

RECORDING REQUESTED BY:

**COUNTY OF STANISLAUS**

When Recorded Mail To:

County Clerk  
County of Stanislaus  
1010 10<sup>th</sup> Street  
Modesto, CA 95354

*Fee Waived per GC 27383*

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Space above this line for Recorder's use

**DEVELOPMENT AGREEMENT**

**BETWEEN THE**

**COUNTY OF STANISLAUS**

**AND**

**GOLDEN PURPOSE, INC.  
4218 JESSUP ROAD, CERES**

THIS DEVELOPMENT AGREEMENT (this "Agreement" or this "Development Agreement") is made and entered in the County of Stanislaus on this \_\_\_ day of \_\_\_\_\_, 2019, by and between Stanislaus County, a body corporate and a political subdivision of the State of California (hereafter "County") and Golden Purpose, Inc., a California Corporation, (hereafter "Permittee") pursuant to the authority of §§ 65864 *et seq.*, of the California Government Code and Stanislaus County Code, Title 22. County and Permittee are, from time-to-time, individually referred to in this Agreement as a "Party," and are collectively referred to as "Parties."

List of Attachments:

Attachment A "Project Description"

Attachment B "Legal Description/Property Description"

Attachment C "Floor Plan"

Attachment D "Operating Conditions"

Attachment E "Community Benefits"

Attachment F "Lease"

Attachment G "Development Schedule"

## RECITALS

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

B. Pursuant to the Development Agreement Act, the County adopted the Development Agreement Ordinance, Title 22 of the Stanislaus County Code (hereafter "Title 22"), establishing procedures and requirements under which the County may enter into a Development Agreement for the development of real property with any person having a legal or equitable interest in such property in order to establish certain development rights in such property.

C. Permittee retains a legal or equitable interest in certain real property located at 4218 Jessup Road, in the Ceres area, California, also known as Stanislaus County Assessor Parcel Number 045-045-014 and that is more particularly described in Attachment B attached hereto and is incorporated herein by reference ("the Property"). Permittee has leased the Property for the purpose of carrying out the Project from the owner Ken Caulkins ("Property Owner"). A copy of the lease is attached hereto as Attachment F.

D. Chapter 6.78 of the Stanislaus County Code (hereafter “Chapter 6.78”) establishes a regulatory permit for Commercial Cannabis Activities (“Commercial Cannabis Activities Permit”) and prohibits all Commercial Cannabis Activities in all zoning areas without first obtaining a permit.

E. Permittee proposes to develop the Property to be used for the commercial cannabis activity described in Attachment A (“the Project”).

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

G. The County Board of Supervisors has found that, among other things, this Development Agreement is consistent with its General Plan and has been reviewed and evaluated in accordance with the Development Agreement Statute and Title 22.

H. County and Permittee desire the timely, efficient, orderly and proper development of the Project.

I. County and Permittee have reached agreement and desire to express herein a Development Agreement that shall facilitate development of the Project in conformance with Title 22 and subject to conditions set forth herein.

J. In addition, the parties intend that this Agreement satisfy the requirements of Chapter 6.78, which requires those operating a commercial cannabis activity to enter into a “development agreement” setting forth “the terms and conditions under which the Commercial Cannabis Activity will operate that are in addition to the requirements of this chapter, including, but not limited to, public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety, and welfare.”

K. On \_\_\_\_\_, 2019, the Stanislaus County Planning Commission, serving as the planning agency for purposes of Government Code section 65867, held a duly noticed public hearing on this Agreement and Related Project Approvals. Following the public hearing, the Planning Commission, determined that the Project, the Initial Project Approvals, and the Agreement are, as a whole and taken in their entirety, consistent with the County’s General Plan and the Zoning Code. The Planning Commission recommended \_\_\_\_\_ of the Project, including this Agreement, to the Board of Supervisors.

L. On \_\_\_\_\_, 2019, the County Board of Supervisors of the County of Stanislaus having receive the recommendations of the Planning commission, held a duly notice public hearing on this Agreement and the related initial Project Approvals. Following the public hearing, the board adopted Ordinance No. \_\_\_\_\_ (the “Enacting Ordinance”), approving this Agreement and authorizing the Chairman of the

Board of Supervisors to execute this Agreement and found that the Agreement is consistent with the General Plan and Zoning Code in accordance with Government Code section 65867.5 and determined that the Project as defined herein required no further analysis under CEQA, pursuant to CEQA Guidelines Section 15183 (Consistency with a General Plan or Zoning for which an EIR was prepared).

M. Permittee will implement public benefits, above and beyond the necessary mitigation for the Project, including the creation of new jobs, funding for various community improvements, and payment of the benefit fees as set forth in this Agreement and these public benefits serve as the consideration upon which the County bases its decision to enter into this Agreement.

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

### AGREEMENT

1. Incorporation of Recitals. The Recitals and all defined terms set forth above are hereby incorporated into this Agreement as if set forth herein in full.
2. Definitions.
  - 2.1. "Agreement" means this Development Agreement and all amendments and modifications thereto.
  - 2.2. "Enacting Ordinance" means Ordinance No. \_\_\_\_\_ adopted by the Board of Supervisors on \_\_\_\_\_, 2019, approving this Agreement and authorizing the Chairman of the Board of Supervisors to execute this Agreement.
  - 2.3. "Initial Project Approvals" means those land use approvals and entitlements relating to the Project that were approved by the Board of Supervisors concurrently with this Agreement, which include the Use Permit, and CEQA determination.
  - 2.4. "Regulatory Permit" means the permit required by Stanislaus County Code Chapter 6.78 to conduct Commercial Cannabis Activities.
  - 2.5. "Development Agreement Act" means Article 2.5 of Chapter 4 of Division 1 of Title 7 (section 65864 through 65869.5) of the California government Code.
  - 2.6. "Development Agreement Ordinance" means Title 22 of the Stanislaus County Code.
  - 2.7. "Effective Date" is the date on which the Agreement shall be effective in accordance with section 7.1 hereof.

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

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

3. Description of the Project. The Project consist of the use of the Property for the Commercial Cannabis Activities set forth in Attachment A attached hereto and in the Initial Project Approvals.
4. Description of Property. The Property that is the subject of this Agreement is described in Attachments B and C attached hereto.
5. Interest of Permittee. The Permittee has a legal interest in the Property in that it is the Lessee of the property.
6. Relationship of County and Permittee. It is understood that this Agreement is a contract that has been negotiated and voluntarily entered into by the County and Permittee and that the Permittee is not an agent of the County. The County and Permittee hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making the County and Permittee joint venture's or partners.
7. Effective Date and Term.
  - 7.1. Effective Date. The Effective Date of this Agreement shall be the date on which the Enacting Ordinance becomes effective. The Enacting Ordinance is effective 30 days after the date of approval ("the Effective Date").
  - 7.2. Term. The term of this Agreement shall commence on the Effective Date and extend five (5) years thereafter, unless said term is otherwise terminated or

amended by circumstances set forth in this Agreement or Permittee no longer has a legal interest in the property or has ceased operations on the property for a period of 30 consecutive days.

8. Development of the Property.

8.1. Right to Develop. This Agreement is entered into by the Parties for the limited purpose of setting forth the terms concerning the development and use of the Property by Permittee for Commercial Cannabis Activities. Accordingly:

8.1.1. Vested Rights. Permittee waives any and all “vested rights” (as that term is used in California land use law) the Permittee may have or later acquire, in law or equity, concerning the Property or the Project except those specifically stated herein. Nothing contained in this Agreement, nor in any of the permits, approvals, plans, inspections, certificates, documents, licenses, or any other actions taken by the County regarding the Project shall be construed to grant Permittee any vesting of rights for future development or use of the Property or to conduct commercial cannabis activities except as specifically stated herein; and

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

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

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

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

8.1.6. Uniform Codes Applicable. The Project shall be constructed in accordance with the provisions of the California Building, Mechanical, Plumbing, Electrical and Fire Codes and Title 24 of the California Code of Regulations, relating to Building Standards, in effect at the time of approval of the appropriate building, grading, or other construction permits for the Project.

8.1.7. Maintaining Regulatory Permit. Permittee shall continuously maintain its Regulatory Permit. Permittee agrees that it has an obligation to annually renew its Regulatory Permit pursuant to the terms of Stanislaus County Code Chapter 6.78. Nothing in this Agreement shall prevent the County from denying or conditionally approving the renewal of a Commercial Cannabis Business Regulatory Permit, revoking such permit, or amending Chapter 6.78 or its implementing regulations in a manner that would impose stricter requirements on existing or to-be-issued Regulatory Permits.

8.1.8. Timing of Development. Permittee shall complete Project improvements pursuant to the schedule set forth in Attachment G of this Agreement.

8.2. Permitted Uses. The permitted uses of the Property, the density and intensity of use, the maximum height, bulk and size of proposed buildings, provisions for reservation or dedication of land for public purposes and location and maintenance of on-site and off-site improvements, and other terms and conditions of development applicable to the Property, shall be those set forth in this Agreement, the Initial Project Approvals, any amendments to this Agreement, and any subsequent land use entitlements.

8.2.1. Although Chapter 6.78 - Commercial Cannabis Activities, of the Stanislaus County Code does not specifically identify Commercial Cannabis Activities as allowed uses in any specific zoning district, Stanislaus County Code Title 21 identifies zoning districts where commercial cannabis activities are permitted, when a Use Permit is obtained.

