

COMMERCIAL CANNABIS BUSINESS LICENSE DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") is made and entered into as of June 20, 2023 (the "Effective Date") between the **CITY OF NATIONAL CITY**, a California municipal corporation ("City"), and **E7 LA LLC**, a California LLC doing business as Element 7 National City ("Licensee"). City and Licensee are hereinafter collectively referred to as the "Parties" and singularly as "Party."

RECITALS

- A. The City Council previously adopted an ordinance to add Chapter 9.60 to National City Municipal Code ("NCMC") to permit limited commercial cannabis activities.
- B. Pursuant to Resolution No. 23-_____, the City Council adopted Application Procedures and Guidelines (the "Guidelines") governing the issuance of commercial cannabis licenses.
- C. Licensee submitted an application for a commercial cannabis license dated April 7, 2022 (the "Application"), which was reviewed by the City in accordance with the Guidelines.
- D. The Licensee identified in the Application that it was at least 51% owned by residents of National City, which made the Licensee's Application eligible to receive the local preference criteria contained in the Guidelines.
- E. On June 20, 2023, the City awarded a Commercial Cannabis Permit to Licensee ("Permit"), to operate a retail and distribution, cannabis business which will be located at 3101 Hoover Avenue, National City, CA 91950, also known as San Diego County APN 562-220-40 (the "Property").
- F. Pursuant to NCMC Section 9.60.100 and the Guidelines, the Licensee must enter into an Development Agreement with City prior to commencing operations.
- G. The City and Licensee freely and voluntarily negotiated the terms and conditions of this Development, and the City Council adopted Resolution No 23- approving this Agreement.
- H. The Parties acknowledge that this Agreement is not a statutory development agreement authorized by Government Code section 65864 and that this Agreement confers no entitlement or vested rights of any kind to Licensee to operate a cannabis business.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants and obligations set forth herein, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

1. Incorporation of Recitals.

The recitals and defined terms set forth above are hereby incorporated into this Agreement.

2. Effective Date and Term.

This Agreement shall commence on the Effective Date and remain in effect until the expiration, termination, surrender, or revocation of Licensee's Commercial Cannabis Permit, unless sooner terminated as provided for herein.

3. Description of Business and Ownership.

Licensee's has been awarded a Commercial Cannabis Permit dated June 20, 2023 to operate a commercial cannabis business at the Property (the "Business"). Licensee shall operate the Business as a retailer and distributor, as those terms are defined in NCMC Chapter 9.60. The terms and conditions of the Commercial Cannabis Permit are incorporated into this Agreement by reference.

4. Applicable Laws and Regulations.

4.1 General. Licensee shall at all times comply fully with all current and future State and City laws and regulations applicable to Licensee's Business, including but not limited to NCMC Chapter 9.60. Licensee shall ensure such compliance by all of Licensee's employees, contractors, vendors, and members of the public invited or allowed access to the Business.

4.2 State License. Licensee shall promptly apply for and obtain all State licenses required for the Business's operations. Failure to obtain and maintain required State licenses during the term of this Agreement shall constitute a default under this Agreement and shall be grounds for termination.

5. Conditions of Approval.

In addition to the requirements contained in the Plans, as defined in Section 6 below, the Licensee shall at all times operate the Business in accordance with the Conditions of Approval for the Business, attached hereto as Exhibit A and incorporated herein by reference (the "Conditions of Approval"). To the extent there is a conflict or inconsistency between the Conditions of Approval and the Plans, the Conditions of Approval shall control. To the extent the Conditions of Approval conflict with any applicable state or local law or regulation, currently existing or enacted in the future, the applicable law or regulation shall control. The City Manager, or his or her designee, shall have the authority to amend the Conditions of Approval subject to the requirements of this Agreement.

6. Operating Requirements.

6.1 Operating Requirements. In addition to any other applicable requirements, Licensee shall at all times operate the Business in accordance with the operating procedures

contained in Exhibit B, attached hereto and incorporated by reference. Such operating procedures include requirements for the opening and closing of the Business, customer check-in, product delivery, use of specific point-of-sale software, inventory control, diversion prevention, product distribution, transportation procedures, odor control, and quality control. Nothing in this section shall prevent the Licensee from changing the mix and type of cannabis products at the Business.

6.2 Safety Plan. In addition to any other applicable requirements, Licensee shall at all times operate the Business in compliance with the Safety Plan contained in Exhibit C, attached hereto and incorporated by reference, including but not limited to all fire prevention and suppression measures, accident and reporting procedures, medical emergency response procedures, and waste management procedures identified therein.

