditional Use Permit for the Authorized License is revoked by City for any reason.

**Section 2.6. Subsequent Entitlements, Approvals, and Permits.** Successful implementation of the Cannabis Business Project shall require Developer to obtain additional approvals and permits from City and other local and state agencies. City shall comply with CEQA in the administration of all Subsequent City Approvals. In acting upon any Subsequent City Approvals, City's exercise of discretion and permit authority shall conform to this Agreement. Notwithstanding the foregoing, in the course of taking action on the Subsequent City Approvals, City will exercise discretion in adopting mitigation measures as part of the Conditional Use Permit. The exercise of this discretion is not prohibited or limited in any way by this Agreement. Nothing in this Agreement shall preclude the evaluation of impacts or consideration of mitigation measures or alternatives, as required by CEQA.

(a) Contemplated City Rules and Guidelines. City anticipates issuing additional rules and administrative guidelines, and amendments to the T.M.C. associated with implementation-operation of the Cannabis Business Pilot Program. City may establish requirements that are identical to or place a higher standard of care as existing provisions of the California Cannabis Laws, State Cannabis Regulations, or any amendments thereto. City reserves the right to adopt additional categories of rules or guidelines that are not listed in this Section as part of the Cannabis Business Pilot Program. Developer shall comply with any and all additional rules, administrative guidelines, and amendments to the T.M.C. adopted by City that govern or pertain to the Cannabis Business Project. Nothing in this Agreement shall be construed as limiting the City to amend the T.M.C or issue rules or guidelines following the Effective Date of this Agreement that Developer will be required to adhere to.

**Section 2.7. Initiatives and Referenda.** If any City ordinance, rule or regulation, or addition to the T.M-C, is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement, an associated Conditional Use Permit, Subsequent City Approvals, or reduce the development rights or assurances provided to Developer in this Agreement, such T.M.C. changes shall not be applied to the Site or the Cannabis Business Project; provided, however, the Parties acknowledge that City's approval of this Agreement is a legislative action subject to referendum. City shall cooperate with Developer and shall undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms to the fullest extent permitted by state or federal law.

**Section 2.8. Regulation by Other Government Entities.** Developer acknowledges that City does not have authority or jurisdiction over any other government entities' ability to grant governmental approvals or permits or to impose a moratorium or other limitations that may negatively affect the Cannabis Business Project or the ability of City to issue a permit to Developer or comply with the terms of this Agreement. Any moratorium imposed by another government entity, including the State Licensing Authority, on City shall not cause City to be in breach of this Agreement.

**Section 2.9. Developer's Right to Rebuild.** Developer may renovate portions of the Site any time within the Term of this Agreement consistent with the T.M.C. Any such

renovation or rebuild shall be subject to all design, building code, and other requirements imposed on the Cannabis Business Project by this Agreement.

**Section 2.10. Changes in California Building Standards Codes.** Notwithstanding any provision of this Agreement to the contrary, development of the Cannabis Business Project shall be subject to changes occurring from time to time to the California Building Standards Codes.

**Section 2.11. Changes Mandated by Federal or State Law.** The Site and the Cannabis Business Project shall be subject to subsequently enacted state or federal laws or regulations that may preempt the T.M.C. or mandate the adoption or amendment of local regulations or are in conflict with this Agreement or local rules or guidelines associated with the Cannabis Business Pilot Program. As provided in Section 65869.5 of the Development Agreement Statute, in the event state or federal laws or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Upon discovery of a subsequently enacted federal or state law meeting the requirements of this Section, City or Developer shall provide the other Party with written notice of the state or federal law or regulation, and a written statement of the conflicts thereby raised with the provisions of the T.M.C. or this Agreement. Promptly thereafter, City and Developer shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation provided City shall not be obligated to agree to any modification materially increasing its obligations or materially adversely affecting its rights and benefits hereunder. In such discussions, City and Developer will attempt to preserve the terms of this Agreement and the rights of Developer derived from this Agreement to the maximum feasible extent while resolving the conflict. If City, in its judgment, determines it necessary to modify this Agreement to address such conflict, City shall have the right and responsibility to do so, and shall not have any liability to Developer for doing so or be considered in breach or default of this Agreement. City also agrees to process, in accordance with the provisions of this Agreement, Developer's proposed changes to the Cannabis Business Project that are necessary to comply with such federal or state law and that such proposed changes shall be conclusively deemed to be consistent with this Agreement without further need for any amendment to this Agreement.

**Section 2.12. Health and Safety Emergencies.** In the event that any future public health and safety emergencies arise with respect to the Cannabis Business Project contemplated by this Agreement, City agrees that it shall attempt, if reasonably possible as determined by City in its discretion, to address such emergency in a way that does not have a material adverse impact on the Cannabis Business Project. If City determines, in its discretion, that it is not reasonably possible to so address such health and safety emergency in a way that does not have a material adverse impact on the Cannabis Business Project, City may select an option which, in its discretion, minimizes, so far as reasonably possible, the impact on development and use of the Cannabis Business Project in accordance with this Agreement, while still addressing such health and safety emergency in a manner acceptable to City.

Section 2.13. Other Regulations. The following provisions establish operational requirements applicable to this Agreement in furtherance of public safety and to ensure compliance with applicable regulations governing the Project and Developer's obligations hereunder.

(a) In addition to other requirements, remote and real-time, live access to the video footage of cameras installed by the cannabis business shall be provided to the Chief of Police or his/her designee(s) using such software as designated by the Chief of Police. Developer shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the Chief of Police or his/her designee(s), and that it is compatible with the City's software and hardware. Such access shall be required within 120 days of approval.

(b) Prior to changes in ownership, ownership structure, and management, or any sale or other transfer of the cannabis business, shall be subject to additional background checks as required by the Turlock Police Department, and passage by the applicant of such background checks. The City may repeat background checks on any individual every two (2) years, and at any other time upon reasonable cause

### ARTICLE 3 ENTITLEMENT AND PERMIT PROCESSING, INSPECTIONS

**Section 3.1. Subsequent City Approvals.** City shall permit the development, construction, and conditionally permitted use contemplated in this Agreement. City agrees to timely grant, pursuant to the terms of this Agreement, the T.M.C., and any Subsequent City Approvals reasonably necessary to complete the goals, objectives, policies, standards, and plans described in this Agreement. The Subsequent City Approvals shall include any applications, permits, and approvals required to complete the improvements necessary to develop the Site, in general accordance with this Agreement ("Subsequent City Approvals"). Nothing herein shall require City to provide Developer with Subsequent City Approvals prior to, or without complying with, all of the requirements in this Agreement, the T.M.C., and any applicable state law.

**Section 3.2. Timely Processing.** City shall use its reasonable best efforts to process and approve, within a reasonable time, any Subsequent City Approvals or environmental review requested by Developer during the Term of this Agreement.

**Section 3.3. Cooperation Between City and Developer.** Consistent with the terms set forth herein, City agrees to cooperate with Developer, on a timely basis, in securing all permits or licenses that may be required by City or any other government entity with permitting or licensing jurisdiction over the Cannabis Business Project.

**Section 3.4. Further Consistent Discretionary Actions.** The exercise of City's authority and independent judgment is recognized under this Agreement and nothing

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in this Agreement shall be interpreted as limiting City's discretion or obligation to hold legally required public hearings. Except as otherwise set forth herein, such discretion and action taken by City shall, however, be consistent with the terms of this Agreement and not prevent, hinder, or compromise development or use of the Site as contemplated by the Parties in this Agreement.

**ARTICLE 4  
PUBLIC BENEFIT, PROCESSING, AND OVERSIGHT**

**Section 4.1. Processing Fees and Charges.** Developer shall pay to City those processing, inspection, plan checking and monitoring fees and charges required by City which are in force and effect at the time those fees and charges are incurred (including any post-Effective Date increases in such fees and charges) for processing applications and requests for building permits, inspections, other permits, approvals and actions, and monitoring compliance with any permits issued or approvals granted or the performance of any conditions (each a "Ministerial Fee" and collectively, the "Ministerial Fees").

**Section 4.2. Public Benefit.**

(a) The Parties acknowledge and agree that this Agreement, and the Cannabis Business Project, confers substantial private benefits upon Developer that will place burdens upon City infrastructure, services, and neighborhoods. Accordingly, the Parties intend to provide consideration to City to offset these impacts that commensurate with the private benefits conferred on Developer (the "Public Benefit"). In consideration of the foregoing, Developer shall remit to City an amount determined and set by the City Council up to a maximum of nine percent (9%) 5.25% of Gross Receipts from Operations, as follows (the "Cannabis Business Public Benefit" or "Public Benefit Amount") Notwithstanding the foregoing, the City Council determines and sets the Public Benefit Amount at five and one-quarter percent (5.25%) of gross receipts from operations through May 31, 2027. The City Council may take any actions required to change the Public Benefit Amount that will be in effect from June 1, 2027 and thereafter. Such actions may include, without limitation, setting a new Public Benefit Amount by adopted resolution of the Council. Any such Public Benefit Amount shall be due on the 5th day of each month before 5:00 p.m..

(a)

Effective Date	Public Benefit Amount Due
<del>1<sup>st</sup> Business Day following the (1<sup>st</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater "Tier 1 Amount".</del>
<del>1<sup>st</sup> Business Day of the Thirteenth (13<sup>th</sup>) Month in which Developer</del>	<del>\$30,000 or 5.25% of Gross Receipts from Operations</del>

<del>commences Commercial Cannabis Activity.</del>	<del>each month, whichever is greater ("<u>Tier 2 Amount</u>").</del>
<del>1<sup>st</sup> Business Day of the Twenty-fifth (25<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("<u>Tier 3 Amount</u>").</del>
<del>1<sup>st</sup> Business Day of the Thirty-seventh (37<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("<u>Tier 4 Amount</u>").</del>
<del>1<sup>st</sup> Business Day of the Forty-ninth (49<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater ("<u>Tier 5 Amount</u>").</del>

~~The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs. The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.~~

~~(b) Collectively, these amounts shall be known as the "Public Benefit Amount."~~

~~(c) Developer shall file an applicable statement that complies with the California State Board of Equalization, California Department of Tax and Fee Administration, or either's successor agency (the "State Taxing Authority") for sales tax purposes showing the true and correct amount of Gross Receipts from Operations of the Cannabis Business Project during the applicable time period. Developer shall provide a copy of such statement to City upon request by City.~~

**Section 4.3. Reporting.** Developer shall provide City with copies of any reports provided to a State Licensing Authority within forty-five (45) days of that submission.

Any failure or refusal of Developer to provide any statement or report to City, the State Taxing Authority, or any other State Licensing Authority, as required within the time required, or to pay such sums due hereunder when the same are due and payable in accordance with the provisions of this Agreement, may constitute full and sufficient grounds for the revocation or suspension of the Conditional Use Permit.

**Section 4.4. Records.** Developer shall keep records of all Commercial Cannabis Activity in accordance with Chapter 16 (commencing with Section 26160) of Division 10 of the Business and Professions Code and the applicable State Cannabis

Regulations. All records required by this Section shall be maintained and made available for City's examination and duplication (physical or electronic) at the Site or at an alternate facility as approved in writing by the City Manager, or his or her designee.

**Section 4.5. Penalty.** Developer acknowledges that to ensure proper compliance with the terms of this Agreement and any applicable laws, City must engage in costly compliance review, inspections, and, if necessary, enforcement actions to protect the health, safety, and welfare of its residents. Penalty and interest provisions are necessary to assist City in compliance review and enforcement actions. If Developer fails to make any payment when due, as required by this Agreement, including the Public Benefit Amount, City may impose a "Non-Performance Penalty." A Non-Performance Penalty of ten percent (10%) shall be applied to all past due payments. City shall deliver to Developer a "Notice of Non-Performance Penalty," attached hereto as Exhibit D. Payment of the Non-Performance Penalty shall be in a single installment due on or before a date fifteen (15) days following delivery of the Notice of Non-Performance Penalty.

**Section 4.6. Interest on Unpaid Non-Performance Penalty.** If Developer fails to pay the Non-Performance Penalty after City has delivered the Notice of Non-Performance Penalty, then, in addition to the principal amount of the Non-performance Penalty, Developer shall pay City interest at the rate of eighteen percent (18%) per annum, computed on the principal amount of the Non-Performance Penalty, from a date fifteen (15) days following delivery of the Notice of Non-performance Penalty.

**Section 4.7. Protections from Duplicative Payment-City Tax.** Notwithstanding Section 4.2, ~~for the Term of this Agreement,~~ Developer shall be exempt from paying the Public Benefit Amount if the any City imposes a tax specific to commercial cannabis businesses and instead shall pay such specific tax. Notwithstanding the foregoing, Developer and the Cannabis Business Project shall be subject to any and all taxes, assessments, or similar charges or fees of general applicability enacted by the federal government, state government, County of Stanislaus, including any tax applicable to an area greater than the City limits to which City may be a party (i.e., county tax sharing agreement with City).

**ARTICLE 5  
PUBLIC FACILITIES, SERVICES, AND UTILITIES**

City shall use the Public Benefit Amount in any way the City Council deems appropriate to offset the impact of the Project or to benefit the City.

**ARTICLE 6  
INSURANCE AND INDEMNITY**

**Section 6.1. Insurance.** Developer shall require all persons doing construction or related work on the Cannabis Business Project and, including its contractors and subcontractors (collectively, "Developer" for purposes of this Article 6 only), to obtain and maintain insurance of the types and in the amounts described in this Article with carriers reasonably satisfactory to City.

(a) General Liability Insurance. Developer shall maintain commercial general liability insurance or equivalent form with a limit of not less than Two Million Dollars (\$2,000,000) (or as otherwise approved, in writing, by City) per claim and Two Million Dollars (\$2,000,000) each occurrence. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(b) Automotive Liability Insurance. Developer shall maintain business automobile liability insurance or equivalent form with a limit of not less than One Million Dollars (\$1 for each accident. Such insurance shall include coverage for owned, hired and non-owned automobiles. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as Additional Insureds by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed Additional Insureds.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(c) Workers' Compensation Insurance. Developer shall take out and maintain during the Term of this Agreement, workers' compensation insurance for all of Developer's employees employed at or on the Cannabis Business Project and, should any of the work be subcontracted, Developer shall require any general

contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Developer. In case any class of employee engaged in work on the Cannabis Business Project and is not protected under any workers' compensation law, Developer shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Developer hereby indemnifies City for any damage resulting from failure of Developer, its agents, employees, contractors or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000) for each accident shall be maintained by Developer.

**Section 6.2. Other Insurance Requirements.** Developer shall do all of the following:

(a) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidence all insurance required in this Article, including evidence that such insurance will not be canceled, allowed to expire or materially reduced in coverage without thirty (30) days prior written notice to City.

(b) Provide to City, upon request, and within seven (7) days of said request, certified copies of endorsements and policies and properly executed certificates of insurance evidencing the insurance required herein.

(c) Replace or require the replacement of certificates, policies, and endorsements for any insurance required herein expiring prior to the termination of this Agreement.

(d) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the Term or the mutual written termination of this Agreement.

(e) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

**Section 6.3. Indemnity.** To the fullest extent permitted by law, Developer shall defend, indemnify, and hold harmless City, and its agents, elected and appointed officials, officers, employees, consultants, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City, or City's Agents, to attack, set aside, void, or annul an approval concerning the Cannabis Business Project and this Agreement, any applicable Conditional Use Permit or Subsequent City Approvals. Developer shall execute the indemnification agreement ("Indemnification Agreement") attached hereto as Exhibit E.

**Section 6.4. Failure to Indemnify; Waiver.** Failure by Developer to indemnify City, when required by this Agreement and the Indemnification Agreement, shall constitute

a material breach of this Agreement and of any applicable Conditional Use Permit and Subsequent City Approvals, which shall entitle City to all remedies available under law, including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of any applicable Conditional Use Permit. Developer's failure to indemnify City shall be a waiver by Developer of any right to proceed with the Cannabis Business Project or any portion thereof, and a waiver of Developer's right to file a claim, action, or proceeding against City or City's Agents, based on City's rescission or revocation of any Conditional Use Permit, Subsequent City Approvals, or City's failure to defend any claim, action, or proceeding based on Developer's failure to indemnify City.

**Section 6.5. Waiver of Damages.** Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that City would not have entered into this Agreement had it been exposed to liability for damages from Developer and, therefore, Developer hereby waives all claims for damages against City for breach of this Agreement. Developer further acknowledges that under the Development Agreement Statute, land use approvals (including development agreements) must be approved by the City Council and that, under law, the City Council's discretion to vote in any particular way may not be constrained by contract. Developer therefore waives all claims for damages against City in the event that this Agreement or any Project approval is: (1 ) not approved by the City Council; or (2) is approved by the City Council but with new changes, amendments, conditions, or deletions to which Developer is opposed. Developer further acknowledges that, as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that, under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against City in this regard.

## **ARTICLE 7 MORTGAGEE PROTECTION**

This Agreement, once executed and recorded, shall be superior and senior to any lien placed upon the Site or any portion thereof following recording of this Agreement, including the lien of any deed of trust or mortgage ("Mortgage"). Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value. This Agreement shall immediately be deemed in default and immediately terminate upon the foreclosure or transfer of any interest in the Site or Project, whether by operation of law or any other method of interest change or transfer, unless the City Manager has authorized such change or transfer in advance, in writing. City agrees to not unreasonably withhold its authorization.

## **ARTICLE 8 DEFAULT**

### **Section 8.1. General Provisions.**

(a) Subject only to any extensions of time by mutual consent in writing, or as otherwise provided herein, the failure or delay by any Party to perform in

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accordance with the terms and provisions of this Agreement shall constitute a default. Any Party alleging a default or breach of this Agreement ("Charging Party") shall give the other Party ("Charged Party") not less than ten (10) days written notice, which shall specify the nature of the alleged default and the manner in which the default may be cured. During any such ten (10) calendar day period, the Charged Party shall not be considered in default for purposes of termination of this Agreement or institution of legal proceedings for the breach of this Agreement.

(b) After expiration of the ten (10) calendar day period, if such default has not been cured or is not in the process of being diligently cured in the manner set forth in the notice or if the breach cannot reasonably be cured within ten (10) days, the Charging Party may, at its option, institute legal proceedings pursuant to this Agreement, and give notice of its intent to terminate this Agreement pursuant to Government Code section 65868. In the event City is the Charging Party, City may, in its sole discretion, give notice, as required by law, to the Charged Party of its intent to revoke or rescind any operable Conditional Use Permit related to or concerning the Cannabis Business Project.

(c) Prior to the Charging Party giving notice to the Charged Party of its intent to terminate, or prior to instituting legal proceedings, the matter shall be scheduled for consideration and review by City in the manner set forth in Government Code sections 65865, 65867 and 65868 within thirty (30) days from the expiration of the ten (10) day notice period.

(d) Following consideration of the evidence presented and said review before City, and after providing the Charged Party an additional five (5) calendar day period to cure, the Charging Party may institute legal proceedings against the Charged Party or may give written notice of termination of this Agreement to the Charged Party.

(e) Evidence of default may arise in the course of a regularly scheduled periodic review of this Agreement pursuant to Government Code section 65865.1, as set forth in Section 8.2. If any Party determines that another Party is in default following the completion of the normally scheduled periodic review, without reference to the procedures specified in Section 8.1 (c), said Party may give written notice of termination of this Agreement, specifying in the notice the alleged nature of the default and potential actions to cure said default where appropriate. If the alleged default is not cured in ten (10) days or within such longer period specified in the notice or the defaulting Party is not diligently pursuing a cure, or if the breach cannot reasonably be cured within the period or the defaulting Party waives its right to cure such alleged default, this Agreement may be terminated by the non-defaulting Party by giving written notice. An extension of the ten (10) day cure period may be given by mutual consent of the Parties.

(f) In the event Developer is in default under the terms and conditions of this Agreement, no permit application shall be accepted by City, nor will any permit be issued to Developer until the default is cured or the Agreement is terminated.

**Section 8.2. Annual Review.** City shall, at least every twelve (12) months during the Term of this Agreement, review the extent of good faith, substantial compliance of Developer and City with the terms of this Agreement. Such periodic review by City shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code section 65865.1. City shall deposit in the mail or fax to Developer a copy of all staff reports and, to the extent practical, related exhibits concerning this Agreement or the Cannabis Business Project's performance, at least seven (7) days prior to such periodic review. Developer shall be entitled to appeal a determination of City or the City Manager to the City Council. Any appeal must be filed within ten (10) days of the decision of City or the City Manager, respectively. Developer shall be permitted an opportunity to be heard orally or in writing regarding its performance under this Agreement before City, the City Manager, or the City Council, as applicable. The reasonable cost for City's annual review of this Agreement shall be paid by Developer, not to exceed the actual costs incurred by City in connection with the review.

**Section 8.3. Estoppel Certificate.**

(a) City shall, with at least twenty (20) days prior written notice, execute, acknowledge, and deliver to Developer, Developer's lender, potential investors, or assignees, an Estoppel Certificate in writing which certifies that this Agreement is in full force and effect, that there are no breaches or defaults under the Agreement, and that the Agreement has not been modified or terminated and is enforceable in accordance with its terms and conditions.

(b) At Developer's option, City's failure to deliver such Estoppel Certificate within the stated time period shall be conclusive evidence that the Agreement is in full force and effect, that there are no uncured breaches or defaults in Developer's performance of the Agreement or violation of any City ordinances, regulations, and policies regulating the use and development of the Site, the Cannabis Business Project, or the subject to this Agreement.

**Section 8.4. Default by City.** In the event City does not accept, review, approve, or issue any permits or approvals in a timely fashion, as defined by this Agreement, or if City otherwise defaults under the terms of this Agreement, City agrees that Developer shall not be obligated to proceed with or complete the Cannabis Business Project and shall constitute grounds for termination or cancellation of this Agreement by Developer.

**Section 8.5. Cumulative Remedies of Parties.** In addition to any other rights or remedies, City or Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, enforce any covenant, or enjoin any threatened or attempted violation of the provisions of this Agreement, so long as any such action conforms to Section 9.1 (c) of this Agreement.

**Section 8.6. Forced Delay, Extension of Times of Performance.** Delays in performance, by either Party, shall not be deemed a default if such delays or defaults

are due to war, terrorism, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, governmental restrictions imposed where mandated by governmental entities other than City, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulations enacted by the state or federal government, litigation, or other force majeure events. An extension of time for such cause shall be in effect for the period of forced delay or longer, as may be mutually agreed upon.

**Section 8.7. Appeals.** Developer may appeal any adverse decision or action of City pursuant to the T.M.C, as may be amended from time to time.

## **ARTICLE 9 TERMINATION**

**Section 9.1. Termination Upon Completion of Development.** This Agreement shall terminate upon the expiration of the Term, unless it is terminated earlier pursuant to the terms of this Agreement. Upon termination of this Agreement, City shall record a notice of such termination in substantial conformance with the "Notice of Termination" attached hereto as Exhibit F, and this Agreement shall be of no further force or effect except as otherwise set forth in this Agreement.

**Section 9.2. Effect of Termination on Developer's Obligations.** Termination of this Agreement shall eliminate any further obligation of Developer to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate the rights of Developer to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.3. Effect of Termination on City's Obligations.** Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.4. Survival After Termination.** The rights and obligations of the Parties set forth in this Section 9.4, Section 2.8, Section 6.3, Section 10.3, Section 10.4, Section 10.5, Section 10.7, and Section 10.10, and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

**Section 9.5. Criminal Conviction; Termination; Transfer Rights.** If Developer, or any owner, officer, director, manager, or person with a direct or indirect ownership or controlling interest in Developer, is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may, in its sole and absolute discretion, terminate this Agreement upon written notice. A "conviction" includes a guilty or nolo contendere plea and is deemed final upon entry of judgment, regardless of appeal.

Following such notice, Developer shall have a one hundred and eighty (180) day period to complete a transfer of its interest in this Agreement and the Project to a transferee approved in advance and in writing by the City. Approval is in the City's sole and absolute discretion. Any proposed transferee shall undergo a background investigation and meet all applicable eligibility requirements, including approval by the Chief of Police or designee.

If an approved transfer is not completed within the one hundred and eighty (180) day period, this Agreement shall automatically terminate. Any unapproved transfer is void.

## **ARTICLE 10 OTHER GENERAL PROVISIONS**

**Section 10.1. Assignment and Assumption.** Developer shall not have the right to sell, assign or transfer all or any part of its rights, title, and interests in all or a portion of the Site or Project, subject to or a part of this Agreement, to any person, firm, corporation or entity during the Term of this Agreement without the advance written consent of the City Manager. This assignment prohibition applies to the corporate and business entities of Developer that are a Party to this Agreement. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement. If the City Manager approves an assignment or transfer of any interest detailed in this Section 10.1, City and Developer shall execute an "Assignment and Assumption Agreement" in the form attached hereto as Exhibit J.

**Section 10.2. Covenants Running with the Land.** All of the provisions contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of interest in the Site or Project, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law, including California Civil Code section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Cannabis Business Project and, as appropriate, runs with the Site and is binding upon Developer.

**Section 10.3. Notices.** Any notice or communication required hereunder between City and Developer must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS, or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday, or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as

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DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC  
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the Party to whom notices are to be sent; or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City: City of Turlock  
156 S. Broadway  
Turlock, CA 95380  
Attention: ~~Toby Wells~~, City Manager

and Katie Lucchesi, City Attorney  
156 S. Broadway  
Turlock, CA 95380 Churchwell White-LLP  
1414 K Street, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
Attention: Douglas L. White, City Attorney

If to Developer: Caity Maple Thomas Sheridan  
1025 Joellis Way, Suite 150  
Sacramento, CA 95815

**Section 10.4. Governing Law and Binding Arbitration.** The validity, interpretation, and performance of this Agreement shall be controlled by and construed pursuant to the laws of the state of California. Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity

thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration in Sacramento, California, before one arbitrator. The arbitration shall proceed pursuant to the Comprehensive Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services ("JAMS"). Judgment on the award may be entered in any court having jurisdiction thereof.

**Section 10.5. Invalidity of Agreement/Severability.** If this Agreement, in its entirety, is determined by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal.

**Section 10.6. Cumulative Remedies.** In addition to any other rights or remedies, City and Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of the provisions of this Agreement. The prevailing Party in any such action shall be entitled to reasonable attorneys' fees and costs. Notwithstanding the foregoing or any other provision of this Agreement, in the event of City default under this Agreement, Developer agrees that it may not seek, and shall forever waive any right to, monetary damages against City, but excluding, therefrom, the right to recover any fees or charges paid by Developer in excess of those permitted hereunder.

**Section 10.7. Third Party Legal Challenge.** In the event any legal action or special proceeding is commenced by any person or entity challenging this Agreement or any associated entitlement, permit, or approval granted by City to Developer for the Cannabis Business Project (collectively, "Project Litigation"), the Parties agree to cooperate with each other as set forth herein. City may elect to tender the defense of any lawsuit filed and related, in whole or in part, to Project Litigation with legal counsel selected by City. Developer will indemnify, hold City harmless from, and defend City from all costs and expenses incurred in the defense of such lawsuit, including, but not limited to, damages, attorneys' fees, and expenses of litigation awarded to the prevailing Party or Parties in such litigation. Developer shall pay all litigation fees to City within thirty (30) days of receiving a written request and accounting of such fees and expenses from City. Notwithstanding the aforementioned, City may request, and

Developer will provide to City within seven (7) days of any such request, a deposit to cover City's reasonably anticipated Project Litigation fees and costs.

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**Section 10.8. Constructive Notice and Acceptance.** Every person who, after the Effective Date and recording of this Agreement, owns or acquires any right, title or interest to any portion of the Site is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

**Section 10.9. Statute of Limitations and Laches.** City and Developer agree that each Party will undergo a change in position in detrimental reliance upon this Agreement from the time of its execution and subsequently. The Parties agree that Section 65009(c)(1)(D) of the California Government Code, which provides for a ninety (90) day statute of limitations to challenge the adoption of this Agreement, is applicable to this Agreement. In addition, any person who may challenge the validity of this Agreement is hereby put on notice that, should the legality or validity of this Agreement be challenged by any third party in litigation, which is filed and served more than ninety (90) days after the execution of this Agreement, City and Developer shall each assert the affirmative defense of laches with respect to such challenge, in addition to all other available defenses. This Section in no way limits the right of a Party, claiming that the other Party breached the terms of this Agreement, to bring a claim against the other Party within the four (4) year statute of limitations set forth in Section 337 of the California Civil Code.

**Section 10.10. Joint and Several Liability.** Developer shall be jointly and severally liable for any amount due under this Agreement, and any breach of this Agreement or failure to pay by one Party shall also constitute a breach of this Agreement by the other Party. Developer agrees that City may impose a lien and seek foreclosure on any parcel of the Site due to any default by Developer.

**Section 10.11. Change in State Regulations.** In no event shall Developer operate the Cannabis Business Project in violation of the Agreement, or State Cannabis Regulations, as may be amended from time to time.

**Section 10.12. Standard Terms and Conditions.**

(a)Venue. Venue for all legal proceedings shall be the JAMS Resolution Center in Sacramento, California.

(b)Waiver. A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be

deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

(c)Completeness of Instrument. This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

(d)Supersedes Prior Agreement. It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, or representations, written, electronic, or oral, between the Parties hereto with respect to the Site or Cannabis Business Project.

(e)Captions. The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

(f)Number and Gender. In this Agreement, the neuter gender includes the feminine and masculine, and the singular includes the plural, and the word "person" includes corporations, partnerships, firms, or associations, wherever the context requires.

(g)Mandatory and Permissive. "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

(h)Term Includes Extensions. All references to the Term of this Agreement shall include any extensions of such Term.

(i)Counterparts. This Agreement may be executed simultaneously, and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(j)Other Documents. The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

(k)Time is of the Essence. Time is of the essence in this Agreement in each covenant, term, and condition herein.

(l)Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, no Party hereto shall have breached the terms or conditions of any

other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

(m)Document Preparation. This Agreement will not be construed against the Party preparing it but will be construed as if prepared by all Parties.

(n)Advice of Legal Counsel. Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

(o)Attorneys' Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(p)Calculation of Time Periods. All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, this Agreement has been entered into by and between Developer and City as of the Effective Date of the Agreement, as defined above.

{CW093563.1

DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC  
Page 33 of 28

**“CITY”**

CITY OF TURLOCK, a  
California municipal corporation

By: \_\_\_\_\_  
Gary Hampton  
City Manager

Dated: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Nichole Feiz  
City Clerk

Approved to as Form

By \_\_\_\_\_  
Katie O. Lucchesi  
City Attorney

**“DEVELOPER”**

PERFECT UNION TURLOCK, LLC  
a California limited liability company

By: \_\_\_\_\_  
~~David Spradlin~~ Thomas Sheridan,  
CEO  
Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**California All-Purpose Acknowledgment**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of

California )

\_\_\_\_\_ )

County of )

On \_\_\_\_\_, before me \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

\_\_\_\_\_  
(Signature)

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING CITY OF TUI

(Seal)

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CITY OF TURLOCK AND PE

**Exhibit A**  
**Cannabis Site Legal Description**

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING CITY OF TUF

EXHIBIT A – LEGAL DESCRIPTION

{CW093563.1}

CITY OF TURLOCK AND PER

EXHIBIT A - LEGAL DESCRIPTION

Order Number: P-350597

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**

The land described herein is situated in the State of California, County of Stanislaus, City of Turlock, described as follows:

Parcel 2 As Shown On That Certain Parcel Map Filed October 6, 1972, In Book 15 Of Parcel Maps Page 33, Stanislaus County Records, And As Revised By A Lot Line Adjustment In Resolution 81-134 Of City Of Turlock, Recorded August 27, 1901 In Book 3472 Page 643, As Document No, 10901, And Being A Portion Of Parcel 1 Shown On That Certain Parcel Map Filed October 6, 1972 In Book 15 Of Parcel Maps, Page 33 Described As Follows:

That Certain Parcel Of Land Bounded As Follows: On The West By The Northeasterly Line Of Golden State Boulevard, On The South By The Southerly Line Of Parcel 1, Book 15 of Parcel Maps Page 33, On The East By The Westerly Line Of Parcel 2, Book 15 of Parcel Maps Page 33, And On The North By The Extension Of The Northerly Line Of Said Parcel 2, Book 15 of Parcel Maps Page 33, Shown As North 47° 45' East, 60.39 Feet, South 47° 47' West, To Its Point Of Intersection With The Northeasterly Line Of Golden State Boulevard, All As Shown On Book 15 of Parcel Maps Page 33, Stanislaus County Records.

