ORDINANCE NO. 2020-470

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARVIN, CALIFORNIA, ADOPTING AN UNCODIFIED ORDINANCE, APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF ARVIN AND CANA ROSE REALTY HOLDINGS, LLC. AND LIFE & NATURE FARMS, LLC. FOR THE DEVELOPMENT OF CERTAIN COMMERCIAL CANNABIS OPERATIONS LOCATED AT 901 POTATO ROAD, ARVIN, CA

WHEREAS, Sections 65864-65869.5 of the California Government Code authorize the City of Arvin ("City") to enter into development agreements and requires the planning agency of the City to find the proposed development agreement to be consistent with the policies and programs of the General Plan and any applicable specific plan, which the Planning Commission has done; and

WHEREAS, Government Code section 65865 authorizes the City to enter into development agreements with any person having a legal or equitable interest in real property; and

WHEREAS, Cana Rose Realty Holdings, LLC. and Life & Nature Farms, LLC. ("Developer") has filed the a development agreement application with the City for development of 901 Potato Road, in Arvin, California, APN: 193-150-18, which is generally located north of Sycamore Road and East Fallbrook Avenue, (the "Project Area" or "Property") for the development of cannabis uses under for Cultivation, Manufacture and Non-storefront delivery, to be completed in six phases (the "Project") as approved on their Conditional Use Permit (Resolution N0. APC2019-05). The various entitlements are collectively referred to as "Project Approvals;" and

WHEREAS, the City performed a preliminary environmental assessment pursuant to the requirements of the California Environmental Quality Act (California Public Resources Code section 21000, et seq.) and the Guidelines thereunder (14 California Code of Regulations section 15000, et seq.) (collectively, "CEQA"), and determined the Project Approvals were subject to exemptions pursuant to CEQA Guidelines section 15061(b)(3).

WHEREAS, On July 13th the Planning Commission held a public hearing. In this meeting the Planning Commission recommended to the City Council of the City of Arvin to approve the Development Agreement between the City of Arvin and Cana Rosa Realty Holdings LLC., and Nature Farms LLC., for the development of certain cannabis operations.

WHEREAS, the City properly noticed the July 14, 2020, regular meeting of the City Council of the City of Arvin to consider the proposed development agreement pursuant to Government Code sections 65090 and 65091 by publication in the newspaper and provided notice to all property owners within three hundred (300') feet of the proposed projects; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Arvin as follows:

1. The above recitals are true, correct and hereby incorporated by reference.

2. The City Council adopts a CEQA determination pursuant to CEQA Guidelines section 15061(b)(3) as it can be seen with certainty that there is no possibility that the Development Agreement will have a significant, adverse, physical effect on the environment. Further, none of the exceptions to categorical exemptions set forth in CEQA Guidelines, section 15300.2, apply to this project.

3. The City Council approves the Development Agreement By And Between The City Of Arvin, A Municipal Corporation, and Cana Rose Realty Holdings, LLC., and Life & Nature Farms, LLC., A California Corporation and uncodified ordinance attached hereto as Exhibit "A," and recommends the City Council make the following attendant findings:

   a. Finding 1: The proposed Development Agreement complies with the purposes, goals and policies of the City's General Plan. Accordingly, the Development Agreement is consistent with all applicable provisions of the General Plan. The proposed land uses and the density are also compliant per this requirement.

   b. Finding 2: The Development Agreement is consistent with and furthers a number of goals and objectives identified in the City's General Plan.

   c. Finding 3: The Development Agreement does not include a subdivision as defined in section 66473.7 of the Government Code.

4. This Ordinance shall take effect and be in full force and effect from and after thirty (30) calendar days after its final passage and adoption. If either said approval or payments have not occurred within sixty (60) days of the date of the adoption of this Ordinance, this Ordinance shall not take effect and will be null and void.

//////

//////

//////

//////

//////

//////

I HEREBY CERTIFY that the foregoing Ordinance was introduced by the City Council of the City of Arvin after waiving reading, except by Title, at a regular meeting thereof held on the 14th of July 2020, and adopted the Ordinance after the second reading at a regular meeting held on the 28th day of July 2020, by the following roll call vote:

AYES: CM Martinez, CM Trujillo, MPT Robles, Mayor Gurrola

NOES: _____

ABSTAIN: _____

ABSENT: CM Franetovich

ATTEST:

CECILIA VELA, City Clerk

CITY OF ARVIN

By: _____

JOSE GURROLA, Mayor

Attachment: Development Agreement by and Between The City Of Arvin, A Municipal Corporation, and Cana Rose Realty Holdings, LLC., and Life & Nature Farms, LLC., A California Corporation.

I, _____, City Clerk of the City of Arvin, California, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of the Ordinance passed and adopted by the City Council of the City of Arvin on the date and by the vote indicated herein.

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

City of Arvin
Attn: City Clerk
City Hall
200 Campus Drive
PO Box 548
Arvin, CA 93203

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

AGREEMENT NO. 2020-14

DEVELOPMENT AGREEMENT

by and between

The City of Arvin
a municipal corporation

and

Cana Rose Realty Holdings, LLC
a California Limited Liability Company

and

Life & Nature Farms, LLC,
a California Limited Liability Company

AGREEMENT NO. 2020-14

DEVELOPMENT AGREEMENT

This Development Agreement (the **"Agreement"**) is made this _____ day of _____, 2020, by and between the **City of Arvin**, a municipal corporation, organized and existing pursuant to the laws of the State of California (the **"City"**) and **Cana Rose Realty Holdings, LLC**, a California limited liability company and **Life & Nature Farms, LLC**, a California limited liability company. Cana Rose Realty Holdings, LLC and Life & Nature Farms, LLC are collectively referred to herein as ("**Developer**"). City and Developer are hereinafter sometimes collectively referred to as the **"Parties"** and each may be referred to as a **"Party"**.

R E C I T A L S

A) Pursuant to Section 65864 through 65869.5 of the California Government Code (the **"Development Agreement Laws"**), the City is authorized to enter into binding development agreements with Persons (as hereinafter defined) having legal or equitable interests in real property for the development of such real property.

B) The following application(s) have been filed by the Developer with the City for **901. Potato Road, Arvin, California,** APN: 193-150-18-00, that is generally located at the intersection of Derby and Sycamore Roads, Arvin, California (the **"Project Area" or "Property"**) for the development of commercial cannabis related uses (the **"Project"**):

1) An application for this Development Agreement (the **"DA Application"**).
2) An application filed by the Developer (the **"CUP Application"**) for a conditional use permit for commercial cannabis cultivation, which would allow the use of the entire Project Area, including any existing structures, appurtenances or planned improvements thereto (as more particularly described in the CUP Application).
3) An application for a site development permit filed by the Developer (the **"Site Development Application"**) for architectural treatment, drainage, site aesthetics, and similar development within the Project Area (as more particularly described in the Site Plan Application).
4) An application filed by the Developer (the **"Commercial Cannabis Permit Application"**) for a Commercial Cannabis Permit, as required by Chapter 17.64 of the Arvin Municipal Code, for cannabis uses in the Project Area (as more particularly described in the Commercial Cannabis Permit application).

The CUP Application, the Site Development Application and the Commercial Cannabis Permit Application are hereinafter sometimes collectively referred to as the **"Project Applications"**. Approval of the Project Applications is hereinafter sometimes collectively referred to as the **"Project Approvals."** The Project Area is depicted on Exhibit "A" to this Agreement, and the legal description is set forth on Exhibit "B."

C) All required fees and costs have been paid for the filing, and the City's processing of, the Project Applications except for the payment of the City Preparation Costs (as hereinafter defined) which will be paid within thirty (30) days of the Effective Date (as hereinafter defined) of this

Agreement.

D) Subsequent to the filing of the Project Applications, the City performed a preliminary environmental assessment pursuant to the requirements of the California Environmental Quality Act (California Public Resources Code section 21000, *et seq*.) and the Guidelines thereunder (14 California Code of Regulations section 15000, *et seq*.) (collectively, **"CEQA"**), and determined the Project Approvals were subject to exemptions pursuant to CEQA Guidelines Section 15061(b)(3) and 15301 (Existing Facilities).

E) Developer filed the DA Application for approval of this Agreement in order to: (1) vest the land use and zoning policies established in the Existing City Requirements (as hereinafter defined) as of the Adoption Date (as hereinafter defined) of this Agreement for the duration of the Term (as hereinafter defined) with respect to the Project Area and the Project; and (2) memorialize certain other agreements made between the City and Developer with respect to the Project Area and the Project.

F) The City has determined that this Agreement furthers the public health, safety and general welfare, and that the provisions of this Agreement are consistent with the goals and policies of the 2035 Arvin General Plan. For the reasons recited herein, the City and Developer have determined that the Project is a development for which this Agreement is appropriate. This Agreement will eliminate uncertainty regarding Project Approvals and certain subsequent development approvals, thereby encouraging planning for, investment in and commitment to use and develop the Project Area. Continued use and development of the Project Area is anticipated to, in turn, provide the following substantial benefits and contribute to the provision of needed infrastructure for area growth, thereby achieving the goals and purposes for which the Development Agreement Laws were enacted: (1) Provide for the development of unused land; (2) Provide increased tax revenues for the City; (3) Provide for jobs and economic development in the City; and (4) Provide infrastructure improvements that can be utilized by regional users and future users. It is based upon these benefits to the City that the City is agreeable to proceeding with the proposed Project Applications and Project Approvals.

G) The City has further determined that it is appropriate to enter into this Agreement to: (1) provide certainty to encourage investment in the comprehensive development and planning of the Project; (2) secure orderly development and progressive fiscal benefits for public services, improvements and facilities planning for the Project Area and neighboring areas, as appropriate; and (3) fulfill and implement applicable adopted City plans, goals, policies and objectives.