9. Public Benefits

9.1. Community Benefits. Permittee shall perform the Community Benefits identified in Attachment E to the Agreement.

10. Fees & Subsequently Enacted or Revised Fees, Assessments and Taxes.

10.1. Fees. Permittee agrees to pay all permit fees and charges required by Stanislaus County, including but not limited to permit application and permit issuance fees, annual operating fees, amended registration fees, and regulatory renewal fees. Permittee shall pay such fees in an amount determined by the County Board of Supervisors.

10.2. Amended Application Fees. Any existing application, processing, renewal and registration fees that are amended during the term of this Agreement shall apply to the Project.

10.3. New Taxes. Any subsequently enacted County taxes shall apply to the Project.

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

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

11. Compliance with Chapter 6.78 of the Stanislaus County Code.

11.1. The parties intend this Agreement as the instrument to satisfy the requirements of Stanislaus County Code section 6.78.060 (A)(2), which provides as follows:

"Development Agreement. Prior to operating in the county and as a condition of issuance of the CCA permit, the permittee of each commercial cannabis activity shall enter into a development agreement, as specified in Title 22 of the Stanislaus County Code, with the county setting forth the terms and conditions under which the commercial cannabis activity will operate that are in addition to the requirements of this chapter, and such other terms and conditions that will protect and promote the public health, safety and welfare."

12. Compliance with Conditions of Approval and Regulatory Permits.

12.1. Permittee agrees to operate the Commercial Cannabis Activity on the Property pursuant to the terms and conditions set forth in the Operating Conditions attached hereto as Attachment D and incorporated herein by reference. Failure to strictly comply with the terms and conditions of the Operating Conditions shall constitute a default under this Agreement, which shall be subject to termination pursuant to paragraph 15 below.

12.2. Permittee agrees that its failure to strictly comply with all the requirements set out in Attachment D shall be a material breach of this agreement and subject to default under paragraph 15 below.

12.3. The provisions of this Agreement require a close degree of cooperation between County and Permittee. It is anticipated during the term of this Agreement that refinements to the manner in which the Permittee operates may be appropriate with respect to the Project. To the extent allowable by law, the Parties shall retain a certain degree of flexibility as provided herein with respect to all matters, items and provisions covered in general under this Agreement. When and if the Parties find it necessary or appropriate to make changes, adjustments or clarifications, the Parties shall enter into memoranda ("Operating Memoranda") approved by the Parties in writing, which reference this Section of the Agreement. Operating Memoranda are not intended to constitute an amendment to this Agreement but mere ministerial clarifications; therefore, public notices and hearings shall not be required. The Stanislaus County Chief Executive Officer shall be authorized upon consultation with the County Counsel, to determine whether a requested clarification may be effectuated pursuant to this Section or whether the requested clarification is of such character to constitute an amendment to the Agreement which requires compliance with the provision of this Agreement pertaining to amendments. The authority to enter into such Operating Memoranda is hereby delegated to the Chief Executive Officer, who is hereby authorized to execute any Operating Memoranda hereunder without further Board of Supervisor action.

13. Amendment or Cancellation.

13.1. Amendment Because of Conflict with State or Federal Laws. In the event that state or federal laws or regulations enacted after the Effective Date of this Agreement prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans, maps or permits approved by the County, the parties shall meet and confer in good faith in a reasonable attempt to modify this Agreement to comply with such federal or state law or regulation. Any such amendment or suspension of the Agreement shall be subject to approval by the County Board of Supervisors in accordance with Stanislaus County Code, Title 22.

13.2. Amendment by Mutual Consent. This Agreement may be amended in writing from time to time by mutual consent of the parties hereto and in accordance with the procedures of State law and permitted uses.

13.3. Insubstantial Amendments. Notwithstanding the provisions of the preceding Section 13.2, any amendments to this Agreement which do not relate to (a) the term of the Agreement; (b) the permitted uses of the Property; (c) provisions for "significant" reservation or dedication of land; (d) conditions, terms, restrictions or requirements for subsequent discretionary actions; (e) the density or intensity of use of the Project; (f) the maximum height or size of proposed buildings; or (g) monetary contributions by Permittee as provided in this Agreement, shall not, except to the extent otherwise required by law, require notice or public hearing before either the Planning Commission or the County Board of Supervisors before the parties may execute an amendment hereto. The County Chief Executive Officer, or his/her designee, shall determine whether a reservation or dedication is "significant".

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

14. Annual Review.

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

14.2. Initiation of Review. The County Chief Executive Officer, or designee, shall initiate the annual review, as required under Chapter 22.07 of the Stanislaus County Code, by giving to Permittee thirty (30) days written notice that the County intends to undertake such review. Permittee shall provide evidence to the County Chief Executive Officer, or designee, prior to the hearing on the annual review, as and when reasonably determined necessary by the County Chief Executive Officer, or designee, to demonstrate good faith compliance with the provisions of the Agreement. The burden of proof by substantial evidence of compliance is upon the Permittee.

14.2.1. Appeal of the Chief Executive Officer's, or designee's, findings regarding compliance shall be made in accordance with Stanislaus County Chapter 22.07, except that the County Chief Executive Officer, or designee, shall replace all instances where the planning director is indicated.

14.3. Staff Reports. To the extent practical, the County shall deposit in the mail and fax to Permittee a copy of all staff reports, and related Attachments concerning contract performance at least ten (10) days prior to any annual review.

14.4. Costs. Costs reasonably incurred by the County in connection with the annual review shall be paid by Permittee in accordance with the County's schedule of fees in effect at the time of review.

15. Default.

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

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

15.1.2. Permittee's failure to pay when due any fee, tax, or payment required to be paid under this Agreement, County Ordinance or Resolution, or California State Law, if the failure to pay continues for three (3) days after written notice of the failure from County.

15.1.3. Permittee's abandonment of the Property, including Permittee's absence from the Property for thirty 30 consecutive days.

15.1.4. Permittee's failure to strictly comply with all the requirements set out in Attachment D.

15.1.5. Permittee's failure to make the contributions or community Benefit Rate Payments set out in Attachment E.

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

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

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

15.5. Cure Period. The defaulting Party shall respond within 5 business days of the date of the Notice of Default, and shall provide reasonable evidence that it was never, in fact, in default or shall state that it will immediately commence to cure the identified default and shall cure the identified default within 30 days of the Notice of Default, unless the Parties extend such time by mutual written consent. In the case of a dispute as to whether a default exist or whether the defaulting Party has cured the default, the Parties may submit the matter to dispute resolution pursuant to section 16 of this Agreement.

15.6. Remedies for Default.

15.6.1. Permittee Default; If the Permittee remains in default after the cure period, and the alleged default is not the subject of a dispute resolution pursuant to Section 16 of this Agreement, the County shall have all rights and remedies provided by this Agreement, including, without limitation, the right to terminate or modify this Agreement subject to the provisions set forth below. The County shall, in addition to any other remedy available at law or in equity, also have the right to compel specific performance of the obligations of Property Owner under this Agreement, including, without limitation, the right to compel specific performance of the Community Benefits set forth in Attachment E to this Agreement.

15.6.2. Termination or Modification. If the Director of Planning finds and determines that Permittee remains in default after the cure period, if the alleged default is not the subject of dispute resolution pursuant to Section 16 of this Agreement, and if the County intends to terminate or modify this Agreement, the Director of Planning shall set the matter for a hearing by the Planning Commission in accordance with the provisions of the Development Agreement Ordinance (County Code Chapter 22.08). If after such public hearing, the Planning Commission finds that Property Owner is in violation of this Agreement, the Planning Commission shall notify the Board of Supervisors of its findings and recommend such action as it deems appropriate. If the Planning Commission reports a violation of the Development Agreement to the Board of Supervisors pursuant to this Section, the Board of Supervisors may take one of the following actions: (a) approve the recommendation of the Planning Commission instructing that action be taken as indicated therein in cases other than a recommendation to terminate or modify the Agreement; (b) refer the matter back to the Planning Commission for further proceedings with or without instructions;

or (c) schedule the matter for hearing before the Board of Supervisors if termination or modification of the Agreement is recommended. There shall be no termination or modifications of this Agreement unless the Board of Supervisors acts pursuant to the provisions set forth in Government Code Sections 65865.1, et seq., and Stanislaus County Code chapter 22.08. Pursuant to Government Code §65865., if, as a result of the Annual Review, the County determines, on the basis of substantial evidence, that Permittee has not complied in good faith with terms or conditions of this Agreement, the County may terminate or modify the Agreement; provided, however, that if Permittee does not agree to the modification the County's only remedy shall be to terminate the Agreement. Further, if the County seeks to terminate or modify the Agreement for any other reason, such action shall be subject to the requirements of Government Code § 65868, including the requirement for the mutual consent of the Parties.

15.6.3. County Default. If the County remains in default after the cure period and the alleged default is not the subject of dispute resolution pursuant to Section 16 of this Agreement, Permittee shall have all rights and remedies provided by this Agreement, including, without limitation, the right to compel specific performance of the County's obligations under this Agreement. Permittee also has the right to initiate amendment or cancellation of this Agreement subject to the provisions set forth in the Development Agreement Act and Development Agreement Ordinance, which include, but are not limited to, the requirement for mutual consent of the Parties to the amendment or cancellation.

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

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

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

16.2. Non-Binding Arbitration. The Parties may agree to use nonbinding arbitration to resolve any Dispute arising under this Agreement. The arbitration shall be conducted by an arbitrator who must be a former judge of the Stanislaus

County Superior Court, Appellate Justice of the Fifth District Court of Appeals, or Justice of the California Supreme Court. This arbitrator shall be selected by mutual agreement of the Parties.

