



SAN JOAQUIN
— COUNTY —
Greatness grows here.

Community Development Department

Planning · Building · Code Enforcement · Fire Prevention · GIS

December 15, 2021

Morada Land Company
3108 Cherryland Ave.
Stockton, CA 95215

Dear Owners:

Re: Special Purpose Plan No. PA-2000070 and Development Agreement No. PA-2000142 of Morada Land Company (APN[s]/Address: 143-170-21 / 1555 N. Report Ave., Stockton)

ACTION: On July 13, 2021, the San Joaquin County Board of Supervisors approved Special Purpose Plan No. PA-2000070 and Development Agreement No. PA-2000142 subject to the enclosed Conditions of Approval.

EXPIRATION: This action requires you to comply with all Conditions of Approval within the next 18 months (by January 12, 2023). If you have not complied with the Conditions of Approval by that date, this approval will expire, and the project cannot proceed.

NEXT STEP: Prior to the expiration date, you must comply with all Conditions of Approval, including the securing of building permits and any other permits specified in the Conditions of Approval.

Please contact me if you have questions regarding the Community Development Department Conditions (Phone: [209] 468-0227, Email: gsanfilippo@sjgov.org). Questions regarding the building permit process should be directed to the counter staff (Phone: [209] 468-2098).

Sincerely,

A handwritten signature in blue ink, reading "Giuseppe Sanfilippo".

Giuseppe Sanfilippo
Associate Planner

GS/dm

Enclosure(s): Board Resolution R-21-104, Conditions, Site Plan, Basis for Recommendation, Development Agreement

c: San Joaquin County Building Inspection Division
San Joaquin County Environmental Health
San Joaquin County Public Works

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BOARD RESOLUTION R-21-104

**PA-2000007, 94 (SPP, DA)
MORADA LAND COMPANY**

BEFORE THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN JOAQUIN
STATE OF CALIFORNIA

RESOLUTION

R-21-104

RESOLUTION APPROVING DEVELOPMENT AGREEMENT NO. PA-2000142 AND
SPECIAL PURPOSE PLAN NO. PA-2000070 OF MORADA LAND COMPANY (C/O
DRIVON CONSULTING),
(2nd DISTRICT)

WHEREAS, on April 15, 2021 the Planning Commission forwarded Development Agreement No. PA-2000142 and Special Purpose Plan No. PA-2000070 of Morada Land Company to the Board of Supervisors with a recommendation of approval.

WHEREAS, on July 13, 2021, the Board of Supervisors did conduct a public hearing on the Project, notice of which was given in accordance with the law, and oral and documentary evidence having been received in favor of or opposed to said project and this Board of Supervisors being advised on the matter;

NOW, THEREFORE, BE IT RESOLVED by this Board of Supervisors that Development Agreement No. PA-2000142 and Special Purpose Plan No. PA-2000070 are approved with the Basis for Recommendation and Conditions of Approval.

PASSED AND ADOPTED July 13, 2021, by the following vote of the Board of Supervisors, to wit:

AYES: **Villapudua, Miller, Patti**

NOES: **Winn**

ABSENT: **Rickman**

ABSTAIN: **None**

Tom Patti

TOM PATTI
Chair, Board of Supervisors
County of San Joaquin
State of California

ATTEST: RACHÉL DeBORD
Clerk of the Board of Supervisors
County of San Joaquin
State of California



Rachél DeBord

Resolution Template 12/2020

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CONDITIONS OF APPROVAL

PA-2000070, 142 (SPP, DA)
MORADA LAND COMPANY

Development Agreement No. PA-2000142 and Special Purpose Plan No. PA-2000070 were approved by the Board of Supervisors July 13, 2021. The effective date of approval is July 13, 2021. This approval will expire on January 12, 2023, which is 18 months from the effective date of approval, unless (1) all Conditions of Approval have been complied with, (2) all necessary building permits have been issued and remain in force, and (3) all necessary permits from other agencies have been issued and remain in force.

Unless otherwise specified, all Conditions of Approval and ordinance requirements shall be fulfilled prior to the establishment of the use and the issuance of any building permits. Those Conditions followed by a Section Number have been identified as ordinance requirements pertinent to this application. Ordinance requirements cannot be modified, and other ordinance requirements may apply.

1. COMMUNITY DEVELOPMENT DEPARTMENT (Contact: [209] 468-3121)

- a. **BUILDING PERMIT:** Submit an "APPLICATION- COMMERCIAL BUILDING PERMIT". The Site Plan required as a part of the Building Permit must be prepared by a registered civil engineer or licensed architect. This Plan must show drainage, driveway access details including gates, on-site parking, landscaping, signs, existing and proposed utility services, and grading (refer to the "SITE PLAN CHECK LIST" for details. Foundation and soils investigation shall be conducted in conformance with Chapter 18 of the California Building Code at the time of permit application. A fee is required for Site Plan review. (Development Title 9-884)
- b. **APPROVED USE:** This is an approval is for a Development Agreement and Special Purpose Plan to develop a Cannabis Business Park permitting cultivation, distribution, laboratory testing, manufacturing, and non-storefront retail sales (delivery only), or any combination of commercial cannabis operations by one or more tenant operators. The project includes converting an existing 12,880 square foot building to a variety of commercial cannabis uses as shown on the site plan dated April 20, 2020.
- c. **CAPITAL FACILITY FEE:** This project may be subject to the Capital Facility Fee. If the Capital Facility Fee is applicable, the County shall collect the fees before issuance of any building permits. (Development Title Section 9-1245.2)
- d. **MERGER OF PARCELS:** A Merger of Parcels application for lots 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28, and 30 of the Sutroville Villa Addition Map shall be completed prior to the issuance of any Building Permits for the facility. A fee is required for this application.
- e. **PARKING:** Off-street parking shall be provided and comply with the following:
 1. All parking spaces, driveways, and maneuvering areas shall be surfaced and permanently maintained with asphalt concrete or Portland cement concrete to provide a durable, dust free surface. Bumper guards shall be provided when necessary to protect adjacent structures or properties. (Development Title Section 9-1015.5(e))
 2. A minimum of 36 automobile parking spaces shall be provided. The existing parking meets this requirement.
 3. Each automobile parking stall shall be an unobstructed rectangle, minimum 9 feet wide and 20 feet long. (Development Title Section 9-1015.5[b])

4. All parking stalls and directional arrows must be delineated with paint. (Development Title Section 9-1015[d])
- f. **ACCESS AND CIRCULATION:** The following requirements apply and shall be shown on the Site Plan:
 1. Access driveways shall have a width of no less than 25 feet for two-way aisles and 16 feet for one-way aisles, except that in no case shall driveways designated as fire department access be less than 20 feet wide. (Development Title Section 9-1015.5[f][1])
- g. **LIGHTING:** Lighting shall be provided and comply with the following:
 1. If the parking area is to be used at night, parking lot and security lighting shall be installed. (Development Title Section 9-1015.5[g])
 2. Any lighting shall be designed to confine direct rays to the premises. No spillover beyond the property lines shall be permitted except onto public thoroughfares, provided, however, that such light shall not cause a hazard to motorists. (Development Title Section 9-1015.5[g][4])
- h. **LANDSCAPING:** Landscaping shall be provided and comply with the following:
 1. This project will be required to comply with the Model Water Efficient Landscape Ordinance requirement per the California Code of Regulations, Title 23, Division 2, Chapter 2.7.
 2. A minimum 10 foot wide landscaped strip, respecting the ultimate right-of-way width of North Report Road shall be installed across the frontage of the project site. (Development Title Section 9-1020.9)
 3. Areas of the property which are not part of the project shall be barricaded from traffic and kept mowed and dust free.
- i. **SCREENING:** Screening shall be provided and comply with the following:
 1. All storage materials and related activities, including storage areas for trash, shall be screened so as not to be visible from adjacent properties and public rights-of-way. Screening shall be 6 to 7 feet in height. Outside storage is not permitted in front yards, street side yards, or in front of main buildings. (Development Title Section 9-1022.4[d][2])
 2. A solid masonry wall 6 to 7 feet in height shall be erected along the western property line of APN 143-170-21 (Development Title Section 9-1022.4[e][1])
- j. **SIGNS:** Sign details shall be consistent with Chapter 9-1710 of the Development Title and be included on the Site Plan. All portions of any sign shall be set back a minimum of 5 feet from any future right-of-way line, including any corner cut-off (snipe) (Development Title Section 9-1710.2[g])
2. **DEPARTMENT OF PUBLIC WORKS:** (Contact: [209] 468-3000)
 - a. An encroachment permit shall be required for all work within road right-of-way. (Note: Driveway encroachment permits are for flatwork only – all vertical features, including but not limited to fences, walls, private light standards, rocks, landscaping and cobbles are not allowed in the right-of-way.) (Development Title Sections 9-1145.4 and 9-1145.5)
 - b. Prior to issuance of the occupancy permit, the driveway approach shall be improved in accordance with the requirements of San Joaquin County Improvement Standards Drawing No. R-17 prior to issuance of the occupancy permit. (Development Title Section 9-1145.5)

- c. All vehicular parking related to the applicant's cultivation and delivery operation shall be onsite at all times. Parking in the County right-of-way shall be prohibited. It is the responsibility of the applicant to monitor John Street, Francis Street, and Report Avenue to ensure compliance with this requirement.
- d. The Traffic Impact Mitigation Fee shall be required for this application. The fee is due and payable at the time of building permit application. The fee shall be automatically adjusted July 1 of each year by the Engineering Construction Cost Index as published by the Engineering News Record. (Resolution R-00-433)
- e. The Regional Transportation Impact Fee shall be required for this application. The fee is due and payable at the time of building permit application. The fee will be based on the current schedule at the time of payment. (Resolution R-06-38)
- f. A copy of the Final Site Plan shall be submitted prior to release of building permit.

3. ENVIRONMENTAL HEALTH DEPARTMENT (Contact: [209] 468-3420)

- a. An approved Commercial Cannabis License shall be issued by EHD prior to obtaining a certificate of occupancy for any and all buildings. Applicant shall contact Scott Sangalang, Program Coordinator, Commercial Cannabis Licensing Program, at (209) 468-3452.
- b. Before any hazardous materials/waste can be stored or used onsite, the owner/operator must report the use or storage of these hazardous materials to the California Environmental Reporting System (CERS) at cers.calepa.ca.gov/ and comply with the laws and regulations for the programs listed below (based on quantity of hazardous material in some cases). The applicant may contact the Program Coordinator of the CUPA program, Melissa Nissim (209) 468-3168, with any questions.
 - 1. Any amount but not limited to the following hazardous waste; hazardous material spills, used oil, used oil filters, used oil-contaminated absorbent/debris, waste antifreeze, used batteries or other universal waste, etc. – Hazardous Waste Program (Health & Safety Code (HSC) Sections 25404 & 25180 et sec.)
 - 2. Onsite treatment of hazardous waste – Hazardous Waste Treatment Tiered Permitting Program (HSC Sections 25404 & 25200 et sec. & California Code of Regulations (CCR), Title 22, Section 67450.1 et sec.)
 - 3. Reportable quantities of hazardous materials-reportable quantities are 55 gallons or more of liquids, 500 pounds for solids, or 200 cubic feet for compressed gases, with some exceptions. Carbon dioxide is a regulated substance and is required to be reported as a hazardous material if storing 1,200 cubic feet (137 pounds) or more onsite in San Joaquin County – Hazardous Materials Business Plan Program (HSC Sections 25508 & 25500 et sec.)
 - 4. Any amount of hazardous material stored in an Underground Storage Tank – Underground Storage Tank Program (HSC Sections 25286 & 25280 et sec.)
 - A. If an underground storage tank (UST) system will be installed, a permit is required to be submitted to, and approved by, the San Joaquin County Environmental Health Department (EHD) before any UST installation work can begin.
 - B. Additionally, an EHD UST permit to operate is required once the approved UST system is installed.

5. Storage of at least 1,320 gallons of petroleum aboveground or any amount of petroleum stored below grade in a vault – Aboveground Petroleum Storage Program (HSC Sections 25270.6 & 25270 et sec.)
 - A. Spill Prevention, Countermeasures and Control (SPCC) Plan requirement
6. Threshold quantities of regulated substances stored onsite - California Accidental Release Prevention (CalARP) Program (Title 19, Section 2735.4 & HSC Section 25531 et sec.)
 - A. Risk Management Plan requirement for covered processes
4. STOCKTON FIRE DEPARTMENT (Contact: [209] 937-8271)
 - a. Pending further review and with potential change of occupancy, the building may require an automatic fire sprinkler system designed and installed per NFPA 13 Standards.
 - b. Fire sprinkler system monitoring requirements will apply, if the building is subject to meeting Item #1.
 - c. Interior notification will also apply as part of the fire sprinkler monitoring, if building is subject to meeting Item #1.
 - d. Need to identify any chemicals being used for the cultivation process. Also need an inventory of other chemicals being stored within the facility. Quantities of each chemical type shall be reported as part of this application review.
 - e. Need to identify if the building will be served with CO2 enrichment processing as part of the cultivation process.
 - f. Mechanical ventilation requirements shall be complied with per the California Building Code.
 - g. Identify if the building will be served with a back-up power system (generator).
 - h. Plans will need to reflect security fencing and access gates for emergency vehicles.
 - i. Vehicle access gates into the property need to be identified as manually operated or motorized.
 - j. Plans will need to show existing public fire hydrants. Due to depth of lot, private fire hydrants will also be required inside the property.
5. CALIFORNIA DEPARTMENT OF FISH AND WILDLIFE (Contact: [916] 932-3279)
 - a. Commercial Cannabis Licensee must satisfy California Department of Fish and Wildlife requirements prior to operation.
6. SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT
 - a. Odor control devices required to be installed must receive an Authority to Construct (ATC) permit from the District prior to the installation and operation of any commercial cannabis business.
 - b. Any generator installation for the project must receive an Authority to Construct (ATC) permit prior to the installation and operation of any commercial cannabis business.

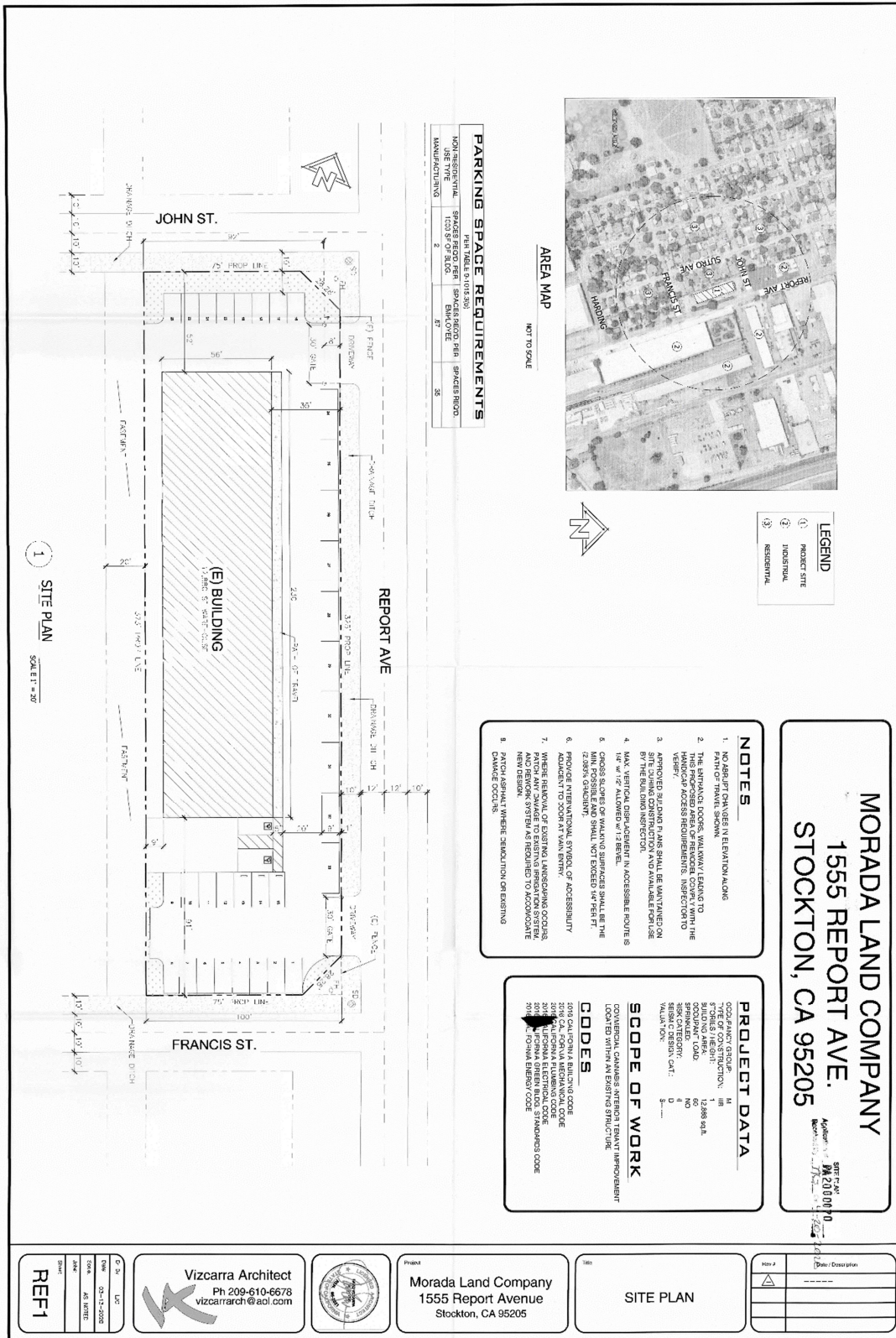
7. SAN JOAQUIN COUNTY SHERIFF'S OFFICE

A security plan shall be reviewed and approved by the Sheriff's Office prior to issuance of any building permit.

