

November 2, 2023

MEMO TO: Stanislaus County Planning Commission

FROM: Department of Planning and Community Development

SUBJECT: CANCELLATION OF THE DEVELOPMENT AGREEMENT FOR USE PERMIT AND DEVELOPMENT AGREEMENT NO. PLN2018-0101 – NATURAL REMEDIES CONSULTING, INC (NRC).

This Development Agreement (DA) cancellation was originally scheduled to be heard at the October 5, 2023 Planning Commission meeting. Due to the possibility of the operators selling the business to a potential investor, the project was continued to November 2nd to provide time for the operators to provide a sales letter, payment timeline of outstanding fees, and other documentation demonstrating the intent to sell. As of October 26th, the deadline to provide the documentation, no information substantiating the likelihood of a sale had been provided to County staff. Accordingly, this item is now returning to the Planning Commission for an action on the cancellation of the DA.

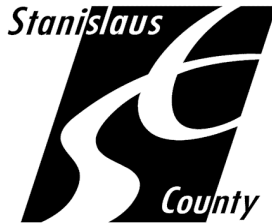
RECOMMENDATION

Staff recommends the Planning Commission recommend that the Board of Supervisors approve the DA Cancellation request based on the discussion in the October 5, 2023 Planning Commission Memo (Attachment A).

Attachments:

Attachment A – October 5, 2023 Planning Commission Memo

Attachment B – Levine Act Disclosure



October 5, 2023

MEMO TO: Stanislaus County Planning Commission

FROM: Department of Planning and Community Development

SUBJECT: CANCELLATION OF THE DEVELOPMENT AGREEMENT FOR USE PERMIT AND DEVELOPMENT AGREEMENT NO. PLN2018-0101 – NATURAL REMEDIES CONSULTING, INC (NRC).

PROJECT DESCRIPTION

This is a request to cancel the adopted Development Agreement (DA) for a commercial cannabis retail, distribution, manufacturing, and indoor cultivation operation on a project site located at 5272 Jerusalem Court, north of Kiernan Avenue, in the Modesto area. The DA was approved by the Board of Supervisors on December 17, 2019 as part of the Use Permit approval allowing for the use to be conducted (see Exhibit 1 – *December 17, 2019 Board of Supervisors Agenda Report*). The cancellation of the adopted DA is due to the operator's nonpayment of fees required under the terms of the DA.

DISCUSSION

As required by Section 6.78.060(A)(2) of the Stanislaus County Code, prior to operating in the County, permittees of each commercial cannabis activity are required to enter into a DA, 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. Without a valid DA, commercial cannabis permittees cannot operate within the County. Title 22 specifies that the Planning Commission shall consider a 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.

The DA includes a requirement for NRC to pay two separate fee types: one is the Community Benefit Rate fee, which varies in amount based on the type and quantity of the proposed commercial cannabis activities and is collected for the purpose of funding the enforcement of illegal cannabis activities throughout the County; and the second is the Community Benefit Contribution fee, which varies in amount based on the projected revenues of the operation and is collected for the purpose of funding local community charities and public improvement projects. NRC's Community Benefit Rates were required to be paid in quarterly installments and included the following fee structures for each permitted commercial cannabis activity (see Attachment 3 – Executed Development Agreement of Exhibit 1 – *December 17, 2019 Board of Supervisors Agenda Report*):

- Indoor cultivation fees are \$30,000 for the permitted 5,000 square foot canopy.
- Distribution activities are 3% of gross receipts for distribution of the permittee's product.
- Manufacturing activities are 8% of gross receipts until 2023, when the rate increased to \$50,000 or 8% of gross receipts, whichever is greater.
- Retail activities increase from \$390,000 to \$470,000 annually over the first five years or 8% of gross receipts, whichever is greater.

To date, NRC has paid a total of \$1,354,068 in Community Benefit Rate fees for retail activities, which to the County's previous knowledge was the only commercial cannabis activity to commence at the site. Through the first two years of the DA, NRC was up to date with their required payments for retail activities. Although no longer collected after the program was terminated by the Board of Supervisors in 2022, NRC's Community Benefit Contribution ranged from \$23,250 to \$65,500 over the five year DA period; of which NRC paid the full amount owed of \$128,375 to the County.

On August 11, 2022, as requested by the operator due to poor market conditions, the County and the operators of NRC (Richard and Cheryl King) agreed to mutually amend the DA. The amendment would have eliminated the Community Benefit Contribution section of the DA. Additionally, the modification would have lowered the Community Benefit Rate for just retail activities for the years 2022 and 2023 from an annual amount of \$450,000, which was based on NRC's 2022 gross receipts for retail commercial cannabis activities, to \$261,300 or 8% of gross receipts, whichever is greater. Despite having reached mutual agreement to amend the DA in 2022, the amendment process did not proceed due to delayed efforts by the applicant to achieve all required permitting for improvements to the existing building on the project site.

Since reaching agreement to amend the DA, NRC ceased to complete their obligated Community Benefit Rate payments for retail activities, accumulating a debt of \$468,500 for Quarters 2 through 4 of 2022 and Quarter 1 of 2023. In an effort to complete the process, the amendment request was heard by the Planning Commission on June 1, 2023, gaining a recommendation of approval to the Board of Supervisors on a 6-2 vote. Following the Planning Commission meeting, it came to the County's attention, while working with the State Department of Commercial Cannabis (DCC) on environmental review for State licensure, and confirmed by track and trace records, that NRC had been conducting indoor cultivation activities

at the project site since, at least, Quarter 3 of 2019. While cultivation of commercial cannabis is a permitted use under the approved Use Permit, and an activity covered in the adopted DA, the operator did not inform the County of their commencement of indoor cultivation activities, nor, did they ever make the required Community Benefit Rate payments to the County, as stipulated under the DA.

Based on track and trace records from the DCC and rates established under the DA, the County issued the operator an invoice on July 12, 2023 in the amount of \$132,825 for the cultivation activities starting in Quarter 3 of 2019. NRC was given until August 14, 2023 to pay the cultivation balance in full. The County has not yet received payment from the operator for these outstanding fees and the amendment to the DA has not proceeded any further. By September 30, 2023, the fees for retail and cultivation activities have continued to accumulate as required by the DA, with NRC now having a total balance due to the County in the amount of \$718,868.

In accordance with Section 15 – Default of the adopted DA, the operator has been notified of their failure to pay for each quarter (see Exhibit 2 – *Notices to the Operator*), and is now in a state of default, having been referred to the Planning Director for action in accordance with Section 15.6.2 – Termination or Modification of the Development Agreement and County Code Section 22.08.020 – Cancellation by the County. In accordance with Title 22 of the Stanislaus County Code, and Government Code Section 65865.1, a DA may be cancelled by the County provided a public hearing is noticed and held by both the Planning Commission and the jurisdiction's Legislative Body (Board of Supervisors) in conformance with Government Code Sections 65090 and 65091. As stated in Section 22.08.020 of the County Code, at the public hearing the operator shall demonstrate compliance with the terms of the DA. If not shown, the Planning Commission shall recommend to the Board of Supervisors to begin cancellation proceedings or recommend new terms and conditions to remedy the noncompliance. Once presented, the Board of Supervisors has the authority to cancel the DA immediately or impose new terms and conditions intended to remedy the noncompliance.

Based on the documented failure to make quarterly payments as required by the provisions of the DA, and with no attempt to remedy the debt in the interim periods, staff recommends that the Planning Commission recommend to the Board of Supervisors to cancel the DA for NRC subject to closure within 30 days of repeal of the ordinance, No. C.S. 1262. Outstanding fees owed to the County by the operator including additional fees for Quarters 3 and 4 of 2023, would still be required to be paid unless other arrangements, agreed to by the County, are made.

ENVIRONMENTAL REVIEW

Under California law, the subject project was subject to review under the California Environmental Quality Act (CEQA) and a CEQA determination was adopted at the time of project approval. 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. As the DA cancellation will remove authority for development from the parcel, no impacts are anticipated, thus the action of cancellation is not subject to CEQA.

RECOMMENDATION

Recommend the Board of Supervisors:

1. Find that Natural Remedies Consulting, Inc. is in material breach of the terms of the Development Agreement (DA) for Use Permit (UP) No. PLN2018-0101 – Natural Remedies Consulting, Inc.
2. Cancel the DA for UP No. PLN2018-0101 – Natural Remedies Consulting, Inc., ordering closure of all components of the operation within 30 days of the repeal of ordinance No. CS 1262, subject to inspection by the County.
3. Order the filing of a notice of DA Cancellation with the Stanislaus County Clerk Recorders Office.

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

Attachments:

Exhibit 1 – December 17, 2019 Board of Supervisors Agenda Report with the following attachments:

- Attachment 1: November 21, 2019 Planning Commission Staff Report*
- Attachment 2: November 21, 2019 Planning Commission Minutes Excerpt
- Attachment 3: Proposed Ordinance and Development Agreement**
- Attachment 4: Proposed Rezone Ordinance and Sectional District Map**

Exhibit 2 – Notices to the Operator

**Exhibit B-8 – Maps (Facility Floor Plan) and Exhibit D – Development Agreement are not included but can be reviewed upon request at the Stanislaus county Planning & Community Development Department or the Clerk of the Boards office.*

***Attachments have been updated with the executed versions of each attachment.*

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY**

DEPT: Planning and Community Development

BOARD AGENDA:6.2
AGENDA DATE: December 17, 2019

SUBJECT:

Conduct a Public Hearing to Consider the Planning Commission's Recommendation of Approval for General Plan Amendment, Rezone, Use Permit, and Development Agreement Application No. PLN2018-0101 - Natural Remedies Consulting, Request to Amend the General Plan and Zoning Designation to Allow Indoor Commercial Cannabis Cultivation, Manufacturing (Non-Volatile), Retail, and Distribution Activities Within An Existing 12,000 Square-Foot Warehouse, Located at 5272 Jerusalem Court, North of Kiernan Avenue, in the Modesto Area

BOARD ACTION AS FOLLOWS:

RESOLUTION NO. 2019-0771

On motion of Supervisor Chiesa , Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Chiesa, DeMartini, and Chairman Withrow

Noes: Supervisors: None

Excused or Absent: Supervisors: Berryhill

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

ATTEST: 
PAM VILLARREAL, Assistant Clerk

EXHIBIT 1
File No. ORD-56-R-2
ORD-56-S-1

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Planning and Community Development

BOARD AGENDA:6.2

AGENDA DATE: December 17, 2019

CONSENT

CEO CONCURRENCE:

4/5 Vote Required: No

SUBJECT:

Conduct a Public Hearing to Consider the Planning Commission's Recommendation of Approval for General Plan Amendment, Rezone, Use Permit, and Development Agreement Application No. PLN2018-0101 - Natural Remedies Consulting, Request to Amend the General Plan and Zoning Designation to Allow Indoor Commercial Cannabis Cultivation, Manufacturing (Non-Volatile), Retail, and Distribution Activities Within An Existing 12,000 Square-Foot Warehouse, Located at 5272 Jerusalem Court, North of Kiernan Avenue, in the Modesto Area

STAFF RECOMMENDATION:

1. Conduct a public hearing to consider the Planning Commission's recommendation for approval of General Plan Amendment, Rezone, Use Permit, and Development Agreement Application No. PLN2018-0101 – Natural Remedies Consulting, request to amend the General Plan and Zoning Designation to allow indoor commercial cannabis cultivation, manufacturing (non-volatile), retail, and distribution activities, located at 5272 Jerusalem Court, north of Kiernan Avenue, in the Modesto area.
2. Adopt the Negative Declaration pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15074(b), by finding that on the basis of the whole record, including the Initial Study and any comments received, that there is no substantial evidence the project will have a significant effect on the environment and that the Negative Declaration reflects Stanislaus County's independent judgment and analysis.
3. Order the filing of a Notice of Determination with the Stanislaus County Clerk-Recorder's Office pursuant to Public Resources Code Section 21152 and CEQA Guidelines Section 15075.
4. Find that:
 - a. The General Plan Amendment will maintain a logical land use pattern without detriment to existing and planned land uses;
 - b. The County and other affected governmental agencies will be able to maintain levels of service consistent with the ability of the governmental agencies to provide a reasonable level of service;

- c. The amendment is consistent with the General Plan goals and policies;
 - d. Find that the proposed Planned Development (P-D) zoning is consistent with the Planned Development General Plan designation;
 - e. The establishment, maintenance, and operation of the proposed use or building applied for is consistent with the General Plan and will not, under the circumstances of the particular case, be detrimental to the health, safety and general welfare of persons residing or working in the neighborhood of the use and that it will not be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the County; and
 - f. The alternative to the Agricultural Buffer Standards applied to this project provides equal or greater protection than the existing buffer standards.
5. 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; and
 - f. Will promote and encourage the orderly development of the proposed project by providing a greater degree of requisite certainty.
6. Approve General Plan Amendment, Rezone, Use Permit, and Development Agreement Application No. PLN2018-0101 – Natural Remedies Consulting, subject to the attached Development Standards.
7. Authorize the Chairman of the Stanislaus County Board of Supervisors to execute the attached Development Agreement.
8. Introduce, waive the reading, and adopt the ordinances for the approved Rezone and Development Agreement.

DISCUSSION:

This project is a request to amend the General Plan and zoning designation of a 1.01-acre property from P-I (Planned Industrial) to P-D (Planned Development), and to obtain a Use Permit and Development Agreement, to allow indoor commercial cannabis cultivation, manufacturing (non-volatile), retail, and distribution activities in a portion of an existing 12,000 square-foot warehouse building.

The site is located at 5272 Jerusalem Court, north of Kiernan Avenue, in the Modesto area. The project site is surrounded by light industrial development and low traffic generating commercial uses to the south and west; orchards to the east; open space and a Modesto Irrigation District canal to the north; and the City of Modesto to the south. Two County approved indoor commercial cannabis cultivation and distribution operations are also located to the south and west of the project site (UP & DA PLN2018-0094 – Lyfted Farms – 5271 – Jerusalem Court and UP & DA PLN2018-0095 – Lyfted Farms – 5266 Jerusalem Court). Both applications were approved by the Planning Commission on January 17, 2019 and were subsequently approved by the Board of Supervisors on February 12, 2019, and February 26, 2019, respectively.

The existing 12,000 square-foot building includes a total of four suites. The project proposes to utilize three of the suites, B through D. Suite A is not a part of the proposed project and is currently occupied by a hearing aid testing business. The site is also developed with 41 paved parking spaces and existing landscaping around the parcel. A detailed project description including a floor plan, along with a Development Agreement, as required Chapter 6.78.060 of the Stanislaus County Code, is provided in the November 21, 2019 Planning Commission Staff Report (see Attachment 1 – *November 21, 2019 Planning Commission Staff Report*).

As discussed in the Planning Commission Staff Report, the proposed business is adjacent to agricultural property, zoned A-2 (General Agriculture), on the eastern property line. This property boundary is currently fenced but does not meet the required 300-foot Agricultural buffer for people intensive uses. Accordingly, the applicant is proposing an agricultural buffer alternative which consists of a reduced setback with fencing. Light industrial development has already occurred to the west and south of the project site. The agriculturally zoned parcel to the east is planted in trees. The project site is physically separated from both parcels with a chain-link fence with slats. Furthermore, the building entrances are facing westerly away from the agriculturally zoned parcels, and only emergency exits face east at the back side of the building. The building would shield a majority of the areas of the proposed project that are people intensive. Staff believes that because the existing building and all people intensive uses would take place indoors, the proposed alternative can be found to provide equal protection to the existing buffer standards.

If approved, the fees to be collected from the project include a Community Benefit, which is divided into two categories, a Community Benefit Contribution and a Community Benefit Rate. Community Benefits are negotiated on a project-by-project basis and are required to be paid quarterly, by the operator to the Treasurer/Tax Collector.

The Community Benefit Contribution is intended to be distributed to local community charities and to be utilized for public improvement projects. The Community Benefit Contribution included in the Development Agreement for this project is an annual fee which will range from \$23,250 to \$65,500 over the first five years.

The Community Benefit Rate is based on the activities to be permitted and their proposed scope. The Community Benefit Rate for this project is as follows: indoor cultivation shall be \$30,000 for up to 5,000 square feet of canopy, \$70,000 for canopy ranging between 5,001 to 10,000 square feet, or \$176,000 for canopy ranging between 10,001 to 22,000 square feet; or \$70,000 per year, whichever is greater. The remaining Community Benefit Rates are as follows: 3% of gross receipts for distribution activities; \$50,000 or of 8% of gross receipts, whichever is greater for manufacturing activities, which are estimated to start in 2023; and an annual amount ranging from of \$390,000 to \$470,000 over the first five years or 8% of gross receipts, whichever is greater, for retail activities. All Community Benefit Rate fees collected are intended to be used for enforcement activities of illegal cannabis activities throughout the County.

The proposed Development Agreement has a term of five years and the fees will be reassessed under a subsequent Development Agreement or any amendments to the proposed Development Agreement.

The Planning Commission on November 21, 2019, conducted a public hearing for the proposed project. Following staff's presentation, Commissioner Mott confirmed the proximity of the agricultural parcel to the project site and that exit doors on the east side of the building were only for emergency exits only. Commissioner Willerup expressed that the project appeared to have adequate parking and Chair Hicks stated he was not concerned with the agricultural buffer setback. No one spoke in favor or opposition of the proposed project. A motion to recommend approval to the Board of Supervisors was made and was approved unanimously, on a vote of 5-0.

POLICY ISSUE:

In order to consider an amendment to the General Plan and a rezone request, the Board of Supervisors must hold a public hearing. In order to approve an amendment to the General Plan, the decision-making body must find that the amendment will maintain a logical land use pattern without detriment to existing and planned land uses; that the County and other affected governmental agencies will be able to maintain levels of service consistent with the ability of the governmental agencies to provide a reasonable level of service; and that the amendment is consistent with the General Plan goals and policies. In order to approve a rezone, it must be found to be consistent with the General Plan. In this case, provided the General Plan designation is amended to Planned Development, the proposed Planned Development zoning designation would be consistent. As required by Chapter 6.78.060 of the Stanislaus County Code, prior to operating in the County, the permittee of each commercial cannabis activity shall enter into a development agreement, as specified in Title 22 of the Stanislaus County Code and shall obtain all necessary entitlements, as required by Title 21 of the Stanislaus

County Code. Title 21 requires that a use permit be obtained prior to operating a commercial cannabis business.

FISCAL IMPACT:

Costs associated with processing this request, including setting the public hearing, publishing of required notices, and conducting the hearing, have been covered by the application fee deposit plus revenue from additional invoicing at project end.

BOARD OF SUPERVISORS' PRIORITY:

Approval of this action supports the Board of Supervisors' priority of *Developing a Healthy Economy and Delivering Efficient Public Services & Community Infrastructure* by providing a land use determination consistent with the overall goals and policies of the Stanislaus County General Plan.

STAFFING IMPACT:

Planning and Community Development Department staff is responsible for reviewing all applications, preparing all reports, and attending meetings associated with the proposed request.

CONTACT PERSON:

Angela Freitas, Planning and Community Development Director
Telephone: (209) 525-6330

ATTACHMENT(S):

1. November 21, 2019 Planning Commission Staff Report
2. November 21, 2019 Planning Commission Minutes Excerpt
3. Proposed Ordinance and Development Agreement
4. Proposed Rezone Ordinance and Sectional District Map

STANISLAUS COUNTY PLANNING COMMISSION

November 21, 2019

STAFF REPORT

**GENERAL PLAN AMENDMENT, REZONE, USE PERMIT, AND DEVELOPMENT
AGREEMENT APPLICATION NO. PLN2018-0101
NATURAL REMEDIES CONSULTING**

REQUEST: TO AMEND THE GENERAL PLAN AND ZONING DESIGNATION OF A 1.01-ACRE PROPERTY FROM PLANNED INDUSTRIAL TO PLANNED DEVELOPMENT, AND TO OBTAIN A USE PERMIT AND DEVELOPMENT AGREEMENT, TO ALLOW INDOOR COMMERCIAL CANNABIS CULTIVATION, MANUFACTURING (NON-VOLATILE), RETAIL, AND DISTRIBUTION ACTIVITIES WITHIN AN EXISTING 12,000 SQUARE-FOOT WAREHOUSE BUILDING.

APPLICATION INFORMATION

Applicant:	Cheryl King, dba Natural Remedies Consulting
Property Owner:	Menghetti Construction, Inc.
Agent:	N/A
Location:	5272 Jerusalem Court, north of Kiernan Avenue, in the Modesto area.
Section, Township, Range:	32-2-9
Supervisor District:	District 4 (Supervisor Berryhill)
Assessor's Parcel:	004-065-019
Referrals:	See Exhibit H – Environmental Review Referral
Area of Parcel(s):	1.01± Acres
Water Supply:	Private Well
Sewage Disposal:	Private Septic System
General Plan Designation:	Planned Industrial
Community Plan Designation:	N/A
Sphere of Influence:	N/A
Existing Zoning:	P-I 7 (Planned Industrial)
Williamson Act Contract No.:	N/A
Environmental Review:	Negative Declaration
Present Land Use:	Existing light industrial warehouse building and paved parking lot.
Surrounding Land Use:	Two County approved commercial cannabis cultivation and distribution operations, light industrial development and low traffic generating commercial uses to the south and west; orchards to the east; open space and Modesto Irrigation District canal to the north; and the City of Modesto to the south.

RECOMMENDATION

Staff recommends the Planning Commission recommend that the Board of Supervisors approve this request based on the discussion below and on the whole of the record provided to the County. If the Planning Commission decides to recommend approval of this project, Exhibit A provides an overview of all the findings required for project approval.

PROJECT DESCRIPTION

This project is a request to amend the General Plan and zoning designation of a 1.01-acre property from P-I (Planned Industrial) to P-D (Planned Development), and to obtain a Use Permit and Development Agreement, to allow indoor commercial cannabis cultivation, manufacturing (non-volatile), retail, and distribution activities in a portion of an existing 12,000 square-foot warehouse building. The proposed operation will take place in existing Suites B through D and will consist of the following:

Suite B

Suite B is proposed to be utilized for indoor cultivation activities and will consist of three rooms totaling 2,052 square feet for the indoor cultivation of cannabis. Suite B will also consist of areas for storage of cannabis products and waste. The suite will have multiple interior connections to Suite C.

Suite C

Suite C is proposed to be utilized for distribution and processing activities, storage, a security station, and employee breakroom. Four rooms will be utilized for the processing and packaging of cannabis, for product grown on-site and product produced by other licensed operators brought in via the operator's commercial cannabis distribution license. All transfer of product related to distribution activities, including the loading and unloading of all cannabis or cannabis product, will take place indoors within Suite C. Suite C also has multiple interior connections to Suites B and D.

Suite D

Suite D is proposed to be utilized for non-volatile manufacturing and retail activities. The portion of Suite D that connects to Suite C will be used for non-volatile manufacturing of commercial cannabis. Manufacturing activities will include the use of low temperature mechanical presses to create resin from the cannabis flower. A second manufacturing process will consist of a cold extraction system with food grade ethanol to create cannabis oil from trim and waste product from the presses. The used ethanol will be recycled and disposed of at designated certified facilities.

The remaining portion of Suite D will be utilized for the retail sales of commercial cannabis and manufactured cannabis product. The retail portion includes a security station at the entrance/exit of the suite, a waiting room for customers, offices, a breakroom and restrooms, a limited access storage vault, and a limited access area for retail sales.

The facility is currently in operation with a temporary state license for cultivation and retail. The applicant holds temporary licenses for distribution and manufacturing but does not anticipate beginning operation of those activities until June of 2020 at the earliest.

Hours of operation for the retail portion are proposed to be Monday through Thursday, from 10 a.m. to 8 p.m., Friday through Saturday 10 a.m. to 9 p.m., and Sundays, from 10 a.m. to 5 p.m. Cultivation, manufacturing, and distribution activities are proposed to be Monday through Friday,

from 9 a.m. to 5 p.m. The operation will include a maximum of 21 employees on-site per shift, comprising of 10 employees for the retail activities, three employees for the manufacturing activities, two employees for distribution activities, four employees for cultivation activities, and two security personnel.

The project proposes to adhere to the development standards, such as parking and landscaping, approved for the current P-I (7) zoning. The applicant has proposed signage for the business, which has been included with the project request (See Exhibit B – *Maps*).

A floor plan for the project is included in Exhibit B – *Maps* and Attachment C of Exhibit D – *Development Agreement*. A Development Agreement is included in the project request, as required by Chapter 6.78.060 of the Stanislaus County Code.

SITE DESCRIPTION

The site is located at 5272 Jerusalem Court, north of Kiernan Avenue, in the Modesto area. The project site is surrounded by light industrial development and low traffic generating commercial uses to the south and west; orchards to the east; open space and a Modesto Irrigation District canal to the north; and the City of Modesto to the South (see Exhibit B – *Maps*). Two County approved indoor commercial cannabis cultivation and distribution operations are also located to the south and west of the project site (UP & DA PLN2018-0094 – Lyfted Farms – 5271 – Jerusalem Court and UP & DA PLN2018-0095 – Lyfted Farms – 5266 Jerusalem Court). Both applications were approved by the Planning Commission on January 17, 2019, and were subsequently approved by the Board of Supervisors on February 12, 2019, and February 26, 2019, respectively.

The existing 12,000 square-foot building includes a total four suites. The project proposes to utilize three of the suites, B through D. Suite A is not a part of the proposed project and is currently occupied by a hearing aid testing business. The site is also developed with 41 paved parking spaces and existing landscaping around the parcel.

BACKGROUND

On June 27, 2017, the Governor approved Senate Bill 94, the Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), which created one regulatory system for commercial cannabis activity. This legislation allowed each jurisdiction to either permit or prohibit commercial cannabis activity within their jurisdictions.

On December 5, 2017, the Stanislaus County Board of Supervisors approved a Commercial Cannabis Program for Stanislaus County which allows for up to 61 cannabis activities permits, prohibits outdoor cannabis cultivation, and limits retail to no more than seven establishments in the unincorporated area (to view the December 5, 2017, Board of Supervisor item visit the [Board of Supervisors Agenda, Minutes, Audio & Video](#) web page at www.stancounty.com/bos). The County adopted two separate ordinance amendments addressing commercial cannabis activities: Title 21, the Stanislaus County Zoning Ordinance, which was adopted on December 5, 2017, specifies the zoning districts where each commercial cannabis activity may be permitted, subject to the discretionary review process; and Chapter 6.78, of the County Code, which was adopted on January 9, 2018, lays out the general regulations for commercial cannabis activities in the County, including operating standards such as required setbacks from specific uses, odor control, and security measures.

In January 2018, the County received 61 complete applications requesting a total of 84 commercial cannabis permits. The County contracted with a third-party reviewer, HDL Consulting, to review and

score each application to determine a ranking and to ensure compatibility with state regulations. A background screening was also conducted by the Sheriff's Department for all business and property owners. The process for retail activities included additional scoring steps consisting of site inspections and interviews with County staff. Total scores were calculated to determine a final ranking and waiting list of all retail applicants. The top seven ranked retail applications have proceeded forward to the land use entitlement phase. After this review, 33 applications, including 45 permits, moved forward into the land use entitlement and development agreement phase of the permitting process, which requires a Planning Commission hearing and Board of Supervisors approval. The process involves environmental review, public notification, and public hearings.

To date, 19 of the 33 applications have moved forward in the process to Public Hearing before the Board of Supervisors, including: 16 approved locations for a total of 21 permits; 3 approved retail locations; and 3 continued applications to allow the applicants to find a different location.

ISSUES

No issues have been identified as a part of this request. Standard operating conditions have been applied to the project as Development Standards. (see Exhibit C – *Development Standards*).

GENERAL PLAN CONSISTENCY

Consistency with the goals, objectives, and policies of the various elements of the General Plan must be evaluated when processing all discretionary project requests. The project site has a General Plan designation of Planned Industrial. This designation is intended to provide locations for light industrial development. The appropriate zoning to be prescribed for the Planned Industrial designation is A-2 (General Agriculture), P-I (Planned Industrial), LI (Light Industrial), IBP (Industrial Business Park), SCP-PI (Salida Community Plan, Planned Industrial), and all industrial or business park related P-D (Planned Development) zones. The Planned Industrial land use designation does not include higher traffic generating commercial and retail uses such as commercial cannabis retail sales. Accordingly, an amendment to the general plan designation from Planned Industrial to Planned Development is proposed as part of this project.

The proposed General Plan designation of Planned Development (P-D) is intended for areas appropriate for land which, because of demonstrably unique characteristics, may be suitable for commercial use. If approved, the proposed P-D zoning would be compatible with the proposed General Plan Designation of Planned Development.

The applicant has submitted findings for the requested General Plan Amendment (Exhibit G – *Applicant's General Plan Findings*). The findings touch on the area adjacent to the project site, which includes a mixture of both Planned Development and Planned Industrial designated parcels. Additionally, the applicant states the amendment would not have any adverse fiscal impacts on the surrounding business or their property values as the area has already been developed with industrial buildings.

Goal Three, Policy 19 of the Land Use Element encourages accommodating the siting of industries with unique requirements. Approval of this request would uphold this General Plan goal and policy, by recognizing the siting of a new industry type.

The Stanislaus County Agricultural Element includes guidelines for the implementation of agricultural buffers applicable to new and expanding non-agricultural uses within or adjacent to the A-2 zoning district. The purpose of these guidelines is to protect the long-term health of agriculture by minimizing conflicts such as spray drift and trespassing resulting from the interaction of

agricultural and non-agricultural uses. People intensive uses such a retail uses require a 300-foot buffer between the proposed use and surrounding agriculture. Alternatives may be approved provided the Planning Commission finds that the alternative provides equal or greater protection than the existing buffer standards. The project site is only adjacent to agricultural property, zoned A-2 (General Agriculture), on the eastern property line. This property boundary is currently fenced but does not meet the 300-foot buffer.

Accordingly, the applicant is proposing a reduced setback to the eastside as an agricultural buffer alternative. The project, including the proposed buffer alternative, was referred to the Agricultural Commissioner's Office and no comment to the alternative has been received. Light industrial development has already occurred to the west and south of the project site. The agriculturally zoned parcel to the east is planted in trees. The project site is physically separated from both parcels with a chain-link fence with slats. Furthermore, the building entrances are facing westerly away from the agriculturally zoned parcels, and only emergency exists face east at the backside of the building. The building would shield a majority of the areas of the proposed project that are people intensive. Staff believes that because the existing building and all people intensive uses would take place indoors, the proposed alternative can be found to provide equal protection to the existing buffer standards. Additionally, the project is requesting the ability to utilize the already developed site for uses similar in intensity to those that have been previously approved, and the addition of retail uses.