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

17. Termination or cancellation. In addition to the procedures set forth in Section 15.6, above, this Agreement is also subject to the following termination provisions:

17.1. Termination Upon Expiration of Term. This Agreement shall terminate upon expiration of the Term set forth in Section 7.2 unless otherwise extended or modified by mutual consent of the Parties. Upon termination of this Agreement, the County Registrar-Recorder/County Clerk may cause a notice of such termination in a form satisfactory to the County to be duly recorded in the official records of the County.

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

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

18. Estoppel Certificate.

18.1. Either party may, at any time, and from time to time, request written notice from the other party requesting such party to certify in writing that, (a) this Agreement is in full force and effect and a binding obligation of the parties, (b) this Agreement has not been amended or modified either orally or in writing, or if so amended, identifying the amendments, and (c) to the knowledge of the certifying party the requesting party is not in default in the performance of its obligations under this Agreement, or if in default, to describe therein the nature and amount of any such defaults. A party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof, or such longer period as may reasonably be agreed to by the parties. Chief Executive Officer of the County shall be authorized to execute any certificate requested by Permittee. Should the party receiving the request not execute and return such certificate within the applicable period, this shall not be deemed to be a default, provided that such party shall be deemed to have certified that the statements in clauses (a) through (c) of this section are true, and any party may rely on such deemed certification.

19. Severability.

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

20. Attorneys' Fees and Costs.

20.1. If the County or Permittee initiates any action at law or in equity to enforce or interpret the terms and conditions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs in addition to any other relief to which it may otherwise be entitled. If any person or entity not a party to this Agreement initiates an action at law or in equity to challenge the validity of any provision of this Agreement or the Project Approvals, the parties shall cooperate in defending such action. Permittee shall bear its own costs of defense as a real party in interest in any such action and shall reimburse the County for all reasonable court costs and attorneys' fees expended by the County in defense of any such action or other proceeding.

21. Transfers and Assignments.

21.1. The Permittee shall not transfer, delegate, or assign its interest, rights, duties, and obligations under this Agreement without the prior written consent of the County. Any assignment, delegation, or assignment without the prior written County consent of the other parties to this Agreement shall be null and void. Any transfer, delegation, or assignment by the Permittee as authorized herein shall be effective only if and upon the party to whom such transfer, delegation, or

assignment is made is issued a Regulatory Permit as required under chapter 6.78 of the Stanislaus County Code.

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

22. Bankruptcy.

The obligations of this Agreement shall not be dischargeable in bankruptcy.

23. Indemnification.

23.1. Permittee hereby agrees to and shall indemnify, save, hold harmless, and, if requested by the County, defend the County from any claim, action, or proceeding brought by a third party (i) to challenge, attack, set aside, void, or annul this Agreement or the Initial Project Approvals, or (ii) for claims, costs, and liability for any damages, personal injury, or death, which may arise in connection with The Project or this Agreement. Directly or indirectly from the negotiation, formation, execution, enforcement, or termination of this Agreement. Nothing in this Section shall be construed to mean that Permittee shall hold the County harmless and/or defend it from any claims arising from, or alleged to arise from, the negligent acts, negligent failure to act, or intentional acts on the part of the County. The County agrees that it shall reasonably cooperate with Permittee in the defense of any matter in which Permittee is defending, indemnifying, and/or holding the County harmless. The County may make all reasonable decisions with respect to its representation in any legal proceeding. In the event any claim, action, or proceeding as described above is filed by a third party against the County, Permittee shall, within 10 days of being notified of the filing, make an initial deposit with the County in the amount of \$5,000, from which actual costs and expenses shall be billed and deducted for purposes of defraying the costs and/or expenses involved in the County's cooperation in the defense, including, but not limited to, depositions, testimony, and other assistance provided to Permittee or Permittee's counsel. If during the litigation process actual costs or expenses incurred reach 80 percent of the amount on deposit, Permittee shall deposit additional funds to bring the balance up to the amount of \$5,000. There is no limit to the number of supplemental deposits that may be required during the course of litigation. At the sole discretion of Permittee, the amount of the initial or any supplemental deposit may exceed the minimum amounts specified herein. Additionally, the cost for collection and duplication of records, including the reasonable costs of staff time necessary to collect, review, and/or duplicate such records in connection with the preparation of any administrative record or otherwise in relation to litigation, shall

be paid by Permittee. Upon Permittee's initial \$5,000.00 deposit to cover the County's costs and expenses pursuant to this section, Permittee shall have the right to a monthly, itemized accounting of such expenses, which County shall provide upon Permittee's request within 5 days of such request, but no sooner than 30 days after Permittee's initial deposit.

24. Insurance.

24.1. Public Liability and Property Damage Insurance. During the term of this Agreement, Permittee shall maintain in effect a policy of comprehensive general liability insurance with a per-occurrence combined single limit of not less than two million dollars (\$2,000,000.00) with a one hundred thousand dollar (\$100,000) self-insurance retention per claim. The policy so maintained by Permittee shall name the County as an additional insured and shall include either a severability of interest clause or cross-liability endorsement.

24.2. Workers Compensation Insurance. During the term of this Agreement Permittee shall maintain Worker's Compensation insurance for all persons employed by Permittee for work at the Project site. Permittee shall require each contractor and subcontractor similarly to provide Worker's Compensation insurance for its respective employees. Permittee agrees to indemnify the County for any damage resulting from Permittee's failure to maintain any such insurance.

24.3. Evidence of Insurance. Prior to the County Board of Supervisors approval of this Agreement, Permittee shall furnish the County satisfactory evidence of the insurance required in Sections 24.1 and 24.2 and evidence that the carrier is required to give the County at least fifteen days prior written notice of the cancellation or reduction in coverage of a policy. The insurance shall extend to the County, its elective and appointive boards, commissions, officers, agents, employees and representatives and to Permittee performing work on the Project.

25. Notices.

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

County Chief Executive Officer  
County of Stanislaus  
1010 10<sup>th</sup> Street, Suite 6800  
Modesto, CA 95354

Notices required to be given to Permittee shall be addressed as follows:  
Golden Purpose, Inc.  
4218 Jessup Rd.  
Ceres, CA 95307  
Attn: Sody Veras

A party may change address by giving notice in writing to the other party and thereafter all notices shall be addressed and transmitted to the new address. Notices shall be deemed given and received upon personal delivery, or if mailed, upon the expiration of 48 hours after being deposited in the United States Mail. Notices may also be given by overnight courier which shall be deemed given the following day or by facsimile transmission which shall be deemed given upon verification of receipt.

26. Agreement is Entire Understanding.

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

27. Attachments.

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

Attachment A "Project Description"  
Attachment B "Legal Description/Property Description"  
Attachment C "Floor Plan"  
Attachment D "Operating Conditions"  
Attachment E "Community Benefits"  
Attachment F "Lease"  
Attachment G "Development Schedule"

28. Counterparts.

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

29. Recordation.

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

**[Signature Page Follows]**

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

COUNTY

PERMITTEE

County of Stanislaus

Golden Purpose, Inc.

By: \_\_\_\_\_  
Terrance Withrow  
Chairman of the Board of Supervisors

By: \_\_\_\_\_  
Randall Clover, President

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

Attest:  
Clerk of the Board of Supervisors

By: \_\_\_\_\_  
Jason Sody Veras, Vice President

\_\_\_\_\_  
Deputy Clerk

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

Approved as to form:  
County Counsel

\_\_\_\_\_  
Thomas E. Boze  
County Counsel

(NOTARIZATION ATTACHED)

## **ATTACHMENT A**

### PROJECT DESCRIPTION

**Project Description:** To establish an indoor commercial cannabis cultivation and distribution operation within two existing warehouses and proposed third warehouse, to be completed in phases, in the P-D (110) zoning district.

## **ATTACHMENT B**

### **LEGAL DESCRIPTION**

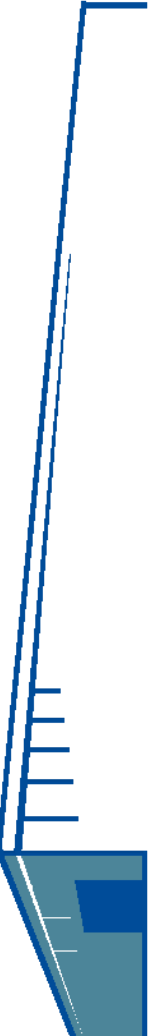
Real property in the County of Stanislaus, State of California, described as follows:

Legal Description: Parcel 2 as shown and designated upon that certain Parcel Map filed February 26, 1985, in Volume 36 of Parcel Maps, Page 33, Stanislaus County Records; being a portion of the northwesterly one-quarter of Section 34, Township 4 South, Range 10 East, MDB&M

NO.	DATE	REVISION	BY
B	5/15/19	Rev'd Per App'l	Cisco



Cold Storage Mfg. Inc.  
740 Bradford Way  
Union City, CA 94587  
(510) 476-1700  
www.coldstoragemfg.com



