

January 18, 2024

MEMO TO: Stanislaus County Planning Commission

FROM: Department of Planning and Community Development

SUBJECT: DEVELOPMENT AGREEMENT APPLICATION NO. PLN2023-0159 – PREM GEN CORP

BACKGROUND AND PROJECT DESCRIPTION

This is a request to adopt a new Development Agreement (DA) for Use Permit (UP) No. PLN2018-0110 – Prem Gen Corp (Prem Gen) – El Roya Avenue, a permitted commercial cannabis operation. The UP was approved by the Board of Supervisors on March 19, 2019, to allow for operation of an indoor commercial cannabis cultivation, distribution, and nursery business within three existing 5,000 square-foot warehouses, located at 536, 538, and 540 El Roya Avenue, south of Yosemite Avenue (HWY 132), in the Modesto area (see Attachment A – *Maps*). Additional project information for UP & DA No. PLN2018-0110 – Prem Gen Corp – El Roya Avenue can be found online at: <https://www.stancounty.com/bos/agenda/2019/20190319/PH03.pdf>.

As part of the land use entitlement process for cannabis operations, the adoption of a DA was required in accordance with Stanislaus County Code. The DA for the subject project was adopted on March 19, 2019 for a term of five years and is set to expire on April 18, 2024. The adopted DA includes a requirement for Prem Gen to pay two separate fee types: a Community Benefit Rate (CBR) fee, which varied in amount based on the type and quantity of the proposed commercial cannabis activities, collected for the purpose of funding the enforcement of illegal cannabis activities throughout the County, as well as administration of the County's Commercial Cannabis program; and the other was the Community Benefit Contribution (CBC) fee, which also varied in amount based on the projected revenues of the operation, collected for the purpose of funding local community charities and public improvement projects.

At the direction of the Board of Supervisors in 2022, collection of the CBC fee ceased. In October of 2023, the Board approved a new contribution program that allowed commercial cannabis operators to meet their obligations using one of the following methods: 1) distribute funds directly to entities affiliated with nonprofits and education; 2) completion of improvements to their local area; or 3) a minimum payment to the County of \$5,000 to be directed toward impacts of cannabis use into the community.

Prem Gen's CBR payments were required to be paid in quarterly installments and included the following fee structures for their permitted commercial cannabis activity:

- Indoor nursery fees - \$3,750 annually in 2019, and \$5,000 each subsequent year.
- Indoor cultivation fees - \$30,000 annually in 2020, increasing to \$70,000 annually in subsequent years for up to 10,000 square-foot of cultivation canopy.
- Self-Distribution – 0% for distribution of operator's own product.

To date, Prem Gen has paid a total of \$126,337 in CBR fees for cultivation and nursery activities. Prem Gen incurred \$131 in interest due to three late payments, however, they are currently up to date with their CBR payments to the County. Prem Gen's CBC ranged from \$10,500 to \$33,750 over the five year DA period. Prior to the County ceasing to collect the fees in 2022, Prem Gen owed a total of \$21,525 in CBC fees, which were paid in full to the County. Prem Gen is subject to compliance with the new CBC program adopted in October of 2023, however, the obligation under the new program has not yet come due.

Under the adopted DA an annual inspection is required to be conducted by the County once approved operations have commenced. Their first required annual inspection was conducted on May 17, 2022. The inspection produced eight findings identifying issues needing to be addressed. Those findings were related to security measures, building permitting, and odor control measures. As of January 18, 2023, all inspection findings have been addressed and a Commercial Cannabis Activity (CCA) Permit was issued to Prem Gen on September 5, 2023. The 2023 inspections of all cannabis operations have been delayed by the County, but are expected to commence in 2024 and will include verification of the previous year's business records. Over the course of the first five years, the County Sheriff has received a total of 55 calls for service associated with the Prem Gen's commercial cannabis operation. Of the calls for service: 52 were related to false fire and security alarms, two calls were due to security incidents related to theft, and one service call was related to a personnel issue. Withstanding the calls for service, the County's Sheriff Department has not objected to Prem Gen continuing their operation or with them receiving a new DA.

While Prem Gen was permitted by UP to occupy all of the three buildings on the project site at full buildout, the operator currently has only commenced operations in two of the three buildings, utilizing 536 El Roya for nursery activities and 540 El Roya for cultivation. Utilization of 538 El Roya for additional cultivation space, may still take place in the future as permitted under the UP and the proposed DA. While allowed under their UP to third-party distribute commercial cannabis, Prem Gen did not commence this activity and does not have any plans to begin. Thus, third-party distribution is not recognized under the proposed new DA and, as such, cannot be conducted. Prem Gen has met all of their conditions of approval associated with their UP, including building permitting requirements and obtaining their CCA permit.

Under the proposed DA, the CBR fees would remain the same annually at: \$5,000 for indoor nursery activities, \$70,000 for cultivation activities, and 0% for distribution of their own product.

In addition to a negotiated CBR fee, the proposed new DA will allow for a two-year term and provides for the inclusion of additional parties to the ownership structure of Prem Gen. Ownership of Prem Gen is currently held by Frank and DeAnn Edwards. Odell Tristin is being requested to be added to the ownership structure as a member of Prem Gen Corp and he is required to complete his background check with the County's Sheriff Department, prior to the recording of the DA.

In light of a County sponsored commercial cannabis tax initiative that is anticipated to be placed on the November 2024 ballot, the proposed DA includes language that will automatically initiate termination of the DA, if the tax passes. Additional changes reflected in the proposed new DA include: clarification on the validity of the DA during periods of operational inactivity in accordance with state law, procedural clarification on the annual review of the DA and cancellation of the DA by mutual consent, a definition of actual canopy in relation to fee calculation, procedures for transfer of a DA to a new entity, allowance for the collection of damages for late payments to the

County, and CBC program requirements, as detailed above. All other provisions of the original adopted DA will remain the same (see Attachment B – *Proposed Development Agreement*).

No other alterations to the operation are proposed as part of this new DA request.

DISCUSSION

As required by Section 6.78.060(A)(2) of the Stanislaus County Code, to operate a commercial cannabis business in the County, operators are required to enter into a DA with the County, 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. Title 22 specifies that the Planning Commission shall consider the proposed DA and provide a recommendation to the Board of Supervisors. The recommendation shall include the Planning Commission's determination on whether or not the DA:

- a. Is consistent with the General Plan and any applicable specific plan.
- b. Is compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is or will be located.
- c. Is in conformity with and will promote public convenience, general welfare, and good land use practice.
- d. Will be detrimental to health, safety, and general welfare.
- e. Will adversely affect the orderly development of property or the preservation of property values.
- f. Will promote and encourage the orderly development of the proposed project by providing a greater degree of requisite certainty.

In addition to a DA, Chapter 6.78 of the County Code requires that, prior to operation, a commercial cannabis business obtain land use entitlements, a state license, and a County CCA permit. Prem Gen is currently operating under County issued land use entitlements and a CCA permit, and a valid state license. Due to Prem Gen currently being in good standing with the County's Commercial Cannabis Program, including no outstanding payments, staff believes that the proposed DA meets the required findings for adoption of a new DA.

ENVIRONMENTAL REVIEW

Under California law, a project that previously was subject to review under the California Environmental Quality Act (CEQA) may be exempt from CEQA or may be evaluated under the provisions that may trigger subsequent or supplemental CEQA review (under Public Resources Code Section 21166 and CEQA Guidelines Section 15162). The land use entitlements and the original DA were reviewed under CEQA and were found to be consistent with the Environmental Impact Report certified for the County's 2015 General Plan Update and that no further analysis was required. Staff has prepared a Notice of Exemption for this project, the new DA, which declares that the project is exempt from CEQA on the basis of CEQA Guidelines Section 15061 – Common Sense Exemption. The CEQA Guidelines provide that, where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed DA only alters required fees and other administrative provisions and does not propose any increase in activity or physical change to the existing commercial cannabis business.

RECOMMENDATION

1. Find the project is exempt from CEQA, pursuant to CEQA Guidelines Section 15061 (Common Sense Exemption), by finding that on the basis of the whole record, including any comments received, that there is no substantial evidence the project will have a significant effect on the environment and that the exemption reflects Stanislaus County's independent judgment and analysis.
2. Order the filing of a Notice of Exemption with the Stanislaus County Clerk-Recorder's Office pursuant to CEQA Guidelines Section 15061.
3. Find that the Development Agreement:
 - a. Is consistent with the General Plan and any applicable specific plan.
 - b. Is compatible with the uses authorized in, and the regulations prescribed for, the land use district in which the real property is or will be located.
 - c. Is in conformity with and will promote public convenience, general welfare and good land use practice.
 - d. Will not be detrimental to health, safety, and general welfare.
 - e. Will not adversely affect the orderly development of property or the preservation of property values.
 - f. Will promote and encourage the orderly development of the proposed project by providing a greater degree of requisite certainty.
4. Recommend the Board of Supervisors approve the Development Agreement of DA PLN2023-0159 – Prem Gen Corp.
5. Authorize the Chair of the Board of Supervisors to execute the attached Development Agreement.
6. Authorize the Clerk of the Board to record the executed the Development Agreement with the County's Clerk Records Office within 30 days of approval.
7. Introduce, waive the reading, and adopt an new ordinance rescinding Ordinance C.S. 1227.
8. Order the filing of a notice of cancellation for the adopted Development Agreement for UP No. PLN2018-0110 – Prem Gen Corp – El Roya Avenue, with the Stanislaus County Clerk Recorder's Office.