Staff believes that if approved the proposed project would be consistent with the General Plan policies discussed above. The property is already developed with a warehouse building historically used for light industrial uses. The proposed non-retail cannabis activities are consistent with the light industrial uses currently allowed within the PI designation and would be consistent with the proposed PD designation. While the project site and the surrounding area off Jerusalem Court are predominately comprised of light industrial uses, the proposed retail use is consistent with other more people intensive uses located within the PD portions of the business park area located north of Kiernan Avenue and west of McHenry Avenue off Pentecost and Charity Ways. Other more people intensive uses in the area include the Elks Lodge, various low traffic generating retail uses, and GymStars.

CONSISTENCY WITH THE ZONING & DEVELOPMENT AGREEMENT ORDINANCES

The site is currently zoned P-I (7) (Planned Industrial), which was approved for uses consistent with Planned Industrial (P-I) zoning district. Commercial cannabis non-storefront retail, indoor cultivation, distribution, non-volatile manufacturing, and testing activities are permitted uses in the Planned Industrial zoning district when a use permit is obtained. However, as the project proposes storefront retail activities a rezone to Planned Development is required. The previously approved Development Plan for P-I (7) included specific development regulations and design standards applicable to the project's site, which would still be applicable. Development standards including signage, parking, landscaping, and development schedule have been met as the site is already developed. Additionally, the applicant has proposed informational signage as part of the proposed project. The proposed signage will consist of the business logo and informational decals on the doors of each suite.

In order to approve a use permit, the decision-making authority shall make a finding that the establishment, maintenance, and operation of the proposed use or building applied for is consistent with the General Plan and will not, under the circumstances of the particular case, be detrimental to the health, safety and general welfare of persons residing or working in the neighborhood of the use and that it will not be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the County. If after receiving and considering the evidence, and any proposed conditions, the decision-making body is unable to make the findings, the use permit shall

be denied. In this case, the Planning Commission is providing a recommendation to the Board of Supervisors which will serve as the decision-making body for both the Use Permit and the Development Agreement.

Chapter 21.08.020(D), General Provisions, of the Stanislaus County Zoning Ordinance requires that commercial cannabis activities be located and operated in compliance with all the requirements of Chapter 6.78 of the Stanislaus County Code. A discussion of the project's compatibility with Chapter 6.78 is provided below in the section titled "Commercial Cannabis Activities Ordinance Consistency." General Provisions also require that property owner notification for the consideration of any discretionary action authorizing commercial cannabis activities be required at a distance of 600 feet, increased from the State required 300 feet, measured from the boundaries of the project site, unless a greater distance is required by adopted County policy or State requirement. Per County policy, in a rural area, all owners of property within a 1/4 mile, or 1,320 feet, shall be notified. All projects are required to notice a minimum of two parcels out in each direction. The landowner notification completed for this project has met these standards.

As stated previously, the proposed project will utilize Suites B-D of the existing 12,000 square-foot warehouse building for commercial cannabis cultivation, non-volatile manufacturing, storefront retail and distribution. In accordance with Section 21.76.060 of the Zoning Ordinance, the parking requirement for manufacturing or assembly plants and wholesale warehouses requires one space for each employee on a maximum shift plus three additional spaces. The applicant anticipates a total of 21 employees per maximum shift for all proposed activities, which would require a total of 24 parking spaces needed. Additionally, 21.76.150 of the Zoning Ordinance requires one space for every 300 square feet of floor space for retail uses. The proposed retail area consists of approximately 2,100 square feet of space, which would require seven total parking spaces. The project site has already been developed with 41 spaces, which would exceed the combined off-street parking requirement of 31 spaces for the proposed project. Additionally, Suite A has been assigned three parking spaces. The remaining seven spaces will act as overflow parking for the retail portion of operation.

As required by Chapter 6.78.060 of the Stanislaus County Code, prior to operating in the County, the permittee of each commercial cannabis activity shall enter into a development agreement, as specified in Title 22 of the Stanislaus County Code. Title 22 specifies that the Planning Commission shall consider the proposed development agreement and provide a recommendation to the Board of Supervisors. The recommendation shall include the Planning Commission's determination on whether or not 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 be detrimental to health, safety and general welfare;
- e. Will adversely affect the orderly development of property or the preservation of property values; and
- f. Will promote and encourage the orderly development of the proposed project by providing a greater degree of requisite certainty.

A Development Agreement has been prepared for this project (see Exhibit D – *Development Agreement*). Attachments to the Development Agreement include: Attachment A - Project Description, Attachment B - Legal Description/Property Description, Attachment C – Site/Floor Plan, Attachment D - Operating Conditions, Attachment E - Community Benefits, Attachment F –

Lease/Grant Deed, and Attachment G – Development Schedule. Fees to be collected from the project include a Community Benefit, which is divided into two categories, a Community Benefit Contribution and a Community Benefit Rate. Community Benefits are negotiated on a project-by-project basis.

The Community Benefit Contribution is to be paid quarterly, by the operator, and is intended to be distributed to local community charities and to be utilized for public improvement projects. The Community Benefit Contribution included in the Development Agreement for this project is an annual fee which will range from \$23,250 to \$65,500 over the first five years.

The Community Benefit Rate is based on the activities to be permitted and their proposed scope. The Community Benefit Rate for indoor cultivation shall be \$30,000 for up to 5,000 square feet of canopy, \$70,000 for canopy ranging between 5,001 to 10,000 square feet, or \$176,000 for canopy ranging between 10,001 to 22,000 square feet; or \$70,000 per year, whichever is greater. The Community Benefit Rate for distribution activities is 3% of gross receipts for distribution of the permittee's products, manufacturing activities starting in 2023 is \$50,000 or of 8% of gross receipts, whichever is greater; for retail activities an annual amount ranging from of \$390,000 to \$470,000 over the first five years or 8% of gross receipts.

Fees are required to be paid to the Treasurer/Tax Collector on a quarterly basis. All Community Benefit Rate fees collected are intended to be used for enforcement activities of illegal cannabis activities throughout the County.

The proposed Development Agreement has a term of five years and the fees will be reassessed under a subsequent Development Agreement or any amendments to the proposed Development Agreement.

Staff believes that the proposed project is consistent with the requirements of both the Zoning and Development Agreements Ordinances of the Stanislaus County Code. The proposed rezone to a Planned Development that allows uses consistent with Planned Industrial such as manufacturing (non-volatile), testing labs, distribution, and cultivation or nursery activities (mixed-light or indoor) permitted subject to the approval of a use permit as well as commercial cannabis storefront retail. The applicant has provided information on the operation which indicates that the project conforms to the requirements included in Chapter 6.78 of the County Code, as discussed below. With development standards in place, the proposed business is not anticipated to have a negative impact to the surrounding neighborhood or County as a whole.

COMMERCIAL CANNABIS ACTIVITIES ORDINANCE CONSISTENCY

The intent of Chapter 6.78, Commercial Cannabis Activities, of the Stanislaus County Code, is to regulate the cultivation, possession, manufacturing, processing, storing, laboratory testing, labeling, transportation, destruction, delivery, or sale of medicinal and adult-use cannabis and cannabis products in a responsible manner to protect the health, safety, and welfare of the residents of Stanislaus County and to enforce rules and regulations consistent with state law. Furthermore, the purpose and intent of Chapter 6.78 is to require all commercial cannabis activities to obtain and renew annually a Commercial Cannabis Activity (CCA) Permit to operate in Stanislaus County.

Cultivation: Section 6.78.080 – Commercial cannabis cultivation, of the Commercial Cannabis Activities Ordinance states that in no case, shall cannabis plants be visible from off-site, including the transfer of product. All commercial cannabis cultivation operations shall occur within a greenhouse or fully enclosed building. All cultivation and distribution activities associated with this

project will occur entirely within the existing warehouse. Existing fencing has been installed behind the building on the eastern property line, however, no further fencing is required.

Distribution: All commercial cannabis products shall only be transported between commercial cannabis activities that have valid local and State commercial cannabis permits and/or licenses. Furthermore, all distribution activities are required to implement the following record keeping activities: completion of a shipping manifest as required by state law, which includes track and trace unique identifier information from the cultivation source, keep a copy of the manifest within the distribution vehicle at all times, appropriate record keeping of transactions and shipping manifests, an organized method of storing and transporting cannabis and cannabis products, and a maintain a clear chain of custody of the product distributed. Distribution activities must also ensure that an appropriate sampling of cannabis or cannabis products are tested by a licensed testing facility prior to distribution. Testing records shall be maintained by the distributor. All cannabis or cannabis products shall be inspected, packaged, and labeled in accordance with state law. Lastly, distributors are proposing to use zero emissions vehicles as part of their fleet.

Retail: All retail permittees shall ensure that all cannabis and cannabis products sold by the retailer are cultivated, manufactured, transported, distributed, and tested by California licensed and permitted facilities that are in full conformance with State and local regulations. In compliance with State of California rules and regulations, retail permittees shall not distribute any cannabis or cannabis products unless such products are labeled and in a tamper-proof package. Furthermore, retail permittees shall not provide free samples of any type, including cannabis goods, to any person, and shall not allow any person to provide free samples on the permittee's premises. Supplemental security procedures exist for retail operators that require age verification of all customers, and in cases of medical cannabis customers, all pertinent medical documentation must be presented to the permittee. Entrances into areas of retail shall be locked at all times and entry shall be strictly controlled through an electronic/mechanical entry system. Uniformed security shall be present on-site to control loitering, site access, prevent sampling or product use, and to serve as visual deterrents for unlawful activities during business hours.

Manufacturing: All permittees that have requested manufacturing activities shall include adequate quality control measures to ensure cannabis products manufactured on-site meet industry standards, as well as all applicable state and local regulations. Manufactures shall meet all Stanislaus County Department of Environmental Resources requirements for the storage and handling of hazardous materials, a condition of approval has been included for compliance with a hazardous materials business plan. All equipment for both volatile or non-volatile manufacturing processes must be independently approved by the local fire authority and equipment must be certified by an engineer licensed by the State of California. All employees involved in manufacturing process shall be fully trained on how to use the systems, have direct access to applicable material safety data sheets and handle and store the materials safely.

Additionally, all commercial cannabis activities are required to meet the General Operation Standards laid out in Section 6.78.120. Those standards include, but are not limited to, the following:

Buildings: If commercial cannabis activities are to take place in an existing structure, that said structure shall obtain building permits for any improvements required to meet the building standards identified in Chapter 6.78, which include walls, doors, and the roof, shall be of solid construction, and shall include material strong enough to prevent entry except through an open door, and walls

with a minimum thickness of six inches. The building is existing but will require building permits to be obtained for changes in occupancy types, interior improvements, and for any equipment installed. This project will be required to obtain building permits as reflected in development standards applied to the project.

Security: All commercial cannabis activities are required to provide a security plan to the Sheriff's Department for review and approval. The security plan shall be reviewed annually or as often as deemed necessary by the Sheriff's Department. The security plan shall include security measures to deter and prevent the unauthorized entrance into areas containing cannabis or cannabis products and to deter and prevent the theft of cannabis or cannabis products. The building is required to include a professionally installed and maintained alarm system, monitored by an alarm company or private security company, which monitors the interior, all perimeter entry points and windows, and the parking lot, 24 hours a day. Alarm system panic buttons and perimeter lighting are also required.

The applicant provided a security plan which includes employee screening, a secure method which takes place indoors for the loading and off-loading of products for distribution activities, alarms and on-site security and surveillance systems. The operation will also include an armed security guard at the entrance of the retail portion of the operation during business hours. Another security guard will be monitoring security cameras throughout the building. The Sheriff's Department has reviewed and approved the security plan provided for the project. However, the applicant will be required to submit a formal security plan to the Sheriff's Department for review and approval, as reflected in development standards applied to the project.

Setbacks: Section 6.78.120 identifies several setback requirements for commercial cannabis uses including the local setback requirement of 200 feet from residences located on a separate parcel under different ownership or a library, and the State required setback of 600 feet from a day care center, youth center (including parks), or school. The proposed project is in conformance with each of these setbacks. The nearest know residential use is 650 feet away, the two closest businesses that serve youth, Ultimate Athlete Jiu-Jitsu and Gym Stars, are located over 1,000 feet away from the site, and the nearest school is Big Valley Christian Highschool, which is located approximately 1.22 miles away.

Odor Control: Odor control devices and techniques are required to be incorporated into all commercial cannabis activities to ensure that odors from cannabis are not detectable off-site. Commercial cannabis activities shall provide a sufficient odor absorbing ventilation and exhaust system so that cannabis odors are not detected outside of the facility, anywhere on adjacent property or public rights-of-way, on or about the exterior or interior common area walkways, hallways, breezeways, foyers, lobby areas, or any other areas available for use by common tenants or the visiting public, or within any other unit located inside the same building as a commercial cannabis activity. Per the Air Quality and Odor Control Plan prepared for the project the building will include carbon filters to scrub the interior atmosphere of odors, as well as ensure all products are securely packaged to eliminate any odors.

Signage and Notices: The operator's CCA Permit is required to be posted inside the premises of the commercial cannabis business in a location readily visible to the public. Each entrance to a commercial cannabis activity premises shall be visibly posted with a clear and legible notice indicating that no person under 21 years of age is permitted to enter upon the premises of the commercial cannabis activity, and that smoking, ingesting, or otherwise consuming cannabis in the parking areas, on the premises or in the areas adjacent to the premises is prohibited. Limits on the methods of advertising commercial cannabis activities is also included in Section 6.78.120. The applicant has proposed signage that will consist of the business logo and informational decals on

the doors of each suite. A condition of approval has been added that prior to issuance of a building permit for the proposed signs, the County Staff shall review and approve the design.

Track and Trace: All permittees shall comply with the State of California and Stanislaus County Agricultural Commissioner's requirements for unique identifiers and Track and Trace programs and shall pay all associated fees. The permittees shall obtain and use the unique identifiers from the State and County identified source, maintain them in a readable form and comply with all data entry requirements and pay all required fees. Non-compliance with any track and trace requirement shall be grounds for revocation, suspension or nonrenewal of the permittee's CCA permit.

Additionally, Section 6.78.120 restricts loitering, on-site consumption of cannabis products, and outdoor storage of cannabis or cannabis products and sets up standards for records and record keeping.

The applicant has provided information on the operation which indicates that the project conforms to the requirements included in Chapter 6.78 of the County Code. While that information is not included as part of this Staff Report, it has been reviewed and verified by the various County departments with responsibility for verifying compliance. Condition of Approval No. 2 of this Staff Report requires that the operation comply with all of the requirements set forth in Chapter 6.78 of the County Code (see Exhibit C – *Development Standards*). Additionally, these requirements will be verified through the building permit process and through annual monitoring of the operation during the required annual renewal process of the CCA Permit.

ENVIRONMENTAL REVIEW

Pursuant to the California Environmental Quality Act (CEQA), the proposed project was circulated to all interested parties and responsible agencies for review and comment and no significant issues were raised (see Exhibit H - *Environmental Review Referral*). A Negative Declaration has been prepared for approval prior to action on the use permit and development agreement itself as the project will not have a significant effect on the environment (see Exhibit F - *Negative Declaration*). Development standards reflecting referral responses have been placed on the project (see Exhibit C – *Development Standards*).

A referral response was received from the State of California Department of Food and Agriculture CalCannabis Division (CDFA), stating that the portions of the initial study did not have adequate information regarding listing the State agencies responsible for commercial cannabis licensing, explicit identification of each applicable statute CDFa is responsible for enforcing, listing tribes contacted in compliance of Assembly Bill 52, and evaluation of cumulative impacts of commercial cannabis cultivation being processed by Stanislaus County.

The following agencies whose approval for the project is required have been added to Section 10 of the Initial Study Checklist: State of California Department of Food and Agriculture Cal Cannabis Division, State of California Department of Public Health Manufactured Cannabis Safety Branch, and the California Department of Consumer Affairs, Bureau of Cannabis Control (See Exhibit E – *Amended Initial Study*). Additionally, based on the comments received from CDFa, Section XI *Land Use and Planning* of the initial study has been amended to include the state statutes applicable to this project and the analysis on potential cumulative impacts has been updated in Section XXI *Mandatory Findings of Significance*. Lastly, Exhibit H-Environmental Review Referral contains a comprehensive list of project correspondence including tribal notifications.

Note: Pursuant to California Fish and Game Code Section 711.4, all project applicants subject to the California Environmental Quality Act (CEQA) shall pay a filing fee for each project; therefore, the applicant will further be required to pay **\$2,411.75** for the California Department of Fish and Wildlife (formerly the Department of Fish and Game) and the Clerk Recorder filing fees. The attached Development Standards ensure that this will occur.

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

Attachments:

- Exhibit A – Findings and Actions Required for Project Approval
- Exhibit B – Maps
- Exhibit C – Development Standards
- Exhibit D – Development Agreement
- Exhibit E – Amended Initial Study
- Exhibit F – Negative Declaration
- Exhibit G – Applicant's Findings
- Exhibit H – Environmental Review Referral

Findings and Actions Required for Project Approval

1. Adopt the Negative Declaration pursuant to CEQA Guidelines Section 15074(b), by finding that on the basis of the whole record, including the Initial Study and any comments received, that there is no substantial evidence the project will have a significant effect on the environment and that the Negative Declaration reflects Stanislaus County's independent judgment and analysis.
2. Order the filing of a Notice of Determination with the Stanislaus County Clerk Recorder's Office pursuant to Public Resources Code Section 21152 and CEQA Guidelines Section 15075.
3. Find that:
 - (a) The General Plan Amendment will maintain a logical land use pattern without detriment to existing and planned land uses.
 - (b) The County and other affected governmental agencies will be able to maintain levels of service consistent with the ability of the governmental agencies to provide a reasonable level of service.
 - (c) The amendment is consistent with the General Plan goals and policies.
 - (d) Find that the proposed Planned Development (P-D) zoning is consistent with the Planned Development General Plan designation.
 - (e) The establishment, maintenance, and operation of the proposed use or building applied for is consistent with the General Plan and will not, under the circumstances of the particular case, be detrimental to the health, safety and general welfare of persons residing or working in the neighborhood of the use and that it will not be detrimental or injurious to property and improvements in the neighborhood or to the general welfare of the County.
 - (f) The alternative to the Agricultural Buffer Standards applied to this project provides equal or greater protection than the existing buffer standards.
4. 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.






5. Approve General Plan Amendment, Rezone, Use Permit, and Development Agreement Application No. PLN2018-0101 – Natural Remedies Consulting, subject to the attached Development Standards.
6. Authorize the Chairman of the Stanislaus County Board of Supervisors to execute the attached Development Agreement.
7. Introduce, waive the reading, and adopt the ordinances for the approved Rezone and Development Agreement.

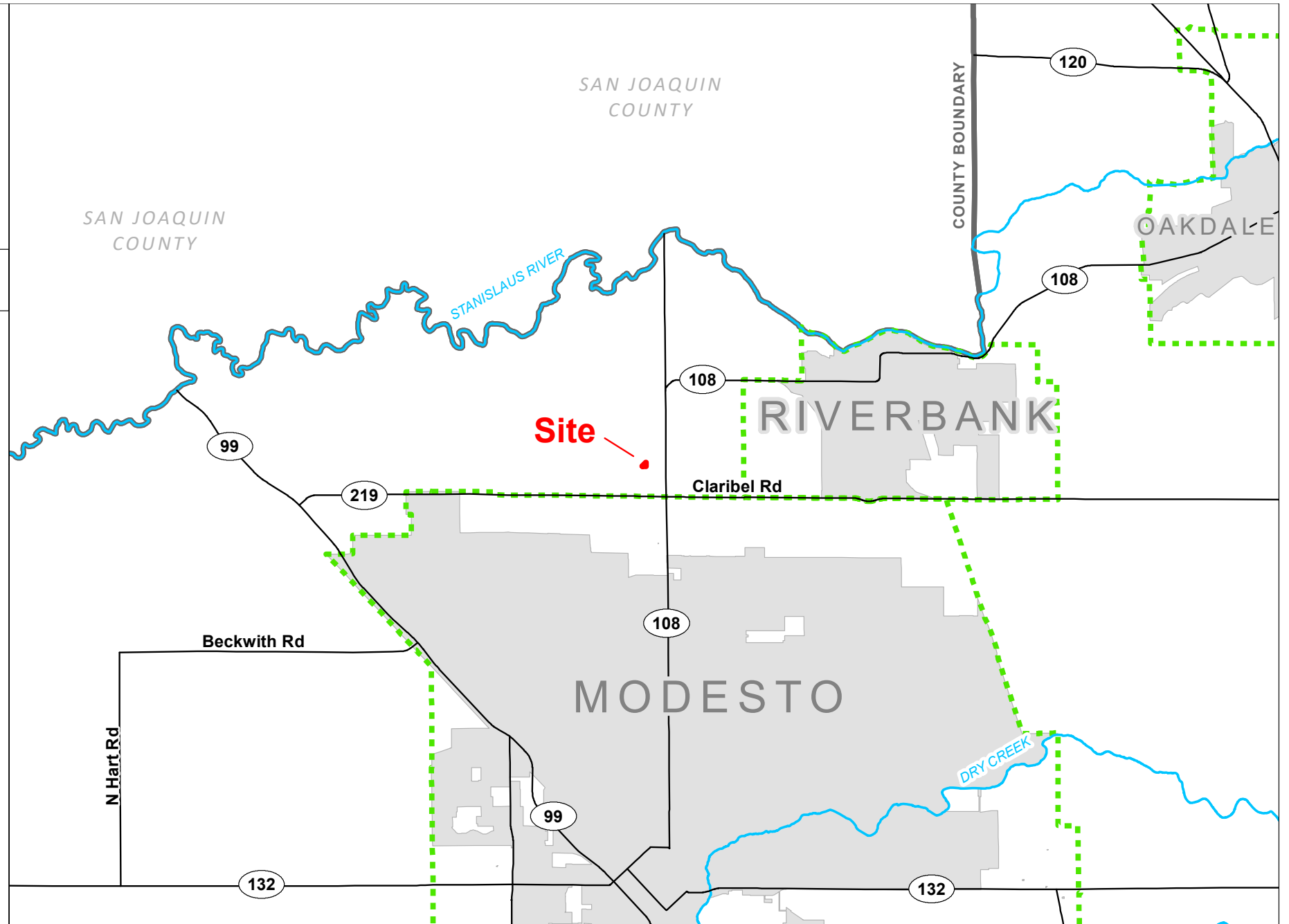
NATURAL REMEDIES CONSULTING

GPA REZ UP DA PLN2018-0101

AREA MAP

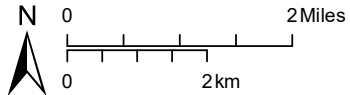
LEGEND

-  Project Site
-  Sphere of Influence
-  City
-  Road
-  River



14

EXHIBIT B-1



Source: Planning Department GIS





Date: 9/19/2019

NATURAL REMEDIES CONSULTING


GPA REZ UP DA PLN2018-0101

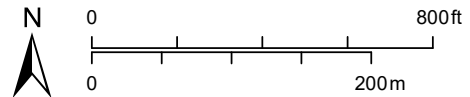
GENERAL PLAN MAP

LEGEND

-  Project Site
-  Parcel
-  Road
-  Canal

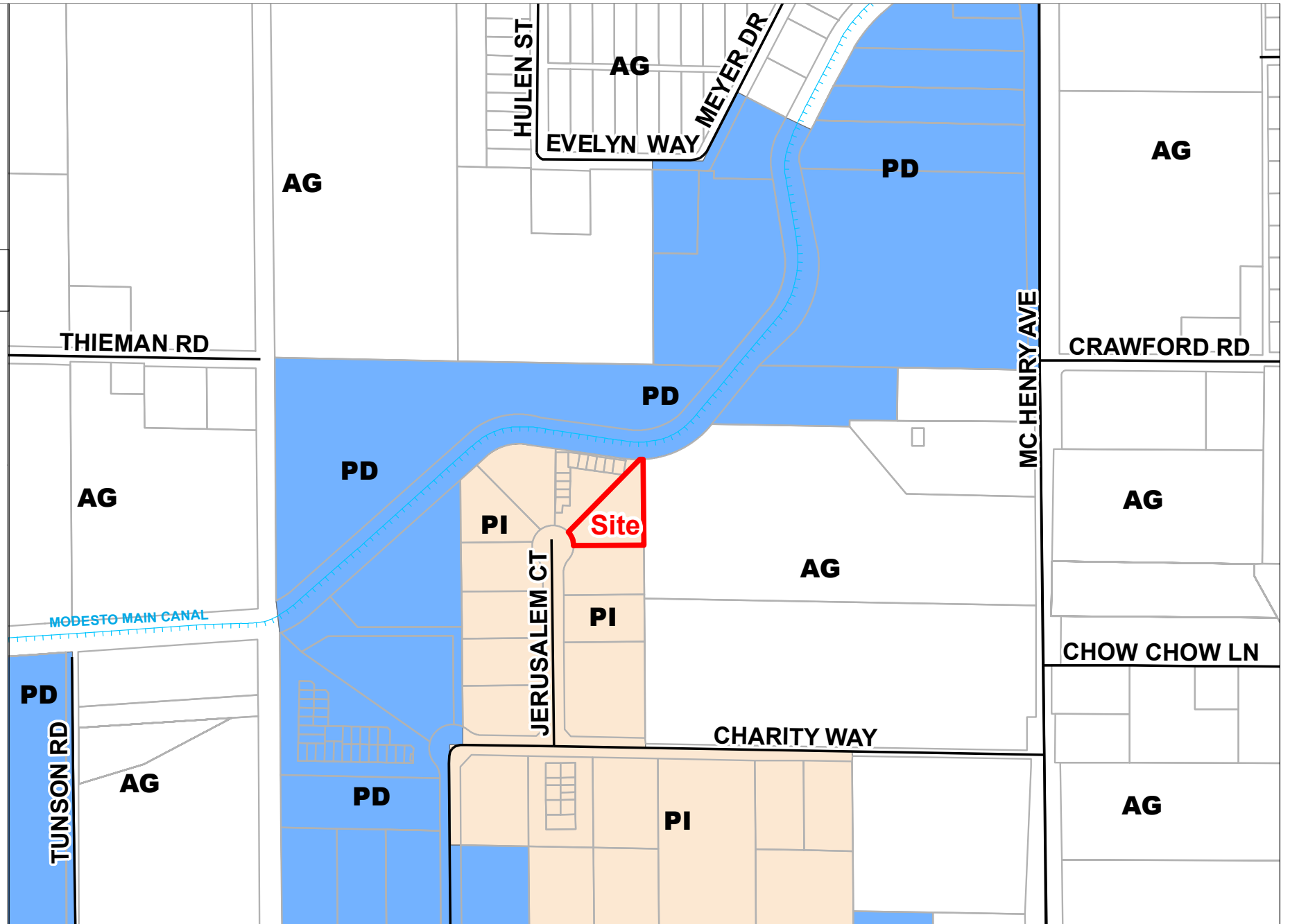
GENERAL PLAN

-  **AG** Agriculture
-  **P-D** Planned Development
-  **P-I** Planned Industrial



Source: Planning Department GIS

Date: 9/19/2019







NATURAL REMEDIES CONSULTING




GPA REZ UP DA PLN2018-0101

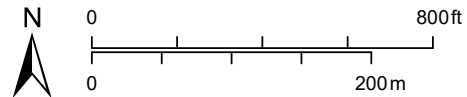
ZONING MAP

LEGEND

-  Project Site
-  Parcel
-  Road
-  Canal

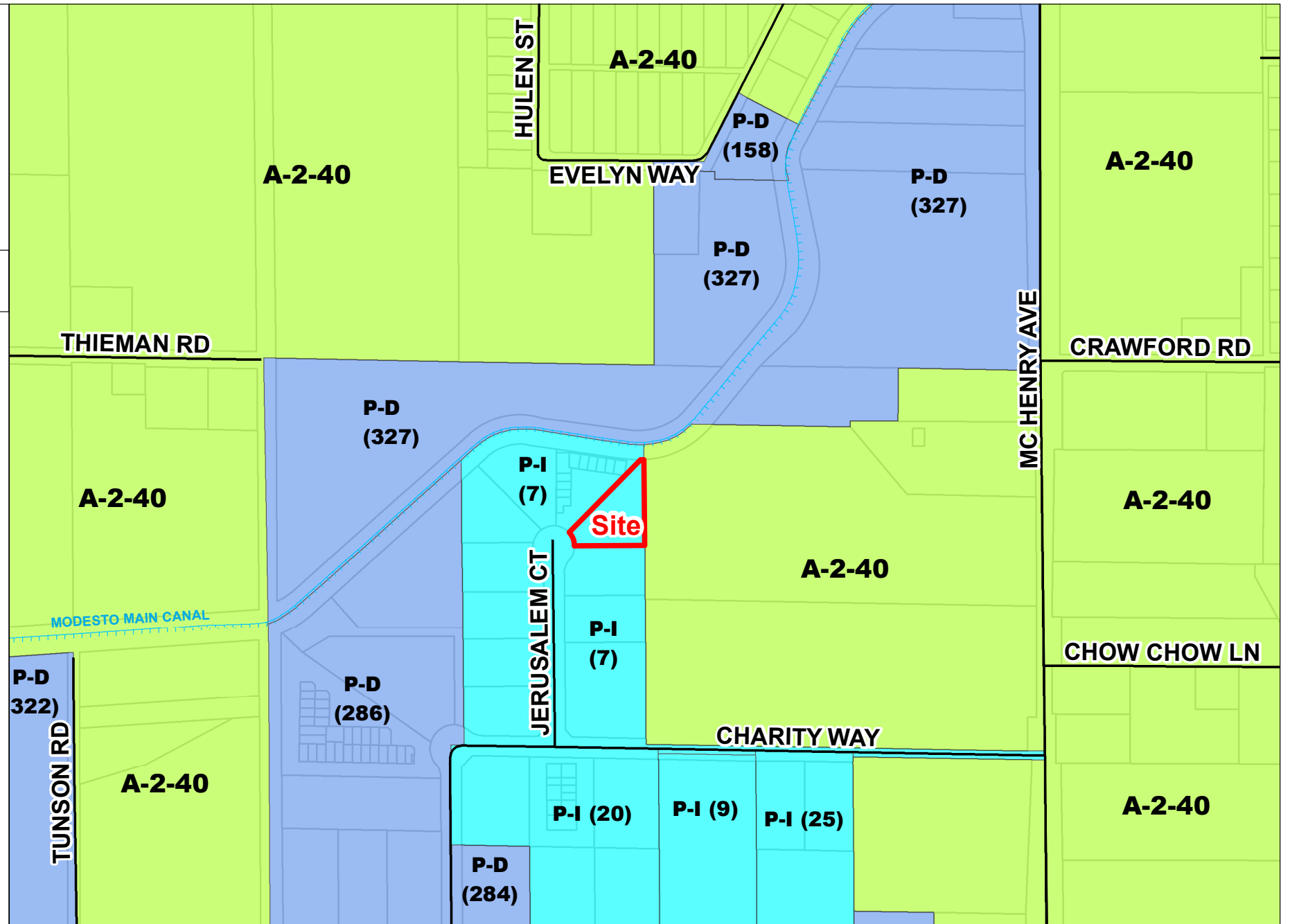
Zoning Designation

-  **A-2-40** General Agriculture 40 Acre
-  **P-D** Planned Development
-  **P-I** Planned Industrial



