

Planning Commission  
Staff Report

ITEM#:

CATEGORY: New Business

**CANNABIS CONDITIONAL USE PERMIT APPLICATION CUP 01-22 AND DEVELOPMENT AGREEMENT DA 2022-01, 402 JACKSON BLVD. UNIT 2, WTO ESSENTIALS, INC, APPLICANT**

**CONTINUED REVIEW**

This item was continued from the April 5, 2022, Planning Commission meeting due to lack of providing the Commission sufficient information to review the applications.

**BACKGROUND**

WTO Essentials, INC LLC (Charles Smith, owner/contact), has submitted an application for conditional use to occupy a 4,200 square foot section of an existing 6,800 square foot commercial building located at 402 Jackson Boulevard to operate a cannabis manufacturing and distribution business. The property is owned by Delta Boyz Enterprises, LLC, who has signed a letter of consent to lease the property for commercial cannabis building to the applicant. The remaining 2,600 square foot portion of the building (Building Unit 1) is being used by Delta Agricultural Holdings, LLC, as another cannabis manufacturing and distribution business (previously approved by the City in 2019 under Conditional Use Permit CUP 10-18 and Development Agreement DA 2018-08).

In addition to using Unit 2 of the building, WTO, the applicant, proposes installation of two manufacturing control units located outside the building. The manufacturing facility proposes to operate from 4:00 a.m. through 9:00 p.m., seven days a week. The facility will eventually expand operations to 24 hours a day. Both WTO and Delta plan to use the common areas, including driveways, parking, fencing, trash enclosure, lighting, and landscaping, As referenced in the Business Plan, WTO, would be the primary manager of on-site operations (refer to Attachment 2).

A use permit application has been filed with the City to allow commercial cannabis (manufacturing and distribution) in accordance with Section 2307 of the City of Isleton Municipal Code. In addition, a development agreement has been proposed in conjunction with the use permit. Both the use permit and development agreement are subject to review by the Planning Commission for recommendation to the City Council for final adoption to permit the proposed commercial cannabis operations.

**PROJECT SITE SETTING**

The property is located at 402 Jackson Boulevard, which is in the western portion of Isleton, just south of Fourth Avenue. The lot size is 0.82 acre and contains an existing industrial/commercial building, totaling 6,800 square feet. The building was built in 1935 and has been used for warehousing and industrial uses. The property is located within two zoning districts: the majority of the property that contains the building and parking is within the PDI – Planned Industrial Zoning District. A lower triangular piece of the property, containing area for six parking spaces is within the RM3- Multi-family Residential Zoning District. Please refer to Attachment 6, General Plan Consistency Report which includes a zoning map in relation to the project site. The property is surrounded by residentially zoned areas to the north and west, and industrial/commercial areas to the south and east (refer to Attachment 3, Vicinity Map and Site Photos).

## **CANNABIS REGULATIONS**

Ordinance 2018-02, Section 2306 states cannabis operations can be established within the C-Commercial and PDI-Planned Industrial Districts in the City, and provides several conditions to which cannabis operations must comply, including:

1. An executed Development Agreement (refer to Attachment 5); and
2. An approved public safety and security plan (refer to Attachment 2); and
3. An approved ventilation and odor control plan (refer to Attachment 2); and
4. No signage advertising the proposed use are to be posted at the Property; and
5. No access to anyone under 21 years of age (18 years in certain state-mandated cases).

Section 2305 further requires all cannabis operations to be sited at least 600 feet from any school, child care center, or youth center. The project is located at over 600 feet from these activities (refer to Attachment 7).

## **ENVIRONMENTAL REVIEW**

The project qualifies as categorically exempt from the California Environmental Quality Act (CEQA) Guidelines under Section 15301 for Existing Facilities. Similar to other commercial cannabis projects which are located within the downtown, this project is not expected to result in any significant adverse environmental impacts, such as traffic, air quality, or biology, since the project is a re-occupancy of an existing building and the proposed use is not expected to increase impacts as compared to current and previous industrial and commercial of the building and grounds. Prior to approving the project, the Commission will need to concur with this determination of environmental exemption.

## **LAND USE COMPATIBILITY AND ZONING CODE COMPLIANCE**

In accordance with Section 1407 of the Zoning Code, the Planning Commission must make the following findings to approve this conditional use permit:

- A. That there are circumstances or conditions applicable to the land, structure or use which makes the granting of a use permit necessary for the preservation and enjoyment of a substantial property right.
- B. That the proposed location of the conditional use is in accordance with the objectives of the zoning ordinance and the purposes of the district in which the site is located.
- C. That the proposed use will comply with each of the applicable provisions of the Zoning Code.

This conditional use permit involves cannabis manufacturing processes (production of cartridges and concentrates) and distribution of product to licensed cannabis dispensaries. The current operation, on a smaller scale over the last few years has not resulted in any complaints from the neighborhood, such as odor or noise. The proposed operation plan does address this, including no outdoor operations, such as vehicle loading between 10 pm and 7 am, consistent with the City's noise regulations and odor control. A detailed lighting plan with photo-metric diagram, shows the addition of some exterior lighting to be installed within the parking lot and behind the building. Lighting has been designed to avoid any significant light glare onto adjacent properties. This plan also includes maintaining a maximum employee occupancy of 20 to comply with the City's off-street parking regulations of one space per employee (refer to Attachment 2).

## **DESIGN REVIEW**

This application proposes some improvements to the common areas, such as landscaping, lighting, fence screening, that are expected to enhance the site's appearance. Proposed changes appear to comply with the City's related design requirements.

## **DEVELOPMENT AGREEMENT**

Development agreements are contracts negotiated between project proponents and public agencies that govern the land uses that may be allowed in a particular project. In accordance with City Ordinance 2018-02, Section 2306-A, a Development Agreement has been submitted for the proposed commercial cannabis operations (refer to Attachment 4). Terms of this agreement were developed between the City Manager and the applicant. Highlights of the development agreement include:

- A. Maintaining appropriate security on the site.
- B. Maintaining financial records and payment to the City from gross receipts.
- C. Insurance, indemnification, and operational requirements.
- D. Transferability of business.

Although a development agreement is subject to final adoption by the City Council as a legislative act that shall be approved by ordinance. (Gov. Code § 65867.5(a). The development agreement shall not be approved unless the City Council makes a finding that the provisions of the agreement are consistent with the general plan. (*Id.*) The Planning Commission is requested to review the agreement to determine whether it is consistent with the objectives policies, and general land use plans for the City, and forward its recommendation to the City Council.

The Development Agreement consisting of Attachment 4 is in draft form and still required further review and amendments by the City Attorney.

As previously considered in this report, the proposed commercial cannabis operations appear to be consistent with the General Plan and in compliance with the Zoning Code, so the Planning Commission may find that the subject development agreement should be adopted by the City Council (subject to final legal review).

## **PUBLIC COMMENTS**

The City received an email from Terri Hupfer on March 29, 2022, noting concerns with the proposed project (see Attachment 7). Concerns including pedestrian access and children safety, traffic impacts, noise, smell and light pollution, signage, and taxes. As provided in the project business plan/project description, most of these concerns have been addressed. Staff finds traffic impacts would be negligible as compared to previous occupancies of the building with the limitation of 20 employees on the site and normal operations of the commercial building.

## **FINDINGS AND CONDITIONS**

Attachment 1 of this staff report consists of Planning Commission Resolution PC 01-22 which includes a number of findings and conditions necessary for the Commission's recommendation of approval to the City Council. These conditions are summarized as follows:

- A. 1 and 2 related to project description and indemnity.
- B. 3-5 and 9 relate to the Development Agreement.
- C. 6 requires cannabis licensing from the State.
- D. 7 requires obtaining permits from City and others prior to occupancy.
- E. 8 allows for temporary building occupancy but requires all improvements from the project plans, such as parking, landscaping and lighting, be completed within 6 months.
- F. 9-13 related to periodic reviews and entitlement acknowledgement.

**RECOMMENDATION**

The Planning Commission should hold further continued public review of this project by this public hearing, consider the applicant's, staffs and public comments and approve Planning Commission Resolution PC01-22 (based on findings and subject to conditions) and recommend this item to the City Council. Or the Commission may continue this item with further direction to staff. Please note that any continuance of the project must be agreeable to the applicant. Should the Commission choose to recommend denial of the project, the item should be continued with direction to staff to prepare findings for this action.

**ATTACHMENTS:**

- 1. Planning Commission Resolution 01-22, Approving Project
- 2. Business and Improvement Plans
- 3. Vicinity Map and Site Photos
- 4. Draft Development Agreement
- 5. Youth Facilities Map
- 6. General Plan Consistency Review (including General Plan and Zoning Maps)
- 7. Public Comments

**ATTACHMENT 1**  
*Planning Commission Resolution PC01-22*  
*Recommending Adoption by the City Council*  
*of CUP 01-22 and Development Agreement DA 2022-01*  
*Charles Smith, Owner of WTO Essentials, Inc.*

**RESOLUTION PC01-22**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF ISLETON  
RECOMMENDING ADOPTION BY THE CITY COUNCIL OF CONDITIONAL USE  
PERMIT CUP 01-22 AND DEVELOPMENT AGREEMENT DA 2022-01**

The Planning Commission of the City of Isleton hereby finds as follows:

**WHEREAS**, in June of 2018, the City Council adopted Ordinances 2018-02, 03, and 08 which provide standards to regulate the use of land for commercial cannabis activities cannabis within the City of Isleton; and

**WHEREAS**, on January 3, 2022, Charles Smith and Darren Gatto, owners of WTO Essentials, Inc. (“Applicant”) submitted a planning application to the City of Isleton for Conditional Use Permit CUP 01-22, and proposed Development Agreement DA 2022-01, for the manufacturing and distribution of cannabis products at 402 Jackson Boulevard, Isleton, CA, owned by Delta Boyz Enterprises, LLC, APN# 157-0073-031 (“Project”); and

**WHEREAS**, the Project application was submitted in accordance with the Municipal Code for cannabis manufacturing at 402 Jackson Boulevard, in the PDI – Planned Industrial and R-M-3 Multi-Family Residential Zoning Districts, APN# 157-0073-031; and

**WHEREAS**, in accordance with Section 2307 of Ordinance 2018-08 the Project location, size, and other development standards of the project are consistent with state law and Chapter 23 of the Municipal Code; and

**WHEREAS**, in accordance with Section 2307 of Ordinance 2018-08, a development agreement regarding the Project will be fully executed by the Applicant; and

**WHEREAS**, the conditions set forth in Ordinance 2018-08, Section 2306(B)-(D) have been satisfied; and

**WHEREAS**, the Project application includes the required information to demonstrate that the Project is consistent with State Law and City ordinances; and

**WHEREAS**, the City’s General Plan designates the project site as Industrial and residential, and as conditioned, the proposed use would be consistent with the General Plan; and

**WHEREAS**, Conditional Use Permit 10-18 and Development Agreement DA 2018-08 for cannabis manufacturing by Delta Agricultural Holdings, LLC was granted by the City Council within a portion of the same premises at 402 Jackson Blvd, so the project proposes cannabis manufacturing and distribution operation by the applicant will share the same facility; and

**WHEREAS**, due to sharing the same premises between Delta Agricultural Holdings, LLC, and the applicant, Development Agreement DA 2022-01 will replace the previously approved Development Agreement DA 2018-08, and apply to both Delta Agricultural Holdings, LLC and the applicant; and

**WHEREAS**, Conditional Use Permit 10-18, for Delta Agricultural Holdings, provides for operation and use of a 2,600 square foot portion of the building while the applicant proposes operation and use of a 4,200 square foot portion of the building with both entities sharing common space on the property, such as parking, trash containment, fencing, etc. and that Conditional Use Permit 10-18 for Delta Agricultural Holdings, LLC, remains valid and does not require amendment as a result of the project; and

**WHEREAS**, the applicant, through this project and the terms of Development Agreement DA 2022-01, is assigned manager of ongoing maintenance and operations for the premises at 402 Jackson Blvd; and

**WHEREAS**, as conditioned, subject to obtaining conditional use permit, the Project complies with the City's Zoning Code; and

**WHEREAS**, in accordance with Section 1407 of the Zoning Code, the Project's proposed land use as conditioned in the attached Staff Report, is consistent with the following:

- A. That there are circumstances or conditions applicable to the land, structure or use which makes the granting of a use permit necessary for the preservation and enjoyment of a substantial property right.
- B. That the proposed location of the conditional use is in accordance with the objectives of the zoning ordinance and the purposes of the district in which the site is located.
- C. That the proposed use will comply with each of the applicable provisions of the ordinance.

and

**WHEREAS**, adequate public noticing was made for the Project in accordance with the Municipal Code; and

**WHEREAS**, a development agreement has been prepared and will be executed if final approval of the conditional use permit and development agreement is granted by the City Council; and

**WHEREAS**, the applicant and project satisfies all public safety information requirements in accordance with Ordinances 2306 and 2307, subject to specific conditions of approval.