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SITE PLAN

PA-2000007, 94 (SPP, DA)
MORADA LAND COMPANY



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BASIS FOR RECOMMENDATION

**PA-2000007, 94 (SPP, DA)
MORADA LAND COMPANY**

1. The proposed Special Purpose Plan is consistent with the General Plan, any applicable Master Plan, and any Specific Plan.
 - **This determination can be made because the proposed Special Purpose Plan is consistent with the 2035 General Plan policies. The project includes Commercial Cannabis-Distribution, Commercial Cannabis-Cultivation, Commercial Cannabis-Laboratory Testing, Commercial Cannabis-Non Storefront Retail, and Commercial Cannabis-Manufacturing use types, which are conditionally permitted with a Special Purpose Plan application. There are no Master Plans or Special Purpose Plans applicable to this site.**

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DEVELOPMENT AGREEMENT

PA-2000007, 94 (SPP, DA)
MORADA LAND COMPANY

RECORDING REQUESTED BY:

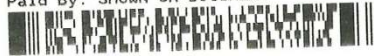
COUNTY OF SAN JOAQUIN

When Recorded Mail To:

County Clerk
County of San Joaquin
44 N. San Joaquin St
Stockton CA 95202

Fee Waived per GC 27383

Doc #: 2021-184485
11/03/2021 02:50:30 PM
Page: 1 of 75 Fee: \$236.00
Steve J. Bestolarides
San Joaquin County Recorders
Paid By: SHOWN ON DOCUMENT



Space Above this Line is for Recorder's Use

COMMERCIAL CANNABIS DEVELOPMENT AGREEMENT BETWEEN
THE COUNTY OF SAN JOAQUIN AND
MORADA LAND COMPANY (MLC)
(PA-2000070 & 20000142)

July_13_2021

THIS COMMERCIAL CANNABIS DEVELOPMENT AGREEMENT ("Agreement" or "Development Agreement") is made and entered into on this 13th day of July, 2021, by and between the County of San Joaquin, a body corporate and a political subdivision of the State of California (hereafter "County"), and Morada Land Company, a California Limited Liability Company (hereafter referred to as "MLC" or "Lessor"), pursuant to the authority of §§ 65864 *et seq.*, of the California Government Code and San Joaquin County Code, Title 9 and Title 4. County and MLC are, from time-to-time, individually referred to in this Agreement as a "Party," and are collectively referred to as the "Parties."

List of Exhibits & Attachments: The following documents are referred to in this Agreement and are attached hereto and incorporated herein as though set forth in full:

Exhibit 1: "Project Description" – PA No. 2000070 & 20000142 Special Purpose Plan (SPP) / Cannabis Business Park

Exhibit 2: "Legal Description/Property Description" of Project Site

Exhibit 3: "Site Plan"

Exhibit 4A: "Community Benefits" – MLC/ Lessor

Exhibit 4B: "Cost Recovery"

Exhibit 5: Form of Development Agreement Assignment

Exhibit 6: Commercial Cannabis Licensee Agreement – Template

Attachment A – Licensee Community Benefits

Attachment B – Licensee Cost Recovery

RECITALS

A. The Legislature of the State of California adopted the Development Agreement Act, Government Code §§ 65864 *et seq.*, which authorizes the County to enter into a property development agreement with any person having legal or equitable interest in real property for development of such property or "Premises" as defined in Title 4 of the San Joaquin County Code.

B. Pursuant to the Development Agreement Act, the County adopted the Development Agreement Ordinance in Division 10, Chapter 9-1090 and a definition of a Commercial Cannabis Development Agreement in Division 1, Chapter 9-110 of the County's Title 9 of the San Joaquin County Code, also known as the Development Title (hereafter "Title 9"), establishing procedures and requirements under which the County may enter into a Development Agreement for the development of real property, including

development for Commercial Cannabis Activities within a proposed Commercial Cannabis Business Park and with any Person, as such terms are defined in the San Joaquin County Code, having a legal or equitable interest in such property in order to establish certain development rights in such property.

C. MLC retains a legal or equitable interest in certain real property located at 1525 Report Avenue Stockton, CA 95205 in the unincorporated area of the County, also referred to by San Joaquin County Assessor Parcel Number 143-017-121-000, and that is more particularly described in Exhibits 1 and 2 attached hereto and incorporated herein by reference ("the Property" or "Premises").

1. MLC intends to lease a portion of the Property to Commercial Cannabis Licensees, consistent with the Property's SPP/Cannabis Business Park approval and the terms of this Development Agreement.
 - i. Exhibit 6 includes the terms and conditions that MLC will require Licensees conducting Commercial Cannabis Activities on the Property to comply with, including entering into a Commercial Cannabis Licensee Agreement (or "Licensee Agreement") with MLC as provided by the County Code. (See Exhibit 6 [Commercial Cannabis Licensee Agreement], including Attachment A.)

D. Title 4, Division 10, Chapter 1 of the County Code (hereafter "Title 4") establishes a regulatory scheme for Commercial Cannabis Activities and prohibits all Commercial Cannabis Activities in all zoning areas without a Commercial Cannabis Development Agreement for the real property and a Commercial Cannabis License for each business operator conducting licensed activities.

E. MLC has applied for PA Nos. 2000070 & 20000142 to develop a portion of the Property as a Cannabis Business Park to be used by future Commercial Cannabis Licensees/Lessees of the Business Park, pursuant to the SPP, for Commercial Cannabis Activities described in Exhibits 1 - 3 ("the Project").

F. To ensure that the County remains responsive and accountable to its residents while pursuing the benefits of this Development Agreement, the County accepts the restraints on its police powers contained in this Agreement only to the extent and for the duration required to achieve the County's objectives and to offset such restraints, seeks public benefits from MLC and future Licensees that go beyond those obtained by traditional County controls and conditions imposed on development project applications.

G. The County Board of Supervisors has found that, among other things, this Development Agreement is consistent with its General Plan and has been reviewed and evaluated in accordance with the Development Agreement Act and Title 9.

H. County and MLC desire the timely, efficient, orderly, and proper

development of the Project and future Licensee/Lessee Site Improvement Plan approvals consistent with Title 4, the SPP, and the terms of this Agreement as such terms may be applicable to a Licensee/Lessee.

I. County and MLC have reached agreement and desire to express herein a Development Agreement that shall facilitate development of the Project in conformance with Title 9 and subject to conditions set forth herein.

J. In addition, the Parties intend that this Agreement satisfy the requirements of Title 4 related to approvals of a Cannabis Business Park within an approved SPP that is specially designated, designed, and landscaped to safely allow and accommodate Commercial Cannabis Licensees in compliance with Title 4 and State law. The Parties acknowledge that this Agreement intends to set forth the terms and conditions under which MLC and future Cannabis Business Park Commercial Cannabis Licensees will operate that are in addition to the requirements of Title 4 including, but not limited to, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety, and welfare.

K. On April 15, 2021, the San Joaquin County Planning Commission, serving as the planning agency for purposes of Government Code section 65867, held a duly noticed public hearing on this Agreement and related Project approvals. Following the public hearing, the Planning Commission, determined that the Project and this Agreement are, as a whole and taken in their entirety, consistent with the County's General Plan and Zoning Code. The Planning Commission recommended approval of the Project, and of this Agreement, to the Board of Supervisors.

L. The County conducted environmental review of the Project in accordance with CEQA and in conjunction with this Agreement, specifically and following such review, has determined the project to be categorically exempt from CEQA.

M. This Agreement is voluntarily entered into by MLC in order to implement the Project and in consideration of the rights conferred, consistent with the procedures specified herein, for the development of the Premises.

N. This Agreement is voluntarily entered into by the County in the exercise of its legislative discretion in order to implement the Project and in consideration of the agreements and undertakings of MLC hereunder and the obligation for MLC to enter into a Commercial Cannabis Licensee Agreement with each future Licensees/Lessees of the Cannabis Business Park.

O. County and MLC each recognize and agree that but for MLC's contributions, and the contributions of future Licensees/Lessees, to participate in programs to mitigate the impacts of the development of the Premises, including any cumulative impacts of the development on the community, County would not approve the development of the Premises as contemplated by this Agreement. Specifically, the County's approval of the development of the Project on the Property is in reliance upon

and in consideration of MLC's agreements and the obligation for MLC to enter into a Commercial Cannabis Licensee Agreement with each future Licensees/Lessees of the Cannabis Business Park to make contributions, assume obligations and be subject to the restrictions referred to in this Agreement to offset the impacts of the development of the Project on the Property, and the cumulative impacts of the development on the community.

P. For these reasons, County has determined that this Agreement is appropriate in order to achieve the goals and objectives of the County's land use planning policies and to provide appropriate assurances to MLC and any future Licensees/Lessees within the Premises regarding the ability to proceed with necessary subsequent actions leading to the development of the Premises. This will in turn eliminate uncertainty in planning for, and secure orderly development of, the Premises, insure attainment of the maximum effective utilization of resources within the County at the least economic cost to its citizens, and otherwise achieve the goals and purposes for which the Development Agreement Ordinance in Title 9 was enacted by the County. In exchange for these benefits to the County, MLC desires to receive the assurance that it may proceed with necessary subsequent actions leading to the development of the Premises in accordance with the SPP Cannabis Business Park approvals, including entering into future leases subject to a Commercial Cannabis Licensee Agreement, subject to the terms and conditions contained in this Agreement, in order to implement the intent of the County in enacting the Development Agreement Ordinance.

Q. On July 13, 2021, the County Board of Supervisors, having received the recommendations of the Planning Commission, held a duly notice public hearing on this Agreement. Following the public hearing, the Board adopted Ordinance No. 4579, approving this Agreement and authorizing the Chairman of the Board of Supervisors to execute this Agreement. The Board also made findings that this Agreement, including the Exhibits and Attachments hereto, are consistent with the General Plan and Zoning Code in accordance with Government Code section 65867.5 and determined that the Project as defined herein required no further analysis under CEQA.

R. MLC and future Licensees/Lessees, pursuant to a Commercial Cannabis Licensee Agreement, will provide Community Benefits above and beyond the necessary mitigation for the Project and County cost recovery, including the creation of new jobs, funding for various community improvements, and payment of the benefit fees as set forth in this Agreement. These public benefits serve as the consideration upon which the County bases its decision to enter into this Agreement.

S. MLC and future Licensees/Lessees will cover all of the County's reasonable and direct costs related to this Development Agreement through fees or reimbursement.

NOW, THEREFORE, with reference to the foregoing recitals and in consideration of the mutual promises, obligations, and covenants herein contained, County and MLC agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Recitals and all defined terms set forth above are hereby incorporated into this Agreement as if set forth herein in full.

2. Definitions.

2.1. "Agreement" means this Commercial Cannabis Development Agreement and all amendments and modifications thereto.

2.2. "Enacting Ordinance" means Ordinance No. 4579 adopted by the Board of Supervisors on July 13 2021, approving this Agreement, authorizing the Chairman of the Board of Supervisors to execute this Agreement.

2.3. "Initial Project Approvals" or "Initial Approvals" means the Special Purpose Plan relating to the Project that were approved by the Board of Supervisors concurrently with this Agreement, including the template Licensee Agreement and attachment thereto, and the Mitigated Negative Declaration adopted pursuant to the California Environmental Quality Act ("CEQA" determination).

2.4. "Cannabis Business Park," "Commercial Cannabis Activity," "Commercial Cannabis Development Agreement," "Commercial Cannabis Licensee Agreement," "Commercial Cannabis Licensee," and "Premises," have the same meaning as defined in Title 4, Division 10 and Title 9, Division 1, of the San Joaquin County Code.

2.5. "Cost Recovery" means the County's recovery of reasonable and direct costs of staff time and materials spent on the approval and administration of this Agreement.

2.6. "Development Agreement Act" means Article 2.5 of Chapter 4 of Division 1 of Title 7 (sections 65864 through 65869.5 of the California Government Code.

2.7. "Development Agreement Ordinance" means Title 9, Division 13, of the San Joaquin County Code.

2.8. "Development Fee" means a monetary exaction other than a tax or special assessment, whether established for a broad class of projects by legislation of general applicability or imposed on a specific project on an ad hoc basis, that is charged by the County to the applicant in connection with approval of a development project for the purpose of defraying all or a portion of the cost of public facilities related to the development project, but does not include fees

specified in Government Code Section 66477, fees for processing applications for governmental regulatory actions or approvals, fees collected under development agreements adopted pursuant to Government Code Article 2.5 (commencing with Section 65864) of Chapter 4.

2.9. "Effective Date" is the date on which the Agreement shall be effective in accordance with section 7.1 hereof.

2.10. "Fee" means a charge that may be levied by the County in the amount reasonably necessary to recover the cost of providing any product or service or the cost of enforcing any regulation for which the fee or charge is levied, consistent with Cal. Const. art. XI, § 7, Cal. Const. Art XIII C, section 1(d)(3), and Government Code Section 54985, and does not include Development Fees.

2.11. "Rules, Regulations and Official Policies" means the County rules, regulations, ordinances, laws, and officially adopted policies governing development, including, without limitation, density and intensity of use, permitted uses, the maximum height and size of proposed buildings, the provision for the reservation or dedication of land, if any, for public purposes, the construction, installation, and extension of public improvements, environmental review, and other criteria relating to development or use of real property and which are generally applicable to the Property.

2.12. "Special Purpose Plan" is a plan approved pursuant to Title 9, Division 9, Chapter 9-815.

2.13. "Uniform Codes" means those building, electrical, mechanical, plumbing, fire, and other similar regulations as adopted by the County that are based on recommendations of the California Building Standards Commission and that become applicable throughout the County, such as, but not limited to, the California Uniform Building Code, the California Uniform Electrical Code, the California Uniform Mechanical Code, California Uniform Plumbing Code, or the California Uniform Fire Code (including those amendments to the promulgated California Uniform codes that reflect local modification adopted pursuant to the applicable process provided in state law for a local jurisdiction to modify such uniform codes and that are applicable Countywide).

3. Description of the Project. The Project consists of the approval of a Special Purpose Plan for a Commercial Cannabis Business Park for future tenant/licensees to engage in Commercial Cannabis Activities including cannabis cultivation, manufacturing, non-storefront retail sales, distribution, and lab testing as described in Exhibit 1, the environmental analysis, and this Agreement.

3.1. Future Commercial Cannabis Activity within the Cannabis Business Park by Commercial Cannabis Licensees shall be consistent with this Agreement and pursuant to a Commercial Cannabis Licensee Agreement with each licensee.

(See Exhibit 6, Attachment A hereto.)

4. Description of Property. The portion of the Property (i.e. the Premises) subject to this Agreement is described in Exhibits 1-3 attached hereto.

5. Interest of MLC & Covenants. MLC has a legal interest in the Property as the owner.

5.1. Subject to Section 20 of this Agreement, each and every purchaser, assignee, or transferee of an interest in the Premises, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a party thereto, but only with respect to such portion thereof, sold, assigned or transferred to it. Any such purchaser, assignee or transferee shall observe and fully perform all of the duties and obligations of MLC contained in this Agreement, as such duties and obligations pertain to the portion of the Premises sold, assigned, or transferred to it.

5.2. The Parties agree that if MLC seeks to sell, transfer, or assign the Property, as provided in Section 20 herein, during the term of the Development Agreement, the Form of Development Agreement Assignment contained within Exhibit 6 shall be used.

6. Relationship of County and MLC. It is understood that this Agreement is a contract that has been negotiated and voluntarily entered into by the County and MLC and that the MLC is not an agent of the County. The County and MLC hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making the County and MLC joint venture's or partners.