H) The City has further determined that the provisions of this Agreement, including the uses and activities authorized herein, are compatible with the uses authorized in, and the regulations prescribed for, the zoning district and area in which the Property is located, and will not adversely affect the orderly development of property or the preservation of property values in the City.

I) The City has further determined that this Agreement, will provide for or result in contributions, services, or facilities that benefit the community and provides for payment by the Developer or all costs associated with preparing and entering into this Agreement as stated this Agreement.

J) The City has further determined that this Agreement provides a reasonable penalty for violation of its terms, as stated in Section 10 hereof.

K) This Agreement will survive beyond the term or terms of the present City Council.

L) On July 13, 2020, at a duly noticed public meeting and after due review and consideration of (i) the report of City staff on the Project Applications, (ii) all other evidence heard and submitted at the public hearing, and (iii) all other appropriate documentation and circumstances, the Planning Commission of the City adopted resolutions recommending that the City Council: (1) adopt the exemption pursuant to CEQA Guidelines Sections 15061(b)(3) and 15301(Existing Facilities) in compliance with CEQA; (2) approve the CUP Application, and Site Development Application subject to the express conditions of approval set forth therein (collectively, the **"Conditions of Approval"**); and (3) approve this Development Agreement.

M) On July 28, 2020, at a duly noticed public meeting and after introduction of the ordinance due review and consideration of (i) the report of City staff on the Project Applications, (ii) the recommendations of the Planning Commission, (iii) all other evidence heard and submitted at the duly noticed public hearing conducted and closed, and (iv) all other appropriate documentation and circumstances, the City Council adopted an ordinance to: (a) adopt the exemption pursuant to CEQA Guidelines Sections 15061(b)(3) and 15301(Existing Facilities) in compliance with CEQA and adopt any attendant findings required by CEQA; (b) to effectuate the approval of this Agreement, upon making the findings required by section 17.64.200 of the Arvin Municipal Code; and (c) direct the City Manager to finalize and execute this Agreement on behalf of the City (collectively, the **"City Council Ordinance").**

A G R E E M E N T

NOW, THEREFORE, with reference to the above Recitals, and in consideration of the mutual covenants and agreements contained in this Agreement, the City and the Developer agree as follows:

1. Interests of Developer.

1.1 Recordation. This Agreement shall be recorded in the Official Records of the County of Kern County, and the City and Developer shall execute any documents reasonably required by the other to effectuate such recordation. This Agreement must be recorded with the Kern County Recorder prior to commencement of any commercial cannabis use on the Property, regardless of the existence of any conditional use permit, site plan, entitlement, City-issued commercial cannabis permit or State-issued license for cannabis operations at the Property or in the Property Area.

1.2 Recordation of Agreement. Within ten (10) calendar days following mutual execution of this Agreement by the City and Developer, the City shall cause this Agreement to be recorded in the official records of Kern County, California (the **"Official Records"**) with respect to the Property. Following the recordation of this Agreement in the Official Records, the City shall deliver to Developer a conformed copy of this Agreement evidencing the recording information.

1.3 Binding Covenants. The Developer represents: (1) it has a legal right of possession to the Property and/or equitable interest in the Project Area; (2) it has provided proof of such interest to the satisfaction of the City Manager; (3) it has provided proof of the authority of any agent or representative to act for the Developer in connection with this Agreement to the satisfaction of the City Manager; and (4) all other persons holding legal title in the Project Area are bound by this Agreement. It is intended and determined that the provisions of this Agreement shall constitute covenants which shall run with the land in the Project Area, and the burdens and benefits hereof shall

bind an inure to all successors in interest to the Parties.

2. Term of Agreement.

2.1 Definitions. For purposes of this Agreement, the following shall have the meanings set forth below:

"Adoption Date" means the date on which the City Council adopted the ordinance approving this Agreement and authorizing the City Manager to execute this Agreement on behalf of the City.

"Effective Date" means the later of: (a) thirty (30) days after the Adoption Date; or (b) if a referendum petition is timely and duly circulated and filed with respect to this Agreement, the date the election results on the ballot measure by City voters approving this Agreement are certified by the City Council in the manner provided in the Elections Code.

"Laws" means the Constitution and laws of the State, the Constitution of the United States, and any codes, statutes, regulations, or executive mandates thereunder, and any court decision, State or federal, thereunder.

"State" means the State of California.

"Terminate" means the expiration of the Term of this Agreement, whether by the passage of time or by any earlier occurrence pursuant to any provision of this Agreement. The term "Terminate" includes any grammatical variant thereof, including "Termination" or "Terminated".

2.2 Term. The term of this Agreement (the **"Term"**) shall commence on the Effective Date and shall continue for a period of ten (10) years following the Effective Date, unless otherwise extended pursuant to the mutual agreement of the Developer, and the City of Arvin, and, provided, further, that such period shall be extended for any events of Force Majeure pursuant to Section 13.1 and during the pendency of any legal action challenging the Project Approvals, the adoption of an environmental finding or document for the Project pursuant to CEQA, or any legal action challenging or contesting the adoption of this Agreement. Any extension based upon an event described in this Section 2.2 shall be granted pursuant to the procedures set forth in Section 13.2.

2.3 Effect of Termination. Upon any Termination of this Agreement, each Party shall retain any and all of the respective benefits that it received as of the date of Termination under or in connection with this Agreement. Termination of this Agreement shall not: (a) alter, impair or otherwise affect any City Permits for the Project that were issued by the City prior to the date of Termination; or (b) prevent, impair or delay Developer from (i) commencing, performing or completing the construction of any buildings or improvements in the Project or (ii) obtaining any certificates of occupancy or similar approvals from the City for the use and occupancy of completed buildings or improvements in the Project, that were authorized pursuant to City Permits for such construction issued by the City prior to the date of Termination. Nothing herein shall preclude the City, in its discretion, from taking any action authorized by Laws or Existing City Requirements to prevent, stop or correct any violation of Laws or Existing City Requirements occurring before, during or after construction of the buildings and improvements in the Project by Developer.

3. Development of the Project.

3.1 For purposes of this Agreement, the following shall have the meanings set forth below:

"Applicable Rules" collectively means: (a) the terms and conditions of the Project Approvals; (b) the terms and conditions of this Agreement; and (c) the Existing City Requirements.

"City Agency" means any office, board, commission, department, division or agency of the City.

"**City Manager**" means the City Manager of the City of Arvin, or designee.

"City Permits" collectively means any and all permits or approvals that are required under the City Requirements in order to develop, use and operate the Project, other than: (a) the Plan Amendments; (b) the Zoning Amendments; (c) the Project Approvals (except for a commercial cannabis permit); and (d) Future Discretionary Approvals (as hereinafter defined) that the Developer may elect to obtain from the City pursuant to Section 3.4. "City Permits" specifically include, without limitation, commercial cannabis permits, building permits and Technical City Permits.

"City Requirements" collectively means all of the following which are in effect from time to time: (a) the Arvin Municipal Code; and (b) all rules, regulations and official plans and policies, including the 2035 Arvin General Plan and any applicable Specific Plan, of the City governing development, subdivision and zoning that are applicable to the Project Area. The City Requirements may include, without limitation, requirements governing building height, maximum floor area, permitted and conditionally permitted uses, floor area ratios, maximum lot coverage, building setbacks and setbacks, parking, signage, landscaping, Exactions (as hereinafter defined) and dedications, growth management, environmental consideration, grading, construction, security measures, odor control and other items**.**

"Developer Approved Changes" means those amendments, revisions or additions to the City Requirements adopted or enacted after the Adoption Date that: (a) Developer elects, in its sole discretion, to have applied to the development and occupancy of the Project and the Project Area during the Term of this Agreement; and (b) the City Manager approves such application, which approval shall not be unreasonably withheld.

"Existing City Requirements" means the City Requirements that are in effect as of the Adoption Date of this Agreement.

"Permitted Rules Revisions" collectively means the following: (a) any Minor Changes to this Agreement that are proposed by Developer and approved by the City in accordance with Section 3.3; (b) any commercial cannabis activity regulations enacted by the City Manager; (c) any Future Discretionary Approvals that are applied for by Developer and approved by the City pursuant to Section 3.4; (d) any Authorized Code Revisions under Section 3.5 that are uniformly applied on a City-wide basis; and (e) written amendments to this Agreement that are mutually executed by City and Developer pursuant to Section 16.2.

"Technical City Permits" collectively means any of the following technical permits issued by the City or any City Agency in connection with any building or improvement in the Project: (a) demolition, excavation and grading permits; (b) foundation permits; (c) permits for the installation of underground lines and facilities for utilities, including without limitation, water, sewer, storm drain and dry utilities (electrical, gas, phone and cable); (d) any encroachment permits; and (e) any street improvement permits, including without limitation, permits for street lighting and traffic signals. "Technical City Permits" specifically excludes building permits from the City or any City Agency for the construction of particular buildings or improvements in the Project.

3.2 Applicable Rules.

3.2.1 Except for the Permitted Rules Revisions and any Developer Approved Changes, Developer shall have the right to develop and occupy the Project during the Term in accordance with the Applicable Rules. In the event of any conflict between the provisions in this Agreement, the Project Approvals and the Existing City Requirements, such conflict shall be resolved in the following order of priority: (a) first, the requirements of Chapter 17.64 of the Arvin Municipal Code; (b) then, commercial cannabis activity regulations enacted by the City Manager; (c) then, this Agreement; (d) then, the Project Approvals; and (e) finally, any other Existing City Requirements.