6.3 Security Plan. In addition to any other applicable requirements, Licensee shall at all times operate the Business in compliance with the Security Plan submitted with the Licensee's application and on file with the City. The Security Plan identifies access control requirements, perimeter security standards, inventory control measures, cash handling procedures, information/records security, lighting and surveillance requirements, theft and diversion prevention strategies, and employee training policies, among other topics.

6.4 Amendments. Licensee shall operate Business in accordance with the requirements of this Section 5 and the plans contained in Exhibit B and C attached hereto (collectively, the "Plans"), with such amendments or changes approved by the City Manager, or his or her designee. To the extent there is a conflict or inconsistency between the Plans and this Agreement, this Agreement shall prevail.

7. Community Benefits. Licensee has offered to provide certain community benefits as part of the operation of the Business, and the City has accepted such offer. The community benefits to be provided by Licensee are specified in this Section.

7.1 National City Community Benefit Fund.

a. **Community Benefit Fund.** Licensee hereby agrees to donate an amount equal to the greater of: i) Fifty Thousand Dollars (\$50,000), or ii) one percent (1%) of the Net Profits of the Business, as defined herein, to nonprofit community organizations located and doing business within National City, subject to the requirements of this Section (the "National City Community Benefit Fund").

b. **Annual Plan.** No later than the October 1 of each year, beginning the year after the Business commences operations, Licensee shall submit to the City an annual plan for the disbursement of the National City Community Benefit Fund (the "Annual Plan"). The Annual Plan shall identify the recipients of the funds, the estimated amount that shall be provided to each recipient, and such other information as may reasonably be required by the City. The recipients of the proceeds of the National City Community Benefit Fund shall: i) be exempt from taxation pursuant to Internal Revenue Code section 501(c)(3), 501(c)(4) or 501(c)(6), ii) shall be in good standing with the laws of the State of California, and iii) shall provide sufficient services within the City of National City that benefit the public (each a "Recipient"). The City may, in its sole discretion, determine that a proposed Recipient does not

provide sufficient services within National City that benefit the public, and such determination shall be conclusive. The City shall review, and either approve or reject, the Annual Plan. If the City rejects the Annual Plan, it shall notify the Licensee in writing of the reasons for the rejection. Thereafter, the Licensee shall submit a revised Annual Plan within forty-five (45) days. If the City fails to approve or reject the Annual Plan within thirty (30) days of submittal by the Licensee, the Annual Plan shall be deemed approved. Licensee may at any time apply to amend its Annual Plan, subject to the same procedures contained in this Section 7.1.

7.2 General Fund Contribution.

a. **Voluntary General Fund Contribution.** Licensee hereby agrees to donate an amount equal to five percent (5%) of the Gross Receipts of the Business, as defined herein, to the City's General Fund, subject to the requirements of this Section 7 (the "General Fund Contribution"). The General Fund Contribution may be used for any lawful municipal purpose as determined by the City Council, in its sole and absolute discretion.

b. **Monthly Payments.** No later than the 15th day of each calendar month, Licensee shall pay to the City the General Fund Contribution from the previous calendar month. The payment shall be accompanied by a report, on a form approved by the City's Finance Director, identifying the total amount of the Gross Receipts of the Business from the previous month and any other information requested by the City.

c. **Penalty for Delay.** If Licensee fails to remit any amount owed pursuant to Section 7.2(b) within the time required, Licensee shall pay a penalty of ten percent (10%) of the amount owned in addition to the outstanding amount. The amount of the penalty shall increase by an additional ten percent (10%) each additional thirty (30) days during which the Licensee fails to make the requirement payment. Licensee and City agree that this penalty is necessary in order to ensure that Licensee timely provides the funds it has promised to donate and which the City has budgeted based on such promise.