A.P.N.: 088-007-025

EXHIBIT B  
Cannabis Business Project Site Map

{CW093563.1}

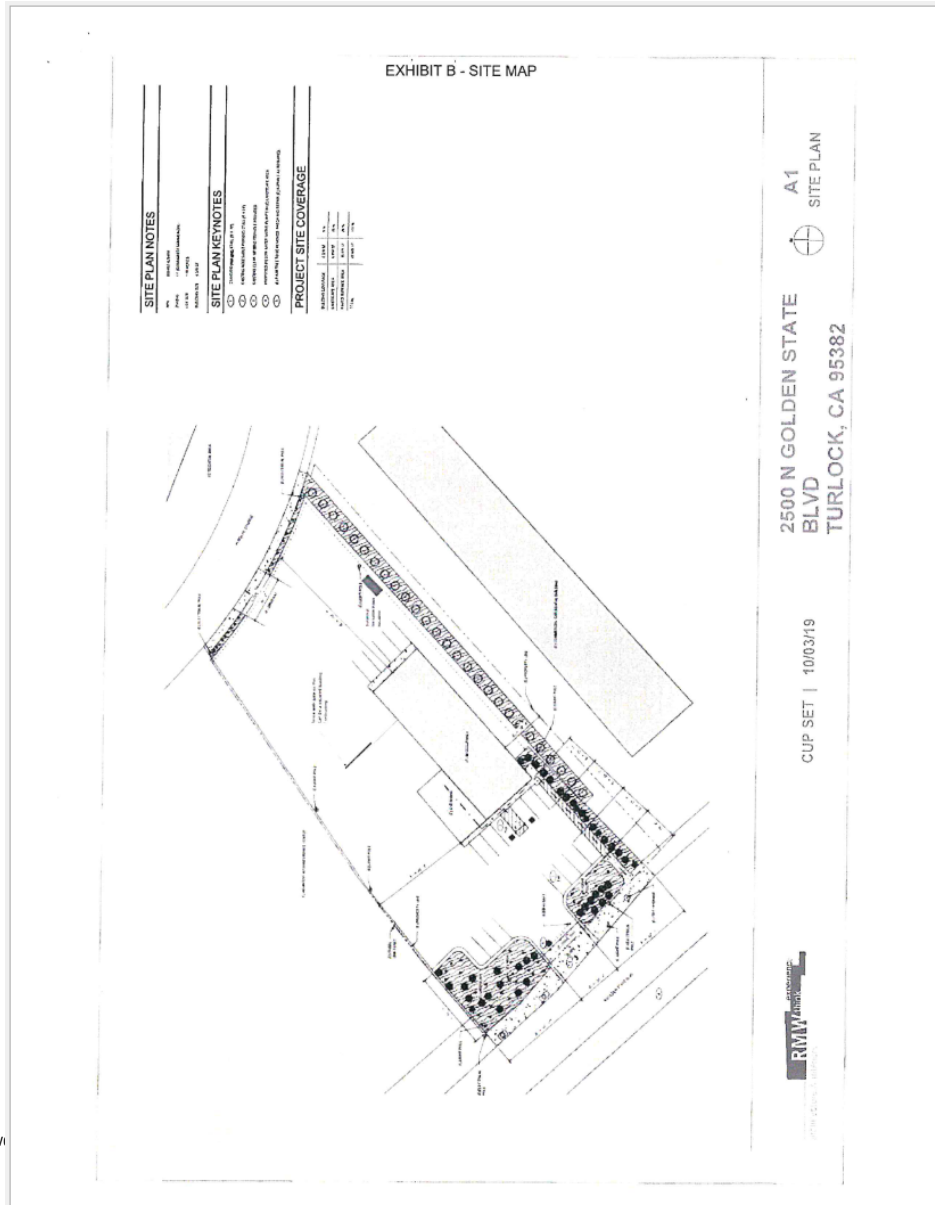
CITY OF TURLOCK AND PER

EXHIBIT B – SITE MAP

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING CITY OF TUF

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EXHIBIT C – SITE DEED

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING CITY OF TUF

EXHIBIT C - SITE DEED

RECORDING REQUESTED BY

*SAL SANDHU*

AND WHEN RECORDED MAIL TO

MWG RE Holdings, LLC, a California limited liability company  
735 Fountain Dr.  
West Sacramento, CA 95605

Stanislaus, County Recorder  
Donna Linder Co Recorder Office  
**DOC- 2019-0077233-00**  
Acct 402-Counter Customers  
Friday, NOV 01, 2019 14:35:29  
Tel Pd \$1,111.50 Rpt # 0004347158  
OJC/R2/1-6

A.P.N.: 088-007-025-000

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**GRANT DEED**

The undersigned grantor(s) declare(s):

Documentary transfer tax is \$1,072.50 City Transfer Tax: \$0.00

( ) Unincorporated Area (X) City of Turlock

(X) computed on full value of property conveyed, or

( ) computed on full value less value of liens and encumbrances remaining at time of sale.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, **Karnail Sandhu and Ranbir Sandhu, Trustees of the Karnail Sandhu and Ranbir Sandhu 2012 Trust and Iqbal S. Barn, a married man as his sole and separate property**

Hereby GRANT(S) to **MWG RE Holdings, LLC, a California limited liability company**

The land described herein is situated in the State of California, County of Stanislaus, City of Turlock, described as follows:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**

Dated: October 21, 2019

See Signature page to Grant Deed:

**MAIL TAX STATEMENTS TO PARTY SHOWN ON FOLLOWING LINE; IF NO PARTY SHOWN, MAIL AS DIRECTED ABOVE**

**SAME AS ABOVE**

Name

Street Address  
Page 1 of 4

City & State

*le J*

Grant Deed - Sale

Exhibit D  
Notice of Non-Performance Penalty

DATE: \_\_\_\_\_, 20\_\_\_\_

PARTIES: CITY OF TURLOCK  
1 56 S Broadway  
Turlock, CA 95380  
Attention: City Manager

DEVELOPER  
[Gaity Maple Thomas Sheridan](#)  
1025 Joellis [Wway, Suite 150](#)  
Sacramento, CA 95815

THIS NOTICE OF NON-PERFORMANCE PENALTY ("Penalty Notice") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

- A. By Instrument \_\_\_\_\_, No, which was recorded in the Official Records of Stanislaus County, California, on , 20 , \_\_\_\_\_  
City recorded a development agreement between City and Perfect Union Turlock, LLC ("Developer"), dated 20 \_\_\_\_\_, (the "Development Agreement"), relating to the development and operation of a cannabis business.
- B. Pursuant to Section 4.2 of the Development Agreement, Developer agrees to pay to City a Public Benefit on the first business day of each month during the Term of the Development Agreement.
- c. On \_\_\_\_\_, 20 the Public Benefit was due to City by Developer. City did not receive payment.
- D. Pursuant to Section 4.5 of the Development Agreement, if Developer fails to make payment when it is due, City may impose a penalty of ten percent (10%) of the total of the past due amounts ("Penalty"). As of \_\_\_\_\_,

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING CITY OF TURLOCK

20 the past due amount equals \_\_\_\_\_. \$The Penalty owed by Developer equals \$("Penalty Amount").

- E. Pursuant to Section 4.5 of the Development Agreement, Developer shall make payment of the Penalty Amount in a single installment due within fifteen (15) days of delivery of this Penalty Notice ("Penalty Due Date").
- F. Pursuant to Section 4.6 of the Development Agreement, if Developer fails to pay the Penalty Amount before the Penalty Due Date, then, in addition to the Penalty Amount specified in subdivision (D), Developer shall pay City interest on the Penalty Amount, at \_\_\_\_\_ the rate of eighteen percent (18%) per annum ("Penalty Interest Payment"), computed from the Penalty Due Date specified in subdivision (E). The Penalty Interest Payment is due fifteen (15) days following delivery of the Penalty Due Date. As of , 20 ,the Penalty Interest Payment amount equals \$ \_\_\_\_\_.
- G. Nothing contained herein shall constitute a waiver of City's future claims for the Public Benefit, Penalty, or interest on the Penalty.

NOW, THEREFORE, City hereby provides Developer the Penalty Notice required by Section 4.5 of the Development Agreement. This Penalty Notice shall be effective upon notice pursuant to Section 10.3 of the Development Agreement.

CITY OF TURLOCK, a  
California municipal corporation

By: \_\_\_\_\_  
City Manager

{CW093563.1}

CITY OF TURLOCK AND PERFECT UNION TUR

Exhibit E

INDEMNITY AGREEMENT FOR  
LAND USE ENTITLEMENT PROCESSING

THIS INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING ("Agreement") is made and entered into on this day \_\_\_\_\_ of \_\_\_\_\_, 2020, ("Effective Date") by and between the City of Turlock, a California municipal corporation ("City") and Perfect Union Turlock, LLC, a California limited liability company ("Applicant"). City and Applicant may be referred to herein individually as a "Party" or collectively as the "Parties". There are no other parties to this Agreement.

RECITALS

A. In 1996, the people of the state of California approved Proposition 215, the Compassionate Use Act of 1996 ("CUA"). The CUA enables seriously ill Californians to legally possess, use, and cultivate marijuana for medical use under state law. In 2003, the California Legislature adopted Senate Bill 420, entitled the Medical Marijuana Program ("MMP"), which authorizes qualified patients and their primary caregivers to cultivate marijuana for medical purposes without being subject to criminal prosecution under the California Penal Code.

B. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing, and distribution of medical marijuana to qualified patients and their primary caregivers.

c. On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act ("AUMA"). AUMA legalizes the cultivation, commercial sale, and possession of recreational cannabis for adults age 21 and older.

D. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which created a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in the MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in a particular jurisdiction.

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING CITY OF TUR  
PERFECT UNION TURL

E. On December 7, 2017, California state cannabis licensing authorities issued emergency regulations that apply to AUMA and MAUCRA and further regulate businesses engaged in commercial cannabis activity.

F. Turlock Municipal Code ("T.M.C.") Chapter 5.21 authorizes cannabis businesses to operate within the City under specified restrictions pursuant to a Cannabis Pilot Program.

G. Applicant intends to improve, develop, and use real property to operate a cannabis business (the "Project") within the City in strict compliance with MAUCRSA and T.M.C. chapter 5.60.

H. Applicant has an agreement to purchase that certain real property located at 2500 N. Golden State Blvd. in the City of Turlock, identified as Stanislaus County Assessor's Parcel Number 088-007-025 (the "Project") Applicant intends to improve approximately 4,517 (four thousand five hundred seventeen) square feet of space and operate the Project on the Property.

1. As a condition of approval of the Land Use Entitlements, City has required Applicant to enter into this Agreement.

J. It is in the public interest for City and Applicant to enter into this Agreement, as Applicant will benefit from City's processing of the Project.

K. Applicant desires to enter into this Agreement to fulfill a condition of approval of the Project, which is a prerequisite for construction of the Project.

#### AGREEMENT

NOW, THEREFORE, in consideration of the promises, covenants and agreements set forth below, the Parties agree as follows:

Section 1. Recitals. The recitals set forth above ("Recitals") are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 19 of this Agreement, Sections 1 through 19 shall prevail.

#### Section 2. Applicant's Indemnification Obligations.

2.1. Indemnification for Land Use Entitlements. To the fullest extent permitted by law, Applicant shall indemnify, and hold harmless City and its agents, elected and appointed officials, officers, employees, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City or City's Agents, to attack, set aside, void, or annul, an approval concerning the Land Use Entitlements by reason of the action or inaction of City or City's Agents. Applicant's duty

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC.

Exhibit E

to indemnify and hold harmless shall not extend to any claim, action or proceeding arising from the gross negligence or willful misconduct of City or City's Agents.

Applicant's obligations under this Agreement to indemnify City shall apply to any claim, lawsuit or challenge against City brought against the Project, specifically including, but not limited to, any legal challenge based on the California Environmental Quality Act, codified in California Public Resources Code section 21000 et seq.; actions or proceedings brought to challenge the validity of environmental documents prepared in conjunction with the approval of the Project or Land Use Entitlements, or the requirements of any other federal, state, or local laws, including, but not limited to, general plan, specific plan, and zoning requirements.

**2.2. Tender of Defense.** Upon receiving notice of a claim and pursuant to Article 6 of the Land Use Entitlements, Applicant shall assume the defense of the claim, action, or proceeding through the prompt payment of all attorneys' fees and costs, incurred in good faith and in the exercise of reasonable discretion, of City's counsel in defending such an action. Regardless of whether Applicant chooses to defend City pursuant to Section 6.4 of the Land Use Entitlements, City shall have the absolute and sole authority to control the litigation and make litigation decisions, including, but not limited to, selecting counsel to defend City and settlement or other disposition of the matter.

**2.3. Deposit for Costs.** Applicant shall make a refundable deposit to City within thirty (30) days of written notification from City ("Cost Deposit"), to cover the estimated fees and costs associated with City's defense of any claim, action or proceeding. Applicant shall make any and all additional payments to City to replenish the Cost Deposit within thirty (30) days of written notice from City.

**2.4. Failure to Indemnify; Waiver.** Failure to indemnify City, when required by this Agreement, shall constitute a material breach of this Agreement and of the Land Use Entitlements, which shall entitle City to all remedies available under law including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of the Land Use Entitlements. Applicant's failure to indemnify City shall be a waiver by Applicant of any right to proceed with the Project, or any portion thereof, and a waiver of Applicant's right to file a claim, action or proceeding against City or City's Agents based on City's rescission or revocation of the Land Use Entitlements, or City's failure to defend any claim, action or proceeding based on Applicant's failure to indemnify City.

**2.5. Satisfaction of Judgment.** With respect to any claims, demands, acts, causes of action, damages, costs, expenses, settlements, losses or liabilities which Applicant has indemnified City against, Applicant shall pay and satisfy any judgment, award, settlement or decree that may be rendered or agreed against City and City's Agents arising out of any final, non-appealable judicial or administrative action.

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC.

Exhibit E

2.6. Payment of Costs and Fees. Applicant's obligations under this Agreement to defend and indemnify City shall include, but not be limited to, payment of all court costs and attorneys' fees, all litigation-related costs, all costs of any judgments or awards against City, or all settlement costs which arise out of City's processing or approval of the Project.

2.7. Continuing Obligation. Applicant shall be and remain personally obligated to all of the terms of this Agreement, notwithstanding any attempt to assign, delegate or otherwise transfer all or any of the rights or obligations of this Agreement, and notwithstanding a change in or transfer of ownership of the real property upon which the Project is located (or any interest therein). However, Applicant may be released from such obligations if Applicant obtains City's prior written consent to such transfer, which consent shall not be unreasonably withheld.

Section 3. City's Obligations. City shall notify Applicant of any claim, action or proceeding within ten (10) business days of receiving service of any claim, action or proceeding. If City fails to notify Applicant of any claim, action, or proceeding, Applicant shall not, thereafter, be responsible to defend, indemnify, or hold City harmless. City shall have and retain, in its sole discretion, the right to not participate in the defense of any claim, action, or proceeding. At its sole discretion, City may participate at its own expense in the defense, but such participation shall not relieve Applicant of any obligation imposed by this Agreement.

Section 4. Notice. Any notice or communication required hereunder between City and Applicant must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC.

Exhibit E

If to City: City of Turlock  
156 S. Broadway  
Turlock, CA 95380  
Attention: City Manager

and [Katie O. Lucchesi](#),  
[City](#)  
[Attorney Churchwell](#)  
[White LLP](#)  
[1414 K Street, 3<sup>rd</sup> Floor](#)  
[156 S. Broadway](#)  
[Sacramento, CA](#)  
[95814 Turlock, CA 95380](#)  
[Attention: City Attorney](#)

If Developer: to [Gaiy Maple Thomas](#)  
[Sheridan](#)  
1025 Joellis [W](#)way,  
[Suite 150](#)  
Sacramento, CA 95815

Section 5. Modification of agreement. This Agreement may be supplemented, amended, or modified only by a writing signed by City and Applicant.

Section 6. Entire Agreement. This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the action and supersedes all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement.

Section 7. Agreement is Voluntary. The Parties acknowledge that they have entered into this Agreement voluntarily, on the basis of their own judgment and without coercion, and not in reliance on any promises, representations, or statements made by the other Party other than those contained in this Agreement. This Agreement incorporates the entire understanding of the Parties and recites the sole consideration of the promises and agreements contained within it. The Parties have read this Agreement and are fully aware of its contents and legal effect.

Section 8. Time of Essence. Time is of the essence for this Agreement, and each section contained within this Agreement is made and declared to be a material, necessary, and essential part of this Agreement.

Section 9. Severability of Agreement. If a court or an arbitrator of competent jurisdiction holds any section of this Agreement to be illegal, unenforceable, or invalid for any

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC.

Exhibit E

reason, the validity and enforceability of the remaining sections of this Agreement shall not be affected.

Section 10. Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement, and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

Section 11. Noninterference. No Party will do anything to interfere with or inhibit the ability of the other to comply with their respective obligations under the terms of this Agreement.

Section 12. Ambiguities. Each Party has participated fully in the review and revision of this Agreement. Any rule of construction that ambiguities are to be resolved against the drafting Party does not apply in interpreting this Agreement.

Section 13. Headings. The headings in this Agreement are included for convenience only, and neither affect the construction or interpretation of any section in this Agreement nor affect any of the rights or obligations of the Parties to this Agreement.

Section 14. Necessary Acts and Further Assurances. The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement. The Parties will act in good faith to carry out the intent of this Agreement.

Section 15. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of California.

Section 16. Venue. Venue for all legal proceedings shall be in the Superior Court of the State of California in and for the County of Stanislaus.

Section 17. Attorney's Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret sections of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may

be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC.

Exhibit E

Section 18. Waiver. No covenant, term, or condition, or the breach thereof, shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

Section 19. Counterparts. This Agreement may be executed in counterparts and all so executed shall constitute an agreement which shall be binding upon the Parties hereto, notwithstanding that the signatures of all Parties and Parties' designated representatives do not appear on the same page.

[SIGNATURE PAGE TO FOLLOW]

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC.

Exhibit E

IN WITNESS THEREOF, the Parties have executed this Agreement on the day, month and year first above written.

APPLICANT

Perfect Union Turlock, LLC, a California limited liability company

By:

\_\_\_\_\_  
Thomas  
Sheridan  
Maple Its:

Date:

CITY

City of Turlock, a California municipal corporation

By:

\_\_\_\_\_  
Gary Hampton, City Manager

Date:

APPROVED AS TO FORM:

By:

\_\_\_\_\_  
Katie O. Lucchesi, City Attorney

{CW093563.1}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND PERFECT UNION TURLOCK, LLC.

Exhibit E

Exhibit F  
Notice of Termination

RECORDING REQUESTED BY AND WHEN RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR  
RECORDER'S USE  
Recording Fee Exempt per Government Code S 6103

NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT

DATE:20

\_\_\_\_\_

PARTIES: City of Turlock  
156 S Broadway  
Turlock, CA  
95380  
Caity-Maple Thomas Sheridan  
1025 Joellis Wway, Suite 150  
Sacramento, CA 95815

THIS NOTICE OF TERMINATION AND RELEASE (the "Release") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

A.By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on 2020, \_\_\_\_\_

City recorded a development agreement between City and dated 2020 \_\_\_\_\_, (the "Development Agreement"), relating to the development and operation of a cannabis business.

{CW093563.1}

PERFECT UNION TURLOCK, LLC  
Exhibit

B. Pursuant to Sections 1.7 and 9.1 of the Development Agreement, the term of the Development Agreement expires three (3) years \_\_\_\_\_, from 2020, on \_\_\_\_\_, 20\_\_\_\_\_.

NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND

F  
c. Pursuant to Section 9.1 of the Development Agreement, once terminated, the Development Agreement has no further force or effect, unless otherwise set forth in the Development Agreement.

NOW, THEREFORE, City hereby terminates, cancels, and otherwise releases Developer and Developer's heirs, executives, administrators, successors, and assigns from their obligations in the Development Agreement on this of 20\_\_\_\_, and relinquishes any right it may hereafter have to enforce any of the terms and provisions set forth in the Development Agreement, unless otherwise set forth in the Development Agreement. This termination, cancellation, and release shall be effective upon the recordation of this Release in the office of the County Recorder for the County of Stanislaus, State of California.

CITY OF TURLOCK, a  
California municipal corporation

By:

\_\_\_\_\_  
City Manager

{CW093563.1}

PERFECT UNION TURLOCK, LLC  
Exhibit

NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND

F

Exhibit G

Assignment and Assumption Agreement

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR  
RECORDER'S USE

Recording Fee Exempt per Government Code S 6103

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement") is entered into this \_\_\_\_\_ day of 20\_\_\_\_ by and between Perfect Union Turlock, LLC, a California limited liability company ("Assignor") and \_\_\_\_\_ ("Assignee").

RECITALS

A. On \_\_\_\_\_, 2020, Assignor and the City of Turlock (the "City") entered into that certain agreement entitled "Development Agreement by and between the City of Turlock, a California municipal corporation and Perfect Union Turlock, LLC relating to the improvement, development, and use of real property to operate a cannabis business (the "Development Agreement"), originally recorded upon Stanislaus County Assessor's Parcel Number 088-007-025 (the "Property").

B. Section 10.1 of the Development Agreement prohibits the sale, assignment, or transfer by Assignor of any portion of Assignor's interests, rights, or titles described in that section of the Development Agreement ("Assignable Rights") to a third party without prior written approval by the City Manager of the City of Turlock (the "City Manager").

c. Assignor intends to assign, and Assignee intends to assume, the Assignable Rights under the Development Agreement.

D. In accordance with the terms of the Development Agreement, Assignor has provided to the City Manager a written request for consent to assignment. The City Manager has received the information he or she deems appropriate and consulted with the City Attorney for the purpose of determining that Assignee is a qualified

(CW093563.1)

ASSIGNMENT AND ASSUMPTION

Exhibit G

applicant for purposes of the foregoing terms of the Development Agreement, This Agreement is intended to meet the requirements of Section 10.1 of the Development Agreement for an Assignment and Assumption Agreement and is executed with the consent of the City Manager as contemplated in the Development Agreement.

AGREEMENT

{CW093563.1}

PERFECT UNION TURLOCK, LLC  
Exhibit

NOW, THEREFORE, Assignor and Assignee hereby agree as follows:

1. The foregoing Recitals are true and incorporated herein by this reference as though set forth in full.

2. Assignor hereby assigns to Assignee all of the Assignable Rights of Assignor under the Development Agreement.

3. Assignee hereby assumes all of the burdens and obligations of Assignor under the Development Agreement and agrees to observe and fully perform all of the duties and obligations of Assignor under the Development Agreement, and to be subject to all the terms and conditions thereof, with respect to the Property and Assignable Rights. It is the express intention of Assignor and Assignee that, upon the execution of this Agreement, Assignee shall become substituted for Assignor as the "Developer" under the Development Agreement.

4. This Agreement shall take effect and be binding only upon the City Manager's consent to and approval of the Agreement.

5. Assignee represents and warrants that it has reviewed and is familiar with the terms and conditions of the Development Agreement. Assignee acknowledges that the Assignable Rights are as set forth in Section 10.1 of the Development Agreement, and the duties of Assignor thereunder and the duties of Assignee hereunder, as between Assignee and City, shall be without reference to any underlying agreements or understandings that may exist between Assignee, Assignor, or any other party with respect to the subject matter hereof, and that City is not party to such other agreements.

6. All of the covenants, terms, and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

IN WITNESS HEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

[Signatures on the Following Page]

(CW093563.1)

ASSIGNMENT AND ASSUMPTION

Exhibit G

ASSIGNOR

Perfect Union Turlock, LLC, a  
California limited liability  
company

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

Its: CEO

Date: \_\_\_\_\_

ASSIGNEE

a

\_\_\_\_\_  
\_\_\_\_\_

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

CITY

City of Turlock, a California  
municipal corporation

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

Gary Hampton, City  
Manager

Date: \_\_\_\_\_

(CW093563.1)

AGREEMENT  
APPROVED AS TO FORM.

By:

\_\_\_\_\_  
Katie O. Lucchesi, City Attorney

AGREEMENT

ASSIGNMENT AND ASSUMPTION

Exhibit G

**Planning Commission Staff Report**  
**May 7, 2026**



---

From: Katie Quintero, Planning Manager  
Prepared by: Katie Quintero, Planning Manager  
Agendized by: Adrienne Werner, Development Services Director

**1. ACTION RECOMMENDED:**

I move that the Planning Commission find that Firehouse is in compliance with the conditions of approval contained in City Council Resolution 2020-026 and Conditional Use Permit No. 2019-08 and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-10.

I move that the Planning Commission recommend the City Council find that Firehouse has complied in good faith with the terms and conditions of the development agreement and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-11.

I move the Planning Commission recommend the City Council approve the First Amended and Restated Development Agreement between the City of Turlock and Firehouse, having determined the action is not subject to the provisions of CEQA and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-12.

**2. NARRATIVE:**

**APPLICATION SUMMARY**

APPLICANT: Angilbert Sarkis  
1234 McHenry Avenue, Suite C  
Modesto, CA 95350

PROPERTY OWNER: Guaranty Holdings of CA Inc.  
1407 Mitchell Road  
Modesto, CA 95351

PROJECT ADDRESS: 1601 W. Main Street

APN: 089-015-006

AREA OF PROPERTY: .958 acres (approximately)

EXISTING ZONING: Community Commercial (CC)

GENERAL PLAN: Community Commercial (CC)

**PREVIOUS ACTIONS:** Rezones 70-03, 96-05, 96-05, Variance 85-14, Conditional Use Permit 74-03

**REQUEST:** Annual review of the Conditional Use Permit and Development Agreement for Firehouse and Amendments to and Extension of Development Agreement

**CEQA RECOMMENDATION:** Exempt CEQA §15378(b)(5) [Project]

**STAFF RECOMMENDATION** Approve



**BACKGROUND**

Firehouse is located at 1601 W. Main Street. The property is zoned Community Commercial which allows cannabis dispensaries with a Conditional Use Permit and Development Agreement.

At their September 19, 2019, meeting, the City Council adopted the ordinance approving the Development Agreement (DA) and granted a

Conditional Use Permit (CUP) on March 10, 2020, for Firehouse to operate a cannabis dispensary. Firehouse opened for business in August 2020.

The initial Development Agreement was set to expire in October 2024. As a result, under the City Manager’s authority of the Development Agreement, the City and Firehouse entered into an Amendment to the Development Agreement extending the Development Agreement through December 31, 2024.

On September 19, 2024, the Planning Commission recommended the City Council extend the Development Agreement to June 30, 2025. The City Council approved the extension of the Development Agreement at their October 8, 2024 meeting. In May of 2025, Council approved another extension to the Development Agreement through June 30, 2026. The intention of the shorter-term time extensions was to allow time for the cannabis operators and the City to discuss potential changes to the cannabis program. The item before the Commission proposes changes to the Development Agreement to begin to address some of the desired changes but it is anticipated updates to the Municipal Code and the cannabis program will be ongoing.

**ANNUAL REVIEW**

Turlock Municipal Code §9-5-912 and Conditional Use Permit 2019-08 require the Planning Commission to conduct an annual review to verify the business has complied with the terms of the Development Agreement and Conditional Use Permit. In addition, TMC §9-5-912 requires the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement.

Planning Department

*Signage*

Firehouse has not applied for any exterior wall signs and no signs are installed on the exterior of the building. Any proposed exterior wall signs would have to comply with TMC §9-2-518(6)(ac)(iv) for commercial cannabis uses.

The existing 50' tall pole sign is considered a legal nonconforming sign. Staff continues to work with the City Attorney's office to address the sign.

Firehouse is in compliance with the Planning Division.

Building Department

Firehouse opened for business on August 7, 2020. There are no active building code violations and Firehouse is in compliance with the requirements of the Building and Safety Division.

Finance Department

*Business License*

Firehouse was issued a business license on August 5, 2020. Their business license is current and active.

*Public Benefit Amount*

The Development Agreement requires a monthly public benefit payment to the City of Turlock. Section 4.2 of the Development Agreement details the public benefit amount that Firehouse must submit to the City on a monthly basis.

Effective Date	Public Benefit Amount Due
1 <sup>st</sup> Business Day following the (1 <sup>st</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 1 Amount</u> ").
1 <sup>st</sup> Business Day of the Thirteenth (13 <sup>th</sup> ) Month in which Developer	\$30,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 2 Amount</u> ").

commences Commercial Cannabis Activity.	
1 <sup>st</sup> Business Day of the Twenty-fifth (25 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 3 Amount</u> ").
1 <sup>st</sup> Business Day of the Thirty-seventh (37 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 4 Amount</u> ").
1 <sup>st</sup> Business Day of the Forty-ninth (49 <sup>th</sup> ) Month in which Developer commences Commercial Cannabis Activity.	\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (" <u>Tier 5 Amount</u> ").

The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs

The annual audits and compliance checks have been completed and Firehouse is in compliance with the Finance Department. The public benefit amount that Firehouse has paid is detailed in the table below:

Fiscal Year	Public Benefit Deposit
2020-21	\$943,815.11
2021-22	\$891,144.88
2022-23	\$750,862.13
2023-24	\$602,846.38
2024-25	\$534,486.69
2025-26*	\$360,000.00
<b>Total through 4/29/26</b>	<b>\$4,133,886.64</b>
*Payment made through March 2026	

Police Department

*Calls for Service*

There were 10 calls for service (CFS) in 2023. Two calls were for medical emergencies which AMR and the Fire Department responded to, two security checks initiated by onsite security requesting an officer to check on two persons sleeping/loitering on the property, two suspicious person calls, and four disturbance calls. All CFS were closed by the officer and

did not result in a report being filed or an arrest.

In 2024, there were seven calls for service (CFS). Two medical emergency calls and a grass fire were attended by the Fire Department and closed. Two disturbance/suspicious person calls, one security check of a toddler not buckled in, and one commercial alarm call. None of the calls resulted in a report being filed by the officer and no arrests were made.

There have been five calls for service from January 2025 through October 2025. Two of the calls started as traffic stops, with one resulting in the arrest of the individual for an outstanding warrant. One vehicle accident and one medical emergency were both cleared by the Fire Department, and a security check that was a false alarm.

There were eleven calls for service from October 2025 through April 2026. These calls consisted of the following: one false alarm, one security check, one suspicious vehicle, a warrant arrest, assist other agency (checking security guard credentials), larceny (ATM card left in machine), disturbance (individual approached security aggressively), and a missing person (man reported the last place he saw his girlfriend was at The Firehouse). The girlfriend was later found at home safe.

An emergency medical call was responded to and cleared by the Fire Department. There was a suspicious phone call, no answer on call back. A traffic stop turned into a weapons violation and resulted in the arrest of the driver.

Of these eleven calls for service, nine were closed by the responding officer without a report being filed or an arrest being made. The medical emergency call was closed by the Fire Department. One call resulted in an arrest.