3.2.2 Except for the Permitted Rules Revisions and any Developer Approved Changes, no amendment to, revision of, or addition to any of the City Requirements that is adopted or enacted after the Effective Date shall (i) be effective or enforceable by the City with respect to the Project or the Project Area or (ii) modify or impair the rights of Developer under this Agreement during the Term without the Developer's written approval, whether such amendment, revision or addition is adopted or approved by: (a) the City Council; (b) any City Agency; or (c) by the people of the City through referendum or initiative measure.

3.3 Minor Changes.

3.3.1 The Parties acknowledge that further planning and development of the Project may demonstrate that refinements and changes are appropriate with respect to the details and performance of the Parties under this Agreement. The Parties desire that Developer retain a certain degree of flexibility with respect to the details of the development of the Project and with respect to those items covered in general terms under this Agreement. If and when Developer finds that Minor Changes (as hereinafter defined) are necessary or appropriate, then upon written request by Developer, the Parties shall, unless otherwise required by federal, state or local ordinance and/or regulation, effectuate such changes or adjustments through administrative amendments executed by the Developer and the City Manager or his or her designee, which, after execution, shall be attached hereto as addenda and become a part hereof, and may be further changed and amended from time to time as necessary, with approval by the City Manager and the Developer.

3.3.2 The term **"Minor Changes"** collectively means: (a) minor deviations to the Project Approvals that are permitted under the Existing City Requirements and are reasonably approved by the City Manager; (b) a reduction in the parking ratio requirements for the Project under consistent with the Arvin Municipal Code, provided that (i) the reduction does not exceed ten percent (10%) of the Code requirement, and (ii) the reduction is approved by the City Manager, which approval shall not be unreasonably withheld or denied; or (c) such other changes, modifications or adjustments to the Project Approvals, which the City Manager determines are consistent with the overall intent of

the Project Approvals and which do not materially alter the overall nature, scope, or design of the Project, and which are consistent with the requirements of Chapter 17.64 of the Arvin Municipal Code and any commercial cannabis activity regulations enacted by the City Manager.

3.3.3 In effecting any Minor Changes, the City shall cooperate with the Developer, provided that the permitted uses are not modified from those in the Project Approvals and any changes are in accordance with the Existing City Requirements. Minor Changes shall not be deemed to be an amendment to this Agreement under California Government Code Section 65868 but are ministerial clarifications and adjustments, and unless otherwise required by law, no such administrative amendments shall require prior notice or hearing by the Planning Commission and City Council. Any amendment or change requiring a environmental impact report, or a supplement thereto, pursuant to CEQA shall not be considered a Minor Change, but shall be considered substantive amendment which shall be reviewed and approved by the Planning Commission or the City Council as determined by the applicable provisions of the Arvin Municipal Code relating to the hearing and approval procedures for the specific Project Approval.

3.4 Future Discretionary Approvals. Nothing in this Agreement is intended, should be construed or shall operate to preclude or otherwise impair the rights of Developer from applying to the City during the Term of this Agreement for any of the following new approvals with respect to any proposed buildings and improvements in the Project (collectively, the **"Future Discretionary Approvals"**): (a) any new variance or conditional use permit that is required under the Existing City Requirements; (b) any subsequent commercial cannabis permit; and (c) any other approval (i) which is not otherwise addressed or set forth in this Agreement and (ii) which the Existing City Requirements mandate must be reviewed and approved by the Planning Commission or City Council. The City shall process, review and approve or disapprove any application for a Future Discretionary Approval filed by Developer in accordance with the City Requirements then in effect. The approval by the City of an application by Developer for a Future Discretionary Approval shall not require an amendment of this Agreement.

3.5 Authorized Code Revisions. This Agreement shall not prevent the City from applying to the Project the following rules, regulations and policies adopted or enacted after the Adoption Date, if uniformly applied on a City-wide basis (collectively, the **"Authorized Code Revisions"**):

3.5.1 Procedural regulations relating to hearing bodies, petitions, applications, notices, findings, records, hearings, reports, recommendations, appeals and any other matter of procedure, provided that such changes in procedural regulations do not have the effect of materially interfering with the substantive benefits conferred to Developer by this Agreement.

3.5.2 Regulations which are not in conflict with this Agreement and which would not, alone or in the aggregate, cause development of the Project to be materially different, more burdensome, time consuming or expensive.

3.5.3 Regulations which are necessary to avoid serious threats to the public health and safety, provided that, to the maximum extent possible, such regulations shall be construed and applied in a manner to preserve the substantive benefits conferred to Developer by this Agreement.

3.5.4 Mandatory regulations of the State and the United States of America applicable to the Project, provided that, to the maximum extent if possible, such regulations shall be

construed and applied in a manner to preserve to the Developer the substantive benefits conferred to Developer by this Agreement.

3.5.5 City Requirements imposing life safety, fire protection, mechanical, electrical and/or building integrity requirements with respect to the design and construction of buildings and improvements, including the then current applicable building codes.

3.5.6 Any commercial cannabis activity regulations enacted by the City Manager which are in compliance with the mandatory requirements of the Arvin Municipal Code.

3.6 Timing of Development. The actual timing and order of the development of any particular building(s) within the Project shall be determined by Developer, in its sole discretion, based upon the then projected needs and resources of Developer, as long as all requirements set forth in this Agreement and the Project Approvals related to each designated building or buildings are satisfied by Developer. The Developer has proposed a phased development of the Project as detailed and set forth in Exhibit "C" attached hereto and incorporated herein by this reference.

3.7 No Obligation to Develop. Nothing in this Agreement is intended, should be construed nor shall require Developer to proceed with the construction of any improvements in the Project Area. The decision to proceed or to forbear or delay in proceeding with the implementation or construction of the Project or any buildings or improvements on the Project Area shall be in the sole discretion of Developer and the failure of Developer to proceed with construction of the Project or any such buildings or improvements on the Project Area shall not: (a) give rise to any rights of the City to terminate this Agreement; or (b) constitute an Event of Default (as hereinafter defined) or give rise to any liability, claim for damages or cause of action against Developer.

3.8 Hold on Certificate of Occupancy. Except as otherwise provided in Section 6.2.3, the City reserves the right to place a hold on the issuance of any required Certificate of Occupancy for a building in the Project in the event the Existing City Requirements or Conditions of Approval with respect to that building have not been substantially completed by Developer.

4. City Permits.

4.1 Review and Processing of City Permits. Except as otherwise expressly provided in this Agreement, all City Permits required for the construction, development and operation of the Project and any buildings and improvements therein which comply with the requirements of the Applicable Rules: (a) shall be issued over-the-counter by the City Manager or the director of the other applicable City Agency having responsibility for the issuance of such City Permits, such as the City Manager for commercial cannabis permits; (b) shall not require the approval of the Planning Commission, City Council or any other City board or commission; and (c) shall not require a public hearing.

4.2 [Reserved.]

5. [Reserved.]

6. Exactions and City Development Fees.

6.1 Definitions. For purposes of this Agreement, the following terms shall have

the meanings set forth below:

"City Application Fees" means fees levied or assessed by the City and any City Agency to review and process applications for City Permits.

"City Development Fees" means any and all fees and assessments, other than City Application Fees, charged or required by the City or any City Agency as a condition of, or in connection with, the Project Approvals or any City Permits: (a) to defray, offset or otherwise cover the cost of public services, improvements or facilities; or (b) that are imposed for a public purpose.

"Exaction" means any exactions or mitigation measures, other than the payment of City Development Fees and City Application Fees, that are imposed by the City or any City Agency, as a condition of, or in connection with, the Project Approvals. "Exactions" includes, without limitation: (a) a requirement for the dedication of any portion of the Project Area to the City or any City Agency; (b) an obligation for the construction of any on-site or off-site improvements, including any Off-Site Improvements; (c) an obligation to provide services; or (d) the requirement to dedicate any easements, rights or privileges with respect to the Project or any portion thereof to the City or any City Agency.

6.2 Exactions.

6.2.1 All of the Exactions that Developer shall be required to perform or caused to be performed in connection with the development, construction, use and occupancy of the Project, during the term of the Agreement (collectively, the **"Required Exactions"**), and the timing requirements for the performance of such Required Exactions, are set forth in this Agreement. The Required Exactions include the following:

6.2.1.1 Developer shall tender payment to the City in the amount of One Hundred Thousand Dollars ($100,000.00) in unrestricted community benefit funds. The community benefit funds may be utilized by the City in any manner deemed necessary by majority vote of the City Council. The first payment of Fifty Thousand Dollars ($50,000.00) in community benefit funds shall be paid in full by Developer within sixty (60) days after the Execution Date of this Agreement. The second payment of Fifty Thousand Dollars ($50,000.00) in community benefit funds shall be paid in full by Developer on or before sixty (60) days after issuance of the certificate of occupancy or operations commence, whichever is first.

6.2.1.2 On a quarterly basis, Developer shall pay the City in the amount of one dollar ($1.00) per square foot of cultivated cannabis. The first payment shall be due on October 15, 2020. The square footage shall be determined by measuring the canopy of the cannabis being cultivated consistent with Exhibit "D." Upon request of the City, Developer shall allow City staff to independently verify the measurement of the canopy of the cannabis being cultivated. In addition to any other remedies, failure to permit City staff to verify Developer's measurement of the cannabis canopy shall also be grounds for the City to terminate this Agreement.

6.2.1.3 Developer shall pay to the City an amount as determined by the City, in restricted funds to be utilized on a draw down basis for the City costs to process the Developer's application(s) relating to its proposed commercial cannabis business. Should the restricted funds be exhausted prior to the City completing its processing of the application(s), Developer shall pay an additional amount to the City sufficient to process the application(s). The restricted funds shall be paid

in full by Developer on or before 90 days after approval of this Agreement. Any excess payment from the Developer shall be returned by the City after all processing costs have been satisfied.