**WHEREAS**, the Project is exempt from California Environmental Quality Act (CEQA) review pursuant to §15301, and §15303 of the CEQA Guidelines, as the project would be located on an existing developed property with some exterior improvements proposed to the grounds, such as parking and landscaping that will not result in any significant impacts; and

**WHEREAS**, the Planning Commission has found that the proposed Development Agreement furthers the public health, safety and general welfare of the City; and

**WHEREAS**, on April 5, 2022, the Planning Commission conducted a public hearing on this Conditional Use Permit and a Development Agreement and continued the public hearing to a Special Meeting of the Planning Commission on April 13, 2022; and

**WHEREAS**, on April 13, 2022, the Planning Commission conducted a continued public hearing on this Conditional Use Permit and a Development Agreement.

**NOW, THEREFORE, BE IT RESOLVED** that the City of Isleton Planning Commission that:

**Section 1.** The Planning Commission adopts the above Recitals as its findings with respect to the Project; and

**Section 2.** The Planning Commission recommends the City Council approve Conditional Use Permit CUP 01-22 for cannabis manufacturing and distribution with Delta Agricultural Holdings, LLC (per Conditional Use Permit CUP 10-18) on the same premises at 402 Jackson Boulevard, in the PDI – Planned Industrial and R-M-3 Multi-Family Residential Zoning Districts, APN# 157-0073-031, subject to the following Conditions of Approval:

**Conditions of Approval for Conditional Use Permit CUP 01-22**

1. This application for Conditional Use Permit CUP 01-22 was submitted, in accordance with the Municipal Code, for a cannabis manufacturing and distribution facility, shared with Delta Agricultural Holdings, LLC (under the same conditions of approval granted under Conditional Use Permit CUP 10-18) at 402 Jackson Boulevard, in the PDI-Planned Industrial District and the R-M-3 Multi-Family Residential Zoning District, APN 157-0073-031.

2. The applicant/developer/operator shall agree to indemnify, defend, and hold harmless the City or its agents, officers and employees from and against any and all claims, actions, demands or proceeding (including damage, attorney fees, and court cost awards) against the City or its agents, officers, or employees to attach, set aside, void, or annul an approval of the City, advisory agency, appeal board, or legislative body arising from the applicant/developer/operator's operations. In providing any defense under this Paragraph, the applicant, business operator, property owner, developer shall use counsel reasonably acceptable to the City. The City shall promptly notify the applicant, business operator, property owner, developer of any claim, action, demands or proceeding and the City shall cooperate fully in the defense. The City may require that the developer/operator to post a bond, in an amount determined to be sufficient, to satisfy the above indemnification and defense obligation. Developer/operator understands and acknowledges that City is under no obligation to defend any claim, action, demand or proceeding challenging the City's actions with respect to the permit or entitlement.

3. The applicant/developer/operator shall be responsible to pay all sales, use, business and other applicable taxes, and all license, registration, and other fees and permits required under federal, state and local law and pursuant to the Development Agreement for the project.

4. The applicant/developer/operator shall cooperate with the City with respect to any reasonable request to audit the business' books and records for the purpose of verifying compliance with the Municipal Code and this Use Permit and related Development Agreement, including but not limited to a verification of the amount of taxes required to be paid during any period.
5. This Conditional Use Permit CUP 01-22 shall not be operational unless or until a Development Agreement is fully executed by the City and the Development Agreement remains valid.
6. Conditional Use Permit CUP 01-22 shall expire and be of no further force and effect if the developer/operator does not obtain a valid cannabis business regulatory permit for this location within 12 months from issuance of this use (refer to City Ordinance 2018-07, Section 2307).
7. Secure any required permits from the City Building Department, Fire Department, Police Department, Sacramento County Air Quality Management District, and/or Sacramento County Health Department (as applicable) prior to building occupancy or operation.
8. All improvements to the building and project site, per Exhibit A (attached hereto) shall be completed to the satisfaction of the City within six months or by November 6, 2022 and prior to issuance of a permanent occupancy permit.
9. Conditional Use Permit CUP 01-22 shall be reviewed by the City after 5-years at which point a determination of extension will be made (refer to City Ordinance 2018-08, Section 2307).
10. Conditional Use Permit CUP 01-22 shall be subjected to an annual planning review to ensure that the business practices have stayed within the bounds of the Conditional Use Permit or other Permitted Uses use (refer to City Ordinance 2018-07, Section 2307).
11. Conditional Use Permit CUP 01-22 shall be subject to termination, notwithstanding any other provision in the City's Municipal Code, if (refer to City Ordinance 2018-07, Section 2307):
  - a. The owner of the commercial cannabis facility transfers the commercial cannabis facility to another individual not named in the conditional use permit application as an owner or person in charge unless prior approval is authorized by the City Manager or his/her designee;
  - b. The commercial cannabis facility ceases to operate at the premises described in the conditional use permit application; or
  - c. The commercial cannabis facility ceases to operate for sixty (60) consecutive calendar days.
12. Any amendments to this use permit application, or changes in to the business plan, will require the applicant to submit an amended use permit application for approval by the City.



13. All conditions of Conditional Use Permit CUP 01-22 are necessary to protect the general health, safety and welfare of the public. If any condition of this entitlement is held to be invalid by a court, then the whole entitlement shall be invalid. The City Council specifically declares that it would not have approved this entitlement unless all of the conditions herein are held as valid.

**Section 3.** The Planning Commission recommends the City Council approve Development Agreement DA 2022-01.

**Section 4.** The Planning Commission finds that the Project is exempt from California Environmental Quality Act (CEQA) review pursuant to §15301, and §15303 of the CEQA Guidelines, as the project would be located on an existing developed property with minor tenant improvements proposed; and

**PASSED AND ADOPTED** by the Planning Commission of the City of Isleton this 13th day of April, 2022, by the following vote:

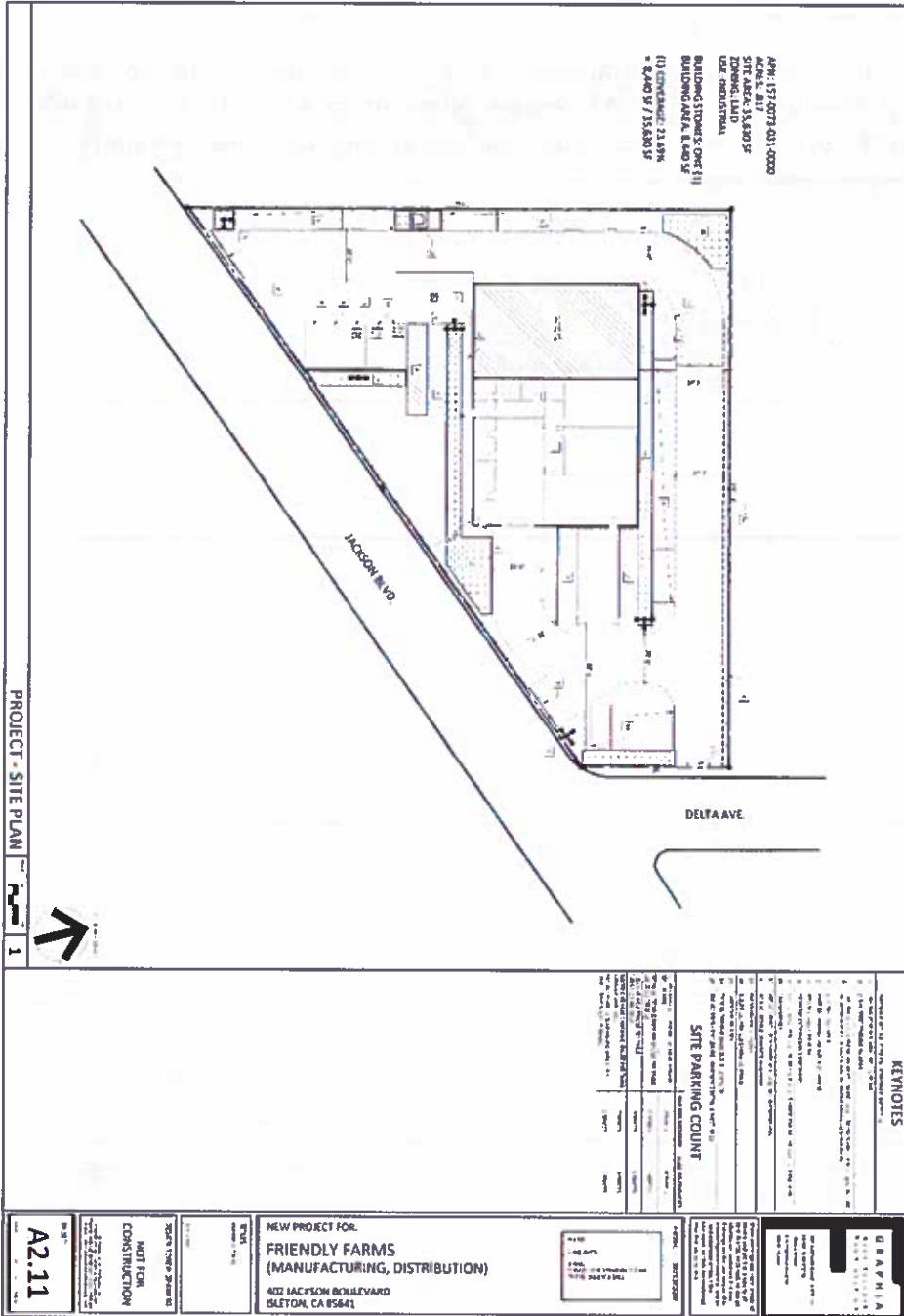
**AYES:** \_\_\_\_\_

**NOES:** \_\_\_\_\_

**ABSTAIN:** \_\_\_\_\_

**ABSENT:** \_\_\_\_\_

# EXHIBIT A PROJECT IMPROVEMENT PLAN FOR WTO INC



**KEYNOTES**

1. ALL CONSTRUCTION SHALL BE IN ACCORDANCE WITH THE LATEST EDITIONS OF THE CALIFORNIA BUILDING CODE AND ALL APPLICABLE ORDINANCES.
2. ALL UTILITIES SHALL BE DEPTH MARKED AND PROTECTED.
3. ALL EXISTING UTILITIES SHALL BE MAINTAINED AND PROTECTED.
4. ALL EXISTING UTILITIES SHALL BE MAINTAINED AND PROTECTED.
5. ALL EXISTING UTILITIES SHALL BE MAINTAINED AND PROTECTED.
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7. ALL EXISTING UTILITIES SHALL BE MAINTAINED AND PROTECTED.
8. ALL EXISTING UTILITIES SHALL BE MAINTAINED AND PROTECTED.
9. ALL EXISTING UTILITIES SHALL BE MAINTAINED AND PROTECTED.
10. ALL EXISTING UTILITIES SHALL BE MAINTAINED AND PROTECTED.

**SITE PARKING COUNT**

Category	Count
Handicapped	2
Other	10
<b>Total</b>	<b>12</b>

**GRAPHIA**  
 1234567890  
 1234567890

1234567890  
 1234567890  
 1234567890

1234567890  
 1234567890  
 1234567890

NEW PROJECT FOR:  
**FRIENDLY FARMS  
 (MANUFACTURING, DISTRIBUTION)**  
 432 JACKSON BOULEVARD  
 SLETON, CA 95641

**A2.11**  
 1234567890  
 1234567890  
 1234567890

**ATTACHMENT 2**  
**WTO ESSENTIALS, INC. CONDITIONAL USE PERMIT APPLICATION CUP 01-22**  
**BUSINESS AND IMPROVEMENT PLANS**

**BACKGROUND**

WTO Essentials, Inc is organized as a California Corporation in the State of California. The articles of incorporation were filed with the Secretary of State. Our ownership team includes cannabis entrepreneurs with expertise in cannabis extraction and agriculture.

WTO Essentials produces the Friendly Farms brand.

Friendly Farms manufactures preeminent quality cannabis cartridges and concentrates. The award winning brand plans to operate a state of the art manufacturing facility at 402 Jackson Blvd, Isleton, CA 95641. WTO will operate out of Building Unit 2, consisting of a 4,200 square foot section of the building. Manufacturing will be conducted within two separate extraction units next to Building Unit 2 and within the 4,200 square foot portion of the building. Distribution will be conducted within a separate distribution space within a designated 1,150 sq ft area of Building Unit 2. Manufacturing and distribution operations will be completed separated from operations of Delta Agriculture, LLC, who currently operates out of Building Unit 1 (see attached site plan and floor plan). An interior wall will be installed between the building units as shown on the floor plan.

**EXISTING OPERATION**

Delta Agriculture, LLC, received previous conditional use permit and development agreement approval from the City in 2019, and has since been operating within a part of the existing building and part of the existing site. Manufacturing will continue to be conducted from one extraction unit, located next to Building Unit 1 and within a 2,600 square foot portion of the building. Distribution operations will occur within Building Unit 1 and in a separate cargo container located next to Unit 1. Distribution and manufacturing operations of Delta will be conducted completely separate from proposed operations of WTO Essentials under the original Conditional Use Permit and Development Agreement.

**SHARED MANAGEMENT**

Between the two owner operators a maximum of 20 employees will utilize the 6,800 square foot building. Multiple shifts will be conducted by both Delta Agriculture, LLC and WTO Essentials, Inc. which will reduce the amount of parking needed and to comply with the City's off-street parking regulations with a maximum 20 employees on site at any one time. Both companies will operate as separate businesses under the same development agreement for this property. Charles Smith, The owner of WTO Essentials, Will be the party responsible for managing and addressing operational conditions on the site, including waste management, noise and odor control, maintenance of the exterior building and outdoor common spaces, such as fencing, landscaping, and lighting.