7. Effective Date and Term.

7.1. Recordation. No later than ten (10) days after the approval of this Agreement, the Clerk of the Board shall record with the County Recorder a copy of this Agreement, which shall describe the land subject thereto. (Gov. Code, § 65868.5.)

7.2. Effective Date. This Agreement shall become effective upon the date of recordation described in Section 7.1. ("Effective Date").

7.3. Term. The term of this Agreement shall commence on the Effective Date and terminate twenty (20) years thereafter, unless said term is otherwise terminated or amended pursuant to this Agreement. ("Term")

7.3.1. Extension. No less than ninety (90) days before the end of the Term, MLC or its successor may submit a written request to the County

Administrator for an extension of this Agreement of up to five (5) years. The County Administrator shall respond to the request for extension in writing within sixty (60) days of the request.

8. Development of the Premises.

8.1. Right to Develop. This Agreement is entered into by the Parties for the limited purpose of setting forth the terms concerning the development and use of the Premises by MLC as a Commercial Cannabis Business Park consistent with the Initial Approvals and, specifically, for future Licensees/Lessees of MLC to engage in Commercial Cannabis Activity consistent with this Agreement, and pursuant to an approved Site Improvement Plan and Commercial Cannabis Licensee Agreement. Accordingly:

8.1.1. Obligations of MLC. In consideration of County entering into this Agreement, MLC agrees to pay the Community Benefits and Cost Recovery pursuant to Exhibit 4.

8.1.2. Obligations of County. In consideration for MLC entering into this Agreement, the County agrees that:

8.1.2.A. The land uses allowed under the Property's current General Plan land use and zoning designation of Industrial General (IG), as applicable to the Premises, shall not be revised or amended during the Term, including any approved Extension; unless, in the interim, a change is approved by a super majority vote (4/5) of the Board of Supervisors.

8.1.2.B. Except as may otherwise be required by federal or state law, the terms of the template Commercial Cannabis Licensee Agreement, incorporated and approved herein by reference, shall govern future Licensee/Lessee approvals for the Premises.

8.1.2.C. To the extent that future Improvement Plan and Commercial Cannabis License application(s) and submittals are in conformity with the Initial Approvals, applicable law, and this Agreement, County agrees to accept, review, and process such applications in good faith.

8.1.3. Vested Rights. MLC waives any and all "vested rights" (as that term is used in California land use law) that it may have or later acquire, in law or equity, concerning the rights and obligations obtained by MLC from the County's approval of the SPP Cannabis Business Park and from this Agreement, except those specifically stated and provided herein. Nothing

contained in this Agreement, nor in any of the permits, approvals, plans, inspections, certificates, documents, licenses, or any other actions taken by the County regarding the Project shall be construed to grant MLC any vesting of rights for future development or use of the Premises, or for future Licensees to conduct Commercial Cannabis Activity unless as specifically stated herein.

8.1.4. Project Subject to Rules in Effect at Time of Development. Except as otherwise provided in this Agreement, MLC agrees that any and all development and use of the Premises shall be governed by the County's fees, taxes, rules, regulations, ordinances, laws, and officially adopted policies governing the development and use of the Premises, including, without limitation, impact fees, processing fees, regulatory fees and permits, density and intensity of use, permitted uses, the maximum height and size of proposed buildings, the provision for the reservation or dedication of land, if any, for public purposes, the construction, installation, and extension of public improvements, environmental review, and other criteria relating to development or use of real property and which are generally applicable to the Property in effect at the time of the development or use.

8.1.5. New Rules and Regulations. During the term of this Agreement, the County may apply new or modified ordinances, resolutions, rules, regulations, development fees, fees, and official policies of the County to the Premises which do not conflict with the terms and conditions of this Agreement; thereby ensuring that the operation of the Cannabis Business Park is consistent with the protection of the health, safety and welfare of the community and will not adversely affect the surrounding uses.


8.1.6. Future Approvals. Nothing in this Agreement shall prevent the County from denying or conditionally approving any subsequent land use permit or authorization for the Project on the basis of any new or modified ordinances, resolutions, rules, regulations and policies, except that such subsequent actions shall be consistent with the conditions, terms, restrictions, and requirements expressly set forth herein.

8.1.7. Application of State and Local Regulatory Laws Governing Commercial Cannabis Activity. The operation of Commercial Cannabis Activity is a highly regulated business activity, subject to various state and local laws and regulations. This Agreement does not, and the County cannot and does not intend to, give MLC or any future Commercial Cannabis Licensees within the Cannabis Business Park the right to continue its operations without complying with applicable state and local laws. Future Licensees within the Commercial Cannabis Business Park shall be responsible for obtaining all applicable state permits, approvals and consents, even if the applicable state laws and regulations are altered following the Effective Date.

8.1.8. Uniform Codes Applicable. The Premises shall be constructed in

accordance with the provisions of the California Building, Mechanical, Plumbing, Electrical and Fire Codes and Title 24 of the California Code of Regulations, relating to Building Standards, as adopted and amended by the County, in effect at the time of approval of the appropriate building, grading, or other construction permits for the Project or as otherwise applicable.

8.1.9. Maintaining Commercial Cannabis Licenses. Commercial Cannabis Licensees/Lesseees of the Premises shall continuously maintain their respective Commercial Cannabis Licenses and Annual State Licenses in active and good standing. MLC agrees that Licensees/Lesseees of the Premises have an obligation to annually renew their applicable Licenses pursuant to the terms of San Joaquin County Code Title 4. Nothing in this Agreement shall prevent the County from denying or conditionally approving the renewal of a Commercial Cannabis Business License or permit, revoking such permit, or amending Title 4 or its implementing regulations in a manner that would impose stricter requirements on existing or to-be-issued Licenses, consistent with the terms of this Agreement.

 8.1.10. Timing of Development. ~~MLC shall complete the improvements to the Premises pursuant to the schedule set forth in Exhibit 4 of this Agreement and the SPP Cannabis Business Park approval.~~

8.2. Permitted Uses. The permitted uses of the Premises, the density and intensity of use, the maximum height, bulk and size of the greenhouses and proposed related infrastructure, provisions for reservation or dedication of land for public purposes, and location and maintenance of on-site and off-site improvements, and other terms and conditions of development applicable to the Premises, shall be those set forth in this Agreement, any amendments to this Agreement, and any subsequent Commercial Cannabis Licensee Agreement approvals consistent with the Cannabis Business Park land use entitlements.

8.2.1. San Joaquin County Code Title 9 identifies zoning districts where Commercial Cannabis Activities are permitted, including pursuant to an approved Cannabis Business Park.

9. Community Benefits. The Parties agree that in addition to the Obligations of MLC as set forth herein, the Community Benefits shall be paid and accepted pursuant to Exhibit 4A Community Benefits and Exhibit 6 Attachment A Licensee Community Benefits.

9.1. MLC shall ensure that Commercial Cannabis Licensees pay Community Benefit Fees pursuant to Exhibit 6, Attachment A.

9.2. The County can, at its discretion, determine how the Community Benefits are utilized.

10. Cost Recovery. The Parties agree that in addition to the obligations of MLC as set

forth herein, Cost Recovery shall be paid and accepted pursuant to Exhibit 4B Cost Recovery.

10.1. MLC shall ensure that Commercial Cannabis Licensees pay Cost Recovery fees pursuant to Exhibit 6, Attachment B.

11. Development Fees, Fees, & Subsequently Enacted or Revised Development Fees, Assessments, Fees, and Taxes.

11.1. Development Fees. MLC agrees to pay all applicable permit development fees and charges required by the County for implementation of the Project, including but not limited to permit application and permit issuance fees, if any.

11.2. Fees. MLC agrees to pay all applicable fees and charges required by the County for cost recovery.

11.3. Amended Application Fees. Any existing application, processing, renewal, and registration development fees, and fees that are applicable to MLC or its successor in interest for purposes of ongoing operation of the Cannabis Business Park during the term of this Agreement shall apply to the Project.

11.4. New Taxes. The Parties agree and recognize that any subsequently enacted County taxes shall apply to the Project and/or Licensees of the Commercial Cannabis Business Park.

11.4.1. Such taxes shall be paid in lieu of, not in addition to, Community Benefits included in this Agreement.

11.4.2. Such taxes will not alleviate obligations in this Agreement relating to cost recovery.

11.5. Assessments. Nothing herein shall be construed to relieve the Premises from assessments levied against it by the County pursuant to any statutory procedure for the assessment of property to pay for infrastructure and/or services, including cost recovery, which benefit the Property.

11.6. Vote on Future Assessments and Fees. In the event that any assessment, fee, or charge which is applicable to the Property, is subject to Article XIID of the Constitution and MLC does not return its ballot, MLC agrees, on behalf of itself and its successors that the County may count MLC's ballot as affirmatively voting in favor of such assessment, fee, or charge.

12. Compliance with Title 4, Conditions of Approval, and Regulatory Permits.

12.1. Title 4 Requirement for a Commercial Cannabis Development Agreement. The Parties intend this Agreement as the instrument to satisfy the

requirements of San Joaquin County Code Title 4, which requires the following before the County can issue a County Cannabis License for any Commercial Cannabis Activities with the Project: a Commercial Cannabis Development Agreement or a Commercial Cannabis Licensee Agreement with the party to a Development Agreement if the license applicant is a tenant on a property with an approved Special Purpose Plan allowing Commercial Cannabis Activity.

12.2. Compliance by MLC. MLC agrees to operate the Cannabis Business Park pursuant to the Project's Conditions of Approval and the terms and conditions set forth in this Agreement and additionally require Licensees/Lessees to comply with this Agreement as applicable.

12.2.1. MLC agrees that failure of a Licensee/Lessee to strictly comply with the terms and conditions of the Licensee Agreement shall constitute a default requiring termination of the lease and Licensee Agreement pursuant to Section 14 below.

12.3. Material Breach. MLC agrees that its failure to strictly comply with all the requirements set out in Exhibits 4-5 shall be a material breach of this Agreement and subject to default under Section 14 below.

12.4. Operating Memoranda. The provisions of this Agreement require a close degree of cooperation between County and MLC. It is anticipated during the term of this Agreement that refinements to the manner in which the MLC operates the Cannabis Business Park may be appropriate with respect to the Premises. To the extent allowable by law, the Parties shall retain a certain degree of flexibility as provided herein with respect to all matters, items, and provisions covered in general under this Agreement.

12.4.1. When and if the Parties find it necessary or appropriate to make changes, adjustments, or clarifications, the Parties shall enter into memoranda ("Operating Memoranda") approved by the Parties in writing, which reference this Section of the Agreement. Operating Memoranda are not intended to constitute an amendment to this Agreement but mere ministerial clarifications; therefore, public notices and hearings shall not be required.

12.4.2. The County Administrator shall be authorized upon consultation with the County Counsel, to determine whether a requested refinement may be effectuated pursuant to this Section or whether the requested refinement is of such character to constitute an amendment to the Agreement which requires compliance with the provision of this Agreement pertaining to amendments.

12.4.3. The authority to enter into such Operating Memoranda is

hereby delegated to the County Administrator, who is hereby authorized to execute any Operating Memoranda hereunder without further Board action.

13. Amendment or Cancellation.

13.1. Amendment Because of Conflict with State or Federal Laws. In the event that state or federal laws or regulations enacted after the Effective Date of this Agreement prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans, maps or permits approved by the County, the Parties shall meet and confer in good faith in a reasonable attempt to modify this Agreement to comply with such federal or state law or regulation. Any such amendment or suspension of the Agreement shall be subject to approval by the Board of Supervisors in accordance with San Joaquin County Code, Title 9.

13.2. Amendment by Mutual Consent. This Agreement may be amended in writing from time to time by mutual consent of the Parties hereto, which would necessitate consistent amendments to existing and future Commercial Cannabis Licensee Agreements.

13.3. Insubstantial Amendments. Notwithstanding any other provision of this Agreement, any amendments to this Agreement which do not relate to (a) the term of the Agreement; (b) the permitted uses of the Property; (c) provisions for "significant" reservation or dedication of land; (d) conditions, terms, restrictions or requirements for subsequent discretionary actions; (e) the density or intensity of use of the Project; (f) the maximum height or size of proposed infrastructure; or (g) monetary contributions by MLC as provided in this Agreement, shall not, except to the extent otherwise required by law, require notice or public hearing before either the Planning Commission or the Board of Supervisors before the parties may execute an amendment hereto. The County Administrator, or designee, in consultation with County Counsel, shall determine whether a reservation or dedication is "significant".

13.4. Amendment of Project Approvals. Any amendment of Project Approvals relating to: (a) the permitted use of the Property; (b) provision for reservation or dedication of land; (c) conditions, terms, restrictions or requirements for subsequent discretionary actions; (d) the density or intensity of use of the Project; (e) the maximum height or size of proposed buildings; (f) monetary contributions by the MLC; or (g) public improvements to be constructed by MLC shall require an amendment of this Agreement. Such amendment shall be limited to those provisions of this Agreement which are implicated by the amendment of the Project Approval. Any other amendment of the Project Approvals, or any of them, shall not require amendment of this Agreement unless the amendment of the Project Approval(s) relates specifically to some provision of this Agreement.

14. Annual Review.

14.1. Review Date. Annual review of the MLC's good faith compliance with the terms of this Agreement pursuant to Title 9 Section 9-1310.4 shall take place on an annual basis beginning twelve (12) months after the Effective Date of this Agreement and continuing to occur annually thereafter on the yearly anniversary of the Effective Date ("Annual Review") until termination of the Agreement.

14.2. Initiation of Review. The County Administrator, or designee, in conjunction with the Community Development Department Director, shall initiate the Annual Review, as required under Title 9 Section 9-1310.4, by giving to MLC thirty (30) days written notice that the County intends to undertake such review. MLC shall provide evidence to the County Administrator, or designee, prior to the hearing on the Annual Review, as and when reasonably determined necessary by the County Administrator, or designee, to demonstrate good faith compliance with the provisions of the Agreement. The burden of proof by substantial evidence of compliance is upon the MLC.

14.2.1. Appeal of the County Administrator's, or designee's, findings regarding compliance shall be made in accordance with Title 9, Division 19, Chapter 9-1905, except that the County Administrator, or designee, shall act as the Enforcement Official.

14.3. Staff Reports. To the extent practical, the County shall deposit in the mail and email to MLC a copy of all staff reports, and related Attachments concerning compliance with the terms of this Agreement at least ten (10) days prior to any annual review.

14.4. Costs. Costs reasonably incurred by the County in connection with the Annual Review shall be paid by MLC. The payment shall cover the actual cost to the County of conducting said annual review, including employee salaries and benefits, overhead, and materials or, alternatively, be in accordance with the County's schedule of fees specifically for the annual or periodic review of Development Agreements if one is in effect at the time of review.

15. Default.

15.1. MLC's Default. The occurrence of any of the following shall constitute a default by MLC under this Agreement.

15.1.1. Failure or unreasonable delay to perform any material provision of this Agreement.

15.1.2. Failure to pay when due any fee, tax, or payment required to be paid under this Agreement by MLC, County Ordinance or Resolution, or California State Law.

15.1.3. Abandonment of the Property, including an absence of any

activity on the Property for thirty (30) consecutive days.

15.1.4. MLC's failure to strictly comply with all the requirements set out in this Agreement.

15.1.5 MLC's failure to:

15.1.5.1. Pay Gross Receipts Impact Fees, as required and defined in Exhibit 6 [Commercial Cannabis Licensee Agreement], Attachment A [Licensee Community Benefits] of this Agreement;

15.1.5.2. Provide County proof of termination of its Licensee Agreement with any licensee that has been provided a notice of default for failure to pay County Gross Receipts Impact Fees and has failed to cure the alleged default. Developer must provide such proof within forty-five (45) days ;

15.1.5.3. Provide County proof of submission of a claim for redemption of the \$20,000.00 Surety Bond set in place in favor of County in the event of a licensee's failure to pay Gross Receipts Impact Fees within ninety (90) days of default, or direct payment to the County in the amount of \$20,000.00 in absence of such claim for redemption within ninety (90) days of default for licensee's failure to pay Gross Receipts Impact Fees. Failure to receive notice shall not constitute a waiver of any default.

15.2. County's Default. Failure to perform any material provision of this Agreement, or any intentional or unreasonable delay to perform or in performance of any material provision of this Agreement.

15.3. Other Remedies Available. Upon the occurrence of an event of default, the Parties may pursue all other remedies at law or in equity which are not otherwise provided for in this Agreement or in the County's regulations governing development agreements, expressly including the remedy of specific performance of this Agreement.