6.2.1.4 Developer shall make a one-time payment of $0.044 per square foot of permitted use to offset the proportionate amount of the City's costs of preparation of Ordinance No. 447 – Chapter 17.64 Commercial Cannabis Activities. The payment shall be made within 30 days of the Effective Date of this Agreement.

6.2.1.5 Developer shall pay Required Exactions and fees set forth in Exhibit "D."

In addition, the Required Exactions include, without limitation, all Conditions of Approval imposed by the City, to fully mitigate adverse impacts resulting from, and reasonably related to, the development of the Project.

6.2.2 Except for the Required Exactions and fees listed in this Agreement, no Exaction shall be imposed by the City or any City Agency during the Term of this Agreement in connection with: (a) the development, construction, use or occupancy of the Project; or (b) any applications filed for any City Permit for the development, construction, use or occupancy of the Project or any portion thereof.

6.3 [Reserved]

6.4 City Development Fees.

6.4.1 All of the City Development Fees that Developer shall be required to pay to the City and all City Agencies in connection with the development, construction, use and occupancy of the Project (collectively, the **"Required Development Fees**"), and the timing requirements for the payment of such Required Development Fees, are set forth in Exhibit "C" to this Agreement.

6.4.2 Notwithstanding the provisions of Section 6.4.1, Developer shall be responsible for paying: (a) any fees that Developer is obligated to directly pay to any Federal, State, County or local agency (other than any City Agency) under applicable Federal, State, County or local law; and (b) any fees the City is legally required to collect for other State or Federal agencies pursuant to (i) State or Federal law or (ii) any City agreement or City ordinance that the City is legally mandated or required to adopt or enter into to comply with State or Federal law or a judgment of a court of law, but only to the extent necessary to satisfy such compliance.

6.4.3 Except for the Required Development Fees listed on Exhibit "C" to this Agreement, or other fees identified in this Agreement, and any fees for a required building inspection or other required process for occupancy to be charged at the then current rate charged by the City to other developers, no City Development Fees shall be imposed by the City or any City Agency during the Term of this Agreement in connection with: (a) the development, construction, use or occupancy of the Project; or (b) any application filed for any City Permit for the development, construction, use or occupancy of the Project. After the term of this Agreement, development and use of the Property shall comply with all laws, regulations, enactments (including taxes), ordinances, then currently in effect.

6.5 City Application Fees. Developer shall pay to the City the City Application Fees chargeable in accordance with the City's Fee Schedule that is in effect at the time the relevant application for a City Permit is made; provided that such City Application Fees are uniformly imposed by the City and any City Agency at similar stages of project development on all similar applications for development in the City.

6.6 [Reserved]

7. Actions by City.

7.1 Other Governmental Permits. The City agrees to cooperate with Developer in Developer's endeavors to obtain permits and approvals as may be required from other governmental or quasi-governmental agencies having jurisdiction over the Project Area or portions thereof (such as, for example, but not by way of limitation, public utilities or utility districts and agencies having jurisdiction over transportation facilities and air quality issues) so long as the cooperation by the City will not require the City to exercise legislative action or incur any cost, liability or expense without adequate indemnity against or right of reimbursement therefore from Developer.

7.2 Cooperation in Dealing with Legal Challenge. If any action or other proceeding is instituted by a third party or parties, other governmental entity or official challenging the validity of any provision of this Agreement (collectively, a **"Third Party Action"**), the Parties shall cooperate in the defense of the Third Party Action to the maximum extent reasonably possible under the circumstances unless otherwise required by law.

7.3 Indemnification.

7.3.1 Third Party Actions. To the furthest extent allowed by law, Developer shall indemnify, hold harmless and defend City and each of its officers, officials, employees, consultants, attorneys, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, damages and costs (including attorney's fees, litigation expenses and administrative record preparation costs) arising from, resulting from, or in connection with any Third Party Action (as hereinafter defined). The term **"Third Party Action"** collectively means any legal action or other proceeding instituted by (i) a third party or parties or (ii) a governmental body, agency or official other than the City or a City Agency, that: (a) challenges or contests any or all of this Agreement, the Project Applications and Approvals, and the Project Approvals; or (b) claims or alleges a violation of CEQA or another law by the City Council; or (c) the grant, issuance or approval by the City of any or all of this Agreement, the Project Applications and Approvals, and the Project Approvals. Developer's obligations under this Section 7.3.1 shall apply regardless of whether City or any of its officers, officials, employees, agents or volunteers are actively or passively negligent, but shall not apply to any loss, liability, fines, penalties forfeitures, costs or damages caused solely by the active negligence or willful misconduct of the City or any of its officers, officials, employees, agents or volunteers. The provisions of this Section 7.3.1 shall survive the termination of this Agreement.

7.3.2 Additional Claims. To the fullest extent permitted by law, Developer shall indemnify, hold harmless and defend the City and each of its officers, officials, employees, consultants, attorneys, agents and volunteers ("City Indemnitees") from any and all loss, liability, fines, penalties, forfeitures, costs and damages, including but not limited to personal injury, death at any time, and property damage, and including further attorney's fees, litigation and legal

expenses incurred by the City Indemnitee or held to be the liability of the City Indemnitee (including plaintiff's or petitioner's attorney's fees if awarded, in connection with the City Indemnitee's defense of its actions in any proceeding) (collectively, "Losses") incurred by any City Indemnitees from any and all claims, demands and actions in law or equity (collectively, a "Claim"), whether in contract, tort or strict liability, resulting from, arising or alleged to have arisen directly or indirectly out of performance or in any way connected with: (i) the making of this Agreement; (ii) the performance of this Agreement; (iii) the issuance of the CUP, permits, licenses, or other entitlements related to a cannabis operations; or (iv) the City's granting, issuing or approving use of this Agreement. If any portion of a claim, demand or action in law gives rise to indemnification under this Agreement, Developer shall be responsible for indemnifying, holding harmless or defending the City as to the entire claim, demand or action in law. Developer's indemnification obligations under the proceeding portions of this paragraph shall apply regardless of whether the City Indemnitees are negligent, but shall not apply to any Loses caused solely by the gross negligence or willful misconduct of any City Indemnitees.

In addition, Developer shall indemnify, hold harmless and defend the City Indemnitees from any and all federal enforcement action(s) arising from (i) the execution of this Agreement, (ii) the issuance of the CUP, permits, licenses, or other entitlements, and/or (iii) any other entitlements or approvals by the City to operate the Developer's commercial cannabis business. Further, Developer shall indemnify, hold harmless and defend the City Indemnitees from any and all violation(s) of federal, state and/or local law by Developer, its officers, officials, employees, agents, subcontractors, independent contractors and volunteers.

If Developer should subcontract all or any portion of the work to be performed under this Agreement, Developer shall require each subcontractor to indemnify, hold harmless and defend the City Indemnitees in accordance with the terms of the two prior paragraphs of this Section. Notwithstanding the preceding sentence, any subcontractor who is a "design professional" as defined in Section 2782.8 of the California Civil Code shall, in lieu of indemnity requirements set forth in the two prior paragraphs of this Section, be required to indemnify, hold harmless and defend the City Indemnitees to the fullest extent allowed by law, from any and all Claims and Loses that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, its principals, officers, employees, agents or volunteers in the performance of this Agreement.

7.3.3 Damage Claims. The nature and extent of Developer's obligations to indemnify, defend and hold harmless the City with regard to events or circumstances not addressed in Section 7.3.1 and 7.3.2 shall be governed by this Section 7.3.3. To the furthest extent allowed by law, Developer shall indemnify, hold harmless and defend City and each of its officers, officials, employees, consultants, attorneys, agents and volunteers from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in contract, tort or strict liability, including but not limited to personal injury, death at any time and property damage) incurred by City, Developer or any other person, and from any and all claims, demands and actions in law or equity (including attorney's fees and litigation expenses), arising or alleged to have arisen directly or indirectly out of performance of this Agreement or the performance of any or all work to be done by Developer or its contractors, agents, successors and assigns pursuant to this Agreement (including, but not limited to design, construction and/or ongoing operation and maintenance of any required Off-Site Improvements unless and until such Off-Site Improvements are dedicated to and officially accepted by the City). Developer's obligations under the preceding sentence shall apply regardless of whether City or any of its officers, officials, employees, consultants, attorneys, agents, or volunteers are passively negligent, but shall not apply to

any loss, liability, fines, penalties, forfeitures, costs or damages caused by the active or sole negligence, or the willful misconduct, of City or any of its officers, officials, employees, agents or volunteers.

If Developer should subcontract all or any portion of the services to be performed under this Agreement, Developer shall require each subcontractor to indemnify, hold harmless and defend City and each of its officers, officials, employees, consultants, attorneys, agents and volunteers in accordance with the terms of the preceding paragraph. The Developer further agrees that the use for any purpose and by any person of any and all of the streets and improvements required under this Agreement, shall be at the sole and exclusive risk of the Developer, at all times prior to final acceptance by the City of the completed street and other improvements, unless any loss, liability, fines, penalties, forfeitures, costs or damages arising from said use were caused by the active or sole negligence, or the willful misconduct, of the City or any of its officers, officials, employees, consultants, attorneys, agents or authorized volunteers.

Notwithstanding the preceding paragraph, to the extent that Subcontractor is a "design professional" as defined in section 2782.8 of the California Civil Code and performing work hereunder as a "design professional" shall, in lieu of the preceding paragraph, be required to indemnify, hold harmless and defend City and each of its officers, officials, employees, consultants, attorneys, agents and volunteers to the furthest extent allowed by law, from any and all loss, liability, fines, penalties, forfeitures, costs and damages (whether in Agreement, tort or strict liability, including but not limited to personal injury, death at any time and property damage), and from any and all claims, demands and actions in law or equity (including reasonable attorney's fees and litigation expenses) that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, its principals, officers, employees, consultants, attorneys, agents or volunteers in the performance of this Agreement.