**PROPERTY OWNER RELATIONSHIP**

The project site is located at 402 Jackson Blvd, Isleton, CA and is currently owned by Delta Boyz Retail Ventures, LLC, Delta Agricultural Holdings, LLC has a lease for using the property for commercial cannabis operations by Delta Boyz Retail Ventures, LLC. Delta Boyz

Retail Ventures, LLC, is currently operating a cannabis manufacturing operation under City approved Conditional Use Permit CUP 10-18 and Development Agreement DA 2019. Delta Agricultural Holdings, LLC has signed a letter of consent to lease the building to the applicant, WTO Essentials, Inc, for commercial cannabis operations. The City will need to consider each business as having a separate location (premises) being Delta Agriculture at 402 Jackson Blvd, Unit 1, and WTO Essentials, Inc, at 402 Jackson Blvd, Unit 2. Prior to establishing operations, WTO Essentials, Inc, will need to secure a conditional use permit and development agreement from the City and commercial cannabis licensing from the State.

### **HOURS OF OPERATION (WTO)**

The manufacturing facility proposes to operate from 4:00 a.m. through 9:00 p.m., seven days a week. The facility will eventually expand operations to 24 hours a day.

### **NOISE CONTROL**

In accordance to the City's Noise regulations, outdoor activity, including any loading or unloading of vehicles, will be restricted to 7 am to 10 pm.

### **EXTERIOR LIGHTING DESIGN AND MAINTENANCE**

In accordance with the project improvements plans new freestanding lighting will be installed within the parking lot and around the building. This lighting shall be designed to cut off excess light glare to levels not exceeding those shown on the photo-metric diagram. If the operator or City receives complaints from the neighborhood from excess lighting glare, lighting shall be repaired, reoriented, and/or replaced to reduce off-site light bleed to an acceptable level as determined by the City Manager.

### **DESCRIPTION OF ON-SITE MACHINERY (WTO)**

- Odor control System, UV Ultra Violet Ozone 8 Units UVONAIR CD -1200 X 20 Units, 18-to 48" Inch collection HVAC upper wall fans, pull out air flow inside vent exhaust fans
- HVAC Systems, 12 GMP Mini split AC/Heat units
- Security Systems Cameras, Surveillance compliant 120 day backup system with 24 hour battery backup and 72 Camera's, walkie talkies, WIFI system, monitors
- Generator 120 208V 3 Phase NG (Natural Gas 45KW Generac Zero Stand by Generator
- 2 Fork lifts- cat v18-188
- Extraction Equipment, 2 Extraction Booths – CID1 labs custom booth; 2 Extractors- CID1 Labs custom closed loop (certified); LP Recovery Pump - Master Vapor Pump - **MVP**; Purging Oven - Across International - **Vacuum Oven 7.5 Cu Ft**; 40Purging Ovens – 10 Across International - **Vacuum Oven 1.9 Cu Ft**; Oven Vacuum/Pump- Atlas Copco - **GVD 28**; 4 Air Compressor- Central Pneumatic - **125 psi**; 4 Freezers – Mr. Winter 20x20; Water Heater, 2 Icon hash washers

### **EXTRACTION PROCESS**

Butane closed loop extraction

Mechanical Separation (hash production with ice and water)

## CANNABIS PRODUCTS PRODUCED

- Concentrates
- Vape Cartridges
- Infused/ non infused pre-rolls
- Cannabis edibles
- Packaged flower
- Lotions, ointments

## DESCRIPTION OF STORED CHEMICALS

Reagent	Quantity Stored On Site
Acetone 99% Technical Grade UN:1090	10 gal
IsoPrOH 99% UN:1219	50 gal
Nitrogen (Gas) UN:1066	1000 Cu Ft
Nitrogen (Liquid) UN:1977	0 lbs
Butane/Propane (70/30) UN:1965	1200 lbs
CO2 (Solid) UN:1845	10000 lbs

## ODOR CONTROL

The Manufacturing facility will ensure that it does not emit a detectable odor. Specifically, odor control at the manufacturing facility will be handled by mechanical air cleaning within the building. The FILTR revolution 115 and Object Disinfection System will feature a state-of-the-art powered air scrubber that will remove the odors associated with cannabis manufacturing. Utilizing a combination of charcoal filters and ultraviolet (UV) lighting, the scrubber will filter air that is then exhausted, at a rate of approximately 45 pascals of air, through the normal HVAC system to the outside.

This system has been proven to effectively filter objectionable odors from a wide variety of facilities, including hospitals, smoking environments, and garbage rooms. It features roof-top units that are designed to maximize energy efficiencies through smart technology and a powerful, easy to use unit controller.

Each unit treats approximately 1,500 square feet of space; therefore, our proposed structure will require a minimum of 3 units for manufacturing. This system will control odors that may be emitted during the manufacturing of cannabis extracts.

## SECURITY PLAN

### Intrusion Detection System

- All points will be tested at the local level.
- All points will be inspected for damage.

- Connection to the Central Station will be verified.
- A report will be created covering all services per quarter.

#### **Access Control System**

- All access points will be tested.
- The access control server will be inspected.
- Software update if available will be applied.
- Batteries will be verified in proper working order.

A report will be created providing covering all services per quarter.

#### **Electronic Video Surveillance**

- All cameras will be cleaned.
- All cameras views will be verified and adjusted if needed.
- Recording servers and drive integrity will be inspected.
- Software updates if available will be applied.
- ADT communication connections to the Police department will be verified.

#### **ACCESS CONTROL SYSTEM DESCRIPTION**

The proposed access control system will be a non-proprietary, LTS door access controller. LTS components are used for many access control uses within many cannabis companies. In the event the access control software company's service falls inadequate, the entire system can be reset and have all user access revoked. This will create a secure system to depend on for cannabis activity containment.

Movement within each area of the facility will be tightly controlled. All main access doors and doors to the manufacturing areas will require card readers with keypads. Card reader doors shall be monitored by a DPDT balanced magnetic switches. These contacts will allow the door to be monitored by both the access control system and the intrusion system from a single balanced magnetic switch. Single doors will require (1) balanced magnetic switch. The doors will also be equipped with a request to exit by integrated hardware. All locking hardware leading into the building and secure areas shall be commercial grade. (*The locksets will not require power to unlock*). In the event of a power loss or failure of the system, the door will remain secure through deadbolt locks. Free egress will always be allowed. All perimeter doors shall be monitored and will alarm at the access control workstation to provide an immediate notification of a breach by text message or audible alarm.

#### **CREDENTIALS AND ACCESS LEVELS**

Only permitted employees will be allowed into respective areas of the facility in which their access levels are assigned. All card reader equipped doors will require the employee or respective personnel to present the proper credential and enter their unique pin code to gain access. If an employee was to lose a card, it shall be reported immediately to the Security Manager. The card shall be deactivated from the system and the employee will be provided a new credential with a new unique pin code. The main purpose of dual authentication, is to prevent an individual from gaining access to areas if a credential is lost or stolen. All access levels shall be created unique, named logically, and shall not share common access areas with

restricted access areas. Proximity cards shall not be used as technology has surpassed the credential and can easily be copied.

#### **ACCESS CONTROL BADGING SYSTEM**

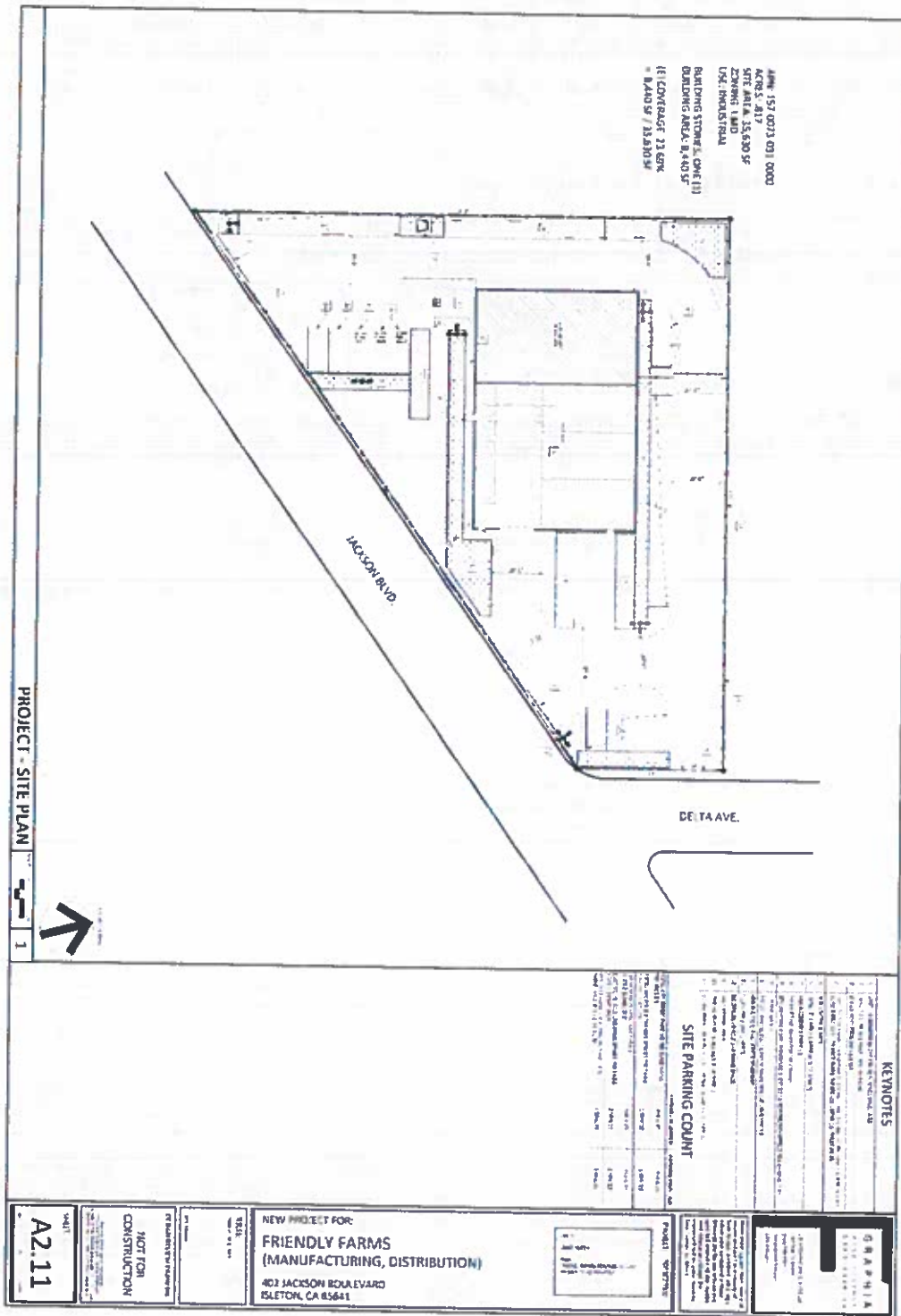
Security personnel issuing badges shall be equipped with a badge printer. Each employee will have their picture taken behind a yellow back drop. Each badge will require a unique template created for the premises. Credentials shall not be handed out without the proper badge template and portrait of the employee.