**COLD STORAGE MANUFACTURING INC.**  
Specialists in Low Temperature Construction

Tenant Improvement

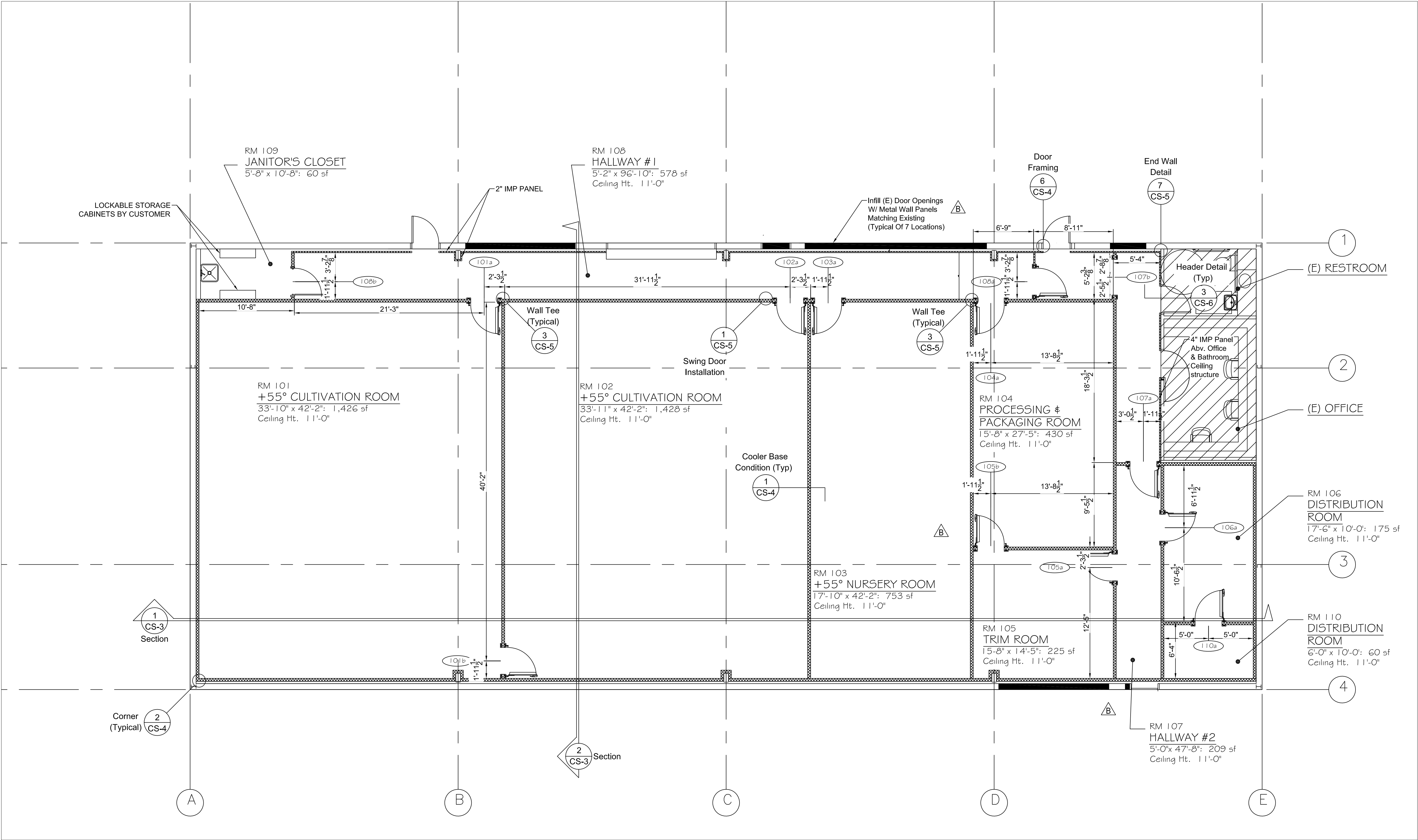
Golden Purpose

4224 Jessup Rd.  
Ceres Ca. 95307

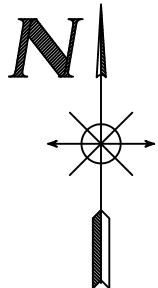
FLOOR PLAN

SCALE	AS NOTED	SHEET NO.
DRAWN	Cisco	
CHECKED	CS	
APPROVED		
DATE	10 October 2013	
JOB NO.		

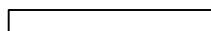

CS-1



**1 CS-1 FLOOR PLAN**  
**SCALE: 3/16" = 1'-0"**



**PARTITION WALL TYPES:**

-  EXISTING METAL BUILDING OR DRYWALL CONSTRUCTION WALLS
-  NEW PREFABRICATED INSULATED METAL WALL PARTITIONS (4" THICK UNLESS OTHERWISE NOTED) WITH 26 GAUGE STUCCO EMBOSSED GALV. STEEL SKINS BOTH SIDES FACTORY COATED WITH USDA APPROVED WHITE SILICONIZED POLYESTER ENAMEL COATING SEE SPECIFICATIONS - DRAWING CS-6

## **ATTACHMENT D**

### **OPERATING CONDITIONS**

1. Compliance with Laws. Permittee shall operate in accordance with all applicable State and local laws, and any regulations promulgated thereunder.
2. Compliance with Conditions of Approval/Development Standards/Mitigation Measures. Permittee shall operate in compliance with all conditions of approval/development standards/mitigation measures associated with the Initial Project Approvals and any subsequent approvals issued by the County or any other regulatory agency.
3. Compliance with License Regulations. Permittee shall operate in strict compliance with the regulations contained in Chapter 6.78 of the Stanislaus County Code.

## **ATTACHMENT E**

### **COMMUNITY BENEFITS**

Permittee agrees that its participation in commercial cannabis activities negatively impacts the residents of Stanislaus County and that by entering into this Development Agreement Permittee is agreeing to contribute greater public benefits than could otherwise be required and that Permittee does so freely and with full knowledge and consent.

Permittee agrees to provide the following public benefits and specifically consents to the payment or provision of these public benefits. Permittee agrees that these public benefits are not a tax and do not constitute a taking of Permittee's property for the public's benefit and Permittee waives any and all claims, actions, causes of action, liabilities, damages, demands, attorneys' fees, expenses and costs (including without limitation court costs) of any kind or nature whatsoever, whether known or unknown, suspected or unsuspected, which may arise by reason of payment or provision of the community benefits stated herein.

#### **A. Community Benefit Contribution.**

Permittee shall pay to the County a Community Benefit Contribution in the amount of \$1,875 in 2019, \$12,850 in 2020, \$24,800 in 2021, \$28,500 in 2022, and \$32,200 in 2023. Permittee shall deliver the Community Benefit Contribution in quarterly installments in the same manner as Benefit Rate Payments described in section B.

The Community Benefit Contribution may be used for the general governmental purposes of the County and not for the purposes of regulation or of raising revenues for regulatory purposes. All of the Community Benefit Contribution proceeds received from Permittee shall be placed in the County's general fund and used for the usual current expenses of the County and is a separate and distinct payment from the Community Benefit Rate Payment below. The County intends, but is not obligated, to distribute these funds to local community charities for their use and for public improvement projects.

#### **B. Community Benefit Rate Payments:**

1. Permittee shall provide funding as described below for the general governmental purposes of the County, including the enforcement of illegal commercial cannabis activities, and not for the purposes of regulation or of raising revenues for regulatory purposes. All of the proceeds received from Permittee shall be placed in the County's general fund and used for the usual current expenses of the County.
2. Definitions.
  - 2.1. "Canopy" means all of the following:

2.1.1. The designated area(s) at a licensed premises that will contain cannabis plants at any point in time;

2.1.2. Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain cannabis plants at any point in time, including all of the space(s) within the boundaries;

2.1.3. Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary such as an interior wall or by at least ten feet of open space; and

2.1.4. If cannabis plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

2.2. "Designated area(s)" means the entirety of the enclosed area measured in square feet without regard to any portion of the enclosed area that does not or will not contain cannabis plants.

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

2.3.1. Cash discounts allowed and taken on sales;

2.3.2. Credit allowed on property accepted as part of the purchase price and which property may later be sold, at which time the sales price shall be included as gross receipts;

2.3.3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;

2.3.4. Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts;

2.3.5. Receipts from investments where the holder of the investment receives only interest and/or dividends, royalties, annuities and gains from the sale or exchange of stock or securities solely for a person's own account, not derived in the ordinary course of a business;

2.3.6. Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the Permittee in the regular course of the Permittee's business;

2.3.7. Cash value of sales, trades or transactions between departments or units of the same business;

2.3.8. Whenever there are included within the gross receipts amounts which reflect sales for which credit is extended and such amount proved uncollectible in a subsequent year, those amounts may be excluded from the gross receipts in the year they prove to be uncollectible; provided, however, if the whole or portion of such amounts excluded as uncollectible are subsequently collected, they shall be included in the amount of gross receipts for the period when they are recovered;

2.3.9. Transactions between a partnership and its partners;

2.3.10. Receipts from services or sales in transactions between affiliated corporations. An affiliated corporation is a corporation:

A. The voting and nonvoting stock of which is owned at least 80 percent by such other corporation with which such transaction is had; or

B. Which owns at least 80 percent of the voting and nonvoting stock of such other corporation; or

C. At least 80 percent of the voting and nonvoting stock of which is owned by a common parent corporation which also has such ownership of the corporation with which such transaction is had.

2.3.11. Transactions between a limited liability company and its member(s), provided the limited liability company has elected to file as a Subchapter K entity under the Internal Revenue Code and that such transaction(s) shall be treated the same as between a partnership and its partner(s) as specified in subsection (E)(9) of this section;

2.3.12. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of \$1.00;

2.3.13. Amounts collected for others where the business is acting as an agent or trustee and to the extent that such amounts are paid to those for whom collected. These agents or trustees must provide the names and the addresses of the others and the amounts paid to them. This exclusion shall

not apply to any fees, percentages, or other payments retained by the agent or trustees.

2.4. "Sell," "sale," and "to sell" include any transaction whereby, for any consideration, title to cannabis is transferred from one person to another, and includes the delivery of cannabis or cannabis products pursuant to an order placed for the purchase of the same and soliciting or receiving an order for the same, but does not include the return of cannabis or cannabis products by a licensee to the licensee from whom such cannabis or cannabis product was purchased.