This Section 7.3 shall survive termination or expiration of this Agreement.

7.4 Insurance. Except for any Off-Site Improvements constructed pursuant to the terms of this Agreement (in which case insurance for the Off-Site Improvements shall be required through the date of the City's final formal acceptance of Off-Site Improvements constructed), from the Effective Date of this Agreement and at all times herein (the **"Insurance Period"**), Developer shall obtain and pay for and maintain in full force and effect all policies of comprehensive commercial general liability insurance described in this section with an insurance company(ies) either (i) admitted by the California Insurance Commissioner to do business in the State of California and rated not less than "A- VII" in Best's Insurance Rating Guide. The following policies of insurance are required:

7.4.1 COMMERCIAL GENERAL LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Commercial General Liability Coverage Form CG 00 01 and shall include insurance for bodily injury, property damage and personal injury with coverage for premises and operations (including the use of owned and non-owned equipment), products and completed operations, contractual liability (including indemnity obligations under this Agreement),with limits of liability of not less than $2,000,000.00 per occurrence for bodily injury and property damage, $1,000,000.00 per occurrence for personal injury, $2,000,000.00 general aggregate and $2,000,000.00 aggregate for products and completed operations and $2,000,000.00 general aggregate.

7.4.2 COMMERCIAL AUTOMOBILE LIABILITY insurance which shall be at least as broad as the most current version of Insurance Services Office (ISO) Business Auto Coverage

Form CA 00 01 and shall include coverage for all owned, hired, and non-owned automobiles or other licensed vehicles (Code 1 B Any Auto), with combined single limits of liability of not less than $2,000,000.00 per accident for bodily injury and property damage.

7.4.3 WORKERS' COMPENSATION insurance as required under the California Labor Code.

7.4.4 EMPLOYERS' LIABILITY with minimum limits of liability of not less than $1,000,000.00 each accident, $1,000,000.00 policy limit and $1,000,000.00 for each employee.

In the event Developer purchases an Umbrella or Excess insurance policy(ies) to meet the "Minimum Limits of Insurance," this insurance policy(ies) shall "follow form" and afford no less coverage than the primary insurance policy(ies).

Developer shall be responsible for payment of any deductibles contained in any insurance policies required hereunder and Developer shall also be responsible for payment of any self-insured retentions.

The above described policies of insurance shall be endorsed to provide an unrestricted thirty (30) calendar day written notice in favor of City of policy cancellation of coverage, except for the Workers' Compensation policy which shall provide a ten (10) calendar day written notice of such cancellation of coverage. In the event any policies are due to expire during the term of this Agreement, Developer shall provide a new certificate evidencing renewal of such policy not less than fifteen (15) calendar days prior to the expiration date of the expiring policy(ies). Upon issuance by the insurer, broker, or agent of a notice of cancellation in coverage, Developer shall file with City a new certificate and all applicable endorsements for such policy(ies).

The General Liability and Automobile Liability insurance policies shall be written on an occurrence form and shall name City, its officers, officials, agents, employees, consultants, attorneys, and volunteers as an additional insured. Such policy(ies) of insurance shall be endorsed so Developer's insurance shall be primary and no contribution shall be required of City. Any Workers' Compensation insurance policy shall contain a waiver of subrogation as to City, its officers, officials, agents, employees, consultants, attorneys, and volunteers. Developer shall have furnished City with the certificate(s) and applicable endorsements for all required insurance prior to start of construction of any phase of development. Developer shall furnish City with copies of the actual policies upon the request of City's City Manager at any time during the life of the Agreement or any extension, and this requirement shall survive termination or expiration of this Agreement.

If at any time during the Insurance Period, Developer fails to maintain the required insurance in full force and effect, the City Engineer, or his/her designee, may order that the Developer, or its contractors or subcontractors, immediately discontinue any further work under this Agreement and take all necessary actions to secure the work site to insure that public health and safety is protected until notice is received by City that the required insurance has been restored to full force and effect and that the premiums therefore have been paid for a period satisfactory to City. The insurance requirements set forth in this Section 7.4 are material terms of this Agreement.

If Developer should hire a general contractor to provide all or any portion of the services or work to be performed under this Agreement, Developer shall require the general contractor to provide insurance protection in favor of City, its officers, officials, employees, consultants, attorneys,

volunteers and agents in accordance with the terms of each of the preceding paragraphs, except that the general contractor's certificates and endorsements shall be on file with Developer and City prior to the commencement of any work by the general contractor.

If the general contractor should subcontract all or a portion of the services or work to be performed under this Agreement to one or more subcontractors, Developer shall require the general contractor to require each subcontractor to provide insurance protection in favor of City, its officers, officials, employees, consultants, attorneys, volunteers and agents in accordance with the terms of each of the preceding paragraphs, except that each subcontractor shall be required to pay for and maintain Commercial General Liability insurance with limits of liability of not less than $1,000,000.00 per occurrence for bodily injury and property damage, $1,000,000.00 per occurrence for personal injury, $2,000,000.00 aggregate for products and completed operations and $2,000,000.00 general aggregate and Commercial Automobile Liability insurance with limits of liability of not less than less than $1,000,000.00 per accident for bodily injury and property damage. Subcontractors' certificates and endorsements shall be on file with the general contractor, Developer and City prior to the commencement of any work by the subcontractor. Developer's failure to comply with these requirements shall constitute an "Event of Default" as that term is defined in Section 10.1.

8. Benefits

8.1 Benefits to the City. The City has extensively reviewed the terms and conditions of this Agreement and, in particular, has specifically considered and approved the impact and benefits of the Project upon the regional welfare. The terms and conditions of this Agreement have been found by the City to be fair, just, and reasonable, and to provide appropriate benefits to the City. This Agreement and the development of the Project will serve the best interests, and the public health, safety, and welfare of the residents and invitees, of the City and the general public. This Agreement will help provide effective and efficient development of any Off-Site Improvements and other Required Exactions in the vicinity of the Project Area; help maximize effective utilization of resources within the City; increase City tax revenues; and provide other substantial public benefits to the City and its residents by achieving the goals and purposes of the Development Agreement Laws, the Arvin Municipal Code and the 2035 Arvin General Plan (as may have been amended).

8.2 Benefits to the Developer. The Developer has expended and will continue to expend substantial amounts of time and money on the planning and development of the Project. In addition, the Developer may expend substantial amounts of time and money for the construction of the Off-Site Improvements, if required, and other Required Exactions and for the payment of the Required Development Fees in connection with the Project. The Developer would not make such expenditures except in reliance upon this Agreement. The benefit to the Developer under this Agreement consists of the assurance that the City will preserve the rights of Developer to develop the Project Area as planned and as set forth in the Project Approvals and this Agreement.

9. Annual Review of Compliance.

9.1 Annual Review. City and Developer shall annually review this Agreement, and all actions taken pursuant to the terms of this Agreement with respect to the Project in accordance with the provisions of California Government Code section 65865.1 and this Section 9. The Parties recognize that this Agreement and the Project Approvals and City Permits referenced herein contain extensive requirements and that evidence of each and every requirement would be a wasteful exercise

of the Parties' resources. Accordingly, Developer shall be deemed to have satisfied its duty of demonstration if it presents evidence satisfactory to the City of its good faith compliance, as that term is used in Government Code, section 65865.1, with the material provisions of this Agreement.

9.2 Developer Report. Not later than the first anniversary date of the Effective Date, and not later than each anniversary date of the Effective Date thereafter during the Term, Developer shall apply for annual review of this Agreement. Developer shall submit with such application a report to the City Manager describing Developer's good faith compliance with the terms of this Agreement during the preceding year (the **"Developer Report"**). The Developer Report shall include a statement that the report is submitted to City pursuant to the requirements of California Government Code section 65865.1.

9.3 Finding of Compliance. Within thirty (30) days after Developer submits the Developer Report under Section 9.2, the City Manager shall review Developer's submission to ascertain whether Developer has demonstrated good faith compliance with the material terms of this Agreement. If the City Manager finds and determines that Developer has in good faith complied with the material terms of this Agreement, or does not determine otherwise within thirty (30) days after delivery of the Developer Report, the annual review shall be deemed concluded. If the City Manager initially determines that the Developer Report is inadequate in any respect, he or she shall provide written notice to that effect to Developer, and Developer may supply such additional information or evidence as may be necessary to demonstrate good faith compliance with the material terms of this Agreement. If the City Manager concludes that Developer has not demonstrated good faith compliance with the material terms of this Agreement, he or she shall so notify Developer prior to the expiration of the thirty (30) day period herein specified and prepare a staff report to the City Council with respect to the conclusions of the City Manager and the contentions of Developer with respect thereto (the **"Staff Report"**).