7.3 Financial Reporting & Administration.

a. **Gross Receipts.** As used in this Agreement, "Gross receipts" includes the total amounts actually received or receivable during a calendar year for the sale of any cannabis goods 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 or delivery of cannabis materials, cannabis services, cannabis goods within the City of National City, or outside the City of National City when the proceeds are credited to or for the account of the Business. Included in "gross receipts" shall be all commissions, fees, receipts, receipts from coin-operated equipment, 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. Excluded from "gross receipts" shall be the following: i) cash discounts allowed and taken on sales; ii) credit allowed on property accepted as part of the purchase price and which property may later be sold; iii) any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser; iv) such part of the sale price of property returned by purchasers upon rescission of the contract of

sale refunded either in cash or by credit; v) amounts collected or held in trust for others where the business is acting as an agent or trustee, to the extent that such amounts are paid to or for the benefit of those for whom collected (the collector may require proof of payment or disbursement; vi) receipts of refundable deposits, except that refundable deposits forfeited and taken into the income of the business shall not be excluded and vii) non-cannabis materials, goods, wares or merchandise.

b. **Net Profits.** As used in this Agreement, "Net profits" shall mean the net taxable income of the Business as reported annually to the California Franchise Tax Board on its annual tax return, less any federal, state, or local taxes paid by Business and not otherwise reported as part of the net taxable income of the business.

c. **Reporting of Gross Receipts.** No later than February 15 of each year during the Term of this Agreement, Licensee shall deliver to City a report, on a form approved by the City's Finance Director, showing:

(i) The Business's Gross Receipts and Net Profits from the previous calendar year (the "Statement of Receipts");

(ii) The total amount of the General Fund Contribution; and

(iii) The total amount contributed to the National City Community Benefit Fund and the actual amount of money provided to each Recipient.

d. **Statements of Receipts.** Licensee shall keep complete, accurate and appropriate books and records of all receipts and expenses from the Business's operations in accordance with generally accepted accounting principles ("Books and Records"). Books and Records, as well as all other relevant documents as City reasonably requires, shall, upon reasonable written notice, be open for inspection by City, its auditors, or other authorized representatives. If at any time during the Agreement, such Books and Records are deemed inadequate in the reasonable judgment of City, Licensee shall, upon the written notice of City, be given a one quarter period (three months) to cure such inadequacies. If, in the reasonable judgment of the City, Licensee has not cured the Books and Records inadequacies, City shall consider Licensee to be in default of this Agreement, and may choose to terminate this Agreement.

e. **Audit.** City shall have the right to audit and examine Licensee's Books and Records, and other relevant documents and items in Licensee's possession ("Audit Items"), but only to the extent necessary for a proper determination of gross receipts, net profits, and expenses from operations. Upon written request by City, Licensee shall make all Audit Items available to the City within thirty (30) days of City's request.

f. **Retention of Receipts.** Licensee shall preserve Audit Items in the City for a period of at least five (5) years.

g. **Copies of Tax Filings.** Upon request, Licensee shall provide City with copies of any reports and tax filings Licensee is required to provide to the County of San Diego, the State, and the federal government.

h. **Future Revenue Mechanisms.** During the term of this Agreement, if the City imposes an alternative revenue mechanism specifically related to commercial cannabis business permit holders, Licensee agrees to pay the City the greater of the payment required under such alternative revenue mechanism or the General Fund Contribution. Payments that are not specific to commercial cannabis business permit holders (e.g. apply to both cannabis and non-cannabis businesses), shall be in addition to, and not in lieu of, the payments required by this Agreement.

7.4 Miscellaneous Community Benefits

a. **Community Clean Up.** Licensee shall organize and host one community clean-up event per calendar year. Licensee shall be solely responsible for all costs associated with such event, and shall obtain any permits and approvals from any responsible governmental agency necessary for the event. Licensee shall coordinate the location of the community clean-up events with the City to ensure that community clean-up events sponsored by cannabis businesses are distributed throughout the City of National City.

b. **Drug Prevention Seminars.** The Licensee shall participate in at least two (2) drug prevention seminars hosted collectively by all cannabis businesses operating in National City. The seminars shall be offered free of charge to the public at a location within the City of National City, and shall focus on responsible use of cannabis and secure storage of cannabis to prevent access by minors. Licensee shall work in good faith to develop and sponsor such seminars.

c. **Employment Priorities.** In an effort to further restorative justice and the local economy, the Licensee shall use a good faith effort to ensure that at least thirty percent (30%) of the employees of the Business are residents of the City of National City and at least twenty percent (20%) of the employees of the Business are individuals previously convicted of misdemeanor offenses related to the sale, distribution, use, or cultivation of cannabis.

8. Location Change & Transfer

8.1 Change of Location. The Licensee shall not change the location of the Business unless and until the Licensee first complies with the requirements of NCMC Section 9.60.430, and obtains the necessary approvals.