Contact Person: Jeremy Ballard, Senior Planner, (209) 525-6330

PROPERTY OWNER AND REPRESENTATIVE INFORMATION

Applicant/Business Owner:	Prem Gen Corp (Frank and Deann Edwards, Odell Tristian)
Property Owner:	Joseph Manson
Agent:	N/A

Attachments:








Attachment A –	Project Maps
Attachment B –	Proposed Development Agreement
Attachment C –	Notice of Exemption
Attachment D –	Levine Act Disclosure

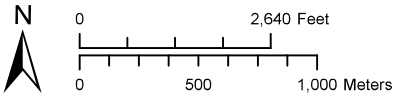
**PREM GEN CORP
536 EL ROYA**

PLN2023-0159

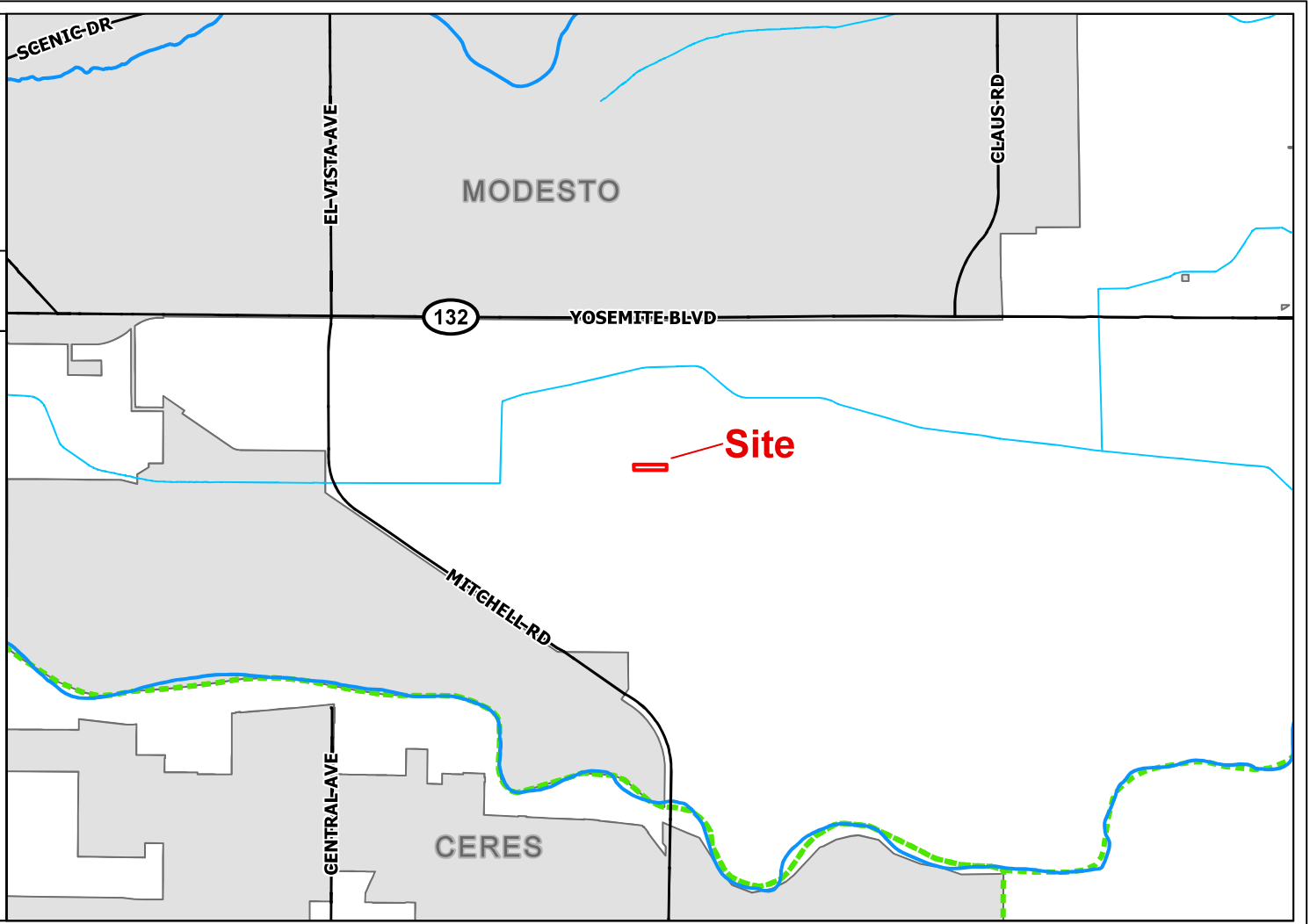
AREA MAP

LEGEND

-  Project Site
-  County Boundary
-  Sphere of Influence
-  City
-  Road
-  Canal
-  Rivers



Source: Planning Department GIS Date Exported: 1/5/2024



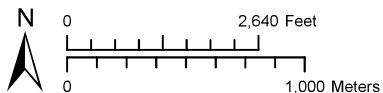
PREM GEN CORP
536 EL ROYA

PLN2023-0159

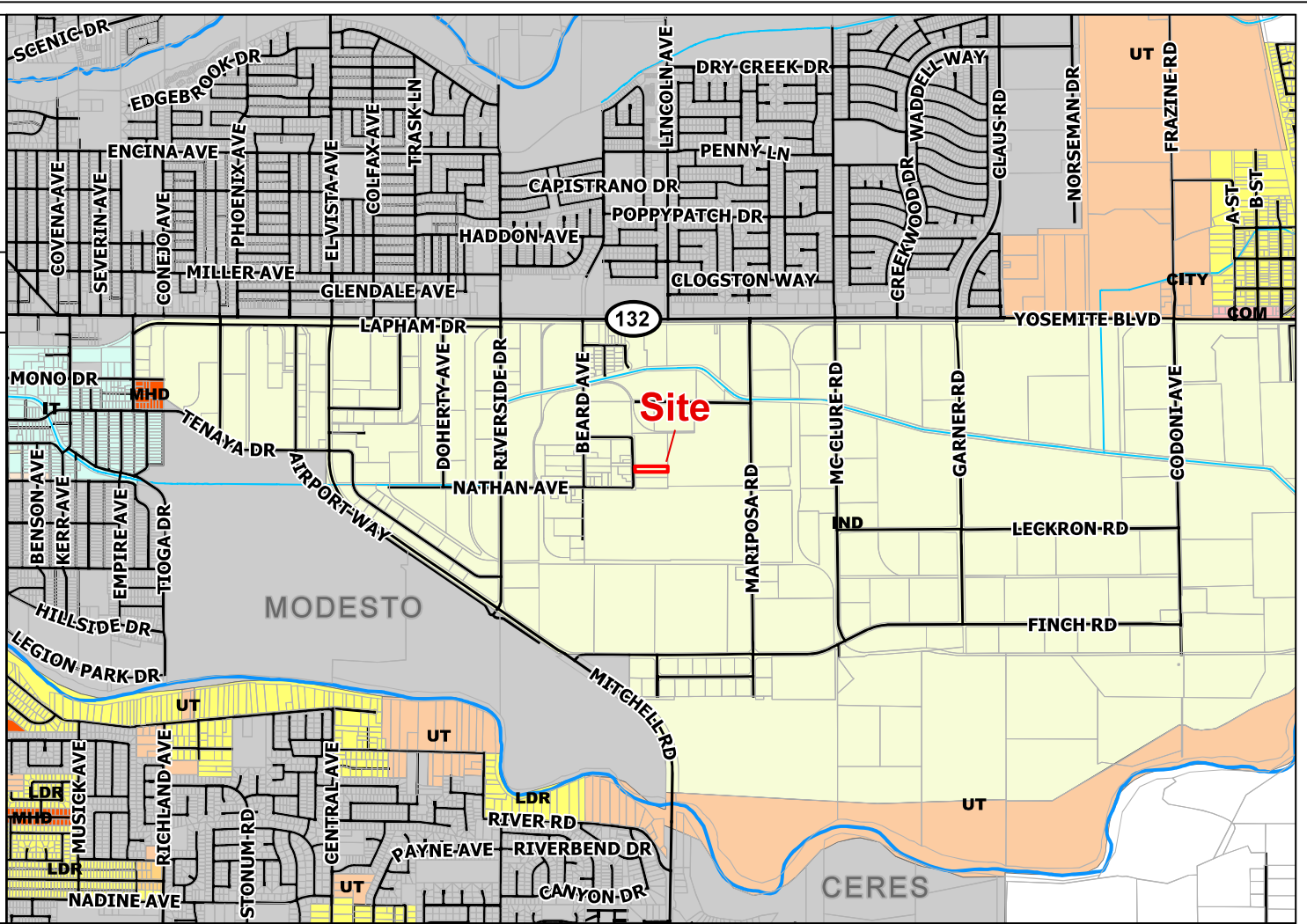
GENERAL PLAN MAP

LEGEND

-  County Boundary
-  Project Site
-  Parcel
-  Road
-  Canal
- General Plan**
-  Agriculture
-  City
-  Commercial
-  Industrial
-  Industrial Transition
-  Planned Development
-  Planned Industrial
-  Residential - Low Density
-  Residential - Medium Density
-  Residential - Medium/High Density
-  Urban Transition