9.4 Hearing Before City Council to Determine Compliance. After submission of the Staff Report of the City Manager, the City Council shall conduct a noticed public hearing to determine the good faith compliance by Developer with the material terms of this Agreement. At least sixty (60) days prior to such hearing, the City Manager shall provide to the City Council, Developer, and to all other interested Persons requesting the same, copies of the Staff Report and other information concerning Developer's good faith compliance with the material terms of this Agreement and the conclusions and recommendations of the City Manager. At such public hearing, Developer and any other interested Person shall be entitled to submit evidence, orally or in writing, and address all the issues raised in the Staff Report on, or with respect or germane to, the issue of Developer's good faith compliance with the material terms of this Agreement. If, after receipt of any written or oral response of Developer, and after considering all of the evidence at such public hearing, the City Council finds and determines, on the basis of substantial evidence, that Developer has not complied in good faith with the material terms of this Agreement, then the City Council shall specify to Developer the respects in which Developer has failed to comply, and shall also specify a reasonable time for Developer to meet the terms of compliance, which time shall be not less than thirty (30) days after the date of the City Council's determination, and shall be reasonably related to the time adequate to bring Developer's performance into good faith compliance with the material terms of this Agreement. If the areas of noncompliance specified by the City Council are not corrected within the time limits prescribed by the City Council hereunder, subject to Force Majeure pursuant to Section 13.1, then the City Council may by subsequent noticed public hearing extend the time for compliance for such period as the City Council may determine (with conditions, if the City Council deems appropriate), Terminate or modify this Agreement (in which case notice of said action shall be recorded pursuant to Arvin Municipal

Code Section 17.64.200(c)), or take such other actions as may be specified in the Development Agreement Laws. Any notice to Developer of a determination of noncompliance by Developer hereunder, or of a failure by Developer to perfect the areas of noncompliance hereunder, shall specify in reasonable detail the grounds therefor and all facts demonstrating such noncompliance or failure, so that Developer may address the issues raised in the notice of noncompliance or failure on a point-by-point basis in any hearing held by the City Council hereunder.

9.5 Meet and Confer Process. If either the City Manager or the City Council makes a determination that Developer has not demonstrated good faith substantial compliance with the material terms of this Agreement, the City Manager and/or designated City Council representatives may initiate a meet and confer process with Developer pursuant to which the Parties shall meet and confer in order to determine a resolution acceptable to both Parties of the basis upon which the City Manager or City Council has determined that Developer has not demonstrated good faith substantial compliance with the material terms of this Agreement. If, as a result of such meet and confer process, the Parties agree on a resolution on the basis related to the determination that Developer has not demonstrated good faith substantial compliance with the material terms of this Agreement, the results and recommendations of the meet and confer process shall be presented to the City Council for review and consideration at its next regularly scheduled public meeting, including consideration of such amendments to this Agreement as may be necessary or appropriate to effectuate the resolution achieved through such meet and confer process. Developer shall be deemed to be in good faith substantial compliance with the material terms of this Agreement, only upon City Council acceptance of the results and recommendations of the meet and confer process.

9.6 Certificate of Compliance. If the City Manager (or the City Council, if applicable) finds good faith substantial compliance by Developer with the material terms of this Agreement, the City Manager shall issue a certificate of compliance within ten (10) days thereafter, certifying Developer's good faith compliance with the material terms of this Agreement through the period of the applicable annual review. Such certificate of compliance shall be in recordable form and shall contain such information as may be necessary in order to impart constructive record notice of the finding of good faith compliance hereunder. Developer shall have the right to record the certificate of compliance in the Official Records.

9.7 Effect of City Council Finding of Noncompliance; Rights of Developer. If the City Council determines that Developer has not substantially complied in good faith with the material terms of this Agreement pursuant to Section 9.4 and takes any of the actions specified in Section 9.4 with respect to such determination of noncompliance, Developer shall have the right to contest any such determination of noncompliance by the City Council pursuant to a legal action filed in accordance with Section 16.5.

9.8 City Costs. Developer shall reimburse the City for all of the City's reasonable costs, (including but not limited to, staff time, attorney's fees, and administrative costs) incurred in connection with Sections 9.1 through 9.8 of this Agreement. Pursuant to this section, Developer shall remit a deposit of Two Thousand Dollars ($2,000.00) to the City at the time of submission of the required Developer Report. If the deposit is insufficient to reimburse the City, the City may submit an invoice to Developer, who shall rendered payment to the City within thirty (30) days of receiving an invoice from the City for its costs. Any excess monies deposited by Developer to the City pursuant to this Section 9.8 shall be returned to Developer by the City within thirty (30) days after issuance of the

certificate of compliance or completion of any of the actions set forth in Section 9.7 of this Agreement.

10. Events Of Default; Remedies; Estoppel Certificates.

10.1 Events of Default.

10.1.1 The failure by a Party to perform any material term or provision of this Agreement (including but not limited to the failure of a Party to approve a matter or take an action within the applicable time periods governing such performance under this Agreement) shall, subject to the provisions of this Agreement, constitute an **"Event of Default"**, if: (a) such defaulting Party does not cure such failure within thirty (30) days following delivery of a Notice (as hereinafter defined) of default from the other Party (**"Notice of Default"**), where such failure is of a nature that can be cured within such thirty (30) day period; or (b) where such failure is not of a nature which can be cured within such thirty (30) day period, the defaulting Party does not within such thirty (30) day period commence substantial efforts to cure such failure, or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Any Notice of Default given hereunder shall specify in reasonable detail the nature of the failures in performance by the defaulting Party and the manner in which such failures of performance may be satisfactorily cured in accordance with the terms and conditions of this Agreement.

10.1.2 Any Notice of Default to the defaulting Party pursuant to Section 10.1.1 shall satisfy the requirements of Section 15 of this Agreement and shall include a provision in at least fourteen face bold type substantially as follows: "YOU HAVE FAILED TIMELY TO PERFORM OR RENDER AN APPROVAL OR TAKE AN ACTION REQUIRED UNDER THE DEVELOPMENT AGREEMENT: [SPECIFY IN DETAIL]. YOUR FAILURE TO COMMENCE TIMELY PERFORMANCE AND COMPLETE SUCH PERFORMANCE AS REQUIRED UNDER THE AGREEMENT OR RENDER SUCH APPROVAL TO TAKE SUCH ACTION WITHIN THIRTY (30) DAYS AFTER THE DATE OF THIS NOTICE SHALL ENTITLE THE UNDERSIGNED TO TAKE ANY ACTION OR EXERCISE ANY RIGHT OR REMEDY TO WHICH IT IS ENTITLED UNDER THE AGREEMENT AS A RESULT OF THE FOREGOING CIRCUMSTANCES."

10.2 Remedies. Upon the occurrence of an Event of Default, each Party shall have the right, in addition to all other rights and remedies available under this Agreement, to: (a) bring any proceeding in the nature of specific performance, injunctive relief or mandamus; and/or (b) bring any action at law or in equity as may be permitted by laws of the State of California or this Agreement.

10.3 Waiver; Remedies Cumulative. Failure by a Party to insist upon the strict or timely performance of any of the provisions of this Agreement by the other Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of any failure of performance, including an Event of Default, shall be effective or binding upon such Party unless made in writing by such Party, and no such waiver shall be implied from any omission by a Party to take any action with respect to such failure. No express written waiver shall affect any other action or inaction, or cover any other period of time, other than any action or inaction and/or period of time specified in such express waiver. One or more written waivers under any provision of this Agreement shall not be deemed to be a waiver of any subsequent action or inaction. Nothing in this Agreement shall limit or waive any other right or remedy available to a party to seek injunctive relief or other expedited judicial and/or administrative relief to prevent irreparable harm.

10.4 Estoppel Certificate. Either Party may, at any time, and from time to time, deliver written notice to the other Party requesting such other Party to certify in writing: (a) that this Agreement is in full force and effect and a binding obligation of the Parties; (b) that this Agreement has not been amended or modified either orally or in writing, and if so amended, identifying the amendments; (c) to the knowledge of such other Party, that neither Party has committed an Event of Default under this Agreement, or if an Event of Default has to such other Party's knowledge occurred, to describe the nature of any such Event of Default; and (d) such other certifications that may be reasonably requested by the other Party or a Mortgagee (as hereinafter defined). A Party receiving a request hereunder shall execute and return such certificate within twenty (20) days following the receipt thereof, and if a Party fails so to do within such twenty (20) day period, the information in the requesting Party's notice shall conclusively be deemed true and correct in all respects. The City Manager, as to the City, shall execute certificates requested by Developer hereunder. Each Party acknowledges that a certificate hereunder may be relied upon by Transferees (as hereinafter defined) and Mortgagees (as hereinafter defined). No Party shall, however, be liable to the requesting Party, or other Person requesting or receiving a certificate hereunder, on account of any information therein contained, notwithstanding the omission for any reason to disclose correct and/or relevant information, but such Party shall be estopped with respect to the requesting Party, or such third Person, from asserting any right or obligation, or utilizing any defense, which contravenes or is contrary to any such information.

11. [Reserved].

12. Transfers.

12.1 Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

"Affiliate" means any Person directly or indirectly Controlling, Controlled by or under Common Control with Owner.

"Control" means the ownership (direct or indirect) by one Person of an interest in the profits and capital and the right to manage and control the day to day affairs of another Person. The term "Control" includes any grammatical variation thereof, including "Controlled" and "Controlling".

"Common Control" means that two Persons are both controlled by the same other Person.

"Person" means an individual, partnership, firm, association, corporation, trust, governmental agency, administrative tribunal or other form of business or legal entity.

"Transfer" means the sale, assignment, or other transfer by Developer of this Agreement, or any right, duty or obligation of Developer under this Agreement, including by foreclosure, trustee sale, or deed in lieu of foreclosure, under a Mortgage, but excluding: (a) a dedication of any portion of the Project Area to the City or another governmental agency; (b) a Mortgage; (c) ground leases, leases, subleases, licenses and operating agreements entered into by Developer with tenants or occupants of the Project for occupancy of space in any buildings or

improvements (together with any appurtenant tenant rights and controls customarily included in such leases or subleases) in the Project, and any assignment or transfer of any such ground lease, lease, sublease, license or operating agreement by either party thereto; (d) any sale of a building pad and surrounding area in the Project Area to a future retail or restaurant occupant (or its affiliated entity) for the intended purpose of the development and occupancy of a building or improvement thereon; and (e) any Collateral Assignment of this Agreement to a Mortgagee.