It is important to remember, when responding to calls for service, the location is indexed by where the incident occurred or where the officer should respond to contact the victim. If the officer responds to the Firehouse's parking lot or in proximity to Firehouse the business name will be indexed in the report. It does not mean a crime occurred at Firehouse. If no report was made, the responding officer did not find probable cause to show a crime occurred. In reviewing the calls for service, these are typical of what is anticipated for this use and do not create a concern at this time.

### *Annual Inspection*

On April 23, 2026, the Police Department conducted their annual inspection. The following items were found at the inspection:

- The public lobby of the business did not have a monitor viewable to the public to show customers they were being video recorded.
- The dumpster area associated with the business was not locked.

The business has been mailed a letter noting these deficiencies and a second inspection will be conducted to ensure these items have been corrected. These items are minor in nature and can be corrected easily and, therefore, Firehouse is in substantial compliance with the Police Department's conditions.

## **PROPOSED AMENDMENTS**

Various amendments are proposed to the Development Agreement. The changes to the Agreement are provided in a track changes as Attachment A to the draft resolution. To capture all previous amendments to the Development Agreement into one document, the City has prepared a First Amended and Restated Development Agreement. This captures all four previous amendments and newly proposed into this one complete Agreement.

In response to concerns from many of the dispensary operators, the City is proposing to amend the language for the public benefit amount to remove the monthly minimum payment and move to a percentage only. The percentage is set as a range up to 9% of gross receipts but proposes to set the amount required to be paid at 5.25% through May 31, 2027, at which time Council may set a new Public Benefit amount within the range. This change will cause a reduction in the overall amount the City will receive in the public benefit amount, but it will provide more stability and will reduce the financial strain on the cannabis operators.

The term of the agreement is proposed to be extended for three years through June 30, 2029.

Other regulations proposed to be added to the agreement include adding a definition of youth facility, requiring remote real-time live access to the video footage of cameras installed at the businesses, and requiring background checks prior to any changes in ownership or on any individual or entity every two years or at any other time upon reasonable cause. A section has been added detailing if anyone with direct or indirect ownership or controlling interest in the project is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may terminate the Development Agreement. If given such notice, the Developer would have 180 days to complete a transfer of their interest to a transferee approved by the City.

Other proposed changes include various language cleanups and updates to current laws and regulations.

## **PUBLIC COMMENT**

A public notice was sent out to all property owners within 500 feet of the project. Staff did not receive any phone calls or correspondence regarding this item.

## **CONCLUSION**

After reviewing the information, Firehouse has complied with the conditions in their Conditional Use Permit and has complied in good faith with their Development Agreement. Staff recommends approval of the three-year time extension and amendments to the Development Agreement.

### **3. FISCAL IMPACT / BUDGET AMENDMENT:**

**4. ENVIRONMENTAL DETERMINATION:**

The project consists of the annual review to determine if Firehouse has complied in good faith with the terms and conditions of the Conditional Use Permit and Development Agreement as well as a three-year time extension and miscellaneous amendments to the Development Agreement.

No changes or modifications in the site are anticipated as a result of this review; therefore, this action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review, request for a time extension and various miscellaneous changes to the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

**5. ATTACHMENTS:**

1. Firehouse CUP 2019-08 Annual Review Resolution 2026-10
2. Firehouse DA Annual Review Resolution 2026-11
3. Firehouse DA Time Extension and Amendments Resolution 2026-12
4. Exhibit A 1st amended and restated DA Firehouse

**Filing Requested By:**

City of Turlock  
Development Services Department  
Planning Division  
156 S. Broadway, Suite 120  
Turlock, CA 95380-5456

**When Filed Mail To:**

*Same as above*

SPACE ABOVE THIS LINE FOR CLERK'S USE ONLY

**RESOLUTION NO. 2026-10**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF TURLOCK  
APPROVING THE ANNUAL REVIEW OF  
CONDITIONAL USE PERMIT 2019-08 (FIREHOUSE)**

APPLICANT: Angilbert Sarkis  
1234 McHenry Avenue, Suite C  
Modesto, CA 95350

PROPERTY OWNER Guaranty Holdings of CA Inc.  
1407 Mitchell Road  
Modesto CA 95351

SITE ADDRESS: 1601 W. Main Street

APN: 089-015-006

**WHEREAS**, Conditional Use Permit No. 2019-08 for the operation of a retail cannabis dispensary for Firehouse, was granted by the City Council on March 10, 2020; and

**WHEREAS**, the property affected by this Resolution is located at 1601 W. Main Street, Turlock, more particularly described as Stanislaus County APN 089-015-006; and

**WHEREAS**, the property is Community Commercial (CC) with General Plan land use designation of Community Commercial; and

**WHEREAS**, City Council Resolution 2020-026 requires annual review of Conditional Use Permit 2019-08 for Firehouse to operate a retail cannabis dispensary; and

**WHEREAS**, this action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the conditional use permit, this action will not result in direct or indirect physical changes in the environment; and

**WHEREAS**, in making its decision, the Planning Commission considered the CEQA determination, the public testimony, the evidence in the record, and the findings for approval.

**WHEREAS**, after the public hearing held on May 7, 2026, the Planning Commission found and determined as follows:

**NOW THEREFORE, BE IT RESOLVED** by the Planning Commission of the City of Turlock as follows: Firehouse is in compliance with the conditions of approval contained in Conditional Use Permit No. 2019-08, City Council Resolution 2020-026 and the Turlock Municipal Code.

**Section 1.** The proposed project is “Categorically Exempt” from the provisions of the California Environmental Quality Act (CEQA) under the CEQA Guidelines Section 15378(b)(5) [Project].

**Section 2.** That Firehouse is in compliance with the conditions of approval contained in City Council Resolution 2020-026 and Conditional Use Permit 2019-08.

**Section 3.** The Director of Development Services, or designee, is hereby directed to record this Resolution at the office of the County Recorder of the County of Stanislaus.

**I HEREBY CERTIFY** that the foregoing Resolution was duly and regularly adopted by the Planning Commission of the City of Turlock at a regular meeting of said Planning Commission held on the 7<sup>th</sup> day of May 2026, by the following roll call vote:

AYES:

NOES:

ABSTAINED:

NOT PARTICIPATING:

ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE TURLOCK PLANNING COMMISSION  
FOR THE CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK



CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES  
STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK

<p><b>A RESOLUTION OF THE PLANNING COMMISSION }  OF THE CITY OF TURLOCK RECOMMENDING THE }  CITY COUNCIL OF THE CITY OF TURLOCK EXTEND }  THE DEVELOPMENT AGREEMENT BETWEEN }  FIREHOUSE AND THE CITY OF TURLOCK }  THROUGH JUNE 30, 2029 AND AMEND THE PUBLIC }  BENEFIT AMOUNT AND OTHER VARIOUS }  LANGUAGE CHANGES IN THE FIRST AMENDED }  AND RESTATED DEVELOPMENT AGREEMENT FOR }  THE OPERATION OF A CANNABIS DISPENSARY AT }  1601 W. MAIN STREET, TURLOCK, CALIFORNIA }  STANISLAUS COUNTY APN 089-015-006 }</b></p>	<p><b>RESOLUTION NO. 2026-12</b></p>
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**WHEREAS**, on June 11, 2019, the City Council of the City of Turlock (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations for cannabis businesses pursuant to AUMA and MAUCRSA, by amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”); and

**WHEREAS**, on June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City; and

**WHEREAS**, on September 10, 2019 the City adopted Ordinance No. 1260-CS approving a Development Agreement by and between the City and Firehouse to operate a storefront retail dispensary as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 1601 W. Main Street, Turlock, California, County of Stanislaus Assessor’s Parcel Number 089-015-006 (the “Project”), consistent with the General Plan, as amended; and

**WHEREAS**, the City and Firehouse Cooperative entered into a Development Agreement dated August 3, 2020, which permitted Firehouse to operate a cannabis dispensary at 1601 W. Main Street, Turlock, California, County of Stanislaus Assessor’s Parcel Number 089-015-006; and

**WHEREAS**, the City and Firehouse Cooperative, Inc. dba Firehouse entered into that certain First Amendment to Development Agreement dated July 25, 2022 which amended the name of Developer to Firehouse Turlock, Inc; and

**WHEREAS**, on August 30, 2024 the City and Firehouse entered into that certain Second Amendment to extend the term of the Development Agreement dated September 15, 2020 through December 31, 2024; and

**WHEREAS**, on October 8, 2024 the City and Firehouse entered into that certain

Third Amendment to extend the term of the Development Agreement dated September 15, 2020 through June 30, 2025; and

**WHEREAS**, on May 27, 2025, the City and Firehouse entered into that certain Fourth Amendment to extend the term of the Development Agreement through June 30, 2026; and

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission recommends the City Council extend the term of the Development Agreement through June 30, 2029, and recommends amending the public benefit amount and making various other language changes by approving the First Amended and Restated Development Agreement provided as Exhibit A to this resolution.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST: \_\_\_\_\_  
 KATIE QUINTERO  
 PLANNING MANAGER & SECRETARY  
 OF THE CITY OF TURLOCK PLANNING COMMISSION  
 CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
 ALEXIA FUENTES  
 STAFF SERVICES TECHNICIAN  
 CITY OF TURLOCK

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL  
TO:**

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code §6103

**FIRST AMENDED AND RESTATED DEVELOPMENT AGREEMENT BETWEEN THE  
CITY OF TURLOCK AND FIRE HOUSE COOPERATIVE, INC. Turlock, Inc., a  
California Corporation**

**THIS FIRST AMENDED AND RESTATED DEVELOPMENT AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_\_ (\_\_\_\_) day of \_\_\_\_\_, 2026 (the “Effective Date”), by and between the **CITY OF TURLOCK**, a California municipal corporation (“City”), and **Fire House Turlock, Inc., a California Corporation** (“Developer”). City and Developer may be referred to herein individually as a “Party” or collectively as the “Parties.” There are no other parties to this Agreement.

**RECITALS**

- A. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act (“MCRSA”). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing and distribution of medical marijuana to qualified patients and their primary caregivers.
- B. On November 8, 2016, California voters enacted Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act, also known as the Adult Use of Marijuana Act (“AUMA”), which establishes a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older and to tax the growth and retail sale of cannabis for nonmedical use.
- C. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”), which creates a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in Commercial Cannabis Activity, as defined in Section 1.4 of this Agreement, may operate in a particular jurisdiction.

- D. On June 11, 2019, the Turlock City Council (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations as defined under Turlock Municipal Code section 5.21 pursuant to AUMA and MAUCRSA; and
- E. On June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City; ~~and~~
- ~~F. The City Council finds that establishing a structure to regulate all cannabis businesses contemplated by state law is in the best interest of the health, welfare, and safety of the public; and~~
- G.F. Developer proposed~~s~~ to improve, develop and use real property to operate a Cannabis Business Project, as defined below, in strict accordance with California Cannabis Laws, as defined in Section 1.4 of this Agreement and the T.M.C., as each may be amended from time to time.
- H.G. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the California Legislature adopted Government Code section 65864 et seq. (the “Development Agreement Statute”), which authorizes City and an individual or business entity with an interest in real property to enter into a development agreement that establishes certain development rights in real property that is subject to a development agreement application.
- H.H. On June 11, 2019, following the adoption of the Pilot Program, the City issued and circulated a request for qualifications (“RFQ”). The purpose of the RFQ was to form the basis for a selection process of qualified cannabis operators for participation in the Pilot Program. Fire House Cooperative, Inc. ~~has~~ completed the RFQ requirements; and
- J.I. Developer submitted an application to the City Planning Commission Department for consideration of a development agreement for a commercial cannabis business.
- K.J. Developer ~~has~~ leased property located at 1601 West Main Street, Turlock, California, County of Stanislaus Assessor’s Parcel Number 089-015-006 of which Developer ~~intends to improve~~d approximately 4,517 (four thousand five hundred seventeen) square feet of space (the “Site”) to operate the Cannabis Business Project, more particularly described in the legal description attached hereto as **Exhibit A** (“Legal Description”) and the Cannabis Business Project Site Map attached hereto as **Exhibit B**.
- L.K. Developer ~~has~~ leased the Site for the purpose of carrying out the Cannabis Business Project. A copy of the deed to the Site is attached hereto as **Exhibit C**, within satisfaction of the requirement of T.M.C. Chapter 5.21.

L. On August 22, 2019, the Turlock Planning Commission (“Planning Commission”), in a duly noticed and conducted public hearing, considered Developer’s application for this Agreement. At that public hearing, the Planning Commission recommended the City Council adopt Ordinance No. 2019-18, which would allow Developer to operate the Cannabis Business Project at the Site.

~~M. On August 27, 2019, pursuant to Government Code section 65867.5 and following a duly noticed public hearing, the City Council adopted Ordinance No. \_\_\_\_\_ approving a Development Agreement for the Property and Cannabis Business Project; thereafter, on August 3, 2020, the City and Fire House Cooperative, Inc., dba Firehouse, entered into that certain Development Agreement (the “Development Agreement”), which authorizes the operation of a cannabis dispensary in the City of Turlock. On August 27, 2019, pursuant to Government Code section 65867.5, and following a duly noticed and conducted public hearing, the City Council reviewed, considered, adopted, and entered into this Agreement pursuant to Ordinance No. \_\_\_\_\_.~~

M. The City and Fire House Cooperative, Inc. dba Firehouse entered into that certain First Amendment to Development Agreement dated July 25, 2022 which amended the name of Developer to Fire House Turlock, Inc. (“First Amendment”).

N. The City and Fire House Turlock, Inc. entered into that certain Second Amendment to Development Agreement dated August 30, 2024 (“Second Amendment”).

O. The City and Fire House Turlock, Inc. entered into that certain Third Amendment to Development Agreement dated on or about October 8, 2024 (“Third Amendment”).

P. The City and Fire House Turlock, Inc. entered into that certain Fourth Amendment to Development Agreement dated on or about May 27, 2025 (“Fourth Amendment”).

N.Q. This Agreement is entered into pursuant to the Development Agreement Statute.

~~O. City and Developer desire to enter into this Agreement to (i) facilitate the orderly development of the Site; (ii) create a physical environment that is consistent with and complements the City’s goals and visions; (iii) protect natural resources from adverse impacts; (iv) improve, upgrade and create additional community facilities and infrastructure, enhance services and assist in implementing the goals of the General Plan; and (vi) reduce the economic risk of development of the Site to both City and Developer.~~

~~P. The Parties intend, through this Agreement, to allow Developer to develop and operate the Cannabis Business Project in accordance with the terms of this Agreement.~~

Q.R. The City Council has determined that this Agreement is consistent with the City's General Plan and has conducted all necessary proceedings in accordance with the T.M.C. for the approval of this Agreement.

~~S. Under Section 5-21-103 of the Turlock Municipal Code, any cannabis dispensary business allowed in the City shall obtain a development agreement, a City business license, and a conditional use permit.~~

~~T. The Parties wish to enter into this First Amended and Restated Development Agreement to replace previous agreements between the Parties and to fulfill the requirement that a cannabis business requires a development agreement pursuant to TMC Section 5-21-103.~~

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## AGREEMENT

### ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety and general welfare and is consistent with the City's General Plan, including all text and maps in the General Plan.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 10 of this Agreement, the provisions of Articles 1 through 10 shall prevail.

**Section 1.3. Exhibits.** The following "Exhibits" are attached hereto and incorporated into this Agreement:

<u>Designation</u>	<u>Description</u>
Exhibit A	Cannabis Site Legal Description
Exhibit B	Cannabis Business Project Site Map
Exhibit C	Lease
Exhibit D	Notice of Non-Performance Penalty
Exhibit E	Indemnification Agreement

Exhibit F	Notice of Termination
Exhibit G	Assignment and Assumption Agreement

**Section 1.4. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meaning:

- (a) “Additional Insureds” has the meaning set forth in Section 6.1.
- (b) “Additional Licenses” has the meaning set forth in Section 2.4.
- (c) “Adult-use cannabis” means a product containing cannabis, including, but not limited to, concentrates and extractions, intended for use by adults 21 years of age and older in California pursuant to the California Cannabis Laws.
- (d) “Agreement” means this Development Agreement, inclusive of all Exhibits attached hereto.
- (e) “Application” has the meaning set forth in Recital G.
- (f) “Assignment and Assumption Agreement” has the meaning set forth in Section 10.1.
- (g) “AUMA” means the Adult Use of Marijuana Act (Proposition 64) approved by California voters on November 8, 2016.
- (h) “Authorized License” has the meaning set forth in Section 2.3.
- (i) “BureauDepartment” means the Department of Cannabis Control or any successor state agency. Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.
- (j) “California Building Standards Codes” means the California Building Code, as amended from time to time, in Part 2, Volumes 1 and 2, as part of Title 24 of the California Code of Regulations, as may be adopted by the T.M.C.
- (k) “California Cannabis Laws” includes AUMA, MAUCRSA, CUA (as defined below), the Medical Marijuana Program Act of 2004 codified as Health and Safety Code sections 11362.7 through 11.62.83 and any other applicable laws that may be enacted or approved.
- (l) “Cannabis” means all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. “Cannabis” also means the separated resin, whether crude or purified, obtained from cannabis. “Cannabis” does not include the mature stalks of the plant, fiber produced

from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, “cannabis” does not mean “industrial hemp” as defined by Section 11018.5 of the Health and Safety Code. Cannabis and the term “marijuana” may be used interchangeably.

(m) “Cannabis Business Pilot Program” means the cannabis business program established and authorized by T.M.C. Chapter 5.21.

(n) “Cannabis Business Project” means the cannabis retail business operated by Developer on the Site pursuant to the Authorized License.

(o) “Cannabis Manufacturing Business” means a business engaged in commercial cannabis activity pursuant to a state approved Type 6 or 7 license, Type A and M licenses designated as a Cannabis business.

(p) “Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(q) “CEQA” means the California Environmental Quality Act, as set forth in Division 13 (Commencing with Section 21000) of the California Public Resources Code, and the CEQA Guidelines, as set forth in Title 14 (Commencing with Section 15000) of the California Code of Regulations.

(r) “City” means the City of Turlock, a California municipal corporation having general police powers.

(s) “City Council” means the City of Turlock City Council, as defined in T.M.C. Section 2.1.

(t) “City Manager” means the City Manager of the City of Turlock or his or her designee, as described in T.M.C. Section 2.4.

(u) “Charged Party” has the meaning set forth in Section 8.1.

(v) “Charging Party” has the meaning set forth in Section 8.1

(w) “Commercial Cannabis Activity” includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, delivery, or sale of cannabis or a cannabis product that requires a state license pursuant to MAUCRSA.

(x) “Planning Commission” means the City of Turlock Planning Commission, as established by T.M.C. Section 9.5.

(y) “Conditional Use Permit” means a conditional use permit issued by City pursuant to T.M.C. Section 9.3.

(z) “CUA” means the Compassionate Use Act (Proposition 215) approved by California voters on November 5, 1996.

(aa) “Developer” means Fire House Cooperative Inc. Developer also has the meaning set forth in Section 6.1.

(bb) “Development Agreement Statute” has the meaning set forth in Recital E.

(cc) “Exhibits” has the meaning set forth in Section 1.3.

(dd) “Gross Receipts from Operations” means total revenue actually received or receivable from operation of the Cannabis Business Project, including: all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares, or merchandise; and gains realized from trading in stocks or bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other remunerations, however designated. Included in “gross receipts” shall be all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom:

1. Cash discounts allowed and taken on sales;
2. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as “gross receipts”;
3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
4. Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit; and
5. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded.

The intent of this definition is to ensure that in calculating the payment required under Section 4.2, all sales of cannabis products through the Cannabis Business Project are captured. This definition shall therefore be given the broadest possible interpretation consistent with this intent.

(ee) “Indemnification Agreement” has the meaning set forth in Section 6.3.

(ff) “Major Amendment” means an amendment that shall have a material effect on the terms of this Agreement. A Major Amendment also has the meaning set forth in Section 2.4. Major Amendments shall require approval by the City Council.

(gg) “Marijuana” has the same meaning as cannabis and those terms may be used interchangeably.

(hh) “MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code section 26000 et seq., as may be amended from time to time.

(ii) “MCRSA” has the meaning set forth in Recital A.

(jj) “Ministerial Fee” or “Ministerial Fees” has the meanings set forth in Section 4.1.

(kk) “Minor Amendment” means a clerical amendment to this Agreement that shall not materially affect the terms of this Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.7.

(ll) “Mortgage” has the meaning set forth in Article 7.

(mm) “Non-Performance Penalty” has the meaning set forth in Section 4.5.

(nn) “Notice of Non-Performance Penalty” has the meaning set forth in Section 4.5.

(oo) “Notice of Termination” has the meaning set forth in Section 9.1.

(pp) “Processing Costs” has the meaning set forth in Section 1.11.

(qq) “Project Litigation” has the meaning set forth in Section 10.7.

(rr) “Public Benefit” has the meaning set forth in Section 4.2.

(ss) “Public Benefit Amount” has the meaning set forth in Section 4.2.

(tt) “State Licensing Authority” means the state agency responsible for the issuance, renewal or reinstatement of a state cannabis license or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

(uu) “State Cannabis Regulations” means the regulations promulgated by the State Licensing Authority pursuant to the California Cannabis Laws (~~3 CCR § 8000 et seq., 17 CCR § 40100 et seq., 42 CCR 35000~~ 4 CCR 15000 et seq., or their respective successors).

(vv) “State Taxing Authority” has the meaning set forth in Section 4.2.

(ww) “Subsequent City Approvals” has the meaning set forth in Section 3.1.

(xx) “Term” has the meaning set forth in Section 1.7.

(~~xy~~)(yy) “T.M.C.” means the Turlock Municipal Code.

(yy)(zz) “Type 1A license” or “Specialty Indoor” means a state license issued by the Department of Agriculture-Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting of between 501 and 5,000 square feet of total canopy size on one premises.

(zz)(aaa) “Type 2A license” or “Small Indoor” means a state license issued by the Department of Agriculture-Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 5,001 and 10,000 square feet, inclusive, of total canopy size on one premises.

(aaa)(bbb) “Type 3A license” or “Indoor” means a state license issued by the Department of Agriculture-Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 10,001 and 22,000 square feet, inclusive, of total canopy size on one premises.

(bbb)(ccc) “Type 4 license” or “Nursery” means a state license issued by the Department of Agriculture-Cannabis Control pursuant to the California Cannabis Laws for cultivation.

(ccc)(ddd) “Type 6 license” or “Manufacturer 1” means a state license issued by the Department of Public Health-Cannabis Control pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using nonvolatile solvents.

(ddd)(eee) “Type 7 license” or “Manufacturer 2” means a state license issued by the Department of Public Health-Cannabis Control pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using volatile solvents.

(eee)(fff) “Type 10 license” or “Retailer” means a state license issued by the Bureau Department of Cannabis Control pursuant to the California Cannabis Laws authorizing the retail sale of cannabis and cannabis products. Retail sale includes sales at a storefront and by delivery, pursuant to all state and local laws and regulations.

(fff)(ggg) “Type 11 license” or “Distributor” means a state license issued by the Bureau Department of Cannabis Control pursuant to the California Cannabis Laws for the distribution of cannabis and cannabis products from manufacturer to dispensary.

(ggg)(hhh) “Type 12 license” or “Microbusiness” means a state license issued by a State Licensing Authority pursuant to the California Cannabis Laws relating to cannabis manufacturing, retail and distribution.

(iii) “Type 13 license” or “Distribution Transport-Only” means a state license issued by the Bureau Department of Cannabis Control pursuant to the California Cannabis Laws for distribution cannabis and cannabis products.

**Conforming Interpretation of State Cannabis License References.** Any reference in this Agreement to a State cannabis license, State Cannabis Regulations, licensing authority, or specific state cannabis license type or designation shall be deemed to include any successor license, permit, approval, agency, or regulation that replaces, renames, consolidates, or reclassifies such license or regulatory framework under California law, including those administered by the California Department of Cannabis Control or any successor agency.

No change in the name, number, classification, or structure of any State cannabis business license shall be construed to expand, limit, or otherwise modify the cannabis activities authorized under this Agreement, except as required by applicable state law or as expressly approved in writing by the City.

The scope of permitted commercial cannabis activities shall be determined solely by this Agreement and applicable City approvals, and not by the type, title, or designation of any state license held by Developer, unless expressly mandated by state law.

**Section 1.5. Project is a Private Undertaking.** The Parties agree that the Cannabis Business Project is a private development and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Developer or of the Cannabis Business Project.

**Section 1.6. Effective Date of Agreement.** This Agreement shall become effective upon the date that the ordinance approving this Agreement becomes effective (the “Effective Date”).

**Section 1.7. Term.** The term of this Agreement (“Term”) shall be through June 30, 2029, unless earlier terminated in accordance with the provisions of this Agreement. The “Term” of this Agreement is five (5) years from the Effective Date, unless terminated or extended earlier, as set forth in this Agreement

(a) Government Tolling or Termination. City may provide written notice to Developer to cease all Commercial Cannabis Activity, upon which Developer shall immediately comply if City is required, directed or believes, in its sole and absolute discretion, it must temporarily halt or terminate Commercial Cannabis Activity within the City to comply with federal or state law. If City temporarily halts this Agreement to comply with federal or state law, this Agreement shall be tolled for no longer than one (1) calendar year (the “Tolling Period”). Developer shall not accrue or be liable to City for any Ministerial Fees or Public Benefit Amount during the Tolling Period. Developer shall resume paying any applicable fees after the Tolling Period ends. City and Developer shall discuss in good faith the termination

of this Agreement if the Tolling period exceeds one (1) calendar year to comply with federal or state law.

(b) Developer Tolling or Termination. Developer may not temporarily halt or terminate this Agreement for any purpose without causing a default of this Agreement, except as otherwise allowed by this Agreement or by mutual agreement of the Parties.

**Section 1.8. Priority of Enactment.** In the event of a conflict between the various land use documents referenced in this Agreement, the Parties agree that the following sequence of approvals establishes the relative priority of the approvals, each approval superior to the approvals listed thereafter: (a) General Plan, (b) Specific Plan, (c) Agreement, (d) Conditional Use Permit, (e) Indemnification Agreement, and (f) Subsequent City Approvals.

**Section 1.9. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification of the City Council. A Major Amendment to this Agreement shall be approved by the City Council. The City Manager shall, on behalf of City, have sole discretion for City to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing, unless required by law.

**Section 1.10. Recordation of Development Agreement.** The City Clerk shall cause a copy of this Agreement to be recorded against the title of the Site within ten (10) business days of the Effective Date.

**Section 1.11. Funding Agreement for Processing Costs.** If Developer proposes an amendment to this Agreement, Developer shall~~Developer has deposited Thirty Thousand Thousand Dollars (\$30,000) with City to~~ pay for all actual fees and expenses incurred by City that are related to the preparation and processing of amendments to this Agreement ~~and creation and implementation of the City's Cannabis pilot program~~, including recording fees, publishing fees, staff time, and consultant and attorneys' fees and costs (collectively, "Processing Costs"). Developer shall deposit monies for such processing as estimated by the Development Services Department. The Processing Costs are refundable solely to the extent of non-expended Processing Costs. ~~Developer shall be entitled to a refund of available Processing Costs only after City determines all financial obligations associated with the Cannabis Business Project have been received and paid by City.~~

(a) ~~Apportionment of Processing Costs. If the amount deposited for purposes of Processing Costs is insufficient to cover all Processing Costs, Developer shall deposit with City such additional funds necessary to pay for all Processing Costs within thirty (30) days. The failure to timely pay any such additional amounts requested by City shall be considered a material default of this Agreement and City may terminate this Agreement.~~

~~(b)~~(a) Accounting. Developer may request, and City shall issue within a reasonable time not to exceed thirty (30) days, an accounting and written acknowledgement of Processing Costs paid to City.

## ARTICLE 2 DEVELOPMENT OF PROPERTY

**Section 2.1. Vested Right of Developer.** During the Term, in developing the Site consistent with the Cannabis Business Project described herein, Developer is assured that the development rights, obligation terms, and conditions specified in this Agreement, including, without limitation, the terms, conditions, and limitations set forth in the Exhibits, are fully vested in Developer and may not be modified or terminated by City except as set forth in this Agreement or with Developer’s written consent.

**Section 2.2. Vested Right to Develop.** In accordance with Section 2.1, Developer shall have the vested right to develop and use the Cannabis Business Project consistent with this Agreement, the Conditional Use Permit, and Subsequent City Approvals.

**Section 2.3. Permitted Uses and Development Standards.** Developer shall be authorized to develop, construct, and use the Site for Commercial Cannabis Activity consistent with the following license type (the “Authorized License”):

Type 10	Storefront Dispensary
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Pursuant to this Agreement, Developer shall be permitted to use the Site consistent with the Authorized License for the Term of this Agreement and during the time Developer is applying for the Authorized License with the applicable State Licensing Authority. Developer shall begin operations of the Cannabis Business Project under the Authorized License within six (6) months of the issuance of a Conditional Use Permit or adoption of the operative ordinance approving this Agreement, whichever is later, unless Developer is prevented from doing so due to any event or circumstance set forth in Section 8.6 of this Agreement. Notwithstanding the foregoing, Developer is required to apply for and obtain the Authorized License from the State of California. If the State Licensing Authority does not grant the Authorized License to Developer, Developer shall immediately cease Commercial Cannabis Activity and any other operations on the respective site. Developer shall also, within thirty (30) days of receiving notice from the State Licensing Authority, notify City of the State Licensing Authority’s denial or rejection of the Authorized License. In this situation, this Agreement shall terminate immediately. The Parties intend for this Agreement and the Conditional Use Permit to serve as the definitive and controlling documents for all subsequent actions, discretionary or ministerial, relating to development of the Site and the Cannabis Business Project.

**Section 2.4. Major Amendment to Permitted Uses.** Developer may request to add to the Authorized License additional license types once that license is applied for or obtained from the appropriate State Licensing Authority (the “Additional Licenses”). Such request shall be a Major Amendment to this Agreement.

**Section 2.5. Conditional Use Permit.** Developer shall obtain a Conditional Use Permit for the Commercial Cannabis Activity and Authorized License contemplated herein for the Project and at the Site. No Commercial Cannabis Activity may occur at the Site until Developer has obtained a Conditional Use Permit to use and operate the Authorized License at the Site. This Conditional Use Permit must be maintained in good standing throughout the Term. This Agreement shall immediately terminate if the Conditional Use Permit for the Authorized License is revoked by City for any reason.

**Section 2.6. Subsequent Entitlements, Approvals, and Permits.** Successful implementation of the Cannabis Business Project shall require Developer to obtain additional approvals and permits from City and other local and state agencies. City shall comply with CEQA in the administration of all Subsequent City Approvals. In acting upon any Subsequent City Approvals, City's exercise of discretion and permit authority shall conform to this Agreement. Notwithstanding the foregoing, in the course of taking action on the Subsequent City Approvals, City will exercise discretion in adopting mitigation measures as part of the Conditional Use Permit. The exercise of this discretion is not prohibited or limited in any way by this Agreement. Nothing in this Agreement shall preclude the evaluation of impacts or consideration of mitigation measures or alternatives, as required by CEQA.

(a) Contemplated City Rules and Guidelines. City anticipates issuing additional rules, ~~and~~ administrative guidelines, and amendments to the T.M.C. associated with operation implementation of the Cannabis Business ~~Pilot~~ Program. City may establish requirements that are identical to or place a higher standard of care as existing provisions of the California Cannabis Laws, State Cannabis Regulations, or any amendments thereto. City reserves the right to adopt additional categories of rules or guidelines that are not listed in this Section as part of the Cannabis Business ~~Pilot~~ Program. Developer shall comply with any and all additional rules, administrative guidelines, and amendments to the T.M.C. adopted by City that govern or pertain to the Cannabis Business Project. Nothing in this Agreement shall be construed as limiting the City to amend the T.M.C or issue rules or guidelines following the Effective Date of this Agreement that Developer will be required to adhere to.