Source: Planning Department GIS Date Exported: 1/5/2024




**PREM GEN CORP
536 EL ROYA**

PLN2023-0159


ZONING MAP

LEGEND

 County Boundary

 Project Site

 Parcel

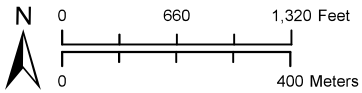
 Road

 Canal

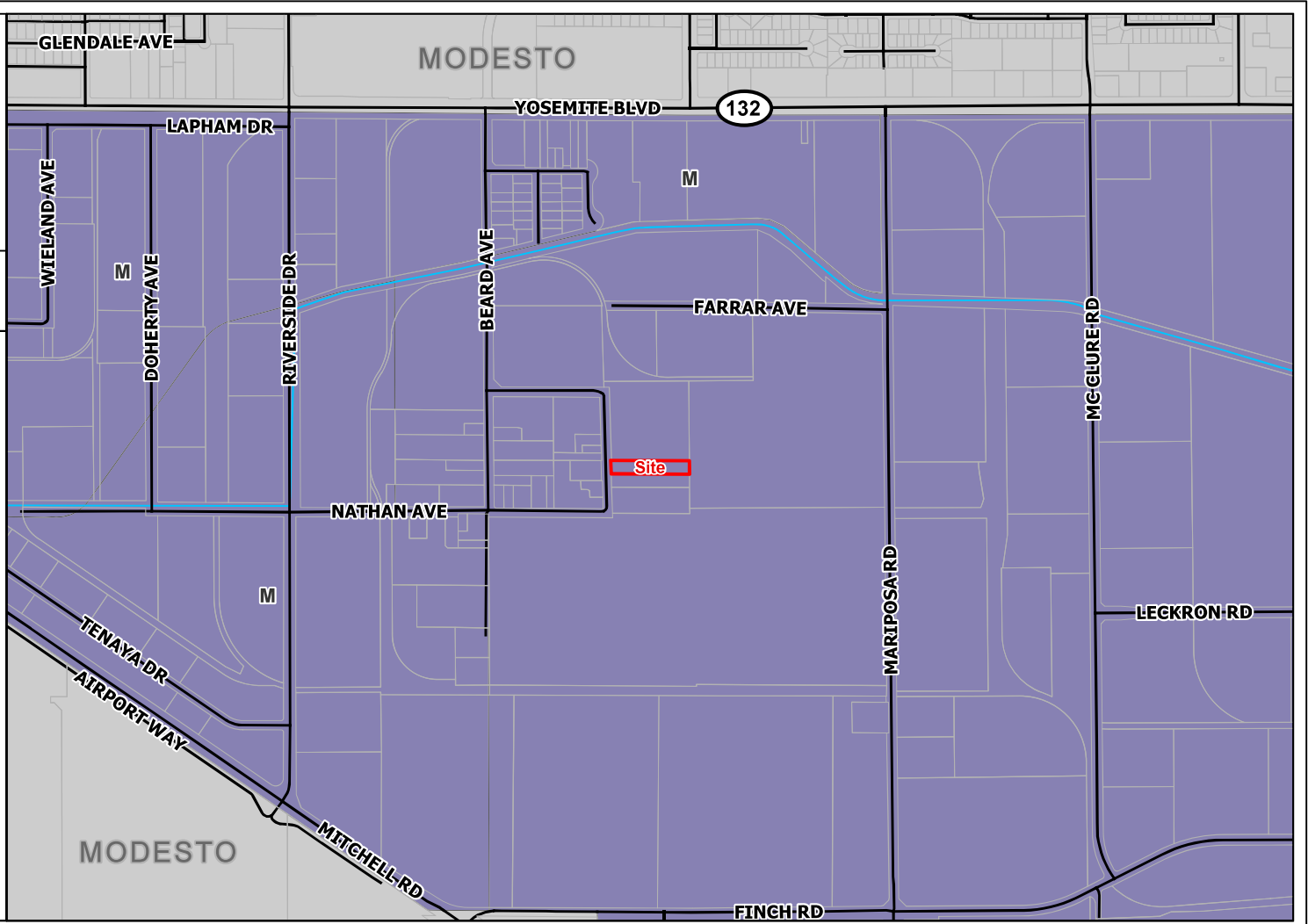
Zoning Designation

 City

 Industrial



Source: Planning Department GIS Date Exported: 1/5/2024








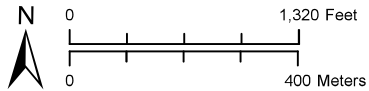
**PREM GEN CORP
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PLN2023-0159

AERIAL AREA MAP

LEGEND

-  County Boundary
-  Project Site
-  Parcel
-  Road
-  Canal



Source: Planning Department GIS Date Exported: 1/5/2024







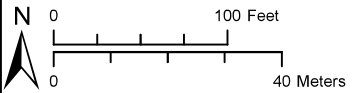
**PREM GEN CORP
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PLN2023-0159

AERIAL SITE MAP

LEGEND

-  County Boundary
-  Project Site
-  Parcel
-  Road



Source: Planning Department GIS Date Exported: 1/5/2024



RECORDING REQUESTED BY:

COUNTY OF STANISLAUS

When Recorded Mail To:

County Clerk
County of Stanislaus
1010 10th Street
Modesto, CA 95354

Fee Waived per GC 27383

Space above this line for Recorder's use

DEVELOPMENT AGREEMENT

BETWEEN THE

COUNTY OF STANISLAUS

AND

PREM GEN CORP
536 EL ROYA AVENUE

THIS DEVELOPMENT AGREEMENT (this “Agreement” or this “Development Agreement”) is made and entered in the County of Stanislaus on this ___ day of _____, 2024, by and between Stanislaus County, a body corporate and a political subdivision of the State of California (hereafter “County”) and Prem Gen Corp., (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 “Operating Conditions”

Attachment D “Community Benefits”

Attachment E “Grant Deed/Lease”

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 536 El Roya Avenue, in the Modesto area, California, also known as Stanislaus County Assessor Parcel Number 036-008-033 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 owners David and Brenda McDowell, (“Property Owner”). A copy of the lease is attached hereto as Attachment E.

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 _____, 2024, 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 _____, 2024, 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 and 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 _____, 2024, 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 ventures 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 be from the Effective Date through March 31, 2026, unless:

7.2.1. Said term is otherwise terminated or amended by circumstances set forth in this Agreement; or

7.2.2. Permittee no longer has a legal interest in the property; or

7.2.3. Permittee has ceased operations on the property for a period of 30 consecutive days, unless the Permittee has placed their State cultivation license in inactive status in compliance with Business and Professions Code Section 26061.5.

7.3. Subsequent Tax. This agreement shall automatically terminate in the event Stanislaus County enacts a tax applicable to the Project following the execution of this agreement.

7.4. Survival. Sections 20 (Attorney’s Fees and Costs), 23 (Indemnification), and 24 (Insurance), of this Agreement shall survive, for the period of four years, the expiration or earlier termination of this Agreement for any reason.

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.

8.2. 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 D 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 C 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 C 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 Government Code Section 65868.

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. Time for an Initiation of Periodic Review. The Planning Director shall review the Development Agreement, in accordance with Stanislaus County Chapter 22.07, at least once every twelve months to ascertain compliance by the developer with its terms. Additional review for compliance may be required at any time by the Planning Director upon reasonable notice to the Permittee.

14.2. Appeal. Appeal of the Planning Director's findings regarding compliance shall be made in accordance with Stanislaus County Chapter 22.07.

14.3. Costs. The Permittee shall be responsible for actual costs associated with the Department of Planning and Community Development's time in administering all functions of the annual review, as outlined in Stanislaus County Chapter 22.07. Actual staff costs will be calculated and invoiced to the Permittee within 30 days of completion of the periodic 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 C.

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

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 §65865.1, 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. Termination or Modification Costs. If the County intends to terminate or modify this Agreement pursuant to Section 15.6.2, the Permittee shall be responsible for the actual costs associated with the Department of Planning and Community Development's time in administering all functions necessary in executing a termination or modification of this Agreement. The Permittee shall, within 10 days of the Director of Planning setting the matter for a hearing by the Planning Commission, pay a non-refundable deposit of three thousand seven hundred dollars (\$3,700). Actual costs beyond the initial deposit shall be calculated and invoiced to the operator within

30 days of a final determination. 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.

15.6.4. 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.

15.6.5. 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. Upon cancellation by mutual consent, the County Registrar-Recorder/County Clerk may cause a notice of such cancellation in a form satisfactory to the County to be duly recorded in the official records of the County.

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. Subject to Section 21.3, 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.

21.3. Notwithstanding the above, the County Chief Executive Officer (CEO) shall evaluate in good faith any request for a transfer of rights to a third party under this Agreement, and shall not unreasonably withhold approval of such request. The CEO's evaluation may take into consideration the experience of and resources available to the prospective transferee relative to their ability to competently assume the commercial cannabis business operation, and applicable background information of the third party, including but not limited to a background check for criminal activity, a history of legal actions such as filing for bankruptcy, civil lawsuits involving claims of fraud or related actions. The CEO may also consider the balance of past due fees and may, at their discretion, deny a transfer request where a balance of past due fees exists. Additionally, the CEO may, at their discretion, deny a transfer request for any of the reasons contemplated in California Code of Regulations, Title 4, Division 19 Sections 15017-15018.

21.3.1. Successor in Interest. Permittee shall have the right to name a successor in interest who may assume ownership of the Cannabis Business Project and permits thereunder in the event of the permittee or it's principal's death or incapacity, provided the CEO has conducted a background check of the named successor in interest, subject to the provisions for assignments to third parties set forth above, and there are no issues related to their background that would preclude eligibility to operate the Cannabis Business

Project. Permittee shall designate its successor in interest in writing and provide notice to the County as set forth below.