15.4. Notice and Cure. Upon the occurrence of an event of default by either Party, the non-defaulting party shall serve written notice of such default upon the defaulting party ("Notice of Default"). Failure to give notice shall not constitute a waiver of any default. Upon delivery of notice, the Parties shall meet and confer in good faith to address the alleged default and attempt to cure such default within a reasonable time or modify the Agreement to remedy such default.

15.5. Cure Period. The defaulting Party shall respond within fifteen (15) days of the date of the Notice of Default, and shall provide reasonable evidence that it was never, in fact, in default or shall state that it will immediately commence to

cure the identified default and shall cure the identified default within thirty (30) days of the Notice of Default, unless the Parties extend such time by mutual written consent. In the case of a dispute as to whether a default exist or whether the defaulting Party has cured the default, the Parties may submit the matter to dispute resolution pursuant to section 15 of this Agreement. This section does not apply to for failure to pay when due any fee, tax, or payment required to be paid under this Agreement by MLC, County Ordinance or Resolution, or California State Law.

15.6. Remedies for Default.

15.6.1. MLC Default. If the MLC remains in default after the cure period, and the alleged default is not the subject of a dispute resolution pursuant to Section 15 of this Agreement, the County shall have all rights and remedies provided by this Agreement, including, without limitation, the right to terminate or modify this Agreement subject to the provisions set forth below. The County shall, in addition to any other remedy available at law or in equity, also have the right to compel specific performance of the obligations of MLC under this Agreement, including, without limitation, the right to compel specific performance of the Community Benefits set forth in Exhibit 4 to this Agreement.

15.6.2. Termination or Modification. If the County Administrator or designee finds and determines that MLC remains in default after the cure period, if the alleged default is not the subject of dispute resolution pursuant to Section 15 of this Agreement, and if the County intends to terminate or modify this Agreement, the County Administrator shall request the Community Development Department Director to set the matter for a hearing by the Planning Commission in accordance with the provisions of the Development Agreement Ordinance (Title 9) Section 9-1310.4(c). If after such public hearing, the Planning Commission finds that MLC is in violation of this Agreement, the Planning Commission shall notify the Board of Supervisors of its findings and recommend such action as it deems appropriate.

15.6.3. Planning Commission Recommendation. If the Planning Commission reports a violation of the Development Agreement and recommendation to the Board of Supervisors pursuant to this Section, the Board of Supervisors may take one of the following actions: (a) approve the recommendation of the Planning Commission instructing that action be taken as indicated therein in cases other than a recommendation to terminate or modify the Agreement; (b) refer the matter back to the Planning Commission for further proceedings with or without instructions; or (c) schedule the matter for hearing before the Board of Supervisors if termination or modification of the Agreement is recommended.

15.6.4. No Termination or Modification without Board Approval. There

shall be no termination or modifications of this Agreement unless the Board of Supervisors acts pursuant to the provisions set forth in Government Code Sections 65865.1, et seq., and San Joaquin County Code Title 9. Pursuant to Government Code §65865., if, as a result of the Annual Review, the County determines, on the basis of substantial evidence, that MLC has not complied in good faith with terms or conditions of this Agreement, the County may terminate or modify the Agreement; provided, however, that if MLC does not agree to the modification the County's only remedy shall be to terminate the Agreement. Further, if the County seeks to terminate or modify the Agreement for any other reason, such action shall be subject to the requirements of Government Code § 65868, including the requirement for the mutual consent of the Parties.

15.6.5. County Default. If the County remains in default after the cure period and the alleged default is not the subject of dispute resolution pursuant to Section 15 of this Agreement, MLC shall have all rights and remedies provided by this Agreement, including, without limitation, the right to compel specific performance of the County's obligations under this Agreement. MLC also has the right to initiate amendment or cancellation of this Agreement subject to the provisions set forth in the Development Agreement Act and Development Agreement Ordinance, which include, but are not limited to, the requirement for mutual consent of the Parties to the amendment or cancellation.

15.6.6. No Monetary Damages Against County. Notwithstanding anything to the contrary contained herein, in no event shall monetary damages be awarded against the County upon an event of default or upon termination of this Agreement.

16. Dispute Resolution. In addition to, and not by way of limitation of, all other remedies available to the Parties under the terms of this Agreement, the Parties may choose to use the informal dispute resolution and/or arbitration processes in this Section.

16.1. Informal Dispute Resolution Process. The Parties may agree to informal dispute resolution proceedings to fairly and expeditiously resolve disputes related to the interpretation or enforcement of, or compliance with, the provision of this Agreement ("Disputes"). These dispute resolution proceedings may include: (a) procedures developed by the County for expeditious interpretation of questions arising under development agreements; or (b) any other manner of dispute resolution that is mutually agreed upon by the Parties.

16.2. Non-Binding Arbitration. The Parties may agree to use nonbinding arbitration to resolve any Dispute arising under this Agreement. The arbitration shall be conducted by an arbitrator chosen by mutual agreement of the Parties from JAMS or, if JAMS is not available, then through an arbitrator selected by mutual agreement of the Parties.

16.3. Non-Binding Arbitration Procedures. Upon appointment of the arbitrator, the Dispute shall be set for arbitration at a time not less than thirty (30) days, nor more than ninety (90) days from the effective date of the appointment of the arbitrator. The arbitration shall be conducted under procedures that are mutually agreed upon by the Parties in writing prior to the commencement of arbitration.

17. Termination or cancellation. In addition to the procedures set forth in Sections 14.3 – 14.6, above, this Agreement is also subject to the following termination provisions:

17.1. Termination Upon Expiration of Term. This Agreement shall terminate upon expiration of the Term set forth in Section 7.3 unless otherwise extended or modified by mutual consent of the Parties. Upon termination of this Agreement, the County Administrator shall record with the County Recorder's Office a notice of such termination.

17.2. Cancellation by Mutual Consent. This Agreement may be cancelled by mutual consent of the Parties, subject to the procedures set forth in the Development Agreement Act and the Development Agreement Ordinance.

17.3. Enforced Delay; Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in default where a delay is enforced due to: war, insurrection, strikes, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, third-party litigation, restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal laws or regulations, judicial decisions, or similar basis for excused performance that is not within the reasonable control of the Party to be excused, and the cause of the enforced delay actually prevents or unreasonably interferes with such Party's ability to comply with this Agreement; provided, however, that the Parties agree that a delay that results solely from unforeseen economic circumstances shall not constitute an enforced delay for purposes of this Section. This Section shall not be applicable to any proceedings with respect to bankruptcy or receivership initiated by or on behalf of MLC, or by any third parties against MLC if such third-party proceedings are not dismissed within ninety (90) days. If written notice of an enforced delay is given to either Party within forty-five (45) days of the commencement of such enforced delay, an extension of time for such cause will be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon.

18. Estoppel Certificate.

18.1. Either party may, at any time, and from time to time, request written notice from the other party requesting such party to certify in writing that, (a) this Agreement is in full force and effect and a binding obligation of the parties, (b) this Agreement has not been amended or modified either orally or in writing, or if so

amended, identifying the amendments, and (c) to the knowledge of the certifying party the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults.

18.1.1. A party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof, or such longer period as may reasonably be agreed to by the parties.

18.1.2. County Administrator, or her designee, shall be authorized to execute any certificate requested by MLC.

18.1.3. Should the party receiving the request not execute and return such certificate within the applicable period, this shall not be deemed to be a default, provided that such party shall be deemed to have certified that the statements in clauses (a) through (c) of this section are true, and any party may rely on such deemed certification.

19. Severability.

19.1. The unenforceability, invalidity, or illegality of any provisions, covenant, condition or term of this Agreement shall not render the other provisions unenforceable, invalid, or illegal.

20. Attorneys' Fees and Costs.

20.1. If the County or MLC initiates any action at law or in equity to enforce or interpret the terms and conditions of this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees at an hourly rate not to exceed a reasonable or average rate charged by other attorneys in the San Joaquin or Sacramento County area with similar experience and costs in addition to any other relief to which it may otherwise be entitled.

20.2. If any person or entity not a party to this Agreement initiates an action at law or in equity to challenge the validity of any provision of this Agreement or the Project Approvals, the parties shall cooperate in defending such action. MLC shall bear its own costs of defense as a real party in interest in any such action and shall reimburse the County for all reasonable costs and attorneys' fees expended by the County in defense of any such action or other proceeding.

21. Transfers and Assignments.

21.1. The MLC shall not transfer, delegate, or assign its interest, rights, duties, and obligations, except as set forth herein. Any assignment, delegation, or assignment without the prior written County consent of the other parties to this

Agreement shall be null and void. Any transfer, delegation, or assignment by the MLC as authorized herein shall be effective only if and upon the party to whom such transfer, delegation, or assignment is made meets the requirements of Title 4 and Title 9 of the San Joaquin County Code.

21.2. No change in MLC's ownership or in the composition of the MLC's ownership shall be made, and no transfer or sub-lease of the lease Agreement shall be made, without providing the County with thirty (30) days prior written notice. If the change, transfer or sub-lease changes who controls the use of the Property, the operations of MLC, or the actions or activities of MLC, then the prior written consent of the County must be obtained at least thirty (30) days before the change, transfer or sub- lease.

21.3. Assignment. MLC has represented to the County that it possesses the experience, qualifications, and financial resources to develop the Premises and will lease portions of the Property to parties that are able to carry-out the Commercial Cannabis business in the manner specified in the Approvals and this Agreement. It is because of such qualifications and representations of MLC that County is entering into this Agreement. Accordingly, certain restrictions on the right of the MLC to assign or transfer its interest under this Agreement with respect to the Property, or any portion thereof, are necessary in order to assure the achievement of the goals, objectives and public benefits of the Approvals and this Agreement with respect to the development of the Premises.

21.3.1. The MLC agrees to and accepts the restrictions herein set forth in this Section 20.3, et seq. as reasonable and as a material inducement to the County to enter into this Agreement. County's remedies hereunder shall be to refuse to recognize any sale, assignment, or transfer in violation of the provisions of this Section 20.3, et seq. for purposes of this Agreement.

21.3.2. No such purchaser, assignee, or transferee not qualifying as a recognized assignee (Recognized Assignee) hereunder shall be entitled to the benefits of this Agreement nor have any standing or rights to enforce the provisions of this Agreement, but shall otherwise be bound by all of the terms and conditions of this Agreement, including the terms and conditions of the Approvals which pertain to the Property or such portion thereof in which such purchaser, assignee or transferee holds an interest.

21.3.3. In addition, the County at any time following any such sale, assignment or transfer not in compliance with the provisions of this Section 20.3., and prior to compliance with the provisions of this Section 20.3, by any such purchaser, assignee or transferee, may terminate this Agreement as to the portion of the Property so sold, assigned or transferred.

21.4. MLC agrees not to sell, assign or transfer any interest under this Agreement with respect to the Property, or any portion thereof, without the prior

written consent of the County, which consent shall not be unreasonably withheld and shall be granted (but shall be conditioned upon such sale, assignment or transfer being timely completed with the concurrent recordation of the Assumption Agreement set forth in Exhibit 5 and referred to in Sections 20.9.2 hereof) if all of the conditions described in Sections 20.9.1. through 20.9.4. of Section 20.9 are met or satisfied. County understands and acknowledges that MLC will lease portions of the Property to parties that will enter into separate Licensee Agreements consistent with the terms of this Development Agreement, and Title 4 and Title 9 of the County Code.

21.5. Until inclusion of the Property, or any part thereof, under a Licensee Agreement, the MLC agrees not to sell, assign or transfer any interest under this Agreement with respect to the Premises, or any portion thereof, without the prior written consent of the County, which consent shall not be unreasonably withheld and shall be granted (but shall be conditioned upon such sale, assignment or transfer being timely completed with the concurrent recordation of the assumption agreement referred to in Section 20.9.2. hereof) if all of the conditions described in Sections 20.9.1. through 20.9.4 of Section 20.9. are met.

21.5.1. Any sale, assignment or transfer consented to by the County pursuant to Section 20.4 or this Section 20.5 shall be deemed a Permitted Assignment and the purchaser, assignee or transferee shall be deemed a Recognized Assignee under this Agreement.

21.5.2. When the limitations set forth in this paragraph of this subsection 20.5 are no longer applicable as to the Property or portion thereof included within a Licensee Agreement, the County shall, upon written request from the MLC, issue to the MLC a certificate in recordable form acknowledging that such limitations no longer apply, provided that the other provisions of this Section 20.5 shall continue to be applicable. Whether or not such a certificate is requested, the Licensee Agreement shall govern as to any restrictions on, and the effect of, any sale, assignment or transfer of the Property, or such portion thereof, included under the Licensee Agreement.

21.6. A sale, assignment or transfer of any interest cumulatively of fifty percent (50%) or more in the ownership or control of the MLC (including transfers of stock and changes in ownership or control by reason of corporate mergers, buy-outs, reorganizations or dissolutions resulting in a cumulative change in ownership or control of fifty percent (50%) or more), shall constitute a sale, assignment or transfer subject to the provisions of Sections 20.4 -20.5 and this Section. Provided, however, that the following shall not constitute a sale, assignment or transfer subject to the provisions of Section 20.3 and this Section: transfers of interests of less than fifty percent (50%), cumulatively of the MLC to joint ventures or new partners provided that sole management and control is retained by the MLC; and provided, further, that any change in the legal status or identity of the MLC pursuant to the foregoing provisions must be accompanied by notice to the County together

with an executed Assumption Agreement pursuant to Section 20.9.2 and Exhibit 6 hereof in order to be effective for the purposes of this Agreement.

21.7. A Recognized Assignee shall be obligated and bound by the terms of each Commercial Cannabis Licensee Agreement and this Agreement, and shall be the beneficiary thereof and a party thereto, only with respect to the Property, or such portion thereof, sold, assigned or transferred to it under a Permitted Assignment. Any such Recognized Assignee shall observe and fully perform all of the duties and obligations of the MLC contained in this Agreement, as such duties and obligations pertain to the portion of the Property sold, assigned or transferred to it under a Permitted Assignment, including, without limitation, the provisions of this Agreement with respect to any sale, assignment, or transfer by such Recognized Assignee of any interest under this Agreement.

21.8. Except as otherwise provided by the terms of County consent to a Permitted Assignment in circumstances where the County could not otherwise find satisfaction with the requirements of Section 20.9 hereof, a Permitted Assignment shall release the MLC from any further obligations under this Agreement with respect to the portion of the Property so assigned or transferred to a Recognized Assignee; provided, however, that this provision shall not be deemed to release the MLC from any obligations assumed under other agreements or in connection with the Initial Approvals (such as security for performance of obligations), nor shall it be deemed to release the MLC from obligations accruing or liability for defaults under this Agreement occurring prior to the effective date of such Permitted Assignment except where a Recognized Assignee has agreed to expressly assume the liability and obligation to cure such a default and County has expressly consented to the release of MLC from such liability and such obligation to cure.

21.9. The conditions and standards to be applied by County pursuant to Section 20.5 are as follows:

21.9.1. To the extent that substantial commitments or other actions on its part are required resulting in its entering into a Licensee Agreement such purchaser, assignee or transferee possesses the related experience, good reputation and financial resources or access to financial resources to implement the Initial Approvals and cause the Property, or portion thereof to be transferred, to be developed (and maintained, with respect to Infrastructure until acceptance by the applicable public entity) in the manner contemplated by the Initial Approvals and this Agreement; provided, however, that this standard shall be deemed satisfied if such purchaser, assignee or transferee is a wholly owned affiliate of the MLC;

21.9.2. Such purchaser, assignee or transferee enters into a written Assumption Agreement, ready for recordation, in form and content substantially in the form attached hereto as Exhibit 6 and approved by County Counsel, expressly assuming and agreeing to be bound by the

provisions of this Agreement; and,

21.9.3. Such sale, assignment or transfer will not cause a substantial delay not anticipated by the County in the implementation of the items in Exhibit 1 nor impair the ability of the County to achieve the benefits of the items in Exhibits 5 and 7 or other provisions of this Agreement in a timely manner; and,

21.9.4. The assigning MLC shall not be in material default under this Agreement.

21.10. Notwithstanding the foregoing provisions of this Section 20.3, et seq., Mortgages with respect to the Property are permitted without the consent of the County, provided the MLC retains its respective legal or equitable interest in the Property and remains fully responsible hereunder. No Mortgagee pursuant to this Section 20.10 shall be entitled to receive any notice under this Agreement unless MLC or such Mortgagee has submitted a written request to County for such notice to be given, setting forth the names and addresses of the Persons to receive notices on behalf of such Mortgagee and the kinds of notices to be sent to such Persons specifying the applicable sections of this Agreement providing for such notices. The failure of a Mortgagee (other than a Recognized Assignee) to receive any notice from County, or the failure of County to send such notice, shall not affect the application of the terms of this Agreement to the Property or the rights of the County hereunder.