#### **INTRUSION DETECTION SYSTEM**

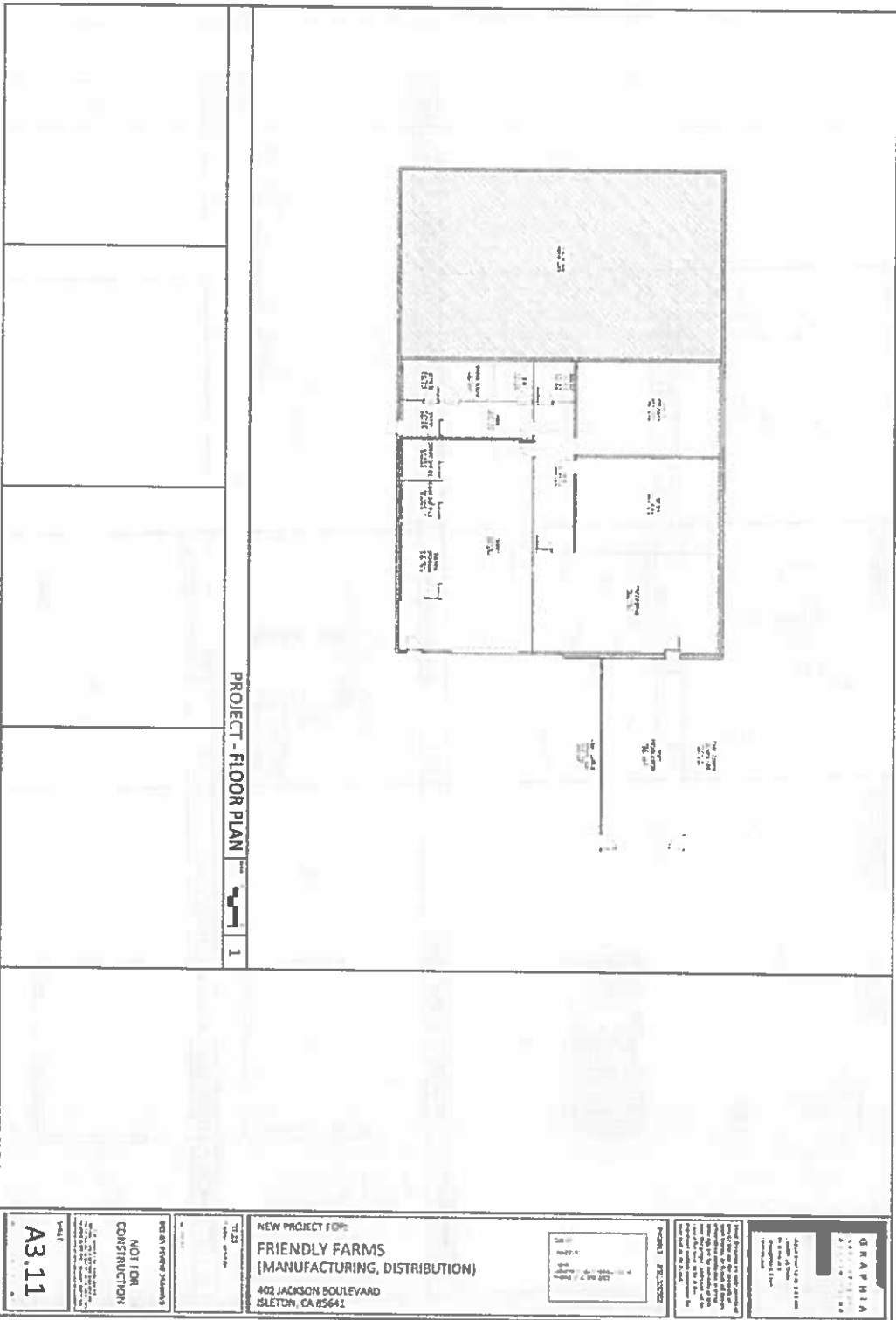
The selected security systems integrator will install, maintain, and use a professionally monitored intrusion detection system to meet the following requirements:

- The system shall report to a UL listed central monitoring station at the Signal transmission will be via dedicated telephone line with cellular backup module.
- The control panel shall be an enterprise level burglar alarm control panel;
- At a minimum, the system shall provide coverage of all facility entrances and exits, rooms with exterior windows, rooms with exterior walls, roof hatches, skylights, and storage room(s) the contain safe(s).
- The system shall have an estimated (3) duress buttons installed for personnel in common areas.
- The duress button shall be *silent* not to aggravate the individual causing the duress situation.

# PROJECT IMPROVEMENT PLANS







PROJECT - FLOOR PLAN 1

**GRAPHIA**  
 ARCHITECTURAL  
 402 JACKSON BOULEVARD  
 SLETON, CA 95641  
 TEL: (916) 438-2111  
 FAX: (916) 438-2112  
 WWW.GRAPHIA.COM

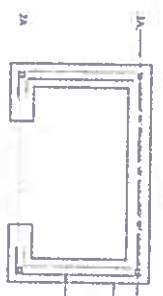













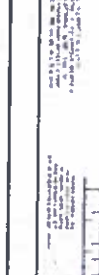
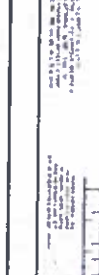
PROJECT: FRIENDLY FARMS (MANUFACTURING, DISTRIBUTION)  
 402 JACKSON BOULEVARD  
 SLETON, CA 95641

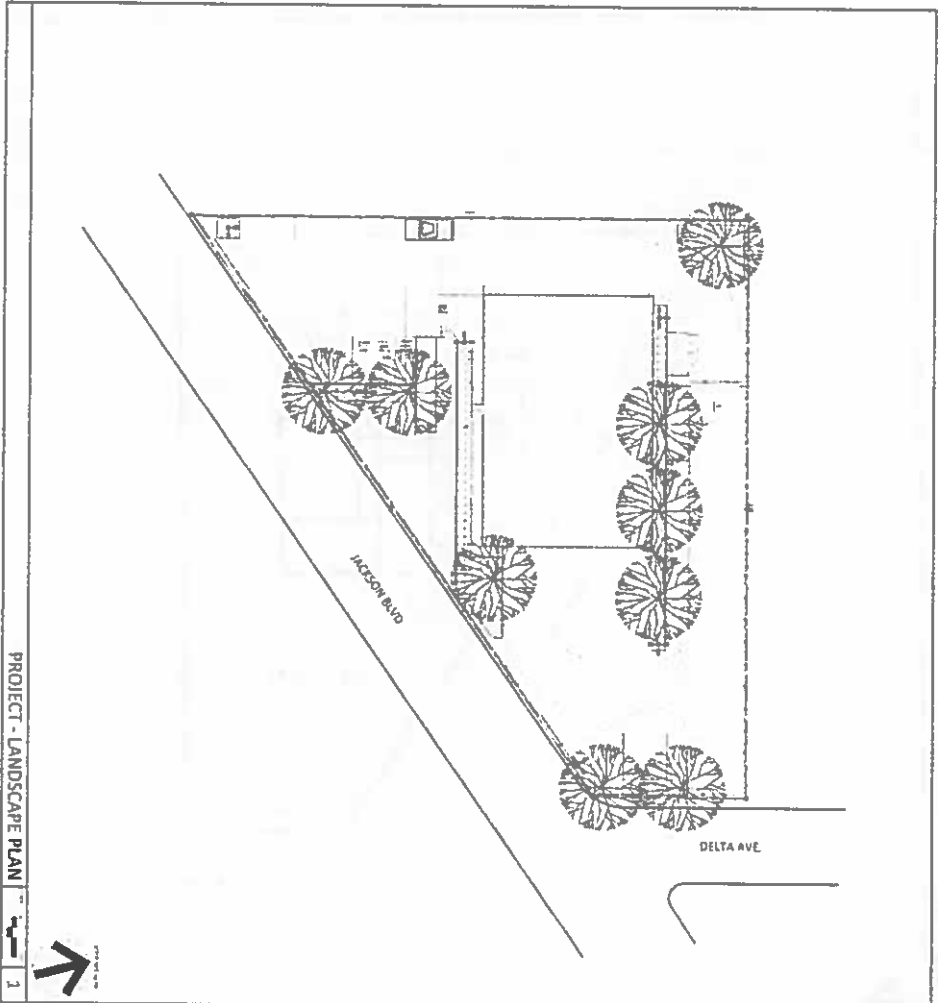


NEW PROJECT FOR:  
**FRIENDLY FARMS**  
 (MANUFACTURING, DISTRIBUTION)  
 402 JACKSON BOULEVARD  
 SLETON, CA 95641

NOT FOR CONSTRUCTION  
 10/11/11

**A3.11**

 <p>ENCLOSURE FOUNDATION PLAN</p>	 <p>TRASH ENCLOSURE ROOF FRAMING PLAN</p>	 <p>ENCLOSURE ROOF FRAMING PLAN</p>	 <p>TRASH ENCLOSURE PLAN</p>
 <p>TRASH ENCLOSURE ROOF ATTACHMENT DETAIL</p>	 <p>GATE/POST DETAIL</p>	 <p>TRASH ENCLOSURE ROOF ATTACHMENT DETAIL</p>	 <p>GATE/POST DETAIL</p>
 <p>TRASH ENCLOSURE ROOF ATTACHMENT DETAIL</p>	 <p>GATE/POST DETAIL</p>	 <p>TRASH ENCLOSURE ROOF ATTACHMENT DETAIL</p>	 <p>GATE/POST DETAIL</p>
 <p>TRASH ENCLOSURE ROOF ATTACHMENT DETAIL</p>	 <p>GATE/POST DETAIL</p>	 <p>TRASH ENCLOSURE ROOF ATTACHMENT DETAIL</p>	 <p>GATE/POST DETAIL</p>
<p>PROJECT: 2023000007</p> <p>DATE: 08/20/2023</p> <p>SCALE: 1/8" = 1'-0"</p> <p>NOT FOR CONSTRUCTION</p> <p>GRAAFIA ARCHITECTURE &amp; INTERIORS</p> <p>407 JACKSON BOULEVARD SLETON, CA 85641</p> <p>NEW PROJECT FOR: <b>FRIENDLY FARMS (MANUFACTURING, DISTRIBUTION)</b> 407 JACKSON BOULEVARD SLETON, CA 85641</p> <p>1-LECT <b>A9.22</b></p>			



PROJECT - LANDSCAPE PLAN

1



**KEYNOTES**

1. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

2. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

3. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

4. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

5. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

6. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

7. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

8. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

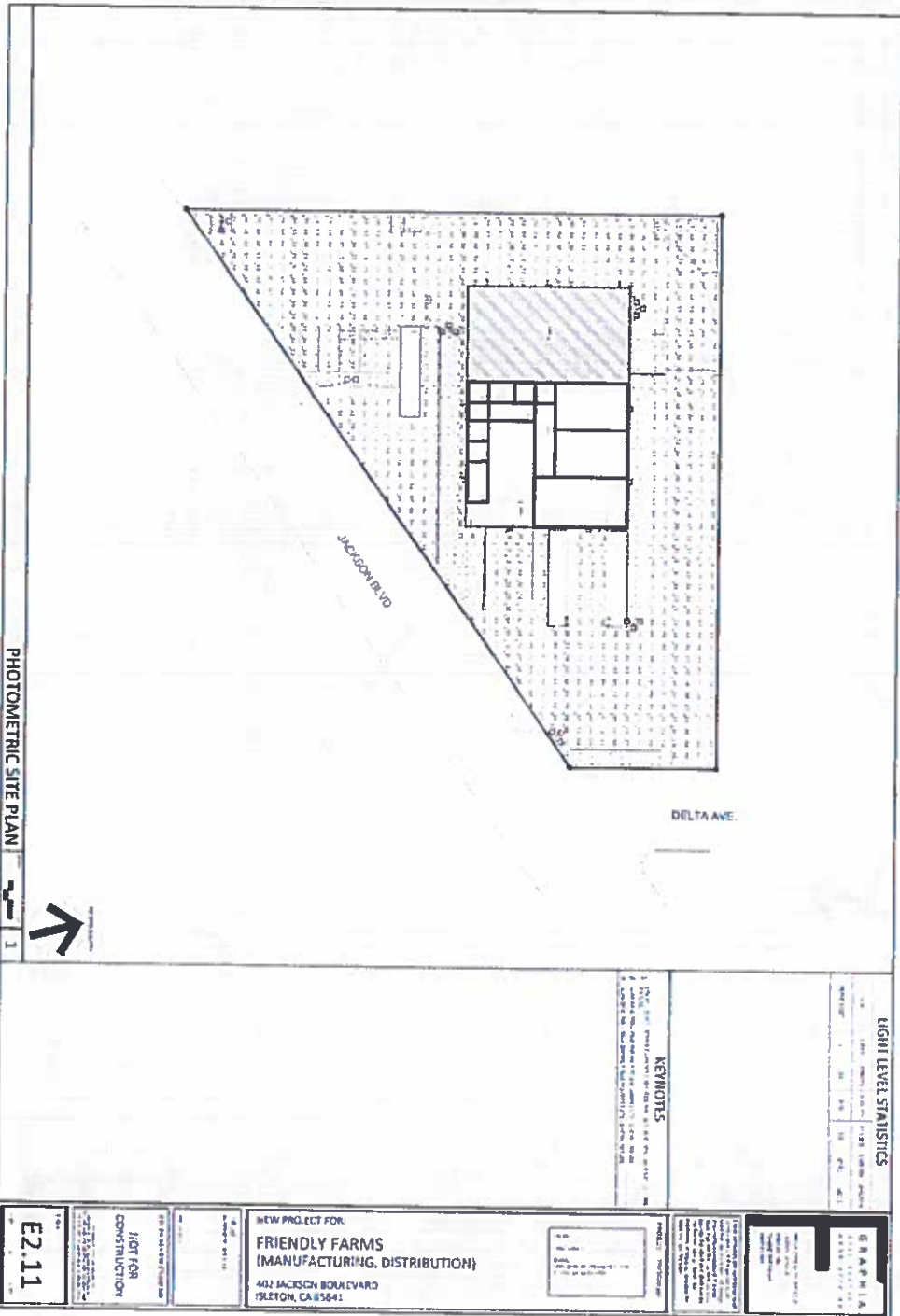
9. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

10. All trees shown on this plan are to be planted within 12 months of the start of construction unless otherwise noted.

**SHADE TREE COUNT**

LANDSCAPE AREA QTY.