**Section 2.7. Initiatives and Referenda.** If any City ordinance, rule or regulation, or addition to the T.M.C. is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement, an associated Conditional Use Permit, Subsequent City Approvals, or reduce the development rights or assurances provided to Developer in this Agreement, such T.M.C. changes shall not be applied to the Site or the Cannabis Business Project; provided, however, the Parties acknowledge that City's approval of this Agreement is a legislative action subject to referendum. City shall cooperate with Developer and shall undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms to the fullest extent permitted by state or federal law.

**Section 2.8. Regulation by Other Government Entities.** Developer acknowledges that City does not have authority or jurisdiction over any other government entities' ability

to grant governmental approvals or permits or to impose a moratorium or other limitations that may negatively affect the Cannabis Business Project or the ability of City to issue a permit to Developer or comply with the terms of this Agreement. Any moratorium imposed by another government entity, including the State Licensing Authority, on City shall not cause City to be in breach of this Agreement.

**Section 2.9. Developer's Right to Rebuild.** Developer may renovate portions of the Site any time within the Term of this Agreement consistent with the T.M.C. Any such renovation or rebuild shall be subject to all design, building code, and other requirements imposed on the Cannabis Business Project by this Agreement.

**Section 2.10. Changes in California Building Standards Codes.** Notwithstanding any provision of this Agreement to the contrary, development of the Cannabis Business Project shall be subject to changes occurring from time to time to the California Building Standards Codes.

**Section 2.11. Changes Mandated by Federal or State Law.** The Site and the Cannabis Business Project shall be subject to subsequently enacted state or federal laws or regulations that may preempt the T.M.C., or mandate the adoption or amendment of local regulations or are in conflict with this Agreement or local rules or guidelines associated with the Cannabis Business ~~Pilot~~ Program. As provided in Section 65869.5 of the Development Agreement Statute, in the event state or federal laws or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Upon discovery of a subsequently enacted federal or state law meeting the requirements of this Section, City or Developer shall provide the other Party with written notice of the state or federal law or regulation, and a written statement of the conflicts thereby raised with the provisions of the T.M.C. or this Agreement. Promptly thereafter, City and Developer shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation provided City shall not be obligated to agree to any modification materially increasing its obligations or materially adversely affecting its rights and benefits hereunder. In such discussions, City and Developer will attempt to preserve the terms of this Agreement and the rights of Developer derived from this Agreement to the maximum feasible extent while resolving the conflict. If City, in its judgment, determines it necessary to modify this Agreement to address such conflict, City shall have the right and responsibility to do so, and shall not have any liability to Developer for doing so or be considered in breach or default of this Agreement. City also agrees to process, in accordance with the provisions of this Agreement, Developer's proposed changes to the Cannabis Business Project that are necessary to comply with such federal or state law and that such proposed changes shall be conclusively deemed to be consistent with this Agreement without further need for any amendment to this Agreement.

**Section 2.12. Health and Safety Emergencies.** In the event that any future public health and safety emergencies arise with respect to the Cannabis Business Project contemplated by this Agreement, City agrees that it shall attempt, if reasonably possible

as determined by City in its discretion, to address such emergency in a way that does not have a material adverse impact on the Cannabis Business Project. If City determines, in its discretion, that it is not reasonably possible to so address such health and safety emergency in a way that does not have a material adverse impact on the Cannabis Business Project, City may select an option which, in its discretion, minimizes, so far as reasonably possible, the impact on development and use of the Cannabis Business Project in accordance with this Agreement, while still addressing such health and safety emergency in a manner acceptable to City.

**Section 2.13. Other Regulations.** The following provisions establish operational requirements applicable to this Agreement in furtherance of public safety and to ensure compliance with applicable regulations governing the Project and Developer’s obligations hereunder.

(a) — (a) In addition to other requirements, remote and real-time, live access to the video footage of cameras installed by the cannabis business shall be provided to the Chief of Police or his/her designee(s) using such software as designated by the Chief of Police. Developer shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the Chief of Police or his/her designee(s), and that it is compatible with the City's software and hardware. Such access shall be required within 120 days of approval.

(b) Prior to changes in ownership, ownership structure, and management, or any sale or other transfer of the cannabis business, the relevant persons or entities shall be subject to additional background checks as required by the Turlock Police Department, and passage by the applicant as of such background checks. The City may repeat background checks on any individual or entity every two (2) years, and at any other time upon reasonable cause.

### **ARTICLE 3 ENTITLEMENT AND PERMIT PROCESSING, INSPECTIONS**

**Section 3.1. Subsequent City Approvals.** City shall permit the development, construction, and conditionally permitted use contemplated in this Agreement. City agrees to timely grant, pursuant to the terms of this Agreement, the T.M.C., and any Subsequent City Approvals reasonably necessary to complete the goals, objectives, policies, standards, and plans described in this Agreement. The Subsequent City Approvals shall include any applications, permits, and approvals required to complete the improvements necessary to develop the Site, in general accordance with this Agreement (“Subsequent City Approvals”). Nothing herein shall require City to provide Developer with Subsequent City Approvals prior to, or without complying with, all of the requirements in this Agreement, the T.M.C., and any applicable state law.

**Section 3.2. Timely Processing.** City shall use its reasonable best efforts to process and approve, within a reasonable time, any Subsequent City Approvals or environmental review requested by Developer during the Term of this Agreement.

**Section 3.3. Cooperation Between City and Developer.** Consistent with the terms set forth herein, City agrees to cooperate with Developer, on a timely basis, in securing all permits or licenses that may be required by City or any other government entity with permitting or licensing jurisdiction over the Cannabis Business Project.

**Section 3.4. Further Consistent Discretionary Actions.** The exercise of City's authority and independent judgment is recognized under this Agreement and nothing in this Agreement shall be interpreted as limiting City's discretion or obligation to hold legally required public hearings. Except as otherwise set forth herein, such discretion and action taken by City shall, however, be consistent with the terms of this Agreement and not prevent, hinder, or compromise development or use of the Site as contemplated by the Parties in this Agreement.

**ARTICLE 4  
PUBLIC BENEFIT, PROCESSING, AND OVERSIGHT**

**Section 4.1. Processing Fees and Charges.** Developer shall pay to City those processing, inspection, plan checking and monitoring fees and charges required by City which are in force and effect at the time those fees and charges are incurred (including any post-Effective Date increases in such fees and charges) for processing applications and requests for building permits, inspections, other permits, approvals and actions, and monitoring compliance with any permits issued or approvals granted or the performance of any conditions (each a "Ministerial Fee" and collectively, the "Ministerial Fees").

**Section 4.2. Public Benefit.**

(a) The Parties acknowledge and agree that this Agreement, and the Cannabis Business Project, confers substantial private benefits upon Developer that will place burdens upon City infrastructure, services, and neighborhoods. Accordingly, the Parties intend to provide consideration to City to offset these impacts that commensurate with the private benefits conferred on Developer (the "Public Benefit"). In consideration of the foregoing, Developer shall remit to City an amount determined and set by the City Council up to a maximum of nine percent (9%) of gross receipts from operations. as follows—the "Cannabis Business Public Benefit" or "Public Benefit Amount").Notwithstanding the foregoing, the City Council determines and sets the Public Benefit Amount at five and one-quarter percent (5.25%) of gross receipts from operations through May 31, 2027. The City Council may take any actions required to change the Public Benefit Amount that will be in effect from June 1, 2027 and thereafter. Such actions may include, without limitation, setting a new Public Benefit Amount by adopted resolution of the Council. Any such Public Benefit Amount shall be due on the 5<sup>th</sup> day of each month before 5:00 p.m..

Effective Date	Public Benefit Amount Due
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<del>1<sup>st</sup> Business Day following the (1<sup>st</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$25,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 1 Amount”).</del>
<del>1<sup>st</sup> Business Day of the Thirteenth (13<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$30,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 2 Amount”).</del>
<del>1<sup>st</sup> Business Day of the Twenty-fifth (25<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$35,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 3 Amount”).</del>
<del>1<sup>st</sup> Business Day of the Thirty-seventh (37<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$40,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 4 Amount”).</del>
<del>1<sup>st</sup> Business Day of the Forty-ninth (49<sup>th</sup>) Month in which Developer commences Commercial Cannabis Activity.</del>	<del>\$45,000 or 5.25% of Gross Receipts from Operations each month, whichever is greater (“Tier 5 Amount”).</del>

~~The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.~~

~~(b) The above public benefit amounts include a one-quarter percent (.25%) dollar amount dedicated to supporting the City of Turlock juvenile drug and alcohol treatment and rehabilitation programs.~~

~~(b) Collectively, these amounts shall be known as the “Public Benefit Amount.”~~

(c) Developer shall file an applicable statement that complies with the California State Board of Equalization, California Department of Tax and Fee Administration, or either’s successor agency (the “State Taxing Authority”) for sales tax purposes showing the true and correct amount of Gross Receipts from Operations of the Cannabis Business Project during the applicable time period. Developer shall provide a copy of such statement to City upon request by City.

**Section 4.3. Reporting.** Developer shall provide City with copies of any reports provided to a State Licensing Authority within forty-five (45) days of that submission.

Any failure or refusal of Developer to provide any statement or report to City, the State Taxing Authority, or any other State Licensing Authority, as required within the time required, or to pay such sums due hereunder when the same are due and payable in accordance with the provisions of this Agreement, may constitute full and sufficient grounds for the revocation or suspension of the Conditional Use Permit.

**Section 4.4. Records.** Developer shall keep records of all Commercial Cannabis Activity in accordance with Chapter 16 (commencing with Section 26160) of Division 10 of the Business and Professions Code and the applicable State Cannabis Regulations. All records required by this Section shall be maintained and made available for City's examination and duplication (physical or electronic) at the Site or at an alternate facility as approved in writing by the City Manager, or his or her designee.

**Section 4.5. Penalty.** Developer acknowledges that to ensure proper compliance with the terms of this Agreement and any applicable laws, City must engage in costly compliance review, inspections, and, if necessary, enforcement actions to protect the health, safety, and welfare of its residents. Penalty and interest provisions are necessary to assist City in compliance review and enforcement actions. If Developer fails to make any payment when due, as required by this Agreement, including the Public Benefit Amount, City may impose a "Non-Performance Penalty." A Non-Performance Penalty of ten percent (10%) shall be applied to all past due payments. City shall deliver to Developer a "Notice of Non-Performance Penalty," attached hereto as **Exhibit D**. Payment of the Non-Performance Penalty shall be in a single installment due on or before a date fifteen (15) days following delivery of the Notice of Non-Performance Penalty.

**Section 4.6. Interest on Unpaid Non-Performance Penalty.** If Developer fails to pay the Non-Performance Penalty after City has delivered the Notice of Non-Performance Penalty, then, in addition to the principal amount of the Non-performance Penalty, Developer shall pay City interest at the rate of eighteen percent (18%) per annum, computed on the principal amount of the Non-Performance Penalty, from a date fifteen (15) days following delivery of the Notice of Non-performance Penalty.

**Section 4.7. Protections from Duplicative City Tax Payments.** Notwithstanding Section 4.2, ~~for the Term of this Agreement,~~ Developer shall be exempt from paying the Public Benefit Amount if the any City imposes a tax specific to commercial cannabis businesses and instead shall pay such specific tax. Notwithstanding the foregoing, Developer and the Cannabis Business Project shall be subject to any and all taxes, assessments, or similar charges or fees of general applicability enacted by the federal government, state government, County of Stanislaus, including any tax applicable to an area greater than the City limits to which City may be a party (i.e., county tax sharing agreement with City).

## **ARTICLE 5 PUBLIC FACILITIES, SERVICES, AND UTILITIES**

City shall use the Public Benefit Amount in any way the City Council deems appropriate to offset the impact of the Project or to benefit the City.

## **ARTICLE 6 INSURANCE AND INDEMNITY**

**Section 6.1. Insurance.** Developer shall require all persons doing construction or related work on the Cannabis Business Project and, including its contractors and

subcontractors (collectively, “Developer” for purposes of this Article 6 only), to obtain and maintain insurance of the types and in the amounts described in this Article with carriers reasonably satisfactory to City.

(a) General Liability Insurance. Developer shall maintain commercial general liability insurance or equivalent form with a limit of not less than Two Million Dollars (\$2,000,000) (or as otherwise approved, in writing, by City) per claim and Two Million Dollars (\$2,000,000) each occurrence. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as “Additional Insureds” by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(b) Automotive Liability Insurance. Developer shall maintain business automobile liability insurance or equivalent form with a limit of not less than One Million Dollars (\$1,000,000) for each accident. Such insurance shall include coverage for owned, hired and non-owned automobiles. Such insurance shall also:

(i) City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as Additional Insureds by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed Additional Insureds.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(c) Workers’ Compensation Insurance. Developer shall take out and maintain during the Term of this Agreement, workers’ compensation insurance for all of Developer’s employees employed at or on the Cannabis Business Project and, should any of the work be subcontracted, Developer shall require any general contractor or subcontractor similarly to provide workers’ compensation insurance for such contractor’s or subcontractor’s employees, unless such employees are covered by the protection afforded by Developer. In case any class of employee engaged in work on the Cannabis Business Project and is not protected under any workers’ compensation law, Developer shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Developer hereby indemnifies City for any damage resulting from failure of Developer, its agents, employees, contractors or subcontractors to take out or maintain such insurance. Workers’ compensation insurance with statutory limits and employer’s liability insurance

with limits of not less than One Million Dollars (\$1,000,000) for each accident shall be maintained by Developer.

**Section 6.2. Other Insurance Requirements.** Developer shall do all of the following:

(a) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidence all insurance required in this Article, including evidence that such insurance will not be canceled, allowed to expire or materially reduced in coverage without thirty (30) days prior written notice to City.

(b) Provide to City, upon request, and within seven (7) days of said request, certified copies of endorsements and policies and properly executed certificates of insurance evidencing the insurance required herein.

(c) Replace or require the replacement of certificates, policies, and endorsements for any insurance required herein expiring prior to the termination of this Agreement.

(d) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the Term or the mutual written termination of this Agreement.

(e) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

**Section 6.3. Indemnity.** To the fullest extent permitted by law, Developer shall defend, indemnify, and hold harmless City, and its agents, elected and appointed officials, officers, employees, consultants, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City, or City's Agents, to attack, set aside, void, or annul an approval concerning the Cannabis Business Project and this Agreement, any applicable Conditional Use Permit or Subsequent City Approvals. Developer shall execute the indemnification agreement ("Indemnification Agreement") attached hereto as **Exhibit E**.

**Section 6.4. Failure to Indemnify; Waiver.** Failure by Developer to indemnify City, when required by this Agreement and the Indemnification Agreement, shall constitute a material breach of this Agreement and of any applicable Conditional Use Permit and Subsequent City Approvals, which shall entitle City to all remedies available under law, including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of any applicable Conditional Use Permit. Developer's failure to indemnify City shall be a waiver by Developer of any right to proceed with the Cannabis Business Project or any portion thereof, and a waiver of Developer's right to file a claim, action, or proceeding against City, or City's Agents, based on City's rescission or revocation of any Conditional Use Permit, Subsequent City Approvals, or City's failure to defend any claim, action, or proceeding based on Developer's failure to indemnify City.

**Section 6.5. Waiver of Damages.** Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that City would not have entered into this Agreement had it been exposed to liability for damages from Developer and, therefore, Developer hereby waives all claims for damages against City for breach of this Agreement. Developer further acknowledges that under the Development Agreement Statute, land use approvals (including development agreements) must be approved by the City Council and that, under law, the City Council's discretion to vote in any particular way may not be constrained by contract. Developer therefore waives all claims for damages against City in the event that this Agreement or any Project approval is: (1) not approved by the City Council; or (2) is approved by the City Council but with new changes, amendments, conditions, or deletions to which Developer is opposed. Developer further acknowledges that, as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that, under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against City in this regard.

## **ARTICLE 7 MORTGAGEE PROTECTION**

This Agreement, once executed and recorded, shall be superior and senior to any lien placed upon the Site or any portion thereof following recording of this Agreement, including the lien of any deed of trust or mortgage ("Mortgage"). Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value. This Agreement shall immediately be deemed in default and immediately terminate upon the foreclosure or transfer of any interest in the Site or Project, whether by operation of law or any other method of interest change or transfer, unless the City Manager has authorized such change or transfer in advance, in writing. City agrees to not unreasonably withhold its authorization.

## **ARTICLE 8 DEFAULT**

### **Section 8.1. General Provisions.**

(a) Subject only to any extensions of time by mutual consent in writing, or as otherwise provided herein, the failure or delay by any Party to perform in accordance with the terms and provisions of this Agreement shall constitute a default. Any Party alleging a default or breach of this Agreement ("Charging Party") shall give the other Party ("Charged Party") not less than ten (10) days written notice, which shall specify the nature of the alleged default and the manner in which the default may be cured. During any such ten (10) calendar day period, the Charged Party shall not be considered in default for purposes of termination of this Agreement or institution of legal proceedings for the breach of this Agreement.

(b) After expiration of the ten (10) calendar day period, if such default has not been cured or is not in the process of being diligently cured in the manner set forth in the notice or if the breach cannot reasonably be cured within ten (10) days, the Charging

Party may, at its option, institute legal proceedings pursuant to this Agreement, and give notice of its intent to terminate this Agreement pursuant to Government Code section 65868. In the event City is the Charging Party, City may, in its sole discretion, give notice, as required by law, to the Charged Party of its intent to revoke or rescind any operable Conditional Use Permit related to or concerning the Cannabis Business Project.

(c) Prior to the Charging Party giving notice to the Charged Party of its intent to terminate, or prior to instituting legal proceedings, the matter shall be scheduled for consideration and review by City in the manner set forth in Government Code sections 65865, 65867 and 65868 within thirty (30) days from the expiration of the ten (10) day notice period.

(d) Following consideration of the evidence presented and said review before City, and after providing the Charged Party an additional five (5) calendar day period to cure, the Charging Party may institute legal proceedings against the Charged Party or may give written notice of termination of this Agreement to the Charged Party.

(e) Evidence of default may arise in the course of a regularly scheduled periodic review of this Agreement pursuant to Government Code section 65865.1, as set forth in Section 8.2. If any Party determines that another Party is in default following the completion of the normally scheduled periodic review, without reference to the procedures specified in Section 8.1(c), said Party may give written notice of termination of this Agreement, specifying in the notice the alleged nature of the default and potential actions to cure said default where appropriate. If the alleged default is not cured in ten (10) days or within such longer period specified in the notice or the defaulting Party is not diligently pursuing a cure, or if the breach cannot reasonably be cured within the period or the defaulting Party waives its right to cure such alleged default, this Agreement may be terminated by the non-defaulting Party by giving written notice. An extension of the ten (10) day cure period may be given by mutual consent of the Parties.

(f) In the event Developer is in default under the terms and conditions of this Agreement, no permit application shall be accepted by City, nor will any permit be issued to Developer until the default is cured or the Agreement is terminated.

**Section 8.2. Annual Review.** City shall, at least every twelve (12) months during the Term of this Agreement, review the extent of good faith, substantial compliance of Developer and City with the terms of this Agreement. Such periodic review by City shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code section 65865.1. City shall deposit in the mail or fax to Developer a copy of all staff reports and, to the extent practical, related exhibits concerning this Agreement or the Cannabis Business Project's performance, at least seven (7) days prior to such periodic review. Developer shall be entitled to appeal a determination of City or the City Manager to the City Council. Any appeal must be filed within ten (10) days of the decision of City or the City Manager, respectively. Developer shall be permitted an opportunity to be heard orally or in writing regarding its performance under this Agreement before City, the City Manager, or the City Council, as applicable. The reasonable cost for

City's annual review of this Agreement shall be paid by Developer, not to exceed the actual costs incurred by City in connection with the review.

**Section 8.3. Estoppel Certificates.**

(a) City shall, with at least twenty (20) days prior written notice, execute, acknowledge, and deliver to Developer, Developer's lender, potential investors, or assignees, an Estoppel Certificate in writing which certifies that this Agreement is in full force and effect, that there are no breaches or defaults under the Agreement, and that the Agreement has not been modified or terminated and is enforceable in accordance with its terms and conditions.

(b) At Developer's option, City's failure to deliver such Estoppel Certificate within the stated time period shall be conclusive evidence that the Agreement is in full force and effect, that there are no uncured breaches or defaults in Developer's performance of the Agreement or violation of any City ordinances, regulations, and policies regulating the use and development of the Site, the Cannabis Business Project, or the subject to this Agreement.

**Section 8.4. Default by City.** In the event City does not accept, review, approve, or issue any permits or approvals in a timely fashion, as defined by this Agreement, or if City otherwise defaults under the terms of this Agreement, City agrees that Developer shall not be obligated to proceed with or complete the Cannabis Business Project and shall constitute grounds for termination or cancellation of this Agreement by Developer.

**Section 8.5. Cumulative Remedies of Parties.** In addition to any other rights or remedies, City or Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, enforce any covenant, or enjoin any threatened or attempted violation of the provisions of this Agreement, so long as any such action conforms to Section 9.1(c) of this Agreement.

**Section 8.6. Forced Delay, Extension of Times of Performance.** Delays in performance, by either Party, shall not be deemed a default if such delays or defaults are due to war, terrorism, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, governmental restrictions imposed where mandated by governmental entities other than City, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulations enacted by the state or federal government, litigation, or other force majeure events. An extension of time for such cause shall be in effect for the period of forced delay or longer, as may be mutually agreed upon.

**Section 8.7. Appeals.** Developer may appeal any adverse decision or action of City pursuant to the T.M.C, as may be amended from time to time.

## ARTICLE 9 TERMINATION

**Section 9.1. Termination Upon Completion of Development.** This Agreement shall terminate upon the expiration of the Term, unless it is terminated earlier pursuant to the terms of this Agreement. Upon termination of this Agreement, City shall record a notice of such termination in substantial conformance with the “Notice of Termination” attached hereto as **Exhibit F**, and this Agreement shall be of no further force or effect except as otherwise set forth in this Agreement.

**Section 9.2. Effect of Termination on Developer’s Obligations.** Termination of this Agreement shall eliminate any further obligation of Developer to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate the rights of Developer to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.3. Effect of Termination on City’s Obligations.** Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.4. Survival After Termination.** The rights and obligations of the Parties set forth in this Section 9.4, Section 2.8, Section 6.3, Section 10.3, Section 10.4, Section 10.5, Section 10.7, and Section 10.10, and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

**Section 9.5. Criminal Conviction; Termination; Transfer Rights.** If Developer, or any owner, officer, director, manager, or person with a direct or indirect ownership or controlling interest in Developer, is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may, in its sole and absolute discretion, terminate this Agreement upon written notice. A “conviction” includes a guilty or nolo contendere plea and is deemed final upon entry of judgment, regardless of appeal.

Following such notice, Developer shall have a one hundred and eighty (180) day period to complete a transfer of its interest in this Agreement and the Project to a transferee approved in advance and in writing by the City. Approval is in the City’s sole and absolute discretion. Any proposed transferee shall undergo a background investigation and meet all applicable eligibility requirements, including approval by the Chief of Police or designee.

If an approved transfer is not completed within the one hundred and eighty (180) day period, this Agreement shall automatically terminate. Any unapproved transfer is void.

## ARTICLE 10 OTHER GENERAL PROVISIONS

**Section 10.1. Assignment and Assumption.** Developer shall not have the right to sell, assign or transfer all or any part of its rights, title, and interests in all or a portion of the Site or Project, subject to or a part of this Agreement, to any person, firm, corporation or entity during the Term of this Agreement without the advance written consent of the City Manager. This assignment prohibition applies to the corporate and business entities of Developer that are a Party to this Agreement. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement. If the City Manager approves an assignment or transfer of any interest detailed in this Section 10.1, City and Developer shall execute an "Assignment and Assumption Agreement" in the form attached hereto as **Exhibit J**.

**Section 10.2. Covenants Running with the Land.** All of the provisions contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of interest in the Site or Project, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law, including California Civil Code section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Cannabis Business Project and, as appropriate, runs with the Site and is binding upon Developer.

**Section 10.3. Notices.** Any notice or communication required hereunder between City and Developer must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS, or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday, or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent; or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City: City of Turlock  
156 S. Broadway  
Turlock, CA 95380  
Attention: ~~Robert Lawton~~, City Manager

and ~~Churchwell White, LLP~~ Katie O. Lucchesi, City Attorney  
~~1414 K Street, 3<sup>rd</sup> Floor~~ 156 S. Broadway  
~~Sacramento~~ Turlock, CA 95380  
Attention: ~~Douglas L. White, City Attorney~~

If to Developer: Fire House ~~Cooperative~~ Turlock, Inc.  
~~2213 Patterson Rd.~~ 1234 McHenry Ave. Suite C  
~~Riverbank, CA 95367~~ Modesto, CA 95350  
Attention: ~~Devin Stetler, Co-Owner/CTO~~ Anglibert Sarkis, Owner

**Section 10.4. Governing Law and Binding Arbitration.** The validity, interpretation, and performance of this Agreement shall be controlled by and construed pursuant to the laws of the state of California. Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration in Sacramento, California, before one arbitrator. The arbitration shall proceed pursuant to the Comprehensive Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services (“JAMS”). Judgment on the award may be entered in any court having jurisdiction thereof.

**Section 10.5. Invalidity of Agreement/Severability.** If this Agreement, in its entirety, is determined by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal.

**Section 10.6. Cumulative Remedies.** In addition to any other rights or remedies, City and Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of the provisions of this Agreement. The prevailing Party in any such action shall be entitled to reasonable attorneys’ fees and costs.

Notwithstanding the foregoing or any other provision of this Agreement, in the event of City default under this Agreement, Developer agrees that it may not seek, and shall forever waive any right to, monetary damages against City, but excluding, therefrom, the right to recover any fees or charges paid by Developer in excess of those permitted hereunder.

**Section 10.7. Third Party Legal Challenge.** In the event any legal action or special proceeding is commenced by any person or entity challenging this Agreement or any associated entitlement, permit, or approval granted by City to Developer for the Cannabis Business Project (collectively, "Project Litigation"), the Parties agree to cooperate with each other as set forth herein. City may elect to tender the defense of any lawsuit filed and related, in whole or in part, to Project Litigation with legal counsel selected by City. Developer will indemnify, hold City harmless from, and defend City from all costs and expenses incurred in the defense of such lawsuit, including, but not limited to, damages, attorneys' fees, and expenses of litigation awarded to the prevailing Party or Parties in such litigation. Developer shall pay all litigation fees to City within thirty (30) days of receiving a written request and accounting of such fees and expenses from City. Notwithstanding the aforementioned, City may request, and Developer will provide to City within seven (7) days of any such request, a deposit to cover City's reasonably anticipated Project Litigation fees and costs.

**Section 10.8. Constructive Notice and Acceptance.** Every person who, after the Effective Date and recording of this Agreement, owns or acquires any right, title or interest to any portion of the Site is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

**Section 10.9. Statute of Limitations and Laches.** City and Developer agree that each Party will undergo a change in position in detrimental reliance upon this Agreement from the time of its execution and subsequently. The Parties agree that Section 65009(c)(1)(D) of the California Government Code, which provides for a ninety (90) day statute of limitations to challenge the adoption of this Agreement, is applicable to this Agreement. In addition, any person who may challenge the validity of this Agreement is hereby put on notice that, should the legality or validity of this Agreement be challenged by any third party in litigation, which is filed and served more than ninety (90) days after the execution of this Agreement, City and Developer shall each assert the affirmative defense of laches with respect to such challenge, in addition to all other available defenses. This Section in no way limits the right of a Party, claiming that the other Party breached the terms of this Agreement, to bring a claim against the other Party within the four (4) year statute of limitations set forth in Section 337 of the California Civil Code.

**Section 10.10. Joint and Several Liability.** Developer shall be jointly and severally liable for any amount due under this Agreement, and any breach of this Agreement or failure to pay by one Party shall also constitute a breach of this Agreement by the other

Party. Developer agrees that City may impose a lien and seek foreclosure on any parcel of the Site due to any default by Developer.

**Section 10.11. Change in State Regulations.** In no event shall Developer operate the Cannabis Business Project in violation of the Agreement, or State Cannabis Regulations, as may be amended from time to time.

**Section 10.12. Standard Terms and Conditions.**

(a) Venue. Venue for all legal proceedings shall be the JAMS Resolution Center in Sacramento, California.

(b) Waiver. A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

(c) Completeness of Instrument. This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

(d) Supersedes Prior Agreement. It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, or representations, written, electronic, or oral, between the Parties hereto with respect to the Site or Cannabis Business Project.

(e) Captions. The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

(f) Number and Gender. In this Agreement, the neuter gender includes the feminine and masculine, and the singular includes the plural, and the word “person” includes corporations, partnerships, firms, or associations, wherever the context requires.

(g) Mandatory and Permissive. “Shall” and “will” and “agrees” are mandatory. “May” or “can” are permissive.

(h) Term Includes Extensions. All references to the Term of this Agreement shall include any extensions of such Term.

(i) Counterparts. This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(j) Other Documents. The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

(k) Time is of the Essence. Time is of the essence in this Agreement in each covenant, term, and condition herein.

(l) Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, no Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

(m) Document Preparation. This Agreement will not be construed against the Party preparing it but will be construed as if prepared by all Parties.

(n) Advice of Legal Counsel. Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

(o) Attorneys' Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(p) Calculation of Time Periods. All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, this Agreement has been entered into by and between Developer and City as of the Effective Date of the Agreement, as defined above.

**“CITY”**

CITY OF TURLOCK, a  
California municipal corporation

By: \_\_\_\_\_  
Robert LawtonGary  
Hampton  
City Manager

Dated: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Jennifer LandNichole Feiz  
City Clerk

Approved to as Form

By \_\_\_\_\_  
Douglas L. WhiteKatie O.  
Lucchesi  
City Attorney

**“DEVELOPER”**

FIRE HOUSE  
COOPERATIVE TURLOCK, INC., a  
California Corporation

By: \_\_\_\_\_  
Devin Stetler Anglibert Sarkis  
Its: \_\_\_\_\_  
Go-Owner/CTO Owner

Dated: \_\_\_\_\_



**California All-Purpose Acknowledgment**

*A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.*

State of California            )  
  )  
County of \_\_\_\_\_)

On \_\_\_\_\_, before me \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

\_\_\_\_\_  
(Signature)

(Seal)

{CW080817.5}

**Exhibit A**  
**Cannabis Site Legal Description**

{CW080817.5}

CANNABIS SITE LEGAL DESCRIPTION  
CITY OF TURLOCK AND FIRE HOUSE ~~COOPERATIVE~~TURLOCK, INC.

Exhibit A

EXHIBIT A - LEGAL DESCRIPTION

**EXHIBIT "A"**  
Legal Description

For APN/Parcel ID(s): 089-015-006-000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF TURLOCK, COUNTY OF STANISLAUS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL A AS SHOWN ON A PARCEL MAP FILED FEBRUARY 14, 1974 IN BOOK 18, PAGE 63 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF STANISLAUS COUNTY.

Grant Deed  
SCA000129.doc / Updated: 11.20.17

Printed: 06.13.18 @ 03:43 PM  
CA-CT-FSST-02180.054511-FSST-5111801341

**Exhibit B**

**Cannabis Business Project Site Map**

{CW080817.5}

CANNABIS BUSINESS PROJECT SITE MAP  
CITY OF TURLOCK AND FIRE HOUSE ~~COOPERATIVE~~TURLOCK, INC.