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 five-thousand dollars (\$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 five-thousand dollars (\$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

five-thousand dollar (\$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 four million dollars (\$4,000,000.00) 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 10th Street, Suite 6800
Modesto, CA 95354

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

Prem Gen Corp.
536 El Roya Avenue
Modesto, CA 95354
Attn: DeAnn Edwards

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 "Operating Conditions"
Attachment D "Community Benefits"
Attachment E "Grant Deed/Lease"

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

Prem Gen Corp.

By: _____
Mani Grewal
Chairman of the Board of Supervisors

By: _____
DeAnn Edwards, Chief Financial
Officer/Secretary

Dated: _____

Attest:
Clerk of the Board of Supervisors

Deputy Clerk

Approved as to form:
Thomas E. Boze
County Counsel

Jesus Mendoza
Deputy County Counsel

(NOTARIZATION ATTACHED)

ATTACHMENT A

PROJECT DESCRIPTION

Project Description: To establish an indoor commercial cannabis cultivation, nursery, and distribution operation in three phases within three existing 5,000 square-foot warehouses in the M (Industrial) zoning district.

ATTACHMENT B

LEGAL DESCRIPTION

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

THE NORTHERLY 89 FEET OF LOT 10 OF EL ROYA TRACT, AS PER MAP FILED AUGUST 13, 1929 IN VOLUME 1 OF MAPS, AT PAGE 14, STANISLAUS COUNTY RECORDS.

ATTACHMENT C

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 D

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.

The Community Benefit Contribution requires Commercial Cannabis Businesses operating in the unincorporated areas of Stanislaus County to choose one activity from two of four categories: Non-Profits, Education, Good Neighbor and Financial Donations. The four categories provide a menu of options to support non-profits, community education and substance use education, good neighbor opportunities, and annual financial contributions of proportional in-kind donations to various charities within Stanislaus County. Under the Financial Donation category, one option is an annual donation, of a minimum of five-thousand dollars (\$5,000), to Stanislaus County.

Donated funds will be used to support Stanislaus County departments providing substance use education; prevention and treatment services; homelessness prevention; and child services, including parenting classes or youth activities in Stanislaus County.

Participation in the Community Benefit Contribution Program should be well documented by each Commercial Cannabis Business and participation will be confirmed during the Annual Review of each Commercial Cannabis Business.

Please refer to the October 17, 2023, Board Agenda Item 5729 for more information.

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 using the greater of the maximum amount of:

A. Canopy space for commercial cannabis cultivation authorized by a County permit issued to a person engaging in commercial cannabis business; or

B. Canopy space for commercial cannabis cultivation authorized by a state license or permit issued to a person engaging in commercial cannabis business; or

2.1.3. Actual Canopy

A. The Permittee is expressly prohibited from exceeding their County permitted or State permitted area of canopy. If it is discovered that the Permittee has exceeded their permitted County or permitted State area of canopy, fees shall be calculated using Actual Canopy calculation.

(1) Actual 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) 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
- (3) 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 located in the unincorporated area of the County of Stanislaus;

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. Nursery. Permittee's Annual Community Benefit Rate Payment shall be based on the greater of the active state or local permitted canopy.

3.1.1. Community Benefit Rate Payment for Nursery: For cannabis nursery activities Permittee shall pay the greater of the applicable rate per square foot of canopy set forth in Table 1 below or the amount stated in paragraph 3.1.2 below.

Table 2

<u>Annual Rate*</u>	<u>Area of Canopy</u>
\$1.00 per sq. ft.	Up to 22,000 sq.ft.

3.1.2. Permittee shall pay to the County:

A. \$5,000 each year to be paid in quarterly installments of \$1,250 and to be paid on April 30, July 30, October 30, and January 30.

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

3.2.1. Community Benefit Rate Payment for Cultivation: For indoor cultivation activities Permittee shall pay the greater of the applicable rate per square foot of canopy set forth in Table 1 below or the amount stated in paragraph 3.2.2 below.

Table 1

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

*Rate subject to CPI adjustment per paragraph 3.3 below.

3.2.2. Permittee shall pay to the County:

A. \$70,000 to be paid in quarterly installments of \$17,500, unless Permittee has revised licensing levels, and is to be paid on April 30, July 30, October 30, and January 30.

3.3. Annual CPI Adjustment. Beginning on July 1, 2025, 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-Hayward 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 – Liquidated Damages. If Permittee fails to remit the Community Benefit Rate Payment at the time due, the following cumulative liquidated damage payments shall be due and payable for each day, beginning with the day following the date of default, at twenty-five dollars (\$25.00) per day and shall continue without limitation as to time until the delinquent payment, together with all the liquidated damages, are fully paid. Such liquidated damages shall be in addition to any and all other remedies at law, or in equity, or under this Agreement.
10. Payment —Interest on Late Payments. If Permittee fails to remit the Community Benefit Rate Payment at the time due it shall pay interest at the rate 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.
11. Refunds.
 - 11.1. 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.
 - 11.2. 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.
 - 11.3. 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.
12. Audit and Examination of Records and Equipment.

12.1. 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.

12.2. 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.

13. 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.

[End of Attachment D.]

ATTACHMENT E
LEASE

COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 15th day of May, 2020

BETWEEN:

David McConnell & Brenda McConnell of 1709 Wallace Ave Ceres Ca. 95307

Telephone: (209) 401-2100 Fax: (209) 531-2797

(the "Landlord")

OF THE FIRST PART

- AND -

Frank Edwards & Deann Edwards of 11236 Twenty Six Mile Rd. Oakdale Ca. 95361

Telephone: (209) 495-9045

(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Basic Terms

1. The following basic terms are hereby approved by the Parties and each reference in this Lease to any of the basic terms will be construed to include the provisions set forth below as well as all of the additional terms and conditions of the applicable sections of this Lease where such basic terms are more fully set forth:
 - a. Landlord: David McConnell & Brenda McConnell
 - b. Address of David McConnell & Brenda McConnell: 1709 Wallace Ave Ceres Ca. 95307, Phone: (209) 401-2100, Fax: (209) 531-2797
 - c. Tenant: Frank Edwards & Deann Edwards

- d. Address of Frank Edwards & Deann Edwards: 11236 Twenty Six Mile Rd. Oakdale Ca. 95361, Phone: (209) 495-9045
- e. Commencement Date of Lease: May 1, 2021 (For rent increase only, actual date of lease May 1, 2020 for all 3 buildings)
- f. Base Rent: \$16,800.00, payable per month
- g. Permitted Use of Premises:
536 E1 Roya Avenue- Cannabis Distribution/Cannabis Nursery(immature)
538-540 E1 Roya Avenue- Cannabis Cultivation
- h. Advance rent: First and last month's rent
- i. Security/Damage Deposit: None

Definitions

- 2. When used in this Lease, the following expressions will have the meanings indicated:
 - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
 - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at 536, 538, 540 El Roya Rd. Modesto Ca 95354, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
 - c. "Common Areas and Facilities" mean:
 - i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the

Building; and

- ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;
- d. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;
- e. "Premises" means the warehouse space at 536, 538, 540 El Roya Rd. Modesto Ca 95354.
- f. "Rent" means the total of Base Rent and Additional Rent.

Intent of Lease

- 3. It is the intent of this Lease and agreed to by the Parties to this Lease that rent for this Lease will be on a gross rent basis meaning the Tenant will pay the Base Rent and any Additional Rent and the Landlord will be responsible for all other service charges related to the Premises and the operation of the Building save as specifically provided in this Lease to the contrary.

Leased Premises

- 4. The Landlord agrees to rent to the Tenant the Premises for only the permitted use (the "Permitted Use") of:

- 5. While the Tenant, or an assignee or subtenant approved by the Landlord, is using and occupying the Premises for the Permitted Use and is not in default under the Lease, the Landlord agrees not

to Lease space in the Building to any tenant who will be conducting in such premises as its principal business, the services of:

6. Subject to the provisions of this Lease, the Tenant is entitled to the exclusive use of the following 5 parking spaces on or about the Premises: 4 Parking Stall & 1 Handicap Stall (the "Parking"). Only properly insured motor vehicles may be parked in the Tenant's space.
7. The Premises are provided to the Tenant without any fixtures, chattels or leasehold improvements.
8. The Landlord reserves the right in its reasonable discretion to alter, reconstruct, expand, withdraw from or add to the Building from time to time. In the exercise of those rights, the Landlord undertakes to use reasonable efforts to minimize any interference with the visibility of the Premises and to use reasonable efforts to ensure that direct entrance to and exit from the Premises is maintained.
9. The Landlord reserves the right for itself and for all persons authorized by it, to erect, use and maintain wiring, mains, pipes and conduits and other means of distributing services in and through the Premises, and at all reasonable times to enter upon the Premises for the purpose of installation, maintenance or repair, and such entry will not be an interference with the Tenant's possession under this Lease.
10. The Landlord reserves the right, when necessary by reason of accident or in order to make repairs, alterations or improvements relating to the Premises or to other portions of the Building to cause temporary obstruction to the Common Areas and Facilities as reasonably necessary and to interrupt or suspend the supply of electricity, water and other services to the Premises until the repairs, alterations or improvements have been completed. There will be no abatement in rent because of such obstruction, interruption or suspension provided that the repairs, alterations or improvements are made as expeditiously as is reasonably possible.
11. Subject to this Lease, the Tenant and its employees, customers and invitees will have the non-exclusive right to use for their proper and intended purposes, during business hours in common with all others entitled thereto those parts of the Common Areas and Facilities from time to time

permitted by the Landlord. The Common Areas and Facilities and the Building will at all times be subject to the exclusive control and management of the Landlord. The Landlord will operate and maintain the Common Areas and Facilities and the Building in such manner as the Landlord determines from time to time.