21.11. Foreclosure under a Mortgage, deed in lieu of foreclosure or sale following foreclosure or deed in lieu of foreclosure is permitted without the consent of the County; provided, however, that unless and until the holder of any Mortgage or any successor thereto following foreclosure shall comply with and satisfy the requirements of Sections 20.9.1 and 20.9.2 hereof and be approved by County as a Recognized Assignee following its acquisition of all or a portion of the Property, such holder of any Mortgage or any successor thereto following foreclosure shall not be entitled to the benefits of this Agreement and shall not have any standing or rights to enforce the provisions of this Agreement, but shall otherwise be bound by all of the terms and conditions of this Agreement. Any such holder or successor who comes into possession of the Property, or any portion thereof, pursuant to foreclosure of the Mortgage or a deed in lieu of foreclosure, or sale following foreclosure or deed in lieu of foreclosure, shall take the Property, or such portion thereof, subject to any claims for payments or charges against the Property or such portion thereof, which accrue under this Agreement prior to the time such holder or successor comes into possession of the Property or such portion thereof. Nothing in this Agreement shall be deemed or construed to permit or authorize any such holder or successor to devote the Property, or any portion thereof, to any uses, or to construct any improvements thereon, other than those uses and improvements provided for or authorized by this Agreement, subject to all of the terms and conditions of this Agreement.

21.12. The County shall administer the provisions of this Section 20.3, et seq. through its County Administrator or their designee. The MLC shall notify the County Administrator in writing pursuant to this Section 20.3, et seq., of its request for County consent to any sale, assignment or transfer under this Section 20.3 requiring such consent, together with supporting information in satisfaction of the conditions set forth in subsection 20.9, above, together with a clear statement contained in a separate paragraph in bold capitalized letters that if the County does not act upon such request within thirty (30) days, the request shall be deemed approved pursuant to the provisions of this Section 20.11.

21.12.1. The MLC shall promptly furnish such additional information as the County Administrator or designee may reasonably request and the County shall proceed to consider and act upon the MLC's request for County consent to the proposed sale, assignment or transfer.

21.12.2. The County shall, have thirty (30) days from the date of receipt of such request to approve or deny the requested sale, transfer or assignment based on the standards set forth in Section 20.9.2., above.

21.12.3. Failure of the County to act within such thirty (30) day period shall be deemed an approval of the request; provided the MLC has included the statement to that effect as required herein in its notice to the County and has provided in a timely manner all other information required in connection with said request, including, but not limited to, an executed Assumption Agreement as required by Section 20.9.2. hereof.

21.12.4. A denial by the County of the request based on late, inaccurate or insufficient information furnished by MLC shall not be deemed unreasonable; provided the County has notified the MLC in writing, within fifteen (15) days of receipt of the request from the MLC, that the information was late, inaccurate or insufficient. If a denial is based upon such grounds, MLC may cure such deficiency and reinstate its request by providing such information, thereby starting the thirty (30) day period anew.

21.13. Notices. With respect to both Permitted Assignments and sales, assignments, or transfers not subject to the requirements of Section 20.3., the MLC shall give written notice to the County, in the manner specified in Section 24. hereof within ten (10) days after the close of escrow, of any such sale, assignment or transfer of any portion of the Property in which the MLC holds an interest and any assignment of this Agreement, specifying the name or names and mailing address of the purchaser, assignee or transferee, the amount and location of the land sold, assigned or transferred, and the name and address of a single person or entity to whom any notice relating to this Agreement shall be given. With respect to the

Permitted Assignment, MLC shall submit to County with such notice a fully executed and acknowledged Assumption Agreement (in substantially the form of Exhibit 5 hereto as approved by the County Counsel), with evidence of its recordation. Notices to Mortgagees shall be governed by the provisions of Section 20.10 hereof.

22. Bankruptcy.

To the extent permitted by law, the obligations of this Agreement shall not be dischargeable in bankruptcy.

23. Indemnification.

23.1. MLC shall defend (with counsel reasonably approved by County), indemnify, and hold harmless County, its elective and appointive boards, commissions, officers, employees, and agents from all liabilities, claims, actions, liens, judgments, demands, damages, losses and expenses of any kind arising from death, personal injury, property damage or other cause based or asserted upon any act or omission connected with or arising from MLC's operations under this Agreement. As part of this indemnity, MLC shall protect and defend, at its own expense, County, its elective and appointive boards, commissions, officers, employees, and agents from any proceeding based upon such act or omission.

23.2. Furthermore, MLC agrees to defend (with counsel reasonably approved by County), indemnify, and hold harmless County, its elective and appointive boards, commissions, officers, employees, agents and independent contractors from every claim or demand made, and every liability, loss, damage, expense, attorneys' fees and costs, of any nature whatsoever, which may be incurred by reason of:

23.2.1. Liability for damages for (1) death or bodily injury to persons; (2) injury to, loss or theft of property; (3) any failure or alleged failure to comply with provisions of this Agreement; or (4) any other loss, damage or expense, sustained by any person, firm or corporation or in connection with or arising out of MLC's operations under this Agreement and except for liability resulting from the sole negligence, or willful misconduct of County, its elective and appointive boards, commissions, officers, employees, agents, or independent contractors who are directly employed by County

23.2.2. Any loss, injury to or death of persons or damage to property caused by any act, neglect, default or omission of MLC or any person, firm or corporation employed by MLC, either directly or by independent contract, including all damages due to loss or theft, sustained by any person, firm or corporation, including County, arising out of or in any way connected with MLC's operations under this Agreement, whether said injury or damage occurs either on or off County property, but not for any loss, injury, death or

damages caused by the sole negligence of the County.

23.2.3. Any dispute between MLC and MLC's Contractors, agents and employees.

23.3. Scope: Contractors. MLC shall ensure that its contract with each of its Contractors contains provisions requiring the Contractor to defend and indemnify the County to the minimum level as set forth in this Article.

23.3.1. Indemnity. Each Contractor shall defend (with counsel reasonably approved by County), indemnify, and hold harmless the County, and its elective and appointive boards, commissions, officers, agents, and employees from and against all claims, damages, losses, and expenses, including, but not limited to, attorneys' fees and costs, of any kind whatsoever, arising out of or resulting from Contractor's operations under this Agreement and/or Contractor's operations under any County approval, permit or license, or any act, omission, negligence, or willful misconduct of the Contractor or their respective agents, employees, material or equipment suppliers, invitees, or licensees, but only to the extent caused in whole or in part by the acts or omissions of the Contractor, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, regardless of whether or not such claim, damages, loss, or expense is caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge, or reduce other rights, or obligations of indemnity, which would otherwise exist as to a party, person, or entity described in this paragraph.

23.3.2. Joint and Several Liability. In the event more than one Contractor is connected with an accident or occurrence covered by this indemnification provision, then all such Contractors shall be jointly and severally responsible to each of the indemnitees for indemnification, and the ultimate responsibility among such indemnifying Contractors for the loss and expense of any such indemnification shall be resolved without jeopardy to any indemnitee. The provisions of the indemnity provided for herein shall not be construed to indemnify any indemnitee for its sole negligence if not permitted by law or to eliminate or reduce any other indemnification or right which any indemnitee has by law or equity.

23.4. No Limitation. The MLC's and the Contractor's obligation to indemnify and defend the indemnitees hereunder shall include, without limitation, any and all claims, damages, and costs: for injury to persons and property and death of any person; for each breach of any warranty, express or implied; for failure of the MLC or the Contractor to comply with any applicable governmental law, rule, regulation, or other requirement; and for products used in connection with MLC's or Contractor's operations under this Agreement and/or MLC's or Contractor's operations under subsequent agreements.

24. Insurance.

24.1. Commercial General Liability Insurance. MLC shall, at all times during the Term of this Agreement maintain or cause to be maintained commercial general liability and property damage insurance, covering the risks of bodily injury and/or death, property damage, and personal injury liability, with total limits of not less than \$4,000,000 per year (which may be included under an umbrella policy for such amount), except as otherwise approved by the Community Development Director in consultation with County's risk manager, commensurate with the nature of the activities with respect to the Property and the risks being insured against. Each policy of insurance hereunder shall name the County as an additional insured, and shall provide for blanket contractual liability coverage.

24.2. Workers' Compensation Insurance. MLC shall also provide, or cause to be provided, Workers' Compensation insurance as required by law, together with a contingent employer's liability endorsement in favor of County, covering employees of MLC and employees of any contractor, subcontractor, agent or representative of MLC. MLC, as Lessor and as part of the Commercial Cannabis Licensee Agreements shall also require Licensee/Lessees to maintain Workers' Compensation Insurance for their employees.

24.3. General Requirements for Insurance. Each policy of insurance carried by MLC hereunder shall provide that it may not be cancelled without at least thirty (30) days' prior written notice to County. MLC shall furnish to County a copy of each policy of insurance carried hereunder, or a certificate thereof, stating that such insurance is in full force and effect and, in the case of the public liability insurance, showing County named as an additional insured. Any insurance required to be maintained by MLC hereunder may be maintained under a so-called "blanket policy," insuring other parties and other locations, so long as the amount of insurance required to be provided hereunder is not thereby diminished.

25. Notices.

25.1. All notices required or provided for under this Agreement shall be in writing. Notices required to be given to the County shall be addressed as follows:

County Administrator
County of San Joaquin
44 N. San Joaquin Street, Suite 640
Stockton, CA 95202

Notices required to be given to MLC shall be addressed as follows:

Morada Land Company, LLC
3108 Cherryland Ave.
Stockton, CA 95215
Attn: George Garcia

Copy to:

Zach Drivon (zach@drivonconsulting.com)
Drivon Consulting, Inc.
2904 Pacific Avenue
Stockton, CA 95204

A Party may change address by giving notice in writing to the other Party and thereafter all notices shall be addressed and transmitted to the new address. Notices shall be deemed given and received upon personal delivery, or if mailed, upon the expiration of forty-eight (48) hours after being deposited in the United States Mail.

Notices may also be given by overnight courier which shall be deemed given the following day or by facsimile transmission which shall be deemed given upon verification of receipt.

26. Agreement is Entire Understanding.

This Agreement constitutes the entire understanding and agreement of the Parties.

27. Counterparts.

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original.

28. Recordation.

The County shall record a copy of this Agreement within ten (10) days following execution by all Parties.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

COUNTY

Morada Land Company

County of San Joaquin

Tom Patton
Chairman of the Board of Supervisors

Dated: 7/13/21

Dated: _____

Attest:

Clerk of the Board of Supervisors

Rachael DeBord



Approved as to form:

J. Mark Myles

for

J. Mark Myles, County Counsel

Dated: July 2, 2021

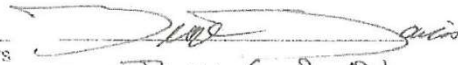
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed
as of the date and year first above written.

COUNTY

Morada Land Company

County of San Joaquin

Chairman of the Board of Supervisors


Dated: July 6, 2021

Dated: _____

Attest:

Clerk of the Board of Supervisors

Approved as to form:

for

J. Mark Myles, County Counsel

Dated: July 2, 2021

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

COUNTY

Morada Land Company

County of San Joaquin


Chairman of the Board of Supervisors

Dated:

9/16/21

Dated: _____

AKA Thomas Anthony Patti

Attest:

Clerk of the Board of Supervisors

Approved as to form:



for

J. Mark Myles, County Counsel

Dated: July 2, 2021

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 San Joaquin

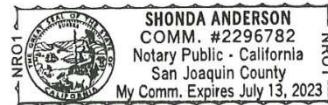
On Sept 16, 2021 before me, Shonda Anderson, Notary Public
(insert name and title of the officer)

personally appeared Thomas Anthony Patti
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 Shonda Anderson (Seal)



IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

COUNTY

Morada Land Company

County of San Joaquin

Tom Patti
Chairman of the Board of Supervisors
Dated: 7/13/21

George Garcia
Dated: 10/5/21 George Garcia

CALIFORNIA NOTARIAL
CERTIFICATE ATTACHED

Attest:

Clerk of the Board of Supervisors

Rachael DeBord



Approved as to form:

J. Mark Myles

for

J. Mark Myles, County Counsel

Dated: July 2, 2021

CALIFORNIA 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 the validity of that document.

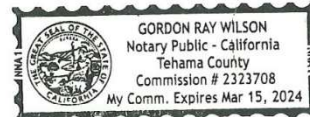
State of California
County of Tehama

On Oct 5 2021 before me, Gordon Ray Wilson, Notary Public
personally appeared George Garcia

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the instrument and acknowledged to me that he/she/they executed the same in his/her/their 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 [Signature] (Seal) Commission Expires 3/15/2024

OPTIONAL

Description of Attached Document:

Title or Type of Document: _____

Number of Pages: _____ Document Date: _____

Other: _____

EXHIBIT 1



MLC Development Agreement
Exhibit 1 – Project Description

Exhibit 1:
Project Description

PROJECT APPLICANT: Morada Land Company

PROJECT TITLE/FILE NUMBER(S): PA-2000070(PP) & PA-200142 (DA)

PROJECT LOCATION: West side of North Report Avenue, between East John Street and Francis Street, Stockton.

ASSESSORS PARCEL NO(S): 143-170-21

GENERAL PLAN: I/L (Industrial Limited) **ZONING:** I/L (Industrial Limited)

The project includes a Commercial Cannabis Business Park for future licensees and tenants of the project site to engage in cultivation, manufacturing, non-storefront retail sales, and distribution activities within an existing 34,412 sq. ft. developed site with an existing 12,880 sf. building. The project includes approval of a Special Purpose Plan (SPP) and Development Agreement pursuant to Title 4 and 9 of the San Joaquin County Municipal Code. The applicant will lease portions of the existing property to future Commercial Cannabis Licensees, which cannot operate without a County and California State license pursuant to Title 4.

The project site is currently occupied by small scale commercial tenants including an auto body shop and frozen foods distributor. The current tenants will be relocated upon occupancy by a commercial cannabis use. The existing structure contains five (5) distinct suites which will be developed with improvements specific to the intended use of commercial cannabis licensees, in accordance with the Project Development Agreement, Licensee Agreement and County approved Improvement Plan(s). These Suites may be improved at once by a single tenant, or gradually as tenant(s) may improve individual suites for the intended use.

Site improvements shall include construction of a seven-foot wrought iron fence around the North, South and East sides of the property, improvement of the existing masonry wall which will be raised to seven feet along the West property line. The project shall also be improved, at the discretion of the Sheriff's Office with a secondary electric fencing system within the primary fence perimeter.

Once improved and occupied by a licensee, the Project Site will include twenty four (24) hour surveillance cameras, security lighting, burglar alarm, and a security guard to be present during all hours of operation.

EXHIBIT 2



MLC Development Agreement

Exhibit 2 – "Legal Description/Property Description" of Project Site

Exhibit 2:

"Legal Description/Property Description" of Project Site

All that certain real property situated in the City of Stockton, County of San Joaquin, State of California, described as follows:

Lots 2, 4, 6, 8, 10, 12, 14, 16, 18, 20, 22, 24, 26, 28 and 30 in Block 7 of "Sutroville Villa Addition to the City of Stockton according to the Official Map filed for record in Volume 2 of Maps, at Page 57, San Joaquin County Records.

EXCEPTING THEREFROM those portions for widening of John Street, Report Avenue and Francis Street, as described in Deeds to the County of San Joaquin recorded October 13, 1987, as Records Instrument No.'s 87094970; 87094971 and 87094972, San Joaquin County Records.