3. Amount of Community Benefit Rate Payment.

3.1. Cultivation. Permittee's Annual Community Benefit Rate Payment shall be based on the greater of the active state, or local, permitted canopy, or actual total canopy.

3.1.1. Community Benefit Rate Payment for Cultivation: For indoor cultivation activities Permittee shall pay the greater of the applicable annual rate per square foot of canopy set forth in Table 2 below or the amount stated in paragraph 3.2.2 below.

Table 2

<u>Annual Rate*</u>	<u>Area of Canopy</u>
\$30,000	Up to 5,000 sq.ft.
\$70,000	5,001 to 10,000 sq.ft.
\$176,000	10,001 to 22,000 sq.ft.

\*Rate subject to CPI adjustment per paragraph 3.3 below.

3.1.2. Permittee shall pay to the County:

A. In year 2019, \$7,500 annually to be paid on January 30.

B. In year 2020, \$42,500 annually to be paid in quarterly installments of \$10,625 and to be paid on April 30, July 30, October 30, and January 30.

C. In subsequent years, \$70,000 annually to be paid in quarterly installments of \$17,500 and to be paid on April 30, July 30, October 30, and January 30.

3.2. Commercial Activities. Distribution. Permittee shall pay the County 0% of Gross Receipts for distribution of permittee's products and;

3.2.1. In Year 2020, the greater of \$1,000 per year or 3% of Gross Receipts and to be paid in quarterly installments on July 30, October 30, and January 30.

3.2.2. Subsequent years to be paid in quarterly installments on April 30, July 30, October 30, and January 30, as follows:

- A. In Year 2021, the greater of \$3,000 or 3% of Gross Receipts;
- B. In Year 2022 the greater of \$5,000 or 3% of Gross Receipts;  
and
- C. In Year 2023, the greater of \$7,000 or 3% of Gross Receipts.

3.3. Annual CPI Adjustment. Beginning on July 1, 2020 and on July 1 of each succeeding fiscal year thereafter, the amount of each benefit rate payment imposed by this subsection shall be increased by the most recent change in the annual average of the Consumer Price Index ("CPI") for all urban consumers in the San Francisco-Oakland-San Jose areas as published by the United States Government Bureau of Labor Statistics. However, no CPI adjustment resulting in a decrease of any payment shall be made.

4. Payment Location. Permittee shall make the Community Benefit Rate Payment at the Offices of the County Treasurer-Tax Collector. The Community Benefit Rate Payment may be paid in legal tender or in money receivable in payment of taxes by the United States. The County Treasurer-Tax Collector shall have the right to refuse the payment in coins. The County Treasurer-Tax Collector may, in his or her discretion, accept electronic funds transfers in payment of the Community Benefit Rate Payment in the same way it would accept the payment of taxes in accordance with section 2503.2 of the Revenue and Taxation Code.

5. Payment Due.

5.1. The Community Benefit Rate Payment shall be due and payable as follows:

5.1.1. Permittee shall on or before the last day of the period designated by and at the discretion of the County Treasurer-Tax Collector, prepare and deliver a Community Benefit Rate Payment statement to the County Treasurer-Tax Collector of the total gross receipts and the amount of Community Benefit Rate Payment owed for the preceding designated period. At the time the Community Benefit Rate Payment statement is filed, the full amount of the Community Benefit Rate Payment owed for the preceding designated period shall be remitted to the County Treasurer-Tax Collector.

5.1.2. All Community Benefit Rate Payment statements shall be completed on forms provided by the County Treasurer-Tax Collector.

5.1.3. Community Benefit Rate Payment statements and payments for all outstanding Community Benefit Rate Payment owed the County are immediately due to the County Treasurer-Tax Collector upon cessation of business for any reason.

6. Payments and Communications Made by Mail—Proof of Timely Submittal. Community Benefit Rate Payments made shall be deemed timely if submitted in accordance with Revenue and Taxation Code sections 2512 and 2513.

7. Payment—When Deemed Late.

7.1. The Community Benefit Rate Payments required to be paid pursuant to this Agreement shall be deemed late if not paid on or before the due date specified in this Attachment E.

7.2. The County is not required to send a late or other notice or bill to the Permittee.

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

9. Payment —Interest on Late Payments. If Permittee fails to remit the Community Benefit Rate Payment at the time due shall pay interest at the rate of one-half of one percent per month or fraction thereof on the amount of the Community Benefit Rate Payment, from the date on which the remittance first became delinquent until paid. All such interest as accrues shall become a part of the Community Benefit Rate Payment required to be paid. Only payments for the full amount due shall be accepted. Partial payments shall not be accepted.

10. Refunds.

10.1. Whenever the amount of Community Benefit Rate Payment or interest has been overpaid, paid more than once, or has been erroneously collected or received by the County under this Agreement, it may be refunded to the Permittee; provided, that a written claim for refund is filed with the County Treasurer-Tax Collector within three years of the date the Community Benefit Rate Payment was originally due and payable.

10.2. The County Treasurer-Tax Collector or the County Treasurer-Tax Collector's authorized agent shall have the right to examine and audit all the books and business records of the Permittee in order to determine the eligibility of the Permittee to the claimed refund. No claim for refund shall be allowed if the

Permittee refuses to allow such examination of Permittee's books and business records after request by the County Treasurer-Tax Collector to do so.

10.3. In the event that the Community Benefit Rate Payment was erroneously paid and the error is attributable to the County, the entire amount of the Community Benefit Rate Payment erroneously paid shall be refunded to the claimant. If the error is attributable to the Permittee, the County shall retain the amount set forth in the schedule of fees and charges established by resolution of the Board of Supervisors from the amount to be refunded to cover expenses.

11. Audit and Examination of Records and Equipment.

11.1. The County Treasurer-Tax Collector shall have the power to audit and examine all books and records of the Permittee, including both State and Federal income tax returns, California sales tax returns, or other evidence documenting the gross receipts of the Permittee, and, where necessary, all equipment of Permittee, for the purpose of ascertaining the gross receipts to determine the amount of Community Benefit Rate Payment, if any, required to be paid by this Agreement, and for the purpose of verifying any statements or any item thereof when filed by the Permittee. If such person, after written demand by the County Treasurer-Tax Collector, refuses to make available for audit, examination or verification such books, records or equipment as the County Treasurer-Tax Collector requests, the County Treasurer-Tax Collector may, after full consideration of all information within his or her knowledge concerning the cannabis business and activities of the person so refusing, make an assessment in the manner provided in this Chapter of any Benefit Rate Payment estimated to be due.

11.2. Permittee shall keep and preserve, for a period of at least three years, all records as may be necessary to determine the amount of the Community Benefit Rate Payment, which records the County Treasurer-Tax Collector shall have the right to inspect at all reasonable times.

12. Deficiency Determination. If the County Treasurer-Tax Collector is not satisfied that any statement filed as required under the provisions of this Agreement is correct, or that the amount of Community Benefit Rate Payment is correctly computed, the Treasurer-Tax Collector may compute and determine the amount to be paid and make a deficiency determination upon the basis of the facts contained in the statement or upon the basis of any information in their possession or that may come into their possession within three years of the date the Community Benefit Rate Payment was originally due and payable. One or more deficiency determinations of the amount of Community Benefit Rate Payment due for a period or periods may be made. If Permittee discontinues the permitted commercial cannabis activity, a deficiency determination may be made at any time within three years thereafter as to any liability arising from engaging in such business whether or not a deficiency determination is issued prior to the date the Community Benefit Rate Payment would otherwise be due. Whenever a

deficiency determination is made, a notice shall be given to the Permittee concerned in the same manner as notices under this Agreement.

13. Subsequently Enacted Tax. In the event Stanislaus County enacts a tax applicable to the Project following the execution of this agreement, Permittee's obligation to pay Community Benefits under this Section shall be reduced by the amount to which Permittee would be obligated to pay under the subsequently enacted tax.

[End of Attachment E.]

**LEASE**

**THIS LEASE IS A PROPOSED LEASE OF PREMISES FOR THE EXPRESS PURPOSE OF GROWING AND STORING FOR COMMERCIAL PURPOSES CANNABIS. IT IS SUBJECT TO THE APPROVAL BY THE COUNTY OF STANISLAUS AND THE BUREAU OF CANNABIS CONTROL FOR THE STATE OF CALIFORNIA. LESSEE IS AWARE THIS ACTIVITY MAY RESULT IN FEDERAL ACTION TAKEN AGAINST LESSEE WHICH MAY RESULT IN LESSEE HAVING ALL OF ITS PLANTS, INVENTORY AND EQUIPMENT CONFISCATED BY FEDERAL PROCESS. LESSEE SHALL HOLD HARMLESS LESSOR AND INDEMNIFY LESSOR FOR ANY COSTS INCURRED OR LOSSES SUSTAINED AS A RESULT OF LESSEE'S ACTIVITY ON THE PREMISES.**

THIS LEASE entered and executed at Ceres California, this 27<sup>th</sup> day of November, 2018, by and between Kenneth Caulkins, hereinafter called "LESSOR," and Golden Purpose Inc, together with the guarantors jointly and severally or their business entity, hereinafter collectively called "LESSEE".