Term

12. The term of the Lease commences at 12:00 noon on May 1, 2021 and ends at 12:00 noon on April 30, 2024 (the "Term").
13. Notwithstanding that the Term commences on May 1, 2021, the Tenant is entitled to possession of the Premises at 12:00 noon on May 15, 2020.
14. Should the Tenant remain in possession of the Premises with the consent of the Landlord after the natural expiration of this Lease, a new tenancy from month to month will be created between the Landlord and the Tenant which will be subject to all the terms and conditions of this Lease but will be terminable upon either party giving one month's notice to the other party.

Rent

15. Subject to the provisions of this Lease, the Tenant will pay a base rent of \$16,800.00, payable per month, for the Premises (the "Base Rent"), without setoff, abatement or deduction. In addition to the Base Rent, the Tenant will pay for any fees or taxes arising from the Tenant's business.
16. The Tenant will pay the Base Rent on or before the _____ of each and every month of the Term to the Landlord.
17. The Tenant will be charged an additional amount of \$50.00 per day for any Rent that is received after the due date.
18. In the event that this Lease commences, expires or terminates before the end of a period for which any Additional Rent or Base Rent would be payable, or other than at the start or end of a calendar month, such amounts payable by the Tenant will be apportioned pro rata on the basis of a thirty (30) day month to calculate the amount payable for such irregular period.

19. No acceptance by the Landlord of any amount less than the full amount owed will be taken to operate as a waiver by the Landlord for the full amount or in any way to defeat or affect the rights and remedies of the Landlord to pursue the full amount.

Use and Occupation

20. The Tenant will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner on such days and during such hours of business as may be determined from time to time by the Landlord.
21. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any federal, state, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Quiet Enjoyment

22. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

Default

23. If the Tenant is in default in the payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, and such default continues following any specific due date on which the Tenant is to make such payment, or in the absence of such specific due date, for the 30 days following written notice by the Landlord requiring the Tenant to pay the same then, at the option of the Landlord, this Lease may be terminated upon 30 days notice and the term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.
24. Unless otherwise provided for in this Lease, if the Tenant does not observe, perform and keep each and every of the non-monetary covenants, agreements, stipulations, obligations, conditions and other provisions of this Lease to be observed, performed and kept by the Tenant and persists in such default, after 15 days following written notice from the Landlord requiring that the Tenant remedy, correct or comply or, in the case of such default which would reasonably require

more than 15 days to rectify, unless the Tenant will commence rectification within the said 15 days notice period and thereafter promptly and diligently and continuously proceed with the rectification of any such defaults then, at the option of the Landlord, this Lease may be terminated upon 15 days notice and the term will then immediately become forfeited and void, and the Landlord may without further notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

25. If and whenever:

- a. the Tenant's leasehold interest hereunder, or any goods, chattels or equipment of the Tenant located in the Premises will be taken or seized in execution or attachment, or if any writ of execution will issue against the Tenant or the Tenant will become insolvent or commit an act of bankruptcy or become bankrupt or take the benefit of any legislation that may be in force for bankrupt or insolvent debtor or become involved in voluntary or involuntary winding up, dissolution or liquidation proceedings, or if a receiver will be appointed for the affairs, business, property or revenues of the Tenant; or
- b. the Tenant fails to commence, diligently pursue and complete the Tenant's work to be performed under any agreement to lease pertaining to the Premises or vacate or abandon the Premises, or fail or cease to operate or otherwise cease to conduct business from the Premises, or use or permit or suffer the use of the Premises for any purpose other than as permitted in this clause, or make a bulk sale of its goods and assets which has not been consented to by the Landlord, or move or commence, attempt or threaten to move its goods, chattels and equipment out of the Premises other than in the routine course of its business;

then, and in each such case, at the option of the Landlord, this Lease may be terminated without notice and the term will then immediately become forfeited and void, and the Landlord may without notice or any form of legal process immediately reenter the Premises or any part of the Premises and in the name of the whole repossess and enjoy the same as of its former state anything contained in this Lease or in any statute or law to the contrary notwithstanding.

26. In the event that the Landlord has terminated the Lease pursuant to this section, on the expiration of the time fixed in the notice, if any, this Lease and the right, title, and interest of the Tenant under this Lease will terminate in the same manner and with the same force and effect, except as to the Tenant's liability, as if the date fixed in the notice of cancellation and termination were the end of the Lease.

Distress

27. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.

Overholding

28. If the Tenant continues to occupy the Premises without the written consent of the Landlord after the expiration or other termination of the Term, then, without any further written agreement, the Tenant will be a month-to-month tenant at a minimum monthly rental equal to twice the Base Rent and subject always to all of the other provisions of this Lease insofar as the same are applicable to a month-to-month tenancy and a tenancy from year to year will not be created by implication of law.

Additional Rights on Reentry

29. If the Landlord reenters the Premises or terminates this Lease, then:
- a. notwithstanding any such termination or the Term thereby becoming forfeited and void, the provisions of this Lease relating to the consequences of termination will survive;
 - b. the Landlord may use such reasonable force as it may deem necessary for the purpose of gaining admittance to and retaking possession of the Premises and the Tenant hereby releases the Landlord from all actions, proceedings, claims and demands whatsoever for and in respect of any such forcible entry or any loss or damage in connection therewith or consequential thereupon;

- c. the Landlord may expel and remove, forcibly, if necessary, the Tenant, those claiming under the Tenant and their effects, as allowed by law, without being taken or deemed to be guilty of any manner of trespass;
- d. in the event that the Landlord has removed the property of the Tenant, the Landlord may store such property in a public warehouse or at a place selected by the Landlord, at the expense of the Tenant. If the Landlord feels that it is not worth storing such property given its value and the cost to store it, then the Landlord may dispose of such property in its sole discretion and use such funds, if any, towards any indebtedness of the Tenant to the Landlord. The Landlord will not be responsible to the Tenant for the disposal of such property other than to provide any balance of the proceeds to the Tenant after paying any storage costs and any amounts owed by the Tenant to the Landlord;
- e. the Landlord may relet the Premises or any part of the Premises for a term or terms which may be less or greater than the balance of the Term remaining and may grant reasonable concessions in connection with such reletting including any alterations and improvements to the Premises;
- f. after reentry, the Landlord may procure the appointment of a receiver to take possession and collect rents and profits of the business of the Tenant, and, if necessary to collect the rents and profits the receiver may carry on the business of the Tenant and take possession of the personal property used in the business of the Tenant, including inventory, trade fixtures, and furnishings, and use them in the business without compensating the Tenant;
- g. after reentry, the Landlord may terminate the Lease on giving 5 days' written notice of termination to the Tenant. Without this notice, reentry of the Premises by the Landlord or its agents will not terminate this Lease;
- h. the Tenant will pay to the Landlord on demand:
 - i. all rent, Additional Rent and other amounts payable under this Lease up to the time of reentry or termination, whichever is later;
 - ii. reasonable expenses as the Landlord incurs or has incurred in connection with the reentering, terminating, reletting, collecting sums due or payable by the Tenant,

realizing upon assets seized; including without limitation, brokerage, fees and expenses and legal fees and disbursements and the expenses of keeping the Premises in good order, repairing the same and preparing them for reletting; and

- iii. as liquidated damages for the loss of rent and other income of the Landlord expected to be derived from this Lease during the period which would have constituted the unexpired portion of the Term had it not been terminated, at the option of the Landlord, either:
 - i. an amount determined by reducing to present worth at an assumed interest rate of twelve percent (12%) per annum all Base Rent and estimated Additional Rent to become payable during the period which would have constituted the unexpired portion of the Term, such determination to be made by the Landlord, who may make reasonable estimates of when any such other amounts would have become payable and may make such other assumptions of the facts as may be reasonable in the circumstances; or
 - ii. an amount equal to the Base Rent and estimated Additional Rent for a period of six (6) months.

Inspections and Landlord's Right to Enter

- 30. The Landlord and the Tenant will complete, sign and date an inspection report at the beginning and at the end of this tenancy.
- 31. During the Term and any renewal of this Lease, the Landlord and its agents may enter the Premises to make inspections or repairs at all reasonable times. However, except where the Landlord or its agents consider it is an emergency, the Landlord must have given not less than 24 hours prior written notice to the Tenant.
- 32. The Tenant acknowledges that the Landlord or its agent will have the right to enter the Premises at all reasonable times to show them to prospective purchasers, encumbrancers, lessees or assignees, and may also during the ninety days preceding the termination of the terms of this Lease, place upon the Premises the usual type of notice to the effect that the Premises are for rent, which notice the Tenant will permit to remain on them.

33. The Landlord may inspect the Tenant's goods on the Premises and the Tenant's records relating to those goods during normal business hours, with at least five (5) days' written notice, to identify the nature of the goods, compliance with this Lease, or compliance with any laws, regulations, or other rules.

Landlord Chattels

34. The Landlord will not supply any chattels.

Tenant Improvements

35. The Tenant will obtain written permission from the Landlord before doing any of the following:
- a. painting, wallpapering, redecorating or in any way significantly altering the appearance of the Premises;
 - b. removing or adding walls, or performing any structural alterations;
 - c. changing the amount of heat or power normally used on the Premises as well as installing additional electrical wiring or heating units;
 - d. subject to this Lease, placing or exposing or allowing to be placed or exposed anywhere inside or outside the Premises any placard, notice or sign for advertising or any other purpose;
 - e. affixing to or erecting upon or near the Premises any radio or TV antenna or tower, or satellite dish; or
 - f. installing or affixing upon or near the Premises any plant, equipment, machinery or apparatus without the Landlord's prior consent.