<p><b>GRAPHIC</b></p> <p>1/8" = 1'-0"</p> <p>DATE: 11/18/11</p> <p>PROJECT: FRIENDLY FARMS (MANUFACTURING DISTRIBUTION)</p> <p>1/8" = 1'-0"</p>	<p><b>NEW PROJECT FOR:</b></p> <p><b>FRIENDLY FARMS</b> <b>(MANUFACTURING DISTRIBUTION)</b></p> <p>402 JACKSON BOULEVARD SUITE 101, CA 95641</p>	<p><b>11/18/11 - 5:00 PM</b></p> <p>DATE: 11/18/11</p> <p>PROJECT: FRIENDLY FARMS (MANUFACTURING DISTRIBUTION)</p> <p>1/8" = 1'-0"</p>	<p><b>11/18/11 - 5:00 PM</b></p> <p>DATE: 11/18/11</p> <p>PROJECT: FRIENDLY FARMS (MANUFACTURING DISTRIBUTION)</p> <p>1/8" = 1'-0"</p>
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**ATTACHMENT 3  
WTO INC CONDITIONAL USE PERMIT CUP 01-22  
402 JACKSON BLVD VICINITY MAP AND SITE PHOTOS**

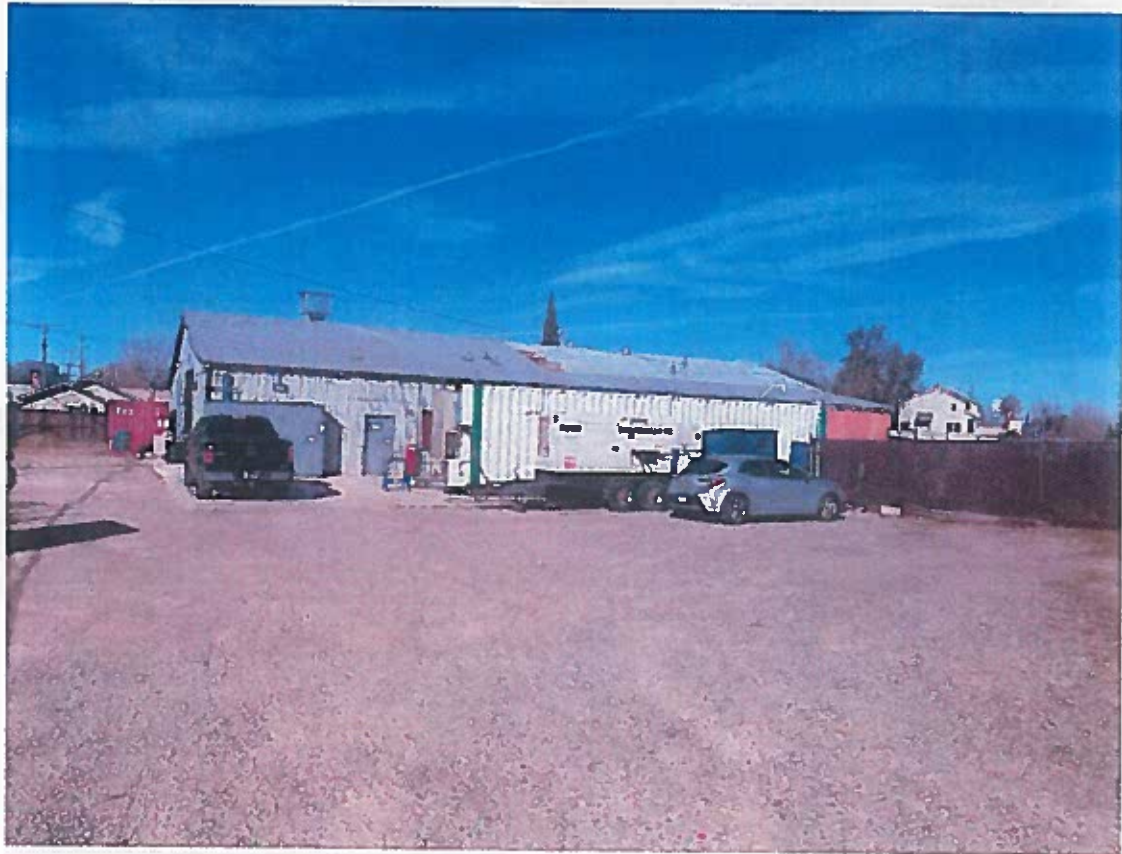
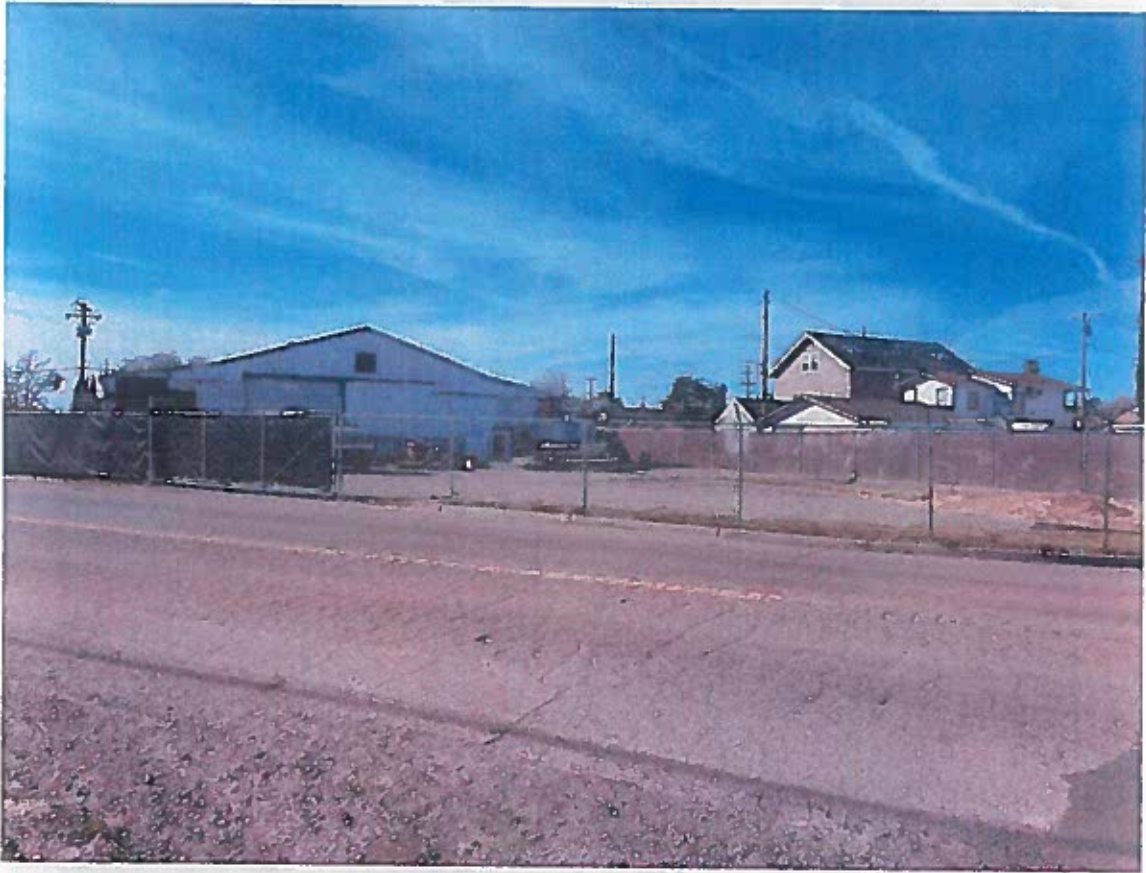
**Vicinity Map**

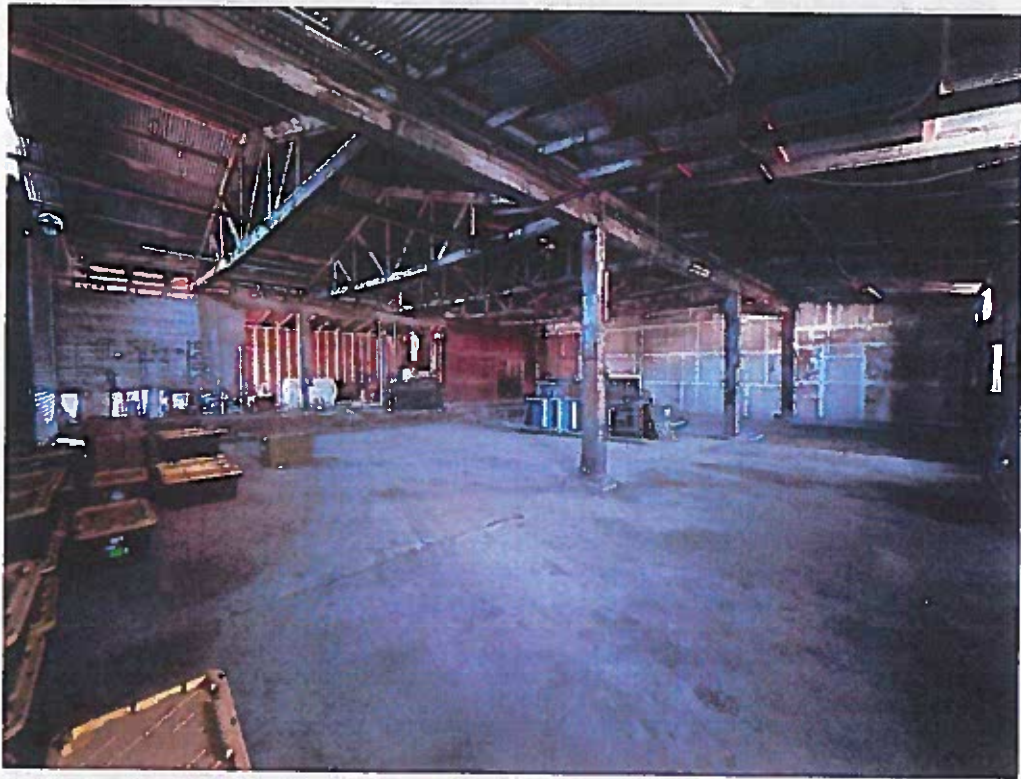
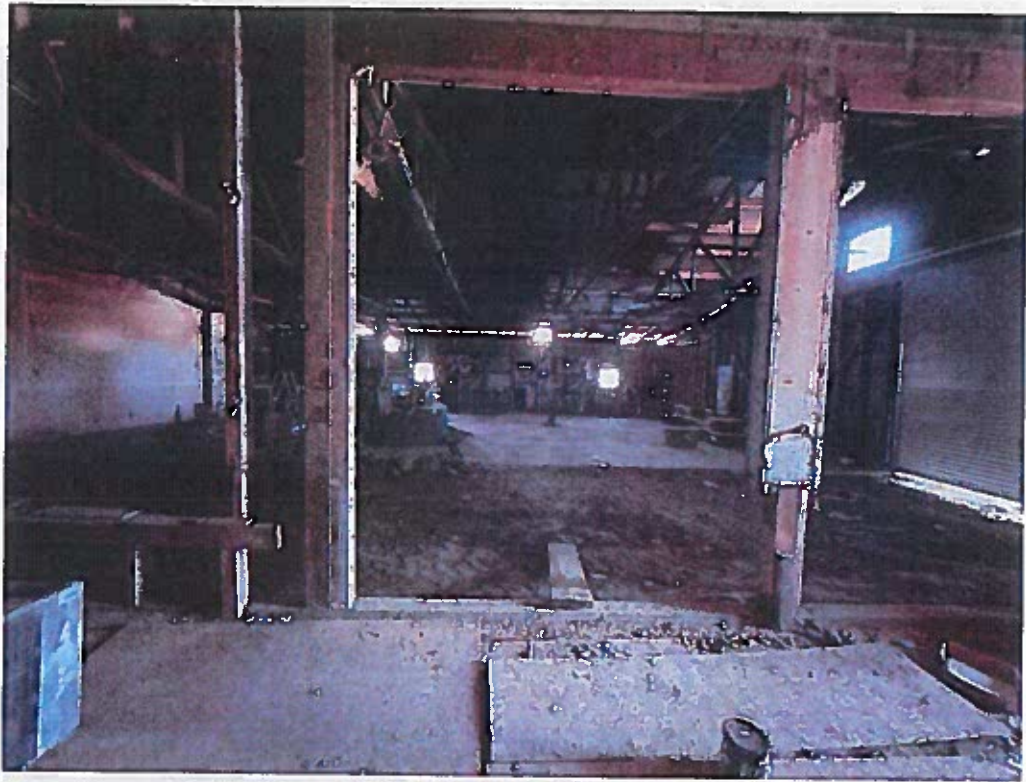


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Site Photos

	<p>VIEW A</p>
	<p>VIEW B</p>
	<p>VIEW C</p>
	<p>VIEW D</p>
	<p>VIEW E</p>
	<p>VIEW F</p>
	<p>VIEW G</p>
	
<p>PHOTO MAP INDEX</p>	
<p>PROJECT - PHOTOS</p>	
	
<p>A1.31</p>	
<p>NOT FOR CONSTRUCTION</p>	
<p>DESIGN REVIEW SIGNATURE</p>	
<p>DATE</p>	
<p>TITLE</p>	
<p>PROJECT - PHOTOS</p>	
<p>NEW PROJECT FOR:  <b>FRIENDLY FARMS          (MANUFACTURING, DISTRIBUTION)</b>          402 JACKSON BOULEVARD          ISLETON, CA 95641</p>	
<p>GRAPHIA CONSULTANTS AND DESIGNERS          402 JACKSON BOULEVARD          ISLETON, CA 95641          TEL: 916.438.1111          WWW.GRAPHIA.COM</p>	
<p>PROJECT - PHOTOS</p>	
<p>NOT FOR CONSTRUCTION</p>	
<p>DESIGN REVIEW SIGNATURE</p>	
<p>DATE</p>	
<p>TITLE</p>	
<p>PROJECT - PHOTOS</p>	







**ATTACHMENT 4  
DEVELOPMENT AGREEMENT DA 2022-01**

**OFFICIAL BUSINESS**  
Document entitled to free recording  
Government Code Section 6103

**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

City of Isleton  
101 2<sup>nd</sup> St.  
Isleton, CA 95641  
Attn: City Clerk

---

(SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE)

**DEVELOPMENT AGREEMENT  
BY AND BETWEEN  
THE CITY OF ISLETON  
AND WTO ESSENTIALS, INC.  
402 JACKSON BLVD**

## DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") is made and entered into between the CITY OF ISLETON, a municipal corporation ("City"), and WTO Essentials, Inc. ("Developer"). City and Developer are hereinafter collectively referred to as the "Parties" and singularly as "Party."