WITNESSETH:

1. **Description of Property:** That the Lessor, for and in consideration of the rents, covenants, provisos and agreements hereinafter reserved and mentioned, and which on the part of the Lessee, his heirs, executors, and administrators, and assigns are to be paid, kept, done and performed, does hereby, demise, and lease to the Lessee, and the Lessee does hereby hire from the Lessor, those premises located in, the City of Ceres, County of Stanislaus, State of California, known and described as follows: the present and existing premises known as part of the larger premises located at 4218 Jessup Road, (suite B) Ceres, CA 95307, limited to a parcel consisting of one warehouse on the southwest corner of the property consisting of approximately 6,000 square feet, together with all improvements thereon and subject to all easements and encumbrances. An aerial with a dark outline of the lease premises is attached hereto and incorporated herein as exhibit 1. The land surrounding the warehouse shall be identified and fenced by Lessee at Lessee's sole cost and expense, once Lessee has obtained approval for the uses from the County of Stanislaus and the parties agree on the alignment and the leased property and the rental for the additional space. (see below, paragraph 3).

2. **Term:** The term of this Lease shall be for five (5) years, commencing after the issuance of the County permit for growing cannabis or on the 3rd day of December, 2018, and ending on the 30<sup>th</sup> day of November, 2023, 12:00 o'clock noon, unless sooner terminated in accordance with the terms and provisions herein contained.

Lessee has obtained the required Cannabis Permit from Stanislaus County. Lessee shall diligently pursue its application for any further permits necessary to allow the operation Lessee wants to bring to the Premises. Once this lease is executed by the Lessor and Lessee, Lessor will

move the items stored on the premises on or before December 1, 2018.

Lessee shall have no operational use of the premises for the growing of Cannabis until after Lessee has received and provided copies to Lessor of all permits necessary to operate the growing of Cannabis at the premises.

If Lessor is unable to deliver possession of the premises by the date specified for the commencement of the term as a result of causes beyond its reasonable control, Lessor shall not be liable for any damage caused for failing to deliver possession, and this Lease shall not be void or voidable. Except as set forth above, Lessee shall not be liable for rent until Lessor delivers possession of the premises to Lessee, but the term shall not be extended by the delay.

3. **Rental:** There shall be an initial deposit paid by Lessee to Lessor upon obtaining the permits to operate a Cannabis Growing and Storage Facility in the amount of the first and last month's rent and a security deposit of \$6,000.00 for a total initial deposit of \$18,000.00.

The Lessee agrees to pay to the Lessor, without deduction, the rental provided herein, in advance beginning on the day of the commencement of the term of this Lease and on the same day of each and every month thereafter. The rental during said term shall be Six Thousand and no/100s Dollars (\$6,000.00) per month for the use of the warehouse and reasonable parking and access thereto, subject to taxes and adjustments as set forth herein.

In addition to the rent provided herein and commencing with the term as set forth above, Lessee shall pay to Lessor or other appropriate responsible party as may be designated by the Lessor all taxes, assessments (general, special, and bonded) and other impositions or charges which may be taxed, charged, levied, assessed, or imposed from and after the commencement of the term hereof upon all or any portion of the leased premises, and the improvements whenever erected thereon, and the appurtenances thereof, or upon any leasehold estate in the leased premises; provided, however, that in the year in which the term hereof shall commence and in the year in which it shall expire, such taxes, assessments and other charges shall be prorated between the Lessor and lessee. If the leased premises are not separately assessed, then the taxes, assessments and other charges shall be apportioned according to the gross leasable area in the leased premises in relation to the gross leasable area of all buildings included in the assessment, and a proration of the portion of land leased in relation to the remaining land of Lessor at the premise site. Lessee hereby agrees to protect and hold harmless Lessor, and the leased premises from any liability for Lessee's share of any and all such taxes, assessments and charges, together with any interest, penalties, or other charges thereby imposed and from any sale or other proceedings to enforce the payment thereof. Payment of the taxes, assessments, or charges shall be due at least ten (10) days before delinquency, and before penalties or interest shall accrue thereon.

Additional leased areas may be added by amendment to this lease, upon the Lessee obtaining the operational permits to be issued by the County of Stanislaus and in compliance with the State of California regulations and laws regulating the growing and storage of Cannabis and the

agreement by the parties for the types of security fencing and improvements to be put on the additional area and the rent to be charged for the additional area.

There shall be an annual increase in rent. Annually on each anniversary of the Commencement Date, the Base Rental shall be increased, but never decreased, to the amount equal to the product of the Initial Annual Base Rental multiplied by the fraction whose numerator is the Consumer Price Index – San Francisco Bay Area Average published by the Bureau of Labor Statistics of the United States Department of Labor, (CPI) or if publication of such index is discontinued, such other index as Landlord shall designate (the "Index") for the month immediately preceding such anniversary date, and whose denominator is the Index for the CPI immediately preceding the Lease Date; provided, however, that each adjustment to the Base Rental shall be at least a 4% increase over the Base Rental for the just-completed Lease Year. The annual Base Rental, together with any adjustment of rent provided for herein then in effect, shall be due and payable in twelve (12) equal installments punctually on the first day of each calendar month during the Term of this Lease and any extensions or renewals thereof, and Tenant hereby agrees to so pay such rent to Landlord at Landlord's address as provided herein (or at such other address as may be designated in writing by Landlord from time to time), monthly, in advance and without demand, counterclaim, or set-off.

**4. Use of Premises:** The Lessee hereby accepts the demised premises as the same exists and as being suitable for his specific needs in the growing of Cannabis as allowed by Permits issued by the County of Stanislaus and under the laws of the State of California and all uses allowed under the conditional use permit, a copy of which will be attached once it is approved. Lessee shall not be permitted to use any part of the premises for human habitation.

Lessee further agrees that no use shall be made or permitted to be made of said premises, nor acts done, without first obtaining the Permits required by law and which will increase the existing rate of insurance upon the buildings in which said premises are located or cause the cancellation of any insurance policy covering said building or any part thereof, nor shall Lessee sell, or permit to be kept, used or sold in, or about, said premises, any articles which may be prohibited by standard forms of fire insurance policies. Lessee shall, at its sole cost and expense, comply with any and all requirements pertaining to the use of said premises imposed by the permitting process or as directed by any insurance organization or company in connection with the maintenance of reasonable fire and public liability insurance covering said building and its appurtenances.

**5. Alterations:** Lessee further covenants and agrees that Lessee shall not make, or suffer to be made, any alterations of, or additions to, said premises, or any part thereof, without the written consent of Lessor first had and obtained. Lessee shall submit approved plans by the County of Stanislaus together with an accepted contract for the construction by a Contractor duly licensed by the State of California, subject to the approval of the Lessor. Any such alterations of, or additions to, said premises shall be and become the property of Lessor except as provided below, upon the termination or sooner expiration of this Lease, except that all trade fixtures installed by Lessee may be removed by Lessee at the termination of this Lease providing, (a) Lessee shall not then be in

default in the performance of any of its agreements herein: (b) that such removal shall not injure the demised premises, or any part thereof; and (c) that the removal thereof shall be made on, or prior to, the date of the termination of this Lease. All alterations and improvements so authorized to be made by Lessee shall be done and made in a proper and workmanlike manner by capable, licensed contractors, and shall be completed as soon as is reasonably possible barring acts of God; but, in any event, said alterations shall be completed within a period of six months from and after the date of commencement thereof, unless extended in writing by the parties. The specific improvements required by the Lessee shall be identified in writing and later attached hereto as exhibit 2, which shall also identify which improvements shall remain with the premises upon the termination of the Lease.

6. **Waste:** Lessee shall not permit or suffer to be permitted, any waste upon said premises, nor any nuisance or other acts or thing which may disturb the quiet enjoyment of any other tenant including the Lessor, in the building in which the demised premises are located.

7. **Repairs:** Lessee shall, at Lessee's sole cost and expense, keep and maintain said premises and the appurtenances, and every part thereof, including, without limitation, all Lessor's trade fixtures or personal property, if any, store front, and the interior of the premises, in a clean and sanitary order, condition and repair and replace broken glass.

Lessee shall keep and repair the roof, outer walls and foundations of the building upon the premises at his own cost and expense, provided, however, Lessee shall reimburse Lessor upon demand for any cost and expense paid or incurred by Lessor. Lessee shall be responsible for any damages to the Premises as a result of any damage or injury to roof, outer walls, and foundations of the building located upon the premises caused by, or resulting from any criminal activity in breaking and entering the premises, the act, omission or fault of any person upon the leased premises with Lessee's consent. Lessor, however, in no event shall incur any liability to Lessee or to any other person whomsoever for any injury or damage either to person or property caused by, or resulting from, or in any way connected with any defect in, or condition of, the said roof, outer walls and foundations, or any of the same.

Lessor shall not be required to renew, replace or repair any depreciation or wear of the property, real or personal, hereby let caused by the operation of the business of Lessee upon the premises. Lessor may, if he so elects, and he is hereby authorized to, at his own cost and expense, make any alterations, installations, or changes in the same premises necessary to comply with any law, ordinance or regulation now in force and effect, or which may hereinafter be enacted or promulgated, and to the extent the alterations are to benefit the Lessee, the Lessee shall at Lessee's sole cost and expense reimburse Lessor fully. These provisions shall apply to any ADA alterations after the lease is effective.

By entry hereunder, Lessee accepts the same premises as being in a safe, good and sanitary order, condition and repair, and acknowledges that Lessee has examined and knows the condition of said premises and that no representations as to the condition of repair thereof have been made by Lessor, or Lessor's agents, prior to, or at the execution of, this Lease, and Lessee covenants and

agrees at the expiration or sooner termination of this Lease to surrender unto Lessor, all and singular, the premises with said appurtenances in good, clean, and sanitary order, condition and repair, reasonable use and wear thereof and damage by fire not occasioned by the negligence of Lessee, and to remove all signs owned by Lessee from said premises.