APN: 0143-170-21

Exhibit 2 – "Legal Description/Property Description" of Project Site

EXHIBIT 3



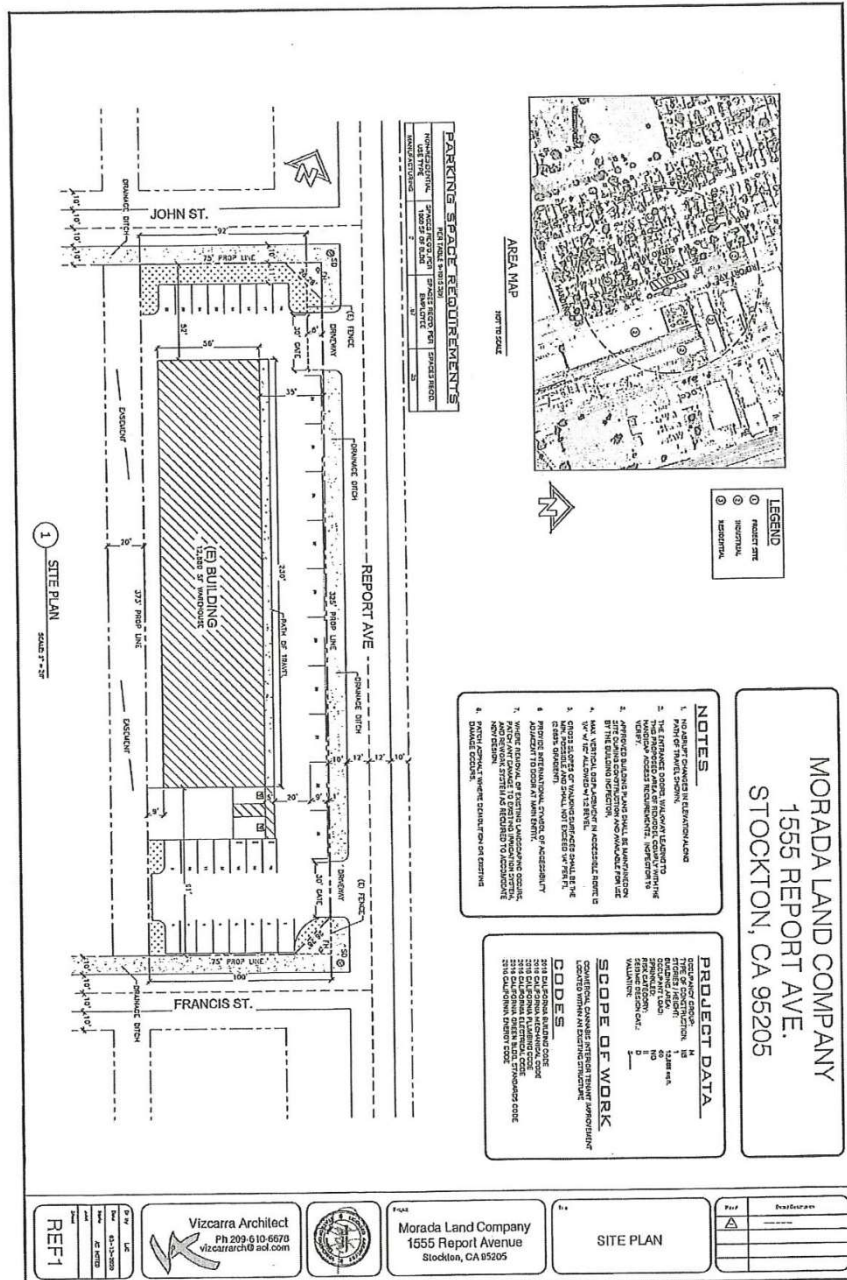


EXHIBIT 4A



MLC Development Agreement
Exhibit 4A – “Community Benefits” – MLC/ Lessor

Exhibit 4A:

“Community Benefits” – MLC/ Lessor

1.) Community Benefits.

a.) Developer MLC Agrees:

- i) That its entitlement of a Commercial Cannabis Business Park will allow for Commercial Cannabis Activity that may negatively impact the residents of San Joaquin County; and, by entering into this Development Agreement, Developer is agreeing to contribute greater public benefits than could otherwise constitutionally be required by the County, and does so freely and with full knowledge and consent.
- ii) To provide the following public benefits and specifically consents to the payment or provision of these public benefits. Developer agrees that these public benefits are not a tax and do not constitute a taking of Developer's property for the public's benefit. Developer waives any and all claims, actions, causes of action, liabilities, damages, demands, attorneys' fees, expenses and costs (including without limitation court costs) of any kind or nature whatsoever, whether known or unknown, suspected or unsuspected, which may arise by reason of payment or provision of the community benefits stated herein.

b.) Developer MLC Agrees to pay the County the following Community Benefit Fees:

- i) A one-time payment of \$10,000.00 within twenty (20) days of recordation of the Development Agreement between MLC and the County with the County Clerk-Recorder as provided in Section 7.1 [Effective Date] of the Development Agreement; and
- ii) A one-time payment of \$7,500.00 within five (5) days of County's issuance of the first Commercial Cannabis License to a Commercial Cannabis Licensee within the SPP Commercial Cannabis Business Park premises.

MLC Development Agreement
Exhibit 4A – “Community Benefits” – MLC/Lessor

EXHIBIT 4B



MLC Development Agreement
Exhibit 4B – “Cost Recovery” – MLC/Lessor

Exhibit 4B:

“Cost Recovery” – MLC/Lessor

Cost Recovery

a.) Developer MLC Agrees:

- i) That the administration of this Agreement and its entitlement of a Commercial Cannabis Business Park will require the County to expend staff time and materials and by entering into this Development Agreement MLC is agreeing to County cost recovery for all reasonable and direct costs of staff time and materials spent on the approval and administration of this Agreement, and does so freely and with full knowledge and consent.
- ii) County can perform cost recovery through fees or by reimbursement.

b.) Developer MLC Agrees to the following method for reimbursement of costs not collected through fees:

- i) County will bill MLC for reasonable and direct costs for administration of this Agreement that are not otherwise captured by fees quarterly, one quarter in arrears from the County's issuance of the first Commercial Cannabis License to a Commercial Cannabis Licensee within the SPP Commercial Cannabis Business Park premises (“Reimbursement Costs”);
- (1) Reimbursement Costs will be calculated and charged to MLC for each County Department performing such services based upon the weighted labor rates calculated by the Auditor's Office and adjusted annually for the fiscal year within which services were performed (“Weighted Labor Rates”). Weighted Labor Rates for the fiscal year 2020-2021 are provided for below:

County Administrator's Office:

- Weighted Labor Rates to be charged for each staff performing services not otherwise captured by fees.
 - o Deputy County Administrator: \$211.68 per hour
 - o Senior Deputy County Administrator: \$260.96 per hour
- Cost of materials

Sheriff's Department:

- Weighted Labor Rates to be charged for each staff performing services not otherwise captured by fees.
 - o Deputy Sheriff: \$153.52 per hour
 - o Sergeant: \$177.71 per hour
 - o Lieutenant: \$205.65 per hour
- Cost of materials.

**MLC Development Agreement
Exhibit 4B – “Cost Recovery” – MLC/Lessor**

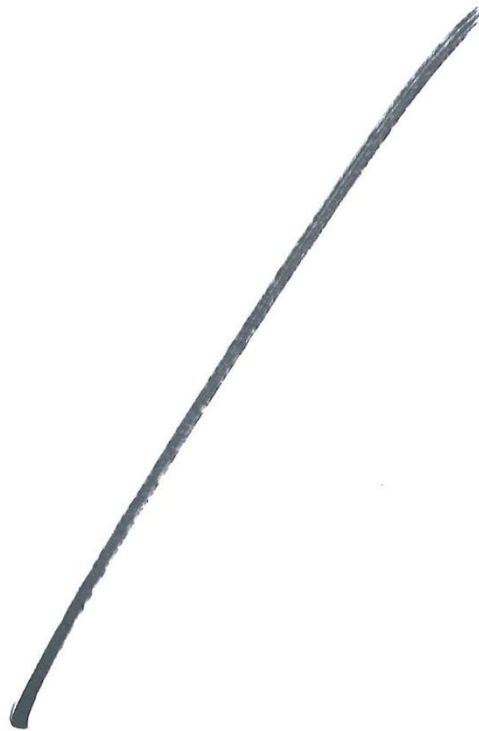
Treasurer Tax Collector’s Office:

- Weighted Labor Rates to be charged for each staff performing services not otherwise captured by fees.
 - o Treasurer-Tax Collector: \$304.16 per hour
 - o Chief Deputy Treasurer: \$184.23 per hour
 - o Accounting Technician II: \$94.70 per hour
 - o Accounting Technician I: \$74.00 per hour
- Cost of materials.

Incidental County Departments

- Services provided by other County Departments identified by the County Administrator's Office as necessary to administer the DA will be charged at that Department staff's Weighted Labor Rates.
- Cost of materials.

EXHIBIT 5



MLC Development Agreement
Exhibit 5 – Form of Development Agreement Assignment

EXHIBIT 5:

FORM OF DEVELOPMENT AGREEMENT ASSIGNMENT

Recording Requested By and
When Recorded Mail To:

Attn: _____

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

ASSIGNMENT AND ASSUMPTION AGREEMENT RELATIVE TO MORADA LAND
COMPANY SPECIAL PURPOSE PLAN/ COMMERCIAL CANNABIS BUSINESS PARK
DEVELOPMENT AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT ("Agreement") is entered into this ____ day of _____, _____, by and between Morada Land Company, a California Limited Liability Company, ("Developer") and _____ (Name of Purchaser), a _____ ("Assignee"), with respect to the following facts:

RECITALS

A. On _____, 2021, the County of San Joaquin and Developer entered into a certain agreement entitled "Development Agreement By and Between The County of San Joaquin County and Morada Land Company" ("Development Agreement"), relating to the Special Purpose Plan/ Commercial Cannabis Business Park located at 1525 Report Avenue Stockton, CA 95205. Pursuant to the Development Agreement, Developer agreed that development of certain property more particularly described in the Development Agreement (the "Property") would be subject to certain conditions and obligations as set forth in the Development Agreement. The Development Agreement was recorded against the Property in the Official Records of San Joaquin County on _____, 2021, as Document No. _____.

B. Developer intends to convey the property as identified in **Exhibit A** attached hereto and incorporated herein by this reference, to Assignee (the "Assigned Property").

C. Developer desires to assign and Assignee desires to assume Developer's right, title, interest, burdens and obligations under the Development Agreement with respect to and as related to the Assigned Property.

AGREEMENT AND ASSUMPTION

MLC Development Agreement
Exhibit 5 – Form of Development Agreement Assignment

**MLC Development Agreement
Exhibit 5 – Form of Development Agreement Assignment**

NOW, THEREFORE, for valuable consideration, Developer and Assignee hereby agree as follows:

1. Assignment. Developer hereby assigns, effective as of Developer's conveyance of the Assigned Property to Assignee, all of the rights, title, interests, burdens and obligations of Developer under the Development Agreement with respect to the Assigned Property. Developer retains all rights, title, interests, burdens and obligations of Developer under the Development Agreement with respect to any other property within the Property still owned by Developer.

2. Assumption. Assignee hereby assumes all of the rights, title, interests, burdens and obligations of Developer under the Development Agreement with respect to the Assigned Property, and agrees to observe and fully perform all of the duties and obligations of Developer under the Development Agreement with respect to the Assigned Property, and to be subject to all the terms and conditions thereof with respect to the Assigned Property.

3. Release and Substitution. The parties intend hereby that, upon the execution of this Agreement and conveyance of the Assigned Property to Assignee, Developer shall be released from any and all obligations under the Development Agreement arising from and after the effective date of this transfer with respect to the Assigned Property and that Assignee shall become substituted for Developer as the "Developer" under the Development Agreement with respect to the Assigned Property.

4. Binding on Successors. 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.

5. Notice Address. The Notice Address described in the Development Agreement with respect to the Assigned Property shall be:

[Name of Assignee]

Attn: _____

**MLC Development Agreement
Exhibit 5 – Form of Development Agreement Assignment**

**MLC Development Agreement
Exhibit 5 – Form of Development Agreement Assignment**

IN WITNESS HEREOF, the parties hereto have executed this Agreement as of the day and year first above written. This Agreement may be signed in identical counterparts.

DEVELOPER:

ASSIGNEE:

[NAME OF ASSIGNEE],

a _____

By: _____

Name: _____

Title: _____

**MLC Development Agreement
Exhibit 5 – Form of Development Agreement Assignment**

EXHIBIT 6



**MLC Development Agreement
Exhibit 6 – Licensee Agreement**

EXHIBIT 6:

Commercial Cannabis Licensee Agreement – Template

**COMMERCIAL CANNABIS LICENSEE AGREEMENT BETWEEN
DEVELOPER Morada Land Company AND**

LICENSEE _____.

(Date)

MLC Development Agreement
Exhibit 6 – Licensee Agreement

THIS COMMERCIAL CANNABIS LICENSEE AGREEMENT (hereinafter "Agreement" or "Licensee Agreement") is made and entered into by and between Morada Land Company (hereinafter referred as "Developer") of and _____ (hereinafter "Licensee") of the Cannabis Business Park. Developer and Licensee are, from time-to-time, individually referred to in this Agreement as a "Party," and are collectively referred to as the "Parties."

List of Attachments:

The following documents are referred to in this Agreement and are either incorporated by reference as fully set forth herein (MLC Development Agreement, including Exhibits 1-5 thereof), or attached hereto:

Attachment A "Licensee Community Benefits"

Attachment B "Cost Recovery"

RECITALS

A. The County Board of Supervisors adopted Title 4, Division 10, Chapter 1 (hereinafter "Title 4") to allow for commercial cannabis businesses licensed under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (Bus. & Prof. Code, § 26000 et seq.) only to operate in the County pursuant to a robust set of regulations and a commercial cannabis development agreement adopted pursuant to Title 9, Division 13. Title 4, Division 10, Chapter 1 is to ensure that County licensing, monitoring, and enforcement protect and promote public health and safety and keep cannabis out of the hands of youth, while also realizing the potential benefits of cannabis legalization including quality job development, criminal justice reform, and reducing the unlicensed market.

B. Title 4 establishes a regulatory scheme for Commercial Cannabis Activity and prohibits all Commercial Cannabis Activity without first obtaining a Commercial Cannabis License. Pursuant to Title 4, Section 4-10008, a Commercial Cannabis License shall not be issued to an applicant unless and until the applicant has, among other things, a Commercial Cannabis Development Agreement or a Commercial Cannabis Licensee Agreement if the applicant is a tenant on a property with an approved Special Purpose Plan (SPP) allowing Commercial Cannabis Activity.

C. On _____, 2021, The San Joaquin County Board of Supervisors approved SPP for a Cannabis Business Park application PA No. 2000070 & PA No. 20000142 (the "Project"). On the same day the Board adopted a Commercial Cannabis Development Agreement for the Project, which is incorporated by reference herein. The Project site is located at 1525 Report Avenue, Stockton, CA 95205, in the unincorporated area of the County, also known as San Joaquin County Assessor Parcel Number 143-017-121-000 and that is more particularly described in Exhibits 1 and 2 to the Commercial Cannabis Development Agreement. The Project location will be referred to hereinafter as

MLC Development Agreement
Exhibit 6 – Licensee Agreement

the "the Property" or "Cannabis Business Park."

D. Subject to the issuance of a Commercial Cannabis License, the Licensee has or proposes to lease a portion of the Property from the Developer for the purpose of carrying out Commercial Cannabis Activity consistent with the terms of the Licensee's Commercial Cannabis License, the Commercial Cannabis Development Agreement, the SPP, and this Agreement. The portion of the Property leased to the Licensee is depicted in the Site Improvement Plan.

E. Developer and Licensee desire to herein enter into a Commercial Cannabis Licensee Agreement to facilitate Licensee obtaining a Commercial Cannabis Business License and to comply with the Development Agreement between County and Developer, as well as Title 4 and Title 9.

F. The San Joaquin County Board of Supervisors, previously held a duly noticed public hearing and voted to adopt the Project, including the Commercial Cannabis Development Agreement for the Property, including the portion to be leased by Licensee. Following the public hearing, the Board determined that the Project was consistent with the County's General Plan and Zoning Code. The Board further determined that based on substantial evidence in the record the environmental analysis, mitigation measures, and conditions of approval ensured that the Project, including the approval of future licensees/lessees conducting Commercial Cannabis Activities with an approved Improvement Plan, would result in less-than-significant adverse impacts on the environment. Accordingly, the Board therefore adopted the Mitigated Negative Declarations (MND) and approved the Project. (See Ordinance No. _____.)

G. This Commercial Cannabis Licensee Agreement is consistent with the MND adopted for the Project. There is no substantial evidence requiring additional environmental review of the Project under CEQA. (See Pub. Resources Code, § 21166, CEQA Guidelines, § 15162; see also San Joaquin County Municipal Code, § 9-815.8 [providing that if subsequent applications are consistent with an adopted SPP future approvals may proceed with an Improvement Plan approval].)

NOW, THEREFORE, with reference to the foregoing recitals and in consideration of the mutual promises, obligations, and covenants herein contained, Developer and Licensee agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Recitals and all defined terms set forth above are hereby incorporated into this Agreement as if set forth herein in full.
2. Agreement Summary.
 - 2.1. Licensee agrees to comply with the Project's SPP allowing Commercial Cannabis Activity and the applicable terms of the Commercial Cannabis

MLC Development Agreement
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Development Agreement.