"Transferee" means the Person to whom a Transfer is effected.

12.2 Conditions Precedent to Developer Right to Transfer. Except as otherwise provided in this Section 12, Developer shall only have the right to effect a Transfer subject to and upon fulfillment of the following conditions precedent:

12.2.1 No Event of Default by Developer shall be outstanding and uncured as of the effective date of the proposed Transfer, unless the City Council has received adequate assurances satisfactory to the City Council that such Event of Default shall be cured in a timely manner either by Developer or the Transferee under the Transfer.

12.2.2 Prior to the effective date of the proposed Transfer, Developer or the proposed Transferee has delivered to the City an executed and acknowledged assignment and assumption agreement (the "**Assumption Agreement**") in recordable form. Such Assumption Agreement shall include provisions regarding: (a) the rights and interest proposed to be Transferred to the proposed Transferee; (b) the obligations of Developer under this Agreement that the proposed Transferee will assume; and (c) the proposed Transferee's acknowledgment that such Transferee has reviewed and agrees to be bound by this Agreement. The Assumption Agreement shall also include the name, form of entity, and address of the proposed Transferee, and shall provide that the Transferee assumes the obligations of Developer to be assumed by the Transferee in connection with the proposed Transfer. The Assumption Agreement shall be recorded in the Official Records concurrently with the consummation of the Transfer.

12.2.3 Prior to the effective date of the proposed Transfer, City consents in writing to the Transfer. City's consent shall not be unreasonably withheld. Factors the City may consider in determining whether to consent to the transfer include the financial capacity of the proposed Transferee to comply with all of the terms of the Agreement and the history, if any, of compliance of Transferee, its principals, officers or owners with the provisions of federal or state law, the Arvin Municipal Code or agreements with the City relating to development projects within the City of Arvin.

12.3 Transfer to Affiliate. Notwithstanding the provisions of Section 12.2, Developer shall have the right to Transfer all of its rights, duties and obligations under this Agreement to an Affiliate of Developer. Such Affiliate shall become a Transferee upon: (a) the acquisition by such Affiliate of the affected interest of Developer under this Agreement; (b) delivery to the City of an Assumption Agreement executed by the Affiliate pursuant to which the Affiliate assumes, from and after the date such Affiliate so acquires its interest, the applicable rights, duties and obligations of Developer under this Agreement and (c) delivery to the City of documents and other evidence establishing, to the reasonable satisfaction of the City, the Affiliate's financial capacity to meet all of its duties and obligations under this Agreement. By virtue of its demonstrated status as an Affiliate of Developer and recognizing that Transfers to Affiliates will facilitate Developer's ability to develop the Project consistent with this Agreement, the City hereby consents to any Transfer to an Affiliate in

accordance with this Section 12.3 and no further consent of the City shall be required for any Transfer by Developer to an Affiliate.

12.4 Mortgagee as Transferee. No Mortgage (including the execution and delivery thereof to the Mortgagee) shall constitute a Transfer. A Mortgagee shall be a Transferee only upon: (a) the acquisition by such Mortgagee of the affected interest of Developer encumbered by such Mortgagee's Mortgage; and (b) delivery to the City of an Assumption Agreement executed by the Mortgagee pursuant to which the Mortgagee assumes assuming, from and after the date such Mortgagee so acquires its interest, the applicable rights, duties and obligations of Developer under this Agreement. No further consent of the City shall be required for any such Transfer to a Mortgagee.

12.5 Effect of Transfer. A Transferee shall become a Party to this Agreement only with respect to the interest transferred to it under the Transfer and then only to the extent set forth in the Assumption Agreement delivered under Sections 12.2.2, 12.3 and 12.4. When and if Developer Transfers all of its rights, duties and obligations under this Agreement in accordance with Section 12.2, 12.3 or 12.4, Developer shall be released from any and all obligations accruing after the date of the Transfer under this Agreement. If Developer effectuates a Transfer as to only some but not all of its rights, duties and obligations under this Agreement, Developer shall be released only from its obligations accruing after the date of the Transfer which the Transferee assumes in the Assumption Agreement.

12.6 No Transfer of Commercial Cannabis Permit. Notwithstanding any other provision of this Agreement, a commercial cannabis permit shall not be subject to the transfer process, and prior to any transfer Transferee must seek qualify for and obtain a commercial cannabis permit as required by Chapter 17.64 of the Arvin Municipal Code.

13. Enforced Delay; Extension of Time of Performance; Excused Performance.

13.1 Force Majeure. In addition to specific provisions of this Agreement, performance by any Party hereunder shall not be deemed to be in default where delays or failures to perform are due to war, insurrection, strikes, walk-outs, riots, floods, earthquakes, civil unrest, the discovery and remediation of hazardous waste or significant geologic, hydrologic, archaeologic or paleontologic problems on the Project Area, fires, casualties, acts of God, shortages of labor or material, governmental restrictions imposed or mandated by governmental agencies or entities other than the City, enactment of conflicting state or federal statutes or regulations, judicial decisions, litigation not commenced by a Party to this Agreement claiming the enforced delay, or any other basis for excused performance which is not within the reasonable control of the Party to be excused. Causes for delay as set forth above are collectively referred to as **"Force Majeure."**

13.2 Notice. If Notice (as hereinafter defined) of such delay or impossibility of performance is provided to a Party within thirty (30) days after the commencement of such delay or condition of impossibility, an extension of time for such cause shall not be unreasonably denied by such Party. The extension shall be for the period of the enforced delay, or longer as may be mutually agreed upon by the applicable Parties in writing. Any performance rendered impossible shall be excused in writing by the Party so notified.

14. Project Approvals Independent. Except to the extent otherwise recognized by CEQA, all City Permits which may be granted pursuant to this Agreement, and all Project Approvals which have been issued or granted by the City with respect to the Project Area and the Project, constitute

independent actions and approvals by the City. If any provision of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if this Agreement is Terminated for any reason, then such invalidity, unenforceability or Termination of this Agreement, or any part hereof, shall not affect the validity or effectiveness of any such City Permits or the Project Approvals. In such cases, such City Permits and Project Approvals will remain in effect pursuant to their own terms, provisions, and conditions of approval. As such, the City may place conditions of approval on all City Permits which may be granted pursuant to this Agreement, and Project Approvals which have been issued or granted by the City with respect to the Project Area and the Project, so long as such conditions are consistent with the terms of this Agreement.

15. Notices

15.1 Form of Notices; Addresses. All notices and other communications (the **"Notices"**) required or permitted to be given by any Party to another Party pursuant to this Agreement shall be properly given only if the Notice is: (a) made in writing (whether or not so stated elsewhere in this Agreement); (b) given by one of the methods prescribed in Section 15.2; and (c) sent to the Party (to which it is addressed at the address set forth below (with a copy to the appropriate entity as indicated below) or at such other address as such Party (or the addressee required to be sent a copy) may hereafter specify by at least five (5) calendar days' prior written notice:

If to City:

City of Arvin
Attn: City Manager
City Hall
200 Campus Drive
PO Box 548
Arvin, CA 93203
Facsimile: (661) 854-0817

and to:

Aleshire & Wynder, LLP
Attn: Shannon Chaffin, City Attorney
2440 Tulare Street, Suite 410
Fresno, CA 93721
Facsimile: (559) 486-1568

If to Developer:

Cana Rose Realty Holdings, LLC
5016 California Avenue
Bakersfield, California 93309
Attn: J. Thorn, Manager
Email: JThorn47@me.com

With a copy to: David R. Altshuler, a Law Corporation
865 Via de la Paz #300
Pacific Palisades, California 90272
Email: dra@drataxlaw.com

15.2 Methods of Delivery. Notices may be either: (a) delivered by hand; (b) delivered by a nationally recognized overnight courier which maintains evidence of receipt; or (c) sent by facsimile transmission with a confirmation copy delivered the following day by a nationally recognized overnight courier which maintains evidence of receipt. Notices shall be effective on the date of receipt.

16. General Provisions.

16.1 City's Reservation of Authority. The Parties acknowledge and agree that the intent of the Parties is that this Agreement be construed in a manner that protects the vested rights granted to Developer herein. Except for the limitations on the exercise by the City of its police power which are provided in this Agreement or which are construed in accordance with the immediately preceding sentence, the Parties further acknowledge and agree that: (a) the City reserves all of its police power and/or statutory or other legal powers or responsibilities; (b) the City reserves all of its authority to enact additional regulations, whether enacted by the City Council or the City Manager, relating to commercial cannabis business activities; and (3) this Agreement shall not be construed to limit the authority or obligation of the City to hold necessary public hearings, to limit the discretion of the City or any of its officers or officials with regard to rules, regulations, ordinances, laws, and entitlement of use which require the exercise of discretion by the City or any of its officers or officials. This Agreement shall not be construed to limit the obligations of the City to comply with CEQA or any other federal or state law.

16.2 Amendment or Cancellation. Subject to meeting the notice and hearing requirements of section 65867 of the California Government Code, this Agreement may be amended from time to time, or canceled in whole or in part, by mutual written consent of the City and Developer, or their respective successors in interest in accordance with the provisions of section 65868 of the California Government Code.

16.3 Waiver. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought and referring expressly to this Section. No waiver of any right or remedy in respect of any occurrence or event shall be deemed a waiver of any right or remedy in respect of any other occurrence of event.

16.4 Successor and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties, and any subsequent owners of all or any portion of the Project Area and their respective successors and assigns. Any successors in interest to the City shall be subject to the provisions set forth in sections 65865.4 and 65868.5 of the California Government Code.