Tenant Chattels

36. The Tenant will not supply any chattels.

Utilities and Other Costs

37. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, internet and cable.
38. The Tenant will also directly pay for the following utilities and other charges in relation to the Premises: Any and All Permits.

Signs

39. The Tenant may erect, install and maintain a sign of a kind and size in a location, all in accordance with the Landlord's design criteria for the Building and as first approved in writing by the Landlord. All other signs, as well as the advertising practices of the Tenant, will comply with all applicable rules and regulations of the Landlord. The Tenant will not erect, install or maintain any sign other than in accordance with this section.

Insurance

40. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's policy of insurance.
41. The Tenant is responsible for insuring the Landlord's contents and furnishings in or about the Premises for either damage and loss for the benefit of the Landlord.
42. The Tenant is responsible for insuring the Premises for damage or loss to the structure, mechanical or improvements to the Building on the Premises for the benefit of the Tenant and the Landlord. Such insurance should include such risks as fire, theft, vandalism, flood and disaster.
43. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.
44. The Tenant will provide proof of such insurance to the Landlord upon the issuance or renewal of such insurance.

Tenant's Insurance

45. The Tenant will, during the whole of the Term and during such other time as the Tenant occupies the Premises, take out and maintain the following insurance, at the Tenant's sole expense, in such form as used by solvent insurance companies in the State of California:
- a. Comprehensive general liability insurance against claims for bodily injury, including death, and property damage or loss arising out of the use or occupation of the Premises, or the Tenant's business on or about the Premises; such insurance to be in the joint name of the Tenant and the Landlord so as to indemnify and protect both the Tenant and the Landlord and to contain a 'cross liability' and 'severability of interest' clause so that the Landlord and the Tenant may be insured in the same manner and to the same extent as if individual policies had been issued to each, and will be for the amount of not less than \$500,000.00 combined single limit or such other amount as may be reasonably required by the Landlord from time to time; such comprehensive general liability insurance will for the Tenant's benefit only include contractual liability insurance in a form and of a nature broad enough to insure the obligations imposed upon the Tenant under the terms of this Lease.
 - b. All risks insurance upon its merchandise, stock-in-trade, furniture, fixtures and improvements and upon all other property in the Premises owned by the Tenant or for which the Tenant is legally liable, and insurance upon all glass and plate glass in the Premises against breakage and damage from any cause, all in an amount equal to the full replacement value of such items, which amount in the event of a dispute will be determined by the decision of the Landlord. In the event the Tenant does not obtain such insurance, it is liable for the full costs of repair or replacement of such damage or breakage.
 - c. Boiler and machinery insurance on such boilers and pressure vessels as may be installed by, or under the exclusive control of, the Tenant in the Premises.
 - d. Owned automobile insurance with respect to all motor vehicles owned by the Tenant and operated in its business.
46. The Tenant's policies of insurance hereinbefore referred to will contain the following:

- a. provisions that the Landlord is protected notwithstanding any act, neglect or misrepresentation of the Tenant which might otherwise result in the avoidance of claim under such policies will not be affected or invalidated by any act, omission or negligence of any third party which is not within the knowledge or control of the insured(s);
 - b. provisions that such policies and the coverage evidenced thereby will be primary and noncontributing with respect to any policies carried by the Landlord and that any coverage carried by the Landlord will be excess coverage;
 - c. all insurance referred to above will provide for waiver of the insurer's rights of subrogation as against the Landlord; and
 - d. provisions that such policies of insurance will not be cancelled without the insurer providing the Landlord thirty (30) days' written notice stating when such cancellation will be effective.
47. The Tenant will further during the whole of the Term maintain such other insurance in such amounts and in such sums as the Landlord may reasonably determine from time to time. Evidence satisfactory to the Landlord of all such policies of insurance will be provided to the Landlord upon request.
48. The Tenant will not do, omit or permit to be done or omitted upon the Premises anything which will cause any rate of insurance upon the Building or any part of the Building to be increased or cause such insurance to be cancelled. If any such rate of insurance will be increased as previously mentioned, the Tenant will pay to the Landlord the amount of the increase as Additional Rent. If any insurance policy upon the Building or any part of the Building is cancelled or threatened to be cancelled by reason of the use or occupancy by the Tenant or any such act or omission, the Tenant will immediately remedy or rectify such use, occupation, act or omission upon being requested to do so by the Landlord, and if the Tenant fails to so remedy or rectify, the Landlord may at its option terminate this Lease and the Tenant will immediately deliver up possession of the Premises to the Landlord.
49. The Tenant will not at any time during the Term use, exercise, carry on or permit or suffer to be used, exercised, carried on, in or upon the Premises or any part of the Premises, any noxious, noisome or offensive act, trade business occupation or calling, and no act, matter or thing

whatsoever will at any time during the said term be done in or upon the Premises, or any part Premises, which will or may be or grow to the annoyance, nuisance, grievance, damage or disturbance of the occupiers or owners of the Building, or adjoining lands or premises.

Landlord's Insurance

50. The Landlord will take out or cause to be taken out and keep or cause to be kept in full force and effect during the whole of the Term:
- a. fire and extended coverage insurance on the Building, except foundations, on a replacement cost basis, subject to such deductions and exceptions as the Landlord may determine; such insurance will be in a form or forms normally in use from time to time for buildings and improvements of a similar nature similarly situate, including, should the Landlord so elect, insurance to cover any loss of rental income which may be sustained by the Landlord;
 - b. boiler and machinery insurance of such boilers and pressure vessels as may be installed by, or under the exclusive control of, the Landlord in the Building (other than such boilers and pressure vessels to be insured by the Tenant hereunder); and
 - c. comprehensive general liability insurance against claims for bodily injury, including death and property damage in such form and subject to such deductions and exceptions as the Landlord may determine; provided that nothing in this clause will prevent the Landlord from providing or maintaining such lesser, additional or broader coverage as the Landlord may elect in its discretion.
51. The Landlord agrees to request its insurers, upon written request of the Tenant, to have all insurance taken out and maintained by the Landlord provide for waiver of the Landlord's insurers' rights of subrogation as against the Tenant when and to the extent permitted from time to time by its insurers.

Abandonment

52. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant,

LEASE AMENDING AGREEMENT

THIS LEASE AMENDING AGREEMENT dated this 1st day of July, 2022

BETWEEN:

David McConnell and Brenda McConnell
(collectively the "Landlord")

OF THE FIRST PART

- AND -

Frank Edwards and Deann Edwards
(collectively the "Tenant")

OF THE SECOND PART

Background

- A. The Landlord and the Tenant entered into the lease (the "Lease Agreement") dated May 15, 2020, for the premises (the "Premises") located at 536-538-540 El Roya Ave, Modesto, Ca 95354.
- B. The Landlord and the Tenant desire to amend the Lease Agreement on the terms and conditions set forth in this Lease Amending Agreement (the "Agreement"), which will take effect on June 29, 2022.
- C. This Agreement is the first amendment to the Lease Agreement.

IN CONSIDERATION OF the Landlord and Tenant agreeing to amend their existing Lease Agreement, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, both parties agree to keep, perform, and fulfill the promises, conditions and agreements below:

Amendments

1. The Lease Agreement is amended as follows:

a. The Lease Agreement is amended as follows:
Standard Lease Addendum

OPTION(S) TO EXTEND

Paragraph 119.

Lessor hereby grants to Lessee the option to extend the term of this lease for THREE additional Thirty Six month periods.

(1) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least 3 but not more than 9 months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

Paragraph 120

Add this tenant to the agreement

PREM GEN CORP dba

Uncle Budd's Nursery

Uncle Budd's Distribution

Remove 2 tenants from the agreement

Frank Edwards and Deann Edwards.

No Other Change

2. Except as otherwise expressly provided in this Agreement, all of the terms and conditions of the Lease Agreement remain unchanged and in full force and effect.

Incorporation

3. This Agreement incorporates and is subject to the Lease Agreement.

Miscellaneous Terms

4. Capitalized terms not otherwise defined in this Agreement will have the meanings ascribed to them in the Lease Agreement. Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine include the feminine and vice versa. The words "Landlord" and "Tenant" as used in this Agreement include the plural as well as the singular; no regard for gender is intended by the language in this Agreement.

Governing Law

5. Subject to the terms of the Lease Agreement, it is the intention of the parties that this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of California, without regard to the jurisdiction in which any action or special proceeding may be instituted.

IN WITNESS WHEREOF the Landlord and Tenant execute this Lease Amending Agreement.

[Redacted Signature]

Witness {

[Redacted Signature]

David McConnell

July 1, 2022

Signing Date

[Redacted Signature]

Witness

[Redacted Signature]

Brenda McConnell

July 1, 2022

Signing Date

Witness

[Redacted Signature]

Frank Edwards

07-02-2022

Signing Date

Witness

[Redacted Signature]

Deann Edwards

07-02-2022

Signing Date

LEASE AMENDING AGREEMENT

THIS LEASE AMENDING AGREEMENT dated this 15th day of October, 2022

BETWEEN:

David McConnell and Brenda McConnell
(collectively the "Landlord")

OF THE FIRST PART

- AND -

PERM GEN CORP
(the "Tenant")

OF THE SECOND PART

Background

- A. The Landlord and the Tenant entered into the lease (the "Lease Agreement") dated May 15, 2020, for the premises (the "Premises") located at 536-538-540 El Roya Ave, Modesto, Ca 95354.
- B. The Landlord and the Tenant desire to amend the Lease Agreement on the terms and conditions set forth in this Lease Amending Agreement (the "Agreement"), which will take effect on November 1, 2022.
- C. This Agreement is the third amendment to the Lease Agreement.