8.2 Transfer of Ownership. The Licensee shall not transfer ownership or control of the Business or the Permit unless and until the Licensee first complies with the requirements of NCMC Section 9.60.420, and obtains the necessary approvals.

8.3 Local Ownership. The Licensee identified in the Application that it was at least fifty-one percent (51%) owned by residents of National City. Licensee acknowledges that it was eligible to receive the local preference criteria in the Guidelines based on this representation. Notwithstanding anything in NCMC Chapter 9.60 to the contrary, Licensee may

not change its ownership structure in anyway such that less than fifty-one percent (51%) of the Licensee is owned by residents of National City. In addition to any other applicable requirement, Licensee shall notify the City every time there is a change in its ownership, and shall identify whether or not the new owner is a National City resident.

9. Processing Fees and Charges.

Licensee shall pay City, processing, inspection, plan checking, permit, and monitoring fees and charges required by City for processing Licensee's applications and requests for permits, inspections, approvals and actions, and monitoring compliance with any permits issued or approvals granted, or the performance of any conditions.

10. No Vested Rights.

The Parties acknowledge and agree that this Agreement is not a statutory development agreement authorized by Government Code section 65864. This Agreement confers no entitlement or vested rights of any kind to Licensee to operate the Business, or engage in any commercial cannabis activity.

11. Voluntary Agreement.

The terms and conditions of this Agreement are the result of voluntary negotiations between the Parties, and no term in this Agreement has been imposed by the City, including without limitation the General Fund Contribution. The City and Licensee have each voluntarily and freely elected to enter into this Agreement. Each of the Parties have had an equal opportunity to participate in the negotiating and drafting of this Agreement, and to review the Agreement with legal counsel, therefore any construction as against the drafting party shall not apply to this Agreement.

12. Indemnity.

Licensee shall indemnify, defend, and hold harmless to the fullest extent permitted by law, City and its officers, officials, employees, consultants, attorneys, and volunteers ("Indemnitees") from and against any and all claims, liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with the operation or existence of the Business, this Agreement, or the Property (including any challenge to the validity of any provision of this Agreement or the Permit approvals, or Licensee's failure to comply with any of its obligations under this Agreement, or Licensee's failure to comply with any current or prospective law); provided, however, that Licensee shall have no obligations under this Section for such loss or damage which was caused by the sole negligence or willful misconduct of the Indemnitees. This indemnification obligation shall survive this Agreement and shall not be limited by any insurance policy, whether required by this Agreement or otherwise.

13. Waiver & Hold Harmless

Licensee waives, releases, and holds harmless the City and its officers, officials, employees, and agents from any and all actual and alleged claims, losses, damages, injuries, liabilities, costs (including attorney's fees), suits or other expenses which arise out of, or which are in any way relate to this Agreement, including the enforcement of any term or condition stated herein, the payment of the General Fund Contribution, the issuance of the Cannabis Business Permit, or the Operation of the Business. Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that the City would not have entered into this Agreement had it been exposed to liability for damages from Licensee, and therefore, Licensee hereby waives all claims for damages against the City for breach of this Agreement. Licensee hereby voluntarily and unconditionally waives any rights it may have to challenge this Agreement or any term contained herein.

Licensee specifically waives the provision of California Civil Code Section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THIS RELEASE, AND THAT IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR THE RELEASED PARTY."

In this connection and to the extent permitted by law, Licensee hereby agrees, represents and warrants that Licensee realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Licensee further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Licensee nevertheless hereby intends to release, discharge and acquit the City from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which might in any way be included as a material portion of the consideration given to City by Licensee in exchange for City's performance hereunder.

City has given Licensee material concessions regarding this transaction in exchange for Licensee agreeing to the provisions of this Section. City and Licensee have each initialed this Section to further indicate their awareness and acceptance of each and every provision hereof.

CITY'S INITIALS

14. Liability.

City shall not assume liability or responsibility for any conditions related to the construction or use of the Business that may be in violation of local and/or state health and building codes ("Conditions"). City shall not assume responsibility for correcting Conditions, either existing or discovered during the course of the construction or operation of the Business. Failure to correct Conditions during the course of construction or operation of the Business shall not imply that

City has accepted Conditions nor forfeit City's right to have Conditions corrected at a future date.