Exhibit B



**Exhibit C**

**Site Deed**

{CW080817.5}

SITE DEED  
CITY OF TURLOCK AND FIRE HOUSE ~~COOPERATIVE~~TURLOCK, INC.

Exhibit C

EXHIBIT C-SITE DEED

25

RECORDING REQUESTED BY:

Chicago Title Company

Escrow Order No.: FSST-5111801341

When Recorded Mail Document and Tax

Statement To:

Roni Roberts, President  
Guaranty Holdings of California Inc., a Delaware  
Corporation  
1407 Mitchell Rd.  
Modesto, CA 95351



Stanislaus, County Recorder

Lee Lundrigan Co Recorder Office

DOC- 2018-0045106-00

Acct 403-Mail Documents

Friday, JUN 29, 2018 13:41:10

Ttl Pd \$858.00

Rcpt # 0004145021

AKN/R3/1-4

APN/Parcel ID(s): 089-015-006-000

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Exempt from fee per GC 27388.1 (a) (2); recorded in connection with a transfer subject to the imposition of documentary transfer tax.

Grant Deed

I hereby declare under penalty of perjury that the information provided above is true and correct.

Executed this 15th of June 2018 at Modesto California  
City State

Guaranty Holdings of California Inc., a Delaware Corporation

Roni Roberts  
Roni Roberts, President

THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION  
(Additional recording fee applies)

Recording Document Cover Page  
SCA0000979.doc/ Updated: 04.26.18

Page 1

Printed 06/30/18 04:04 PM  
CA-CT-FSST-02180-054917FSST14801 (3.4)

436

**Exhibit D**

**Notice of Non-Performance Penalty**

DATE: \_\_\_\_\_, 20\_\_

PARTIES: CITY OF TURLOCK  
156 S Broadway  
Turlock, CA 95380  
Attention: City Manager

DEVELOPER  
Fire House ~~Cooperative~~ Turlock, Inc.  
~~2213 Patterson Rd.~~ 1234 McHenry Ave Suite C  
~~Riverbank, CA 95367~~ Modesto, CA 95350  
Attention: ~~Devin Stetler, Co-Owner/GTO~~ Anglibert Sarkis, Owner

**THIS NOTICE OF NON-PERFORMANCE PENALTY** (“Penalty Notice”) is being executed by the City of Turlock, a California municipal corporation (“City”), with reference to the following.

- A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 2019, City recorded a development agreement between City and Fire House Cooperative, Inc. (“Developer”), dated \_\_\_\_\_, 2019 (the “Development Agreement”), relating to the development and operation of a cannabis business.
- B. Pursuant to Section 4.2 of the Development Agreement, Developer agrees to pay to City a Public Benefit on the first business day of each month during the Term of the Development Agreement.
- C. On \_\_\_\_\_, 20\_\_, the Public Benefit was due to City by Developer. City did not receive payment.
- D. Pursuant to Section 4.5 of the Development Agreement, if Developer fails to make payment when it is due, City may impose a penalty of ten percent (10%) of the total of the past due amounts (“Penalty”). As of \_\_\_\_\_, 20\_\_, the past due amount equals \$ \_\_\_\_\_. The Penalty owed by Developer equals \$ \_\_\_\_\_ (“Penalty Amount”).

- E. Pursuant to Section 4.5 of the Development Agreement, Developer shall make payment of the Penalty Amount in a single installment due within fifteen (15) days of delivery of this Penalty Notice ("Penalty Due Date").
- F. Pursuant to Section 4.6 of the Development Agreement, if Developer fails to pay the Penalty Amount before the Penalty Due Date, then, in addition to the Penalty Amount specified in subdivision (D), Developer shall pay City interest on the Penalty Amount, at the rate of eighteen percent (18%) per annum ("Penalty Interest Payment"), computed from the Penalty Due Date specified in subdivision (E). The Penalty Interest Payment is due fifteen (15) days following delivery of the Penalty Due Date. As of \_\_\_\_\_, 20\_\_, the Penalty Interest Payment amount equals \$\_\_\_\_\_.
- G. Nothing contained herein shall constitute a waiver of City's future claims for the Public Benefit, Penalty, or interest on the Penalty.

**NOW, THEREFORE,** City hereby provides Developer the Penalty Notice required by Section 4.5 of the Development Agreement. This Penalty Notice shall be effective upon notice pursuant to Section 10.3 of the Development Agreement.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

## Exhibit E

### INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING

**THIS INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING** (“Agreement”) is made and entered into on this \_\_\_ day of \_\_\_\_\_ 2019, (“Effective Date”) by and between the City of Turlock, a California municipal corporation, and (“City”), Fire House Cooperative Turlock, Inc., a California corporation (“Applicant”). City and Applicant may be referred to herein individually as a “Party” or collectively as the “Parties”. There are no other parties to this Agreement.

#### RECITALS

A. In 1996, the people of the state of California approved Proposition 215, the Compassionate Use Act of 1996 (“CUA”). The CUA enables seriously ill Californians to legally possess, use, and cultivate marijuana for medical use under state law. In 2003, the California Legislature adopted Senate Bill 420, entitled the Medical Marijuana Program (“MMP”), which authorizes qualified patients and their primary caregivers to cultivate marijuana for medical purposes without being subject to criminal prosecution under the California Penal Code.

B. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act (“MCRSA”). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing, and distribution of medical marijuana to qualified patients and their primary caregivers.

C. On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act (“AUMA”). AUMA legalizes the cultivation, commercial sale, and possession of recreational cannabis for adults age 21 and older.

D. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”), which created a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in the MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in a particular jurisdiction.

E. On December 7, 2017, California state cannabis licensing authorities issued emergency regulations that apply to AUMA and MAUCRA and further regulate businesses engaged in commercial cannabis activity.

F. Turlock Municipal Code (“T.M.C.”) Chapter 5.21 authorizes cannabis businesses to operate within the City under specified restrictions pursuant to a Cannabis ~~Pilot~~ Program.

G. Applicant intends to improve, develop, and use real property to operate a cannabis business (the “Project”) within the City in strict compliance with MAUCRSA and T.M.C. chapter 5.60.

H. Applicant has an agreement to lease that certain real property located at 1601 West Main Street in the City of Turlock, identified as Stanislaus County Assessor’s Parcel Number 089-015-006 (the “Project”) Applicant intends to improve approximately 4,517 (four thousand five hundred seventeen) square feet of space and operate the Project on the Property.

I. As a condition of approval of the Land Use Entitlements, City has required Applicant to enter into this Agreement.

J. It is in the public interest for City and Applicant to enter into this Agreement, as Applicant will benefit from City’s processing of the Project.

K. Applicant desires to enter into this Agreement to fulfill a condition of approval of the Project, which is a prerequisite for construction of the Project.

## **AGREEMENT**

**NOW, THEREFORE**, in consideration of the promises, covenants and agreements set forth below, the Parties agree as follows:

**Section 1. Recitals.** The recitals set forth above (“Recitals”) are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 19 of this Agreement, Sections 1 through 19 shall prevail.

### **Section 2. Applicant’s Indemnification Obligations.**

**2.1. Indemnification for Land Use Entitlements.** To the fullest extent permitted by law, Applicant shall indemnify, and hold harmless City and its agents, elected and appointed officials, officers, employees, and volunteers (collectively, “City’s Agents”)

from any and all liability arising out of a claim, action, or proceeding against City, or City's Agents, to attack, set aside, void, or annul, an approval concerning the Land Use Entitlements by reason of the action or inaction of City, or City's Agents. Applicant's duty to indemnify and hold harmless shall not extend to any claim, action or proceeding arising from the gross negligence or willful misconduct of City, or City's Agents.

Applicant's obligations under this Agreement to indemnify City shall apply to any claim, lawsuit or challenge against City brought against the Project, specifically including, but not limited to, any legal challenge based on the California Environmental Quality Act, codified in California Public Resources Code section 21000 et seq.; actions or proceedings brought to challenge the validity of environmental documents prepared in conjunction with the approval of the Project or Land Use Entitlements, or the requirements of any other federal, state, or local laws, including, but not limited to, general plan, specific plan, and zoning requirements.

**2.2. Tender of Defense.** Upon receiving notice of a claim and pursuant to Article 6 of the Land Use Entitlements, Applicant shall assume the defense of the claim, action, or proceeding through the prompt payment of all attorneys' fees and costs, incurred in good faith and in the exercise of reasonable discretion, of City's counsel in defending such an action. Regardless of whether Applicant chooses to defend City pursuant to Section 6.4 of the Land Use Entitlements, City shall have the absolute and sole authority to control the litigation and make litigation decisions, including, but not limited to, selecting counsel to defend City and settlement or other disposition of the matter.

**2.3. Deposit for Costs.** Applicant shall make a refundable deposit to City within thirty (30) days of written notification from City ("Cost Deposit"), to cover the estimated fees and costs associated with City's defense of any claim, action or proceeding. Applicant shall make any and all additional payments to City to replenish the Cost Deposit within thirty (30) days of written notice from City.

**2.4. Failure to Indemnify; Waiver.** Failure to indemnify City, when required by this Agreement, shall constitute a material breach of this Agreement and of the Land Use Entitlements, which shall entitle City to all remedies available under law including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of the Land Use Entitlements. Applicant's failure to indemnify City shall be a waiver by Applicant of any right to proceed with the Project, or any portion thereof, and a waiver of Applicant's right to file a claim, action or proceeding against City or City's Agents based on City's rescission or revocation of the Land Use Entitlements, or City's failure to defend any claim, action or proceeding based on Applicant's failure to indemnify City.

**2.5. Satisfaction of Judgment.** With respect to any claims, demands, acts, causes of action, damages, costs, expenses, settlements, losses or liabilities which Applicant has indemnified City against, Applicant shall pay and satisfy any judgment,

award, settlement or decree that may be rendered or agreed against City and City's Agents arising out of any final, non-appealable judicial or administrative action.

**2.6. Payment of Costs and Fees.** Applicant's obligations under this Agreement to defend and indemnify City shall include, but not be limited to, payment of all court costs and attorneys' fees, all litigation-related costs, all costs of any judgments or awards against City, or all settlement costs which arise out of City's processing or approval of the Project.

**2.7. Continuing Obligation.** Applicant shall be and remain personally obligated to all of the terms of this Agreement, notwithstanding any attempt to assign, delegate or otherwise transfer all or any of the rights or obligations of this Agreement, and notwithstanding a change in or transfer of ownership of the real property upon which the Project is located (or any interest therein). However, Applicant may be released from such obligations if Applicant obtains City's prior written consent to such transfer, which consent shall not be unreasonably withheld.

**Section 3. City's Obligations.** City shall notify Applicant of any claim, action or proceeding within ten (10) business days of receiving service of any claim, action or proceeding. If City fails to notify Applicant of any claim, action, or proceeding, Applicant shall not, thereafter, be responsible to defend, indemnify, or hold City harmless. City shall have and retain, in its sole discretion, the right to not participate in the defense of any claim, action, or proceeding. At its sole discretion, City may participate at its own expense in the defense, but such participation shall not relieve Applicant of any obligation imposed by this Agreement.

**Section 4. Notice.** Any notice or communication required hereunder between City and Applicant must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the

{CW080817.5}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT  
PROCESSING | CITY OF TURLOCK AND FIRE HOUSE COOPERATIVE TURLOCK, INC.

Exhibit E

other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City: City of Turlock  
156 S. Broadway  
Turlock, CA 95380  
Attention: City Manager

and ~~Churchwell White LLP~~ Katie O. Lucchesi

156 S. Broadway  
~~Turlock, CA 95380~~ 1414 K Street, 3<sup>rd</sup> Floor  
~~Sacramento, CA 95814~~  
Attention: City Attorney

If to Developer: Fire House ~~Cooperative~~ Turlock, Inc.  
~~2213 Patterson Rd.~~ 1234 McHenry Ave Suite C  
~~Riverbank, CA 95367~~ Modesto, CA 95350

**Section 5. Modification of Agreement.** This Agreement may be supplemented, amended, or modified only by a writing signed by City and Applicant.

**Section 6. Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the action and supersedes all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement.

**Section 7. Agreement is Voluntary.** The Parties acknowledge that they have entered into this Agreement voluntarily, on the basis of their own judgment and without coercion, and not in reliance on any promises, representations, or statements made by the other Party other than those contained in this Agreement. This Agreement incorporates the entire understanding of the Parties and recites the sole consideration of the promises and agreements contained within it. The Parties have read this Agreement and are fully aware of its contents and legal effect.

**Section 8. Time of Essence.** Time is of the essence for this Agreement, and each section contained within this Agreement is made and declared to be a material, necessary, and essential part of this Agreement.

{CW080817.5}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT  
PROCESSING | CITY OF TURLOCK AND FIRE HOUSE ~~COOPERATIVE~~ TURLOCK, INC.

Exhibit E

**Section 9. Severability of Agreement.** If a court or an arbitrator of competent jurisdiction holds any section of this Agreement to be illegal, unenforceable, or invalid for any reason, the validity and enforceability of the remaining sections of this Agreement shall not be affected.

**Section 10. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement, and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 11. Noninterference.** No Party will do anything to interfere with or inhibit the ability of the other to comply with their respective obligations under the terms of this Agreement.

**Section 12. Ambiguities.** Each Party has participated fully in the review and revision of this Agreement. Any rule of construction that ambiguities are to be resolved against the drafting Party does not apply in interpreting this Agreement.

**Section 13. Headings.** The headings in this Agreement are included for convenience only, and neither affect the construction or interpretation of any section in this Agreement nor affect any of the rights or obligations of the Parties to this Agreement.

**Section 14. Necessary Acts and Further Assurances.** The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement. The Parties will act in good faith to carry out the intent of this Agreement.

**Section 15. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.

**Section 16. Venue.** Venue for all legal proceedings shall be in the Superior Court of the State of California in and for the County of Stanislaus.

**Section 17. Attorney's Fees and Costs.** If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret sections of this Agreement,

the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 18. Waiver.** No covenant, term, or condition, or the breach thereof, shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

**Section 19. Counterparts.** This Agreement may be executed in counterparts and all so executed shall constitute an agreement which shall be binding upon the Parties hereto, notwithstanding that the signatures of all Parties and Parties' designated representatives do not appear on the same page.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS THEREOF, the Parties have executed this Agreement on the day, month and year first above written.

**APPLICANT**

**CITY**

FIRE HOUSE ~~COOPERATIVE~~TURLOCK,  
INC.

City of Turlock, a California municipal  
corporation

By: \_\_\_\_\_  
~~Devin Stetler~~ Anglibert Sarkis

By: \_\_\_\_\_  
~~Robert Lawton~~ Gary Hampton, City  
Manager

Its: \_\_\_\_\_  
~~Co-Owner/CTO~~ Owner

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FIRE HOUSE ~~COOPERATIVE~~TURLOCK,  
INC.

APPROVED AS TO FORM:

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

By: \_\_\_\_\_  
~~Douglas L. White~~ Katie O. Lucchesi,  
City Attorney

Its: \_\_\_\_\_  
~~Co-Owner/CTO~~ Owner

Date: \_\_\_\_\_

**Exhibit F**

**Notice of Termination**

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT**

DATE: \_\_\_\_\_, 20\_\_

PARTIES: CITY OF TURLOCK  
156 S Broadway  
Turlock, CA 95380

Fire House ~~Turlock~~Cooperative, Inc.  
~~2213 Patterson Rd. 1234 McHenry Ave Suite C~~  
~~Riverbank, CA 95367 Modesto, CA 95350~~  
Attention: ~~Devin Stetler, Co-Owner/CTO~~ Anglibert Sarkis, Owner

**THIS NOTICE OF TERMINATION AND RELEASE** (the "Release") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

- A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 2019, City recorded a development agreement between City and \_\_\_\_\_, dated \_\_\_\_\_, 2019 (the "Development Agreement"), relating to the development and operation of a cannabis business.

NOTICE OF TERMINATION AND  
RELEASE OF DEVELOPMENT  
AGREEMENT CITY OF TURLOCK AND  
FIRE HOUSE ~~COOPERATIVE~~TURLOCK, INC.

Exhibit F

- B. Pursuant to Sections 1.7 and 9.1 of the Development Agreement, the term of the Development Agreement expires five (5) years from \_\_\_\_\_, 2019, on \_\_\_\_\_, 20\_\_\_\_.
- C. Pursuant to Section 9.1 of the Development Agreement, once terminated, the Development Agreement has no further force or effect, unless otherwise set forth in the Development Agreement.

**NOW, THEREFORE,** City hereby terminates, cancels, and otherwise releases Developer and Developer's heirs, executives, administrators, successors, and assigns from their obligations in the Development Agreement on this \_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_, and relinquishes any right it may hereafter have to enforce any of the terms and provisions set forth in the Development Agreement, unless otherwise set forth in the Development Agreement. This termination, cancellation, and release shall be effective upon the recordation of this Release in the office of the County Recorder for the County of Stanislaus, State of California.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

NOTICE OF TERMINATION AND  
RELEASE OF DEVELOPMENT  
AGREEMENT CITY OF TURLOCK AND  
FIRE HOUSE ~~COOPERATIVE~~ TURLOCK, INC.  
Exhibit F

**Exhibit G**

**Assignment and Assumption Agreement**

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (the "Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ Fire House TurlockCooperative, Inc., ("Assignors"), and \_\_\_\_\_ ("Assignee").

**RECITALS**

A. On \_\_\_\_\_, 2019, Assignor and the City of Turlock (the "City") entered into that certain agreement entitled "Development Agreement by and between the City of Turlock, a California municipal corporation and \_\_\_\_\_ Fire House TurlockCooperative, Inc. relating to the improvement, development, and use of real property to operate a cannabis business (the "Development Agreement"), originally recorded upon Stanislaus County Assessor's Parcel Number 089-015-006 (the "Property").

B. Section 10.1 of the Development Agreement prohibits the sale, assignment, or transfer by Assignor of any portion of Assignor's interests, rights, or titles described in that section of the Development Agreement ("Assignable Rights") to a third party without prior written approval by the City Manager of the City of Turlock (the "City Manager").

C. Assignor intends to assign, and Assignee intends to assume, the Assignable Rights under the Development Agreement.

D. In accordance with the terms of the Development Agreement, Assignor has provided to the City Manager a written request for consent to assignment. The City Manager has received the information he or she deems appropriate and consulted with the City Attorney for the purpose of determining that Assignee is a qualified applicant for purposes of the foregoing terms of the Development Agreement. This Agreement is intended to meet the requirements of Section 10.1 of the Development Agreement for an

Assignment and Assumption Agreement and is executed with the consent of the City Manager as contemplated in the Development Agreement.

**NOW, THEREFORE,** Assignor and Assignee hereby agree as follows:

1. The foregoing Recitals are true and incorporated herein by this reference as though set forth in full.

2. Assignor hereby assigns to Assignee all of the Assignable Rights of Assignor under the Development Agreement.

3. Assignee hereby assumes all of the burdens and obligations of Assignor under the Development Agreement and agrees to observe and fully perform all of the duties and obligations of Assignor under the Development Agreement, and to be subject to all the terms and conditions thereof, with respect to the Property and Assignable Rights. It is the express intention of Assignor and Assignee that, upon the execution of this Agreement, Assignee shall become substituted for Assignor as the "Developer" under the Development Agreement.

4. This Agreement shall take effect and be binding only upon the City Manager's consent to and approval of the Agreement.

5. Assignee represents and warrants that it has reviewed and is familiar with the terms and conditions of the Development Agreement. Assignee acknowledges that the Assignable Rights are as set forth in Section 10.1 of the Development Agreement, and the duties of Assignor thereunder and the duties of Assignee hereunder, as between Assignee and City, shall be without reference to any underlying agreements or understandings that may exist between Assignee, Assignor, or any other party with respect to the subject matter hereof, and that City is not party to such other agreements.

6. All of the covenants, terms, and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

**IN WITNESS HEREOF,** the parties hereto have executed this Agreement as of the day and year first above written.

[Signatures on the Following Page]

**APPLICANT**

FIRE HOUSE ~~TURLOCK~~COOPERATIVE,  
INC.

By: \_\_\_\_\_  
~~Devin Stetler~~ Anglibert Sarkis

Its: \_\_\_\_\_  
~~Co-Owner/GTO~~ Owner

Date: \_\_\_\_\_

FIRE HOUSE ~~TURLOCK~~COOPERATIVE,  
INC.

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

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY**

City of Turlock, a California municipal  
corporation

By: \_\_\_\_\_  
~~Gary Hampton~~ Robert Lawton, City  
Manager

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Katie O. Lucchesi ~~Douglas L. White~~,  
City Attorney

**Planning Commission Staff Report**  
**May 7, 2026**



---

From: Katie Quintero, Planning Manager  
Prepared by: Katie Quintero, Planning Manager  
Agendized by: Adrienne Werner, Development Services Director

**1. ACTION RECOMMENDED:**

I move that the Planning Commission find that Plan4Dream is in compliance with Conditional Use Permit No. 2020-02 and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-22.

I move that the Planning Commission recommend the City Council find that Plan4Dream has complied in good faith with the terms and conditions of the development agreement and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-23.

I move the Planning Commission recommend the City Council approve the First Amended and Restated Development Agreement between the City of Turlock and Plan4Dream, having determined the action is not subject to the provisions of CEQA and that all of the appropriate findings can be made subject to the conditions of approval contained in draft Planning Commission Resolution No. 2026-24.

**2. NARRATIVE:**

**APPLICATION SUMMARY**

APPLICANT: Cloudcloud Property Management LLC  
2015 Royal Wings Way  
San Leandro, CA 94579

PROPERTY OWNER: Quingyu Huang  
Plan4Dream Investments, LLC  
600 D Street  
Turlock, CA 95380

PROJECT ADDRESS: 600 D Street

APN: 043-018-016

AREA OF PROPERTY: 2.8 acres (approximately)

EXISTING ZONING: Industrial (I)

GENERAL PLAN: Industrial (I)

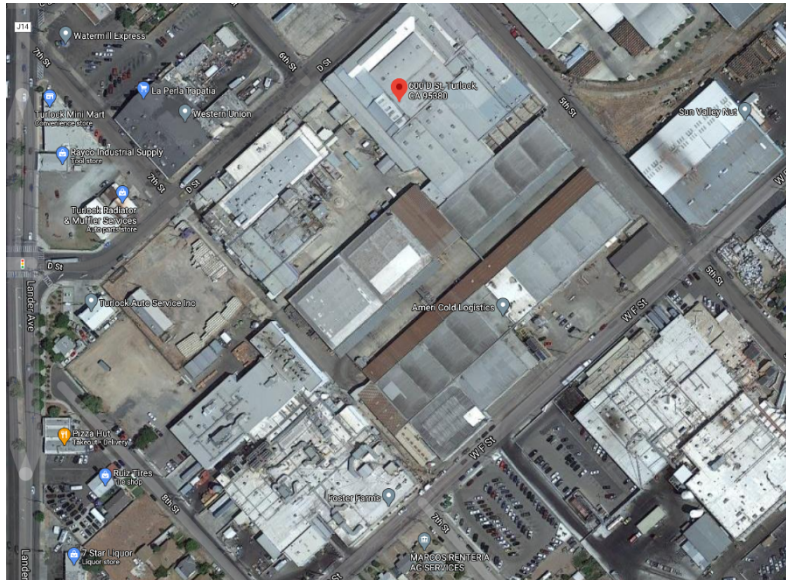
PREVIOUS ACTIONS: Parcel Map 17-05 (PM 17-05), CUP 2020-02

REQUEST: Annual review of the Conditional Use Permit and Development Agreement for Plan4Dream and Amendments to and Extension of Development Agreement

CEQA RECOMMENDATION: Exempt CEQA §15378(b)(5) [Project]

STAFF RECOMMENDATION Approve

**BACKGROUND**



JDI Farms now Plan4Dream is located at 600 D Street. The property is zoned Industrial which allows cannabis cultivation, manufacturing and distribution with a Conditional Use Permit and Development Agreement.

At their October 8, 2019, meeting, the City Council adopted the ordinance approving the Development Agreement (DA). On March 4, 2021, the Planning Commission granted Conditional

Use Permit 2020-02 to allow JDI Farms to operate a cannabis cultivation, manufacturing and distribution business.

On August 30, 2024, the City and JDI Farms, Inc. entered into a First Amendment to extend the term of the Development Agreement through December 31, 2024. Then on October 8, 2024, the City and JDI Farms, Inc. entered into a Second Amendment to extend the term of the Development Agreement through June 30, 2025.

On June 2, 2025, Qingyu Huang, with Plan4Dream Investments, LLC and the City of Turlock executed an Assignment and Assumption Agreement, as allowed under Section 10.1 of the Development Agreement. The Assignment and Assumption Agreement allowed the sale, assignment, or transfer of JDI Farms, Inc. at 600 D Street, to Plan4Dream Investments, LLC. All other conditions of the Conditional Use Permit and the Development Agreement remain unchanged.

**Annual Review**

The Turlock Municipal Code §9-5-912 requires the Planning Commission review the development agreement annually and make a recommendation to the City Council as to

whether or not the property owner has complied in good faith with the terms and conditions of the agreement. Likewise, Conditional Use Permit 2020-02 requires annual review by the Planning Commission for compliance with the conditions of approval.

Planning Department

JDI Farms submitted a building permit application for the necessary interior tenant improvements on March 30, 2021. The plan check process was completed, and the building permit was issued on September 24, 2024. Construction of the interior tenant improvements is underway and the applicant is working on final punch list items to move forward with occupancy of the building.

*Signage*

Plan4Dream has not applied for any exterior wall signs and no signs are installed on the exterior of the building. Any proposed exterior wall signs would have to comply with TMC §9-2-518(6)(ac)(iv) for commercial cannabis uses.

Finance Department

*Business License*

Plan4Dream Investments has not yet applied for a business license. A business license is not required at this time as they are not operational. A business license will be required prior to Plan4Dream becoming operational.

*Public Benefit Amount*

The Development Agreement requires monthly payment of a public benefit amount. Section 4.2 of the Development Agreement details the public benefit amount that Plan4Dream must submit to the City on a monthly basis.

**CULTIVATION**

YEAR	PUBLIC BENEFIT AMOUNT PAID MONTHLY, AMORTIZED ANNUALLY
1 <sup>ST</sup>	\$10.00 sq/ft *
2 <sup>ND</sup>	\$10.00 sq/ft *
3 <sup>RD</sup>	\$10.00 sq/ft *
4 <sup>TH</sup>	\$10.00 sq/ft *
5 <sup>TH</sup>	\$10.00 sq/ft *

\* Sq./ft. will be based on cultivation canopy. Cultivation canopy size will be the amount approved for use in the Conditional Use Permit.

**MANUFACTURING**

YEAR	PUBLIC BENEFIT AMOUNT PAID MONTHLY, AMORTIZED ANNUALLY
1 <sup>ST</sup>	\$10.00 sq/ft *
2 <sup>ND</sup>	\$10.00 sq/ft *

3 <sup>RD</sup>	\$10.00 sq/ft *
4 <sup>TH</sup>	\$10.00 sq/ft *
5 <sup>TH</sup>	\$10.00 sq/ft *

\* Sq./ft. will be based on area of building set aside for manufacturing and ballistics use.

**DISTRIBUTION**

YEAR	PUBLIC BENEFIT AMOUNT, PAID MONTHLY AMORTIZED ANNUALLY If distribution is from cultivation or manufacturing uses not subject to a City of Turlock Public Benefit Amount	If distribution is from cultivation or manufacturing uses subject to a City of Turlock Public Benefit Amount
1 <sup>ST</sup>	2.5% of gross receipts	No Public Benefit Amount owed
2 <sup>ND</sup>	2.5% of gross receipts	No Public Benefit Amount owed
3 <sup>RD</sup>	2.5% of gross receipts	No Public Benefit Amount owed
4 <sup>TH</sup>	2.5% of gross receipts	No Public Benefit Amount owed
5 <sup>TH</sup>	2.5% of gross receipts	No Public Benefit Amount owed

Finance Department

Since Plan4Dream has not started operating, they have not started depositing the public benefit amounts.

Police Department

*Calls for Service*

Since Plan4Dream is not operational, looking at call for service for the location is not relevant at this time.

On January 22, 2026, the Turlock Police Department was notified by the Sacramento County District Attorney’s Office regarding an ongoing investigation of illegal drug trafficking and money laundering. The criminal investigators served several financial search warrants on bank accounts and seized large sums of money under asset forfeiture. Some of these targeted bank accounts had made payments to Cold Storage Manufacturing, the contractor working on the tenant improvements at 600 D Street, for approximately \$300,000. This money had been seized as part of the criminal investigation. Attorneys from Plan4Dream Investments contested the seizure of these funds in a letter sent to police investigators. They claimed the funds were personal loans secured by Mr. Huang from business partners for payment to Cold Storage Manufacturing for time and material related to the construction of the 600 D St. Facility.

The letter further described that Mr. Huang was unable to obtain conventional financing for this project, and obtained these loans from his private lenders. The letter identified these lenders as other cannabis companies. As of the time of this staff report, Mr. Huang, Plan4 Dream Investments, and Cold Storage Manufacturing have not been identified as targets of the investigation. However, they are identified as affiliated organizations due to Plan4Dream securing loans from the targeted individuals, and payments from the targeted accounts sent to their contractor for 600 D St.

On February 27, 2026, the Turlock Police Department sent a letter to Mr. Huang notifying him that the background investigation for him had been reopened. The letter further advised him there would be delays in the final approval of the 600 D St. facility for operation until the matter is resolved. An additional letter was sent to Mr. Huang on March 19, 2026, notifying him that inspections of the facility would proceed while the background is being completed, but final approval for the certificate of occupancy would not occur until the investigation is resolved. Mr. Huang was requested to provide any information to assist in resolving the supplemental background investigation.

On April 3, 2026, Zach Drivon, the attorney representing Plan4Dream Investments and Mr. Huang submitted a contingency proposal to the City in the event Mr. Huang is later determined to be an ineligible person for the Development Agreement. This proposal described the transfer of title of the business to another person with a controlling stake in the company.

Because of this ongoing investigation, the recommendation for the time extension is through April 1, 2027, to allow for additional time for the investigation to continue but to be able to bring the Development Agreement back for review if further concerns arise. Language is also proposed in the amended Development Agreement that stipulates the Development Agreement will have to be transferred to an approved party or will be revoked if a conviction occurs.

## **PROPOSED AMENDMENTS**

Various amendments are proposed to the Development Agreement. The changes to the Agreement are provided in a track changes as Attachment A to the draft resolution. To capture all previous amendments to the Development Agreement into one document, the City has prepared a First Amended and Restated Development Agreement. This captures all previous amendments and newly proposed amendments into this one complete Agreement.

The term of the agreement is proposed to be extended through April 1, 2027.

The improvements to the building are proposed to be completed and occupied in phases. Language has been added into the agreement to clarify that only the portions of the building that have been improved can be occupied. During construction there were modifications made to the building that had not been anticipated that affected the exterior of the building. Language has been added into the Development Agreement requiring the resurfacing of the building prior to phase two. There is adequate onsite parking for the phase one area to become operational. It has been included in the amended language that the parking lot will have to be resurfaced and brought up to City standards prior to phase two.

Other regulations proposed to be added to the agreement include requiring remote real-time live access to the video footage of cameras installed at the businesses and requiring background checks prior to any changes in ownership or on any individual or entity every two years or at any other time upon reasonable cause. A section has been added detailing if anyone with direct or indirect ownership or controlling interest in the project is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may terminate the Development Agreement. If given such notice, the Developer would have 180 days to complete a transfer of their interest to a transferee approved by the City.

Other proposed changes include various language cleanups and updates to current laws and regulations.