### RECITALS

- A. **Authorization.** To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code section 65864 et seq. (the "Development Agreement Law"), which authorizes the City and any person having a legal or equitable interest in the real property to enter into a development agreement, establishing certain development rights in the Property, which is the subject of the development project application.
- B. **Public Hearing.** On April 13, 2022, the City's Planning Commission, serving as the City's planning agency for purposes of development agreement review pursuant to Government Code section 65867, considered this Agreement and recommended approval of this Agreement to the City Council.
- C. **Environmental Review.** On [REDACTED], 2022, the City Council determined that the Project (as defined herein) is exempt from environmental review in accordance with Section 15301 for Existing Facilities of the California Environmental Quality Act, Guidelines.
- D. **Need for Services and Facilities.** Development and operation of the Project will result in a need for municipal services and facilities, including police and fire protection services.
- E. **Contribution to Costs of Facilities and Services.** Developer agrees to make the quarterly payments set forth herein, which payment may be used by the City for any legal purpose. City and Developer recognize and agree that but for Developer's quarterly payments City would not and could not approve use of the Property for the Project as provided by this Agreement. City's approval of this Agreement is in reliance upon and in consideration of Developer's agreement to make the payments required hereunder.
- F. **Public Benefits.** Development of the Project will result in significant public benefits, as more fully described hereinafter, including, without limitation:
  1. The provision of opportunities for employment;
  2. Implementation of Crime Prevention Through Environmental Design ("CPTED") development principles during the operation and maintenance of the Property; and
  3. The furtherance of the economic development goals and objectives of the City.
- G. **Developer Assurances.** In exchange for the benefits to the City in the preceding Recitals, together with the other public benefits that will result from the development of the Property, Developer will receive by this Agreement assurance that it may proceed with the Project in accordance with the items set forth herein.

H. **Consistency with General Plan.** Having duly examined and considered this Agreement and having held properly noticed public hearings hereon, in City Ordinance No. 2018-02, the City found that this Agreement satisfies the Government Code Section 65867.5 requirement of general plan consistency.

NOW, THEREFORE, in consideration of the above Recitals and mutual promises, conditions and covenants of the Parties contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

#### AGREEMENT

1. **Definitions.** In this Agreement, unless the context otherwise requires, terms have the following meaning. Capitalized terms within the Exhibits not defined below have the meaning set out in the Exhibits.
  - 1.1. "Adopting Ordinance" means Ordinance No. 19-05, adopted by the City Council March 12, 2019, which approves this Development Agreement as required by the Development Agreement Law.
  - 1.2. "Agreement" means this Development Agreement, inclusive of all Exhibits attached hereto.
  - 1.3. "Authorized Operator" means a fully-licensed operator engaged by the Developer and approved by the City to operate portions of the Project on behalf of the Developer.
  - 1.4. "CEQA" means the California Environmental Quality Act, as set forth at California Public Resources Code, Division 13, commencing at Section 21000 and the CEQA Guidelines as set forth in Title 14 of the California Code of Regulations commencing at Section 15000.
  - 1.5. "City" means the City of Isleton, including its agents, officers, employees, representatives and elected and appointed officials.
  - 1.6. "City Manager" means the City Manager of the City of Isleton, or his or her designee.
  - 1.7. "Conditional Use Permit" means the Conditional Use Permit for the Project approved by the Planning Commission on 2019, as that Conditional Use Permit may be modified or amended from time-to-time.
  - 1.8. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of an entity's management or policies, whether through the ownership of voting securities, by contract, or otherwise.
  - 1.9. "Development Agreement Law" means Government Code section 65864 et seq. and the procedures and requirements for the consideration of development agreements contained in Ordinance No. 2018-02. In the event of a conflict, the requirements of Government Code Section 65864 et seq. shall control.
  - 1.10. "Developer" means WTO Essentials, Inc. , together with any Successor duly approved by the City in accordance with the terms of this Agreement.

- 1.11. "Effective Date" means that day on which the Adopting Ordinance shall be effective. The Adopting Ordinance shall be effective thirty (30) days after its adoption by the City Council, unless the Adopting Ordinance becomes subject to a qualified referendum, in which case, the Effective Date shall be the day after the referendum election, if the Adopting Ordinance is approved by a majority of the voters. Litigation filed to challenge the Adopting Ordinance or this Agreement shall not affect the Effective Date, absent a court order or judgment overturning or setting aside the Adopting Ordinance, or staying the Effective Date, or remanding the Adopting Ordinance to the City. Notwithstanding the foregoing, this Agreement shall not become effective until fully executed.
- 1.12. "Facility" has the meaning of the term "commercial cannabis facility" set forth in Section 2301, Subsection G of the Municipal Code and includes the physical improvements to the Property used by Developer to conduct its operations.
- 1.13. "Fees" means all charges, expenses, costs, monetary exactions and any other monetary obligations imposed on Developer by the City, other than assessments or regular or special taxes and shall not be limited to fees paid pursuant to this Agreement.
- 1.14. "General Plan" means the General Plan of the City including the text and maps, as approved and updated by the City in 2014, plus any other General Plan amendments approved by the City on or before the Effective Date.
- 1.15. "Gross Receipts from Operations" means total revenue derived, directly or indirectly, or actually received or receivable from operation of the Facility, including all sales; the total amount of compensation actually received or receivable for the performance of any act or service, of whatever nature it may be, or the fair market value thereof, for which a charge is made or credit allowed, whether or not such act or service is done as part of or in connection with the sale of materials, goods, wares or merchandise; and gains realized from trading in stocks or bonds, interest discounts, rents, royalties, fees, commissions, dividends, or other remunerations, 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:
- 1.15.1. Cash discounts allowed and taken on sales;
  - 1.15.2. 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";
  - 1.15.3. Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser;
  - 1.15.4. Such part of the sale price of property returned by purchasers upon rescission of a contract of sale as is refunded either in cash or by credit; and
  - 1.15.5. Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded. Interorganizational sales

or transfers between or among the units of a parent-subsidiary controlled group of corporations or other related legal entities as defined by 26 U.S.C. 1563(a)(1) or otherwise, or between or among the units of a brother-sister controlled group of corporations or other related legal entities as defined by 26 U.S.C. 1563(a)(2) or otherwise, whereby no Gross Receipts are generated or exchanged, directly or indirectly, pursuant to the interorganizational sales or transfers, discounted or otherwise.

The intent of this definition is to ensure that in calculating the payment required under Section 10.1, all sales of cannabis products shipped through or from the Facility are captured, regardless of whether the product is sold and/or shipped directly from the Facility to a consumer, retailer, or wholesaler within or outside the City limits of Isleton, or to another cannabis facility that then distributes the product to the consumer, retailer, or wholesaler within or outside the City of Isleton. This definition shall therefore be given the broadest possible interpretation consistent with this intent, as it does not pertain to a definition of "gross receipts" for purposes of a tax, subject to rules of apportionment under the Constitution of United States, Art. I, § 8, cl. 3, or the California Constitution. It is hereby recognized that the fee herein required to be paid by the Developer to the City of Isleton is in exchange for and pursuant to this Development Agreement, and not for the privilege of doing business within the City of Isleton or legally incident on those engaged in such business within the City of Isleton.

- 1.16. "Commercial Property" means that certain real property located at 402 Jackson Blvd, in the City of Isleton, County of Sacramento. A legal description of the Commercial Property is contained in Exhibit B.
- 1.17. "Law" means the case law, ordinances, statutes, rules, regulations, or any order, decree or directive of any court or any local, regional, state or federal government agency, unless the context suggests a different meaning.
- 1.18. "Municipal Code" means the Municipal Code of the City of Isleton. As of May 1, 2018, the Isleton Municipal Code is in the process of being codified. Until such time as the City Council adopts the codified version of the Municipal Code, the draft Municipal Code, which is a compilation of the City's adopted ordinances shall be used as reference to the City's laws.
- 1.19. "Planning Commission" means the City of Isleton Planning Commission.
- 1.20. "Project" means the physical improvement and use of the Property as a cannabis manufacturing facility. The "Project" is further defined in Exhibit A to this Agreement, and supplemented by the provisions of this Agreement and the Public Safety and Security Plan.
- 1.21. "Project Approvals" means the entitlements that are the subject of this Agreement, consisting of the following land use approvals:
  - 1.21.1. A Conditional Use Permit; and

- 1.21.2. This Development Agreement, as adopted on \_\_\_\_\_, 2022, by City Ordinance No. [REDACTED] (the "Adopting Ordinance").
- 1.22. "Property" means 402 Jackson Blvd. of the Commercial Property consisting of 3,500 square feet. A site plan showing the Property occupied by the Facility is contained in Exhibit C.
- 1.23. "Property Lease" means that certain Commercial Real Property Lease dated \_\_\_\_\_, between INSERT PROPERTY OWNER, as owner and lessor of the Property, and Developer, as lessee of the Property.
- 1.24. "Public Safety and Security Plan" has the meaning set forth in Section 10.2.1.
- 1.25. "Successor" or "Successor in Interest" means any subsequent entity or individual that acquires all or any portion of Developer's interest in the Property, provided, however, that no Successor shall acquire any rights pursuant to this Agreement unless and until that Successor is approved by the City and complies with all applicable requirements of Section 15 of this Agreement.
2. **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.
3. **Description of the Project.** The Project consists of occupying an existing industrial building to operate a cannabis manufacturing business, producing cannabis cartridges and concentrates. Developer's operations are more fully described in Exhibit A. Developer shall ensure that the Project is operated in accordance with Exhibit A at all times. In the course of operating the Project, Developer may enter into an agreement with an Authorized Operator to operate the Project. The engagement of any Authorized Operator shall be reviewed by the City and require the prior written consent of the City. Any such agreement between the Developer and any Authorized Operator shall provide that:
- 3.1. The Authorized Operator shall make payments in accordance with Section 10.1.1 of this Agreement, and
- 3.2. The Authorized Operator shall be subject to the record keeping, reporting, and audit requirements described in Section 10.1.2 of this Agreement, and
- 3.3. The Authorized Operator shall maintain all licensing necessary to operate those portions of the Project that the Authorized Operator has been engaged to operate.
4. **Description of Property.** The Property, which is the subject of this Agreement, is defined in Section 1.21.
5. **Relationship of City and Developer.** This Agreement is a contract that has been negotiated and voluntarily entered into by City and Developer. It is agreed among the parties that the Project is a private development and that the relationship of the Developer and City is and at all times shall remain solely that of the City as a regulatory body and the Developer as the property owner. The City and Developer 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 City and Developer undertaking a joint venture or partnership.

**6. Representations, Warranties and Acknowledgments.**

- 6.1. **Interest in Property.** Developer represents and warrants that as of the Effective Date, Developer is the lessee of the Property under the Property Lease, and as such holds a leasehold interest in and to the Property. Developer further represents that all persons holding legal or equitable interest in the Property have consented to the Agreement. Application says lease agreement is in file; didn't see.
- 6.2. **Authority.** The Parties represent and warrant that the persons signing this Agreement are duly authorized to enter into and execute this Agreement on behalf of their respective principals.
- 6.3. **Brokers.** The Parties agree that the City has had no dealings with any real estate broker or agent in connection with the negotiation of this Agreement, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Agreement. In the event any real estate broker or agent shall come forward and claim the right to a commission or other form of compensation in connection with this Agreement, Developer shall indemnify, defend and hold harmless the City in accordance with Section 14.1.
- 6.4. **Procedures and Requirements.** The Parties acknowledge that this Agreement is subject to the procedures for approval, amendment and administration set forth in the Development Agreement Law.

**7. Effective Date and Term.**

- 7.1. **Effective Date.** The Effective Date of this Agreement means the date defined at Section 1.10 of this Agreement.
- 7.2. **Term.** The term of this Agreement shall commence on the Effective Date and shall continue in force until the first to occur of the following events: 1) this Agreement is terminated in accordance with terms set forth herein, or 2) Developer no longer has a legal interest in the Property or has ceased all operations on the Property.
- 7.3. **Termination by Mutual Consent.** This Agreement may be terminated in whole or in part by the mutual written consent of all the Parties.
- 7.4. **Termination for Failure to Obtain or Maintain Required State or Local Licenses.** If Developer fails to obtain or maintain in effect all state and local licenses required for the Project in accordance with Section 9.3.1, City may terminate this Agreement.
- 7.5. **Termination Resulting from Governmental Action.** In the event legal action is initiated or threatened by any governmental jurisdiction other than the City on the grounds that approval or implementation of this Agreement (or any part) constitutes a violation of state or federal law, and the parties are unable to reach agreement between themselves and the governmental jurisdiction on amendments to this Agreement that will resolve the

dispute and still preserve the material terms of this Agreement, then either party may terminate this Agreement without compliance with the Default Procedures set forth in Section 13. If this Agreement is terminated pursuant to this section, Developer shall immediately cease operations at the Facility, the Conditional Use Permit shall be automatically terminated, and the Parties shall have no further rights or obligations under this Agreement (other than the rights under Section 14, which survive termination).