- 2.2. Licensee agrees to comply with the MLC Development Agreement as approved and as applicable to the Licensee.
- 2.3. Licensee will pay the "Community Benefits" consistent with this Agreement and Attachment A hereto.
- 2.4. Licensee will pay the "Cost Recovery" for reasonable and direct costs for the County's administration of the Development Agreement as it relates to the Licensee consistent with this Agreement and Attachment B hereto.

3. Definitions. Terms not defined within this Agreement, are to be interpreted as they are defined or used in the County Ordinance Code Title 4, Title 9, or the Commercial Cannabis Development Agreement.

4. Relationship of Developer and Licensee. It is understood that this Agreement has been negotiated and voluntarily entered into by the Parties, and that the Licensee is not an agent of the Developer. The Parties hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making the Parties joint venturers or partners.

5. Effective Date and Term.

5.1. Effective Date. The Effective Date of this Agreement shall be either: the last date on which either Party signs this Agreement, or upon approval of the Licensee's Improvement Plan required for implementation of the Agreement, whichever occurs later.

5.2. Term. The term of this Agreement shall commence on the Effective Date and end at such time as Licensee either: (i) no longer has a valid lease for any portion of the Property; or (ii) no longer has an active Commercial Cannabis License.

5.3. Void. If the Licensee is denied, or otherwise fails to obtain, a Commercial Cannabis License, this Agreement shall be deemed void.

6. Development of the Premises.

6.1. Right to Develop. This Agreement is entered into by the Parties for the limited purpose of setting forth the terms concerning the Licensee's use of the Premises for Commercial Cannabis Activities. Accordingly:

6.1.1. Vested Rights. Licensee waives any and all "vested rights" (as that term is used in California land use law) it may have or later acquire, in law or equity, concerning the Premises or the Commercial Cannabis License issued to Licensee except those specifically stated herein. Nothing contained

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in this Agreement, nor in any of the permits, approvals, plans, inspections, certificates, documents, licenses, or any other actions taken by the County regarding the Commercial Cannabis License shall be construed to grant Licensee any vesting of rights for future development or use of the Premises or to conduct commercial cannabis activities except as specifically stated herein.

6.1.2. Project Subject to Rules in Effect at Time of Development. Except as provided herein, Licensee agrees that any and all development and use of the Premises shall be governed by the County's fees, taxes, rules, regulations, ordinances, laws, and officially adopted policies governing the development and use of the Premises, at the time of the Effective Date of this Agreement; including, without limitation, impact fees, processing fees, regulatory fees and permits, density and intensity of use, permitted uses, the maximum height and size of proposed buildings, the provision for the reservation or dedication of land, if any, for public purposes, the construction, installation, and extension of public improvements, environmental review, and other criteria relating to development or use of real Premises and which are generally applicable to the Premises in effect at the time of the development or use.

6.1.3. New Rules and Regulations. During the term of this Agreement, Licensee recognizes that the County may apply new or modified ordinances, resolutions, rules, regulations and official policies of the County to the Premises to ensure that the operation of the Commercial Cannabis Activities are consistent with the protection of the health, safety and welfare of the community and will not adversely affect the surrounding uses.

6.1.4. Future Approvals. Nothing in this Agreement shall prevent the County from conditionally approving any subsequent Improvement Plans within the Cannabis Business Park on the basis of such new or modified ordinances, resolutions, rules, regulations and policies except that such subsequent actions shall be subject to any conditions, terms, restrictions, and requirements expressly set forth herein.

6.1.5. Application of State and Local Regulatory Laws Governing Commercial Cannabis Activities. The operation of Commercial Cannabis Activities is a highly regulated business activity, and it is subject to various state and local laws and regulations. This Agreement does not, and the Developer cannot and does not intend to, give Licensee the right to continue its operations without complying with applicable state and local laws governing its operations. Licensee shall be responsible for obtaining all applicable state permits, approvals and consents, even if the applicable state laws and regulations are altered following the Effective Date.

6.1.6. Uniform Codes Applicable. The Project shall be constructed in

MLC Development Agreement
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accordance with the provisions of the California Building, Mechanical, Plumbing, Electrical and Fire Codes and Title 24 of the California Code of Regulations, relating to Building Standards, in effect at the time of approval of the appropriate building, grading, or other construction permits for the Project.

6.1.7. Maintaining Licenses. Licensee shall ensure that it remains in compliance with all active applicable licenses as set-forth in Title 4 and State law, including but not limited to: County Cannabis License, Annual State License for the corresponding Commercial Cannabis Activity, and Business License.

6.2. Permitted Uses. The permitted uses of Licensee's leased portion of the Premises, the density and intensity of use, the maximum height, bulk and size of proposed buildings, provisions for reservation or dedication of land for public purposes and location and maintenance of on-site and off-site improvements, and other terms and conditions of development applicable to the Premises, shall be consistent with the project description (Exhibit 1) and the conceptual Site Plan (Exhibit 3) of the Development Agreement entered into between the County and MLC, of which this Agreement must remain consistent.

7. Community Benefits. Licensee shall pay the Community Benefits identified in Attachment A to this Agreement.

8. Cost Recovery. Licensee shall pay the County reasonable and direct costs for administration of the Development Agreement and this Agreement that are related directly to the Licensee's permitted uses of the Premises not otherwise captured by fees quarterly, one quarter in arrears from the date such administrative services are performed as identified in Attachment B to this Agreement ("Reimbursement Costs").

8.1. Reimbursement Costs relating directly to the Licensee's permitted uses of the Premises include, but are not limited to, time spent on payment or collection of Community Benefits from the Licensee, or alleged or actual non-compliance with any applicable agreement, laws, regulations, or County codes by the Licensee.

9. Vote on Future Assessments and Fees. In the event that any assessment, fee, or charge which is applicable to the Property, is subject to Article XIII D of the Constitution, the Parties agree that the Licensee does not have a right to vote on said Assessments and Fees as a lessee and without a legal interest in the ownership of the Property. Rather, Developer shall have an obligation to vote as set forth in the MLC Development Agreement.

10. Compliance with Cannabis Business Park Approvals.

10.1. Licensee agrees to operate the Commercial Cannabis Activities on the Premises consistent with the applicable terms of the MLC Development

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Agreement and CEQA analysis incorporated herein by reference. Failure to strictly comply with the terms and conditions of the Operating Conditions shall constitute a default under this Agreement.

11. Amendment or Cancellation.

11.1. Amendment Because of Conflict with State or Federal Laws. In the event that state or federal laws or regulations enacted after the Effective Date of this Agreement prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans, maps, or permits approved by the County, the Parties shall meet and confer in good faith in a reasonable attempt to modify this Agreement to comply with such federal or State law or regulation.

11.2. Amendment by Consent. This Agreement may be amended in writing from time to time by consent of the Parties in accordance with the procedures of State law and permitted uses, but no such amendment shall modify the Licensee's obligation to comply.

11.3. Insubstantial Amendments. Notwithstanding the provisions of any other section herein, any amendments to this Agreement, including to the Licensee Community Benefits (Attachment A) or Cost Recovery (Attachment B), and which do not relate to (a) the permitted uses of the Premises; or (b) the density or intensity of use of the Project which exceed that already approved as part of the MLC Development Agreement (Exhibits 1 and 3), may be adopted by the Parties in writing.

12. Licensee's Default.

The occurrence of any of the following shall constitute a default by Licensee under this Agreement.

12.1 Failure or unreasonable delay to perform any material provision of this Agreement, including Attachment A and any applicable provision of the MLC Development Agreement or related SPP approval.

12.2 Failure to pay any fee, tax, or payment required to be paid under this Agreement, County Ordinance or Resolution, or California State Law.

12.3 Licensee's breach of the lease with Developer or abandonment of the Premises, including Licensee's absence from the Premises for thirty (30) consecutive days.

12.4 Licensee's failure to strictly comply with all the requirements set out in Attachment A.

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13. Agreement to Provide Surety and Documentation to Verify Revenues in the Event of Alleged Default on Payment of Community Benefit Fees to County.

13.1. Licensee understands, acknowledges, and agrees as to its affirmative obligation to pay County Gross Receipts Impact Fees as contemplated in Attachment A "Community Benefits".

13.2. In order to ensure a full and accurate remittance of Gross Receipts Impact Fees, and as a surety to County in the event of Licensee's default of payment to the County, Licensee shall provide to Developer the following:

13.2.2.1. A surety bond issued by an approved surety agency licensed in California for \$20,000.00 upon: (i) execution of this Agreement, or (ii) issuance of a Commercial Cannabis License, whichever occurs later.

13.2.2.2. The Developer shall hold the surety bond during the Term.

13.2.2.3 The County may require the surety bond amount be adjusted based on the quarterly Gross Receipts Impact Fees.

13.2.2.4 In the event the Licensee fails to pay its Gross Receipts Impact Fees and does not cure in accordance with this Agreement, the Developer shall assign the surety bond to the County consistent with the terms of the MLC Development Agreement and this Agreement.

13.2.2.5 Licensee's Sales Tax, Cultivation Tax, Excise Tax, and/or Use Tax returns filed with the California Department of Tax and Fee Administration ("CDTFA") within three (3) days of filing and/or upon written request from County or Developer.

13.2.2.6 A report on Licensee's CDTFA account within seven (7) days of registration of such account and/or upon written request from County or Developer.

13.2.2.7. A report from Licensee's Metrc account or access to a view-only account within seven (7) days of registration of such account and/or upon written request from County or Developer.

14. Notice of Default for Failure to Pay Gross Receipts Impact Fees. In the event Licensee or Developer receive notice of default from the County as to Licensee's failure to pay Gross Receipts Impact Fees, Licensee agrees to correct and/or cure the default in accordance with this Agreement. Failure to receive notice shall not constitute a waiver of any default.

14.1. If Licensee does not correct and/or cure the default in accordance with

MLC Development Agreement
Exhibit 6 – Licensee Agreement

this Agreement, Developer may terminate this Agreement. The Licensee may remit the full amount in default to the County and provide evidence refuting or correcting the alleged default or amount in default to the satisfaction of Developer and County.

14.2. In the event an alleged default is not corrected or cured in accordance with this Agreement, this Agreement shall terminate and Licensee's Impact Fee Security Deposit or surety bond shall be forfeited to Developer, with the proceeds to be paid by Developer to County following Developer's redemption of the bond in an amount proportionate to the alleged default.

15. Other Remedies Available. Upon the occurrence of an event of default, the Parties may pursue all other remedies at law or in equity which are not otherwise provided for in this Agreement expressly including the remedy of specific performance of this Agreement.
16. Notice of Default for Reason other than Failure to Pay Gross Receipts Impact Fees. Upon the occurrence of an event of default by either Party for a reason other than Licensee's failure to pay gross receipts impact fees, the non-defaulting party shall serve written notice of such default upon the defaulting party ("Notice of Default"). Failure to give notice shall not constitute a waiver of any default. Upon delivery of notice, the Parties shall meet and confer in good faith to address the alleged default and attempt to cure such default within a reasonable time or modify the Agreement to remedy such default.
17. Cure Period for Default for Reason other than Failure to Pay Gross Receipts Impact Fees. The Licensee shall respond in writing within seven (7) days of the date of a Notice of Default, and shall provide reasonable evidence that it was never, in fact, in default or shall state that it will immediately commence to cure the identified default. Upon Licensee's response addressing alleged default, it shall have a cure period of thirty (30) days as set forth in section 13.1, unless the Parties extend such time by mutual written consent. In the case of a dispute as to whether a default exist or whether the defaulting Party has cured the default, the Parties may submit the matter to dispute resolution pursuant to section 18 et seq. of this Agreement.
18. Remedies for Default.
 - 18.1.1. Licensee Default. If the Licensee remains in default after the cure period, and the alleged default is not the subject of a dispute resolution pursuant to Section 18 of this Agreement, the Developer shall have all rights and remedies provided by this Agreement, including, without limitation, the right to terminate or modify this Agreement subject to the provisions set forth below. The Developer shall, in addition to any other remedy available at law or in equity, also have the right to compel specific performance of the obligations of Licensee under this Agreement, including, without limitation, the right to compel specific performance of the Community Benefits set

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forth in Attachment A and Cost Recovery set forth in Attachment B to this Agreement.

18.1.2. Termination or Modification. If the Developer, or the County if it default is based on failure to pay gross receipts impact fees, finds and determines that Licensee remains in default after the cure period, and if the alleged default is not the subject of dispute resolution pursuant to this Agreement, Developer shall notify Licensee and begin termination of the Lease and this Agreement as provided herein and in the MLC Development Agreement.

19. Dispute Resolution. In addition to, and not by way of limitation of, all other remedies available to the Parties under the terms of this Agreement, the Parties may choose to use the informal dispute resolution and/or arbitration processes in this Section.

19.1. Informal Dispute Resolution Process. The Parties may agree to informal dispute resolution proceedings to fairly and expeditiously resolve disputes related to the interpretation or enforcement of, or compliance with, the provision of this Agreement ("Disputes"). These dispute resolution proceedings may include: (a) procedures developed by the County for expeditious interpretation of questions arising under Commercial Cannabis Licensee Agreements; or (b) any other manner of dispute resolution that is mutually agreed upon by the Parties.

19.2. Non-Binding Arbitration. The Parties may agree to use non-binding arbitration to resolve any Dispute arising under this Agreement. The arbitration shall be conducted by an arbitrator selected by mutual agreement of the Parties.

19.3. Non-Binding Arbitration Procedures. Upon appointment of the arbitrator, the Dispute shall be set for arbitration at a time not less than thirty (30) nor more than ninety (90) days from the effective date of the appointment of the arbitrator. The cost of arbitration shall be split equally among the Parties and be conducted under procedures that are mutually agreed upon by the Parties in writing prior to the commencement of arbitration.

20. Termination or cancellation. In addition to the procedures set forth in Section 14 above, this Agreement is also subject to the following termination provisions:

20.1. Termination. This Agreement shall terminate pursuant to Sections 5 – 5.3 or otherwise pursuant to this Agreement.

20.2. Cancellation by Mutual Consent. This Agreement may be cancelled by mutual written consent of the Parties. Immediately upon cancellation, Licensee shall cease all Commercial Cannabis Activity on the Property.

20.3. Enforced Delay; Extension of Time of Performance. In addition to specific provisions of this Agreement, performance by any Party hereunder shall

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not be deemed to be in default where a delay is enforced due to: war, insurrection, strikes, pandemic, walkouts, riots, floods, earthquakes, fires, casualties, acts of God, third-party litigation, restrictions imposed or mandated by other governmental entities, enactment of conflicting state or federal laws or regulations, judicial decisions, or similar basis for excused performance that is not within the reasonable control of the Party to be excused, and the cause of the enforced delay actually prevents or unreasonably interferes with such Party's ability to comply with this Agreement; provided, however, that the Parties agree that a delay that results solely from unforeseen economic circumstances shall not constitute an enforced delay for purposes of this Section. This Section shall not be applicable to any proceedings with respect to bankruptcy or receivership initiated by or on behalf of Licensee, or by any third parties against Licensee if such third-party proceedings are not dismissed within ninety (90) days. If written notice of an enforced delay is given to either Party within forty-five (45) days of the commencement of such enforced delay, an extension of time for such cause will be granted in writing for the period of the enforced delay, or longer as may be mutually agreed upon.

21. Estoppel Certificate

21.1. Either Party may, at any time, and from time to time, request written notice from the other Party requesting such party to certify in writing that: (a) this Agreement is in full force and effect and a binding obligation of the Parties, (b) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, and (c) to the knowledge of the certifying party the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults.

21.2. A party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof, or such longer period as may reasonably be agreed to by the Parties.

21.3. Developer, shall be authorized to execute any certificate requested by Licensee.

21.4. Should the party receiving the request not execute and return such certificate within the applicable period, this shall not be deemed to be a default, provided that such party shall be deemed to have certified that the statements in clauses (a) through (c) of this section are true, and any party may rely on such deemed certification.

22. Severability. The unenforceability, invalidity or illegality of any provisions, covenant, condition or term of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

23. Attorneys' Fees and Costs.

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23.1.1. If the Developer or Licensee initiates any action at law or in equity to enforce or interpret the terms and conditions of this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs in addition to any other relief to which it may otherwise be entitled. If any person or entity not a party to this Agreement initiates an action at law or in equity to challenge the validity of any provision of this Agreement or the Implementation Plan Approval, the Parties shall cooperate in defending such action. Licensee shall bear its own costs of defense as a real party in interest in any such action and shall reimburse the Developer for all reasonable costs and attorneys' fees expended by the Developer in defense of any such action or other proceeding and incurred after the Effective Date of the Agreement.

24. Transfers and Assignments. The Parties acknowledge and agree that this Agreement shall not be transferred and any change in ownership of the Licensee shall be in conformance with Title 4, Section 4-10031.