**Public Comment**

Public notices were sent out to all property owners within 500-feet of the project site. Staff did not receive any phone calls or correspondence regarding this item.

**CONCLUSION**

At this time, Plan4Dream is working on completing all improvements required in the Conditional Use Permit and Development Agreement. At this time, Plan4Dream is in substantial compliance with all requirements and the proposed amendments to the Development Agreement and the shortened term address any concerns from the ongoing investigation at this time.

**3. FISCAL IMPACT / BUDGET AMENDMENT:**

**4. ENVIRONMENTAL DETERMINATION:**

The project consists of the annual review to determine if Plan4Dream has complied in good faith with the terms and conditions of the Conditional Use Permit and Development Agreement as well as a three-year time extension and miscellaneous amendments to the Development Agreement.

No changes or modifications in the site are anticipated as a result of this review; therefore, this action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review, request for a time extension and various miscellaneous changes to the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

**5. ATTACHMENTS:**

1. Plan4Dream CUP 2020-02 Annual Review Reso 2026-22
2. Plan4Dream DA Annual Review PC Reso 2026-23
3. Plan4Dream DA Time Extension and Amendment Resolution 2026-24
4. Exhibit A 1st amended and restated DA Plan4Dreams

**Filing Requested By:**

City of Turlock  
Development Services Department  
Planning Division  
156 S. Broadway, Suite 120  
Turlock, CA 95380-5456

**When Filed Mail To:**

*Same as above*

SPACE ABOVE THIS LINE FOR CLERK'S USE ONLY

**DRAFT  
RESOLUTION NO. 2026-22**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF TURLOCK  
APPROVING THE ANNUAL REVIEW OF  
CONDITIONAL USE PERMIT 2020-02 Plan4Dream)**

PROPERTY OWNER: Cloudcloud Property Management LLC  
2015 Royal Wings Way  
San Leandro, CA 94579

APPLICANT: Qingyu Huang  
Plan4Dream Investments, LLC  
600 D Street  
Turlock, CA 95380

SITE ADDRESS: 600 D Street

APN: 043-018-016

**WHEREAS**, Conditional Use Permit No. 2020-02 for an indoor cannabis cultivation, manufacturing and distribution business for JDI Farms, Inc. (JDI), was granted by the Planning Commission on March 4, 2021; and

**WHEREAS**, on June 2, 2025, Qingyu Huang, with Plan4Dream Investments, LLC and the City of Turlock executed an Assignment and Assumption Agreement, as allowed under Section 10.1 of the Development Agreement. The Assignment and Assumption Agreement allowed the sale, assignment, or transfer of JDI Farms, Inc. at 600 D Street, to Plan4Dream Investments, LLC; and

**WHEREAS**, the property affected by this Resolution is located at 600 D Street, Turlock, more particularly described as Stanislaus County APN 043-018-016; and

**WHEREAS**, the property is zoned Industrial (I) with a General Plan land use designation of Industrial (I); and

**WHEREAS**, Planning Commission Resolution 2021-01 requires annual review of Conditional Use Permit 2020-02 to operate an indoor cannabis cultivation, manufacturing and distribution business; and

**WHEREAS**, the Planning Commission determined that the action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the Development Agreement. This action will not result in direct or indirect physical changes in the environment; and

**WHEREAS**, in making its decision, the Planning Commission considered the CEQA determination, the public testimony, the evidence in the record, and the findings for approval.

**WHEREAS**, after the public hearing held on May 7, 2026, the Planning Commission found and determined as follows: Plan4Dream is in compliance with the conditions of approval contained in Planning Commission Resolution 2021-01 and Conditional Use Permit No. 2020-02.

**NOW THEREFORE, BE IT RESOLVED** by the Planning Commission of the City of Turlock as follows:

**Section 1.** The proposed project is Categorically Exempt from the provisions of the California Environmental Quality Act (CEQA) under the CEQA Guidelines Section 15378(b)(5).

**Section 2.** The Director of Development Services, or designee, is hereby directed to record this Resolution at the office of the County Recorder of the County of Stanislaus.

**I HEREBY CERTIFY** that the foregoing Resolution was duly and regularly adopted by the Planning Commission of the City of Turlock at a regular meeting of said Planning Commission held on the 7<sup>th</sup> day of May, 2026, by the following roll call vote:

AYES:

NOES:

ABSTAINED:

NOT PARTICIPATING:

ABSENT:

ATTEST: \_\_\_\_\_  
KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
ALEXIA FUENTES

STAFF SERVICES TECHNICIAN  
CITY OF TURLOCK

BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK

A RESOLUTION OF THE PLANNING COMMISSION } RESOLUTION NO. 2026-23  
 OF THE CITY OF TURLOCK RECOMMENDING THE }  
 CITY COUNCIL OF THE CITY OF TURLOCK FIND }  
 THAT PLAN4DREAM HAS COMPLIED IN GOOD }  
 FAITH WITH THE TERMS AND CONDITIONS OF THE }  
 DEVELOPMENT AGREEMENT BETWEEN }  
 PLAN4DREAM AND THE CITY OF TURLOCK }  
 \_\_\_\_\_ }

**WHEREAS**, on October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643), which are collectively referred to as the Medical Cannabis Regulation and Safety Act (“MCRSA”). MCRSA established the first statewide regulatory system for medical cannabis businesses; and

**WHEREAS**, in 2016, the voters of California approved Proposition 64 entitled the “Control, Regulate and Tax Adult Use of Marijuana” (“AUMA”). AUMA legalized the adult-use and possession of cannabis by persons 21 years of age and older and the personal cultivation of up to six cannabis plants within a private residence; and

**WHEREAS**, on June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-use Cannabis Regulation and Safety Act (“MAUCRSA”), which created a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in the MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in a particular jurisdiction; and

**WHEREAS**, on June 11, 2019, the City Council of the City of Turlock (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations for cannabis businesses pursuant to AUMA and MAUCRSA, by amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”); and

**WHEREAS**, in January, 2019, the Bureau of Cannabis Control, the Department of Food and Agriculture and the Department of Public Health issued final regulations for all medicinal and adult-use cannabis businesses allowed under MAUCRSA. The regulations require, among other things, background checks of business owners and employees, a plan of business operation, a security plan and environmental pollution and waste plans; and

**WHEREAS**, on June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City; and

**WHEREAS**, on June 11, 2019, following the adoption of the Pilot Program, the City issued and circulated a request for qualifications (“RFQ”). The purpose of the RFQ was to form the basis for a staff recommendation process of qualified cannabis

operators for participation in the Pilot Program. JDI Farms completed the RFQ requirements; and

**WHEREAS**, Government Code section 65864 et seq. permits the City to contract with private interests for their mutual benefits in a manner not otherwise available to the contracting parties and such agreements assure property developers that they may proceed with their projects with the assurance that approvals granted by the City will not change during the period of development and the City is equally assured that public benefit interests will be protected and properly administrated at the time development projects are proposed; and

**WHEREAS**, on October 8, 2019 the City adopted Ordinance No. 1264-CS approving a Development Agreement by and between the City and JDI Farms to operate an indoor cannabis cultivation, manufacturing, and distribution business as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 600 D Street, Turlock, California, County of Stanislaus Assessor’s Parcel Number 043-018-016 (the “Project”), consistent with the General Plan, and

**WHEREAS**, Turlock Municipal Code Section 9-5-912 directs the Planning Commission to recommend to the City Council whether the business has complied in good faith with the terms and conditions of the Development Agreement

**WHEREAS**, the Planning Commission determined that the action is not subject to the provisions of the California Environmental Quality Act (CEQA) in accordance with Section 15378(b)(5) [Project] of the CEQA guidelines. This is an organizational or administrative activity involving the annual review of the Development Agreement. This action will not result in direct or indirect physical changes in the environment.

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission recommends the City Council determine that Plan4Dream has complied in good faith with the terms and conditions of the Development Agreement.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST: \_\_\_\_\_

KATIE QUINTERO  
PLANNING MANAGER &  
SECRETARY OF THE CITY OF TURLOCK PLANNING COMMISSION  
CITY OF TURLOCK



BEFORE THE PLANNING COMMISSION OF THE CITY OF TURLOCK

<p>A RESOLUTION OF THE PLANNING COMMISSION }                  OF THE CITY OF TURLOCK RECOMMENDING THE }                  CITY COUNCIL OF THE CITY OF TURLOCK EXTEND }                  THE DEVELOPMENT AGREEMENT BETWEEN }                  PLAN4DREAM AND THE CITY OF TURLOCK }                  THROUGH APRIL 1, 2027 AND OTHER VARIOUS }                  LANGUAGE CHANGES IN THE FIRST AMENDED }                  AND RESTATED DEVELOPMENT AGREEMENT FOR }                  THE OPERATION OF AN INDOOR CANNABIS }                  CULTIVATION, MANUFACTURING, AND }                  DISTRIBUTION BUSINESS AT 600 D STREET, }                  TURLOCK, CALIFORNIA STANISLAUS COUNTY }                  APN 043-018-016 }</p>	<p>RESOLUTION NO. 2026-24</p>
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**WHEREAS**, on June 11, 2019, the City Council of the City of Turlock (the “City Council”) adopted Ordinance No. 1255-CS to enact cannabis regulations for cannabis businesses pursuant to AUMA and MAUCRSA, by amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”); and

**WHEREAS**, on June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City’s cannabis business regulations and establishing a Cannabis Business Pilot Program (the “Pilot Program”) to regulate the operation of commercial cannabis businesses within the City; and

**WHEREAS**, the City and JDI Farms, Inc. entered into a Development Agreement dated October 8, 2019, which permitted JDI Farms, Inc. to operate an indoor cannabis cultivation, manufacturing, and distribution business at 600 D Street, Turlock, California, County of Stanislaus Assessor’s Parcel Number 043-018-016; and

**WHEREAS**, on October 8, 2019 the City adopted Ordinance No. 1264-CS approving a Development Agreement by and between the City and JDI Farms, Inc. to operate an indoor cannabis cultivation, manufacturing, and distribution business as defined in Turlock Municipal Code Section 5.21 in strict accordance with applicable state and local law, at 600 D Street, Turlock, California, County of Stanislaus Assessor’s Parcel Number 043-018-016 (the “Project”), consistent with the General Plan, as amended; and

**WHEREAS**, on August 30, 2024 the City and JDI Farms, Inc. entered into that certain First Amendment to extend the term of the Development Agreement dated September 15, 2020 through December 31, 2024; and

**WHEREAS**, on October 8, 2024 the City and JDI Farms, Inc. entered into that certain Second Amendment to extend the term of the Development Agreement dated September 15, 2020 through June 30, 2025; and

**WHEREAS**, on May 27, 2025, the City and Plan4Dream entered into an Amendment to the Development Agreement to extend the term through June 30, 2026

**NOW THEREFORE BE IT RESOLVED**, after the public hearing held on May 7, 2026, the Planning Commission recommends the City Council extend the term of the Development Agreement through April 1, 2027 by approving the First Amended and Restated Development Agreement provided as Exhibit A to this resolution.

**PASSED AND ADOPTED** at a regular meeting of the Planning Commission of the City of Turlock this 7<sup>th</sup> day of May, 2026 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

ATTEST: \_\_\_\_\_  
 KATIE QUINTERO, PLANNING MANAGER &  
 SECRETARY OF THE CITY OF TURLOCK PLANNING COMMISSION  
 CITY OF TURLOCK

WITNESS: \_\_\_\_\_  
 ALEXIA FUENTES  
 STAFF SERVICES TECHNICIAN  
 CITY OF TURLOCK

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL  
TO:**

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code §6103

**FIRST AMENDED AND RESTATED DEVELOPMENT  
AGREEMENT**

**THIS DEVELOPMENT AGREEMENT** ("Agreement") is made and entered into this ~~8<sup>th</sup> day of October, 2019~~ 2026, by and between the **City of Turlock**, a California municipal corporation ("City") and ~~Plan4Dream Investments, LLC, a California limited liability company~~ **JDI Farms, Inc., a California corporation** ("Developer"). City and Developer may be referred to herein individually as a "Party" or collectively as the "Parties." There are no other parties to this Agreement.

**RECITALS**

- A. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing and distribution of medical marijuana to qualified patients and their primary caregivers.
- B. On November 8, 2016, California voters enacted Proposition 64, the Control, Regulate and Tax Adult Use of Marijuana Act, also known as the Adult Use of Marijuana Act ("AUMA"), which establishes a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of nonmedical cannabis, including cannabis products, for use by adults 21 years and older and to tax the growth and retail sale of cannabis for nonmedical<sup>®</sup> use.
- C. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which creates a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in Commercial Cannabis Activity, as defined in Section 1.4 of this Agreement, may operate in a particular jurisdiction.

{CW082303.3}

DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND ~~JOI FARMS,~~  
~~INC.~~ PLAN4DREAM INVESTMENTS, LLC

- D. On June 11, 2019, the Turlock City Council (the "City Council") adopted Ordinance No. 1255-CS to enact cannabis regulations as defined under Turlock Municipal Code ("T.M.C.") Section 5.21 pursuant to AUMA and MAUCRSA.
- E. On June 11, 2019, the City adopted Ordinance No. 1255-CS amending the City's cannabis business regulations and establishing a Cannabis Business Pilot Program (the "Pilot Program") to regulate the operation of commercial cannabis businesses within the City.
- ~~F. The City Council finds that establishing a structure to regulate all cannabis businesses contemplated by state law is in the best interest of the health, welfare, and safety of the public.~~
- ~~G.F.~~ Developer ~~proposed~~s to improve, develop and use real property to operate a Cannabis Business Project, as defined below, in strict accordance with California Cannabis Laws, as defined in Section 1.4 of this Agreement and the T.M.C., as each may be amended from time to time.
- ~~H.G.~~ To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the California Legislature adopted Government Code section 65864 et seq. (the "Development Agreement Statute"), which authorizes City and an individual or business entity with an interest in real property to enter into a development agreement that establishes certain development rights in real property that is subject to a development agreement application.
- ~~I.H.~~ On June 11, 2019, following the adoption of the Pilot Program, the City issued and circulated a request for qualifications ("RFQ"). The purpose of the RFQ was to form the basis for a selection process of qualified cannabis operators for participation in the Pilot Program.
- ~~J.I.~~ ~~The previous d~~Developer, JDI FARMS, INC. ("JDI Farms") submitted an application to the City Planning Commission Department for consideration of a development agreement for a commercial cannabis business.
- ~~K.J.~~ ~~Developer JDI Farms has~~ purchased property located at 600 D Street, Turlock, California, County of Stanislaus Assessor's Parcel Number 043-018-016 of which Developer intends to improve approximately 98,770 square feet of space (the "Site") to operate the Cannabis Business Project, more particularly described in the legal description attached hereto as **Exhibit A ("Legal Description")** and the Cannabis Business Project Site Map attached hereto as **Exhibit B**.
- ~~L.K.~~ ~~Developer has~~JDI Farms purchased the Site for the purpose of carrying out the Cannabis Business Project. A copy of the deed to the Site is attached hereto as **Exhibit C**, within satisfaction of the requirement of T.M.C. Chapter 5.21.

M.L. On August 22, 2019, the Turlock Planning Commission ("Planning Commission"), in a duly noticed and conducted public hearing, considered Developer's JDI Farms application for this Agreement. At that public hearing, the Planning Commission recommended the City Council adopt Ordinance No. 2019-19 which would allow Developer JDI Farms to operate the Cannabis Business Project at the Site.

M. On August 27, 2019, pursuant to Government Code section 65867.5, and following a duly noticed and conducted public hearing, the City Council reviewed, considered, adopted, and entered into this Agreement pursuant to Ordinance **No.1264-CS**.

N. The City and JDI Farms entered into that certain First Amendment to Development Agreement dated August 30, 2024 ("First Amendment").

O. The City and JDI Farms entered into that certain Second Amendment to Development Agreement dated October 8, 2024 ("Second Amendment").

P. The City and JDI Farms entered into that certain Third Amendment to Development Agreement dated May 27, 2025 ("Third Amendment").

N.Q. On June 2, 2025, JDI Farms and Plan4Dream Investments, LLC (Developer) entered into an assignment and assumption agreement wherein Developer agreed to assume the Assumable Rights under the Development Agreement. The agreement was executed with the consent of the Interim City Manager, as contemplated in the Development Agreement.

O. This Agreement is entered into pursuant to the Development Agreement Statute.

P. City and Developer desire to enter into this Agreement to (i) facilitate the orderly development of the Site; (ii) create a physical environment that is consistent with and complements the City's goals and visions; (iii) protect natural resources from adverse impacts; (iv) improve, upgrade and create additional community facilities and infrastructure, enhance services and assist in implementing the goals of the General Plan; and (vi) reduce the economic risk of development of the Site to both City and Developer.

Q. The Parties intend, through this Agreement, to allow Developer to develop and operate the Cannabis Business Project in accordance with the terms of this Agreement.

R. The City Council has determined that this Agreement is consistent with the City's General Plan and has conducted all necessary proceedings in accordance with the T.M.C. for the approval of this Agreement.

R.S. The Parties wish to enter into this First Amended and Restated Development Agreement to replace previous agreements between the Parties and to fulfill the

requirement that a cannabis business requires a development agreement pursuant to TMC Section 5-21-103.

**NOW, THEREFORE,** in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## **AGREEMENT**

### **ARTICLE 1 GENERAL PROVISIONS**

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety and general welfare and is consistent with the City's General Plan, including all text and maps in the General Plan.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 10 of this Agreement, the provisions of Articles 1 through 10 shall prevail.

**Section 1.3. Exhibits.** The following "Exhibits" are attached hereto and incorporated into this Agreement:

Designation	Description
Exhibit A	Cannabis Site Legal Description
Exhibit B	Cannabis Business Project Site Map
Exhibit C	Site Deed
Exhibit D	Notice of Non-Performance Penalty
Exhibit E	Indemnification Agreement
Exhibit F	Notice of Termination
Exhibit G	Assignment and Assumption Agreement

**Section 1.4. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meaning:

- (a) "Additional Insureds" has the meaning set forth in Section 6.1.
- (b) "Additional Licenses" has the meaning set forth in Section 2.4.
- (c) "Adult-use cannabis" means a product containing cannabis, including, but not limited to, concentrates and extractions, intended for use by adults 21 years of age and older in California pursuant to the California Cannabis Laws.
- (d) "Agreement" means this Development Agreement, inclusive of all Exhibits attached hereto.
- (e) "Application" has the meaning set forth in Recital G.
- (f) "Assignment and Assumption Agreement" has the meaning set forth in Section 10.1.
- (g) "AUMA" means the Adult Use of Marijuana Act (Proposition 64) approved by California voters on November 8, 2016.
- (h) "Authorized License" has the meaning set forth in Section 2.3.
- (i) "BureauDepartment" means the Department of Cannabis Control or any successor state agency. Bureau of Cannabis Control within the Department of Consumer Affairs, formerly named the Bureau of Marijuana Control, the Bureau of Medical Cannabis Regulation, and the Bureau of Medical Marijuana Regulation.
- (j) "California Building Standards Codes" means the California Building Code, as amended from time to time, in Part 2, Volumes 1 and 2, as part of Title 24 of the California Code of Regulations, as may be adopted by the T.M.C.

(k) "California Cannabis Laws" includes AUMA, MAUCRSA, CUA (as defined below), the Medical Marijuana Program Act of 2004 codified as Health and Safety Code sections 11362.7 through 11.62.83 and any other applicable laws that may be enacted or approved.

(l) "Cannabis" means all parts of the plant Cannabis sativa Linnaeus, Cannabis indica, or Cannabis ruderalis, whether growing or not; the seeds thereof; the resin, whether crude or purified, extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin. "Cannabis" also means the separated resin, whether crude or purified, obtained from cannabis. "Cannabis" does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination. For the purpose of this division, "cannabis" does not mean "industrial hemp" as defined by Section 11018.5 of the Health and Safety Code. Cannabis and the term "marijuana" may be used interchangeably.

(m) "Cannabis Business Pilot Program" means the cannabis business program established and authorized by T.M.C. Chapter 5.21.

(n) "Cannabis Business Project" means the cannabis retail business operated by Developer on the Site pursuant to the Authorized License.

(o) "Cannabis Manufacturing Business" means a business engaged in commercial cannabis activity pursuant to a state approved Type 6 or 7 license, Type A and M licenses designated as a Cannabis business.

(p) "Cannabis product" means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

(q) "CEQA" means the California Environmental Quality Act, as set forth in Division 13 (Commencing with Section 21000) of the California Public Resources Code, and the CEQA Guidelines, as set forth in Title 14 (Commencing with Section 15000) of the California Code of Regulations.

(r) "City" means the City of Turlock, a California municipal corporation having general police powers.

(s) "City Council" means the City of Turlock City Council, as defined in T.M.C. Section 2.1.

(t) "City Manager" means the City Manager of the City of Turlock or his or her designee, as described in T.M.C. Section 2.4.

- (u) "Charged Party" has the meaning set forth in Section 8.1.
- (v) "Charging Party" has the meaning set forth in Section 8.1
- (w) "Commercial Cannabis Activity" includes cultivation, possession, manufacture, processing, storing, laboratory testing, labeling, transporting, distribution, delivery, or sale of cannabis or a cannabis product that requires a state license pursuant to MAUCRSA.
- (x) "Planning Commission" means the City of Turlock Planning Commission, as established by T.M.C. Section 9.5.
- (y) "Conditional Use Permit" means a conditional use permit issued by City pursuant to T.M.C. Section 9.3.
- (z) "CUA" means the Compassionate Use Act (Proposition 215) approved by California voters on November 5, 1996.
- (aa) "Developer" means ~~JDI Farms, Inc. Plan4Dream Investments, LLC.~~ Developer also has the meaning set forth in Section 6.1.
- (bb) "Development Agreement Statute" has the meaning set forth in Recital H.
- (cc) "Exhibits" has the meaning set forth in Section 1.3.
- (dd) "Gross Receipts from Operations" means total revenue actually received or receivable from operation of the Cannabis Business Project, including: all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, for which a charge is made or credit allowed whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares, or merchandise; and gains realized from trading in stocks or bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other remunerations, however designated. Included in "gross receipts" shall be all receipts, cash, credits, and property of any kind or nature, without any deduction therefrom on account of the cost of the property sold, the cost of materials used, labor or service costs, interest paid or payable, or losses or other expenses whatsoever, except that the following shall be excluded therefrom:
1. Cash discounts allowed and taken on sales;
  2. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as "gross receipts";
  3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;

4. Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit; and
5. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded.

The intent of this definition is to ensure that in calculating the payment required under Section 4.2. all sales of cannabis products through the Cannabis Business Project are captured. This definition shall therefore be given the broadest possible interpretation consistent with this intent.

(ee) "Indemnification Agreement" has the meaning set forth in Section 6.3.

(ff) "Major Amendment" means an amendment that shall have a material effect on the terms of this Agreement. A Major Amendment also has the meaning set forth in Section 2.4. Major Amendments shall require approval by the City Council.

(gg) "Marijuana" has the same meaning as cannabis and those terms may be used interchangeably.

(hh) "MAUCRSA" means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code section 26000 et seq., as may be amended from time to time.

(ii) "MCRSA" has the meaning set forth in Recital A.

(jj) "Ministerial Fee" or "Ministerial Fees" has the meanings set forth in Section 4.1.

(kk) "Minor Amendment" means a clerical amendment to this Agreement that shall not materially affect the terms of this Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.7.

(ll) "Mortgage" has the meaning set forth in Article 7.

(mm) "Non-Performance Penalty" has the meaning set forth in Section 4.5.

(nn) "Notice of Non-Performance Penalty" has the meaning set forth in Section 4.5.

(oo) "Notice of Termination" has the meaning set forth in Section 9.1.

(pp) "Processing Costs" has the meaning set forth in Section 1.11.

(qq) "Project Litigation" has the meaning set forth in Section 10.7.

(rr) "Public Benefit" has the meaning set forth in Section 4.2.



(ss) "Public Benefit Amount" has the meaning set forth in Section 4.2.

(tt) "State Licensing Authority" means the state agency responsible for the issuance, renewal or reinstatement of a state cannabis license or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

(uu) "State Cannabis Regulations" means the regulations promulgated by the State Licensing Authority pursuant to the California Cannabis Laws (~~3 CCR § 8000 et seq., 17 CCR § 40100 et seq., 42 CCR 35000~~ 4 CCR 15000 et seq., or their respective successors).

(vv) "State Taxing Authority" has the meaning set forth in Section 4.2.

(ww) "Subsequent City Approvals" has the meaning set forth in Section 3.1.

(xx) "Term" has the meaning set forth in Section 1.7.

(yy) "T.M.C." means the Turlock Municipal Code.

(zzyy) "Type 1A license" or "Specialty Indoor" means a state license issued by the Department of ~~Agriculture~~Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting of between 501 and 5,000 square feet of total canopy size on one premises.

(aaazz) "Type 2A license" or "Small Indoor" means a state license issued by the Department of ~~Agriculture~~Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 5,001 and 10,000 square feet, inclusive, of total canopy size on one premises.

(aaabbb) "Type 3A license" or "Indoor" means a state license issued by the Department of ~~Agriculture~~Cannabis Control pursuant to the California Cannabis Laws for indoor cultivation using exclusively artificial lighting between 10,001 and 22,000 square feet, inclusive, of total canopy size on one premises.

(bbbccc) "Type 4 license" or "Nursery" means a state license issued by the Department of ~~Agriculture~~Cannabis Control pursuant to the California Cannabis Laws for cultivation.

(cceddd) "Type 6 license" or "Manufacturer 1" means a state license issued by the Department of ~~Public Health~~Cannabis Control pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using nonvolatile solvents.

(ddddee) "Type 7 license" or "Manufacturer 2" means a state license issued by the Department of ~~Public Health~~Cannabis Control pursuant to the California Cannabis Laws for manufacturing sites that produce cannabis products using volatile solvents.

(eeefff) "Type 10 license" or "Retailer" means a state license issued by the ~~Bureau~~

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Department of Cannabis Control pursuant to the California Cannabis Laws authorizing the retail sales of cannabis and cannabis products. Retail sale includes sales at a storefront and by delivery, pursuant to all state and local laws and regulations.

(~~ffggg~~) "Type 11 license" or "Distributor" means a state license issued by the ~~Bureau-Department~~ of Cannabis Control pursuant to the California Cannabis Laws for the distribution of cannabis and cannabis products from manufacturer to dispensary.

(~~ggghhh~~) "Type 12 license" or "Microbusiness" means a state license issued by a State Licensing Authority pursuant to the California Cannabis Laws relating to cannabis manufacturing, retail and distribution.

(~~hhhhh~~) "Type 13 license" or "Distribution Transport-Only" means a state license issued by the ~~Bureau-Department~~ of Cannabis Control pursuant to the California Cannabis Laws for distribution cannabis and cannabis products.

**Conforming Interpretation of State Cannabis License References.** Any reference in this Agreement to a State cannabis license, State Cannabis Regulations, licensing authority, or specific state cannabis license type or designation shall be deemed to include any successor license, permit, approval, agency, or regulation that replaces, renames, consolidates, or reclassifies such license or regulatory framework under California law, including those administered by the California Department of Cannabis Control or any successor agency.

No change in the name, number, classification, or structure of any State cannabis business license shall be construed to expand, limit, or otherwise modify the cannabis activities authorized under this Agreement, except as required by applicable state law or as expressly approved in writing by the City.

The scope of permitted commercial cannabis activities shall be determined solely by this Agreement and applicable City approvals, and not by the type, title, or designation of any state license held by Developer, unless expressly mandated by state law.

**Section 1.5. Project is a Private Undertaking.** The Parties agree that the Cannabis Business Project is a private development and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Developer or of the Cannabis Business Project.

**Section 1.6. Effective Date of Agreement.** This Agreement shall become effective upon the date that the ordinance approving this Agreement becomes effective (the "Effective Date").

**Section 1.7. Term.** ~~The term of this Agreement ("Term") shall be through April 1, 2027, unless earlier terminated in accordance with the provisions of this Agreement. The "Term" of this Agreement is five (5) years from the Effective Date, unless terminated or extended earlier, as set forth in this Agreement~~

(a) Government Tolling or Termination. City may provide written notice to Developer to cease all Commercial Cannabis Activity, upon which Developer shall immediately comply if City is required, directed or believes, in its sole and absolute

discretion, it must temporarily halt or terminate Commercial Cannabis Activity within the City to comply with federal or state law. If City temporarily halts this Agreement to comply with federal or state law, this Agreement shall be tolled for no longer than one (1) calendar year (the "Tolling Period"). Developer shall not accrue or be liable to City for any Ministerial Fees or Public Benefit Amount during the Tolling Period. Developer shall resume paying any applicable fees after the Tolling Period ends. City and Developer shall discuss in good faith the termination of this Agreement if the Tolling Period exceeds one (1) calendar year to comply with federal or state law.

(b) Developer Tolling or Termination. Developer may not temporarily halt or terminate this Agreement for any purpose without causing a default of this Agreement, except as otherwise allowed by this Agreement or by mutual agreement of the Parties.

**Section 1.8. Priority of Enactment.** In the event of a conflict between the various land use documents referenced in this Agreement, the Parties agree that the following sequence of approvals establishes the relative priority of the approvals, each approval superior to the approvals listed thereafter: (a) General Plan, (b) Agreement, (c) Specific Plan, (d) Conditional Use Permit, (e) Indemnification Agreement, and (f) Subsequent City Approvals.

**Section 1.9. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification of the City Council. A Major Amendment to this Agreement shall be approved by the City Council. The City Manager shall, on behalf of City, have sole discretion for City to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing, unless required by law.

**Section 1.10. Recordation of Development Agreement.** The City Clerk shall cause a copy of this Agreement to be recorded against the title of the Site within ten (10) business days of the Effective Date.

**Section 1.11. Funding Agreement for Processing Costs.** ~~If Developer proposes an amendment to this agreement, Developer shall Developer has deposited Thirty Thousand Dollars (\$30,000) with City to pay for all actual fees and expenses incurred by City that are related to the preparation and processing of amendments to this Agreement and creation and implementation of the City's Cannabis Pilot Program, including recording fees, publishing fees, staff time, and consultant and attorneys' fees and costs (collectively, "Processing Costs"). Developer shall deposit monies for such processing as estimated by the Development Services Department.~~ The Processing Costs are refundable solely to the extent of non-expended Processing Costs. ~~Developer shall be entitled to a refund of available Processing Costs only after City determines all financial obligations associated with the Cannabis Business Project have been received and paid by City.~~

~~(a) Apportionment of Processing Costs. If the amount deposited for purposes of Processing Costs is insufficient to cover all Processing Costs, Developer shall deposit with City such additional funds necessary to pay for all Processing Costs within thirty (30) days. The failure to timely pay any such additional amounts requested by City shall be considered a material default of this Agreement and City may terminate this Agreement.~~

~~(b)(a) Accounting.~~ Developer may request, and City shall issue within a reasonable time not to exceed thirty (30) days, an accounting and written acknowledgement of Processing Costs paid to City.

**ARTICLE 2  
DEVELOPMENT OF PROPERTY**

**Section 2.1. Vested Right of Developer.** During the Term, in developing the Site consistent with the Cannabis Business Project described herein, Developer is assured that the development rights, obligation terms, and conditions specified in this Agreement, including, without limitation, the terms, conditions, and limitations set forth in the Exhibits, are fully vested in Developer and may not be modified or terminated by City except as set forth in this Agreement or with Developer's written consent.

**Section 2.2. Vested Right to Develop.** In accordance with Section 2.1, Developer shall have the vested right to develop and use the Cannabis Business Project consistent with this Agreement, the Conditional Use Permit, and Subsequent City Approvals.