8. **Restriction of Conduct:** Lessee shall, at Lessee's sole cost and expense, comply with any and all rules, laws, regulations and requirements of all municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to the use of said premises as a Cannabis Growing facility, and shall faithfully observe in said use, all municipal ordinances and state, including but not limited to the conditional use permit issued by the County of Stanislaus, the rules and regulations issued by the any controlling Police Department relating to the operation of a growing and storing facility for Cannabis, the specific rules and regulations of the County of Stanislaus, and the rules and regulations of the Bureau of Cannabis Control and the California Department of Food and Agriculture regulations and the California Department of Public Health regulations, and federal statutes now in force or which may hereafter be in force. The judgment of any court of competent jurisdiction, or the admission of Lessee in any action or proceeding against Lessee, whether Lessor is a party thereto or not, that Lessee has violated any such ordinance or statute in said use, shall be conclusive proof of this fact as between Lessor and Lessee.

9. **Signs:** Lessee may not erect suitable signs on said premises to protect the non-publicity of the operation for security purposes, except as required by law.

10. **Additional Charges:** Lessee shall pay for all gas, heat, power, lights, telephone services, and all other services supplied to said premises, including installation as required by Lessee for its use of the Premises, and procure all necessary business permits and licenses at the sole costs and expense of Lessee.

11. **Inspection:** Lessee shall permit Lessor and Lessor's agents to enter into and upon said premises at all reasonable times for the purpose of inspecting the same, or for the purpose of posting notices of non-responsibility for alterations, additions or repairs

12. **Damage by Fire:** In the event said premises are totally destroyed by fire, earthquake, the elements, or any causes, then this Lease shall immediately cease, terminate and end. If said premises be partially destroyed from any of the above-named causes so as to render said premises untenable and said premises cannot be repaired within a period of sixty (60) working days (of which fact Lessor shall be the sole judge), then the said Lessor shall have the option to end and terminate this Lease. If said Lessor shall determine to continue this Lease and repair said premises, Lessee shall then be relieved from the payment of rent during the term said premises are untenable, but, under no circumstances, shall this period exceed sixty (60) days; and if said premises are partially untenable during said time of repair, then said Lessee will pay the rental proportionately during said time of repair.

13. **Assignment and Subletting:** Lessee shall not assign, or sublet this Lease, or any

interest therein, without the written consent of the Lessor first had and obtained and a consent to one assignment shall not be deemed to be a consent to any subsequent assignment, provided that such assignment would be allowed under the Bureau of Cannabis Control regulations. Any such assignment without such consent shall be void and shall, at the option of the Lessor, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable as to the interest of Lessee by operation of law without the written consent of Lessor.

Lessee shall not voluntarily assign or encumber its interest in this Lease, or in the premises, or sublease all or any part of the premises, or allow any other person or entity (except Lessee's authorized representatives) to occupy or use all or any part of the premises, without first obtaining Lessor's consent. Any assignment, encumbrance, or sublease without Lessor's consent shall be voidable and, at Lessor's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph.

**14. Exculpation of Lessor:** Lessor shall not be liable to Lessee for any activity or damage to Lessee or Lessee's property from any cause. Lessee waives all claims against Lessor for Lessee's activities and/or damage to person or property arising, for any reasons, except that Lessor shall be liable to Lessee for damage to Lessee resulting from the acts or omissions of Lessor or its authorized representatives.

**15. Indemnity:** Lessee shall hold Lessor harmless from all liability for the growing and storage of Cannabis and any damages arising out of any damage to any person or property occurring in, on, or about, the premises, except that Lessor shall be liable to Lessee for damage resulting from the acts or omissions of Lessor, or its authorized representatives. Lessor shall hold Lessee harmless from all damages arising out of any such damage. A party's obligation under this paragraph to indemnify and hold the other party harmless, shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified.

**16. Waiver of Liability:** Lessee, as a material part of the consideration to be rendered the Lessor, hereby waives all claims against Lessor for damages to goods, wares and merchandise in, upon, or about said premises, including sidewalks, parking areas and such other areas which may be adjacent thereto and a part of the premises leased, and for injuries to persons in or about said premises, including sidewalks, parking areas and such other areas which may be adjacent thereto and a part of the premises leased, from any cause arising at any time, and Lessee will hold Lessor exempt and harmless from any damage or injury to any person or to the goods, wares and merchandise of any person arising from the use of the premises by Lessee or from the failure of Lessee to keep the premises in good condition and repair as herein provided. This paragraph shall be applicable to any criminal activity on the premises due to the growing and storage of Cannabis, including but not limited to any Federal actions taken due to the growing and storage of Cannabis.

**17. Lessee's Default:** The occurrence of any of the following shall constitute a default by Lessee:

- A. Failure to pay rent when due, if the failure continues for seven (7) days after notice has been given to Lessee.
- B. Abandonment and vacation of the premises (failure to occupy and operate the premises for seven (7) consecutive days shall be deemed an abandonment and vacation.)
- C. Failure to perform any other provision of this Lease, if the failure to perform is not cured within seven (7) days after notice has been given to Lessee. If the default cannot reasonably be cured within seven (7) days, Lessee shall not be in default of this Lease if Lessee commences to cure the default within the seven (7) day period and diligently and in good faith continues to cure the default.
- D. Loss or suspension of any required permits for the growing and storage of Cannabis.

Notices given under this Paragraph shall specify the alleged default and the applicable lease provisions and shall demand that Lessee perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor so elects in the notice.

Lessor shall have the following remedies if Lessee commits a default. These remedies are not exclusive; they are cumulative in addition to any remedies now or later allowed by law.

Lessor can terminate Lessee's right to possession of the premises at any time. No act by Lessor other than giving notice to Lessee shall terminate this Lease. Acts of maintenance, efforts to relet the premises, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this Lease shall not constitute a termination of Lessee's right to possession. On termination, Lessor has the right to recover from Lessee:

- (1) The worth, at the time of the unpaid rent that has been earned at the time of termination of this Lease;
- (2) The worth, at the time of the award of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of ward exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided;
- (3) The worth, at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of ward exceeds the amount of the loss of rent that Lessee proves could have been reasonably avoided; and,
- (4) Any other amount, and court costs necessary to compensate Lessor for all detriment

proximately caused by Lessee's default.

"The worth, at the time of the award", as used in (1) and (2) of this paragraph, is to be computed by allowing interest at the rate of 10 percent per annum. "The worth, at the time of the award", as referred to in (3) of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1 percent.

Lessor, at any time after Lessee commits a default, can cure the default at Lessee's cost. If Lessor, at any time, by reasons of Lessee's default, pays any sums or does any act that requires the payment of any sum, the sum paid by Lessor shall be due immediately from Lessee to Lessor at the time the sum is paid, and if paid by Lessor until Lessor is reimbursed by Lessee. The sum, together with interest on it, shall be additional rent.

18. **Eminent Domain:** In the event any portion of said premises is taken by eminent domain, the minimum monthly rental herein specified to be paid shall ratably be reduced according to the area of the leased premises which is taken and the Lessee shall be entitled to no other consideration by reason of such taking and severance damages occasioned by the taking of any portion of the leased premises and any damages to any structures erected thereon shall be paid to and received by Lessor and Lessee shall have no right therein or thereto, or of any part thereof, and Lessee hereby relinquishes to Lessor any rights to any such damages. Should all of the leased premises be taken by eminent domain, then, and in that event, this Lease shall be deemed terminated and the Lessee shall be entitled to no damages or any consideration by reason of such taking.

19. **Surrender of Lease:** The interest of Lessee is not subject to writ of attachment or writ of execution or any writ whatsoever and in the event that any writs of attachment or writs of execution, or any law writs are issued against Lessee or any of Lessee's leasehold interest in the premises, Lessor, at his option, may immediately cancel and terminate this Lease.

If this Lease shall be, by bankruptcy proceedings or operation of law, transferred or assigned, then in either such event, this Lease shall immediately cease, terminate and end, and said Lessee hereby agrees to surrender immediate and peaceable possession of the said demised premises to said Lessor.

20. **Attorney's Fees:** If either party becomes a party to any litigation or alternative dispute resolution including mediation and arbitration concerning this Lease, the premises, or the building or other improvements in which the premises are located, by reason of any act or omission of the other party or its authorized representative, the party that is determined to be the losing party to the mediation, arbitration or litigation shall be liable to that party for reasonable attorney's fees and court costs incurred by the other party..

If either party commences an action, an arbitration or any other alternative dispute resolution against the other party arising out of, or in connection with, this Lease, the prevailing

party shall be entitled to have and recover from the losing party, reasonable attorney's fees and costs.

21. **Personal Property Taxes:** Lessee shall pay before delinquency all taxes, assessments, license fees, and other charges ("taxes") that are levied and assessed against Lessee's personal property installed or located in or on the premises and that become payable during the term. On demand by Lessor, Lessee shall furnish Lessor with satisfactory evidence of these payments.

If any taxes on Lessee's personal property are levied against Lessor and Lessor's property, or if the assessed value of the premises is increased by the inclusion of a value placed on Lessee's personal property, and if Lessor pays the taxes on any of these items or the taxes based on the increased assessment of these items, Lessee, on demand, shall immediately reimburse Lessor for the sum of the taxes levied against Lessor, or the proportion of the taxes resulting from the increase in Lessor's assessment. Lessor shall have the right to pay these taxes regardless of the validity of the levy.

22. **Mechanic's Lien:** Lessee shall pay all costs for construction done by it or caused to be done by it on the premises as permitted by this Lease, and shall give Lessor at least 30 days advance notice in writing that construction will commence to allow a Notice of Non-Responsibility to be recorded and/or posted on the premises. Lessee shall keep the premises free and clear of all mechanic's liens resulting from construction done by or for Lessee.