IN CONSIDERATION OF the Landlord and Tenant agreeing to amend their existing Lease Agreement, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, both parties agree to keep, perform, and fulfill the promises, conditions and agreements below:

Amendments

1. The Lease Agreement is amended as follows:

a. The Lease Agreement is amended as follows:

Standard Lease Addendum

Rent Adjustments

Paragraph 122.

The monthly rent for each month of the adjustment period(s) specified below shall increase using the method indicated below:

1. Cost of Living Adjustment(s), (COLA)

Date of annual adjustment starts on

May 1, 2024. 3% minimum, 5% maximum.

The base rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for CPI U (All Urban Consumers), for San Francisco-Oakland-Hayward Metropolitan Area.

The monthly rent payable in accordance with paragraph 1 of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.f of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month two months prior to the month specified in paragraph 1 above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is two months prior to the first month of the term of this lease as set forth in paragraph 1.f: \$12,000.

b. Landlord Access

Paragraph 123

24 hours a day and 7 days a week gate entry is granted to landlord for the purpose of accessing their RV stored in covered area at rear of the property and/or a storage container next to building 538 El Roya.

No Other Change

2. Except as otherwise expressly provided in this Agreement, all of the terms and conditions of the Lease Agreement remain unchanged and in full force and effect.

Incorporation

3. This Agreement incorporates and is subject to the Lease Agreement.

Miscellaneous Terms

4. Capitalized terms not otherwise defined in this Agreement will have the meanings ascribed to them in the Lease Agreement. Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine include the feminine and vice versa. The words "Landlord" and "Tenant" as used in this Agreement include the plural as well as the singular; no regard for gender is intended by the language in this Agreement.

Governing Law

5. Subject to the terms of the Lease Agreement, it is the intention of the parties that this Agreement, and all suits and special proceedings under this Agreement, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the State of California, without regard to the jurisdiction in which any action or special proceeding may be instituted.

IN WITNESS WHEREOF the Landlord and Tenant execute this Lease Amending Agreement.

Witness

David McConnell
October 15, 2022
Signing Date

Witness

Brenda McConnell
October 15, 2022
Signing Date

Witness

PERM GEN CORP
per: _____ (seal)

Signing Date

STANISLAUS COUNTY
DEPARTMENT OF PLANNING AND
COMMUNITY DEVELOPMENT
1010 10th Street, Suite 3400
Modesto, California 95354

NOTICE OF EXEMPTION

Project Title: DEVELOPMENT AGREEMENT APPLICATION NO. PLN2023-0159 – PREM GEN CORP.

Applicant Information: Frank and DeAnn Edwards, Prem Gen Corp. 536 El Roya Avenue, Modesto, CA 95354.

Project Location: 536 El Roya Avenue, south of Yosemite Avenue (SR 132), in the Modesto area. Stanislaus County. APN: 038-008-033.

Description of Project: Request to adopt a new Development Agreement (DA) for Use Permit (UP) No. PLN2018-0110 – Prem Gen Corp, a permitted commercial cannabis cultivation, nursery, and distribution operation.

Name of Agency Approving Project: Stanislaus County Board of Supervisors

Lead Agency Contact Person: Jeremy Ballard, Senior Planner

Telephone: (209) 525-6330

Exempt Status: (check one)

- Ministerial (Section 21080(b)(1); 15268);
- Declared Emergency (Section 21080(b)(3); 15269(a));
- Emergency Project (Section 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: _____
- Statutory Exemptions. State code number: _____
- Common Sense Exemption. 15061 (b)(3)

Reasons why project is exempt: The proposed DA only alters required fees and other administrative provisions and does not propose any increase in activity or physical change to the existing commercial cannabis business.

Dated

Jeremy Ballard
Senior Planner

**COUNTY OF STANISLAUS CAMPAIGN CONTRIBUTION DISCLOSURE FORM FOR
THE PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT**

Application Number: PLN2023-0159
 Application Title: Development Agreement
 Application Address: 536, 538, 540 El Roca Ave Modesto CA
 Application APN: 036-008-033

Was a campaign contribution, regardless of the dollar amount, made to any member of a decision-making body involved in making a determination regarding the above application (i.e. Stanislaus County Board of Supervisors, Planning Commission, Airport Land Use Commission, or Building Code Appeals Board), hereinafter referred to as Member, on or after January 1, 2023, by the applicant, property owner, or, if applicable, any of the applicant's proposed subcontractors or the applicant's agent or lobbyist?

Yes No

If no, please sign and date below.

If yes, please provide the following information:

Applicant's Name: _____

Contributor or Contributor Firm's Name: _____

Contributor or Contributor Firm's Address: _____

Is the Contributor:

The Applicant	Yes <input type="checkbox"/>	No <input type="checkbox"/>
The Property Owner	Yes <input type="checkbox"/>	No <input type="checkbox"/>
The Subcontractor	Yes <input type="checkbox"/>	No <input type="checkbox"/>
The Applicant's Agent/ Lobbyist	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Note: Under California law as implemented by the Fair Political Practices Commission, campaign contributions made by the Applicant and the Applicant's agent/lobbyist who is representing the Applicant in this application or solicitation must be aggregated together to determine the total campaign contribution made by the Applicant.

Identify the Member(s) to whom you, the property owner, your subcontractors, and/or agent/lobbyist made campaign contributions on or after January 1, 2023, the name of the contributor, the dates of contribution(s) and dollar amount of the contribution. Each date must include the exact month, day, and year of the contribution.

Name of Member: _____

Name of Contributor: _____


Date(s) of Contribution(s): _____

Amount(s): _____

(Please add an additional sheet(s) to identify additional Member(s) to whom you, the property owner, your subconsultants, and/or agent/lobbyist made campaign contributions)

By signing below, I certify that the statements made herein are true and correct. I also agree to disclose to the County any future contributions made to Member(s) by the applicant, property owner, or, if applicable, any of the applicant's proposed subcontractors or the applicant's agent or lobbyist after the date of signing this disclosure form, and within 12 months following the approval, renewal, or extension of the requested license, permit, or entitlement to use.

01/05/2024
 Date
Prem Gen Corp
 Print Firm Name if applicable


 Signature of Applicant
DeAnna Edwards
 Print Name of Applicant

**COUNTY OF STANISLAUS CAMPAIGN CONTRIBUTION DISCLOSURE FORM FOR
THE PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT**

Application Number: PLN 2023-0159
 Application Title: Development Agreement
 Application Address: 536, 538, 540 El Royo Avenue Modesto Ca
 Application APN: 036-008-033

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Yes No

If no, please sign and date below.

If yes, please provide the following information:

Applicant's Name: _____

Contributor or Contributor Firm's Name: _____

Contributor or Contributor Firm's Address: _____

Is the Contributor:

The Applicant	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
The Property Owner	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
The Subcontractor	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
The Applicant's Agent/ Lobbyist	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

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Amount(s): _____

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01/12/24
Date

Prem Gen Corp
Print Firm Name if applicable
(property owner)

[Redacted Signature]

Signature of Applicant
Joseph Manson
Print Name of Applicant

**COUNTY OF STANISLAUS CAMPAIGN CONTRIBUTION DISCLOSURE FORM FOR
THE PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT**

Application Number: PLN 2023-0159
 Application Title: Development Agreement
 Application Address: 536, 538, 540 El Roya Avenue Modesto Ca
 Application APN: 036-008-033

Was a campaign contribution, regardless of the dollar amount, made to any member of a decision-making body involved in making a determination regarding the above application (i.e. Stanislaus County Board of Supervisors, Planning Commission, Airport Land Use Commission, or Building Code Appeals Board), hereinafter referred to as Member, on or after January 1, 2023, by the applicant, property owner, or, if applicable, any of the applicant's proposed subcontractors or the applicant's agent or lobbyist?

Yes No

If no, please sign and date below.

If yes, please provide the following information:

Applicant's Name: _____

Contributor or Contributor Firm's Name: _____

Contributor or Contributor Firm's Address: _____

Is the Contributor:

The Applicant	Yes <input type="checkbox"/>	No <input type="checkbox"/>
The Property Owner	Yes <input type="checkbox"/>	No <input type="checkbox"/>
The Subcontractor	Yes <input type="checkbox"/>	No <input type="checkbox"/>
The Applicant's Agent/ Lobbyist	Yes <input type="checkbox"/>	No <input type="checkbox"/>

Note: Under California law as implemented by the Fair Political Practices Commission, campaign contributions made by the Applicant and the Applicant's agent/lobbyist who is representing the Applicant in this application or solicitation must be aggregated together to determine the total campaign contribution made by the Applicant.


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 Date(s) of Contribution(s): _____
 Amount(s): _____

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01/12/24
 Date
Prem Gen Corp
 Print Firm Name if applicable


 Signature of Applicant
Odell Tristen
 Print Name of Applicant

COUNTY OF STANISLAUS CAMPAIGN CONTRIBUTION DISCLOSURE FORM FOR THE PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT

Application Number: PLN 2023-0159
Application Title: Development Agreement
Application Address: 536, 538, 540 El Roya Avenue Modesto Ca
Application APN: 036-008-033

Was a campaign contribution, regardless of the dollar amount, made to any member of a decision-making body involved in making a determination regarding the above application (i.e. Stanislaus County Board of Supervisors, Planning Commission, Airport Land Use Commission, or Building Code Appeals Board), hereinafter referred to as Member, on or after January 1, 2023, by the applicant, property owner, or, if applicable, any of the applicant's proposed subcontractors or the applicant's agent or lobbyist?