Source: Planning Department GIS

Date: 11/13/2019






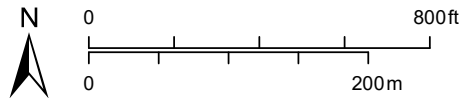
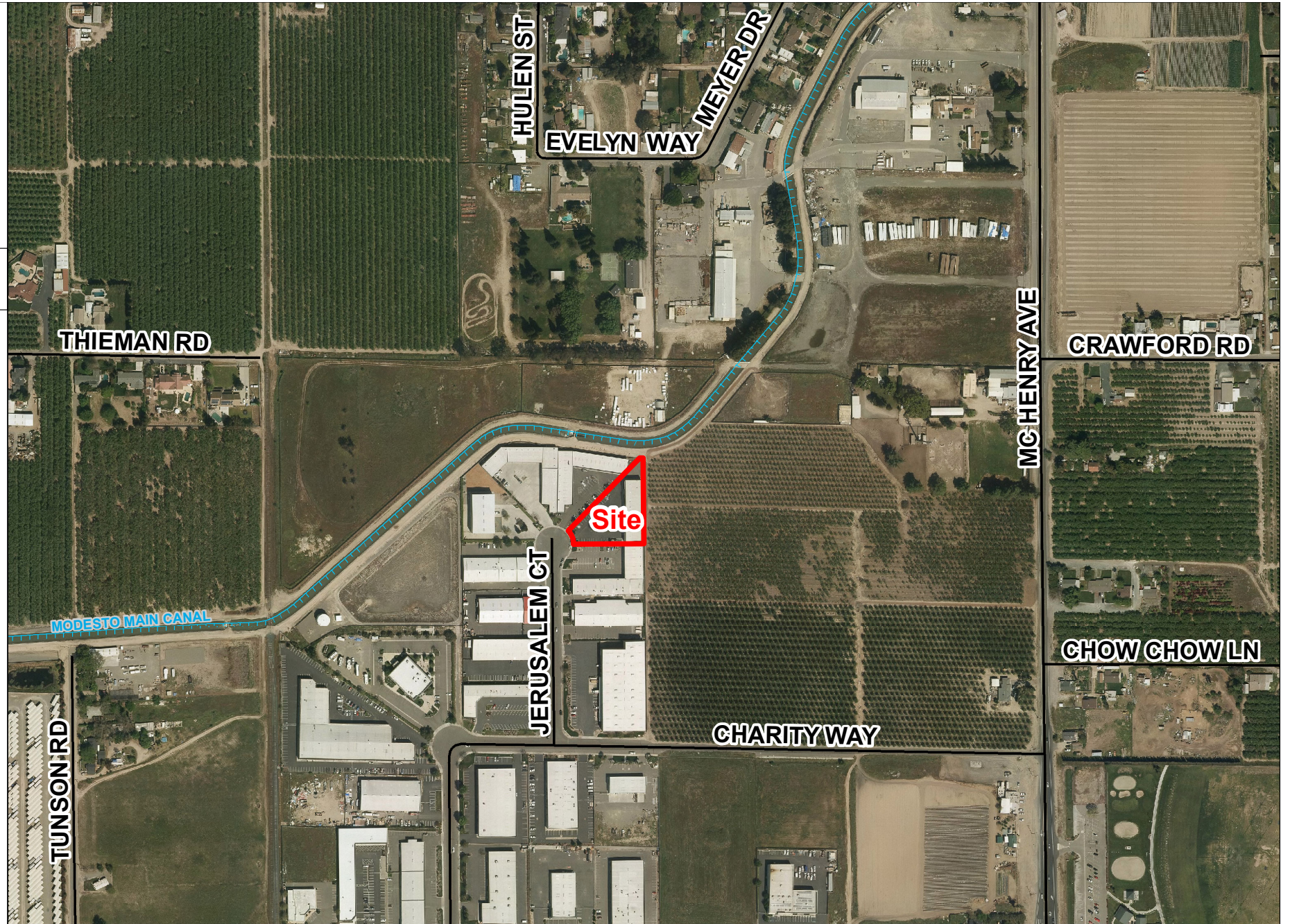
NATURAL REMEDIES CONSULTING

GPA REZ UP DA PLN2018-0101

2017 AERIAL AREA MAP

LEGEND

-  Project Site
-  Road
-  Canal



**NATURAL REMEDIES
CONSULTING**

**GPA REZ UP DA
PLN2018-0101**

2017 AERIAL SITE MAP

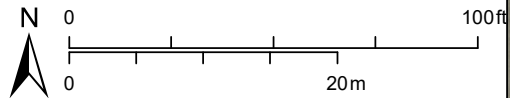
LEGEND

-  Project Site
-  Road



18

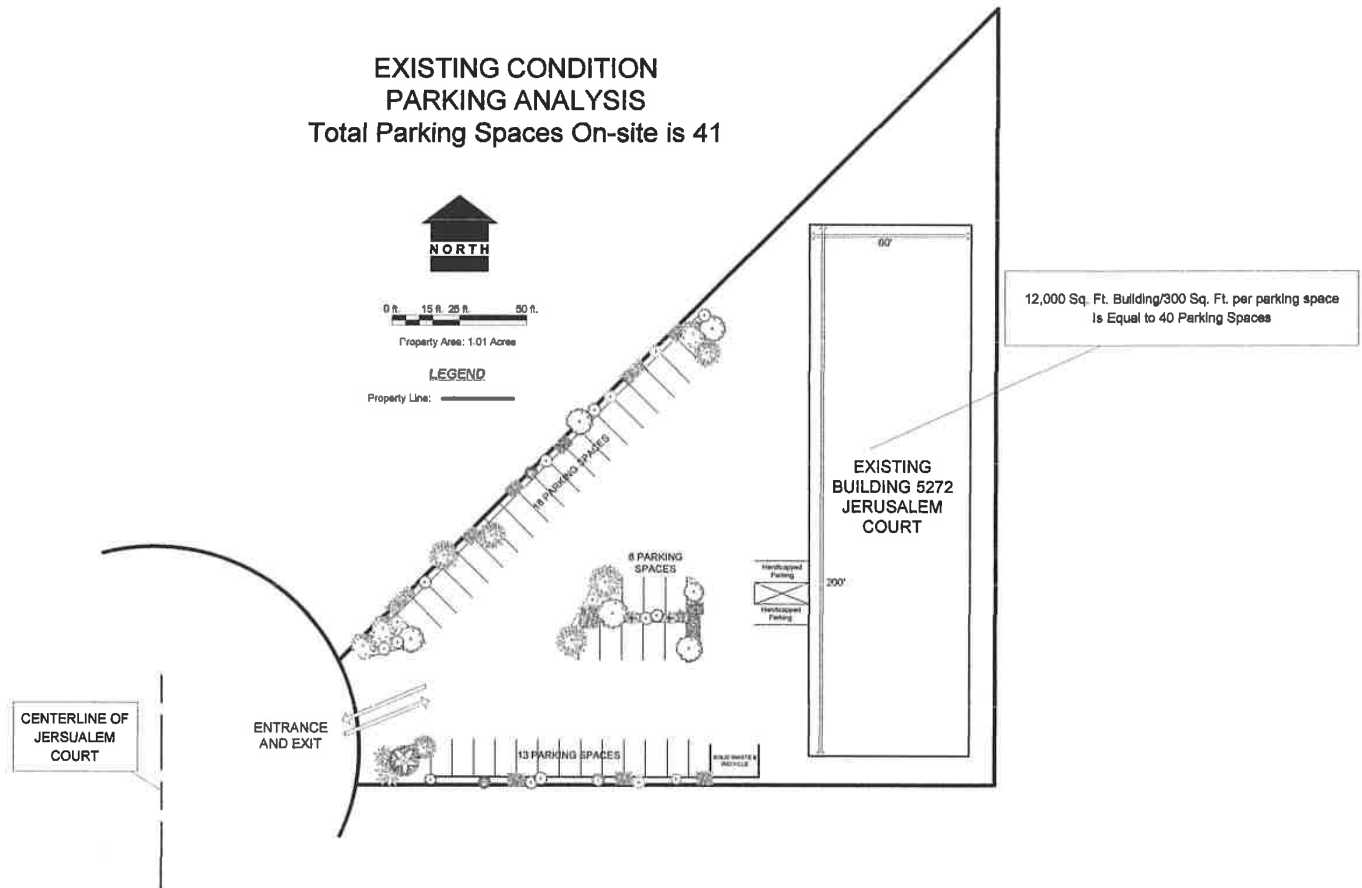
EXHIBIT B-5



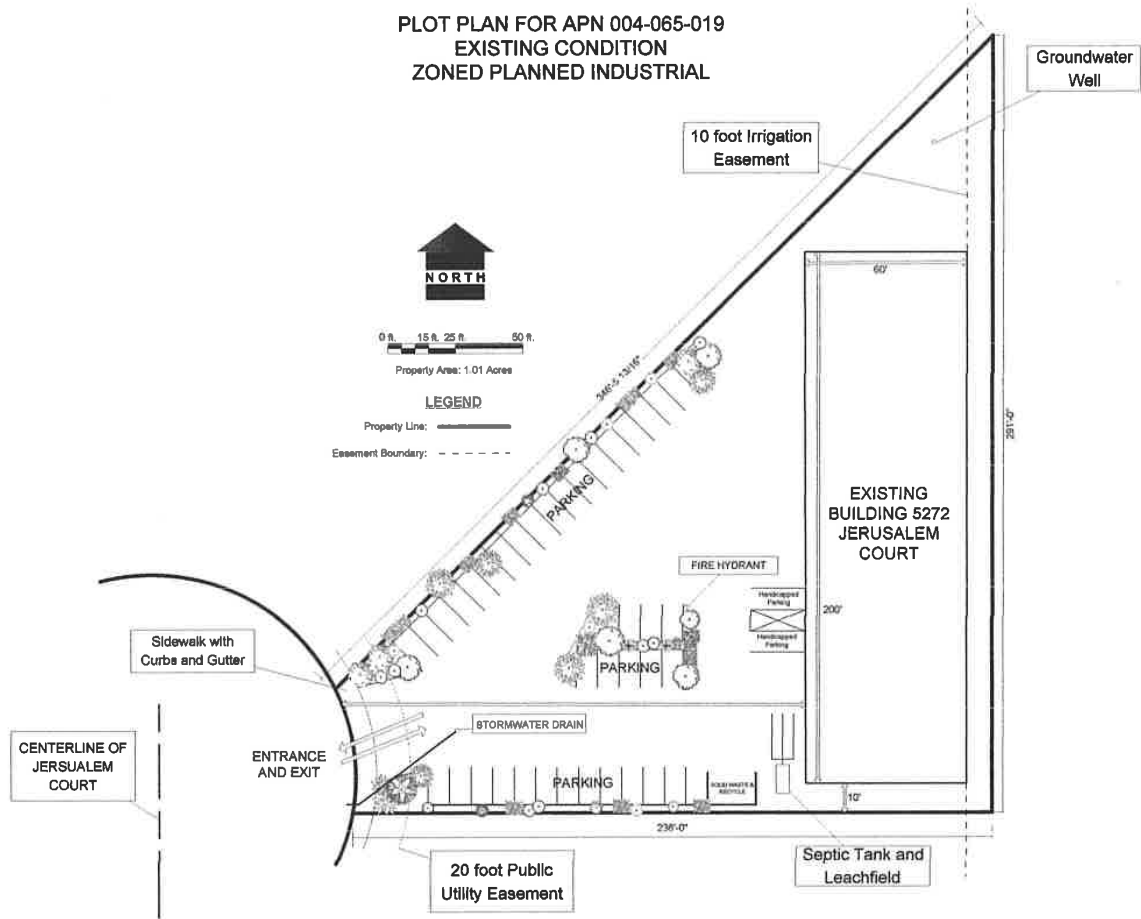
Source: Planning Department GIS

Date: 9/19/2019

**EXISTING CONDITION
PARKING ANALYSIS**
Total Parking Spaces On-site is 41



PLOT PLAN FOR APN 004-065-019
EXISTING CONDITION
ZONED PLANNED INDUSTRIAL



Building Height is 24 feet



MENGHETTI CONSTRUCTION
JERUSALEM COURT
MODESTO, CALIFORNIA

COMMERCIAL ARCHITECTURE
INC.
1300 TENTH STREET, SUITE B
MODESTO, CA 95354
PH. 209.571.8158 FAX 209.571.8160



PHOTO 1



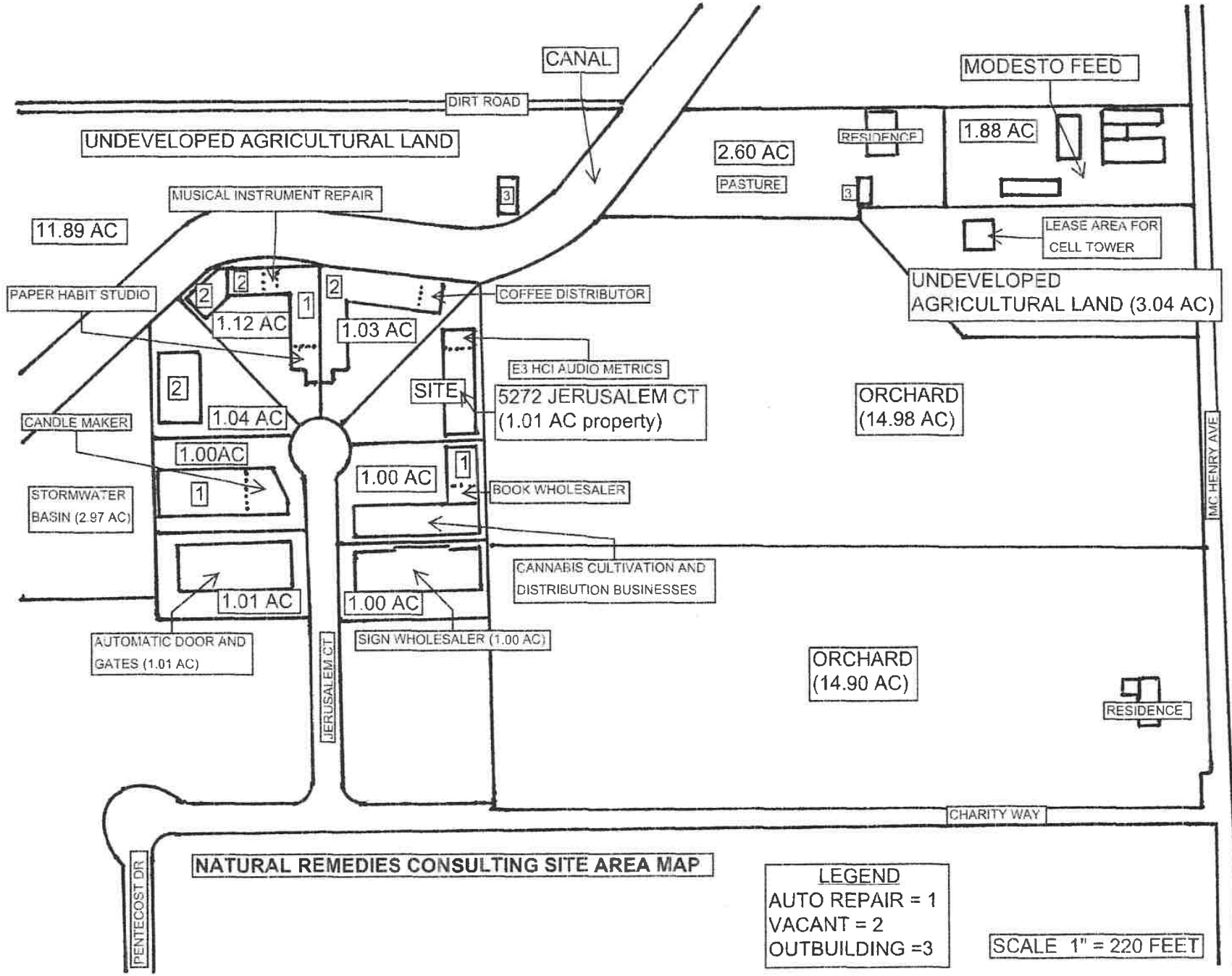
PHOTO 2



PHOTO 5



PHOTO 6



The following business signs are proposed:

**Signs will be painted on the glass entryway of each Suite
All in Black Lettering**

SUITE B

NRC EMPLOYEE ENTRANCE

NO DELIVERIES

SUITE C

NRC SECURITY

NRC EMPLOYEE ENTRANCE

VISTOR CHECK-IN (BY APPOINTMENT)

SCHEDULED DELIVERIES ONLY

SUITE D



NO DELIVERIES



As Recommended by the Planning Commission
November 21, 2019

NOTE: Approval of this application is valid only if the following conditions are met. This permit shall expire unless activated within 18 months of the date of approval. In order to activate the permit, it must be signed by the applicant and one of the following actions must occur: (a) a valid building permit must be obtained to construct the necessary structures and appurtenances; or (b) the property must be used for the purpose for which the permit is granted. (Stanislaus County Ordinance 21.104.03)

DEVELOPMENT STANDARDS

**GENERAL PLAN, REZONE, USE PERMIT, AND DEVELOPMENT AGREEMENT
APPLICATION NO. PLN2018-0101
NATURAL REMEDIES CONSULTING**

Department of Planning and Community Development

1. Use(s) shall be conducted as described in the application and supporting information (including the plot plan) as approved by the Planning Commission and/or Board of Supervisors and in accordance with other laws and ordinances. All development standards and mitigation measures adopted for the Planned Industrial (7) zoning district shall remain in effect.
2. Pursuant to Section 711.4 of the California Fish and Game Code (effective January 1, 2019), the applicant is required to pay a California Department of Fish and Wildlife (formerly the Department of Fish and Game) fee at the time of filing a "Notice of Determination." Within five days of approval of this project by the Planning Commission or Board of Supervisors, the applicant shall submit to the Department of Planning and Community Development a check for **\$2,411.75**, made payable to **Stanislaus County**, for the payment of California Department of Fish and Wildlife and Clerk Recorder filing fees.

Pursuant to Section 711.4 (e) (3) of the California Fish and Game Code, no project shall be operative, vested, or final, nor shall local government permits for the project be valid, until the filing fees required pursuant to this section are paid.
3. Commercial cannabis activities as authorized by Title 21 and Chapter 6.78 of the Stanislaus County Code shall be located and operated in compliance with all the requirements of Chapter 6.78 of the Stanislaus County Code and any other local requirements, and state laws and regulations, applicable to commercial cannabis activities.
4. Within 60 days of project approval, a complete Commercial Cannabis Activity Permit (CCA permit) shall be submitted to the Treasurer/Tax Collector.
5. If the Development Agreement, CCA permit, or state licenses associated with this land use entitlement are revoked, expired, or otherwise deemed ineffective, all commercial cannabis activities on the project site shall cease, until all applicable permits and agreements have been reinstated.
6. Commercial cannabis activities which have obtained their CCA permit shall have six months from the effective date of issuance of the permit to obtain the required licenses from the State. If all state licenses and approvals required to operate the commercial cannabis activity are not obtained within the six-month period, the CCA permit shall not be renewed.

7. Developer shall pay all Public Facilities Impact Fees and Fire Facilities Fees as adopted by Resolution of the Board of Supervisors. The fees shall be payable at the time of issuance of a building permit for any construction in the development project and shall be based on the rates in effect at the time of building permit issuance.
8. The applicant/owner is required to defend, indemnify, or hold harmless the County, its officers, and employees from any claim, action, or proceedings against the County to set aside the approval of the project which is brought within the applicable statute of limitations. The County shall promptly notify the applicant of any claim, action, or proceeding to set aside the approval and shall cooperate fully in the defense.
9. Prior to issuance of a CCA permit, the permittee shall provide a security plan, in accordance with Section 6.78.120(C) of the County Code, to the Sheriff's Department for review and approval. The security plan shall be reviewed annually or as often as deemed necessary by the Sheriff's Department.
10. Prior to issuance of a CCA permit, operator shall designate two individuals who shall be available at all times to communicate with the County Sheriff's Department and Code Enforcement.
11. Prior to issuance of a CCA permit, operator shall designate two persons who shall be available at all times to respond to community inquiries and complaints.
12. The Clerk of the Board shall record the executed Development Agreement and the Department of Planning and Community Development shall record a Notice of Administrative Conditions and Restrictions (NOACR) with the County Recorder's Office within 30 days of project approval. The NOACR includes Conditions of Approval/Development Standards and Schedule, any adopted mitigation measures, and a project area map.
13. Prior to issuance of any building permit, a photometric lighting plan shall be submitted for review and approval by the Planning Department. All exterior lighting shall be designed (aimed down and toward the site) to provide adequate illumination without a glare effect. This shall include, but not be limited to, the use of shielded light fixtures to prevent skyglow (light spilling into the night sky) and the installation of shielded fixtures to prevent light trespass (glare and spill light that shines onto neighboring properties). The height of the lighting fixtures should not exceed 15 feet above grade.
14. A sign plan for all proposed on-site signs indicating the location, height, area of the sign(s), and message must be approved by the Planning Director or appointed designee(s) prior to installation.
15. All landscaped areas, fences, and walls shall be maintained, and the premises shall be kept free of weeds, trash, and other debris.
16. Should any archeological or human remains be discovered during development, work shall be immediately halted within 150 feet of the find until it can be evaluated by a qualified archaeologist. If the find is determined to be historically or culturally significant, appropriate mitigation measures to protect and preserve the resource shall be formulated and implemented. Construction activities shall not resume in the area until an on-site archeological mitigation program has been approved by a qualified archeologist. The Central California Information Center shall be notified if the find is deemed historically or culturally significant.

Department of Public Works

17. Applicant shall comply with State Water Resources Control Board Order #WQ2017-0023-DWQ General WDRs and Waiver of WDRs for Discharges of Waste Associated with Cannabis Cultivation Activities.
18. Applicant shall comply with Stanislaus County Code, Chapter 14.14 Stormwater Management and Discharge Controls.
19. All creation, collection, and disposal of process wastewater shall be done in accordance with the latest requirements from the State Water Resources Control Board Guidelines and County's Department of Public Works requirements in effect at the time of wastewater disposal. Prior to issuance of a CCA Permit, the applicant shall demonstrate compliance with these requirements to the Department of Public Works.
20. A grading, drainage, and erosion/sediment control plan for the project site shall be submitted for any building permit that will create a larger or smaller building footprint. The grading and drainage plan shall include the following information:
 - a. The plan shall contain drainage calculations and enough information to verify that all runoff will be kept from going onto adjacent properties and Stanislaus County road right-of-way. Public Works will review and approve the drainage calculations.
 - b. The grading drainage and erosion/sediment control plan shall comply with the current State of California National Pollutant Discharge Elimination System (NPDES) General Construction Permit. A Waste Discharge Identification Number (WDID) and a copy of the Notice of Intent (NOI) and the project's Storm Water Pollution Prevention Plan (SWPPP) shall be provided prior to the approval of any grading, if applicable.
 - c. The applicant of the grading permit shall pay the current Stanislaus County Public Works weighted labor rate for the plan review of the grading plan.
 - d. The applicant of the grading permit shall pay the current Stanislaus County Public Works weighted labor rate for all on-site inspections. The Public Works inspector shall be contacted 48 hours prior to the commencement of any grading or drainage work on-site.

Building Permits Division

21. Building permits are required, and the project must conform with the California Code of Regulations, Title 24. All unpermitted portions of existing buildings, including unpermitted interior improvements on compartmentalized portions of the existing structure, shall obtain building permits and shall comply with the provisions of the code set forth in the most current adopted California Code of Regulations Title 24 or be demolished. It shall be unlawful for any person, firm, or corporation to erect, construct, alter, or occupy any building or portions of any buildings where unpermitted work exists.
22. All indoor cultivation, distribution, and storage areas shall be considered S-1 occupancies in accordance to the most current adopted California Building Code, California Code of Regulations Title 24.

23. All non-volatile manufacturing, processing, and packaging shall be considered F-1 occupancies in accordance to the most current adopted California Building Code, California Code of Regulations Title 24.
24. No change shall be made in the use or occupancy of any building unless such building is made to comply with the requirements of the most current adopted California Building Code, California Code of Regulations Title 24, Volumes 1 and 2 of Part 2.
25. Accessibility for existing buildings shall comply with Section 410 of the California Building Code, California Code of Regulations Title 24, Part 10.
26. Each building or structure shall be provided with toilet facilities for employees and customers as stipulated by the most current adopted California Building Code, California Code of Regulations Title 24.
27. All walls separate adjacent tenant space from a permitted commercial cannabis activity shall be 6 inches in width minimum per Chapter 6.78 of the Stanislaus County Code and have a fire separation as required per Chapter 5 of the most current adopted California Building Code, California Code of Regulations Title 24, Volume 1 of Part 2. Any multi-tenant/use building containing a permitted commercial cannabis activity shall provide a full building analysis included at time of submittal of the building permit.
28. Required toilet facilities for employees and customers shall have a maximum travel distance not to exceed 500 feet.
29. Building permits shall be required for all new equipment installed.
30. All plans submitted shall be reviewed and/or designed by a California licensed architect or engineer.

Department of Environmental Resources – Hazardous Materials Division

31. The applicant shall contact the Department of Environmental Resources regarding appropriate permitting requirements for hazardous materials, and/or wastes. The applicant and/or occupants handling hazardous materials or generating wastes must notify the Department prior to operation.

Department of Environmental Resources

32. Prior to receiving occupancy of any building permit, the property owner must obtain concurrence from the State of California Water Resources Control Board, Drinking Water Division, in accordance to CHSC, Section 116527 and submit an application for a water supply permit with the associated technical report to the Stanislaus County Department of Environmental Resources.

Modesto Irrigation District (MID)

33. High voltage is present within and adjacent to the project area. This includes 12,000 volts of underground primary, 12,000 volts overhead primary and secondary facilities. Use extreme caution when operating heavy equipment, using a crane, ladders, scaffolding, hand-held tools, or any other type of equipment near the existing MID electric lines and cables. Assume all overhead and underground electric facilities are energized at all times.

34. The contractor shall verify the actual depth and location of all underground utilities prior to the start of construction. Notify "Underground Service Alert" (USA), USA will notify each utility to mark the location of their existing underground facilities in the project area.

Salida Fire

35. Prior to issuance of a building permit, the applicant shall pay Fire Service Impact Mitigation Fees, as adopted by the District Board of Directors and currently in place at the time of the issuance of the permit.
36. Prior to issuance of a building permit for construction of combustible materials, the project shall meet the District's requirements for on-site water for fire protection. Fire Hydrants and static source locations, connections, and access shall be approved by the District.
37. Prior to issuance of a building permit for construction of combustible materials, the District shall approve provisions for serviceable fire vehicle access and fire protection water supplies.
38. Prior to final of a building permit, a District specified Rapid Entry System (Knox) shall be installed and serviceable, allowing fire department access into gated areas, limited access points, and/or buildings.
39. Buildings 5,000 square feet and greater shall be required to have fire sprinklers meeting the standards listed within the adopted California Fire Code, and related amendments.
40. The project shall meet fire apparatus access standards. Two ingress/egress accesses to each parcel meeting the requirements listed within the California Fire Code.
41. If traffic signals are installed and/or retrofitted for the project, signal preemption devices shall be paid for or installed by the developer/owner and shall conform to the District's standards and requirements.

Central Valley Air Pollution Control District

42. Prior to the start of construction, the property owner/operator shall contact the District's Small Business Assistance Office to determine if any Air District permits or if any other District rules or permits are required, including but not limited to an Authority to Construct (ATC).

Central Valley Regional Water Quality Control Board

43. Prior to ground disturbance or issuance of a building permit, the Central Valley Regional Quality Control Board shall be consulted to obtain any necessary permits and to implement any necessary measures, including but not limited to Cannabis General Order, Construction Storm Water General Permit, Phase I and II Municipal Separate Storm Sewer System (MS4) Permits, Industrial Storm Water General Permit, Clean Water Act Section 404 Permit, Clean Water Act Section 401 Permit (Water Quality Certification), Waste Discharge Requirements, Dewatering Permit, Low or Limited Threat General NPDES Permit, NPDES Permit or any other applicable Regional Water Quality Control Board permit.

*Please note: If Conditions of Approval/Development Standards are amended by the Planning Commission or Board of Supervisors, such amendments will be noted in the upper right-hand corner of the Conditions of Approval/Development Standards; new wording is in **bold**, and deleted wording will have a ~~line through it~~.*



AMENDED CEQA INITIAL STUDY

Adapted from CEQA Guidelines APPENDIX G Environmental Checklist Form, Final Text, December 30, 2009

*Amendments consisting of additions are reflected in bold text and deletions in strikeout text.

1. **Project title:** General Plan Amendment, Rezone, Use Permit, & Development Agreement Application No. PLN2018-0101 – Natural Remedies Consulting
2. **Lead agency name and address:** Stanislaus County
1010 10th Street, Suite 3400
Modesto, CA 95354
3. **Contact person and phone number:** Jeremy Ballard, Associate Planner
4. **Project location:** 5272 Jerusalem Court, Suite D, North of Kiernan Avenue, in the Modesto area.
APN: 004-065-019.
5. **Project sponsor’s name and address:** Cheryl King dba Natural Remedies Consulting
5272 Jerusalem Court, Suite D
Modesto, CA 95356
6. **General Plan designation:** Planned Industrial (P-I)
7. **Zoning:** P-I (7) (Planned Industrial)
8. **Description of project:**

Request to Rezone a 1.01-acre property from to P-I to P-D (Planned Development), and to obtain a Use Permit and Development Agreement, to allow indoor commercial cannabis cultivation, manufacturing (non-volatile), retail, and distribution in an existing 12,000 square-foot warehouse building. A General Plan Amendment to amend the project site’s designation from P-I to P-D is also included in this project request to allow for the retail sale of cannabis products. The property is served by a well and septic system. Proposed hours of operation are Monday through Saturday, 10 a.m. to 8 p.m., and Sunday, 10 a.m. to 5 p.m., with a maximum of 21 employees. Cultivation, manufacturing, and distribution will have weekday operating hours from 9 a.m. to 5 p.m. Monday through Friday. The retail operation anticipates an average of 216 customers per day during the weekdays, 322 daily customers on Saturday, and 196 daily customers on Sunday. There are approximately 15 vehicle trips per week associated with the delivery of supplies for the entire operation and approximately one trip per week for distribution activities.