16.5 Interpretation and Governing State Law. This Agreement and any dispute arising hereunder shall be governed and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objective and purposes of the Parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, both Parties having been represented by counsel in the negotiation and preparation hereof. All legal actions brought to enforce the terms of this Agreement shall be brought and heard solely in the Superior Court of the State of California, County of Kern.

16.6 No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other Person shall have any right of action based upon any provision of this Agreement.

16.7 Future Acquisitions. In the event that Developer or an affiliate of Developer acquires or obtains a legal or equitable interest in any portion of the Project Area other than the Project Area (the **"After Acquired Land"**) during the Term of this Agreement, the City and Developer shall engage in good faith negotiations for a development agreement between the City and Developer pursuant to the Development Agreement Laws for the development of a portion of the Project on the After Acquired Land.

16.8 Attorneys' Fees. If either Party commences any action for the interpretation, enforcement, termination, cancellation or rescission hereof, or for specific performance of the breach hereof, the prevailing party shall be entitled to its reasonable attorneys' fees and litigation expenses and costs, and any judgment, order or decree rendered in such action, suit or proceeding shall include an award thereof. Attorneys' fees under this Section shall include attorneys' fees on any appeal and any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Agreement into any judgment on this Agreement.

16.9 Limitation of Legal Acts. Except as provided in Section 16.8, in no event shall the City, or its officers, agents or employees, be liable in damages for any breach or violation of this Agreement, it being expressly understood and agreed that the Developer's sole legal remedy for a breach or violation of this Agreement by the City shall be a legal action in mandamus, specific performance or other injunctive or declaratory relief to enforce the provisions of this Agreement.

16.10 Validation. If so requested in writing by the Developer, the City agrees to initiate appropriate procedure under California Code of Civil Procedure section 860 *et seq*., in order to validate this Agreement, and the obligations thereunder. Any validation undertaken at the request of the Developer shall be at the sole cost of the Developer.

16.11 Successor Statutes Incorporated. All references to a statute or ordinance, shall incorporate any, or all, successor statute or ordinance enacted to govern the activity now governed by the statute or ordinance, noted herein to the extent, however, that incorporation of such successor statute or ordinance does not adversely affect the benefits and protections granted to the Developer under this Agreement.

16.12 Incorporation of Attachments. All recitals and attachments to this Agreement, including all Exhibits referenced herein, and all subparts thereto, are incorporated herein by this reference.

16.13 Negation of Partnership. The Parties specifically acknowledge that the Project is a private development, that neither Party is acting as the agent of the other in any respect hereunder, and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in the businesses of Developer, the affairs of the City, or otherwise, or cause them to be considered joint venturers or members of any joint enterprise. This Agreement is not intended and shall not be construed to create any third party beneficiary rights in any Person who is not a Party or a Transferee; and nothing in this Agreement

shall limit or waive any rights Developer may have or acquire against any third Person with respect to the terms, covenants or conditions of this Agreement.

16.14 Not A Public Dedication. Except for Required Exactions specifically set forth in this Agreement and then only when made to the extent so required, nothing herein contained shall be deemed to be a gift or dedication of the Project Area or any buildings or improvements constructed in the Project, to the general public, for the general public, or for any public use or purpose whatsoever, it being the intention and understanding of the Parties that this Agreement be strictly limited to and for the purposes herein expressed for the development of the Project Area as private property.

16.15 Severability. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any Person, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other Person or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement.

16.16 Counterparts. This Agreement may be executed in two or more identical counterparts, each of which shall be deemed to be an original and each of which shall be deemed to be one and the same instrument when each Party signs each such counterpart.

16.17 Signature Pages. For convenience, the signatures of the Parties to this Agreement may be executed and acknowledged on separate pages which, when attached to this Agreement, shall constitute this as one complete Agreement.

16.18 LLMD and CFD. If required as a condition of a Project Approval, and at the written request of Developer, the City agrees to reasonably cooperate with Developer, at no cost or expense to the City, in the establishment of a Lighting and Landscaping Maintenance District (LLMD) or community facility district (CFD) encompassing the Project Area to assist in the financing of certain off-site improvements and Exactions related to the Project. In the alternative, upon request by the City, Developer i) agrees to join a Landscape and Lighting District or annex to the same; and ii) agrees to become part of a Community Facility District, under the Mello-Roos Community Facilities Act, or equivalent mechanism to address services such as fire, police, storm drainage maintenance, road infrastructure maintenance, or similar services, and agrees to annex or join the same. Developer shall be solely responsible for paying its proportionate cost for services associated with the same, including i) any costs of formation or annexation, including those incurred by the City; and ii) costs required by participants in said District(s). This provision will survive the termination of the Agreement.

16.19 Days. Unless otherwise specified in this Agreement, the term "days" means calendar days.

SIGNATURES ARE ON THE FOLLOWING PAGE

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement.

"CITY"

CITY OF ARVIN,
a municipal corporation

By: _____
Jerry Breckinridge, City Manager

_____, 2020

ATTEST:

_____
Cecilia Vela, City Clerk

"DEVELOPER"

Cana Rose Realty Holdings, LLC
a California limited liability company

By: _____
Jeffrey D. Thorn,
Its Manager

_____, 2020

Life & Nature Farms, LLC
a California limited liability company

By: _____
Mario Delis,
Its Manager

Note: Developer's signature shall be notarized, and appropriate attestations shall be included as may be required by the bylaws, articles of incorporation, or other rules or regulations applicable to developer's business entity.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA

COUNTY OF _____

On _____, 2020 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(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: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL

☐ CORPORATE OFFICER

_____

TITLE(S)

☐ PARTNER(S) ☐ LIMITED ☐ GENERAL

☐ ATTORNEY-IN-FACT

☐ TRUSTEE(S)

☐ GUARDIAN/CONSERVATOR

☐ OTHER_____

_____

SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"
Project Area

Address: 901 Potato Rd, Suite A, B, C and D.
APN:193-150-18

EXHIBIT B – SCHEDULE OF EXTRACTIONS AND FEES

- Developer to pay $100,000.00 in unrestricted community benefit funds.
- Developer to pay 1.00 per square foot of cultivated cannabis every quarter.
- Developer to pay 100% of the cost of processing Developer's applications.
- Developer shall make a one-time payment of $0.044 per square foot of permitted use to offset the proportionate amount of the City's costs of preparation of Ordinance No. 447 – Chapter 17.64 Commercial Cannabis Activities.
- Developer shall pay the City one of the following maximum rates for cultivation activities within the Project Area:
    - For all space utilized as cultivation area where Mixed-Light Cultivation is used one dollars ($1) per square foot on a quarterly basis;
    - For all space utilized as cultivation area other than as specified in subparagraph (i) – one dollars and fifty cents ($1.50) per square foot on a quarterly basis.
- Consistent with the rates set and taxed by Measure "M," Developer shall pay the City, other than for cultivation, the following rates on a quarterly basis:
    - (i) For testing – up to two percent (2%) of Proceeds.
    - (ii) For manufacturing, up to the following tiered rate, based on a quarterly term:
        a. Six percent (6%) of Proceeds up to and including $625,000;
        b. Three point seven five percent (3.75%) of Proceeds over $625,000 and up to and including $2,500,000;
        c. Two point eight percent (2.8%) of Proceeds over $2,500,000.
    - (iii) For distribution – up to two percent (2%) of Proceeds.
    - (iv) For retail sales – up to three point seven five percent (3.75%) of Proceeds.
    - (v) For all operations, other than as specified, up to four percent (4%) of Proceeds.

  In the event the City Council lowers the tax rate for cannabis under Measure "M" approved in November of 2018, Developer shall be entitled to pay said tax at the same lower rate.

Exhibit "C"
To Development Agreement

Schedule of Proposed Property Improvements

Owner agrees to undertake the following phased improvements, within the relative timelines, for the Property. Refer to the approved site and street plans for additional phasing details. Modifications to the below phasing shall only be made if approved in writing by the City Engineer:

June 2020-June 2021

1. Obtain agency approval of all improvement plans, to include building "architecturals", site plans, street plans, grading, utilities, landscaping and irrigation plans, SWPPP, DCP and other pertinent regulatory approvals.
2. Retrofit and upgrade existing buildings.
3. Perform select demolition on-site to remove obstructions and hazards where needed, to improve the onsite surface and drainage.
4. Construct on-site curb returns, ADA ramps signage and striping, other vehicular striping, on-site curb and gutters, on-site walkways, site fencing and gates, trash enclosure, site and street landscaping and irrigation.
5. Make new connections to the municipal sanitary sewer system as shown on the site and street plans. Pay connection fees to the city.
6. Aggregate base will be placed at select locations.
7. Grade native material on Potato Road to smooth ruts and provide improved drainage.
8. Place and compact a 3-inch depth of class 2 aggregate base within the paving limits of Potato Road. The Site's entrance driveways will be done in concrete. This will provide an all-weather surface for emergency vehicles that will extend to Sycamore from Potato Road.
9. Fronting the Project site only, construct curb and gutter, sidewalk, a single catch basin, and landscaping. The catch basin would be routed into the existing sump.

July 2021-February 2024

1. In accordance with all previously approved onsite plans, complete all "conditioned" construction of the site, to include grading and ground covering of the site, drainage improvements, building pad preparation, backfill of the existing sump, excavation of a new sump, installation of drainage pipeline from the street catch basin to the new sump, and connections to previously extended sewer line and existing domestic water system.
2. Provide new asphalt pavement and cross gutters where shown on the approved plans.
3. Construct all remaining street improvements shown on the approved street plans.
4. Retrofit and upgrade existing buildings.
5. Construction of new structures as approved.