23. **Effect of Lease:** If Lessor sells or transfers all or any portion of the premises, Lessor, on consummation of the sale or transfer, shall be released from any liability thereafter accruing under this Lease. If any security deposit or prepaid rent has been paid by Lessee, Lessor can transfer the security deposit or prepaid rent to Lessor's successor and on such transfer, Lessor shall be discharged from any further liability in reference to the security deposit or prepaid rent.

24. **Miscellaneous:** The covenants and conditions herein contained shall, apply to and bind the successors and assigns of the parties hereto.

25. **Exclusive Possession by Lessee:** Lessee has exclusive possession, control and use of the premises demised and lessor does not retain any part or portion of said premises for Lessor's use or benefit.

27. **Time is of Essence:** Time is expressly made the essence of this Lease and each and all of its terms, covenants and conditions.

28. **Insurance:** Lessee covenants and agrees that Lessee will, at all times during the term of this Lease, maintain in full force and effect an insurance policy or policies which will insure Lessor and Lessee against liability for injury to persons or property occurring in or about the demised premises. The liability under this insurance shall be not less than \$1,000,000.00 for any

one person injured or \$1,000,000.00 for one accident or \$1,000,000.00 for property damages.

Lessee shall cause to be issued to Lessor proper certificates of insurance evidencing that the foregoing covenants of Lessee have been complied with and such certificates shall provide that if the underlying insurance is cancelled or changed during the policy period, the insurance carrier will give Lessor thirty (30) days' written notice prior to cancelling or changing such policy. Lessee further agrees to maintain and keep in full force and effect all employees' compensation insurance on its employees as required under the Worker's Compensation and Safety Act of the State of California.

All public liability insurance and property damage insurance shall insure performance by Lessee of the indemnity provisions of paragraph 15. Both parties shall be named as coinsured and the policy shall contain a cross-liability endorsement.

Not more frequently than each term of the lease if extended, if the opinion of Lessor's lender or of the insurance broker retained by Lessor that the amount of public liability and property damage insurance coverage at that time is not adequate, Lessee shall increase the insurance coverage as reasonably required by either Lessor's lender or Lessor's insurance broker.

The parties release each other and their respective authorized representatives from any claims for damage to any person or to the premises and to the fixtures, personal property, Lessee's improvements, and alterations of either Lessor or Lessee in or on the premises that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease. If any insurance policy cannot be obtained with a waiver of subrogation or is obtainable only by the payment of an additional premium above that charged by insurance companies issuing policies without waiver of subrogation, the party undertaking to obtain the insurance shall notify the other party of this fact. The other party shall have a period of ten (10) days after receiving the notice either to place the insurance with a company that is reasonably satisfactory to the other party and that will carry the insurance with a waiver of subrogation, or to agree to pay the additional premium if such a policy is obtainable at additional cost. If the insurance cannot be obtained, or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged, the other party is relieved of the obligation to obtain a waiver of subrogation rights with respect to the particular insurance involved.

All the insurance required under this Lease shall:

A. Be issued by insurance companies authorized to do business in the State of

California with a financial rating of at least an "A" status as rated in the most recent edition of Best's Insurance Reports.

- B. Be issued as a primary policy.
- C. Contain an endorsement requiring thirty (30) days' written notice from the insurance company to both parties and Lessor's lender before cancellation or change in the coverage, scope, or amount of any policy.

Each policy, or a certificate of the policy, together with evidence of payment of premiums, shall be deposited with the other party at the commencement of the terms and on renewal of the policy not less than twenty (20) days before expiration of the term of the policy.

Lessee, at its cost, shall maintain full coverage plate glass insurance on the premises. Both parties shall be named as coinsureds.

29. **Automatic Subordination:** This Lease is, and shall be, subordinate to any encumbrance now of record or recorded after the date of this Lease affecting the premises. Such subordination is effective without any further act of Lessee. Lessee shall, from time to time on request from Lessor, execute and deliver any documents or instruments that may be requested by a lender to effectuate any subordination. If Lessee fails to execute and deliver any such documents or instruments, Lessee irrevocably constitutes and appoints Lessor as Lessee's special attorney-in-fact to execute and deliver any such documents or instruments.

30. **Right to Estoppel Certificates:** Each party, within ten (10) days after notice from the other party, shall execute and deliver to the other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificates also shall state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, and the amount of any security deposit or prepaid rent.

Failure to deliver the certificate within the ten (10) days shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate. If a party fails to deliver the certificate within the ten (10) days, the party failing to deliver the certificate irrevocably constitutes and appoints the other party as its special attorney-in-fact to execute and deliver the certificate to any third party.

31. **Waiver:** No delay or omission in the exercise of any right or remedy of Lessor on any default by Lessee shall impair such a right or remedy to be construed as a waiver.

The receipt and acceptance by Lessor of delinquent rent shall not constitute a waiver of any

other default; it shall constitute only a waiver of timely payment for the particular rent payment involved.

No act or conduct of Lessor, including, without limitation, the acceptance of the keys to the premises, shall constitute an acceptance of the surrender of the premises by Lessee before the expiration of the term. Only a notice from Lessor to Lessee shall constitute acceptance of the surrender of the premises and accomplish a termination of the Lease.

Lessor's consent to, or approval of, any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent to, or approval of, any subsequent act by Lessee.

**32. Surrender of Premises:** On expiration or two (2) days after termination of the term, Lessee shall surrender to Lessor the premises and all Lessee's improvements and alterations affixed to the premises in good condition (except for ordinary wear and tear occurring after the last necessary maintenance made by Lessee.) Lessee shall perform all restoration made necessary by the removal of any alterations or Lessee's personal property within the time periods stated in this paragraph.

Lessor can elect to retain or dispose of, in any manner, any alterations or Lessee's personal property that Lessee does not remove from the premises on expiration or termination of the term as allowed or required by this Lease by giving at least two (2) days' notice to Lessee. Title to any such alterations or Lessee's personal property that Lessor elects to retain or dispose of on expiration of the two (2) day period, shall vest in Lessor. The Lessee waives all claims against Lessor for any damage to Lessee resulting from Lessor's retention or disposition of any such alterations to Lessee's personal property. Lessee shall be liable to Lessor for Lessor's costs for storing, removing, and disposing of any alterations or Lessee's personal property.

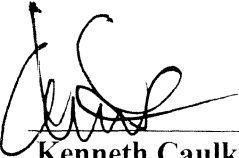
**33. Notices:** Any notice to be given hereunder shall be in writing and shall be deemed to have been duly given if and when deposited in the United States mail, properly stamped and sent by mail, or when delivered, personally, to said parties.

**34. Option to Renew:** If the Lessee shall keep, observe and perform all the terms, covenants and conditions on Lessee's part to be kept, observed and performed, Lessee shall have the right to renew this lease for a further period of ten (10) years at the minimum monthly rental of the last rent paid before the exercise of the option, plus a ten (10%) percent increase in the rent. Rent thereafter shall be increased annually by the provisions of paragraph 3 above. Lessee shall give Lessor a minimum of ninety (90) days advanced notice in writing.

**35. Right of first Refusal:** Landlord agrees that Landlord shall not sell the Premises during the term of this lease, except subject to the lease. Landlord further agrees that it will not sell the Premises to any person until Landlord has given to Tenant notice in writing of its intent to sell, specifying the price and terms of the contemplated sale. Within thirty (30) days after

Landlord gives Tenant written notice of Landlord's intent to sell. Tenant shall have the right to purchase the Premises at the same price and on the same terms and conditions set forth in Landlord's written notice of intent to sell. To exercise its option, Tenant must, within the same 30-day period, deposit in escrow with any title company in Stanislaus County, California, all moneys and instruments required by the terms of Landlord's notice of intent to sell to be paid or delivered to Landlord on close of escrow and shall also give Landlord written notice of the deposit. If Tenant fails to exercise the right in accordance with the provisions of this section, Landlord may sell the Premises to any other person for the price and on the terms contained in the notice.

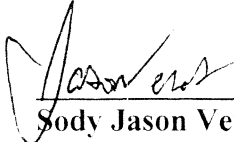
**LESSOR:**

  
Kenneth Caulkins

**LESSEE:**

**Golden Purpose Inc., a California Corporation**

  
Randall Clover, President

  
Sody Jason Veras, Secretary

**Address: 4218 Jessup Rd.  
Ceres, Ca. 95307**

**Address: 717 N. 7<sup>th</sup>  
Modesto, CA 95354**

## **ATTACHMENT G**

### **DEVELOPMENT SCHEDULE**

This is a proposed development schedule, date of completion referred to below is the date of the issuance of the Certificate of Occupancy. Permittee shall develop the Project in a regular, progressive and timely manner.

**Phase 1: Indoor Cultivation up to 5,000 square feet license**  
**Agreed date of completion 9/30/2019**

Conversion of an existing warehouse building on the southwestern portion of the site to allow for 2,400 square feet of indoor cultivation canopy, associated processing activities, and distribution of the product grown onsite.

**Phase 2: Indoor Cultivation up to 10,000 square feet license**  
**Agreed date of completion 6/30/2020**

Conversion of an existing warehouse building on the northern portion of the property for an additional 5,000 square feet of canopy, bringing the indoor cultivation canopy to a total of 7,400 square feet.

**Phase 3** will construct a new 12,000 square foot warehouse building on the southwestern portion of the site to allow for an additional 2,600 square feet of cultivation canopy in April 2021, bringing the total canopy to 10,000 square feet.