15. Defaults.

Notwithstanding other provisions of this Agreement, any failure by either party to perform any term or provision of this Agreement, which failure continues uncured for a period of thirty (30) days following written notice of such failure from the other party ("the Complaining Party") (unless such period is extended by mutual written consent), shall constitute a default under this Agreement. The Complaining Party's notice ("Default Notice") shall specify the nature of the alleged failure, and may specify the manner in which the failure satisfactorily may be cured by the other party ("the Defaulting Party"). If the nature of the alleged failure is such, that it cannot reasonably be cured within such thirty (30) day period, then no default shall be deemed to have occurred if: (a) the cure shall be commenced at the earliest practicable date following receipt of the Default Notice; (b) the cure is diligently prosecuted to completion at all times thereafter; (c) at the earliest practicable date (if no event later than thirty (30) days after the Defaulting Party's receipt of the Default Notice), the Defaulting Party provides written notice to the Complaining Party that the cure cannot practicably be completed within such thirty (30) day period; and (d) the cure is completed at the earliest practicable date.

Upon the occurrence of a default under this Agreement, the Complaining Party may, in addition to any and all other rights or remedies of the Complaining Party hereunder and/or provided by law, shall have the right to: i) terminate this Agreement, or ii) commence an action against the Defaulting Party for damages, injunction and/or specific performance.

No remedy specified in this Section shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy provided hereunder or now or hereafter existing at law or in equity or by statute, and every power and remedy provided by this Agreement may be exercised from time to time and as often as occasion may arise or as may be deemed expedient, subject to any limitations set forth herein.

16. Termination.

16.1 By Mutual Consent. This Agreement may be terminated in whole or in part by the mutual written consent of all the Parties.

16.2 Failure to Obtain or Maintain Required State or Local Licenses. If Licensee fails to obtain or maintain in effect all State and City licenses required for the Business, City may immediately terminate this Agreement.

16.3 State or Federal Action. In the event that State law permitting the use for which the Commercial Cannabis Permit was issued is amended or repealed resulting in the prohibition of such use, either Party may terminate this Agreement.

16.4 Surrender or Revocation of Commercial Cannabis Permit. If Licensee voluntarily surrenders their Permit, or if Licensee's Permit is revoked by City, Licensee shall

immediately cease all operations at the Business, and this Agreement shall terminate automatically, without further action required by either Party.

16.5 Default. If Licensee is in default of any provision of this this agreement, including but not limited to the requirements of Section 7, the City may terminate this Agreement pursuant to Section 14.

16.6 Effect of Termination of Agreement on Commercial Cannabis Permit.
Licensee agrees that termination of this Agreement in accordance with this Section, shall also result in the automatic termination of the Licensee's Commercial Cannabis Permit. Upon termination of this Agreement, Licensee shall remit all fees and payments due as of the effective date of the termination.

17. Future Amendments.

The City Manager shall have the authority to approve minor amendments to this Agreement without further approval from City Council. For the purposes of this section, an amendment shall be a minor amendment if it substantially conforms with the material terms of this Agreement. Without limiting the generality of the foregoing, changes to the time for either Party to perform any obligation and changes in reporting obligations may be made via a minor amendment. Changes to the amount of gross receipts the Licensee must use for the National City Community Benefit Fund or the General Fund Contribution shall not be minor amendments. The determination of the City Manager regarding whether an amendment qualifies as a minor amendment shall be definitive.

18. Assignment; Binding on Successors.

Licensee may not transfer or assign its interests under this Agreement, in whole or in part, without the prior written consent of the City, which may be withheld for any reason. Subject to the restrictions on transfers set forth herein or the NCMC, this Agreement shall bind and inure to the benefit of the Parties and their respective permitted successors and assigns. Any reference in this Agreement to a specifically named Party shall be deemed to apply to any permitted successor and assign of such Party who has acquired an interest in compliance with this Agreement or under law

19. Notices.

All notices required by this Agreement shall be in writing and personally delivered or sent by certified mail, postage prepaid, return receipt requested to the following addresses:

Notice to City shall be addressed as follows:
CITY OF NATIONAL CITY
Attn: City Manager
1243 National City Blvd
National City, CA 91950

with copies to:

CITY OF NATIONAL CITY
Attn: City Attorney
1243 National City Blvd
National City, CA 91950

Notice to Licensee shall be addressed as follows:

E7 LA LLC
Attn: Roseann Jasso / Robert DiVito
PO Box 388, San Francisco, CA 94104

Either Party may change the address stated herein by giving written notice to the other Party, and thereafter, notices shall be addressed and transmitted to the new address. All notices shall be deemed received on the earlier of the date that personal delivery is effected or the date shown on the return receipt.