9. **Surrounding land uses and setting:** Light industrial, warehouse, and low traffic generating commercial uses to the west and south, MID canal and open space to the north, orchards to the east, and the City of Modesto to the south.
10. **Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement.):** CalTrans, Stanislaus County Department of Public Works, Department of Environmental Resources, **California Department of Food and Agriculture, CalCannabis Division, California Department of Public Health, Cannabis Manufacturing Division,**

**California Department of Consumer Affairs,
Bureau of Cannabis Control**

11. Attachments:

Maps
Application
Early Consultation Referral Response

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a “Potentially Significant Impact” as indicated by the checklist on the following pages.

- Aesthetics
- Agriculture & Forestry Resources
- Air Quality
- Biological Resources
- Cultural Resources
- Geology / Soils
- Greenhouse Gas Emissions
- Hazards & Hazardous Materials
- Hydrology / Water Quality
- Land Use / Planning
- Mineral Resources
- Noise
- Population / Housing
- Public Services
- Recreation
- Transportation
- Utilities / Service Systems
- Mandatory Findings of Significance
- Wildfire
- Energy

DETERMINATION: (To be completed by the Lead Agency)

On the basis of this initial evaluation:

- I find that the proposed project **COULD NOT** have a significant effect on the environment, and a **NEGATIVE DECLARATION** will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A **MITIGATED NEGATIVE DECLARATION** will be prepared.
- I find that the proposed project **MAY** have a significant effect on the environment, and an **ENVIRONMENTAL IMPACT REPORT** is required.
- I find that the proposed project **MAY** have a “potentially significant impact” or “potentially significant unless mitigated” impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An **ENVIRONMENTAL IMPACT REPORT** is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or **NEGATIVE DECLARATION** pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or **NEGATIVE DECLARATION**, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Jeremy Ballard
Prepared by

September 25, 2019, Amended November 7, 2019
Date

EVALUATION OF ENVIRONMENTAL IMPACTS:

- 1) A brief explanation is required for all answers except “No Impact” answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A “No Impact” answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A “No Impact” answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, than the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. “Potentially Significant Impact” is appropriate if there is substantial evidence that an effect may be significant. If there are one or more “Potentially Significant Impact” entries when the determination is made, an EIR is required.
- 4) “Negative Declaration: Less Than Significant With Mitigation Incorporated” applies where the incorporation of mitigation measures has reduced an effect from “Potentially Significant Impact” to a “Less Than Significant Impact.” The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, “Earlier Analyses,” may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration.

Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:

- a) **Earlier Analysis Used.** Identify and state where they are available for review.
 - b) **Impacts Adequately Addressed.** Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) **Mitigation Measures.** For effects that are “Less than Significant with Mitigation Measures Incorporated,” describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). References to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
 - 7) **Supporting Information Sources:** A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
 - 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project’s environmental effects in whatever format is selected.
 - 9) The explanation of each issue should identify:
 - a) the significant criteria or threshold, if any, used to evaluate each question; and
 - b) the mitigation measure identified, if any, to reduce the impact to less than significant.

ISSUES

I. AESTHETICS – Except as provided in Public Resources Code Section 21099, could the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect on a scenic vista?			X	
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?			X	
c) In non-urbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?			X	
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?			X	

Discussion: The site itself is not considered to be a scenic resource or unique scenic vista. The site is currently adjacent to light industrial development that includes warehouses and low traffic generating retail to the west and south of the project site. The project site abuts an agriculturally zoned parcel, which is planted in orchards to the east and another agriculturally zoned parcel which is vacant and separated by the MID Main Canal to the north. The project site fronts onto Jerusalem Court which was developed in the early nineties. The buildings all feature a similar aesthetic design that include stucco, glass incorporated into the facades, and metal warehouses. The project site is currently developed with a 12,000 square-foot commercial building separated into three suites which is consistent with neighboring light industrial development. The proposed operation will include the use of all but one of the suites and will feature interior tenant improvements but no exterior changes or expansion of the building. A condition of approval will be applied to the project which requires that all existing exterior lighting shall be designed (aimed down and toward the site) to provide adequate illumination without a glare effect. This shall include, but not be limited to, the use of shielded light fixtures to prevent skyglow and to prevent light trespass onto neighboring properties. The proposed project is not anticipated to have a substantial negative effect on a scenic vista, damage scenic resources, or substantially degrade the existing visual character of the site or its surroundings.

Mitigation: None.

References: Application information; FEIR CalCannabis Cultivation Licensing Program; Stanislaus County Zoning Ordinance; the Stanislaus County General Plan; and Support Documentation¹.

II. AGRICULTURE AND FOREST RESOURCES: In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state’s inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board. -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact

a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?			X	
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?			X	
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?			X	
d) Result in the loss of forest land or conversion of forest land to non-forest use?				X
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?				X

The 1.52-acre project site is made up of Delhi sand soils which are classified as Urban and Built-Up Land by the State of California’s Farmland Mapping and Monitoring Program. The site is zoned P-I (7), which allowed for the operation of various light industrial uses consistent with the Planned Industrial zoning district. The proposed operation will consist of 12,000 square feet of indoor cannabis cultivation, manufacturing (non-volatile), retail, and distribution in an existing warehouse building. All commercial cannabis uses are required under Stanislaus County Code 6.78.080(a) to participate in State of California’s and Stanislaus County’s Agricultural Commissioners Track and Trace Program for all cannabis grown within the facility. Additionally, the use of any fertilizers or pesticides must be in accordance with the Agricultural Commissioners rules and regulations.

In December of 2007, Stanislaus County adopted an updated Agricultural Element which incorporated guidelines for the implementation of agricultural buffers applicable to new and expanding non-agricultural uses within or adjacent to the A-2 Zoning District. The purpose of these guidelines is to protect the long-term health of agriculture by minimizing conflicts such as spray-drift and trespassing resulting from the interaction of agricultural and non-agricultural uses. Alternatives may be approved provided the Planning Commission finds that the alternative provides equal or greater protection than the existing buffer standards. The project proposes a maximum of 21 employees at full build out and include a retail component, which would be considered to be people intensive and require a 300-foot setback from the proposed use to adjacent agriculturally zoned property. The site is surrounded by light industrial uses to the west and south and agriculturally zoned parcels to the north and east. The parcel that is agriculturally zoned to the north is separated by a 100-foot wide Modesto Irrigation District (MID) Canal. The agriculturally zoned parcel to the east is planted in trees. The project site is physically separated from both parcels with a chain link fence with slats. Furthermore, the building entrances are facing westerly away from the agriculturally zoned parcels, and only emergency exists face east at the backside of the building. The building would shield a majority of the areas of the proposed project that are people intensive. However, the project proposes an agricultural buffer alternative on the northern and eastern property lines with a reduced setback and the existing chain link fence.

MID was referred the project but did not respond with any comments regarding their irrigation facilities.

The project site does not contain forest land or timberland, and it is not currently subject to a Williamson Act contract. Therefore, the project would not negatively affect Important Farmland, agriculturally zoned land, land subject to a Williamson Act contract, or timberlands. Impacts to agricultural resources are considered to be less than significant.

Mitigation: None.

References: California State Department of Conservation Farmland Mapping and Monitoring Program – Stanislaus County Farmland 2019; USDA NRCS Soil Survey; Chapter 6.78 and Title 21 of the Stanislaus County Code; FEIR CalCannabis Cultivation Licensing Program; Stanislaus County General Plan and Support Documentation¹

III. AIR QUALITY: Where available, the significance criteria established by the applicable air quality management district or air pollution control district may be relied upon to make the following determinations. -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Conflict with or obstruct implementation of the applicable air quality plan?			X	
b) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard?			X	
c) Expose sensitive receptors to substantial pollutant concentrations?			X	
d) Result in other emissions (such as those odors adversely affecting a substantial number of people)?			X	

Discussion: The project site is in the San Joaquin Valley Air Basin which has been classified as "severe nonattainment" for ozone and respirable particulate matter (PM₁₀) as defined by the Federal Clean Air Act. The San Joaquin Valley Air Pollution Control District (SJVAPCD) has been established by the State in an effort to control and minimize air pollution. As such, the District maintains permit authority over stationary sources of pollutants. The site is zoned P-I (7), which allowed for the operation of various light industrial uses consistent with the Planned Industrial zoning district. The proposed operation will consist of 12,000 square feet of indoor cannabis cultivation, manufacturing (non-volatile), retail, and distribution in an existing warehouse building.

The primary source of operational air pollutants generated by this project would be classified as being generated from "mobile" sources created from increased vehicle trips generated by employees and shipping/receiving vehicles. The retail operation anticipates an average of 216 customers per day, during the weekdays, 322 daily customers on Saturday, and 196 daily customers on Sunday. There are approximately 15 vehicle trips per week associated with the delivery of supplies for the entire operation and approximately one trip per week for distribution activities. Mobile sources are generally regulated by the California Air Resources Board of the California Environmental Protection Agency which sets emissions for vehicles and acts on issues regarding cleaner-burning fuels and alternative fuel technologies. As such, the District has addressed most criteria air pollutants through basin-wide programs and policies to prevent cumulative deterioration of air quality within the Air Basin. The applicant has proposed to utilize hybrid or zero emission vehicles for distribution activities furthering the likelihood of the proposed project having less than a significant impact on air quality. The San Joaquin Valley Air Pollution Control District indicated that the proposed project was below the District's thresholds of significance for criteria pollutant emissions.

The California Department of Public Health (CDPH) circulated an environmental review of permitted commercial cannabis distribution and microbusiness manufacturing activities. The Air Quality section of the environmental review touched on how the incorporation of the previously unpermitted and unregulated commercial cannabis industry would potentially make beneficial contributions to nonattainment conditions or violations of plans, policies, or standards.

Cannabis has the potential to generate odor that can be considered objectionable. However, as required by County Code Section 6.78.120(9)(D), the project applicant has developed an odor control plan that includes several elements to ensure odors will not affect adjacent properties including carbon absorption filters on HVAC equipment prior to discharge of exhaust; carbon filters attached to fans in grow rooms to scrub the interior air; packaging of cannabis product in low emissions mylar to reduce odors from finished product; conducting product transfers in closed and secure vehicles; and minimizing the time facility doors are open during loading of packaged product. Implementation of the odor control measures would ensure a substantial number of people would not be affected by project-generated odors.

Mitigation: None.

References: Application material; EIR CalCannabis Cultivation Licensing Program; Initial Study Bureau of Cannabis Control Commercial Cannabis Licensing Program, Referral Response from San Joaquin Valley Air Pollution Control District, dated November 5, 2018; Chapter 6.78 and Title 21 of the Stanislaus County Code; Stanislaus County General Plan and Support Documentation.¹

IV. BIOLOGICAL RESOURCES -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?			X	
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?			X	
c) Have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?			X	
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?			X	
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?			X	
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X

Discussion: It does not appear this project will result in impacts to endangered species or habitats, locally designated species, or wildlife dispersal or mitigation corridors. The project is located within the Riverbank Quad of the California Natural Diversity Database. There are 17 plants and animals that are state or federally listed, threatened, or identified as species of special concern in this quad. These species include the Swainson’s hawk, burrowing owl, vernal pool fair shrimp, vernal pool tadpole shrimp, chum salmon, hardhead, steelhead, chinook salmon, obscure bumble bee, Crotch bumble bee, valley elderberry longhorn beetle, Moestan blister beetle, western ridged mussel, northern California legless lizard, and northern California black walnut. Because the project site is already developed and landscaped, the likelihood for these species to be present on the project site is very low. The site is zoned P-I (7), which allowed for the operation of various light industrial uses consistent with the Planned Industrial zoning district. The operation is proposed to operate out of a site that is already developed including a 12,000 square-foot warehouse and paved parking lot. Furthermore, there is no sensitive habitat present on the site including wetlands or other waters of the State or of the United States.

The project will not conflict with a Habitat Conservation Plan, a Natural Community Conservation Plan, or other locally approved conservation plans. Impacts to endangered species or habitats, locally designated species, or wildlife dispersal or mitigation corridors are considered to be less than significant.

An Early Consultation was referred to the California Department of Fish and Wildlife (formerly the Department of Fish and Game), and no response was received.

Mitigation: None.

References: California Department of Fish and Wildlife’s Natural Diversity Database Quad Species List; Stanislaus County General Plan and Support Documentation¹

V. CULTURAL RESOURCES -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Cause a substantial adverse change in the significance of a historical resource pursuant to in § 15064.5?			X	
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to § 15064.5?			X	
c) Disturb any human remains, including those interred outside of formal cemeteries?			X	

Discussion: The project falls under the requirements for tribal consultation, as required by AB 52 or SB 18, as the project request is for a General Plan Amendment. A letter providing a consultation invitation to all known tribes in the region was sent on November 13, 2018. To date, none of the tribes contacted have responded to the letter from the County to request formal consultation of the project.

The project applicant submitted a record’s search from the Central California Information Center (CCIC), which indicates that the project area has low sensitivity for cultural resources and that no prehistoric or historic archaeological resources or historic properties have been reported to the CCIC. The Stanislaus County General Plan indicates that many of the geologic units in the County are sensitive for paleontological resources, therefore there is potential to encounter these resources during any future ground disturbance. The project does not include any new building construction and is proposing to operate out of a site that is already developed with a 12,000 square-foot warehouse and paved parking lot. However, conditions of approval will be placed on the project requiring that construction activities be halted if any cultural or paleontological resources are encountered until appropriate agencies are contacted and an archaeological survey is completed.

Mitigation: None.

References: Central California Information Center Report for the project site, August 22, 2018; Consultation Letter to Tribes, dated November 13, 2018; Stanislaus County General Plan and Support Documentation¹

VI. ENERGY. -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?			X	
b) Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?			X	

Discussion: The CEQA Guidelines Appendix F states that energy consuming equipment and processes, which will be used during construction or operation, such as energy requirements of the project by fuel type and end use; energy conservation equipment and design features; energy supplies that would serve the project; and total estimated daily vehicle trips to be generated by the project and the additional energy consumed per trip by mode; shall be taken into consideration when evaluating energy impacts. Additionally, the project’s compliance with applicable state or local energy legislation, policies, and standards must be considered.

The California Department of Public Health (CDPH) circulated an environmental review of permitted commercial cannabis distribution and microbusiness manufacturing activities. The evaluation of energy consumption concluded that activities of indoor and mixed light cultivation could consume larger quantities of energy. However, both state and local jurisdictions have required renewal energy portfolios for all commercial cannabis activities, which will lower the energy demand of the activity types to less than significant levels.

The operation proposes to operate out of an existing 12,000 square-foot warehouse and to conduct indoor cannabis cultivation, manufacturing (non-volatile), retail, and distribution activities. The project includes indoor cultivation which will involve artificial lighting which utilizes wattage at a rate above twenty-five watts per square foot, temperature/humidity/air flow control, carbon filters, and irrigation and water treatment equipment. Additionally, the project proposes to incorporate solar panels, LED lights, and zero emission or hybrid vehicles into their business plan, which will reduce energy consumption for the project. The distribution portion of the project will include transportation vans. No additional building square footage is proposed. However, a condition of approval will be added to this project to address compliance with Title 24, Green Building Code, which includes energy efficiency requirements.

The retail operation anticipates an average of 216 customers per day, during the weekdays, 322 daily customers on Saturday, and 196 daily customers on Sunday. There are approximately 15 vehicle trips per week associated with the delivery of supplies for the entire operation and approximately one trip per week for distribution activities. This is below the Air District's threshold of significance for criteria emissions per a referral response from the District.

The project was referred to Modesto Irrigation District (MID) who's electrical division responded with information of the existing facilities onsite. The applicant will be required to comply with MID's requirements for operation, a condition of approval will be added for consultation with MID prior to operation.

The operation is also required to meet state standards regarding energy use and cannabis cultivation. The EIR prepared for the State's Cultivation Permitting Program identified that the program's offset of illegal operator energy use would improve energy use overall. Additionally, the State's regulations require mixed-light and indoor cannabis cultivation and nursery licensees, beginning January 1, 2023, to ensure that electrical power used for commercial cannabis activity meets the average electricity greenhouse gas emissions intensity required by their local utility provider pursuant to the California Renewables Portfolio Standard Program, division 1, part 1, chapter 2.3, article 16 (commencing with section 399.11) of the Public Utilities Code. As evidence of meeting the standard, licensees shall provide information on the average weighted greenhouse gas emission intensity of their operation and of their utility provider. The licensee is required to cover the excess of their emissions in carbon offsets. Beginning January 1, 2022, an application for renewal of a license shall include details on the total electricity supplied by local utility provider, name of local utility provider, and greenhouse gas emission intensity per kilowatt hour reported by the utility provider under section 398.4(c) of the Public Utilities Code for the most recent calendar year available at time of submission. The permittees must also identify what percentage of their energy provider's energy comes from a zero-net energy renewable sources and what percentage comes from other unspecified sources.

The manufacturing being proposed with this operation will consist of the use of low temperature mechanical presses to create concentrates from the cannabis flower. Secondly, the process will feature use of food grade ethanol to create cannabis oil from trim and waste product from the presses. Equipment used in this process is not expected to expend significant amounts of energy and will be required to meet all Title 24, Green Building Code, which includes energy efficiency requirements for installation and use. Additionally, all equipment used must pass inspection from the appropriate Fire Authority and the County's Agricultural Commissioner Weights and Measures Division.

With existing requirements in place that the project is required to meet and with the proposed additional measures providing energy efficient improvements, it does not appear this project will result in significant impacts to the wasteful, inefficient, or unnecessary consumption of energy resources.

Mitigation: None.

References: Application material; EIR CalCannabis Cultivation Licensing Program; Initial Study Bureau of Cannabis Control Commercial Cannabis Licensing Program, Referral response from the Modesto Irrigation District, dated November 7, 2018; Referral response received from the Stanislaus County Department of Planning and Community Development, Building Division, dated November 1, 2018; California Stanislaus County General Plan EIR.

VII. GEOLOGY AND SOILS -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.			X	
ii) Strong seismic ground shaking?			X	
iii) Seismic-related ground failure, including liquefaction?			X	
iv) Landslides?			X	
b) Result in substantial soil erosion or the loss of topsoil?			X	
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?			X	
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property?			X	
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?			X	
f) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?			X	

Discussion: The 1.52-acre project site is made up of Delhi sand soils which are classified as Urban and Built-Up Land by the State of California's Farmland Mapping and Monitoring Program. As contained in Chapter 5 of the General Plan Support Documentation, the areas of the County subject to significant geologic hazard are located in the Diablo Range west of Interstate 5. The General Plan EIR identifies the portion of the County most susceptible to liquefaction as the western margin of the valley because of the combination of young geologic units (Quaternary fan deposits and Dos Palos Alluvium) and potential for strong ground shaking. The project site is located considerably east of this area, and therefore would not be subject to significant risk of fault rupture or liquefaction. The project site is flat, so there would be no risk of landslide. The California Building Code identifies all of Stanislaus County as located within a geologic hazard zone (Seismic Design Category D, E, or F), and a soils test may be required at building permit application to determine if unstable or expansive soils are present. If such soils are present, special engineering of the structure will be required to compensate for the soil deficiency. Any structures resulting from this project will be designed and built according to building standards appropriate to withstand shaking for the area in which they are constructed. An Early Consultation referral response from the County's Building Division stating that, prior to operation, the existing building would be subject to a building permit for a change in occupancy for the new use. Each subsequent phase would be subject to this requirement. Subsequently, the Department of Public Works provided a comment letter stating that a grading and drainage plan will be required for any new construction onsite, subject to Public Works Standards and Specifications, that consider the potential for erosion and runoff prior to permit approval. Conditions of approval will be added to this project to address comments from both the Building Department and Public Works.

The project site is developed with a 12,000 square-foot building which includes both warehouse and commercial retail space and a private septic tank. As proposed, the existing septic systems will only be utilized for bathroom facilities. The operation proposes to reuse any air conditioning condensation for the commercial cannabis operation. A referral response from the Department of Public works stated that the proposed cultivation operation will be required to meet all State Water Resources

Control Board measures for collection and disposal of process wastewater including a manifest of disposal activities to be monitored by the Central Valley Regional Water Quality Control Board. A condition of approval will be added to reflect this requirement.

A referral response was received from the Department of Environmental Resources stating that the existing septic systems are fitted with a Measure X septic system as defined under County Code Section 16.010.040. However, it is the applicant's responsibility to contact the Department prior to issuance of any building permit to determine the adequacy of the septic facilities. A condition of approval will be added to the project for this requirement.

Mitigation: None.

References: Referral response from the Department of Environmental Resources (DER), October 16, 2018; Referral response from the Stanislaus County Department of Public Works October 17, 2018; Stanislaus County Building Permits Division, dated September 17, 2019; Stanislaus County General Plan and Support Documentation¹

VIII. GREENHOUSE GAS EMISSIONS -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?			X	
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?			X	

Discussion: The principal greenhouse gases (GHGs) are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and tropospheric ozone (O₃). CO₂ is the reference gas for climate change, because it is the predominant greenhouse gas emitted. To account for the varying warming potential of different greenhouse gases, GHG emissions are often quantified and reported as CO₂ equivalents (CO₂e). In 2006, California passed the California Global Warming Solutions Act of 2006 (Assembly Bill [AB] 32), which requires the California Air Resources Board (CARB) to design and implement emission limits, regulations, and other measures such that feasible and cost-effective statewide GHG emissions are reduced to 1990 levels by 2020. The EIR prepared for the CalCannabis Cultivation Licensing Program indicates that cannabis cultivation generates energy demand and GHG emissions from use of high-intensity lighting, ventilation, and temperature control necessary to grow cannabis indoors and in mixed-light operations. The high energy demand of indoor cultivation represents the largest contributor of GHG emissions. However, both state and local jurisdictions have required renewal energy portfolios for all commercial cannabis activities, which will lower the energy demand of the activity types, which will reduce overall GHG emissions. Construction emissions, which are temporary in nature, distribution, and employee vehicle use and truck trips are also GHG emission generators associated with indoor cultivation and distribution activities. The EIR concludes that GHG emissions would remain essentially unchanged, with implementation of the State's Cultivation Licensing Program, due to a corresponding decrease in illegal cultivation as permitted cultivation increases.

The proposed project would include the use of an existing 12,000 square-foot building for the cultivation, non-volatile manufacturing, and retail sales of cannabis. The proposed operation is required to obtain building permits for interior tenant improvements, which would be subject to the mandatory planning and design, energy efficiency, water efficiency and conservation, material conservation and resources efficiency, and environmental quality measures of the California Green Building Standards (CALGreen) Code (California Code of Regulations, Title 24, Part 11). Minimal greenhouse gas emissions will occur during construction. Construction activities are considered to be less than significant as they are temporary in nature and are subject to meeting SJVAPCD standards for air quality control.

The project will include rooftop solar photovoltaic panels and LED lighting as part of the proposed operation. The applicant also proposes the use of zero-emission or hybrid vehicles, which would further reduce operational emissions. Thus, project operations would not generate substantial greenhouse gas emissions, and the project would not result in the wasteful or inefficient use of energy. The retail operation anticipates an average of 216 customers per day, during the weekdays, 322

daily customers on Saturday, and 196 daily customers on Sunday. There are approximately 15 vehicle trips per week associated with the delivery of supplies for the entire operation and approximately one trip per week for distribution activities. The SJVAPCD was referred the proposed project and responded by stating that the project, as proposed, falls below the District’s threshold of significance for criteria emissions. It is not anticipated that the project will create any significant impacts to greenhouse gas emissions.

Mitigation: None.

References: San Joaquin Valley Air Pollution Control District referral response, November 5, 2019; Initial Study Bureau of Cannabis Control Commercial Cannabis Licensing Program, Referral Response from CDFA CalCannabis Division, dated October 11, 2018; Stanislaus County General Plan and Support Documentation¹

IX. HAZARDS AND HAZARDOUS MATERIALS -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?			X	
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			X	
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?			X	
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?			X	
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?				X
f) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?			X	
g) Expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?			X	

Discussion: The EIR completed by CalCannabis for their Cannabis Cultivation Program indicates that cannabis cultivation operations may involve the use of hazardous materials, such as fuel for power equipment and backup generators, and pesticides. Additionally, indoor and mixed-light cultivation operations may use high-powered lights, which could contain hazardous components that could enter the environment during disposal. Routine transport, handling, use, and disposal of these types of materials could expose people to hazards if adequate precautions are not taken. However, evidence suggests that improper storage, use, and disposal of hazardous materials is a major problem at unpermitted cannabis cultivation sites. Permitted cannabis cultivation, such as the proposed project, must comply with local and state hazardous materials handling, use procedures and regulations, and are regularly inspected for compliance by both local and state departments.

The County’s Department of Environmental Resources (DER) is responsible for overseeing hazardous materials in the project area. During project construction, various hazardous materials would likely be used, such as diesel fuel, gasoline,

oil, and paints. The applicant would also be required to use, store, and dispose of any hazardous materials in accordance with all applicable federal, state, and local regulations. The proposed project would include the storage and use of fertilizers and pesticides. All fertilizers and pesticides will be stored in isolated fireproof cabinets. In addition, all cultivation activities would occur indoors with direct application of water, pesticides, and fertilizers to eliminate drift of chemicals to areas outside the project area. A referral response was received from DER HAZMAT, stating that the project is not anticipated to have a significant impact on the environment regarding hazardous materials, however, would need to be permitted through the department for storage and use of any hazardous materials. A condition of approval will be added to the project to address this requirement.

A referral response from the Department of Public works stated that the proposed cultivation operation will be required to meet all State Water Resources Control Board measures for collection and disposal of process wastewater including a manifest of disposal activities to be monitored by the Central Valley Regional Water Quality Control Board. A condition of approval will be added to reflect this requirement.

The operation includes a request for the non-volatile manufacturing of commercial cannabis, which is classified as a Type 6 License with the California Department of Public Health Manufactured Cannabis Safety Branch. The manufacturing being proposed with this operation will consist of the use of low temperature mechanical presses (Master Press – Rosin Press) to create resin from the cannabis flower. A second manufacturing process will consist of a cold extraction system (HAL extraction booth) with food grade ethanol to create cannabis oil from trim and waste product from the presses. The used ethanol will be recycled and disposed of at certified facilities. Specification plans for both machines used will be required to be reviewed and inspected by both the appropriate Fire District and the County’s Building Permits Division. Both processes for the non-volatile manufacturing of commercial cannabis must be in compliance with all regulations set by the State of California’s Department of Public Health Manufactured Cannabis Safety Branch, which requires local fire code official approval to operate.

The project site is not located within an airport land use plan or a wildlands area. The project site is not located in a very high or high fire severity zone and is located in the Salida Fire Protection District. The project was referred to the Salida Fire Protection district, which responded with conditions of approval pertaining to water for fire suppression, access for emergency responders, and payment of District fees. During the building permit phase, each permit request will be reviewed by the Stanislaus County’s Fire Prevention Bureau to ensure all activities meet the appropriate federal, state, or local fire code requirements.

Mitigation: None.

References: Application material; CCR Title 17 Chapter 13 Manufactured Cannabis Safety; Initial Study Bureau of Cannabis Control Commercial Cannabis Licensing Program; Referral response from the Salida Fire Protection District, dated October 24, 2018; Referral response from the Department of Environmental Resources HAZMAT Division dated, Stanislaus County General Plan and Support Documentation¹.

X. HYDROLOGY AND WATER QUALITY -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?			X	
b) Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?			X	
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:			X	
(i) result in substantial erosion or siltation on – or off-site;			X	

(ii) substantially increase the rate of amount of surface runoff in a manner which would result in flooding on- or off-site;			X	
(iii) create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff; or			X	
(iv) impede or redirect flood flows?			X	
d) In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?			X	
e) Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?			X	

Discussion: The project site is currently served by a private well for water and a private septic system. There are no rivers or streams in the project vicinity, therefore the project would not alter the course of a stream or river in a manner which would result in substantial erosion or siltation on or off-site. This project will result in the formation of a new public water system as defined in California Health and Safety Code (CHSC), Section 116275 (h) and will utilize the existing well. Prior to receiving occupancy of any building permit, the property owner must obtain concurrence from the State of California Water Resources Control Board (SWRCB), Drinking Water Division, in accordance to CHSC, Section 116527 (SB1263) and submit an application for a water supply permit with the associated technical report to Stanislaus County DER. The technical report will evaluate the water quality of the existing well for compliance with Title 22 of the State of California Code of Regulations. If it is determined to contain constituents about the maximum containment level, water treatment measures will be required. This will be added as condition of approval.

Prior to any ground disturbance, grading and drainage plans are required to be submitted to the County Department of Public Works for review and approval to demonstrate that all storm water generated from the proposed project will be maintained on-site. This requirement will be reflected as conditions of approval for the project.

A referral response from the Department of Public works stated that the proposed cultivation operation will be required to meet all State Water Resources Control Board measures for collection and disposal of process wastewater including a manifest of disposal activities to be monitored by the Central Valley Regional Water Quality Control Board. A condition of approval will be added to reflect this requirement. Process wastewater shall not be discharged to the on-site septic system, or to any outdoor surface, soil, landscape, or the County’s storm drain system.

Areas subject to flooding have been identified in accordance with the Federal Emergency Management Agency (FEMA). The project site is located in FEMA Flood Zone X (Map# 06099C03300E), which includes areas determined to be outside the 0.2 percent annual-chance flood. The project site is not located in an area subject to dam inundation, nor is it in an area subject to seiche, tsunami, or mudflow. As such, significant impacts are not anticipated in relations to hydrology and water quality.

Mitigation: None.

References: Application material; FEIR CalCannabis Cultivation Licensing Program; Correspondence received from Department of Environmental Resources, dated October 18, 2018; Referral Response from the Department of Public Works, dated October 17, 2018; Stanislaus County General Plan Conservation/Open Space Element and Support Documentation.¹

XI. LAND USE AND PLANNING -- Would the project:				
	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Physically divide an established community?			X	
b) Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?			X	

Discussion: The project has a general plan designation of Planned Industrial (P-I) and is zoned P-I (7), which was adopted by the Board of Supervisors in 1993 and was approved for uses consistent with the Planned Industrial zoning district such as food processing, warehousing, machine and welding shops, laboratories, and other uses that would be considered light industrial in nature. However, the Planned Industrial General Plan designation does not, nor does the P-I 7 zoning permit standalone retail uses nor does it allow a storefront retail commercial cannabis. Therefore, in accordance with Section 21.108, a zone changed to a Planned Development to allow for indoor cannabis cultivation, manufacturing (non-volatile), retail, and distribution is required. In addition, zoning districts must be consistent with their General Plan Designation. Therefore, a General Plan Amendment to change the existing Planned Industrial Designation to Planned Development is required. Additionally, Section 6.78.060 requires that all commercial cannabis applicants be subject to a Commercial Cannabis Activity Permit, Development Agreement, Land Use Permit, and State Licensure for Commercial Cannabis Activities.