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**Section 2.3. Permitted Uses and Development Standards.** Developer shall be authorized to develop, construct, and use the Site for Commercial Cannabis Activity consistent with the following license type (the "Authorized License"):

Type 1A, 2A, 3A Type 6, 7 Type 11	Cultivation Manufacturer Distribution
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Pursuant to this Agreement, Developer shall be permitted to use the Site consistent with the Authorized License for the Term of this Agreement and during the time Developer is applying for the Authorized License with the applicable State Licensing Authority. Developer shall begin operations of the Cannabis Business Project under the Authorized License within six (6) months of the issuance of a Conditional Use Permit or adoption of the operative ordinance approving this Agreement, whichever is later, unless Developer is prevented from doing so due to any event or circumstance set forth in Section 8.6 of this Agreement. Notwithstanding the foregoing, Developer is required to apply for and obtain the Authorized License from the State of California. If the State Licensing Authority does not grant the Authorized License to Developer, Developer shall immediately cease Commercial Cannabis Activity and any other operations on the respective site. Developer shall also, within thirty (30) days of receiving notice from the State Licensing Authority, notify City of the State Licensing Authority's denial or rejection of the Authorized License. In this situation, this Agreement shall terminate immediately. The Parties intend for this Agreement and the Conditional Use Permit to serve as the definitive and controlling documents for all subsequent actions, discretionary or ministerial, relating to development of the Site and the Cannabis Business Project.

Occupancy and use of the building shall be limited to the Phase One area (indicated in approved construction drawings) only. All other portions of the building shall be secured, blocked off, and shall not be occupied or used for any purpose. No other portion of the building may be occupied or used unless and until all required permits have been issued and all required improvements have been completed and approved by the City, including, without limitation:

(a) Installation of fire sprinkler systems in such portions of the Building as required by applicable codes;

(b) Resurfacing of the exterior of the Building; and

(c) Regrading, where necessary, and resurfacing of the parking lot to meet current City standards.

**Section 2.4. Major Amendment to Permitted Uses.** Developer may request to add to the Authorized License additional license types once that license is applied for or obtained from the appropriate State Licensing Authority (the "Additional Licenses"). Such request shall be a Major Amendment to this Agreement.

**Section 2.5. Conditional Use Permit.** Developer shall obtain a Conditional Use Permit for the Commercial Cannabis Activity and Authorized License contemplated herein for the Project and at the Site. No Commercial Cannabis Activity may occur at the Site until Developer has obtained a Conditional Use Permit to use and operate the Authorized License at the Site. This Conditional Use Permit must be maintained in good standing throughout the Term. This Agreement shall immediately terminate if the Conditional Use Permit for the Authorized License is revoked by City for any reason.

**Section 2.6. Subsequent Entitlements, Approvals, and Permits.** Successful implementation of the Cannabis Business Project shall require Developer to obtain additional approvals and permits from City and other local and state agencies. City shall comply with CEQA in the administration of all Subsequent City Approvals. In acting upon any Subsequent City Approvals, City's exercise of discretion and permit authority shall conform to this Agreement. Notwithstanding the foregoing, in the course of taking action on the Subsequent City Approvals, City will exercise discretion in adopting mitigation

measures as part of the Conditional Use Permit. The exercise of this discretion is not prohibited or limited in any way by this Agreement. Nothing in this Agreement shall preclude the evaluation of impacts or consideration of mitigation measures or alternatives, as required by CEQA.

(a) Contemplated City Rules and Guidelines. City anticipates issuing additional rules, ~~and~~ administrative guidelines, and amendments to the T.M.C. associated with ~~implementation-operation~~ of the Cannabis Business ~~Pilot~~ Program. City may establish requirements that are identical to or place a higher standard of care as existing provisions of the California Cannabis Laws, State Cannabis Regulations, or any amendments thereto. City reserves the right to adopt additional categories of rules or guidelines that are not listed in this Section as part of the Cannabis Business ~~Pilot~~ Program. Developer shall comply with any and all additional rules, administrative guidelines, and amendments to the T.M.C. adopted by City that govern or pertain to the Cannabis Business Project.

**Section 2.7. Initiatives and Referenda.** If any City ordinance, rule or regulation, or addition to the T.M.C. is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement, an associated Conditional Use Permit, Subsequent City Approvals, or reduce the development rights or assurances provided to Developer in this Agreement, such T.M.C. changes shall not be applied to the Site or the Cannabis Business Project; provided, however, the Parties acknowledge that City's approval of this Agreement is a legislative action subject to referendum. City shall cooperate with Developer and shall undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms to the fullest extent permitted by state or federal law.

**Section 2.8. Regulation by Other Government Entities.** Developer acknowledges that City does not have authority or jurisdiction over any other government entities' ability to grant governmental approvals or permits or to impose a moratorium or other limitations that may negatively affect the Cannabis Business Project or the ability of City to issue a permit to Developer or comply with the terms of this Agreement. Any moratorium imposed by another government entity, including the State Licensing Authority, on City shall not cause City to be in breach of this Agreement.

**Section 2.9. Developer's Right to Rebuild.** Developer may renovate portions of the Site any time within the Term of this Agreement consistent with the T.M.C. Any such renovation or rebuild shall be subject to all design, building code, and other requirements imposed on the Cannabis Business Project by this Agreement.

**Section 2.10. Changes in California Building Standards Codes.** Notwithstanding any provision of this Agreement to the contrary, development of the Cannabis Business Project shall be subject to changes occurring from time to time to the California Building Standards Codes.

**Section 2.11. Changes Mandated by Federal or State Law.** The Site and the Cannabis Business Project shall be subject to subsequently enacted state or federal laws or

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DEVELOPMENT AGREEMENT  
CITY OF TURLOCK AND ~~JOI FARMS, INC.~~  
[PLAN4DREAM INVESTMENTS, LLC](#)

regulations that may preempt the T.M.C. or mandate the adoption or amendment of

local regulations or are in conflict with this Agreement or local rules or guidelines associated with the ~~Pilot p~~Program. As provided in Section 65869.5 of the Development Agreement Statute, in the event state or federal laws or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of this Agreement, such provisions shall be modified or suspended as may be necessary to comply with such state or federal laws or regulations. Upon discovery of a subsequently enacted federal or state law meeting the requirements of this Section, City or Developer shall provide the other Party with written notice of the state or federal law or regulation, and a written statement of the conflicts thereby raised with the provisions of the T.M.C. or this Agreement. Promptly thereafter, City and Developer shall meet and confer in good faith in a reasonable attempt to modify this Agreement, as necessary, to comply with such federal or state law or regulation provided City shall not be obligated to agree to any modification materially increasing its obligations or materially adversely affecting its rights and benefits hereunder. In such discussions, City and Developer will attempt to preserve the terms of this Agreement and the rights of Developer derived from this Agreement to the maximum feasible extent while resolving the conflict. If City, in its judgment, determines it necessary to modify this Agreement to address such conflict, City shall have the right and responsibility to do so, and shall not have any liability to Developer for doing so or be considered in breach or default of this Agreement. City also agrees to process, in accordance with the provisions of this Agreement, Developer's proposed changes to the Cannabis Business Project that are necessary to comply with such federal or state law and that such proposed changes shall be conclusively deemed to be consistent with this Agreement without further need for any amendment to this Agreement.

**Section 2.12. Health and Safety Emergencies.** In the event that any future public health and safety emergencies arise with respect to the Cannabis Business Project contemplated by this Agreement, City agrees that it shall attempt, if reasonably possible as determined by City in its discretion, to address such emergency in a way that does not have a material adverse impact on the Cannabis Business Project. If City determines, in its discretion, that it is not reasonably possible to so address such health and safety emergency in a way that does not have a material adverse impact on the Cannabis Business Project, City may select an option which, in its discretion, minimizes, so far as reasonably possible, the impact on development and use of the Cannabis Business Project in accordance with this Agreement, while still addressing such health and safety emergency in a manner acceptable to City.

**Section 2.13. Other Regulations.** The following provisions establish definitions and operational requirements applicable to this Agreement in furtherance of public safety and to ensure compliance with applicable regulations governing the Project and Developer's obligations hereunder.

(a) In addition to other requirements, remote and real-time, live access to the video footage of cameras installed by the cannabis business shall be provided to the Chief of Police or his/her designee(s) using such software as designated by the Chief of Police. Developer shall be responsible for ensuring that the security surveillance camera's footage is remotely accessible by the Chief of Police or his/her designee(s), and that it is compatible with the City's software and hardware. Such access shall be granted within 120 days of approval.

(b) Prior to changes in ownership, ownership structure, and management, or any sale or other transfer of the cannabis business, the relevant persons or entities shall be subject to additional background checks as required by the Turlock Police Department, and passage by the applicant as of such background checks. The City may repeat background checks on any individual or entity every two (2) years, and at any other time upon reasonable cause.

**ARTICLE 3  
ENTITLEMENT AND PERMIT PROCESSING, INSPECTIONS**

**Section 3.1. Subsequent City Approvals.** City shall permit the development, construction, and conditionally permitted use contemplated in this Agreement. City agrees to timely grant, pursuant to the terms of this Agreement, the T.M.C., and any Subsequent City Approvals reasonably necessary to complete the goals, objectives, policies, standards, and plans described in this Agreement. The Subsequent City Approvals shall include any applications, permits, and approvals required to complete the improvements necessary to develop the Site, in general accordance with this Agreement ("Subsequent City Approvals"). Nothing herein shall require City to provide Developer with Subsequent

City Approvals prior to, or without complying with, all of the requirements in this Agreement, the T.M.C., and any applicable state law.

**Section 3.2. Timely Processing.** City shall use its reasonable best efforts to process and approve, within a reasonable time, any Subsequent City Approvals or environmental review requested by Developer during the Term of this Agreement.

**Section 3.3. Cooperation Between City and Developer.** Consistent with the terms set forth herein, City agrees to cooperate with Developer, on a timely basis, in securing all permits or licenses that may be required by City or any other government entity with permitting or licensing jurisdiction over the Cannabis Business Project.

**Section 3.4. Further Consistent Discretionary Actions.** The exercise of City's authority and independent judgment is recognized under this Agreement and nothing in this Agreement shall be interpreted as limiting City's discretion or obligation to hold legally required public hearings. Except as otherwise set forth herein, such discretion and action taken by City shall, however, be consistent with the terms of this Agreement and not prevent, hinder, or compromise development or use of the Site as contemplated by the Parties in this Agreement.

#### **ARTICLE 4 PUBLIC BENEFIT, PROCESSING, AND OVERSIGHT**

**Section 4.1. Processing Fees and Charges.** Developer shall pay to City those processing, inspection, plan checking and monitoring fees and charges required by City which are in force and effect at the time those fees and charges are incurred (including any post-Effective Date increases in such fees and charges) for processing applications and requests for building permits, inspections, other permits, approvals and actions, and monitoring compliance with any permits issued or approvals granted or the performance of any conditions (each a "Ministerial Fee" and collectively, the "Ministerial Fees").

**Section 4.2. Public Benefit.**

(a) The Parties acknowledge and agree that this Agreement, and the Cannabis Business Project, confers substantial private benefits upon Developer that will place burdens upon City infrastructure, services, and neighborhoods. Accordingly, the Parties intend to provide consideration to City to offset these impacts that commensurate with the private benefits conferred on Developer (the "Public Benefit"). In consideration of the foregoing, Developer shall remit to City as follows (the "Cannabis Business Public Benefit"):

(a)(b)

**CULTIVATION**

YEAR	PUBLIC BENEFIT AMOUNT PAID MONTHLY, AMORTIZED ANNUALLY
1ST	\$10.00 sq/ft *
2ND	\$10.00 sq/ft *
3RD	\$10.00 sq/ft *
4TH	\$10.00 sq/ft *
5TH	\$10.00 sq/ft *

\* Sq./ft. will be based on cultivation canopy. Cultivation canopy size will be the amount approved for use in the Conditional Use Permit.

**MANUFACTURING**

YEAR	PUBLIC BENEFIT AMOUNT PAID MONTHLY, AMORTIZED ANNUALLY
1ST	\$10.00 sq/ft *
2ND	\$10.00 sq/ft *
3RD	\$10.00 sq/ft *
4TH	\$10.00 sq/ft *
5TH	\$10.00 sq/ft *

\* Sq./ft. will be based on area of building set aside for manufacturing and ballistics use.

**DISTRIBUTION**

YEAR	PUBLIC BENEFIT AMOUNT, PAID MONTHLY AMORTIZED ANNUALLY If distribution is from cultivation or manufacturing uses not subject to a City of Turlock Public Benefit Amount	If distribution is from cultivation or manufacturing uses subject to a City of Turlock Public Benefit Amount
1ST	2.5% of gross receipts	No Public Benefit Amount owed
2ND	2.5% of gross receipts	No Public Benefit Amount owed
3RD	2.5% of gross receipts	No Public Benefit Amount owed
4TH	2.5% of gross receipts	No Public Benefit Amount owed
5TH	2.5% of gross receipts	No Public Benefit Amount owed

~~(b)(c)~~ Collectively, these amounts shall be known as the "Public Benefit Amount." The Public Benefit Amounts for each of the aforementioned uses shall be due monthly, beginning on the first business day following the first month in which Developer commences Commercial Cannabis Activity. Payment of the Public Benefit Amount shall continue for a period of five (5) years thereafter.

~~(e)(d)~~ Developer shall file an applicable statement that complies with the California State Board of Equalization, California Department of Tax and Fee Administration, or either's successor agency (the "State Taxing Authority") for sales tax purposes showing the true and correct amount of Gross Receipts from Operations of

the Cannabis Business Project during the applicable time period. Developer shall provide a copy of such statement to City upon request by City.

**Section 4.3. Reporting.** Developer shall provide City with copies of any reports provided to a State Licensing Authority within forty-five (45) days of that submission.

Any failure or refusal of Developer to provide any statement or report to City, the State Taxing Authority, or any other State Licensing Authority, as required within the time required, or to pay such sums due hereunder when the same are due and payable in accordance with the provisions of this Agreement, may constitute full and sufficient grounds for the revocation or suspension of the Conditional Use Permit.

**Section 4.4. Records.** Developer shall keep records of all Commercial Cannabis Activity in accordance with Chapter 16 (commencing with Section 26160) of Division 10 of the Business and Professions Code and the applicable State Cannabis Regulations. All records required by this Section shall be maintained and made available for City's examination and duplication (physical or electronic) at the Site or at an alternate facility as approved in writing by the City Manager, or his or her designee.

**Section 4.5. Penalty.** Developer acknowledges that to ensure proper compliance with the terms of this Agreement and any applicable laws, City must engage in costly compliance review, inspections, and, if necessary, enforcement actions to protect the health, safety, and welfare of its residents. Penalty and interest provisions are necessary to assist City in compliance review and enforcement actions. If Developer fails to make any payment when due, as required by this Agreement, including the Public Benefit Amount, City may impose a "Non-Performance Penalty." A Non-Performance Penalty of ten percent (10%) shall be applied to all past due payments. City shall deliver to Developer a "Notice of Non-Performance Penalty." attached hereto as **Exhibit D.** Payment of the Non-Performance Penalty shall be in a single installment due on or before a date fifteen (15) days following delivery of the Notice of Non-Performance Penalty.

**Section 4.6. Interest on Unpaid Non-Performance Penalty.** If Developer fails to pay the Non-Performance Penalty after City has delivered the Notice of Non-Performance Penalty, then, in addition to the principal amount of the Non-performance Penalty, Developer shall pay City interest at the rate of eighteen percent (18%) per annum, computed on the principal amount of the Non-Performance Penalty, from a date fifteen (15) days following delivery of the Notice of Non-performance Penalty.

**Section 4.7. Protections from Duplicative Payments City Tax.** Notwithstanding Section 4.2, ~~for the Term of this Agreement,~~ Developer shall be exempt from paying the Public Benefit Amount if the any City imposes a tax specific to commercial cannabis businesses and instead shall pay such specific tax. Notwithstanding the foregoing, Developer and the Cannabis Business Project shall be subject to any and all taxes, assessments, or similar charges or fees of general applicability enacted by the federal government, state government, County of Stanislaus, including any tax applicable to an area greater than the City limits to which City may be a party (i.e., county tax sharing agreement with City).

**ARTICLE 5  
PUBLIC FACILITIES, SERVICES, AND UTILITIES**

City shall use the Public Benefit Amount in any way the City Council deems appropriate to offset the impacts of the project or to benefit the City.

**ARTICLE 6  
INSURANCE AND INDEMNITY**

**Section 6.1. Insurance.** Developer shall require all persons doing construction or related work on the Cannabis Business Project and, including its contractors and subcontractors (collectively, "Developer" for purposes of this Article 6 only), to obtain and maintain insurance of the types and in the amounts described in this Article with carriers reasonably satisfactory to City.

(a) General Liability Insurance. Developer shall maintain commercial general liability insurance or equivalent form with a limit of not less than Two Million Dollars (\$2,000,000) (or as otherwise approved, in writing, by City) per claim and Two Million Dollars (\$2,000,000) each occurrence. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(b) Automotive Liability Insurance. Developer shall maintain business automobile liability insurance or equivalent form with a limit of not less than One Million Dollars (\$1,000,000) for each accident. Such insurance shall include coverage for owned, hired and non-owned automobiles. Such insurance shall also:

(i) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as Additional Insureds by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed Additional Insureds.

(ii) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives.

(iii) Contain standard separation of insured provisions.

(c) Workers' Compensation Insurance. Developer shall take out and maintain during the Term of this Agreement, workers' compensation insurance for all of

Developer's employees employed at or on the Cannabis Business Project and, should any of the work be subcontracted, Developer shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Developer. In case any class of employee engaged in work on the Cannabis Business Project and is not protected under any workers' compensation law, Developer shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Developer hereby indemnifies City for any damage resulting from failure of Developer, its agents, employees, contractors or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000) for each accident shall be maintained by Developer.

**Section 6.2. Other Insurance Requirements.** Developer shall do all of the following:

(a) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidence all insurance required in this Article, including evidence that such insurance will not be canceled, allowed to expire or materially reduced in coverage without thirty (30) days prior written notice to City.

(b) Provide to City, upon request, and within seven (7) days of said request, certified copies of endorsements and policies and properly executed certificates of insurance evidencing the insurance required herein.

(c) Replace or require the replacement of certificates, policies, and endorsements for any insurance required herein expiring prior to the termination of this Agreement.

(d) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the Term or the mutual written termination of this Agreement.

(e) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

**Section 6.3. Indemnity.** To the fullest extent permitted by law, Developer shall defend, indemnify, and hold harmless City, and its agents, elected and appointed officials, officers, employees, consultants, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City, or City's Agents, to attack, set aside, void, or annul an approval concerning the Cannabis Business Project and this Agreement, any applicable Conditional Use Permit or Subsequent City Approvals. Developer shall execute the indemnification agreement ("Indemnification Agreement") attached hereto as **Exhibit E**.

**Section 6.4. Failure to Indemnify; Waiver.** Failure by Developer to indemnify City, when required by this Agreement and the Indemnification Agreement, shall constitute a

material breach of this Agreement and of any applicable Conditional Use Permit and Subsequent City Approvals, which shall entitle City to all remedies available under law, including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of any applicable Conditional Use Permit. Developer's failure to indemnify City shall be a waiver by Developer of any right to proceed with the Cannabis Business Project, or any portion thereof, and a waiver of Developer's right to file a claim, action, or proceeding against City, or City's Agents, based on City's rescission or revocation of any Conditional Use Permit, Subsequent City Approvals, or City's failure to defend any claim, action, or proceeding based on Developer's failure to indemnify City.

**Section 6.5. Waiver of Damages.** Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that City would not have entered into this Agreement had it been exposed to liability for damages from Developer and, therefore, Developer hereby waives all claims for damages against City for breach of this Agreement. Developer further acknowledges that under the Development Agreement Statute, land use approvals (including development agreements) must be approved by the City Council and that, under law, the City Council's discretion to vote in any particular way may not be constrained by contract. Developer therefore waives all claims for damages against City in the event that this Agreement or any Project approval is: (1) not approved by the City Council; or (2) is approved by the City Council but with new changes, amendments, conditions, or deletions to which Developer is opposed. Developer further acknowledges that, as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that, under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against City in this regard.

## **ARTICLE 7 MORTGAGEE PROTECTION**

This Agreement, once executed and recorded, shall be superior and senior to any lien placed upon the Site or any portion thereof following recording of this Agreement, including the lien of any deed of trust or mortgage ("Mortgage"). Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish, or impair the lien of any Mortgage made in good faith and for value. This Agreement shall immediately be deemed in default and immediately terminate upon the foreclosure or transfer of any interest in the Site or Project, whether by operation of law or any other method of interest change or transfer, unless the City Manager has authorized such change or transfer in advance, in writing. City agrees to not unreasonably withhold its authorization.

## **ARTICLE 8 DEFAULT**

### **Section 8.1. General Provisions.**

(a) Subject only to any extensions of time by mutual consent in writing, or as otherwise provided herein, the failure or delay by any Party to perform in accordance with

the terms and provisions of this Agreement shall constitute a default. Any Party alleging a default or breach of this Agreement ("Charging Party") shall give the other Party ("Charged Party") not less than ten (10) days written notice, which shall specify the nature of the alleged default and the manner in which the default may be cured. During any such ten (10) calendar day period, the Charged Party shall not be considered in default for purposes of termination of this Agreement or institution of legal proceedings for the breach of this Agreement.

(b) After expiration of the ten (10) calendar day period, if such default has not been cured or is not in the process of being diligently cured in the manner set forth in the notice or if the breach cannot reasonably be cured within ten (10) days, the Charging Party may, at its option, institute legal proceedings pursuant to this Agreement, and give notice of its intent to terminate this Agreement pursuant to Government Code section 65868. In the event City is the Charging Party, City may, in its sole discretion, give notice, as required by law, to the Charged Party of its intent to revoke or rescind any operable Conditional Use Permit related to or concerning the Cannabis Business Project.

(c) Prior to the Charging Party giving notice to the Charged Party of its intent to terminate, or prior to instituting legal proceedings, the matter shall be scheduled for consideration and review by City in the manner set forth in Government Code sections 65865, 65867 and 65868 within thirty (30) days from the expiration of the ten (10) day notice period.

(d) Following consideration of the evidence presented and said review before City, and after providing the Charged Party an additional five (5) calendar day period to cure, the Charging Party may institute legal proceedings against the Charged Party or may give written notice of termination of this Agreement to the Charged Party.

(e) Evidence of default may arise in the course of a regularly scheduled periodic review of this Agreement pursuant to Government Code section 65865.1, as set forth in Section 8.2. If any Party determines that another Party is in default following the completion of the normally scheduled periodic review, without reference to the procedures specified in Section 8.1(c), said Party may give written notice of termination of this Agreement, specifying in the notice the alleged nature of the default and potential actions to cure said default where appropriate. If the alleged default is not cured in ten (10) days or within such longer period specified in the notice or the defaulting Party is not diligently pursuing a cure, or if the breach cannot reasonably be cured within the period or the defaulting Party waives its right to cure such alleged default, this Agreement may be terminated by the non-defaulting Party by giving written notice. An extension of the ten (10) day cure period may be given by mutual consent of the Parties.

(f) In the event Developer is in default under the terms and conditions of this Agreement, no permit application shall be accepted by City, nor will any permit be issued to Developer until the default is cured or the Agreement is terminated.

**Section 8.2. Annual Review.** City shall, at least every twelve (12) months during the Term of this Agreement, review the extent of good faith, substantial compliance of

Developer and City with the terms of this Agreement. Such periodic review by City shall be limited in scope to compliance with the terms of this Agreement pursuant to California Government Code section 65865.1. City shall deposit in the mail or fax to Developer a copy of all staff reports and, to the extent practical, related exhibits concerning this Agreement or the Cannabis Business Project's performance, at least seven (7) days prior to such periodic review. Developer shall be entitled to appeal a determination of City or the City Manager to the City Council. Any appeal must be filed within ten (10) days of the decision of City or the City Manager, respectively. Developer shall be permitted an opportunity to be heard orally or in writing regarding its performance under this Agreement before City, the City Manager, or the City Council, as applicable. The reasonable cost for City's annual review of this Agreement shall be paid by Developer, not to exceed the actual costs incurred by City in connection with the review.

### **Section 8.3. Estoppel Certificate.**

(a) City shall, with at least twenty (20) days prior written notice, execute, acknowledge, and deliver to Developer, Developer's lender, potential investors, or assignees, an Estoppel Certificate in writing which certifies that this Agreement is in full force and effect, that there are no breaches or defaults under the Agreement, and that the Agreement has not been modified or terminated and is enforceable in accordance with its terms and conditions.

(b) At Developer's option, City's failure to deliver such Estoppel Certificate within the stated time period shall be conclusive evidence that the Agreement is in full force and effect, that there are no uncured breaches or defaults in Developer's performance of the Agreement or violation of any City ordinances, regulations, and policies regulating the use and development of the Site, the Cannabis Business Project, or the subject to this Agreement.

**Section 8.4. Default by City.** In the event City does not accept, review, approve, or issue any permits or approvals in a timely fashion, as defined by this Agreement, or if City otherwise defaults under the terms of this Agreement, City agrees that Developer shall not be obligated to proceed with or complete the Cannabis Business Project and shall constitute grounds for termination or cancellation of this Agreement by Developer.

**Section 8.5. Cumulative Remedies of Parties.** In addition to any other rights or remedies, City or Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, enforce any covenant, or enjoin any threatened or attempted violation of the provisions of this Agreement, so long as any such action conforms to Section 9.1(c) of this Agreement.

**Section 8.6. Forced Delay, Extension of Times of Performance.** Delays in performance, by either Party, shall not be deemed a default if such delays or defaults are due to war, terrorism, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, governmental restrictions imposed where mandated by governmental entities other than City, enactment of conflicting state or federal laws or regulations, new or supplementary environmental regulations enacted by the state or

federal government, litigation, or other force majeure events. An extension of time for such cause shall be in effect for the period of forced delay or longer, as may be mutually agreed upon.

**Section 8.7. Appeals.** Developer may appeal any adverse decision or action of City pursuant to the T.M.C, as may be amended from time to time.

## **ARTICLE 9 TERMINATION**

**Section 9.1. Termination ~~Upon Completion of Development.~~** This Agreement shall terminate upon the expiration of the Term, unless it is terminated earlier pursuant to the terms of this Agreement. Upon termination of this Agreement, City shall record a notice of such termination in substantial conformance with the "Notice of Termination" attached hereto as **Exhibit F**, and this Agreement shall be of no further force or effect except as otherwise set forth in this Agreement.

**Section 9.2. Effect of Termination on Developer's Obligations.** Termination of this Agreement shall eliminate any further obligation of Developer to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate the rights of Developer to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.3. Effect of Termination on City's Obligations.** Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

**Section 9.4. Survival After Termination.** The rights and obligations of the Parties set forth in this Section 9.4, Section 2.8, Section 6.3, Section 10.3, Section 10.4, Section 10.5, Section 10.7, and Section 10.10, and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

**Section 9.5. Criminal Conviction; Termination; Transfer Rights.** If Developer, or any owner, officer, director, manager, or person with a direct or indirect ownership or controlling interest in Developer, is convicted of a felony or any crime substantially related to the ownership or operation of a cannabis business, the City may, in its sole and absolute discretion, terminate this Agreement upon written notice. A "conviction" includes a guilty or nolo contendere plea and is deemed final upon entry of judgment, regardless of appeal.

Following such notice, Developer shall have a one hundred and eighty (180) day period to complete a transfer of its interest in this Agreement and the Project to a transferee approved in advance and in writing by the City. Approval is in the City's sole and absolute discretion. Any proposed transferee shall undergo a background investigation and meet

all applicable eligibility requirements, including approval by the Chief of Police or designee.

If an approved transfer is not completed within the one hundred and eighty (180) day period, this Agreement shall automatically terminate. Any unapproved transfer is void.

## **ARTICLE 10 OTHER GENERAL PROVISIONS**

**Section 10.1. Assignment and Assumption.** Developer shall not have the right to sell, assign or transfer all or any part of its rights, title, and interests in all or a portion of the Site or Project, subject to or a part of this Agreement, to any person, firm, corporation or entity during the Term of this Agreement without the advance written consent of the City Manager. This assignment prohibition applies to the corporate and business entities of Developer that are a Party to this Agreement. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement. If the City Manager approves an

assignment or transfer of any interest detailed in this Section 10.1, City and Developer shall execute an "Assignment and Assumption Agreement" in the form attached hereto as **Exhibit J**.

**Section 10.2. Covenants Running with the Land.** All of the provisions contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assigns, representatives, lessees, and all other persons acquiring all or a portion of interest in the Site or Project, whether by operation of law or in any manner whatsoever. All of the provisions contained in this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to California law, including California Civil Code section 1468. Each covenant herein to act or refrain from acting is for the benefit of or a burden upon the Cannabis Business Project and, as appropriate, runs with the Site and is binding upon Developer.

**Section 10.3. Notices.** Any notice or communication required hereunder between City and Developer must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS, or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday, or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent; or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City:           City of Turlock  
                          156 S. Broadway  
                          Turlock, CA 95380  
                          Attention: ~~Reagan M. Wilson~~, City Manager

and                    ~~Katie O. Lucchesi, City Attorney~~  
                          ~~156 S. Broadway~~  
                          ~~Turlock, CA 95380~~ ~~Petrulakis Law & Advocacy, APC~~  
                          ~~P.O. Box 92~~  
                          ~~Modesto, CA 95353-0092~~  
                          ~~Attention: George A. Petrulakis, City Attorney~~

If to Developer: ~~JOI Farms, Inc.~~  
~~1631 Fig Ave.~~  
~~Patterson, CA 95363 Attn: Darron Silva~~  
Plan4Dream Investments, LLC  
Qingyu Huang

**Section 10.4. Governing Law and Binding Arbitration.** The validity, interpretation, and performance of this Agreement shall be controlled by and construed pursuant to the laws of the state of California. Any dispute, claim, or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation, or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall be determined by binding arbitration in Sacramento, California, before one arbitrator. The arbitration shall proceed pursuant to the Comprehensive Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services ("JAMS"). Judgment on the award may be entered in any court having jurisdiction thereof.

**Section 10.5. Invalidity of Agreement/Severability.** If this Agreement, in its entirety, is determined by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by an arbitrator or court of competent jurisdiction to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal.

**Section 10.6. Cumulative Remedies.** In addition to any other rights or remedies, City and Developer may institute legal or equitable proceedings to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of the provisions of this Agreement. The prevailing Party in any such action shall be entitled to reasonable attorneys' fees and costs. Notwithstanding the foregoing or any other provision of this Agreement, in the event of City default under this Agreement, Developer agrees that it may not seek, and shall forever waive any right to, monetary damages against City, but excluding, therefrom, the right to recover any fees or charges paid by Developer in excess of those permitted hereunder.

**Section 10.7. Third Party Legal Challenge.** In the event any legal action or special proceeding is commenced by any person or entity challenging this Agreement or any associated entitlement, permit, or approval granted by City to Developer for the Cannabis Business Project (collectively, "Project Litigation"), the Parties agree to cooperate with each other as set forth herein. City may elect to tender the defense of any lawsuit filed

{CW082303.3}

and related, in whole or in part, to Project Litigation with legal counsel selected by City.

Developer will indemnify, hold City harmless from, and defend City from all costs and expenses incurred in the defense of such lawsuit, including, but not limited to, damages, attorneys' fees, and expenses of litigation awarded to the prevailing Party or Parties in such litigation. Developer shall pay all litigation fees to City within thirty (30) days of receiving a written request and accounting of such fees and expenses from City. Notwithstanding the aforementioned, City may request, and Developer will provide to City within seven (7) days of any such request, a deposit to cover City's reasonably anticipated Project Litigation fees and costs.