- 7.6. **Termination Upon Surrender or Revocation of Conditional Use Permit.** If the Developer voluntarily surrenders the Conditional Use Permit, or if the Conditional Use Permit is revoked by the City, then Developer shall immediately cease operations at the Property and this Development Agreement shall terminate automatically, without further action required by either party. In such an event, Developer waives the default procedures set forth in Section 13 of this Agreement, including the notice and cure rights contained therein, and the Parties shall have no further rights or obligations under this Agreement (other than the rights under Section 14, which survive termination).
- 7.7. **Effect of Termination.** This Agreement was entered into by the Parties for the limited purpose of setting forth certain terms and conditions concerning the proposed development and operation of the Project in a manner that is consistent with the Project Approvals. Accordingly, nothing contained herein is intended or shall be construed to grant to Developer any rights in connection with the future development or operations of the Property, except for those rights set forth in this Agreement.

8. **Development of the Project.**

- 8.1. **Development Rights.** This Agreement was entered into by the Parties for the limited purpose of setting forth certain terms concerning the development and use of the Property by Developer. Accordingly:
- 8.1.1. Developer acknowledges that it has no existing "vested rights" (as that term is used in California land use law) concerning the Property or the Project.
- 8.1.2. Nothing contained herein is intended or shall be construed to grant to Developer any rights in connection with the future development or use of the Property, and the Parties agree that development and use of the Property shall be governed by the land use and other regulations in effect at the time of development and operation.
- 8.1.3. Except as expressly provided herein, nothing contained in this Agreement is intended or shall be construed to affect in any way the permitted uses of the Property, the density and intensity of use, the maximum height and size of buildings, or the reservation or dedication of land for public purposes which shall continue to be governed by the City's General Plan, the City's zoning code, and all other entitlements and ordinances now existing or which may be amended or enacted in the future.
- 8.1.4. The City expressly reserves the right to adopt and apply regulations to protect the City and its citizens from immediate risks to health and safety. The Developer hereby agrees that any regulation imposed by the City with respect to flood



protection adopted in response to federal, state, or local guidelines, regulations, or directives, including without limitation the implementation of a moratorium on development activities, shall be deemed necessary to protect the public health and safety.

- 8.2. **Referendum.** Developer acknowledges that the Adopting Ordinance, which is a legislative land use approval, is potentially subject to referendum. Notwithstanding anything in this Agreement to the contrary, Developer shall not acquire a vested right to any legislative land use approval (or to any amendment thereto): (1) while such approval or amendment is still potentially subject to referendum or (2) in the event that such approval or amendment is reversed by referendum.

9. **Applicable Rules, Regulations, Fees and Official Policies.**

- 9.1. **Rules Regarding Design and Construction.** Unless otherwise expressly provided in this Agreement, all other ordinances, resolutions, rules, regulations and official policies governing design, improvement and construction standards and specifications, applicable to the Project and to public improvements to be constructed by the Developer shall be those in force and effect at the time the applicable permit approval is granted.

- 9.2. **Uniform Codes Applicable.** Unless otherwise expressly provided in this Agreement, any improvements to the Property undertaken by Developer shall comply with the California Building Standards Codes, Title 24 of the California Code of Regulations, as adopted and amended by the City, as the same shall be in effect as of the time of approval of the permit in question. Such improvements shall also comply with the provisions of the California Mechanical, Plumbing, Electrical and Fire Codes, and City construction specifications, in effect at the time of approval of the appropriate permits for the improvements. If no permit is required for a given improvement, such improvement will be constructed in accordance with said Codes in effect in the City as of the commencement of construction of such improvement.

9.3. **Laws and Regulations Applicable to Cannabis Activities; Obtaining and Maintaining Required Licenses.**

- 9.3.1. **General.** Developer shall at all times comply fully with all existing and future state and local rules applicable to Developer's activities on the Property and shall ensure such compliance by all of Developer's employees, contractors, vendors, customers, and members of the public invited or allowed access to the Property.

- 9.3.2. **Licensure of Operations.** Developer shall promptly apply for and obtain all State licenses required for the operations described in Exhibit A, as well as any local licenses required in the future by the City. Failure to obtain required state licenses within twelve (12) months following the date when the relevant state agencies begin accepting applications for such licenses, and failure to maintain required state or city licenses during the term of this Agreement, shall constitute a default under this Agreement and shall be grounds for termination.

9.4. **Fees, Dedications, Assessments and Taxes.**

- 9.4.1. **Payment of Development Impact and Other City Fees, Taxes, and Assessments**. Developer shall pay all impact and other City fees, taxes and assessments when due.
- 9.4.2. **Other Public Agencies**. Nothing in this Agreement is intended to govern the authority of other public agencies to impose fees.
- 9.4.3. **Public Works and Community Development**. Any public improvements and work performed by Developer in connection with the Project shall be to the satisfaction of the City Engineer and acceptance by the City Council (or by the City Engineer, if the City Council delegates authority to accept public improvements to the City Engineer).

**10. Additional Developer Obligations.**

**10.1. Payments to City.**

**10.1.1. Required Payment.** Developer and any Authorized Operator shall make quarterly payments to the City equal to two percent (2%) of Developer's and any Authorized Operator's Gross Receipts from Operations. Payments shall be made by the last day of the month following the end of each quarter (i.e., April 30<sup>th</sup> for the quarter running from January 1 through March 31). Payments shall be accompanied by such documentation as may be reasonably required by the City. The 2% fee on Developer's and any Authorized Operator's Gross Receipts is not a tax and is particularly not an indirect tax on any consumer such as a sales and use tax, but is rather a direct fee levied on the Gross Receipts of the Developer and any Authorized Operator as a condition of this Development Agreement that is not to be passed along to the ultimate consumer. If the Developer or any Authorized Operator chooses to pass the 2% fee along to any consumer, it shall be required to include such amounts collected from any consumer as Gross Receipts. This documentation will include (but may not be limited to) the transportation manifests for cannabis products received at or transported from the Facility, and an accounting of Gross Receipts from Operations during the previous quarter. Late payments shall include interest at a rate of ten percent (10%) per annum. Failure to make any payment required by this Agreement when due shall be a material breach of the Agreement subject to Cure under the provisions of Section 13.3. Payments to the City shall be made by check, direct deposit, wire transfer or other electronic form of payment that originates from a legal financial channel that has been agreed to in advance by both parties. Upon request and with a minimum of ten (10) business days' notice prior to payment due date, alternative forms of payment, including cash, may be authorized at the City's discretion.

**10.1.2. Reporting of Gross Receipts from Operations.**

- (a) **Quarterly Receipts.** No later than the last day of the month following the end of each quarter, Developer shall deliver to City a report (the "Quarterly Report") showing (i) Gross Receipts from Operations for the immediate prior quarter received by Developer, and a cumulative total of

all amounts of Gross Receipts from Operations received by Developer for the calendar year, (ii) a calculation of the quarterly payment due to City for the prior quarter, and (iii) a calculation of the cumulative total of all quarterly payments for the calendar year.

- (b) Statements of Receipts. Developer shall keep complete, accurate and appropriate books and records of all receipts from operations in accordance with generally accepted accounting principles. For purposes herein "books and records" shall mean all bookkeeping or accounting documents Developer utilizes in managing its business operations relating to the Project. Such books and records, as well as all other relevant documents as City shall reasonably require, shall, upon reasonable written notice, be open for inspection by City, its auditors or other authorized representatives. If, at any time during the Term, such books and records prove inadequate in the reasonable judgment of City to record the Gross Receipts from Operations as herein required, Developer shall, upon the written request of City, procure and maintain such books and records as shall be of a character and form adequate for such purpose. City shall have the right to audit and examine such books, records and documents and other relevant items in the possession of Developer, but only to the extent necessary for a proper determination of Gross Receipts from Operations, and all such books, records, documents and other items shall be held available for such audit and examination. Upon request by the City, Developer shall make all such books, records and documents available to the City, and provide removable copies thereof, within thirty (30) of the date of the City's request. The cost for any audit shall be shared equally by the Parties. Developer shall preserve such books, records, documents, and other items in Isleton for a period of not less than seven (7) years for the purpose of auditing or re-auditing these accounts upon reasonable notice; except that, if an audit is made within the seven-year period and Developer claims that errors or omissions have occurred, the books and records shall be retained and made available until those matters are resolved. City shall keep strictly confidential all statements of revenue furnished by Developer and all other information concerning Developer's operation of the Premises obtained by City as a result of the inspection, audit and examination privileges of City hereunder, except as otherwise required by law. If City receives a request for such information pursuant to the Public Records Act (California Government Code Section 6250 et seq.), City shall provide Developer notice of any such request prior to disclosing any such information. Within seven (7) years after the receipt of any statement of receipts under this Agreement, City at any time shall be entitled to carry out an audit of such revenue either by City or agent to be designated by City. If it shall be determined as a result of such audit that there has been a deficiency in any payment due under this Agreement made on the basis of such statement, then such deficiency shall become immediately due and payable. If such statement of revenue for the relevant year shall be found to have understated receipts by more

than two percent and City is entitled to any additional payment as a result of said understatement, then Developer shall, in addition, pay all of City's reasonable costs and expenses connected with such audit, including the expense incurred in retaining such agent; otherwise City shall bear the cost and expense of such audit.

- (c) Copies of Tax Filings. Developer shall provide City with copies of any reports Developer is required to provide to the County of Sacramento or the State of California for sales, use or other tax purposes.

**10.1.3. Applicability of Future Revenue Mechanisms.** During the term of this Agreement, if the City imposes an alternative revenue mechanism specifically related to cannabis operations (e.g. a cannabis tax), developer agrees to pay to City the greater of the payment required under such alternative revenue mechanism or the payment required by this Section. As used in this Section, "alternative revenue mechanisms" do not include taxes, fees, or assessments levied on or collected from both cannabis and non-cannabis operations. Payments required by revenue mechanisms that are not limited to cannabis operations shall be in addition to, and not in lieu of, payments under this Section.

## **10.2. Public Safety and Security.**

**10.2.1. Public Safety and Security Plan.** Prior to acceptance of any cannabis product at the Facility, and prior to any manufacturing activities at the Facility, Developer shall have prepared and submitted to City a Public Safety and Security Plan ("Plan") acceptable to the City in the reasonable exercise of City's discretion. The Plan shall include and address all aspects of public safety and security, including but not limited to the following interior and exterior security and fire/life safety issues:

- (a) Physical security measures, including perimeter fencing, security cameras and other monitoring equipment, and internal security controls
- (b) Implementation of CPTED (Crime Prevention Through Environmental Design) measures.
- (c) Protocols for loading and unloading, storage, and transportation of cannabis products.

At least annually, and at other times upon request by either party, Developer and City staff shall meet to review the Plan and operations of the Facility. Developer shall promptly revise the Plan to address deficiencies identified by Developer or the City (e.g. major incidents, high volume of calls for service, etc.) so that the Facility is operated at all times in a manner that ensures the safety and security of the public and Developer's employees, and the physical security of the Facility and products stored therein.

**10.2.2. Signage.** Signage for the Project and Facility shall conform to the requirements of the City's Sign Ordinance (Article 12, Section 1204 of the Municipal Code).

- 10.2.3. Reporting of Incidents.** Developer shall promptly report to the police department breaches of security and criminal activities occurring at the Facility.
- 10.3. Notification to City of Intent to Relocate.** Developer shall provide City with ninety (90) days written notice prior to relocating operations within or outside of the City. For relocations within the City, delays in notice may result in delays in issuing a new conditional use permit for the proposed new location.
11. **Amendment.** This Agreement may be amended in writing from time to time by mutual consent of the Parties hereto and in accordance with the procedures required by the Development Agreement Law.
12. **Annual Review of Agreement.**
- 12.1. **Review Date.** The annual review date of this Agreement (the "Review Date") as required by Development Agreement Law shall be approximately twelve (12) months from the Effective Date and every twelve (12) months thereafter.
- 12.2. **Procedures.** The procedures for annual review shall be as set forth in the Development Agreement Law.
- 12.3. **Fee for Annual Review.** The reasonable cost for the City's annual review of this Agreement shall be paid by Developer, not to exceed the actual costs incurred by the City in connection with the review.
13. **Default.**
- 13.1. **Default.** The failure of either party to perform any obligation or duty under this Agreement within the time required by this Agreement shall constitute an event of default. For purposes of this Agreement, a Party asserting that the other Party is in default shall be referred to as the "Complaining Party" and the other Party shall be referred to as the "Defaulting Party."
- 13.2. **Notice.** The Complaining Party may not place the Defaulting Party in default unless it has first given written notice to the Defaulting Party, specifying the nature of the default and the manner in which the default may be cured, if known to the Complaining Party. Any failure or delay by the Complaining Party in giving such notice shall not waive such default or waive any of the Complaining Party's remedies.
- 13.3. **Cure.** The Defaulting Party shall have thirty (30) days from the receipt of notice to cure the default. In the case of monetary defaults (e.g. failure to make the payments required by Section 9.1.1), any default must be cured completely within this thirty (30) day period. In the case of non-monetary defaults, if the default cannot be reasonably cured within such time, the default shall be deemed cured if: (1) the cure is commenced at the earliest practicable date following receipt of notice; (2) the cure is diligently prosecuted to completion at all times thereafter; (3) at the earliest practicable date (but in no event later than thirty (30) days after receiving the notice of default), the Defaulting Party provides written notice to the Complaining Party that the cure cannot be reasonably completed within such thirty (30) day period; and (4) the default is cured at the earliest

practicable date, but in no event later than one hundred twenty (120) days after receipt of the first notice of default.