Furthermore, per Section 6.78, each commercial cannabis activity must meet and maintain operating standards for odor control, security, minimum building standards, track and trace, as well as meeting specialized setbacks. To reduce land use conflicts, Section 6.78.120 requires that all commercial cannabis activities are setback a minimum of 200 feet from adjacent residents and libraries. Additionally, commercial cannabis activities must be setback from day cares, schools, or other similar uses a minimum of 600 feet at time of initial permitting. The closest dwelling to the project site is to the north and is approximately 650 feet from the building to the adjacent dwelling. There are no known libraries, schools, or day cares in the restricted distances of the project site. **Additionally, all commercial cannabis activities within the State of California are subject to Section 26000-26250 of California Business and Professions Code, as well as Title 3, Division 8 Cannabis Cultivation, Title 16, Division 42 Bureau of Cannabis Control, and Title 17, Division 1, Chapter 13 Manufactured Cannabis Safety of the California Code of Regulations.**

The proposed project must meet existing requirements for off-street parking and landscaping. A landscaping plan that complies with County standards has been submitted. The applicant will be subject to parking requirements for each proposed use. The manufacturing, cultivation, and distribution components of the proposed operation will be subject to County Code Section 21.76.070's parking standard, which manufacturing or warehousing uses are required to provide enough spaces on-site for the number of employees on a maximum shift plus three additional spaces. County Code Section 21.76.150 pertains to the retail parking standard of 1 space per 300 feet of gross floor area. The proposed retail area consists of approximately 2,100 square feet of space, which would require 7 total parking spaces. As stated in the project description, a total of 21 employees on a maximum shift is anticipated, which would require 24 total parking spaces. The project site has already been developed with 39 spaces, which would exceed the off-street parking requirement of 31 spaces. A condition of approval will be added to ensure that, prior to operation, compliance with the off-street parking requirement is met.

The project would not conflict with any applicable land use plan, policy, or regulation intended to avoid or mitigate an environmental effect. No natural community conservation plans have been adopted in Stanislaus County, so the project would not result in any conflicts.

Mitigation: None.

References: Application Material; Stanislaus County Code Chapter 6.78 and Chapter 21; Stanislaus County General Plan and Support Documentation¹

XII. MINERAL RESOURCES -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?			X	
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?			X	

Discussion: The location of all commercially viable mineral resources in Stanislaus County have been mapped by the State Division of Mines and Geology in Special Report 173 (and portions of Special Report Nos. 91-03, 160, and 199 include Stanislaus County). There are no known mineral resources underlying the site or in the project vicinity.

Mitigation: None.

References: Application materials; Stanislaus County General Plan Conservation/Open Space Element and Support Documentation¹

XIII. NOISE -- Would the project result in:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?			X	
b) Generation of excessive groundborne vibration or groundborne noise levels?			X	
c) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X

Discussion: A temporary increase in noise and vibration, associated with required tenant improvements to the existing building, is anticipated. However, there are no sensitive receptors in the vicinity of the project site. Cultivation activities would not generate substantial noise. Project activities during operation would occur indoors, including loading of packaged product. However, the project's proposed hours of operation are Monday through Saturday, 10 a.m. to 8 p.m. and Sunday, 10 a.m. to 5 p.m., with a maximum of 21 employees. Cultivation, manufacturing, and distribution will have weekday operating hours from 9 a.m. to 5 p.m. Monday through Friday. The retail operation anticipates an average of 216 customers per day, during the weekdays, 322 daily customers on Saturday, and 196 daily customers on Sunday. There are approximately 15 vehicle trips per week associated with the delivery of supplies and approximately one trip per week associated with distribution activities. The proposed use is not anticipated to exceed ambient noise levels in the vicinity as the surrounding area has existing light industrial and commercial development. Section 6.78.120(8)(N) require that any commercial cannabis activities comply with County's previously adopted Noise Control Ordinance. According to the County's Noise Element of the General Plan, acceptable noise levels in industrial land use categories is 75 decibels, which the proposed project is not anticipated to exceed. The proposed project is not within two miles of a public airstrip, and because workers would be located indoors, would not expose workers to noise associated with a private airstrip.

Mitigation: None.

References: Application materials; Chapter 6.78, Chapter 10.46, and Title 21 of the Stanislaus County Code; Stanislaus County General Plan Noise Element and Support Documentation.¹

XIV. POPULATION AND HOUSING -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?			X	
b) Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?			X	

Discussion: The site does not involve any additional housing. An existing single-family dwelling will be demolished during the third phase of this project. However, it is not located on a site that was included in the vacant sites inventory for the 2016 Stanislaus County Housing Element, which covers the 5th cycle Regional Housing Needs Allocation (RHNA) for the County and will, therefore, not impact the County’s ability to meet their RHNA. No population growth will be induced, nor will any existing housing be displaced as a result of this project.

Mitigation: None.

References: Application materials; Stanislaus County General Plan Housing Element and Support Documentation¹

XV. PUBLIC SERVICES --	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Would the project result in the substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
Fire protection?			X	
Police protection?			X	
Schools?			X	
Parks?			X	
Other public facilities?			X	

Discussion: Section 6.78.060 requires that all commercial cannabis applicants be subject to a Commercial Cannabis Activity Permit, Development Agreement, Land Use Permit, and a State Licensure for Commercial Cannabis Activities. Per Section 6.78, each commercial cannabis activity must meet and maintain operating standards for odor control, security control, minimum building standards, and track and trace. State and local regulations must also be met in order to maintain an active commercial cannabis permit. The Development Agreement establishes two fees to be collected from each project applicant; the Community Benefit Contribution and the Community Benefit Rate. The Contribution fee will be paid quarterly and utilized for local community charities or public improvement projects. The Rate fee will also be paid quarterly but will be utilized for County enforcement activities of illegal cannabis. The funds received from the Community Benefit fees are anticipated to address any increase in service impacts induced by commercial cannabis activities.

Additionally, the County has adopted Public Facilities Fees, as well as one for Fire Facility Fees on behalf of the appropriate fire district, to address impacts to public services. Such fees are required to be paid at the time of building permit issuance. Conditions of approval will be added to this project to ensure that the proposed development complies with all applicable federal, state, and local requirements. The project has submitted a safety and security plan with fire evacuation plans, fire suppression, employee training, 24-hour video surveillance, and onsite security personnel. The safety and security plan are required to be reviewed and approved by the County Sheriff’s Department, as well as the appropriate fire district for each project. Upon project approval, the applicant shall be required to obtain building permits for tenant improvements in accordance with the adopted building and fire codes. A referral response was received from the Salida Fire Protection district, which stated the proposed project as being subject to the Fire Service Impact Mitigation Fees. A condition of approval will be added to ensure this requirement is met. With conditions of approval and public facility fees in place, no impacts to public services are anticipated.

Mitigation: None.

References: Application materials; Chapter 6.78 and Title 21 of the Stanislaus County Code; EIR CalCannabis Cultivation Licensing Program; Stanislaus County General Plan Safety Element and Support Documentation¹

XVI. RECREATION --	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?			X	
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?			X	

Discussion: This project will not increase demands for recreational facilities, as such impacts typically are associated with residential development.

Mitigation: None.

References: Stanislaus County General Plan and Support Documentation¹

XVII. TRANSPORTATION-- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Conflict with a program plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?			X	
b) Would the project conflict or be inconsistent with CEQA Guidelines section 15064.3, subdivision (b)?			X	
c) Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			X	
d) Result in inadequate emergency access?			X	

Discussion: The proposed operation will consist of 12,000 square feet of indoor cannabis cultivation, manufacturing (non-volatile), retail, and distribution in an existing warehouse building. The retail operation anticipates an average of 216 customers per day, during the weekdays, 322 daily customers on Saturday, and 196 daily customers on Sunday. There are approximately 15 vehicle trips per week associated with the delivery of supplies for the entire operation and approximately one trip per week for distribution activities.

Section 15064.3 of the CEQA Guidelines establishes specific considerations for evaluating a project's transportation impacts. The CEQA Guidelines identify vehicle miles traveled (VMT), which is the amount and distance of automobile travel attributable to a project, as the most appropriate measure of transportation impacts. Other relevant considerations may include the effects of the project on transit and non-motorized travel. Vehicle miles traveled exceeding an applicable threshold of significance for land use projects may indicate a significant impact. Generally, projects within one-half mile of either an existing major transit stop or a stop along an existing high-quality transit corridor should be presumed to cause a less than significant transportation impact. Projects that decrease vehicle miles traveled in the project area, compared to existing conditions, should be presumed to have a less than significant transportation impact.

The EIR prepared for Stanislaus County's 2016 General Plan Update considered vehicle miles traveled (VMT) in the County, as considered by the General Plan planning horizon of 2035. The EIR identified that total daily VMT is expected to increase within the unincorporated area by 2035. However, the daily VMT in the unincorporated area is expected to decrease slightly on both a per-household and a service population basis, indicating that development that could occur under the General Plan would decrease the average distance between goods and services within the unincorporated County. Therefore, implementation of the General Plan policies is expected to have a less-than-significant impact on VMT. The proposed project site was considered in the General Plan EIR and would therefore be expected to have a less than significant impact to VMT.

The project was referred to the State of California Department of Transportation (CalTrans), who responded by stating that the applicant should pay a “traffic impact mitigation fee.” The fee would be collected by the County as a proportional share for future improvements to adjacent state facilities. However, upon further clarification from staff as to what established traffic mitigation program fee or proportional share could be applied, Caltrans stated there is no current nexus to require these fees. The adjacent facilities identified by Caltrans include Charity Way and State Route 108 intersection and Pentecost Drive and State Route 219. The Pentecost and State Route 219 intersection has been previously upgraded to accommodate the expansion State Route 219 and has no plans for any future traffic improvements. Any improvements to the Charity Way and State Route 108 intersection would be funded through collection of fees during the building construction process. However, if approved, the proposed project would be required to obtain a building permit for any tenant improvements or change in occupancy of the building. Those building permits would require Public Facility Fees to be paid to the County prior to issuance. Those fees would contribute to any improvements to the local road infrastructure impacted by the proposed project.

The project was also referred to the County’s Public Works Department and Environmental Review Committee, both reviewed the project and did not provide any comments or concerns with traffic impacts that would be generated as a result of this project.

The project is proposed to occur on a parcel that was previously developed to accommodate light industrial uses. The project will not alter any existing streets, pedestrian/bicycle paths, or create a substantial demand for transit. The project would not affect air traffic patterns or create substantial hazards on any roadways.

Mitigation: None.

References: Referral response from Caltrans, dated October 23, 2018; Referral response Stanislaus County Department of Public Works, dated October 15, 2018; Revised Referral Response from Stanislaus County Environmental Review Committee, dated November 14, 2018; Circulation Element of the Stanislaus County General Plan and Support Documentation¹.

XIX. UTILITIES AND SERVICE SYSTEMS -- Would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?			X	
b) Have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years?			X	
c) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project’s projected demand in addition to the provider’s existing commitments?			X	
d) Generate solid waste in excess of State or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?			X	
e) Comply with federal, state, and local management and reduction statutes and regulations related to solid waste?			X	

Discussion: The proposed project site is served by a private well and private septic system, and the Modesto Irrigation District for electricity.

This project will result in the formation of a new public water system as defined in California Health and Safety Code (CHSC), Section 116275 (h) and will utilize the existing well. Prior to receiving occupancy of any building permit, the property owner must obtain concurrence from the State of California Water Resources Control Board (SWRCB), Drinking Water Division, in accordance to CHSC, Section 116527 (SB1263), and submit an application for a water supply permit with the associated technical report to Stanislaus County DER. The technical report will evaluate the water quality of the existing well for compliance with Title 22 of the State of California Code of Regulations. If it is determined to contain constituents about the maximum containment level, water treatment measures will be required. This will be added as condition of approval.

Additionally, as stated under Section 6.78.080(C)(1) of the County Code, the applicant proposes to utilize recycled irrigation water, which would reduce the overall project demand for water. A project referral was sent to the Modesto Irrigation District, which responded with information about the facilities present on-site. No issues were raised or conditions of approval requested. It is not anticipated that the proposed project would have a significant impact on existing wastewater facilities or require expanded entitlements for water supplies.

Furthermore, all storm water generated from the proposed project will be required to be maintained on-site. As stated previously, prior to any ground disturbance, grading and drainage plans are required to be submitted to the County Department of Public Works for review and approval. It is not anticipated that any future expansion to maintain storm water generated by this project on-site will create any significant impacts to existing storm water facilities.

The project would be required to comply with all regulations related to solid waste. The solid waste generated by the project would be primarily organic waste from the cannabis plants, which would be composted on-site or rendered unusable prior to transport to the appropriate solid waste facility. The project would not generate an amount of solid waste, such that the landfill's capacity would become impacted and expansion required.

Mitigation: None.

References: Correspondence received from Department of Environmental Resources, dated October 18, 2018; Referral Response from the Department of Public Works, dated October 17, 2018, Modesto Irrigation District, dated November 7, 2018, Stanislaus County General Plan and Support Documentation¹

XX. WILDFIRE – If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Substantially impair an adopted emergency response plan or emergency evacuation plan?			X	
b) Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to, pollutant concentrations from a wildfire or the uncontrolled spread of a wildfire?			X	
c) Require the installation of maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?			X	
d) Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?			X	

Discussion: This project is served by the Salida Fire Protection District. The site is not located in a State Responsibility Area. The site has access to a County-maintained road. The terrain is relatively flat, and it is not located near any bodies of water. Wildfire risk and risks associated with postfire land changes are considered to be less than significant.

Mitigation: None.

References: Application materials; Stanislaus County General Plan Safety Element and Support Documentation¹

XXI. MANDATORY FINDINGS OF SIGNIFICANCE --	Potentially Significant Impact	Less Than Significant With Mitigation Included	Less Than Significant Impact	No Impact
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?			X	
b) Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)			X	
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?			X	

Discussion: Review of this project has not indicated any features which might significantly impact the environmental quality of the site and/or the surrounding area. **Cumulative impacts associated with cultivation, manufacturing, and distribution activities are considered to be less than significant as these activities are similar in intensity to the uses permitted in the site’s current P-I (7) zoning designation. Although the addition of commercial cannabis storefront retail activities as a permitted use on the project site will increase traffic in the area, public facility fees collected during the building permit phase will contribute to any needed improvements to the local road infrastructure. Additionally, recognizing the potential impacts associated with a concentration of retail activities (both storefronts and non-storefronts) within the unincorporated area, no more than a combined total of five retail permits, and no more than three retail activities within any one-mile radius, are permitted to operate at any one time within the City of Modesto’s Local Agency Formation Commissions (LAFCO) adopted Sphere of Influence (SOI) and within a one-half mile radius outside of the City of Modesto’s SOI. All five locations have been identified and currently only one other retail location is within the same vicinity as the proposed project. Subsequently, cumulative impacts are anticipated to be less than significant.**

Mitigation: None.

References: Initial Study; Stanislaus County General Plan and Support Documentation¹

¹Stanislaus County General Plan and Support Documentation adopted in August 23, 2016, as amended. **Housing Element** adopted on April 5, 2016.



NEGATIVE DECLARATION

NAME OF PROJECT: General Plan Amendment, Rezone, Use Permit, & Development Agreement Application No. PLN2018-0101 – Natural Remedies Consulting

LOCATION OF PROJECT: 5272 Jerusalem Court, Suite D, North of Kiernan Avenue, in the Modesto area. Stanislaus County. APN: 004-065-019

PROJECT DEVELOPERS: Cheryl King dba Natural Remedies Consulting
5272 Jerusalem Court, Suite D
Modesto, CA 95356

DESCRIPTION OF PROJECT: This project is a request to amend the General Plan and zoning designation of a 1.01-acre property from P-I (Planned Industrial) to P-D (Planned Development), and to obtain a Use Permit and Development Agreement, to allow indoor commercial cannabis cultivation, manufacturing (non-volatile), retail, and distribution activities in a portion of an existing 12,000 square-foot warehouse building.

Based upon the Initial Study, dated **November 7, 2019**, the Environmental Coordinator finds as follows:

1. This project does not have the potential to degrade the quality of the environment, nor to curtail the diversity of the environment.
2. This project will not have a detrimental effect upon either short-term or long-term environmental goals.
3. This project will not have impacts which are individually limited but cumulatively considerable.
4. This project will not have environmental impacts which will cause substantial adverse effects upon human beings, either directly or indirectly.

The Initial Study and other environmental documents are available for public review at the Department of Planning and Community Development, 1010 10th Street, Suite 3400, Modesto, California.

Initial Study prepared by: Jeremy Ballard, Associate Planner

Submit comments to: Stanislaus County
Planning and Community Development Department
1010 10th Street, Suite 3400
Modesto, California 95354

5272 Jerusalem Ct. General Plan Amendment Findings

Reasons and Justification for Change:

Based on the Draft Commercial Cannabis Permitting Zoning District matrix (10.6.17) a retail cannabis dispensary (NRC Holistic Health Services, 5272 Jerusalem Court, Modesto, CA) would not be permitted in a Planned Industrial zone. However, it could continue to operate in this location in a Planned Development zone. Per the advice of Stanislaus County Planning staff, the property in question should be rezoned to Planned Development, which necessitates the General Plan Amendment.

5272 Jerusalem Ct. General Plan Amendment Findings

Events rendering General Plan inadequate:

In recent years, California voters and the state legislature have created a legal framework to regulate the cannabis industry. In response to these changes, the Stanislaus County Board of Supervisors passed Ordinance NO. C.S. 1206 (An Ordinance Relating to the Regulation of Commercial Cannabis Activities) on January 19, 2018. This ordinance established a comprehensive program to permit and regulate cannabis cultivation, distribution, manufacturing, laboratory and retail business activities in the unincorporated areas of Stanislaus County. This ordinance will tightly regulate the cannabis industry while preserving our environmental resources, protecting the health and safety of our communities, and prioritizing fiscal responsibility for tax payers.

Per the direction of the Stanislaus County Board of Supervisors in establishing a Cannabis Allowance Ordinance, and Planning's recommendation that retail dispensaries not be allowed in Planned Industrial zones, the General Plan PI zoning is not adequate to support these uses.

5272 Jerusalem Ct. General Plan Amendment Findings

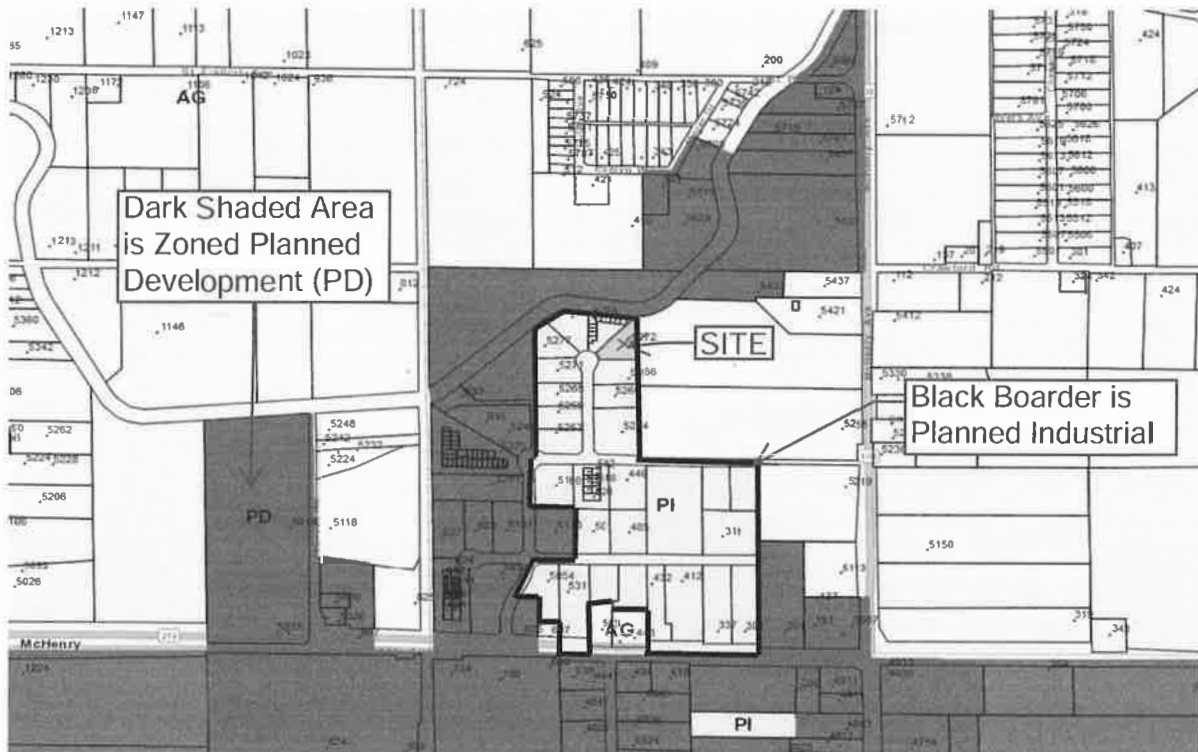
General Plan Impact:

Based on the extent of the current PD property zoning adjacent to the 5272 Jerusalem Court, changing this property to a PD zoning designation will have negligible impact fiscally on the viability of the surrounding businesses and property values. Future development of this area, which is largely built-out with industrial buildings, will not be impacted.

5272 Jerusalem Ct. General Plan Amendment Findings

Area of General Specific Plan requested to be changed:

See "Snip" from GIS site below:



5272 Jerusalem Court (marked as the Site) is north of Kiernan Avenue and zoned Planned Industrial (PI). It is surrounded by other PI zoned properties to the west and south. PD zoning exists to the north, south, and west. Agricultural zoning (AG) exists immediately east of the property.

SUMMARY OF RESPONSES FOR ENVIRONMENTAL REVIEW REFERRALS

PROJECT: GPA REZ UP & DA APP NO. PLN2018-0101 - NATURAL REMEDIES CONSULTING

REFERRED TO:				RESPONDED		RESPONSE			MITIGATION MEASURES		CONDITIONS	
	2 WK	30 DAY	PUBLIC HEARING NOTICE	YES	NO	WILL NOT HAVE SIGNIFICANT IMPACT	MAY HAVE SIGNIFICANT IMPACT	NO COMMENT NON CEQA	YES	NO	YES	NO
CA DEPT OF CONSUMER AFFAIRS: Bureau of Cannabis Control	X	X	X		X							
CA DEPT OF FISH & WILDLIFE	X	X	X		X							
CA DEPT OF FOOD & AGRICULTURE: CalCannabis	X	X	X	X			X			X		X
CA DEPT OF PUBLIC HEALTH: Manufacture Cannabis Safety Branch	X	X	X		X							
CA DEPT OF TRANSPORTATION DIST 10	X	X	X	X			X			X		X
CA OPR STATE CLEARINGHOUSE	X	X	X		X							
CA RWQCB CENTRAL VALLEY REGION	X	X	X	X				X		X	X	
CA SWRCB DIVISION OF DRINKING WATER DIV 10	X	X	X		X							
CITY OF: MODESTO	X	X	X	X				X		X		X
COOPERATIVE EXTENSION	X	X	X		X							
FIRE PROTECTION DIST: SALIDA	X	X	X	X				X		X	X	
IRRIGATION DISTRICT: MODESTO	X	X	X	X				X		X	X	
MOSQUITO DISTRICT: EASTSIDE	X	X	X		X							
MT VALLEY EMERGENCY MEDICAL	X	X	X		X							
PACIFIC GAS & ELECTRIC	X	X	X		X							
RAILROAD: UNION PACIFIC	X	X	X		X							
SAN JOAQUIN VALLEY APCD	X	X	X	X				X		X	X	
SCHOOL DISTRICT 1: STANISLAUS UNION	X	X	X		X							
SCHOOL DISTRICT 2: MODESTO UNION	X	X	X	X				X		X		X
STAN CO AG COMMISSIONER	X	X	X		X							
STAN CO BUILDING PERMITS DIVISION	X	X	X	X				X		X	X	
STAN CO CEO	X	X	X		X							
STAN CO DER	X	X	X	X				X		X	X	
STAN CO ERC	X	X	X	X				X		X		X
STAN CO FARM BUREAU	X	X	X		X							
STAN CO HAZARDOUS MATERIALS	X	X	X	X				X		X	X	
STAN CO PUBLIC WORKS	X	X	X	X				X		X	X	
STAN CO SHERIFF	X	X	X	X				X		X		X
STAN CO SUPERVISOR DIST 4: BERRYHILL	X	X	X		X							
STAN COUNTY COUNSEL	X	X	X		X							
STANISLAUS FIRE PREVENTION BUREAU	X	X	X		X							
STANISLAUS LAFCO	X	X	X		X							
SURROUNDING LAND OWNERS		X	X		X							
TELEPHONE COMPANY: ATT	X	X	X		X							
TRIBAL CONTACTS												
(CA Government Code §65352.3)	X	X	X		X							
US MILITARY AGENCIES												
(SB 1462) (5 agencies)	X	X	X		X							

7. PUBLIC HEARINGS (* - Consent Items)

- E. GENERAL PLAN AMENDMENT, REZONE, USE PERMIT, AND DEVELOPMENT AGREEMENT APPLICATION NO. PLN2018-0101 – NATURAL REMEDIES CONSULTING** - Request to amend the general plan and zoning designation of a 1.01-acre property from Planned Industrial to Planned Development, and to obtain a Use Permit and Development Agreement, to allow indoor commercial cannabis cultivation, manufacturing (non-volatile), retail, and distribution in an existing 12,000 square-foot warehouse building. A Development Agreement is included in the project request. The project is located at 5272 Jerusalem Court, north of Kiernan Avenue, in the Modesto Area. The Planning Commission will consider adoption of a California Environmental Quality Act Negative Declaration for this project. APN: 004-065-019.
Staff Report: Jeremy Ballard, Associate Planner, Recommends **APPROVAL**.
Public hearing opened.
OPPOSITION: None.
FAVOR: None
Public hearing closed.
Blom/Willerup (5/0) **RECOMMENDED APPROVAL TO THE BOARD OF SUPERVISORS AS OUTLINED IN THE STAFF REPORT.**

EXCERPT

PLANNING COMMISSION

MINUTES

Signature on file.

Angela Freitas
Planning Commission Secretary

December 5, 2019

Date

STANISLAUS COUNTY ORDINANCE NO. C.S. 1262

AN ORDINANCE ADOPTING DEVELOPMENT AGREEMENT BY AND BETWEEN THE COUNTY OF STANISLAUS AND NATURAL REMEDIES CONSULTING.

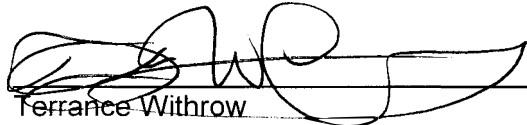
The Board of Supervisors of the County of Stanislaus, State of California, ordains as follows:

Section 1. Pursuant to Chapter 22.05 of the Stanislaus County Code, the Board of Supervisors hereby approves and adopts the Development Agreement by and between the County of Stanislaus and Natural Remedies Consulting, dated 12/17/19, which is incorporated herein by reference.

Section 2. This ordinance shall take effect and be in full force thirty (30) days from and after the date of its passage and before the expiration of fifteen (15) days after its passage it shall be published once, with the names of the members voting for and against same, in the Modesto Bee, a newspaper of general circulation published in Stanislaus County, State of California.

Upon motion of Supervisor Chiesa, seconded by Supervisor Olsen, the foregoing ordinance was passed and adopted at a regular meeting of the Board of Supervisors of the County of Stanislaus, State of California, this 17th day of December, 2019, by the following called vote:

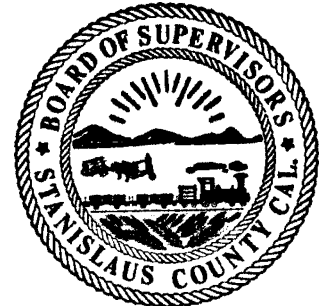
- AYES: Supervisors: Olsen, Chiesa, DeMartini, and Chairman Withrow
- NOES: Supervisors: None
- ABSENT: Supervisors: Berryhill
- ABSTAINING: Supervisors: None



Terrance Withrow
CHAIRMAN OF THE BOARD OF SUPERVISORS
of the County of Stanislaus,
State of California

ATTEST: ELIZABETH A. KING, Clerk of
the Board of Supervisors of
the County of Stanislaus,
State of California

BY: 
Deputy Clerk



APPROVED AS TO FORM:

Thomas E. Boze
County Counsel

By 
~~Robert J. Faro~~
Deputy County Counsel



Stanislaus, County Recorder
Donna Linder Co Recorder Office
DOC- 2020-0004472-00

Thursday, JAN 23, 2020 08:23:27
Ttl Pd \$0.00 Rcpt # 0004380810
SCT/R2/1-43

RECORDING REQUESTED BY:

**COUNTY OF STANISLAUS
BOARD OF SUPERVISORS**

When Recorded Mail To:

County of Stanislaus
Department of Planning & Community Development
1010 10th Street, Suite 3400
Modesto, CA 95354

Fee Waived per GC 27383

Space above this line for

Recorder's use

DEVELOPMENT AGREEMENT

BETWEEN THE

COUNTY OF STANISLAUS

AND

NATURAL REMEDIES CONSULTING, INC.
5272 JERUSALEM COURT, MODESTO

435T

THIS DEVELOPMENT AGREEMENT (this "Agreement" or this "Development Agreement") is made and entered in the County of Stanislaus on this 17th day of December, 2019, by and between Stanislaus County, a body corporate and a political subdivision of the State of California (hereafter "County") and Natural Remedies Consulting, Inc., a California Corporation (hereafter "Permittee") pursuant to the authority of §§ 65864 *et seq.*, of the California Government Code and Stanislaus County Code, Title 22. County and Permittee are, from time-to-time, individually referred to in this Agreement as a "Party," and are collectively referred to as "Parties."

List of Attachments:

Attachment A "Project Description"

Attachment B "Legal Description/Property Description"

Attachment C "Floor/Site Plan"

Attachment D "Operating Conditions"

Attachment E "Community Benefits"

Attachment F "Lease"

Attachment G "Development Schedule"

RECITALS

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

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

C. Permittee retains a legal or equitable interest in certain real property located at 5272 Jerusalem Court., in the Modesto area, California, also known as Stanislaus County Assessor Parcel Number 004-065-019 and that is more particularly described in Attachment B attached hereto and is incorporated herein by reference. ("the Property") Permittee has leased the Property for the purpose of carrying out the Project from the

owner Charlie Menghetti, ("Property Owner"). A copy of the lease is attached hereto as Attachment F.