25. Indemnification.

25.1. Licensee shall defend (with counsel reasonably approved by Developer and County), indemnify, and hold harmless Developer and County, along with County's elective and appointive boards, commissions, officers, employees, and agents from all liabilities, claims, actions, liens, judgments, demands, damages, losses and expenses of any kind arising from death, personal injury, property damage or other cause based or asserted upon any act or omission connected with or arising from Licensee's operations under this Agreement and/or Licensee's operations under the MLC Development Agreement, and from every claim or demand made, and every liability, loss, damage, expense, attorneys' fees and costs, of any nature whatsoever, which may be incurred by reason of:

- A. Liability for damages for (1) death or bodily injury to persons; (2) injury to, loss or theft of property; (3) any failure or alleged failure to comply with provisions of this Agreement; or (4) any other loss, damage or expense, sustained by any person, firm or corporation or in connection with or arising out of Licensee's operations under this Agreement and/or Licensee's operations under the MLC Development Agreement except for liability resulting from the sole negligence, or willful misconduct of Developer, its officers, employees, agents, or independent contractors who are directly employed by Developer.
- B. Any loss, injury to or death of persons or damage to property caused by any act, neglect, default or omission of Licensee or any person, firm or corporation employed by Licensee, either directly or by independent contract, including all damages due to loss or theft, sustained by any person, firm or corporation, including Developer, arising out of or in any way connected with Licensee's operations under this Agreement and/or Licensee's operations under the MLC Development Agreement, whether said injury or damage occurs either on or off County property,

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but not for any loss, injury, death or damages caused by the sole negligence of the Developer.

- C. Any dispute between Licensee and Licensee's Contractors, agents and employees.

26. Joint and Several Liability. In the event more than one licensee within the Cannabis Business Park is connected with an accident or occurrence covered by this indemnification provision, then all such licensees, including Licensee, shall be jointly and severally responsible to each of the indemnitees for indemnification, and the ultimate responsibility among such indemnifying licensees for the loss and expense of any such indemnification shall be resolved without jeopardy to any indemnitee. The provisions of the indemnity provided for herein shall not be construed to indemnify any indemnitee for its sole negligence if not permitted by law or to eliminate or reduce any other indemnification or right which any Indemnitee has by law or equity.

27. No Limitation. The Licensee's obligation to indemnify and defend the indemnitees hereunder shall include, without limitation, any and all claims, damages, and costs: for injury to persons and property and death of any person; for each breach of any warranty, express or implied; for failure of the Licensee to comply with any applicable governmental law, rule, regulation, or other requirement; and for products used in connection with Licensee's operations under this Agreement.

28. Insurance.

28.1 Commercial General Liability Insurance. The Licensee shall, at all times during the Term of this Agreement maintain or cause to be maintained commercial general liability and property damage insurance, covering the risks of bodily injury and/or death, property damage, and personal injury liability, with total limits of not less than \$1,000,000.00 per year (which may be included under an umbrella policy for such amount). Each policy of insurance hereunder shall name the Developer as an additional insured party and shall provide for blanket contractual liability coverage.

28.2 Workers' Compensation Insurance. Licensee shall also provide, or cause to be provided, Workers' Compensation insurance as required by law, together with a contingent employer's liability endorsement in favor of Developer, covering employees of Licensee and employees of any contractor, subcontractor, agent or representative of Licensee.

28.3 General Requirements for Insurance. Each policy of insurance carried by Licensee hereunder shall provide that it may not be cancelled without at least thirty (30) days' prior written notice to Developer. Licensee shall furnish to Developer a copy of each policy of insurance carried hereunder, or a certificate thereof, stating that such insurance is in full force and effect and, in the case of the public liability insurance, showing Developer named as an additional insured. Any

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insurance required to be maintained by Licensee hereunder may be maintained under a so-called "blanket policy," insuring other parties and other locations, so long as the amount of insurance required to be provided hereunder is not thereby diminished.

29. Notices.

29.1 All notices required or provided for under this Agreement shall be in writing. Notices required to be given to the Developer shall be addressed as follows:

Notices required to be given to the County by Developer or Licensee shall be addressed as follows:

County Administrator
County of San Joaquin
44 N. San Joaquin Street, Suite 640
Stockton, CA 95202

Notices required to be given to Licensee shall be addressed as follows:

[Licensee Information TBD]

Copies of any Notices to either Party shall also be provided to the Developer as follows:

Morada Land Company, LLC
3108 Cherryland Ave.
Stockton, CA 95215
Attn: George Garcia

Copy to:

Zach Drivon (zach@drivonconsulting.com)
Drivon Consulting, Inc.
2904 Pacific Avenue
Stockton, CA 95204

A Party may change address for notices by giving notice in writing to the other Party and Developer. Thereafter all notices shall be addressed and transmitted to the new address. Notices shall be deemed given and received upon personal delivery, or if mailed, upon the expiration of 48 hours after being deposited in the United States mail.

Notices may also be given by overnight courier which shall be deemed given the following day or by facsimile transmission which shall be deemed given upon

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verification of receipt. Courtesy copies may also be emailed.

30. Agreement is Entire Understanding.

This Agreement may be executed via electronic or signed and scanned signatures, and constitutes the entire understanding and agreement of the Parties.

31. Counterparts.

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original and may be executed by electronic or scanned signature(s).

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date and year first above written.

DEVELOPER

LICENSEE

Morada Land Company

George Garcia, Managing Member
Morada Land Company

Dated: _____

Dated: _____

EXHIBIT 6 - ATTACHMENT A



**MLC CANNABIS BUSINESS PARK
COMMERCIAL CANNABIS LICENSEE AGREEMENT**

ATTACHMENT A

LICENSEE COMMUNITY BENEFITS

All terms capitalized herein shall have the same meaning as those set forth in Title 4, Division 10, Chapter 1, and Title 9 of the San Joaquin County Code of Ordinances or the Commercial Cannabis Development Agreement:

- a) Gross Receipts Impact Fee(s) for All Commercial Cannabis Cultivation Businesses:
 - i) Licensee shall pay a Gross Receipts Impact Fee payment to the County on its Cannabis Cultivation as follows:
 - (1) The initial rate shall be three- and one - half (3.5%) percent. The maximum rate shall be five percent (5%) based on Gross Receipts as defined above.
 - (a) During this Term, the Parties agree the rate may go up one-half (.5%) percent per year starting twelve (12) months after the Effective Date of this Agreement only in an amount established from time to time by resolution or ordinance of the Board of Supervisors.
 - (b) Licensee shall deliver the Gross Receipts Impact Fee Payment in quarterly installments beginning on or before the last day of the month following the close of each calendar quarter. Each payment shall include the full amount owed pursuant to the Gross Receipt's Impact Fee due.
- b) Gross Receipts Impact Fee for Third-Party Distribution activity:
 - i) Licensee shall pay a Gross Receipts Impact Fee on its Third-Party Distribution at a rate of three- and one-half percent (3.5%) of gross receipts on Third-Party Distribution per year (Third-Party Distribution Payment).
 - ii) Licensee shall deliver the Gross Receipts Impact Fee Payment in quarterly installments beginning on or before the last day of the month following the close of each calendar quarter. Each payment shall include the full amount owed pursuant to the Gross Receipt's Impact Fee due.
- c) Gross Receipts Impact Fee for All Non-Cultivation, Non Third-Party Distribution Commercial Cannabis Businesses:
 - i) Licensee shall pay a Gross Receipts Impact Fee payment on its Non-Cannabis Cultivation as follows:
 - (1) The initial rate shall be three- and one-half percent (3.5%). The maximum rate shall be five percent (5%).

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- (2) During this Term, the Parties agree the rate may go up one-half (.5%) per year starting twelve (12) months after the Effective Date of this Agreement only in an amount established from time to time by resolution or ordinance of the Board of Supervisors.
- (3) Licensee shall deliver the Gross Receipts Impact Fee Payment in quarterly installments beginning on or before the last day of the month following the close of each calendar quarter. Each payment shall include the full amount owed pursuant to the Gross Receipt's Impact Fee due.
- d) Payment Location. Licensee shall make the Community Donation and Gross Receipts Impact Fee at the Offices of the County Treasurer-Tax Collector.
- e) Payment Method:
 - i) Licensee may pay the Gross Receipts Impact Fee in legal tender or in money receivable in payment of taxes by the United States.
 - ii) The County Treasurer-Tax Collector shall have the right to refuse the payment in coins.
 - iii) The County Treasurer-Tax Collector may, in his or her discretion, require electronic funds transfers in payment of the Gross Receipts Impact Fee Payment.
- f) Payment Due:
 - i) The Gross Receipts Impact Fee Payment shall be due and payable as follows:
 - (1) Licensee shall prepare and deliver a Gross Receipts Impact Fee Payment statement to the County Treasurer-Tax Collector of the total gross receipts and the amount of Gross Receipts Impact Fee Payment owed for the preceding designated period. At the time the Gross Receipts Impact Fee Payment statement is filed, the full amount of the Gross Receipts Impact Fee Payment owed for the preceding designated period shall be remitted to the County Treasurer-Tax Collector.
 - (a) Licensee shall make all Gross Receipts Impact Fee Payments on statements on forms provided by the County Treasurer-Tax Collector.
 - (b) Gross Receipts Impact Fee Payment statements and payments for all outstanding Gross Receipts Impact Fee Payments owed by Licensee are due to the County Treasurer-Tax Collector upon cessation of business for any reason, within ten (10) days of such cessation of business.
- g) Payments and Communications Made by Mail—Proof of Timely Submittal. The County will deem the Gross Receipts Impact Fee Payments made timely if Licensee submits them by United States mail in a sealed envelope, properly addressed with the required postage prepaid. Payments must be received, or United States Postal Service (USPS) postmarked, on or before the last day of the month following the close of each calendar quarter to avoid penalties. Licensee

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who send their payments by mail are cautioned that the USPS only postmarks certain mail depending on the type of postage used. Additionally, the USPS may not postmark mail on the same day it is deposited.

h) Payment—When Deemed Delinquent.

- i) The County Treasurer-Tax Collector shall deem Gross Receipts Impact Fee Payments delinquent if Licensee does not pay them on or before the last day of the month following the close of each calendar quarter.
- ii) Any business who fails to remit the Gross Receipts Impact Fee Payments within the time required shall pay a penalty of ten percent (10%) of the Gross Receipts Impact Fee Payments in addition to the amount of the Gross Receipts Impact Fee Payments.
- iii) Any business who fails to remit any delinquent Gross Receipts Impact Fee Payments on or before the last day of the month following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent (10%) of the amount of the Gross Receipts Impact Fee Payments in addition to the amount of the Gross Receipts Impact Fee Payments and the ten percent (10%) penalty first imposed.
- iv) If the County Treasurer-Tax Collector determines that the nonpayment of any remittance is due to fraud, a penalty of twenty-five (25%) of the amount of the Gross Receipts Impact Fee Payments shall be added thereto in addition to the penalties stated in subparagraphs (ii) and (iii) of this section.
- v) The County is not required to send a late or other notice or bill to the Licensee.

i) Payment—Interest on Delinquent Payments.

- i) In addition to the penalties imposed, any business who fails to remit any Gross Receipts Impact Fee shall pay interest at the rate of one-half of one percent (.5) per month on the amount of the Gross Receipts Impact Fee, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
- ii) Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the Gross Receipts Impact Fee herein required to be paid.

j) Payment—When Deemed Default.

- i) The County Treasurer-Tax Collector shall deem Gross Receipts Impact Fee Payments defaulted if Licensee does not pay them on or before the last day of the following calendar quarter.

k) Payment—Returned Checks. Whenever the Licensee submits a check in payment of and the check is subsequently returned unpaid by the bank upon which the check is drawn, and the check is not redeemed prior to the due date, then the Licensee, in addition to the amount due, shall pay a return check fee as established by the Board of Supervisors.

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l) Refunds.

- i) Whenever the amount of any Gross Receipts Impact Fee, interest or penalty has been overpaid or paid more than once or has been erroneously or illegally collected or received by the County Treasurer-Tax Collector it may be refunded provided a claim in writing therefore, stating under penalty of perjury the specific grounds upon which the claim is founded, is filed with the County Treasurer-Tax Collector within three (3) years of the date of payment. The claim shall be on forms furnished by the County Treasurer-Tax Collector.

m) Audit and Examination of Records and Equipment.

- i) The County Treasurer-Tax Collector or the County Treasurer-Tax Collector's authorized agent shall have the power to audit and examine all books and records of the Licensee, including both State and Federal income tax returns, California sales tax returns, or other evidence documenting the gross receipts of the Licensee, and, where necessary, all equipment of Licensee, for the purpose of ascertaining the gross receipts to determine the amount of Gross Receipts Impact Fee Payment, if any, required to be paid by this Agreement, and for the purpose of verifying any statements or any item thereof when filed by the Licensee. If such person, after written demand by the County Treasurer-Tax Collector or the County Treasurer-Tax Collector's authorized agent, refuses to make available for audit, examination or verification such books, records or equipment as the County Treasurer-Tax Collector or the County Treasurer-Tax Collector's authorized agent requests, the County Treasurer-Tax Collector or the County Treasurer-Tax Collector's authorized agent may, after full consideration of all information within his or her knowledge concerning the cannabis business and activities of the person so refusing, make an assessment in the manner provided in this Chapter of any Gross Receipts Impact Fee Payment estimated to be due.
 - ii) Licensee shall keep and preserve, for a period of at three (3) years, all records as may be necessary to determine the amount of the Gross Receipts Impact Fee Payment, which records the County Treasurer-Tax Collector shall have the right to inspect at all reasonable times.
- n) Deficiency Determination. If the County Treasurer-Tax Collector is not satisfied that any statement filed as required under the provisions of this Agreement is correct, or that the amount of Gross Receipts Impact Fee Payment is correctly computed, the Treasurer-Tax Collector may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement or upon the basis of any information in their possession or that may come into their possession within twelve months of the date the Gross Receipts Impact Fee Payment was originally due and payable. One or more deficiency determinations of the amount of Gross Receipts Impact Fee Payment due for a period or periods may be made. If Licensee discontinues the permitted commercial cannabis activity, a deficiency determination may be made at any time within three (3) years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued

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prior to the date the Gross Receipts Impact Fee Payment would otherwise be due. Whenever a deficiency determination is made, a notice shall be given to the Lessor and Licensee concerned in the same manner as notices under this Agreement.



EXHIBIT 6 - ATTACHMENT B



**MLC CANNABIS BUSINESS PARK
COMMERCIAL CANNABIS LICENSEE AGREEMENT**

**ATTACHMENT B
LICENSEE COST RECOVERY**

Cost Recovery

a.) Licensee Agrees:

- i) That the administration of the Development Agreement and this Agreement will require the County to expend staff time and materials and by entering into this Agreement Licensee is agreeing to County cost recovery for all reasonable and direct costs of staff time and materials spent on the Development Agreement as it relates directly to the Licensee's permitted use of the Premises and this Agreement, and does so freely and with full knowledge and consent.
- ii) County can perform cost recovery through fees or by reimbursement.

b.) Licensee Agrees to the following method for reimbursement of costs not collected through fees:

- i) County will bill Licensee for reasonable and direct costs for administration of this Agreement that are not otherwise captured by fees quarterly, one quarter in arrears from the County's issuance of Licensee's Commercial Cannabis License ("Reimbursement Costs");
- (1) Reimbursement Costs will be calculated and charged to Licensee for each County Department performing such services based upon the weighted labor rates calculated by the Auditor's Office and adjusted annually for the fiscal year within which services were performed ("Weighted Labor Rates"). Weighted Labor Rates for the fiscal year 2020-2021 are provided for below:

County Administrator's Office:

- Weighted Labor Rates to be charged for each staff performing services not otherwise captured by fees.
 - o Deputy County Administrator: \$211.68 per hour
 - o Senior Deputy County Administrator: \$260.96 per hour
- Cost of materials

Sheriff's Department:

- Weighted Labor Rates to be charged for each staff performing services not otherwise captured by fees.
 - o Deputy Sheriff: \$153.52 per hour
 - o Sergeant: \$177.71 per hour

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- Lieutenant: \$205.65 per hour
- Cost of materials.

Treasurer Tax Collector's Office:

- Weighted Labor Rates to be charged for each staff performing services not otherwise captured by fees.
 - Treasurer-Tax Collector: \$304.16 per hour
 - Chief Deputy Treasurer: \$184.23 per hour
 - Accounting Technician II: \$94.70 per hour
 - Accounting Technician I: \$74.00 per hour
- Cost of materials.

Incidental County Departments

- Services provided by other County Departments identified by the County Administrator's Office as necessary to administer the DA will be charged at that Department staff's Weighted Labor Rates.
- Cost of materials.