**Section 10.8. Constructive Notice and Acceptance.** Every person who, after the Effective Date and recording of this Agreement, owns or acquires any right, title or interest to any portion of the Site is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

**Section 10.9. Statute of Limitations and Laches.** City and Developer agree that each Party will undergo a change in position in detrimental reliance upon this Agreement from the time of its execution and subsequently. The Parties agree that Section 65009(c)(1)(D) of the California Government Code, which provides for a ninety (90) day statute of limitations to challenge the adoption of this Agreement, is applicable to this Agreement. In addition, any person who may challenge the validity of this Agreement is hereby put on notice that, should the legality or validity of this Agreement be challenged by any third party in litigation, which is filed and served more than ninety (90) days after the execution of this Agreement, City and Developer shall each assert the affirmative defense of laches with respect to such challenge, in addition to all other available defenses. This Section in no way limits the right of a Party, claiming that the other Party breached the terms of this Agreement, to bring a claim against the other Party within the four (4) year statute of limitations set forth in Section 337 of the California Civil Code.

**Section 10.10. Joint and Several Liability.** Developer shall be jointly and severally liable for any amount due under this Agreement, and any breach of this Agreement or failure to pay by one Party shall also constitute a breach of this Agreement by the other Party. Developer agrees that City may impose a lien and seek foreclosure on any parcel of the Site due to any default by Developer.

**Section 10.11. Change in State Regulations.** In no event shall Developer operate the Cannabis Business Project in violation of the Agreement, or State Cannabis Regulations, as may be amended from time to time.

**Section 10.12. Standard Terms and Conditions.**

(a) Venue. Venue for all legal proceedings shall be the JAMS Resolution Center in Sacramento, California.

(b) Waiver. A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

(c) Completeness of Instrument. This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

(d) Supersedes Prior Agreement. It is the intention of the Parties hereto that this Agreement shall supersede any prior agreements, discussions, commitments, or representations, written, electronic, or oral, between the Parties hereto with respect to the Site or Cannabis Business Project.

(e) Captions. The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

(f) Number and Gender. In this Agreement, the neuter gender includes the feminine and masculine, and the singular includes the plural, and the word "person" includes corporations, partnerships, firms, or associations, wherever the context requires.

(g) Mandatory and Permissive. "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

(h) Term Includes Extensions. All references to the Term of this Agreement shall include any extensions of such Term.

(i) Counterparts. This Agreement may be executed simultaneously, and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

G) Other Documents. The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

(k) Time is of the Essence. Time is of the essence in this Agreement in each covenant, term, and condition herein.

(l) Authority. All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, no Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

(m) Document Preparation. This Agreement will not be construed against the Party preparing it but will be construed as if prepared by all Parties.

(n) Advice of Legal Counsel. Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

(o) Attorneys' Fees and Costs. If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorneys' fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(p) Calculation of Time Periods. All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

## **SIGNATURES ON FOLLOWING PAGE**

**IN WITNESS WHEREOF**, this Agreement has been entered into by and between Developer and City as of the Effective Date of the Agreement, as defined above.

**“CITY”**

CITY OF TURLOCK, a  
California municipal corporation

By: \_\_\_\_\_  
Gary Hampton  
City Manager

Dated: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Nichole Feiz  
City Clerk

Approved to as Form

By \_\_\_\_\_  
Katie O. Lucchesi  
City Attorney

**“DEVELOPER”**

Plan4Dream Investments, LLC, a California  
limited liability company

By: \_\_\_\_\_  
Qingyu Huang

Its: \_\_\_\_\_  
Managing Member

Dated: \_\_\_\_\_

**California All-Purpose Acknowledgment**

*A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.*

State of California            )  
  )  
County of \_\_\_\_\_)

On \_\_\_\_\_, before me \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

\_\_\_\_\_  
(Signature)

(Seal)

**California All-Purpose Acknowledgment**

*A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.*

State of California    )  
  )  
County of \_\_\_\_\_)

On \_\_\_\_\_, before me \_\_\_\_\_, a Notary Public, personally appeared \_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

\_\_\_\_\_  
(Signature)

(Seal)

**Exhibit A**  
**LEGAL DESCRIPTION**

**The land referred to herein is situated in the State of California, County of Stanislaus, City of Turlock and described as follows:**

Parcel A as shown on the Parcel Map filed for record February 27, 2019 in Book 57 of Parcel Maps, at Page 91 Stanislaus County Records, more particularly described as follows:

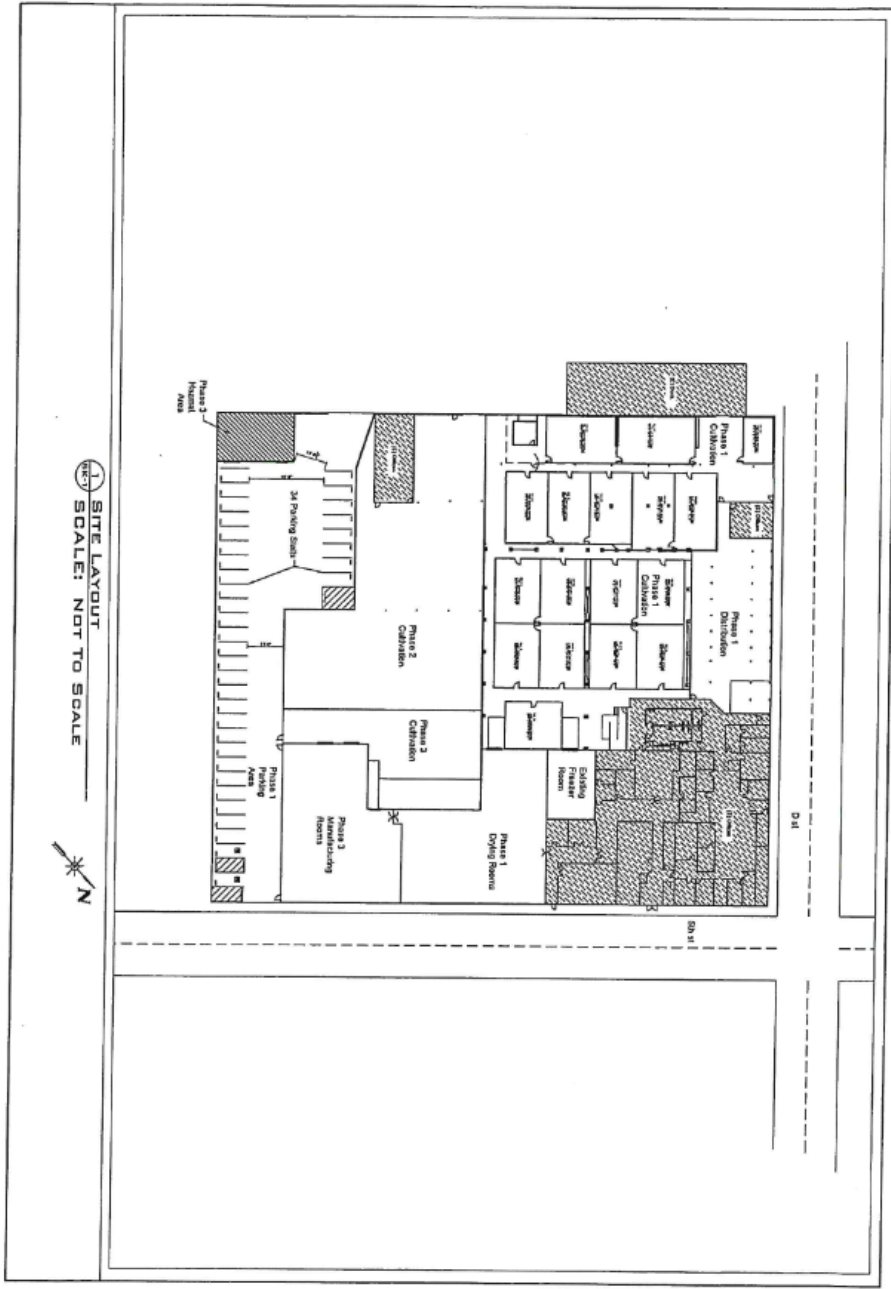
Beginning at the southerly corner of D Street and Fifth Street at the North corner of said Parcel A; thence South 41°58'00" East a distance of 350.00 feet along the Southwesterly right-of-way line of Fifth Street; thence South 48°01'46" West a distance of 300.00 feet; thence North 41°58'00" West a distance of 70.00 feet; thence South 48°01'46" West a distance of 63.25 feet; thence North 41°58'00" West a distance of 280.00 feet to the Southeasterly right-of-way line of D Street; thence North 48°01'46" East a distance of 363.25 feet along said D Street right-of-way line to the Point of Beginning of this description.

Containing 2.82 Acres, more or less. Subject to all easements and rights-of-way of record.

APN: 043-018-016

**Exhibit B**

**Cannabis Business Project Site Map**



<p><b>REVISIONS</b></p> <table border="1"> <thead> <tr> <th>NO.</th> <th>DATE</th> <th>BY</th> <th>DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	NO.	DATE	BY	DESCRIPTION													<p><b>DATE:</b> 10/15/2010  <b>TIME:</b> 10:00 AM  <b>PROJECT:</b> Cold Storage Manufacturing, Inc.  <b>LOCATION:</b> 10000 10th Street, NW, Grand Rapids, MI 49508  <b>CLIENT:</b> Cold Storage Manufacturing, Inc.  <b>DESIGNER:</b> C&amp;K Architects, Inc.  <b>SCALE:</b> NOT TO SCALE</p>	<p><b>COLD STORAGE MANUFACTURING, INC.</b>      Specialists in Low Temperature Construction</p>	<p><b>Tenant Improvement</b>      C&amp;K Architects      10000 10th Street, NW      Grand Rapids, MI 49508      Phone: 616-941-1000      Fax: 616-941-1001      Email: info@ckarchitects.com</p>	<p><b>SITE LAYOUT</b>      SK-1</p>
NO.	DATE	BY	DESCRIPTION																	

**Exhibit C**

**Site Deed**

RECORDING REQUESTED BY:  
Stewart Title of California, Inc.

WHEN RECORDED MAIL TO:  
AND MAIL TAX STATEMENT TO:

Darron Silva  
1631 Fig Ave  
Patterson, CA 95363

ORDER NO. 616534  
APN: 043-018-016(New)



Stanislaus, County Recorder  
Donna Linder Co Recorder Office  
DOC- 2020-0004949-00

Acct 403-Mail Documents  
Friday, JAN 24, 2020 13:26:28  
Ttl Pd \$1,952.00 Rcpt # 0004381702  
SCT/R3/1-2

SPACE ABOVE THIS LINE FOR RECORDERS USE

**GRANT DEED**

THE UNDERSIGNED GRANTOR(s) DECLARE(s)

DOCUMENTARY TRANSFER TAX is \$1,925.00

CITY TAX \$0.00

- Monument Preservation Fee is: \$10.00
- computed on full value of property conveyed, or
- computed on full value less value of liens or encumbrances remaining at time of sale.

Unincorporated area  City of Turlock

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
680D Street, LLC, a California limited liability company

hereby GRANT(S) to Darron Silva, a single man

the following described real property in the City of Turlock, County of Stanislaus, State of California:

Parcel A as shown on Parcel Map filed for record February 27, 2019 in Book 57 of Parcel Maps, at Page 91 Stanislaus County Records.

Date: January 14, 2020

680D Street, LLC, a California limited liability company

By:   
Michael S. Hutchings, Member

MAIL TAX STATEMENT AS DIRECTED ABOVE

Order No.: 616534  
Grant Deed Sale

Page 1 of 2

25

**Exhibit D**

**Notice of Non-Performance Penalty**

DATE: \_\_\_\_\_, 2026

PARTIES: CITY OF TURLOCK  
156 S Broadway  
Turlock, CA 95380  
Attention: City Manager

DEVELOPER  
Plan4Dream, LLC

\_\_\_\_\_  
Attention: Qingyu Huang, Managing Member

**THIS NOTICE OF NON-PERFORMANCE PENALTY** ("Penalty Notice") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

- A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 2019, City recorded a development agreement between City and Fire House Cooperative, Inc. ("Developer"), dated \_\_\_\_\_, 2019 (the "Development Agreement"), relating to the development and operation of a cannabis business.
- B. Pursuant to Section 4.2 of the Development Agreement, Developer agrees to pay to City a Public Benefit on the first business day of each month during the Term of the Development Agreement.
- C. On \_\_\_\_\_, 20\_\_, the Public Benefit was due to City by Developer. City did not receive payment.
- D. Pursuant to Section 4.5 of the Development Agreement, if Developer fails to make payment when it is due, City may impose a penalty of ten percent (10%) of the total of the past due amounts ("Penalty"). As of \_\_\_\_\_, 20\_\_, the past due amount equals \$\_\_\_\_\_. The Penalty owed by Developer equals \$\_\_\_\_\_ ("Penalty Amount").
- E. Pursuant to Section 4.5 of the Development Agreement, Developer shall make payment of the Penalty Amount in a single installment due within fifteen (15) days of delivery of this Penalty Notice ("Penalty Due Date").

- F. Pursuant to Section 4.6 of the Development Agreement, if Developer fails to pay the Penalty Amount before the Penalty Due Date, then, in addition to the Penalty Amount specified in subdivision (D), Developer shall pay City interest on the Penalty Amount, at the rate of eighteen percent (18%) per annum ("Penalty Interest Payment"), computed from the Penalty Due Date specified in subdivision (E). The Penalty Interest Payment is due fifteen (15) days following delivery of the Penalty Due Date. As of \_\_\_\_\_, 20\_\_\_\_, the Penalty Interest Payment amount equals \$\_\_\_\_\_.
- G. Nothing contained herein shall constitute a waiver of City's future claims for the Public Benefit, Penalty, or interest on the Penalty.

**NOW, THEREFORE,** City hereby provides Developer the Penalty Notice required by Section 4.5 of the Development Agreement. This Penalty Notice shall be effective upon notice pursuant to Section 10.3 of the Development Agreement.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

{CW082303 .3}

## Exhibit E

### INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING

**THIS INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING** ("Agreement") is made and entered into on this \_\_\_\_ day of \_\_\_\_\_, 2026, ("Effective Date") by and between the City of Turlock, a California municipal corporation ("City") and Plan4Dream Investments, LLC, a California limited liability company ("Applicant"). City and Applicant may be referred to herein individually as a "Party" or collectively as the "Parties". There are no other parties to this Agreement.

#### RECITALS

A. In 1996, the people of the state of California approved Proposition 215, the Compassionate Use Act of 1996 ("CUA"). The CUA enables seriously ill Californians to legally possess, use, and cultivate marijuana for medical use under state law. In 2003, the California Legislature adopted Senate Bill 420, entitled the Medical Marijuana Program ("MMP"), which authorizes qualified patients and their primary caregivers to cultivate marijuana for medical purposes without being subject to criminal prosecution under the California Penal Code.

B. On October 9, 2015, Governor Jerry Brown signed three bills into law (Assembly Bill 266, Assembly Bill 243, and Senate Bill 643) which are collectively referred to as the Medical Cannabis Regulation and Safety Act ("MCRSA"). MCRSA establishes a statewide regulatory system for the cultivation, processing, transportation, testing, manufacturing, and distribution of medical marijuana to qualified patients and their primary caregivers.

C. On November 8, 2016, California voters passed Proposition 64, the Adult Use of Marijuana Act ("AUMA"). AUMA legalizes the cultivation, commercial sale, and possession of recreational cannabis for adults age 21 and older.

D. On June 27, 2017, Governor Jerry Brown signed into law the Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA"), which created a single regulatory scheme for both medicinal and adult-use cannabis businesses. MAUCRSA retains the provisions in the MCRSA and AUMA that granted local jurisdictions control over whether businesses engaged in commercial cannabis activity may operate in a particular jurisdiction.

E. On December 7, 2017, California state cannabis licensing authorities issued emergency regulations that apply to AUMA and MAUCRA and further regulate businesses engaged in commercial cannabis activity.

F. Turlock Municipal Code ("T.M.C.") Chapter 5.21 authorizes cannabis businesses to operate within the City under specified restrictions pursuant to a Cannabis **Pilot** Program.

G. Applicant intends to improve, develop, and use real property to operate a cannabis business (the "Project") within the City in strict compliance with MAUCRSA and T.M.C. chapter 5.60.

H. Applicant has an agreement to purchase that certain real property located at 600 D Street in the City of Turlock, identified as Stanislaus County Assessor's Parcel Number 043-018-016 (the "Project"). Applicant intends to improve approximately 98,770 square feet of space and operate the Project on the Property.

I. As a condition of approval of the Land Use Entitlements, City has required Applicant to enter into this Agreement.

J. It is in the public interest for City and Applicant to enter into this Agreement, as Applicant will benefit from City's processing of the Project.

K. Applicant desires to enter into this Agreement to fulfill a condition of approval of the Project, which is a prerequisite for construction of the Project.

## **AGREEMENT**

**NOW, THEREFORE**, in consideration of the promises, covenants and agreements set forth below, the Parties agree as follows:

**Section 1. Recitals.** The recitals set forth above ("Recitals") are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 19 of this Agreement, Sections 1 through 19 shall prevail.

### **Section 2. Applicant's Indemnification Obligations.**

**2.1. Indemnification for Land Use Entitlements.** To the fullest extent permitted by law, Applicant shall indemnify, and hold harmless City and its agents, elected and appointed officials, officers, employees, and volunteers (collectively, "City's Agents") from any and all liability arising out of a claim, action, or proceeding against City, or City's Agents, to attack, set aside, void, or annul, an approval concerning the Land Use

Entitlements by reason of the action or inaction of City, or City's Agents. Applicant's duty to indemnify and hold harmless shall not extend to any claim, action or proceeding arising from the gross negligence or willful misconduct of City, or City's Agents.

Applicant's obligations under this Agreement to indemnify City shall apply to any claim, lawsuit or challenge against City brought against the Project, specifically including, but not limited to, any legal challenge based on the California Environmental Quality Act, codified in California Public Resources Code section 21000 et seq.; actions or proceedings brought to challenge the validity of environmental documents prepared in conjunction with the approval of the Project or Land Use Entitlements, or the requirements of any other federal, state, or local laws, including, but not limited to, general plan, specific plan, and zoning requirements.

**2.2. Tender of Defense.** Upon receiving notice of a claim and pursuant to Article 6 of the Land Use Entitlements, Applicant shall assume the defense of the claim, action, or proceeding through the prompt payment of all attorneys' fees and costs, incurred in good faith and in the exercise of reasonable discretion, of City's counsel in defending such an action. Regardless of whether Applicant chooses to defend City pursuant to Section 6.4 of the Land Use Entitlements, City shall have the absolute and sole authority to control the litigation and make litigation decisions, including, but not limited to, selecting counsel to defend City and settlement or other disposition of the matter.

**2.3. Deposit for Costs.** Applicant shall make a refundable deposit to City within thirty (30) days of written notification from City ("Cost Deposit"), to cover the estimated fees and costs associated with City's defense of any claim, action or proceeding. Applicant shall make any and all additional payments to City to replenish the Cost Deposit within thirty (30) days of written notice from City.

**2.4. Failure to Indemnify; Waiver.** Failure to indemnify City, when required by this Agreement, shall constitute a material breach of this Agreement and of the Land Use Entitlements, which shall entitle City to all remedies available under law including, but not limited to, specific performance and damages. Failure to indemnify shall constitute grounds upon which City may rescind its approval of the Land Use Entitlements. Applicant's failure to indemnify City shall be a waiver by Applicant of any right to proceed with the Project, or any portion thereof, and a waiver of Applicant's right to file a claim, action or proceeding against City or City's Agents based on City's rescission or revocation of the Land Use Entitlements, or City's failure to defend any claim, action or proceeding based on Applicant's failure to indemnify City.

**2.5. Satisfaction of Judgment.** With respect to any claims, demands, acts, causes of action, damages, costs, expenses, settlements, losses or liabilities which Applicant has indemnified City against, Applicant shall pay and satisfy any judgment, award, settlement or decree that may be rendered or agreed against City and City's Agents arising out of any final, non-appealable judicial or administrative action.

**2.6. Payment of Costs and Fees.** Applicant's obligations under this Agreement to defend and indemnify City shall include, but not be limited to, payment of all court costs and attorneys' fees, all litigation-related costs, all costs of any judgments or awards against City, or all settlement costs which arise out of City's processing or approval of the Project.

**2.7. Continuing Obligation.** Applicant shall be and remain personally obligated to all of the terms of this Agreement, notwithstanding any attempt to assign, delegate or otherwise transfer all or any of the rights or obligations of this Agreement, and notwithstanding a change in or transfer of ownership of the real property upon which the Project is located (or any interest therein). However, Applicant may be released from such obligations if Applicant obtains City's prior written consent to such transfer, which consent shall not be unreasonably withheld.

**Section 3. City's Obligations.** City shall notify Applicant of any claim, action or proceeding within ten (10) business days of receiving service of any claim, action or proceeding. If City fails to notify Applicant of any claim, action, or proceeding, Applicant shall not, thereafter, be responsible to defend, indemnify, or hold City harmless. City shall have and retain, in its sole discretion, the right to not participate in the defense of any claim, action, or proceeding. At its sole discretion, City may participate at its own expense in the defense, but such participation shall not relieve Applicant of any obligation imposed by this Agreement.

**Section 4. Notice.** Any notice or communication required hereunder between City and Applicant must be in writing and may be given either personally, by facsimile (with original forwarded by regular U.S. Mail), by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by facsimile transmission, a notice or communication shall be deemed to have been given and received upon actual physical receipt of the entire document by the receiving Party's facsimile machine. Notices transmitted by facsimile after 5:00 p.m. on a normal business day, or on a Saturday, Sunday or holiday, shall be deemed to have been given and received on the next normal business day. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the Party to whom notices are to be sent, or  
(b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties

at their addresses set forth below:

{CW082303.3}

INDEMNITY AGREEMENT FOR LAND USE ENTITLEMENT PROCESSING  
CITY OF TURLOCK AND [JOI FARMS, INC. PLAN4DREAM INVESTMENTS, LLC](#)

If to City: City of Turlock 156 S.  
Broadway  
Turlock, CA 95380 Attention:  
City Manager

and ~~Petoulakis Law & Advocacy, APC 156 S. Broadway  
Turlock, CA 95380  
P.O. Box 92 Attention: City Attorney  
Modesto, CA 95353-0092  
Attention: City Attorney~~

If to Developer:

~~JOI Farms, Inc.  
1631 Fig Ave.  
Patterson, CA  
95363 Plan4Dream Investments,  
LLC Attention: Darren  
Silva Qingyu Huang~~

**Section 5. Modification of Agreement.** This Agreement may be supplemented, amended, or modified only by a writing signed by City and Applicant.

**Section 6. Entire Agreement.** This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the Parties pertaining to the action and supersedes all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement.

**Section 7. Agreement is Voluntary.** The Parties acknowledge that they have entered into this Agreement voluntarily, on the basis of their own judgment and without coercion, and not in reliance on any promises, representations, or statements made by the other Party other than those contained in this Agreement. This Agreement incorporates the entire understanding of the Parties and recites the sole consideration of the promises and agreements contained within it. The Parties have read this Agreement and are fully aware of its contents and legal effect.

**Section 8. Time of Essence.** Time is of the essence for this Agreement, and each section contained within this Agreement is made and declared to be a material, necessary, and essential part of this Agreement.

**Section 9. Severability of Agreement.** If a court or an arbitrator of competent jurisdiction

holds any section of this Agreement to be illegal, unenforceable, or invalid for any reason, the validity and enforceability of the remaining sections of this Agreement shall not be affected.

{CW082303.3}

**Section 10. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement, and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all former requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, neither Party hereto shall have breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 11. Noninterference.** No Party will do anything to interfere with or inhibit the ability of the other to comply with their respective obligations under the terms of this Agreement.

**Section 12. Ambiguities.** Each Party has participated fully in the review and revision of this Agreement. Any rule of construction that ambiguities are to be resolved against the drafting Party does not apply in interpreting this Agreement.

**Section 13. Headings.** The headings in this Agreement are included for convenience only, and neither affect the construction or interpretation of any section in this Agreement nor affect any of the rights or obligations of the Parties to this Agreement.

**Section 14. Necessary Acts and Further Assurances.** The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement. The Parties will act in good faith to carry out the intent of this Agreement.

**Section 15. Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of California.

**Section 16. Venue.** Venue for all legal proceedings shall be in the Superior Court of the State of California in and for the County of Stanislaus.

**Section 17. Attorney's Fees and Costs.** If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret sections of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 18. Waiver.** No covenant, term, or condition, or the breach thereof, shall be deemed waived, except by written consent of the Party against whom the waiver is

claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

**Section 19. Counterparts.** This Agreement may be executed in counterparts and all so executed shall constitute an agreement which shall be binding upon the Parties hereto, notwithstanding that the signatures of all Parties and Parties' designated representatives do not appear on the same page.

**[SIGNATURE PAGE TO FOLLOW]**

IN WITNESS THEREOF, the Parties have executed this Agreement on the day, month and year first above written.

**APPLICANT**

Plan4Dream Investments, LLC

By: \_\_\_\_\_  
Qingyu Huang

Its: \_\_\_\_\_  
Managing Member

Date: \_\_\_\_\_

**CITY**

City of Turlock, a California municipal corporation

By: \_\_\_\_\_  
Gary Hampton, City Manager

Date: \_\_\_\_\_

Plan4Dream Investments, LLC

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

Its: \_\_\_\_\_  
Managing Member

Date: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Katie O. Lucchesi, City Attorney

**Exhibit F Notice of**

{CW082303.3}

ASSIGNMENT AND ASSUMPTION AGREEMENT  
CITY OF TURLOCK AND JOI FARMS, INC.  
PLAN4DREAM INVESTMENTS, LLC

**Termination**

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: City Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**NOTICE OF TERMINATION AND RELEASE OF DEVELOPMENT AGREEMENT**

DATE: \_\_\_\_\_, 20\_\_

PARTIES: CITY OF TURLOCK

156 S Broadway  
Turlock, CA 95380

Plan4Dream Investments, LLC

\_\_\_\_\_

Attention: Qingyu Huang, Managing Member

**THIS NOTICE OF TERMINATION AND RELEASE** (the "Release") is being executed by the City of Turlock, a California municipal corporation ("City"), with reference to the following.

A. By Instrument No. \_\_\_\_\_, which was recorded in the Official Records of Stanislaus County, California, on \_\_\_\_\_, 2019, City recorded a development agreement between City and \_\_\_\_\_, dated \_\_\_\_\_, 2019 (the "Development Agreement"), relating to the development and operation of a cannabis business.

B. Pursuant to Sections 1.7 and 9.1 of the Development Agreement, the term of the Development Agreement expires five (5) years from \_\_\_\_\_, 2019, on \_\_\_\_\_, 20\_\_.

C. Pursuant to Section 9.1 of the Development Agreement, once terminated, the Development Agreement has no further force or effect, unless otherwise set forth in the Development Agreement.

**NOW, THEREFORE**, City hereby terminates, cancels, and otherwise releases Developer and

{CW082303.3}

ASSIGNMENT AND ASSUMPTION AGREEMENT  
CITY OF TURLOCK AND ~~JOI FARMS, INC.~~  
PLAN4DREAM INVESTMENTS, LLC

Developer's heirs, executives, administrators, successors, and assigns from their obligations in the Development Agreement on this \_\_\_\_ of \_\_\_\_\_, 20\_\_\_\_, and relinquishes any right it may hereafter have to enforce any of the terms and provisions set forth in the Development Agreement, unless otherwise set forth in the Development Agreement. This termination, cancellation, and release shall be effective upon the recordation of this Release in the office of the County Recorder for the County of Stanislaus, State of California.

CITY OF TURLOCK,  
a California municipal corporation

By: \_\_\_\_\_  
City Manager

**Exhibit G**

{CW082303.3}

## Assignment and Assumption Agreement

RECORDING REQUESTED BY AND WHEN  
RECORDED RETURN TO:

City of Turlock  
156 S Broadway  
Turlock, CA 95380  
Attention: Ci!Y\_Clerk

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code § 6103

**THIS ASSIGNMENT AND ASSUMPTION AGREEMENT** (the "Agreement") is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Plan4Dream Investments, LLC, a California limited liability company ("Assignor") and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee").

### RECITALS

A. On \_\_\_\_\_, 20\_\_, Assignor and the City of Turlock (the "City") entered into that certain agreement entitled "Development Agreement by and between the City of Turlock, a California municipal corporation and Plan4Dream Investments, LLC, a California limited liability company, relating to the improvement, development, and use of real property to operate a cannabis business (the "Development Agreement"), originally recorded upon Stanislaus County Assessor's Parcel Number 043-018-016 (the "Property").

B. Section 10.1 of the Development Agreement prohibits the sale, assignment, or transfer by Assignor of any portion of Assignor's interests, rights, or titles described in that section of the Development Agreement ("Assignable Rights") to a third party without prior written approval by the City Manager of the City of Turlock (the "City Manager").

C. Assignor intends to assign, and Assignee intends to assume, the Assignable Rights under the Development Agreement.

D. In accordance with the terms of the Development Agreement, Assignor has provided to the City Manager a written request for consent to assignment. The City Manager has received the information he or she deems appropriate and consulted with the City Attorney for the purpose of determining that Assignee is a qualified applicant for purposes of the foregoing terms of the Development Agreement. This Agreement is intended to meet the requirements of Section 10.1 of the Development Agreement for an Assignment and Assumption Agreement and is executed with the consent of the City Manager as contemplated in the Development Agreement.

{CW082303.3}

ASSIGNMENT AND ASSUMPTION AGREEMENT  
CITY OF TURLOCK AND ~~JOI FARMS, INC.~~  
PLAN4DREAM INVESTMENTS, LLC

**NOW, THEREFORE,** Assignor and Assignee hereby agree as follows:

1. The foregoing Recitals are true and incorporated herein by this reference as though set forth in full.
2. Assignor hereby assigns to Assignee all of the Assignable Rights of Assignor under the Development Agreement.
3. Assignee hereby assumes all of the burdens and obligations of Assignor under the Development Agreement and agrees to observe and fully perform all of the duties and obligations of Assignor under the Development Agreement, and to be subject to all the terms and conditions thereof, with respect to the Property and Assignable Rights. It is the express intention of Assignor and Assignee that, upon the execution of this Agreement, Assignee shall become substituted for Assignor as the "Developer" under the Development Agreement.
4. This Agreement shall take effect and be binding only upon the City Manager's consent to and approval of the Agreement.
5. Assignee represents and warrants that it has reviewed and is familiar with the terms and conditions of the Development Agreement. Assignee acknowledges that the Assignable Rights are as set forth in Section 10.1 of the Development Agreement, and the duties of Assignor thereunder and the duties of Assignee hereunder, as between Assignee and City, shall be without reference to any underlying agreements or understandings that may exist between Assignee, Assignor, or any other party with respect to the subject matter hereof, and that City is not party to such other agreements.
6. All of the covenants, terms, and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

**IN WITNESS HEREOF,** the parties hereto have executed this Agreement as of the day and year first above written.

[Signatures on the Following Page]

**ASSIGNOR**

↓ Plan4Dream Investments,  
LLC, a California limited  
liability company

By: \_\_\_\_\_  
Qingyu Huang  
Its: Managing Member

Date: .....

**ASSIGNEE**

City of Turlock, a California municipal  
corporation

By: \_\_\_\_\_  
Gary Hampton, City Manager

Date: .....

**APPROVED AS TO FORM:**

By: \_\_\_\_\_ Katie  
O. Lucchesi,  
City Attorney