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

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

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

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

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

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

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

K. On November 21, 2019, the Stanislaus County Planning Commission, serving as the planning agency for purposes of Government Code section 65867, held a duly noticed public hearing on this Agreement and Related Project Approvals. Following the public hearing, the Planning Commission, determined that the Project, the Initial Project Approvals, and the Agreement are, as a whole and taken in their entirety, consistent with the County's General Plan and the Zoning Code. The Planning Commission recommended approval of the Project, including this Agreement, to the Board of Supervisors.

L. On December 17, 2019, the County Board of Supervisors of the County of Stanislaus having receive the recommendations of the Planning commission, held a duly

notice public hearing on this Agreement and the related initial Project Approvals. Following the public hearing, the board adopted Ordinance No. C.S.1264 (the "Enacting Ordinance"), approving this Agreement and authorizing the Chairman of the Board of Supervisors to execute this Agreement and found that the Agreement is consistent with the General Plan and Zoning Code in accordance with Government Code section 65867.5 and determined that the Project as defined herein required no further analysis under CEQA, pursuant to CEQA Guidelines Section 15183 (Consistency with a General Plan or Zoning for which an EIR was prepared).

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

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

AGREEMENT

1. Incorporation of Recitals. The Recitals and all defined terms set forth above are hereby incorporated into this Agreement as if set forth herein in full.
2. Definitions.
 - 2.1. "Agreement" means this Development Agreement and all amendments and modifications thereto.
 - 2.2. "Enacting Ordinance" means Ordinance No. C.S.1262 adopted by the Board of Supervisors on December 17, 2019, approving this Agreement and authorizing the Chairman of the Board of Supervisors to execute this Agreement.
 - 2.3. "Initial Project Approvals" means those land use approvals and entitlements relating to the Project that were approved by the Board of Supervisors concurrently with this Agreement, which include the Use Permit, and CEQA determination.
 - 2.4. "Regulatory Permit" means the permit required by Stanislaus County Code Chapter 6.78 to conduct Commercial Cannabis Activities.
 - 2.5. "Development Agreement Act" means Article 2.5 of Chapter 4 of Division 1 of Title 7 (section 65864 through 65869.5) of the California government Code.
 - 2.6. "Development Agreement Ordinance" means Title 22 of the Stanislaus County Code.

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

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

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

3. Description of the Project. The Project consist of the use of the Property for the Commercial Cannabis Activities set forth in Attachment A attached hereto and in the Initial Project Approvals.
4. Description of Property. The Property that is the subject of this Agreement is described in Attachments B and C attached hereto.
5. Interest of Permittee. The Permittee has a legal interest in the Property in that it is the Lessee of the property.
6. Relationship of County and Permittee. It is understood that this Agreement is a contract that has been negotiated and voluntarily entered into by the County and Permittee and that the Permittee is not an agent of the County. The County and Permittee hereby renounce the existence of any form of joint venture or partnership between them and agree that nothing contained herein or in any document executed in connection herewith shall be construed as making the County and Permittee joint venture's or partners.
7. Effective Date and Term.

7.1. Effective Date. The Effective Date of this Agreement shall be the date on which the Enacting Ordinance becomes effective. The Enacting Ordinance is effective 30 days after the date of approval ("the Effective Date").

7.2. Term. The term of this Agreement shall commence on the Effective Date and extend five (5) years thereafter, unless said term is otherwise terminated or amended by circumstances set forth in this Agreement or Permittee no longer has a legal interest in the property or has ceased operations on the property for a period of 30 consecutive days.

8. Development of the Property.

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

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

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

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

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

and requirements expressly set forth herein.

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

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

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

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

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

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

9. Public Benefits

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

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

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

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

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

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

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

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

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

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

12. Compliance with Conditions of Approval and Regulatory Permits.

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

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

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

13. Amendment or Cancellation.

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

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

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

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

14. Annual Review.

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

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

14.2.1. Appeal of the Chief Executive Officer's, or designee's, findings regarding compliance shall be made in accordance with Stanislaus County

Chapter 22.07, except that the County Chief Executive Officer, or designee, shall replace all instances where the planning director is indicated.

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

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

15. Default.

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

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

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

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

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

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

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

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

15.4. Notice and Cure. Upon the occurrence of an event of default by either party, the non-defaulting party shall serve written notice of such default upon the defaulting party ("Notice of Default"). Failure to give notice shall not constitute a

waiver of any default. Upon delivery of notice, the parties shall meet and confer in good faith to address the alleged default and attempt to cure such default within a reasonable time or modify the Agreement to remedy such default.

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

15.6. Remedies for Default.

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

15.6.2. Termination or Modification. If the Director of Planning finds and determines that Permittee remains in default after the cure period, if the alleged default is not the subject of dispute resolution pursuant to Section 16 of this Agreement, and if the County intends to terminate or modify this Agreement, the Director of Planning shall set the matter for a hearing by the Planning Commission in accordance with the provisions of the Development Agreement Ordinance (County Code Chapter 22.08). If after such public hearing, the Planning Commission finds that Property Owner is in violation of this Agreement, the Planning Commission shall notify the Board of Supervisors of its findings and recommend such action as it deems appropriate. If the Planning Commission reports a violation of the Development Agreement to the Board of Supervisors pursuant to this Section, the Board of Supervisors may take one of the following actions: (a) approve the recommendation of the Planning Commission instructing that action be taken as indicated therein in cases other than a recommendation to terminate or modify the Agreement; (b) refer the matter back to the Planning Commission for further proceedings with or without instructions; or (c) schedule the matter for hearing before the Board of Supervisors if termination or modification of the Agreement is recommended. There shall be no termination or modifications of this Agreement unless the Board of Supervisors acts pursuant to the provisions set forth in Government Code

Sections 65865.1, et seq., and Stanislaus County Code chapter 22.08. Pursuant to Government Code §65865., if as a result of the Annual Review, the County determines, on the basis of substantial evidence, that Permittee has not complied in good faith with terms or conditions of this Agreement, the County may terminate or modify the Agreement; provided, however, that if Permittee does not agree to the modification the County's only remedy shall be to terminate the Agreement. Further, if the County seeks to terminate or modify the Agreement for any other reason, such action shall be subject to the requirements of Government Code § 65868, including the requirement for the mutual consent of the Parties.

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

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

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

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

16.2. Non-Binding Arbitration. The Parties may agree to use nonbinding arbitration to resolve any Dispute arising under this Agreement. The arbitration shall be conducted by an arbitrator who must be a former judge of the Stanislaus County Superior Court, Appellate Justice of the Fifth District Court of Appeals, or Justice of the California Supreme Court. This arbitrator shall be selected by mutual agreement of the Parties.

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

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

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

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

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

18. Estoppel Certificate.

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

under this Agreement, or if in default, to describe therein the nature and amount of any such defaults. A party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof, or such longer period as may reasonably be agreed to by the parties. Chief Executive Officer of the County shall be authorized to execute any certificate requested by Permittee. Should the party receiving the request not execute and return such certificate within the applicable period, this shall not be deemed to be a default, provided that such party shall be deemed to have certified that the statements in clauses (a) through (c) of this section are true, and any party may rely on such deemed certification.

19. Severability.

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

20. Attorneys' Fees and Costs.

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

21. Transfers and Assignments.

21.1. The Permittee shall not transfer, delegate, or assign its interest, rights, duties, and obligations under this Agreement without the prior written consent of the County. Any assignment, delegation, or assignment without the prior written County consent of the other parties to this Agreement shall be null and void. Any transfer, delegation, or assignment by the Permittee as authorized herein shall be effective only if and upon the party to whom such transfer, delegation, or assignment is made is issued a Regulatory Permit as required under chapter 6.78 of the Stanislaus County Code.

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

written consent of the County must be obtained 30 days before the change, transfer or sub-lease.

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. Additionally, the CEO may, at his or her discretion, deny a transfer request for any of the reasons contemplated in California Code of Regulations, tit. 16, sections 5017-5018.

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 its 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 his or her 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 \$5,000, from which actual costs and expenses shall be billed and deducted for purposes of defraying the costs and/or expenses involved in the County's cooperation in the defense, including, but not limited to, depositions, testimony, and other assistance provided to Permittee or Permittee's counsel. If during the litigation process actual costs or expenses incurred reach 80 percent of the amount on deposit, Permittee shall deposit additional funds to bring the balance up to the amount of \$5,000. There is no limit to the number of supplemental deposits that may be required during the course of litigation. At the sole discretion of Permittee, the amount of the initial or any supplemental deposit may exceed the minimum amounts specified herein. Additionally, the cost for collection and duplication of records, including the reasonable costs of staff time necessary to collect, review, and/or duplicate such records in connection with the preparation of any administrative record or otherwise in relation to litigation, shall be paid by Permittee. Upon Permittee's initial \$5,000.00 deposit to cover the County's costs and expenses pursuant to this section, Permittee shall have the right to a monthly, itemized accounting of such expenses, which County shall provide upon Permittee's request within 5 days of such request, but no sooner than 30 days after Permittee's initial deposit.

24. Insurance.

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

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

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

25. Notices.

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

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

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

Natural Remedies Consulting, Inc.
2824 Sierra Gold Way
Riverbank, CA 95367
ATTN: Cheryl King

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

26. Agreement is Entire Understanding.

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

27. Attachments.

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

Attachment A "Project Description"
Attachment B "Legal Description/Property Description"
Attachment C "Floor/Site Plan"
Attachment D "Operating Conditions"
Attachment E "Community Benefits"
Attachment F "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

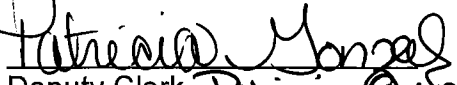
Natural Remedies Consulting, Inc.

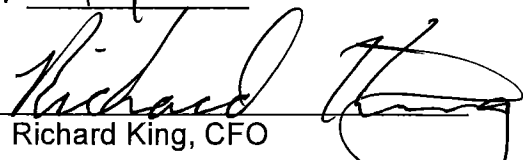
By: 
Terrance Withrow
Chairman of the Board of Supervisors

By: 
Cheryl King, CEO

Dated: 12/2/19

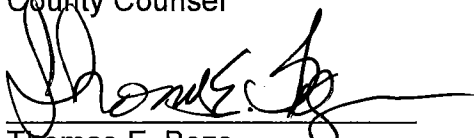
Attest:
Clerk of the Board of Supervisors


Deputy Clerk Patricia Gonzalez

By: 
Richard King, CFO

Dated: 12-2-19

Approved as to form:
Thomas E. Boze
County Counsel


Thomas E. Boze

(NOTARIZATION ATTACHED)

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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

State of California }

County of Stanislaus }

On December 2, 2019 before me, Karyn A. Watson, Notary Public
(Here Insert name and title of the officer)

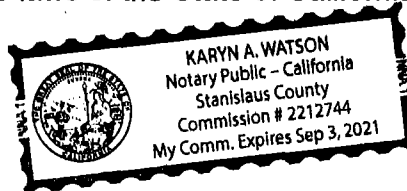
personally appeared Cheryl King and Richard King,
 who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Karyn A. Watson
 Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Development Agreement
(Title or description of attached document)
Natural Remedies Consulting
(Title or description of attached document continued)

Number of Pages — Document Date 12-2-19

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer
CEO & CFO
(Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/~~they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

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

State of California }

County of Stanislaus }

On January 17, 2020 before me, Karyn A. Watson, Notary Public,
(Here insert name and title of the officer)

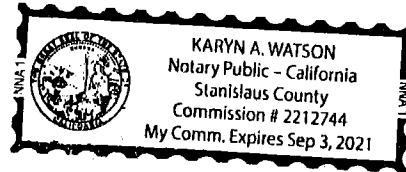
personally appeared Terrance Withrow,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Karyn A. Watson
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Development Agreement
(Title or description of attached document)

Natural Remedies
(Title or description of attached document continued)

Number of Pages Document Date 12/2/19

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other Chairman of B.O.S.

INSTRUCTIONS FOR COMPLETING THIS FORM

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 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

ATTACHMENT A

PROJECT DESCRIPTION

Project Description: To establish an indoor commercial cannabis cultivation, manufacturing (non-volatile), retail and distribution operation in an existing 12,000 square foot warehouse building. Amend the General Plan and zoning designation of a 1.01-acre property from P-I to P-D (Planned Development) zoning district.

ATTACHMENT B

LEGAL DESCRIPTION

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

Parcel 8 as shown on that certain Parcel Map filed October 20,2000 in
Volume 50 of Parcel Maps, at Page 59, Stanislaus County Records.

Attachment C – Floor Plan has been intentionally removed.

Attachment C – Floor Plan is available for review upon request. To request the document please send an email to Planning@stancounty.com or call (209) 525-6330. The document is also available for review in person at 1010 10th Street, Suite 3400, Modesto, CA 95355.

ATTACHMENT D

OPERATING CONDITIONS

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

ATTACHMENT E

COMMUNITY BENEFITS

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

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

A. Community Benefit Contribution.

Permittee shall pay to the County a Community Benefit Contribution in the amount of \$23,250 in 2019; \$50,000 in 2020, \$53,500 in 2021, \$57,000 in 2022, and \$65,500 in 2023. Permittee shall deliver the Community Benefit Contribution in quarterly installments in the same manner as Benefit Rate Payments described in section B.

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

B. Community Benefit Rate Payments:

1. Permittee shall provide funding as described below for the general governmental purposes of the County, including the enforcement of illegal commercial cannabis activities, and not for the purposes of regulation or of raising revenues for regulatory purposes. All of the proceeds received from

Permittee shall be placed in the County's general fund and used for the usual current expenses of the County.

2. Definitions.

2.1. "Canopy" means all of the following:

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

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

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

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

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

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

2.3.1. Cash discounts allowed and taken on sales;

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

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

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

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

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

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

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

2.3.9. Transactions between a partnership and its partners;

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

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

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

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

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

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

2.3.13. Amounts collected for others where the business is acting as an agent or trustee and to the extent that such amounts are paid to those for whom collected. These agents or trustees must provide the names and the addresses of the others and the amounts paid to them. This exclusion shall not apply to any fees, percentages, or other payments retained by the agent or trustees.

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

3. Amount of Community Benefit Rate Payment.

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

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

Table 1

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

*Rate subject to CPI adjustment

3.1.2. Permittee shall pay to the County:

- A. \$15,000 to be paid no later than January 30, 2020.
- B. Subsequent years, \$30,000 each year to be paid in quarterly installments of \$7,500 and to be paid on April 30, July 30, October 30, and January 30.

3.2. Retail. Permittee shall pay the County:

3.2.1. In Year 2019, the greater of \$390,000 or 8% of Gross Receipts, to be paid in quarterly installments (April, July, and October payments) within 30 days of adoption and January 30.

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

- A. In Year 2020, the greater of \$410,000 or 8% of Gross Receipts;
- B. In Year 2021 the greater of \$430,000 or 8% of Gross Receipts;
- C. In Year 2022, the greater of \$450,000 or 8% of Gross Receipts;
- D. In Year 2023, the greater of \$470,000 or 8% of Gross Receipts.

3.2.3. Distribution. Permittee shall pay the County 0% of Gross Receipts for distribution of permittee's products and 3% of Gross Receipts of non-permittee's products to be paid in quarterly installments on July 30, October 30, and January 30 annually.

3.2.4. Manufacturing. Permittee shall pay the County 8% of Gross Receipts, and beginning in year 2023 the greater of \$50,000 or 8% of Gross Receipts.

4. Payment Location. Permittee shall make the Community Benefit Rate Payment at the Offices of the County Treasurer-Tax Collector. The Community Benefit Rate Payment may be paid in legal tender or in money receivable in payment of taxes by the United States. The County Treasurer-Tax Collector shall have the right to refuse the payment in coins. The County Treasurer-Tax Collector may, in his or her discretion, accept electronic funds transfers in payment of the Community Benefit Rate Payment in the same way it would accept the payment of taxes in accordance with section 2503.2 of the Revenue and Taxation Code.
5. Payment Due.
 - 5.1. The Community Benefit Rate Payment shall be due and payable as follows:
 - 5.1.1. Permittee shall on or before the last day of the period designated by and at the discretion of the County Treasurer-Tax Collector, prepare and deliver a Community Benefit Rate Payment statement to the County Treasurer-Tax Collector of the total gross receipts and the amount of Community Benefit Rate Payment owed for the preceding designated period. At the time the Community Benefit Rate Payment statement is filed, the full amount of the Community Benefit Rate Payment owed for the preceding designated period shall be remitted to the County Treasurer-Tax Collector.
 - 5.1.2. All Community Benefit Rate Payment statements shall be completed on forms provided by the County Treasurer-Tax Collector.
 - 5.1.3. Community Benefit Rate Payment statements and payments for all outstanding Community Benefit Rate Payment owed the County are immediately due to the County Treasurer-Tax Collector upon cessation of business for any reason.
6. Payments and Communications Made by Mail—Proof of Timely Submittal. Community Benefit Rate Payments made shall be deemed timely if submitted in accordance with Revenue and Taxation Code sections 2512 and 2513.
7. Payment—When Deemed Late.

- 7.1. The Community Benefit Rate Payments required to be paid pursuant to this Agreement shall be deemed late if not paid on or before the due date specified in this Attachment E.
- 7.2. The County is not required to send a late or other notice or bill to the Permittee.
8. Payment—Returned Checks. Whenever a check is submitted in payment of and the check is subsequently returned unpaid by the bank upon which the check is drawn, and the check is not redeemed prior to the due date, the Permittee, in addition to the amount due, pay a return check fee as established by the Board of Supervisors.
9. Payment —Interest on Late Payments. If Permittee fails to remit the Community Benefit Rate Payment at the time due shall pay interest at the rate of one-half of one percent per month or fraction thereof on the amount of the Community Benefit Rate Payment, from the date on which the remittance first became delinquent until paid. All such interest as accrues shall become a part of the Community Benefit Rate Payment required to be paid. Only payments for the full amount due shall be accepted. Partial payments shall not be accepted.
10. Refunds.
- 10.1. Whenever the amount of Community Benefit Rate Payment or interest has been overpaid, paid more than once, or has been erroneously collected or received by the County under this Agreement, it may be refunded to the Permittee; provided, that a written claim for refund is filed with the County Treasurer-Tax Collector within three years of the date the Community Benefit Rate Payment was originally due and payable.
- 10.2. The County Treasurer-Tax Collector or the County Treasurer-Tax Collector's authorized agent shall have the right to examine and audit all the books and business records of the Permittee in order to determine the eligibility of the Permittee to the claimed refund. No claim for refund shall be allowed if the Permittee refuses to allow such examination of Permittee's books and business records after request by the County Treasurer-Tax Collector to do so.
- 10.3. In the event that the Community Benefit Rate Payment was erroneously paid and the error is attributable to the County, the entire amount of the Community Benefit Rate Payment erroneously paid shall be refunded to the claimant. If the error is attributable to the Permittee, the County shall retain the amount set forth in the schedule of fees and charges

established by resolution of the Board of Supervisors from the amount to be refunded to cover expenses.

11. Audit and Examination of Records and Equipment.

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

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

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

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

[End of Attachment E.]

ATTACHMENT F
LEASE

COMMERCIAL LEASE AGREEMENT

This agreement is between:

Tenant, Natural Remedies Consulting, a California Mutual Benefit Corporation ("Tenant")

and

Landlord, Vision Logistics and Management, a California Limited Liability Company ("Landlord").

BACKGROUND

Landlord is the owner of property (the "Property") identified by the following address or APN number:

5272 Jerusalem Court, Modesto, California 95356

The Property is located in Stanislaus County. Landlord and Tenant desire that Tenant lease the Property on the terms set out in this Agreement.

LANDLORD AND TENANT AGREE AS FOLLOWS:

1. Lease, Term and Rent

1.1 Landlord leases to Tenant the Property for the use set forth in Section 2.1.

1.2 **Term.** Tenant has the right to use the Property starting on May 1, 2019 ("start date") and shall continue for 5 years, ending at 11:59pm on the last day of the 5th year ("end date"). Tenant will have the entire Leasehold fully cleaned and vacated by the end date.

1.3 The Parties agree that this Lease agreement shall not run to the entire Property, but rather only the "Leasehold" areas defined as Suites B, C and D.

1.4 **Rent.** Tenant will pay Landlord rent as follows:

- \$24,000 per month, due on the 1st day of each month and late on the 5th day of each month.
- Late fees will become due at 12:01 am (1 minute after midnight) on the 6th day of each month.

Payment may be made in cash, certified check, money order, or any payment acceptable to Landlord, without deduction or offset.

1.5 **No Relationship beyond Landlord-Tenant.** Landlord and Tenant are in no way partners in Tenant's operations on the Property.

2. Use and Operations

2.1 **Tenant Use.** Tenant may use the Property only for commercial purposes. No residence for Tenant, Tenant's family, invitees, customers or guests is included in this agreement. Tenant may only use the Leasehold for activities directly related to the business of licensed cannabis activities, which Tenant has represented as its proposed commercial use and the purpose for obtaining its Agreement with Landlord.

2.2 **Practices.** Tenant will perform its operations on the Property in a timely, diligent, thorough, and businesslike manner in accordance with good business practices and established standards for Tenant's industry and/or business sector. Tenant will not to cause waste or damage to the Property or create a nuisance.

2.3 **Maintenance.** Tenant will maintain the Property in a good and organized condition, including, without limitation, free of trash, debris and unused equipment.

2.4 **Improvements.** Tenant may not install improvements on the Property without first obtaining Landlord's written approval.

2.5 **Management Responsibility.** Tenant is responsible for the planning, management, and carrying out of Tenant's operations on the Property. Tenant will pay all expenses, fees, and charges Tenant incurs in the process of maintaining and using the Property. Tenant is responsible for procuring necessary tools and equipment, and for hiring, monitoring, and paying for any employee Tenant uses on the Property. If the Landlord requests this information, Tenant will provide Landlord with the names and other information regarding any employee on the Property, and will provide background checks for any employee at Landlord's request. Such information will be provided at Tenant's expense.

2.6 **Storage.** Tenant may store on the Property equipment and other personal property used for normal operations under this Agreement. Tenant may not store any materials that may be hazardous or that may cause damage to the Property (other than fuel for equipment), or that are not used for such

operations. Tenant is responsible for the security of equipment, supplies or other personal property stored on the Property. Landlord will not be liable for any claims arising from the theft, loss or damage of personal property left or stored on the Property.

2.7 **Compliance with Law.** Tenant will at Tenant's expense comply with all laws, including, without limitation, environmental, labor and employment, and occupational safety laws, applicable to Tenant's operations on the Property.

2.7.1 **Responsibility for costs of lawful operation.** Tenant is responsible for all costs of business licensing, whether federal, state or local, including permit or license costs, agency compliance costs, and any code compliance costs relating to improvements made by Tenant to the Property. Failure to hold all required permits and other government permissions is a breach of this Agreement.

2.8 **Prohibited Uses.** Tenant may not conduct any activities on the Property not directly related to the Tenant's business on the Property as expressed in Section 2.1 of this Agreement, including, without limitation, allowing sales of goods not owned by Tenant, camping, cookouts, renting out for events, or engaging in or hosting other recreational or income-generating activities, or do any activity on the Property outside of normal activities of Tenant's business, without first obtaining Landlord's written approval. Landlord withhold such approval without limitation.

2.9 **Inspection.** Landlord may enter the Property at any reasonable time to inspect the Property and for the purpose of taking any other action Landlord believes is appropriate to confirm Tenant's compliance with this Agreement or protect Landlord's interest in the Property.

3. Water Use and Utilities

2.11 **Utilities.** Tenant is responsible for arranging for utilities and paying all utility costs relating to Tenant's use and possession of the Property, including, without limitation, water, gas, propane, waste removal, recycling, and garbage pickup. Any utilities provided by Landlord are not included in the rental price in Section 1.4 of this Agreement, and may be billed to Tenant at no more than 10% above the cost to Landlord for such Utilities, pro rated for Tenant's proportional use when possible.

3. Omitted Intentionally

4. Other Property Matters

4.1 **No Representations.** Landlord is not making any representations or warranties to Tenant about the Property including the suitability of the Property for Tenant's commercial activities. Tenant is responsible for making Tenant's own inspection of conditions on the Property and suitability of the Property before entering into this Agreement. Tenant accepts the Property on an "as-is" basis as of the date of occupancy, subject to any easements, servitudes, rights of way, or other land rights.

4.2 **Assignment, Subleasing, and Licensing.** Tenant may not assign, sublease, or license all or any part of the Property without first obtaining Landlord's written approval. Landlord will not unreasonably withhold such approval.

4.3 **Liens and Encumbrances.** Tenant will not incur, create, or assume any lien or encumbrance on any portion of the Property, including any mechanic's or materialmen's liens, except any liens or encumbrances created under this Agreement. Nothing in this Section 4.3 will prevent Tenant from entering into customary crop financing and other financing arrangements and granting security interests in Tenant's crops, inventory, equipment, supplies, and other assets.

4.4 **Taxes.** Tenant is responsible for all tax returns and payments arising from Tenant's occupation and use of the Property, including without limitation, income, sales, and personal property taxes. Landlord will pay real property taxes.

4.5 **Sale by Landlord.** If Landlord should sell or otherwise transfer title to the Property, Landlord will require the transferee to recognize and take the Property subject to this Agreement. Tenant will recognize the purchaser as the owner and take such actions to that end as are appropriate, including entering into an agreement in customary form in which the Tenant recognizes and attorns to the purchaser.

5. Indemnification, Release and Insurance

5.1 **Indemnification by Tenant.** Tenant will indemnify and hold Landlord and Landlord's respective directors, officers, partners, shareholders, members, employees, and affiliates (collectively, "Landlord Parties") harmless against all claims, liabilities, losses, damages, expenses, and attorneys' fees that may be suffered or sustained by a Landlord Party arising directly or indirectly from: (a) Tenant's use or occupancy of the Property; (b) any claims by third parties Tenant invites onto the Property; (c) sale and consumption of food grown on the Property; or (d) any breach by Tenant of this Agreement, except to the extent the liability is caused by the gross negligence or willful misconduct of such Landlord Party.

5.2 **Waiver and Release of Claims by Tenant.** To the fullest extent permitted by law, Tenant waives any and all claims against Landlord and all other Landlord Parties resulting from death of or injury to Tenant or any other person arising directly or indirectly from Tenant's use and occupancy of the Property, regardless of the cause and even if caused by negligence of Landlord Parties, whether passive or active. Tenant agrees not to sue any Landlord Party on the basis of these waived and released claims. Tenant understands that the releases and waivers in this Agreement extend to claims that Tenant does not know of or does not expect to exist at the time Tenant signs this Agreement. Tenant waives the protections of Section 1542 of the California Civil Code.

5.3 **Acceptance by Tenant.** Tenant accepts the leased premises, as well as the improvements on the premises and facilities appurtenant to the premises, in their present condition. Tenant agrees with, and represents to Landlord, that the leased premises have been inspected by him/her and that Tenant has been assured by means independent of Landlord or Landlord's agents of the truth of all facts material to

this lease and that the leased premises are being leased by Tenant as a result of its inspection and investigation and not as a result of any representations made by Landlord or Landlord's agents.

6. Termination

6.1 **Termination by Landlord.** Landlord may terminate this Agreement if: (a) Tenant fails to make a rent payment within thirty (30) days of when payment is due; (b) Tenant abandons or vacates the Property for thirty (30) consecutive days; or (c) Tenant breaches any other provision of this Agreement and the breach continues for more than fifteen (15) days after Tenant receives written notice of the breach from Landlord, it being understood that if the breach cannot by its nature be cured within such 15-day period, then Tenant will have an additional reasonable period (which will not in any case exceed 30 days) to attempt to cure the breach. Such a termination will be effective 10 days after delivery by Landlord to Tenant of a notice of termination. Tenant must then leave, quit, and surrender the Property to Landlord, but Tenant will remain liable for damages to the extent permitted by law. Landlord retains all rights to recover damages to the extent permitted by law and permissible under Section 1951.2 of the California Civil Code including, without limitation, unpaid rent for use of the Property until termination, rent to be paid for the remainder of the Term, and any amount necessary to compensate Landlord for charges incurred by reason of Tenant's failure to perform its obligations under this Agreement. All of Landlord's rights and remedies under this Agreement are cumulative and not alternative and will be in addition to all rights, powers, and remedies given to Landlord at law or in equity.

6.2 **Termination by Tenant.** Tenant may terminate this Agreement at any time. Such termination will be effective 60 days after delivery by Tenant to Landlord of a notice of termination.

6.2.1 Tenant may also terminate this Agreement upon (a) a failure of the water supply, whether in terms of quantity, reliability or quality, or occurrence of fire, flood or other similar physical event, that materially interferes with Tenant's ability to farm the Property, or (b) a material breach of this Agreement by Landlord. Such a termination will be effective 15 days after delivery by Tenant to Landlord of a notice of termination.

6.2.2 Rent will be due in full immediately upon Tenant's termination, unless Tenant's termination is for the failure to provide amenities listed in section 6.2.1(a) or (b) above, or for another reasonable cause, provided that reasonable cause is not created by Tenant's own actions, or the actions of Tenant's agents, employees or laborers.

6.3 **Holdover.** This Agreement terminates without further notice at the expiration of the Term. Any continued occupancy by Tenant of all or a portion of the Property after the expiration of the Term will be construed by the parties to be a tenancy from month-to-month on the terms set out in this Agreement, cancellable by either party upon 30 days' written notice. Any holding over is not a renewal or extension of the Term.

6.4 **Surrender of the Property.** Upon termination of this Agreement, Tenant will at Tenant's expense surrender the Property in good order and condition, reasonable wear and tear excepted, and will remove all of Tenant's personal property. Except as may otherwise be agreed in writing by Landlord and Tenant at the time of installation, all permanent improvements and alterations to the Property other than trade fixtures will belong to Landlord. Tenant may retain ownership of, and will remove, all sheds, mobile greenhouses, signs, and other nonpermanent improvements Tenant may have made to the Property.

6.5 **Personal Property.** If Tenant leaves any of Tenant's personal property on the Property after the termination of this Agreement, Landlord may store it at a warehouse or any other location for Tenant's account and at Tenant's risk and expense. Landlord will release the property only when Tenant pays all charges relating to storage and all other amounts Tenant owes Landlord under this Agreement. If Tenant does not reclaim the property within the period permitted by law, Landlord may sell it in accordance with law and apply the proceeds of the sale to any amounts Tenant owes to Landlord under this Agreement, or retain Tenant's property, granting Tenant credit for the reasonable value of the property against any amounts Tenant owes to Landlord.

6.6 **Survival.** Sections 5, 6, and 7 in their entirety as well as Section 4.4 of this Agreement will survive termination of this Agreement.