Yes No

If no, please sign and date below.

If yes, please provide the following information:

Applicant's Name: _____
Contributor or Contributor Firm's Name: _____
Contributor or Contributor Firm's Address: _____

Is the Contributor:
The Applicant Yes No
The Property Owner Yes No
The Subcontractor Yes No
The Applicant's Agent/ Lobbyist Yes No

Note: Under California law as implemented by the Fair Political Practices Commission, campaign contributions made by the Applicant and the Applicant's agent/lobbyist who is representing the Applicant in this application or solicitation must be aggregated together to determine the total campaign contribution made by the Applicant.


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Name of Member: _____
Name of Contributor: _____
Date(s) of Contribution(s): _____
Amount(s): _____

(Please add an additional sheet(s) to identify additional Member(s) to whom you, the property owner, your subconsultants, and/or agent/lobbyist made campaign contributions)

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01/12/24
Date
Prem Gen Corp
Print Firm Name if applicable


Signature of Applicant
Frank Edwards
Print Name of Applicant

**DEVELOPMENT AGREEMENT (DA)
APPLICATION NO. PLN2023-0159**

PREM GEN CORP

**Planning Commission
January 18, 2024**

Overview








- Adopted a new Development Agreement (DA) for Use Permit and DA No. PLN2018-0110 – Prem Gen Corp - El Roya Avenue.
 - Commercial Cannabis Indoor cultivation, distribution, and nursery operation
 - Approved on March 19, 2019
 - Five-year term
 - Set to expire on April 18, 2024

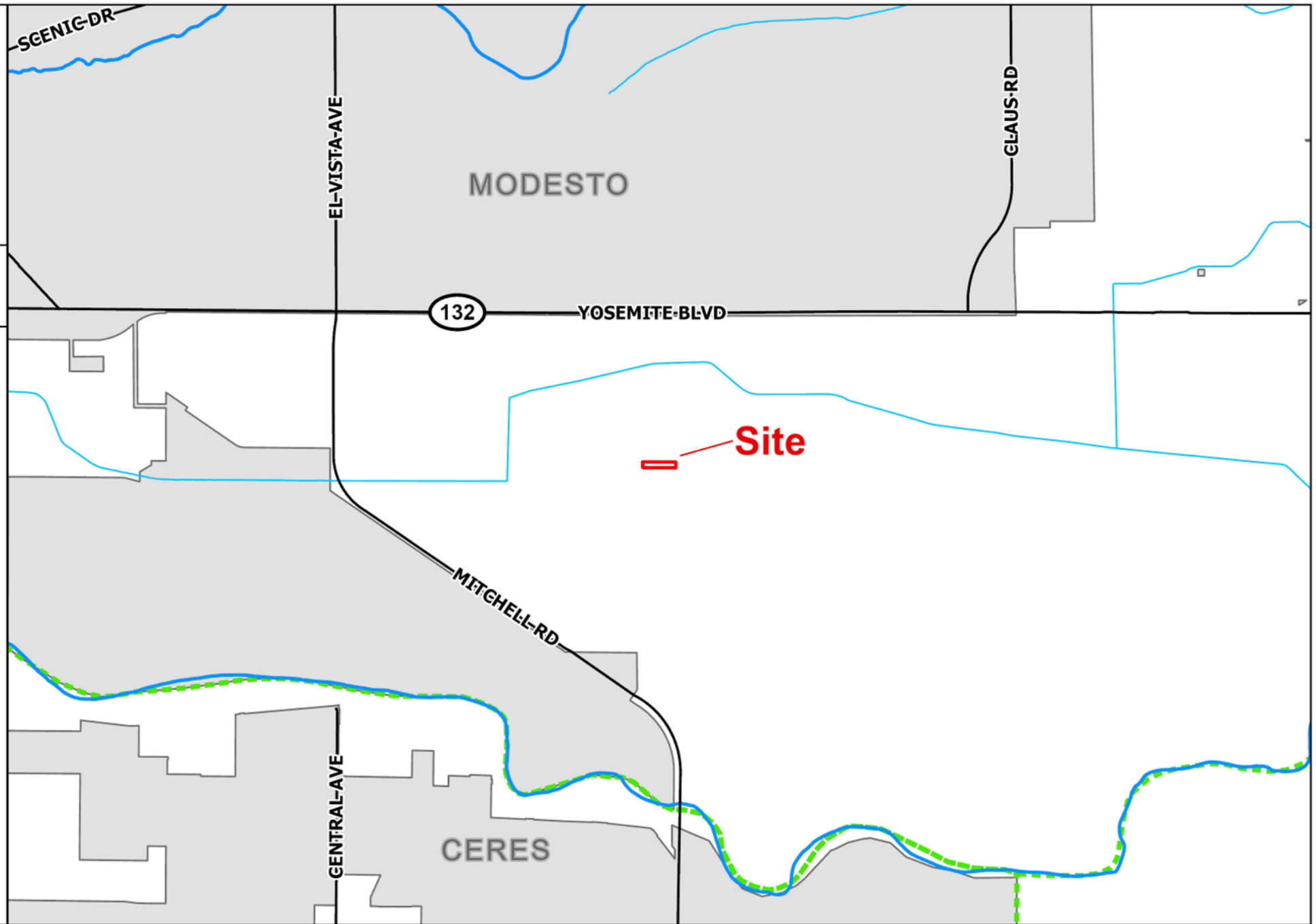
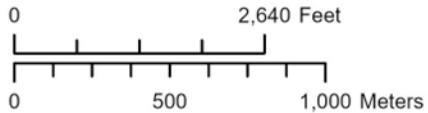
**PREM GEN CORP
536 EL ROYA**

PLN2023-0159

AREA MAP

LEGEND

-  Project Site
-  County Boundary
-  Sphere of Influence
-  City
-  Road
-  Canal
-  Rivers






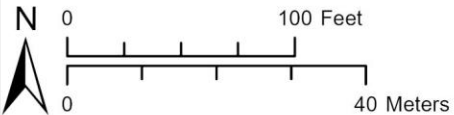
**PREM GEN CORP
536 EL ROYA**

PLN2023-0159

AERIAL SITE MAP

LEGEND

-  County Boundary
-  Project Site
-  Parcel
- Road



Terms of Current DA

- Fee components of Development Agreement (DA) with commercial cannabis operations
 - Community Benefit Rate (CBR)
 - Community Benefit Contribution (CBC)
 - Ceased collection of the CBC in May 2022
 - New program adopted by Board of Supervisors in October of 2023
- Annual CBR Fees established in original DA
 - Indoor Nursery fees - \$3,750 annually in 2019, and \$5,000 each subsequent year
 - Indoor Cultivation: \$30,000 in 2020, increasing to \$70,000 for up to 10,000 square feet of cultivation canopy
 - Self Distribution – 0% for distribution of operator's own product

Payment History and DA Compliance

- Over the 5-year period Prem Gen Corp.
 - Paid the County \$126,337 in CBR fees for cultivation, nursery, and distribution activities
 - Prior to discontinuing the program, paid the County \$21,525 in CBC fees
 - Subject to new program requirements as part of this year's annual review
 - Current on fees owed to the County
- First Annual Inspection occurred on May 17, 2022
 - 8 findings were noted and have since been addressed
- Issued a Commercial Cannabis Activity Permit (CCA) on September 5, 2023.
 - 55 calls for service from Sheriff Department over five-year period
 - 52 related to false alarms for fire and security
 - 2 related to security incidents
 - 1 related to a personnel issue
 - Sheriff Department has not objected to new DA for Prem Gen

New Terms of the DA

- CBR payments will remain the same

Activity	Original DA	Renewed DA
Indoor Cultivation	\$70,000 annually based on anticipated growth to 10,000 ft ² canopy in Development Schedule	\$70,000 annually based on State Licensing tier of up to 10,000 ft ² canopy
Indoor Nursery	\$1.00/ft ² annually for a total of \$5,000 annually	\$1.00/ft ² annually for a total of \$5,000 annually
Distribution	0% of Gross Receipts for Self-Distribution	0% of Gross Receipts for Self-Distribution

New Terms of the DA Continued

- Will consist of a 2-year term
- One additional party to be added to Prem Gen Corp ownership structure
 - To complete background check prior to DA recordation
- Automatic Termination of the DA if 2024 Tax initiative passes
- Clarification on periods of inactivity, annual review, new CBC program, and mutual cancellations
- Includes procedures for DA transfers, definition of actual canopy for purposes of fee calculation, and allowance for collection of damages for late payments.

Development Agreements

- Required for all commercial cannabis by Chapter 6.78 of County Code
 - Chapter 22 of the County Code regulates agreements
 - Requires Planning Commission recommend action to the Board of Supervisors
 - Findings required for approval:
 - Consistent with General Plan
 - Compatible to uses authorized, promote orderly development and good land use practice
 - Not be detrimental health, safety, general welfare, or adverse to preservation of property values

Environmental Review

- Original Use Permit & DA found project to be;
 - Consistent with the County's General Plan Environmental Impact Report (EIR), no further analysis was needed
- Development Agreement Amendment
 - CEQA Exempt
 - Common sense exemption

Recommendation

- Staff Recommendation
 - Planning Commission to recommend approval to Board of Supervisors
 - CEQA Exemption
 - Development Agreement Findings
 - Recording of the new DA and a new ordinance to replace previously adopted ordinance, and Cancellation of previous DA

Questions