20. Severability.

If any term, condition, or covenant of this Agreement is declared or determined by any court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions of this Agreement shall not be affected, and the remaining provisions of the Agreement shall be read and construed without the invalid, void, or unenforceable provision(s).

21. No Implied Waiver of Breach.

The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.

22. No Third Party Beneficiaries.

The parties do not intend to create, and nothing in this Agreement shall be construed to create any benefit or right in any third party.

23. Action or Approval.

Whenever action and/or approval by City is required under this Agreement, the City Manager of the City of National City, or his or her designee, may act on and/or approve such matter unless specifically provided otherwise, or unless the City Manager determines in his discretion that such action or approval requires referral to City Council for consideration.

24. Governing Law and Forum.

This Agreement shall be construed in accordance with the laws and judicial decisions of the State of California, and venue or any legal or equitable action shall be in the state or federal courts of County of San Diego.

25. No Agency, Joint Venture, or Partnership.

City and Licensee hereby renounce the existence of any form of agency relationship, joint venture, or partnership between City and Licensee, and agree that nothing contained herein or in any document executed in connection herewith shall be construed as creating any such relationship between City and Licensee.

26. Entire Agreement.

The provisions of this Agreement comprise all of the terms, conditions, agreements and representations of the Parties. This Agreement may not be altered or amended, and no provision hereof may be waived, except by written agreement executed by the authorized representatives of the Parties. The Parties hereby agree that terms of this Agreement have not been changed, modified, or expanded by any oral agreements or representations entered into or made prior to or at the execution of this Agreement.

24. Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which taken together shall constitute one instrument.

Exhibit A	Conditions of Approval
Exhibit B	Operating Procedures
Exhibit C	Safety and Security Plan

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates set forth below.

CITY OF NATIONAL CITY, a municipal corporation

E7 LA LLC, a California Limited Liability Company

By: _____

Name: Roncert DeVito

Dated: _____

Its: CEO

Dated: 5/13/2023

Attest:

City Clerk

Approved as to form:

City Attorney

5212884.2

EXHIBIT A

CONDITIONS OF APPROVAL

General Conditions:

1. Licensee shall post clearly visible signs at all entrances and exits and at both on and off-site parking areas, requesting patrons to respect residents of adjacent residential neighborhoods by being quiet when leaving, reminding patrons of the existence of permit parking districts within the neighborhoods adjacent to the business, and that the consumption of cannabis in public areas is not permitted pursuant to state law.
2. A responsible person shall always be on the premises to act as manager and supervise employees during business hours.
3. The applicant shall comply with the applicable requirement of NCMC Title 12, Noise Control. Noise complaints shall be immediately addressed.
4. Odor generated by the Business shall not be detectable outside the Business to a person of normal olfactory sensitivities, including anywhere on adjacent property or public rights-of-way, or within any other unit located within the same building as the Business. An odor absorbing ventilation and exhaust system shall be installed so that odor generated within the Business is not detected outside of the Business.
5. Licensee shall proactively monitor and resolve any issues involving disturbances, loitering or ingestion of cannabis in parking lots or surrounding streets, sidewalks, and alleys.
6. Licensee shall provide law enforcement and all neighbors within one hundred feet of the Business with the name and phone number of an on-site community relations employee to notify if there are operational problems with the establishment.
7. Licensee shall employ a minimum of one (1) on-site security guards during all hours of operation.. All security guards employed by the Business shall be licensed and possess a valid Department of Consumer Affairs "Security Guard Card" at all times. In addition, any security guard employed by the Business or security firm retained by the Business must first be approved by the City's Chief of Police, in his or her reasonable discretion. Neighborhood security guard patrols shall be conducted every hour, for a two-block radius surrounding the Business during all hours of operation.
8. The Licensee shall not employ security guards armed with firearms or tasers.
9. Upon presentation of proper credentials by any Code Compliance or Law Enforcement Officer, the Licensee shall consent to entry of the place of business at all reasonable times to enforce the provisions of this Agreement or the NCMC.
10. On-site sales of alcohol or tobacco, and on-site consumption of alcohol or tobacco products by patrons prohibited.
11. All proposed structures must comply with zoning and building code regulations and pass all requisite inspections and receive all permits required under applicable law.
12. All cannabis waste must be stored in a secured location and properly disposed by a cannabis waste collector.
13. The on-site consumption of alcohol, tobacco or cannabis by employees of the Business is prohibited while such employees are working.