7. General Provisions

7.1 **Entire Agreement.** This Agreement, together with its exhibits, is the entire agreement between Tenant and Landlord and supersedes all prior or contemporaneous written and oral agreements. This Agreement may be amended only by a document signed by both Tenant and Landlord and reciting that it is an amendment to this Agreement. If there are any inconsistencies between this Agreement and its exhibits, this Agreement will control.

7.2 **Severability; Waiver.** If any provision in this Agreement is held invalid or unenforceable, the other provisions will remain enforceable, and the invalid or unenforceable provision will be considered modified so that it is valid and enforceable to the maximum extent permitted by law. Any waiver under this Agreement must be in writing and signed by the party granting the waiver. Waiver of any breach or provision of this Agreement will not be considered a waiver of any later breach or of the right to enforce any provision of this Agreement.

7.3 **Relationship.** Tenant and Landlord are independent contracting parties. Nothing contained in this Agreement will create a partnership, joint venture, fiduciary, or employment relationship between Tenant and Landlord. Neither Tenant nor Landlord have the power or authority to act on behalf of the other or in the other's name directly or indirectly in any manner. Landlord will not be responsible for any debts, liabilities, or obligations Tenant contracts or incurs in carrying out Tenant's farming operations on the Property or otherwise.

7.4 **No Third Party Beneficiaries.** Except as provided in Section 5.1, this Agreement is for

the exclusive benefit of Tenant and Landlord and not for the benefit of any third party.

7.5 **Binding on Heirs.** This Agreement will be binding upon the heirs, executors, administrators, and permitted assignees or successors in interest of Landlord and Tenant.

7.6 **Notices.** Notices and consents under this Agreement must be in writing and delivered by mail, hand, fax, or e-mail to the addresses set out on the signature page of this Agreement or other addresses given by one party to the other in writing. Notices given in the manner will be considered given two business days after deposit in the mail, or the first business day after delivery to a courier, delivery by fax or transmission by e-mail.

7.7 **Memorandum of Lease.** The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

7.8 **Governing Law; Jurisdiction.** This Agreement will be governed by California law. Tenant and Landlord consent to the exclusive jurisdiction of the state and federal courts for Calaveras County, California.

SO AGREED

Signature on file. _____
Tenant

5/1/19 _____
Date

Signature on file. _____
Landlord

5/1/19 _____
Date

ATTACHMENT G

DEVELOPMENT SCHEDULE

June 1, 2020

Manufacturing facilities capable of producing concentrate oils using cold non-volatile ethanol installed.

June 1, 2021

Test marketing activities of concentrate products to specific retail stores outside of Stanislaus County.

January 1, 2023

Sale of NRC branded manufactured cannabis products.

STANISLAUS COUNTY ORDINANCE NO. C.S. 1264

AN ORDINANCE ADOPTING SECTIONAL DISTRICT MAP NO. 9-110-1021 FOR THE PURPOSE OF REZONING A 1.01 ACRE PARCEL CURRENTLY ZONED PLANNED DEVELOPMENT (P-I) (7), TO A NEW P-D (PLANNED DEVELOPMENT), TO ALLOW INDOOR COMMERCIAL CANNABIS CULTIVATION, MANUFACTURING (NON-VOLATILE), RETAIL, AND DISTRIBUTION ACTIVITIES WITHIN AN EXISTING 12,000 SQUARE-FOOT WAREHOUSE BUILDING. THE SITE IS LOCATED AT 5272 JERUSALEM COURT, NORTH OF KIERNAN, IN THE MODESTO AREA, APN: 004-065-019.

The Board of Supervisors of the County of Stanislaus, State of California, ordains as follows:

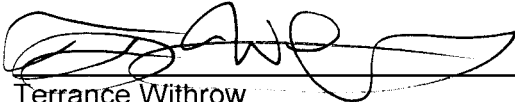
Section 1. Sectional District Map No. 9-110- 1021 is adopted for the purpose of designating and indicating the location and boundaries of a District, such map to appear as follows:

(Map to be inserted upon rezone approval)

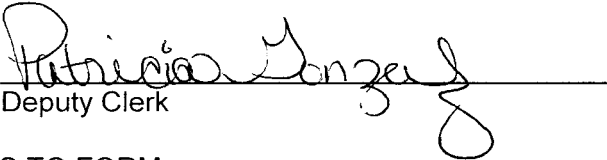
Section 2. This ordinance shall take effect and be in full force thirty (30) days from and after the date of its passage and before the expiration of fifteen (15) days after its passage it shall be published once, with the names of the members voting for and against same, in the Modesto Bee, a newspaper of general circulation published in Stanislaus County, State of California.

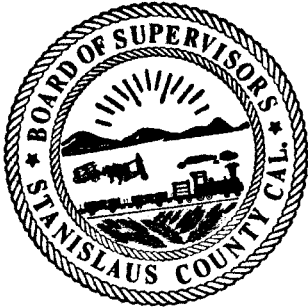
Upon motion of Supervisor Chiesa, seconded by Supervisor Olsen, the foregoing ordinance was passed and adopted at a regular meeting of the Board of Supervisors of the County of Stanislaus, State of California, this 17th day of December, 2019, by the following called vote:

- AYES: Supervisors:Olsen, Chiesa, DeMartini, and Chairman Withrow
- NOES: Supervisors:None
- ABSENT: Supervisors:Berryhill
- ABSTAINING: Supervisors:None


 Terrance Withrow
 CHAIRMAN OF THE BOARD OF SUPERVISORS
 of the County of Stanislaus,
 State of California

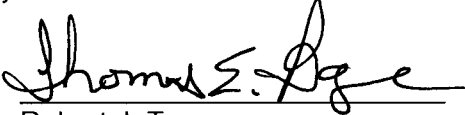
ATTEST: ELIZABETH A. KING, Clerk of the Board of Supervisors of the County of Stanislaus, State of California

BY: 
 Deputy Clerk

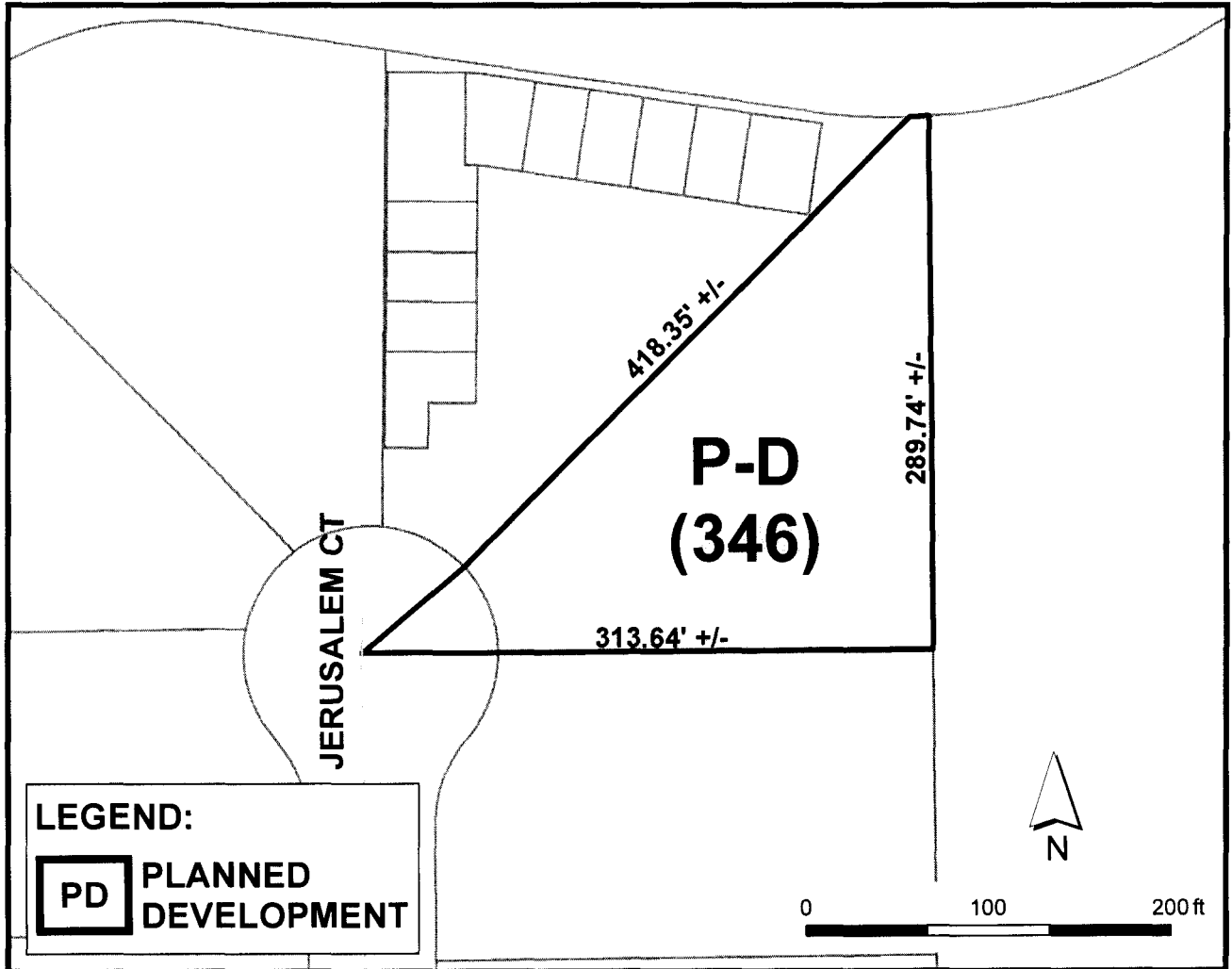


APPROVED AS TO FORM:

Thomas E. Boze
County Counsel

By 
~~Robert J. Taro~~
~~Deputy County Counsel~~

SECTIONAL DISTRICT MAP NO. 9-110-1021



EFFECTIVE DATE: 1/17/2020

PREVIOUS MAPS: 508, 671-F, 841, 873



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

July 12, 2023

Cheryl & Richard King
Natural Remedies Consulting
5054 Pentecost Dr.
Modesto, CA 95356

Re: Natural Remedies Consulting
Cultivation Activities

Dear Mr. and Mrs. King,

The Stanislaus County Commercial Cannabis Program has received information that your commercial cannabis business, Natural Remedies Consulting (NRC), has been actively conducting cultivation activities. The California Department of Cannabis Control (DCC) confirmed NRC has maintained a provisional Cultivation-Specialty Indoor license, with an effective date of August 13, 2019, and an expiration date of August 13, 2023, allowing up to 5,000 ft² of cultivation canopy. DCC has also confirmed inspection of the cultivation activities in 2021 and 2023. County staff recently received access to the State of California’s Track & Trace system (Track & Trace) which shows NRC commenced cultivation activities as early as January 2020, report attached. The Development Agreement, approved by the Stanislaus County Board of Supervisors on December 17, 2019, allows NRC to cultivate up to a 5,000 ft² canopy with payments to begin no later than January 30, 2020.

Based on the information received from our inspection partners and the DCC, the following fees and interest are being assessed and are due and payable by **Monday, August 14, 2023**:

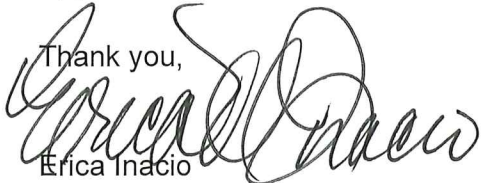
Period	Cultivation Rate
2019	\$15,000
2020 Q1 – Q4	\$30,000
2021 Q1 – Q4	\$30,000
2022 Q1 – Q4	\$30,000
2023 Q1 – Q2	\$15,000
Total Balance Due*	\$120,000

*Interest of approximately \$12,825 will be added to the Total Balance Due

EXHIBIT 2

If you have additional information that would indicate NRC has not been conducting cultivation activities during the term of the Development Agreement, please provide the information to our office by **Monday, August 14, 2023**. Please note, NRC's Development Agreement Amendment Application to amend the flat rate fee structure is on hold until this matter has been resolved.

Thank you,

A handwritten signature in black ink, appearing to read "Erica Inacio". The signature is fluid and cursive, with a large loop at the end.

Erica Inacio
Cannabis Manager

cc: Stanislaus County Treasurer-Tax Collector
Stanislaus County Counsel
Stanislaus County Planning & Community Development



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

NOTICE OF FAILURE TO COMPLY WITH DEVELOPMENT AGREEMENT

August 29, 2023

Richard & Cheryl King
Natural Remedies Consulting
5272 Jerusalem Ct.
Modesto, CA 95356

Re: Notice of Failure to Comply with Terms of Development Agreement Due to Nonpayment of Community Benefit Fees for Commercial Cannabis Business located at 5272 Jerusalem Ct., Modesto, CA 95356

You are hereby notified that Natural Remedies Consulting, Inc. (NRC), has failed to comply with the terms of the Development Agreement (Agreement), entered and signed on August 16, 2019, between NRC and Stanislaus County (County).

Please be advised your Quarter 2 – 2023 payment of Community Benefit Rate Fees, in the amount of **\$117,500** or 8% Gross Receipts, whichever is greater, was due on or before July 30, 2023, and has not been received by the County. The total outstanding balance due for Quarter 2 - 2023, including interest and application of a credit in the amount of \$11,250, will be determined at the time that quarterly records are submitted. (Please see attached Community Benefit Balance Detail.)

You are hereby given an opportunity to cure said failure within three (3) business days, after which, the County will escalate the matter and send a Notice of Default. Failure to cure the outstanding balance may result in the County invoking further remedies through dispute resolution or hearing, including the accrual of late payment interest, request for specific performance, modification of the Agreement, termination of the Agreement, and/or any other remedies as prescribed by law.

If you have any questions, concerns, or would like to further discuss how you can cure this noncompliance, please contact cannabis@stancounty.com, or call (209) 525-6271.

Sincerely,


Erica May Inacio
Cannabis Program Manager

cc: Stanislaus County Treasurer-Tax Collector
Stanislaus County Planning & Community Development
Stanislaus County Counsel

NRC - Community Benefit Balance Detail

Period	Activity	Gross Receipts (GR)	% of GR	DA Flat Rate	Fees Due	Interest	Subtotal	Payments	Credits	Balance Due
Q3 2019	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,725.00	\$ 9,225.00	\$ -	\$ -	\$ 9,225.00
Q4 2019	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,612.50	\$ 9,112.50	\$ -	\$ -	\$ 9,112.50
Q1 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,500.00	\$ 9,000.00	\$ -	\$ -	\$ 9,000.00
Q2 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,387.50	\$ 8,887.50	\$ -	\$ -	\$ 8,887.50
Q3 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,275.00	\$ 8,775.00	\$ -	\$ -	\$ 8,775.00
Q4 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,162.50	\$ 8,662.50	\$ -	\$ -	\$ 8,662.50
Q1 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,050.00	\$ 8,550.00	\$ -	\$ -	\$ 8,550.00
Q2 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 937.50	\$ 8,437.50	\$ -	\$ -	\$ 8,437.50
Q3 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 825.00	\$ 8,325.00	\$ -	\$ -	\$ 8,325.00
Q4 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 712.50	\$ 8,212.50	\$ -	\$ -	\$ 8,212.50
Q1 2022	RETAIL	\$ 984,202.00	\$ 78,736.16	\$ 112,500.00	\$ 112,500.00	\$ 11,812.50	\$ 124,312.50	\$ 124,068.75	\$ -	\$ 243.75
Q1 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 600.00	\$ 8,100.00	\$ -	\$ -	\$ 8,100.00
Q2 2022	RETAIL	\$ 754,431.79	\$ 60,354.54	\$ 112,500.00	\$ 112,500.00	\$ 7,312.50	\$ 119,812.50	\$ -	\$ -	\$ 119,812.50
Q2 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 487.50	\$ 7,987.50	\$ -	\$ -	\$ 7,987.50
Q3 2022	RETAIL	\$ 652,135.74	\$ 52,170.86	\$ 112,500.00	\$ 112,500.00	\$ 5,625.00	\$ 118,125.00	\$ -	\$ -	\$ 118,125.00
Q3 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 375.00	\$ 7,875.00	\$ -	\$ -	\$ 7,875.00
Q4 2022	RETAIL	\$ 625,549.45	\$ 50,043.96	\$ 112,500.00	\$ 112,500.00	\$ 3,937.50	\$ 116,437.50	\$ -	\$ -	\$ 116,437.50
Q4 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 262.50	\$ 7,762.50	\$ -	\$ -	\$ 7,762.50
Q1 2023	RETAIL	*	*	\$ 117,500.00	\$ 117,500.00	\$ 2,350.00	\$ 119,850.00	\$ -	\$ -	\$ 119,850.00
Q1 2023	CULT			\$ 7,500.00	\$ 7,500.00	\$ 150.00	\$ 7,650.00	\$ -	\$ -	\$ 7,650.00
Q2 2023	RETAIL	*	*	\$ 117,500.00	\$ 117,500.00	\$ 587.50	\$ 118,087.50	\$ -	\$ 11,250.00	\$ 106,837.50
Q2 2023	CULT			\$ 7,500.00	\$ 7,500.00	\$ 37.50	\$ 7,537.50	\$ -	\$ -	\$ 7,537.50
Total										
				\$ 805,000.00	\$ 805,000.00	\$ 45,725.00	\$ 850,725.00	\$ 124,068.75	\$ 11,250.00	\$ 715,406.25

* CDTFA Quarterly Returns have not been submitted



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

NOTICE OF DEFAULT DUE TO NONPAYMENT OF FEES

August 30, 2023

Richard & Cheryl King
Natural Remedies Consulting
5272 Jerusalem Ct.
Modesto, CA 95356

Re: Development Agreement Non-Compliance Notice

You are hereby notified that Natural Remedies Consulting, Inc., (NRC), has remained non-compliant with the terms of the approved Development Agreement (Agreement), entered and signed on December 17, 2019, between NRC and Stanislaus County (County).

Payment of Quarter 1 – 2023 Community Benefit Rate (CBR) fees, **in the amount of \$117,500 or 8% of Gross Receipts, whichever is greater**, has not been received by Stanislaus County, after several requests for payment.

Pursuant to Section 15.1.5 of your approved Agreement, "Permittee's failure to make the contributions or Community Benefit Rate payments set out in Attachment E," shall constitute a default by NRC. The following notices have been sent to you:

- May 2, 2023: Notice of Failure
- May 11, 2023: Notice of Default

Pursuant to Section 15.5 of your approved Agreement, the defaulting party shall respond within five (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 within thirty (30) days of the Notice of Default, unless the Parties extend such time by mutual written consent. As of August 30, 2023, NRC has not provided reasonable evidence that it was never in default, not stated that it will immediately commence to cure the identified default.

As such, pursuant to Section 15.6.1 of your approved Agreement, the County shall have all rights and remedies provided by the Agreement, including, without limitation, the right to terminate the Agreement. The County also has the right to compel specific performance of the obligations of NRC under the Agreement, including, without limitation, the right to compel specific performance of the Community Benefits set forth in Attachment E of the Agreement.

Pursuant to Section 15.6.2 of your approved Agreement, this matter will now be referred to the Director of Planning and Community Development (Planning Director.) If the Planning Director finds and determines that NRC remains in default after the cure period, if the alleged default is not the subject of dispute resolution pursuant to Section 16 of the Agreement, the Planning Director shall set the matter for a public 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 NRC is in violation of the Agreement, the Planning Commission shall notify the Board of Supervisors of its findings and recommend such action as it deems appropriate.

Pursuant to Section 15.6.2 of the Agreement, if the Planning Commission reports a violation of the Agreement to the Board of Supervisors, 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; or
- 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.

Effective as of the date of this letter, this matter is now being referred to the Planning Director for her review. The Default to Comply with the Agreement by NRC will be scheduled for public hearing with the Planning Commission at a date to be determined. Should the Planning Commission recommend termination of the Agreement, this matter will go before the Board of Supervisors in a duly noticed public hearing.

Because this matter has been referred to the Planning Director, it must now be resolved with the Planning and Community Development Department. Therefore, any and all questions and inquiries must be directed to Angela Freitas, angela@stancounty.com, or call (209) 525-6330.

Sincerely,



Erica May Inacio
Cannabis Program Manager

Enclosures: May 2, 2023: Notice of Failure
May 11, 2023: Notice of Default
NRC – Community Benefit Balance Detail

cc. Stanislaus County Treasurer Tax-Collector
Stanislaus County Planning Department
Stanislaus County Counsel



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

NOTICE OF FAILURE TO COMPLY WITH DEVELOPMENT AGREEMENT

May 2, 2023

Richard & Cheryl King
Natural Remedies Consulting
5272 Jerusalem Ct.
Modesto, CA 95356

Re: Notice of Failure to Comply with Terms of Development Agreement Due to Nonpayment of Community Benefit Fees for Commercial Cannabis Business located at 5272 Jerusalem Ct., Modesto, CA 95356

You are hereby notified that Natural Remedies Consulting, Inc. (NRC), has failed to comply with the terms of the Development Agreement (Agreement), entered and signed on August 16, 2019, between NRC, signed by Cheryl King and Richard King, and Stanislaus County (County).

Please be advised your Quarter 1 – 2023 payment of 117,500 or 8% Gross Receipts, whichever is greater, for Community Benefit Rate, which was due on or before April 30, 2023, has not been received by Stanislaus County. The total outstanding balance due, including late penalties and interest, will be determined at the time that quarterly records are submitted.

You are hereby given an opportunity to cure said failure within three (3) business days, after which, the County will escalate the matter and send a Notice of Default. Failure to cure the outstanding balance may result in the County invoking further remedies through dispute resolution or hearing, including the accrual of late payment interest, request for specific performance, modification of the Agreement, termination of the Agreement, and/or any other remedies as prescribed by law.

If you have any questions, concerns, or would like to further discuss how you can cure this noncompliance, please contact cannabis@stancounty.com, or call (209) 525-6271.

Sincerely,

Damian J. Martinez
Stanislaus County Cannabis Program Manager

DJM:ws

cc: Stanislaus County Treasurer-Tax Collector
Stanislaus County Planning & Community Development
Stanislaus County Counsel



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

NOTICE OF DEFAULT DUE TO NONPAYMENT OF FEES

May 11, 2023

Richard & Cheryl King
Natural Remedies Consulting
5272 Jerusalem Ct.
Modesto, CA 95356

Re: Notice of Failure to Comply with Terms of Development Agreement Due to Nonpayment of Community Benefit Fees for Commercial Cannabis Business located at 5272 Jerusalem Ct., Modesto, CA 95356

Please be advised your Quarter 1 – 2023 payment of \$117,500 or 8% Gross Receipts, whichever is greater, for Community Benefit Rate, which was due on or before April 30, 2023, has not been received by Stanislaus County. The total outstanding balance due, including late penalties and interest, will be determined at the time that quarterly records are submitted.

You are hereby notified that Natural Remedies Consulting, Inc. (NRC), has failed to comply with the terms of the Development Agreement (Agreement), entered and signed on August 16, 2019, between NRC, signed by Cheryl King and Richard King, and Stanislaus County (County).

Per the Agreement, after delivery of this Notice of Default, the parties, Natural Remedies Consulting, and County, must meet and confer in good faith to address the default and attempt to cure or modify the agreement to remedy said default within a reasonable time.

You have a right to cure the default before any further action is taken. You must respond within **five (5) business days** of service of this Notice of Default and provide reasonable evidence that: (1) you were never in fact in default, or (2) state that you will immediately commence to cure the default within thirty (30) days, unless there is mutual consent to extend the time.

Failure to take curative action may result in the County invoking further remedies through dispute resolution or hearing, including the accrual of late payment interest, request for specific performance, modification of the Agreement, termination of the Agreement, and/or any other remedies as prescribed by law.

If you have any questions, concerns, or would like to further discuss how you can cure this noncompliance, please contact cannabis@stancounty.com, or call (209) 525-6271.

Sincerely,

A handwritten signature in black ink, appearing to read "D.J. Martinez", written over the word "Sincerely,".

Damian J. Martinez
Stanislaus County Cannabis Program Manager

DJM:ws

cc: Stanislaus County Treasurer-Tax Collector
Stanislaus County Planning & Community Development
Stanislaus County Counsel

NRC - Community Benefit Balance Detail

Period	Activity	Gross Receipts (GR)	8% of GR	DA Flat Rate	Fees Due	Interest	Subtotal	Payments	Credits	Balance Due
Q3 2019	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,725.00	\$ 9,225.00	\$ -	\$ -	\$ 9,225.00
Q4 2019	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,612.50	\$ 9,112.50	\$ -	\$ -	\$ 9,112.50
Q1 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,500.00	\$ 9,000.00	\$ -	\$ -	\$ 9,000.00
Q2 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,387.50	\$ 8,887.50	\$ -	\$ -	\$ 8,887.50
Q3 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,275.00	\$ 8,775.00	\$ -	\$ -	\$ 8,775.00
Q4 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,162.50	\$ 8,662.50	\$ -	\$ -	\$ 8,662.50
Q1 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,050.00	\$ 8,550.00	\$ -	\$ -	\$ 8,550.00
Q2 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 937.50	\$ 8,437.50	\$ -	\$ -	\$ 8,437.50
Q3 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 825.00	\$ 8,325.00	\$ -	\$ -	\$ 8,325.00
Q4 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 712.50	\$ 8,212.50	\$ -	\$ -	\$ 8,212.50
Q1 2022	RETAIL	\$ 984,202.00	\$ 78,736.16	\$ 112,500.00	\$ 112,500.00	\$ 11,812.50	\$ 124,312.50	\$ 124,068.75	\$ -	\$ 243.75
Q1 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 600.00	\$ 8,100.00	\$ -	\$ -	\$ 8,100.00
Q2 2022	RETAIL	\$ 754,431.79	\$ 60,354.54	\$ 112,500.00	\$ 112,500.00	\$ 7,312.50	\$ 119,812.50	\$ -	\$ -	\$ 119,812.50
Q2 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 487.50	\$ 7,987.50	\$ -	\$ -	\$ 7,987.50
Q3 2022	RETAIL	\$ 652,135.74	\$ 52,170.86	\$ 112,500.00	\$ 112,500.00	\$ 5,625.00	\$ 118,125.00	\$ -	\$ -	\$ 118,125.00
Q3 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 375.00	\$ 7,875.00	\$ -	\$ -	\$ 7,875.00
Q4 2022	RETAIL	\$ 625,549.45	\$ 50,043.96	\$ 112,500.00	\$ 112,500.00	\$ 3,937.50	\$ 116,437.50	\$ -	\$ -	\$ 116,437.50
Q4 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 262.50	\$ 7,762.50	\$ -	\$ -	\$ 7,762.50
Q1 2023	RETAIL	*	*	\$ 117,500.00	\$ 117,500.00	\$ 2,350.00	\$ 119,850.00	\$ -	\$ -	\$ 119,850.00
Q1 2023	CULT			\$ 7,500.00	\$ 7,500.00	\$ 150.00	\$ 7,650.00	\$ -	\$ -	\$ 7,650.00
Q2 2023	RETAIL	*	*	\$ 117,500.00	\$ 117,500.00	\$ 587.50	\$ 118,087.50	\$ -	\$ 11,250.00	\$ 106,837.50
Q2 2023	CULT			\$ 7,500.00	\$ 7,500.00	\$ 37.50	\$ 7,537.50	\$ -	\$ -	\$ 7,537.50
Total				\$ 805,000.00	\$ 805,000.00	\$ 45,725.00	\$ 850,725.00	\$ 124,068.75	\$ 11,250.00	\$ 715,406.25

* CDTFA Quarterly Returns have not been submitted



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

August 30, 2023

Cheryl & Richard King
Natural Remedies Consulting
5272 Jerusalem Court
Modesto, CA 95356

RE: Natural Remedies Consulting – Referral to Planning and Community Development Director

I am writing to follow up on several letters sent to you as the owner of Natural Remedies Consulting connected to the Development Agreement (Agreement) between Natural Remedies Consulting (NRC) and Stanislaus County (County) entered into on December 17, 2019.

On March 9, 2023, the Stanislaus County Commercial Cannabis Program (Cannabis Program) issued a Notice of Failure to NRC due to non-payment of Q2 2022, Q3 2022 and Q4 2022 Community Benefit Rate Fees (CBR Fees), as outlined in the Agreement. A Notice of Default was issued on March 30, 2022, and on May 11, 2022, the Cannabis Program sent correspondence notifying you NRC was being referred to the Planning and Community Development Director (Planning Director) for review of potential violations of the Agreement. Copies of the correspondence are included for your reference.

On July 12, 2023, the Cannabis Program issued a letter to your business, NRC, detailing information that led to the assessment of CBR fees for cultivation activities, in the amount of **\$132,825** (including late payment interest), for periods from 2019 through the second quarter of 2023. Please see attached Community Benefit Balance Detail.

Your business was provided a deadline of August 14, 2023, to submit payment for the additional assessed fees, or submit information that would indicate NRC had not conducted cultivation activities during the term of the Agreement. To date, NRC has neither made payment of CBR fees, nor provided a counter response.

As such, pursuant to Section 15.6.2 of the Agreement, the Chief Executive Office has directed the Planning Director to move forward with the referral originally issued to her office on May 11, 2023.

If the Planning Director finds and determines that NRC remains in default after the cure period, if the alleged default is not the subject of dispute resolution pursuant to Section 16 of the Agreement, the Planning Director shall set the matter for a public hearing by the Planning Commission in accordance with the provisions of the Development Agreement Ordinance (County Code Chapter 22.08).

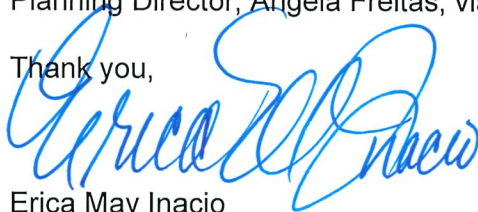
If after such public hearing, the Planning Commission finds that NRC is in violation of the Agreement, the Planning Commission shall notify the Board of Supervisors of its findings and recommend such action as it deems appropriate.

Pursuant to Section 15.6.2 of the Agreement, if the Planning Commission reports a violation of the Agreement to the Board of Supervisors, 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; or
- 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.

As of August 30, 2023, all communications regarding this matter must now be directed to the Planning Director, Angela Freitas, via email angela@stancounty.com or phone 209-525-6557.

Thank you,



Erica May Inacio
Cannabis Program Manager

Enclosures: March 9, 2023 – Notice of Failure to Pay
 March 30, 2023 – Notice of Default
 May 11, 2023 – Referral to Planning Director
 July 12, 2023 – Cultivation Fee Assessment
 NRC – Community Benefit Balance Detail

cc: Stanislaus County Planning & Community Development
 Stanislaus County Counsel
 Stanislaus County Treasurer-Tax Collector



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

NOTICE OF FAILURE TO COMPLY WITH DEVELOPMENT AGREEMENT

March 9, 2023

Cheryl King
Natural Remedies Consulting, Inc.
5272 Jerusalem Court
Modesto, CA 95356

Re: Notice of Failure to Comply with Terms of Development Agreement

Cheryl:

You are hereby notified that Natural Remedies Consulting, Inc. (NRC), has failed to comply with the terms of the Development Agreement (Agreement), specifically nonpayment of Community Benefit Rate fees for your commercial cannabis business located at 5272 Jerusalem Court, Modesto. This agreement was entered into and signed on December 17, 2019, between NRC, by Cheryl King and Richard King, and Stanislaus County (County).

Please be advised that the following payments were not timely received and are past due:

Period	Development Agreement Flat Rate	Gross Receipts	8% of Gross receipts	Community Benefit Rate Fee Due
Q2-2022	\$112,500	TBD	TBD	TBD
Q3-2022	\$112,500	TBD	TBD	TBD
Q4-2022	\$112,500	TBD	TBD	TBD

The Cannabis Program acknowledges that NRC requested an amendment to the Development Agreement annual flat rate fee on April 25, 2022. The item has been referred to the Planning Department and will be processed accordingly. However, regardless of the status of your items associated with the Planning Department, you still are required to make regular Community Benefit Rate payments as outlined in the Board-approved Development Agreement.

You are hereby given an opportunity to cure said failure within three (3) business days from the date on this letter, after which, the County will escalate the matter and send a Notice of Default. Failure to cure the outstanding balance may result in the County invoking further remedies through dispute resolution or hearing, including the accrual of late payment interest, request for specific performance, modification of the Agreement, termination of the Agreement, and/or any other remedies as prescribed by law.



1010 10TH STREET, STE. 6800, MODESTO, CA 95354
POST OFFICE BOX 3404, MODESTO, CA 95353
PHONE: 209.525.6333, FAX: 209.558.4423

STANCOUNTY.COM



If you have any questions, concerns, or would like to further discuss how you can cure this noncompliance matter, please contact cannabis@stancounty.com, or call (209) 525-6271. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Martinez", written over the word "Sincerely,".

Damian Martinez
Stanislaus County Cannabis Program Manager

DM:ws

cc: Stanislaus County Treasurer-Tax Collector
Stanislaus County Planning & Community Development
Stanislaus County Counsel



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

NOTICE OF DEFAULT TO COMPLY WITH DEVELOPMENT AGREEMENT

March 30, 2023

Richard & Cheryl King
Natural Remedies Consulting
5272 Jerusalem Ct.
Modesto, CA 95356

Richard & Cheryl:

You are hereby notified that Natural Remedies Consulting, Inc. (NRC), has failed to comply with the terms of the Development Agreement (Agreement), specifically nonpayment of Community Benefit Rate fees for your commercial cannabis business located at 5272 Jerusalem Court, Modesto. The Agreement was entered into and signed on December 17, 2019, between NRC, by Cheryl King and Richard King, and Stanislaus County (County).

Based on the quarterly gross receipts reported for Quarters 2, 3, 4 of 2022, submitted by Matt Clark on March 20, 2023, please refer to the table below for balances due of Community Benefit Rate fees. Payment of these past due fees is required, while Natural Remedies Consulting works through the Development Agreement Amendment process.

Period	Gross Receipts (Reported)	8% of Gross Receipts	Development Agreement Flat Rate	Interest Due	Amount Due
Q2 – 2022	\$754,431.79	\$60,354.54	\$112,500	\$6,187.50	\$118,687.50
Q3 – 2022	\$652,135.74	\$52,170.86	\$112,500	\$4,500.00	\$117,000.00
Q4 – 2022	\$625,549.45	\$50,043.96	\$112,500	\$2,812.50	\$115,312.50
				Total Due	\$351,000.00

Per the Agreement, after delivery of this Notice of Default, the parties, NRC and County, must meet and confer in good faith to address the default and attempt to cure or modify the Agreement to remedy said default within a reasonable time.

You have a right to cure the default before any further action is taken. You must respond within **five (5) business days** of services of this Notice of Default and provide reasonable evidence that: (1) you were never in fact in default, or (2) state that you will immediately commence to cure the default within thirty (30) days, unless there is mutual consent to extend the time.

Failure to take curative action may result in the County invoking further remedies through dispute resolution or hearing, including the accrual of late payment interest, request for specific performance, modification of the Agreement, termination of the Agreement, and/or any other remedies as prescribed by law.

If you should have any questions, please contact cannabis@stancounty.com, or call (209) 525-6271.

Sincerely,

A handwritten signature in black ink, appearing to read "D.J. Martinez". The signature is fluid and cursive, with a long horizontal stroke at the end.

Damian J. Martinez
Stanislaus County Cannabis Program Manager

DJM:ws

cc. Stanislaus County Treasurer Tax-Collector
Stanislaus County Planning Department
Stanislaus County Counsel



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
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CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

NOTICE OF DEFAULT DUE TO NONPAYMENT OF FEES

May 11, 2023

Richard & Cheryl King
Natural Remedies Consulting
5272 Jerusalem Ct.
Modesto, CA 95356

Richard & Cheryl:

You are hereby notified that Natural Remedies Consulting, Inc., (NRC), has remained non-compliant with the terms of the approved Development Agreement, entered and signed on December 17, 2019, between NRC, by Cheryl King and Richard King, and Stanislaus County (County).

Payment of Community Benefit Rate fees for Quarter 2 – 2022, Quarter 3 – 2022 and Quarter 4 – 2022 have not been received by Stanislaus County, after several requests for payment. Per Section 15.1.5 of your approved Development Agreement, "Permittee's failure to make the contributions or Community Benefit Rate payments set out in Attachment E," shall constitute a default by Permittee under the Development Agreement. The following notices have been sent to you:

- Notice of Failure – 3/9/2023
- Notice of Default – 4/4/2023

Per Section 15.5 of your approved Development Agreement, 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 within 30 days of the Notice of Default, unless the Parties extend such time by mutual written consent. As of May 8, 2023, Natural Remedies Consulting, Inc., has not provided reasonable evidence that it was never in default, not stated that it will immediately commence to cure the identified default within 30 days of the Notice of Default.

As such, per Section 15.6.1 of your approved Development Agreement, the County shall have all rights and remedies provided by the Agreement, including, without limitation, the right to terminate the Agreement. The County also has the right to compel specific performance of the obligations of the Permittee under the Agreement, including, without limitation, the right to compel specific performance of the Community Benefits set forth in Attachment E of the Development Agreement.

Per Section 15.6.2 of your approved Development Agreement, this matter will now be referred to the Director of Planning and Community Development. If the Director of Planning and Community Development finds that the alleged default is not the subject of dispute resolution pursuant to Section 16 of the Development Agreement, the Director of Planning shall set the matter for a public 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 the Permittee is in violation of the Development Agreement, the Planning Commission shall notify the Board of Supervisors of its findings and recommend such action as it deems appropriate.

Per Section 15.6.2 of the Development Agreement, 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; or
- 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

Effective as of the date of this letter, this matter is now being referred to the Director of Planning and Community Development for her review. The Default to Comply with Development Agreement by Natural Remedies Consulting, Inc., will be scheduled for public hearing with the Planning Commission at a date to be determined. Should the Planning Commission recommend termination of the Development Agreement, this matter will go before the Board of Supervisors in a duly noticed public hearing.

Because this matter has been referred to the Director of Planning and Community Development, it must now be resolved with the Planning and Community Development Department. Therefore, any and all questions and inquiries must be directed to Jeremy Ballard, Senior Planner (ballardj@stancounty.com; 209-525-6300).

Sincerely,



Damian J. Martinez
Stanislaus County Cannabis Program Manager

DJM:ws

cc. Stanislaus County Treasurer Tax-Collector,
Stanislaus County Planning Department
Stanislaus County Counsel



CHIEF EXECUTIVE OFFICE

Jody L. Hayes
CHIEF EXECUTIVE OFFICER

Patrice M. Dietrich
ASSISTANT EXECUTIVE OFFICER/
CHIEF OPERATIONS OFFICER

Tina M. Rocha
ASSISTANT EXECUTIVE OFFICER

Ruben Imperial
ASSISTANT EXECUTIVE OFFICER

July 12, 2023

Cheryl & Richard King
Natural Remedies Consulting
5272 Jerusalem Ct.
Modesto, CA 95356

Re: Natural Remedies Consulting
Cultivation Activities

Dear Mr. and Mrs. King,

The Stanislaus County Commercial Cannabis Program has received information that your commercial cannabis business, Natural Remedies Consulting (NRC), has been actively conducting cultivation activities. The California Department of Cannabis Control (DCC) confirmed NRC has maintained a provisional Cultivation-Specialty Indoor license, with an effective date of August 13, 2019, and an expiration date of August 13, 2023, allowing up to 5,000 ft² of cultivation canopy. DCC has also confirmed inspection of the cultivation activities in 2021 and 2023. County staff recently received access to the State of California’s Track & Trace system (Track & Trace) which shows NRC commenced cultivation activities as early as January 2020, report attached. The Development Agreement, approved by the Stanislaus County Board of Supervisors on December 17, 2019, allows NRC to cultivate up to a 5,000 ft² canopy with payments to begin no later than January 30, 2020.

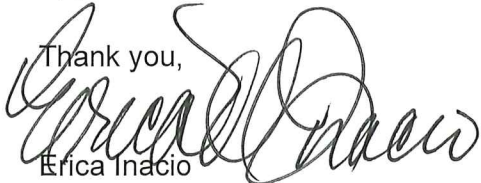
Based on the information received from our inspection partners and the DCC, the following fees and interest are being assessed and are due and payable by **Monday, August 14, 2023**:

Period	Cultivation Rate
2019	\$15,000
2020 Q1 – Q4	\$30,000
2021 Q1 – Q4	\$30,000
2022 Q1 – Q4	\$30,000
2023 Q1 – Q2	\$15,000
Total Balance Due*	\$120,000

*Interest of approximately \$12,825 will be added to the Total Balance Due

If you have additional information that would indicate NRC has not been conducting cultivation activities during the term of the Development Agreement, please provide the information to our office by **Monday, August 14, 2023**. Please note, NRC's Development Agreement Amendment Application to amend the flat rate fee structure is on hold until this matter has been resolved.

Thank you,

A handwritten signature in black ink, appearing to read "Erica Inacio". The signature is fluid and cursive, with a large loop at the end.

Erica Inacio
Cannabis Manager

cc: Stanislaus County Treasurer-Tax Collector
Stanislaus County Counsel
Stanislaus County Planning & Community Development

NRC - Community Benefit Balance Detail

Period	Activity	Gross Receipts (GR)	8% of GR	DA Flat Rate	Fees Due	Interest	Subtotal	Payments	Credits	Balance Due
Q3 2019	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,725.00	\$ 9,225.00	\$ -	\$ -	\$ 9,225.00
Q4 2019	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,612.50	\$ 9,112.50	\$ -	\$ -	\$ 9,112.50
Q1 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,500.00	\$ 9,000.00	\$ -	\$ -	\$ 9,000.00
Q2 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,387.50	\$ 8,887.50	\$ -	\$ -	\$ 8,887.50
Q3 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,275.00	\$ 8,775.00	\$ -	\$ -	\$ 8,775.00
Q4 2020	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,162.50	\$ 8,662.50	\$ -	\$ -	\$ 8,662.50
Q1 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 1,050.00	\$ 8,550.00	\$ -	\$ -	\$ 8,550.00
Q2 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 937.50	\$ 8,437.50	\$ -	\$ -	\$ 8,437.50
Q3 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 825.00	\$ 8,325.00	\$ -	\$ -	\$ 8,325.00
Q4 2021	CULT			\$ 7,500.00	\$ 7,500.00	\$ 712.50	\$ 8,212.50	\$ -	\$ -	\$ 8,212.50
Q1 2022	RETAIL	\$ 984,202.00	\$ 78,736.16	\$ 112,500.00	\$ 112,500.00	\$ 11,812.50	\$ 124,312.50	\$ 124,068.75	\$ -	\$ 243.75
Q1 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 600.00	\$ 8,100.00	\$ -	\$ -	\$ 8,100.00
Q2 2022	RETAIL	\$ 754,431.79	\$ 60,354.54	\$ 112,500.00	\$ 112,500.00	\$ 7,312.50	\$ 119,812.50	\$ -	\$ -	\$ 119,812.50
Q2 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 487.50	\$ 7,987.50	\$ -	\$ -	\$ 7,987.50
Q3 2022	RETAIL	\$ 652,135.74	\$ 52,170.86	\$ 112,500.00	\$ 112,500.00	\$ 5,625.00	\$ 118,125.00	\$ -	\$ -	\$ 118,125.00
Q3 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 375.00	\$ 7,875.00	\$ -	\$ -	\$ 7,875.00
Q4 2022	RETAIL	\$ 625,549.45	\$ 50,043.96	\$ 112,500.00	\$ 112,500.00	\$ 3,937.50	\$ 116,437.50	\$ -	\$ -	\$ 116,437.50
Q4 2022	CULT			\$ 7,500.00	\$ 7,500.00	\$ 262.50	\$ 7,762.50	\$ -	\$ -	\$ 7,762.50
Q1 2023	RETAIL	*	*	\$ 117,500.00	\$ 117,500.00	\$ 2,350.00	\$ 119,850.00	\$ -	\$ -	\$ 119,850.00
Q1 2023	CULT			\$ 7,500.00	\$ 7,500.00	\$ 150.00	\$ 7,650.00	\$ -	\$ -	\$ 7,650.00
Q2 2023	RETAIL	*	*	\$ 117,500.00	\$ 117,500.00	\$ 587.50	\$ 118,087.50	\$ -	\$ 11,250.00	\$ 106,837.50
Q2 2023	CULT			\$ 7,500.00	\$ 7,500.00	\$ 37.50	\$ 7,537.50	\$ -	\$ -	\$ 7,537.50
Total				\$ 805,000.00	\$ 805,000.00	\$ 45,725.00	\$ 850,725.00	\$ 124,068.75	\$ 11,250.00	\$ 715,406.25

* CDTFA Quarterly Returns have not been submitted

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

Application Number: 2018-0081
 Application Title: Commercial Cannabis Business Permi
 Application Address: 5272 Jerusalem Court, Modesto, CA. 9
 Application APN: 004-065-019

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: Natural Remedies Consulting
 Contributor or Contributor Firm's Name: Natural Remedies Consulting
 Contributor or Contributor Firm's Address: 5272 Jerusalem Court, Modesto, CA 95222

Is the Contributor:

The Applicant	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
The Property Owner	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
The Subcontractor	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
The Applicant's Agent/ Lobbyist	Yes	<input type="checkbox"/>	No	<input checked="" 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: Chance Condit
 Name of Contributor: Natural Remedies Consulting
 Date(s) of Contribution(s): 9/15/2023
 Amount(s): \$250.00 (\$1,000 sent, \$750 refunded)

(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.

9/22/23
 Date


 Signature of Applicant

Natural Remedies Consulting
 Print Firm Name if applicable

Cheryl King, President
 Print Name of Applicant

**CANCELLATION OF DA
FOR UP & DA NO.
PLN2018-0101 – NATURAL
REMEDIES CONSULTING
(NRC), INC.**

**Planning Commission
November 2, 2023**

Overview

- Cancel the adopted Development Agreement (DA) of a commercial cannabis retail, cultivation, distribution, and manufacturing operation
 - Due to nonpayment of fees required under the terms of the DA

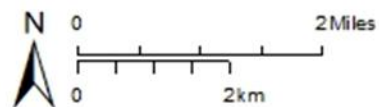
**NATURAL REMEDIES
CONSULTING**

**GPA REZ UP DA
PLN2018-0101**

AREA MAP

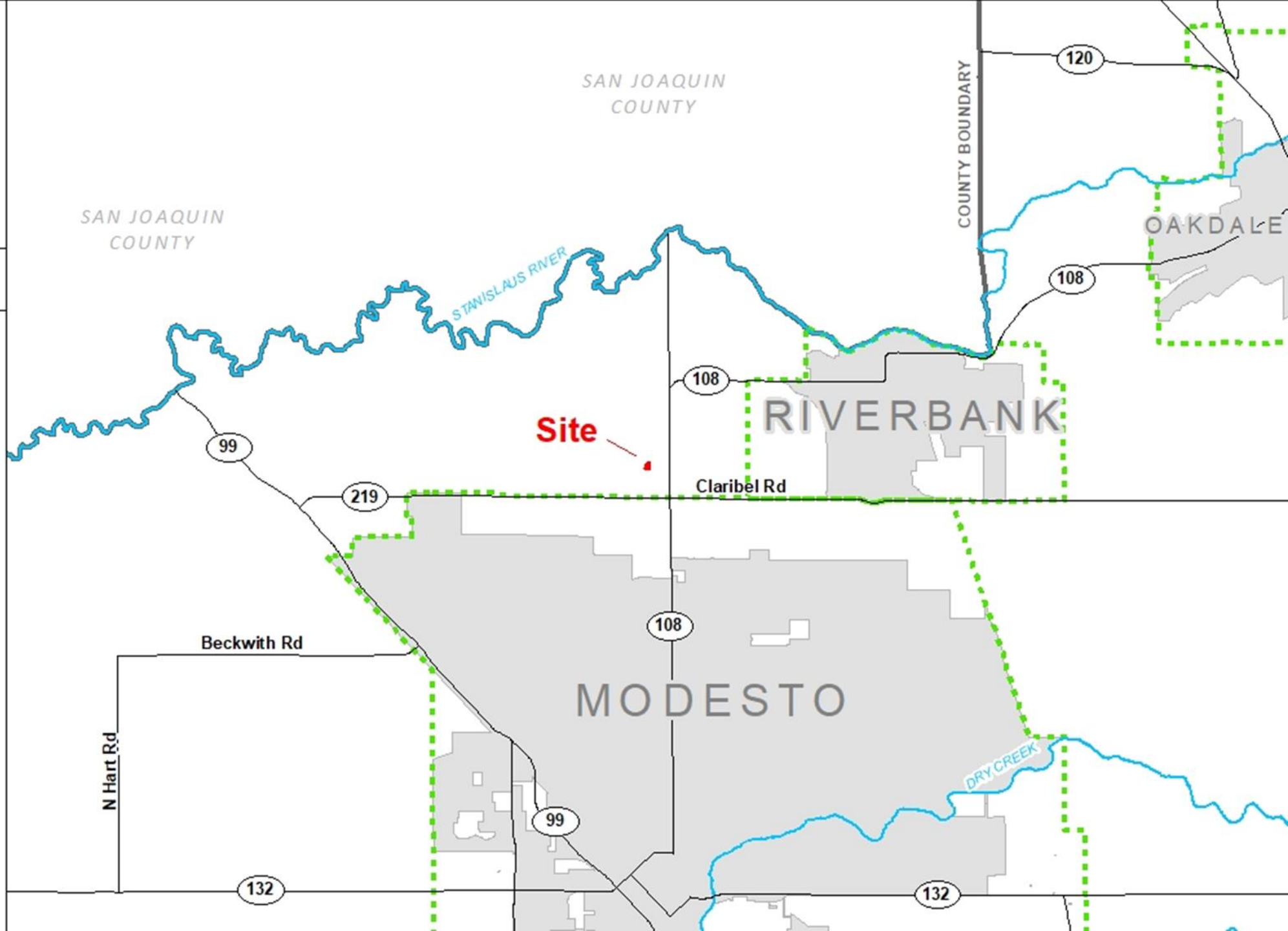
LEGEND

-  Project Site
-  Sphere of Influence
-  City
-  Road
-  River



Source: Planning Department GIS

Date: 9/19/2019



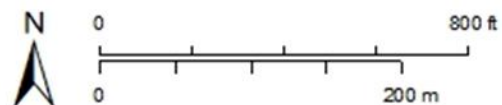
**NATURAL REMEDIES
CONSULTING**

**GPA REZ UP DA
PLN2018-0101**

2017 AERIAL AREA MAP

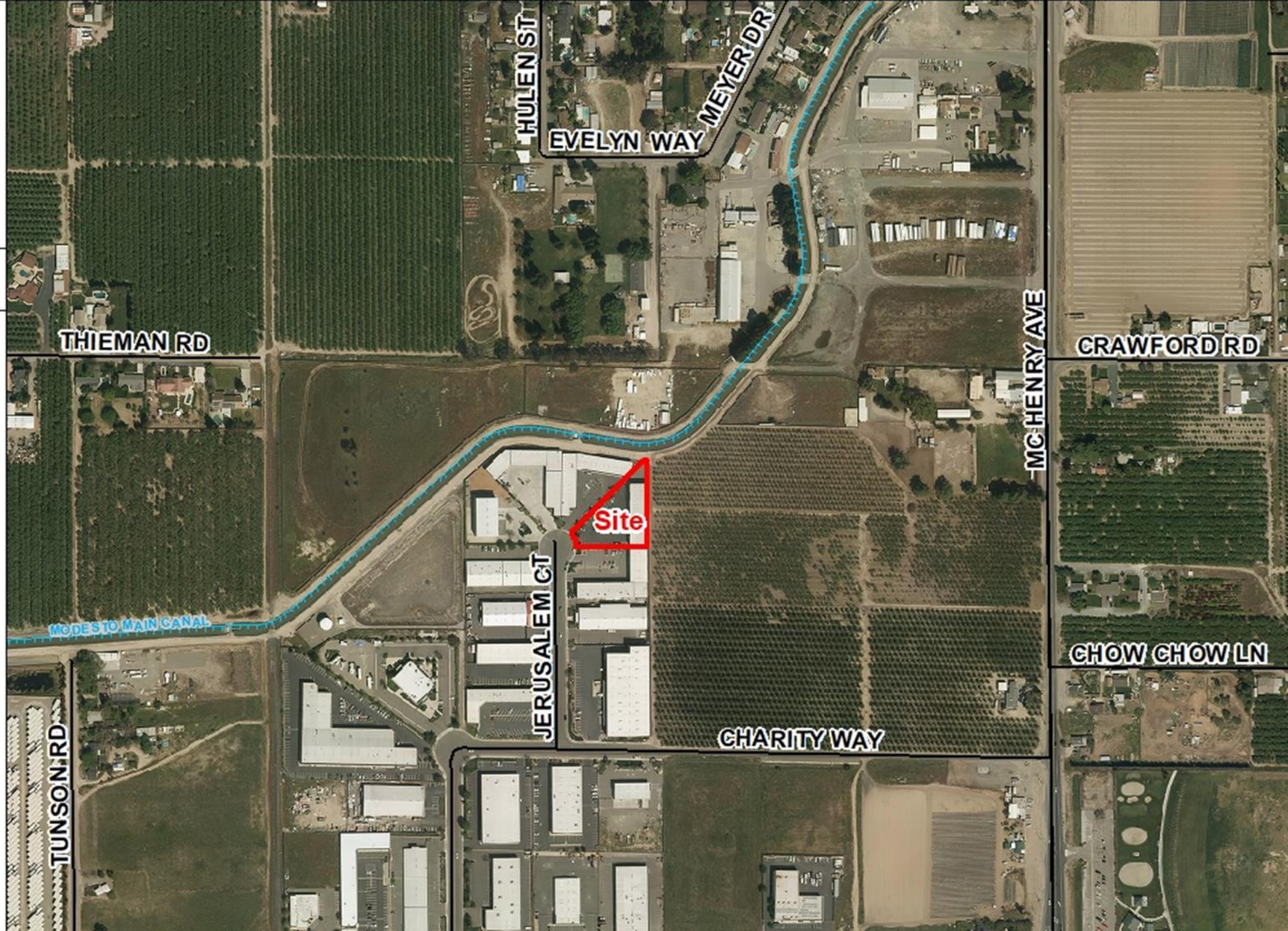
LEGEND

-  Project Site
-  Road
-  Canal



Source: Planning Department GIS

Date: 9/19/2019



Development Agreement (DA) for NRC

- **Community Benefit Rate**
 - Indoor Cultivation: \$30,000 for 5,000 square feet of canopy
 - Distribution: 3% of gross receipts
 - Manufacturing: 8% of gross receipts until 2023, then \$50,000 or 8% of gross receipts, whichever was greater
 - Retail: ranged from \$390,000 to \$470,000 or 8% of gross receipts, whichever was greater
- **Community Benefit Contribution**
 - Ranged from \$23,250 to \$65,500

Development Agreement (DA) for NRC

- Amendment to DA to reduce retail activity fees
 - Retroactively lower Community Benefit Rate fee to \$261,300 or 8% of gross receipts, whichever was greater
 - Processing of amendment delayed
 - Due to delayed efforts by applicant to complete permitting
 - Ceased payments to County from Quarter 2 of 2022 onward
 - Planning Commission meeting on June 1, 2023
 - Commission recommended approval
 - Board consideration did not take place due to nonpayment of cultivation activities
 - County issued additional invoice for cultivation activities, starting in Q3 of 2019
 - Currently unpaid

Default of the DA

- Operator now in a state of default with terms of DA
 - Current unpaid balance of \$851,418 for both retail and cultivation activities
 - Notified of failure to pay for each quarter delinquent, as required by Section 15 of the DA
 - Referred to the Planning Director for action in accordance with Title 22 of the County Code and adopted DA.

Cancellation of the DA

- Cancellation of Development Agreements
 - Chapter 22.08.020 of County Code allows for cancellation by the County of a DA due to noncompliance
 - Provided public hearings held in compliance with state law
 - Government Code 65865.1 also allows cancellation by County
 - Ability to terminate if terms not met by applicant
 - During public hearing operator must demonstrate compliance with DA
 - If not shown, Commission shall recommend to Board cancellation proceedings or terms and conditions to remedy the noncompliance
 - Staff is recommending that the DA be cancelled in total.

Continuance from October 5, 2023

- Originally scheduled for Commission consideration on October 5, 2023
 - Applicant notified County of potential sale of business and remedy of outstanding debt
- County met with applicant and potential buyer on October 18, 2023
 - County provided deadline of October 26, 2023 for operator to submit documents related to a sale of business
 - No documentation requested by County has been submitted to date
 - Cancellation by County proceeding forward

Environmental Review

- Original Use Permit & Development Agreement adopted Negative Declaration
 - Cancellation would remove authority for development
 - No impacts anticipated
 - Action of cancellation not subject to CEQA

Recommendation

- Staff Recommends that the Planning Commission Recommend Cancellation of the DA to the Board of Supervisors
 - Find NRC in material breach of the terms of the DA
 - Find the Cancellation of each operation is consistent with Chapter 22.08 of County Code and Government Code 65865.1
 - Closure within 30 days of repeal of the ordinance
 - File of a notice Development Agreement Cancellation

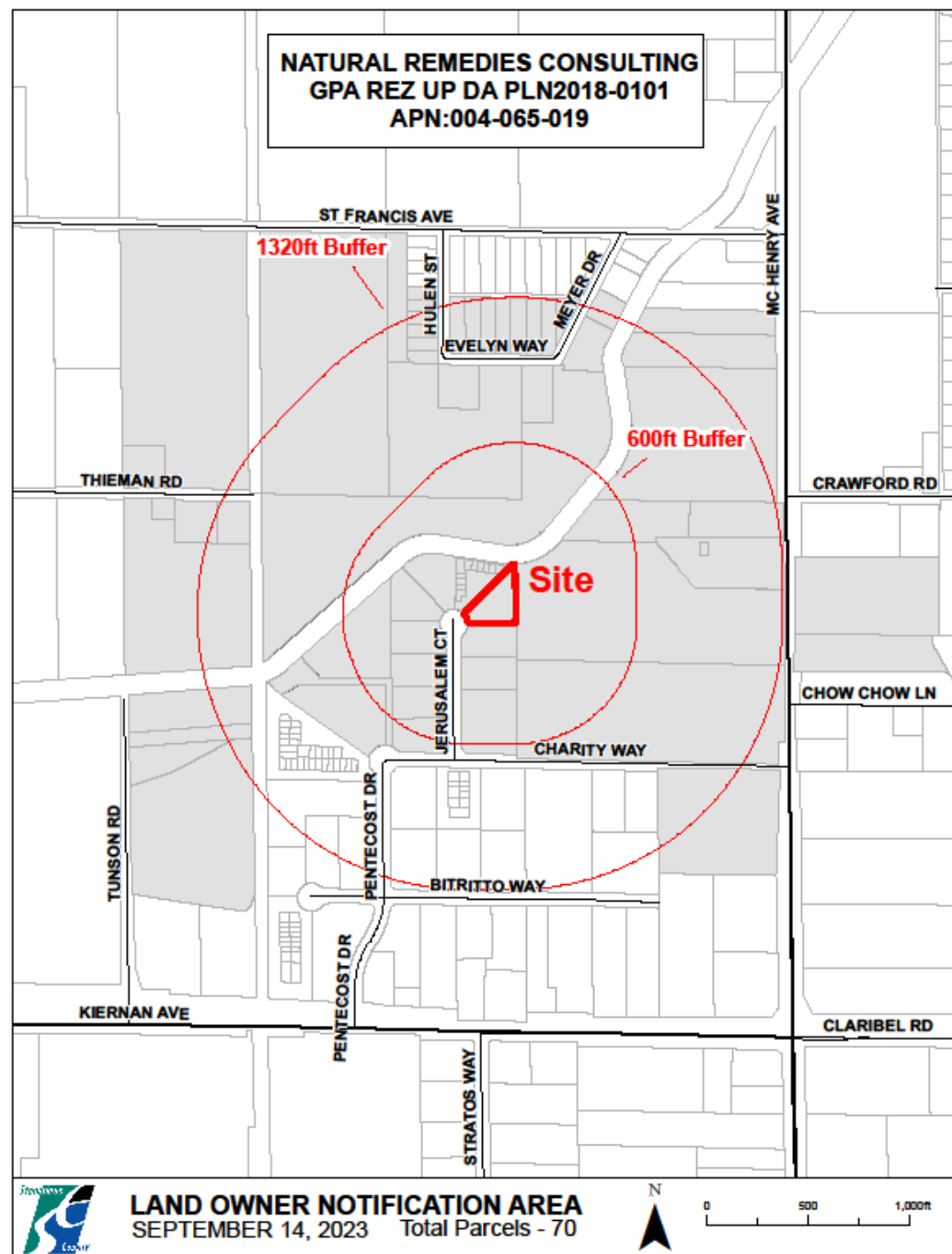
Questions

Phase I – Current Conditions

Operation Type	Activity Permits Occupied
Retail	7
Mixed Light Cultivation	3
Indoor Cultivation	7
Nursery	4
Distribution	7
Manufacturing	3
Total Activity Permits Allowed	61
Total Activity Permits Occupied	<u>31</u>
Activity Permits Remaining	30



NATURAL REMEDIES CONSULTING
GPA REZ UP DA PLN2018-0101
APN:004-065-019



LAND OWNER NOTIFICATION AREA
SEPTEMBER 14, 2023 Total Parcels - 70



0 500 1,000ft