- 13.4. **Remedies.** If the Defaulting Party fails to cure a default in accordance with the foregoing, the Complaining Party shall have the right to terminate this Agreement upon notice to the Defaulting Party and the Complaining Party may pursue all remedies available by law or in equity, including specific performance and injunctive relief.
- 13.5. **Additional Procedures and Remedies.** The Parties acknowledge that the foregoing default procedures and remedies are in addition to, and not in lieu of, the procedures and remedies set forth in Article 14, Section 1414 of the Municipal Code, and Developer waives the argument that any default taken against Developer is not valid for failing to comply with the procedures and remedies set forth in Article 14, Section 1414.
- 13.6. **Waiver of Damages.** Notwithstanding anything in this Agreement to the contrary, the Parties acknowledge that the City would not have entered into this Agreement had it been exposed to liability for damages from Developer, and that therefore, Developer hereby waives all claims for damages against the City for breach of this Agreement. Developer further acknowledges that under the Development Agreement Law, land use approvals (including development agreements) must be approved by the City Council and that under law, the City Council's discretion to vote in any particular way may not be constrained by contract. Developer therefore waives all claims for damages against the City in the event that this Agreement or any Project Approval is: (1) not approved by the City Council or (2) is approved by the City Council, but with new changes, amendments, conditions or deletions to which Developer is opposed. Developer further acknowledges that as an instrument which must be approved by ordinance, a development agreement is subject to referendum; and that under law, the City Council's discretion to avoid a referendum by rescinding its approval of the underlying ordinance may not be constrained by contract, and Developer waives all claims for damages against the City in this regard.
- 13.7. **Effect of Termination of Agreement on Conditional Use Permit.** Developer agrees that termination of this Agreement in accordance with this Section 12 shall also result in the automatic termination of the Conditional Use Permit.

14. **Insurance and Indemnity.**

- 14.1. **Indemnification, Defense and Hold Harmless.** Developer shall indemnify, defend, and hold harmless to the fullest extent permitted by law, the City and its officer, officials, consultants and employees ("Indemnitees") from and against any and all claims, liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with the Project, the Project Approvals or the Property (including any challenge to the validity of any provision of this Agreement or the Project Approvals, or Developer's failure to comply with any of its obligations in this Agreement, or Developer's failure to comply with any current or prospective Law); provided, however, that Developer shall have no obligations under this section for such loss or damage which was caused by the sole negligence or willful misconduct of the City.

This indemnification obligation shall survive this Agreement and shall not be limited by any insurance policy, whether required by this Agreement or otherwise.

14.2. **Insurance.**

14.2.1. **Public Liability and Property Damage Insurance.** At all times that Developer is constructing any improvements to the Property, Developer shall maintain in effect a policy of comprehensive general liability insurance with a per-occurrence combined single limit of one million dollars (\$1,000,000) and a deductible of not more than fifty thousand dollars (\$50,000) per claim. The policy so maintained by Developer shall name the City as an additional insured and shall include either a severability of interest clause or cross-liability endorsement.

14.2.2. **Workers' Compensation Insurance.** At all times that Developer is constructing any improvements, Developer shall maintain workers' compensation insurance for all persons employed by Developer for work at the Project site. Developer shall require each contractor and subcontractor similarly to provide workers' compensation insurance for its respective employees. Developer agrees to indemnify the City for any damage resulting from Developer's failure to maintain any such insurance.

14.2.3. **Evidence of Insurance.** Prior to commencement of construction of any improvements, Developer shall furnish City satisfactory evidence of the insurance required by this Sections 14 and evidence that the carrier is required to give the City at least fifteen (15) days prior written notice of the cancellation or reduction in coverage of a policy. The insurance shall extend to the City, its elective and appointive boards, commissions, officers, agents, employees and representatives and to Developer performing work on the Project. Developer shall additionally furnish City satisfactory evidence of the insurance coverage required under this Section whenever a policy is renewed, changed without impact to coverage, or at City's request.

15. **Assignment and Transfers of Rights and Interest; Binding Effect on Successors.**

15.1. **Assignment.**

15.1.1. **Assignment of Rights Under Agreement.** Developer may not transfer or assign its interests under this Agreement, in whole or in part, without the prior written consent of the City, which may be withheld for any reason. No such assignment shall be effective until execution and delivery by Developer and the assignee of an assignment substantially in the form attached hereto as Exhibit D.

15.1.2. **Subsequent Assignments.** Any Successor may assign its rights under this Agreement by complying with the procedures set forth in this Agreement.

15.2. **Transfer of Control.** No change in Developer's leasehold interest or in the composition of Developer's leasehold interest shall be made, and no transfer of the Property Lease or any sublease of the Property shall be made, without providing the City with prior written notice. If the change, transfer or sublease changes Control over the use of the Property,

the operations of Developer, or the actions or activities of Developer, then the prior written consent of the City must be obtained before the change, transfer or sublease, which consent may be withheld for any reason.

- 15.3. **Transferability to New Location.** In the event Developer moves operations from the Property to another location within the City, Developer agrees that the City may require that the rights and obligations set forth in this Agreement transfer to the new location. Developer and City agree to work cooperatively and collaboratively on any amendments to this Agreement that may be necessary in view of the transfer of Developer's operations to the new location.
- 15.4. **Runs with the Land.** Except as otherwise provided in this Agreement, and for so long as this Agreement remains in effect, all of the provisions, rights, terms, covenants, and obligations contained in this Agreement shall be binding upon the Parties and their respective heirs, successors and assignees, representatives, sub-lessees, and all other persons acquiring the Developer's interest in the Property, whether by operation of law or in any manner whatsoever; provided that no successor or assignee of Developer may obtain the benefits hereunder unless the City has consented to assignment of those rights as set forth in Section 14.1. All of the provisions of this Agreement shall be enforceable as equitable servitudes and shall constitute covenants running with the land pursuant to applicable laws, including, but not limited to, Section 1466 of the Civil Code of the State of California. Each covenant to do, or refrain from doing, some act on the Property hereunder, or with respect to any leasehold interest in the Property: (a) is for the benefit of such properties and is a burden upon such properties; (b) runs with such properties; and (c) is binding upon each Party and each successive owner during its ownership of such leasehold interest in the Property or any portion thereof, and shall be a benefit to and a burden upon each Party and its property hereunder and each other person succeeding to an interest in such properties.

16. **Miscellaneous.**

- 16.1. **Estoppel Certificate.** Either Party may at any time request the other Party to certify in writing that: (1) this Agreement is in full force and effect; (2) this Agreement has not been amended except as identified by the other Party; and (3) to the best knowledge of the other Party, the requesting Party is not in default, or if in default, the other Party shall describe the nature and any amount of any such default. The other Party shall use its best efforts to execute and return the estoppel certificate to the requesting Party within thirty (30) days of the request. The City Manager shall have authority to execute such certificates on behalf of the City.
- 16.2. **Recordation.** This Agreement shall not be operative until recorded with the Sacramento County Recorder's office. Developer shall record this Agreement against the Property at its expense with the County Recorder's office within ten (10) days of the Effective Date and shall cause any amendment to this Agreement or any instrument affecting the term of this Agreement to be recorded within ten (10) days from date on which the same become effective. Any amendment to this Agreement or any instrument affecting the term of this Agreement which affect less than all of the Property shall contain a legal description of the portion thereof that is the subject of such amendment or instrument.



Alternatively, Developer and City may execute the instrument entitled "Memorandum of Development Agreement" attached hereto as Exhibit E, which shall be recorded against the Property, in lieu of recording the entire Agreement.

- 16.3. **Notices.** All notices required by this Agreement or the Development Agreement Law shall be in writing and personally delivered or sent by certified mail, postage prepaid, return receipt requested.

Notice required to be given to the City shall be addressed as follows:

CITY OF ISLETON  
101 2<sup>nd</sup> St.  
Isleton, CA 95641  
Attn: Charles Bergson, City Manager  
(916) 777-7770

with copies to:

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD  
400 Capitol Mall, 27th Floor  
Sacramento, CA 95814  
Attn: Andreas Booher, City Attorney  
(916) 321-4500

Notice required to be given to the Developer shall be addressed as follows:

WTO Essentials, Inc.  
Attn: Charles Smith  
7889 Lichen Drive #104  
Citrus Heights, CA 95621  
(916) 390-2982

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

- 16.4. **References to Municipal Code.** This Agreement contains references to articles and sections of the City's Municipal Code. If, after the Effective Date, the City amends or renumbers its Municipal Code, then the references in this Agreement shall be understood to apply to the amended or renumbered Municipal Code.
- 16.5. **Construction of Agreement.** The provisions of this Agreement and the Exhibits hereto shall be construed as a whole according to their common meaning and not strictly for or against any party and consistent with the provisions hereof, in order to achieve the objectives and purpose of the parties hereunder. The captions preceding the text of each Article, Section, and subsection hereof are included only for convenience of reference and shall be disregarded in the construction and interpretation of this Agreement. Wherever

required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders and vice versa.

- 16.6. **Third Party Beneficiaries.** This Agreement is entered into for the sole benefit of the Parties and any Successors. No other party shall have any cause of action or the standing to assert any rights under this Agreement.
- 16.7. **Attorneys' Fees and Costs in Legal Actions by Parties to the Agreement.** Should any legal action be brought by either Party for breach of this Agreement or to enforce any provisions herein, each Party shall bear its own costs (including attorneys' fees) and neither Party shall be entitled to recover such costs from the other Party.
- 16.8. **Liability of City Officials.** No City official or employee shall be personally liable under this Agreement.
- 16.9. **Delegation.** Any reference to any City body, official or employee in this Agreement shall include the designee of that body, official or employee, except where delegation is prohibited by law.
- 16.10. **Severability.** Should any provision of this Agreement be found invalid or unenforceable by a court of law, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.
- 16.11. **Integration.** This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof and supersedes any previous oral or written agreement. This Agreement may be modified or amended only by a subsequent written instrument executed by all of the Parties.
- 16.12. **Counterparts.** This Agreement may be signed in one (1) or more counterparts, and will be effective when the Parties have affixed their signatures to counterparts, at which time the counterparts together shall be deemed one (1) original document; provided, however, that all executed counterparts are provided to the City Clerk.
- 16.13. **Interpretation.** The Parties acknowledge that this Agreement has been negotiated by both Parties and their legal counsel and agree that this Agreement shall be interpreted as if drafted by both Parties.
- 16.14. **Inconsistency.** In the event of any conflict or inconsistency between the provisions of this Agreement and the Project Approvals or Exhibits, this Agreement shall prevail.
- 16.15. **Incorporation.** The Recitals, Exhibits, and all defined terms in this Agreement are part of this Agreement.
- 16.16. **Applicable Law and Venue.** This Agreement shall be construed and enforced in accordance with the laws of the State of California without regard to principles of conflicts of law. In the event of litigation arising under this Agreement, venue shall reside exclusively in the Superior Court of the County of Sacramento or, in the event of federal litigation, the Eastern District of California.

16 17. Time of the Essence. Time is of the essence of this Agreement.

*(Signatures on Next Page)*

IN WITNESS WHEREOF, the Parties hereto are executing this Agreement on the dates set forth below, to be effective as of the Effective Date.

"CITY"

CITY OF ISLETON,  
Municipal corporation

By: \_\_\_\_\_

Name: [Eric Pene]

Its: Mayor

Dated: [date]

"DEVELOPER"

WTO Essentials, Inc.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: [date]

ATTEST:

\_\_\_\_\_  
Yvonne Zepeda, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Andreas Booher, City Attorney

List of Exhibits:

- Exhibit A: Project Description
- Exhibit B: Legal Description of the Property
- Exhibit C: Site Plan Showing Location of the Facility on the Property
- Exhibit D: Form of Assignment and Assumption Agreement
- Exhibit E: Memorandum of Development Agreement

**Exhibit A**

**Project Description**

WTO Essentials, Inc. ("Developer") proposes to develop and operate a legal cannabis manufacturing and distribution facility within 4,200 portion, Unit B, of an existing 6,800 square foot commercial building at 402 Jackson Blvd, in Isleton, California (APN 157-0073-031 pursuant to a City-issued Conditional Use Permit 01-22.

Exhibit A

**Exhibit B**

**Legal Description of the Property**

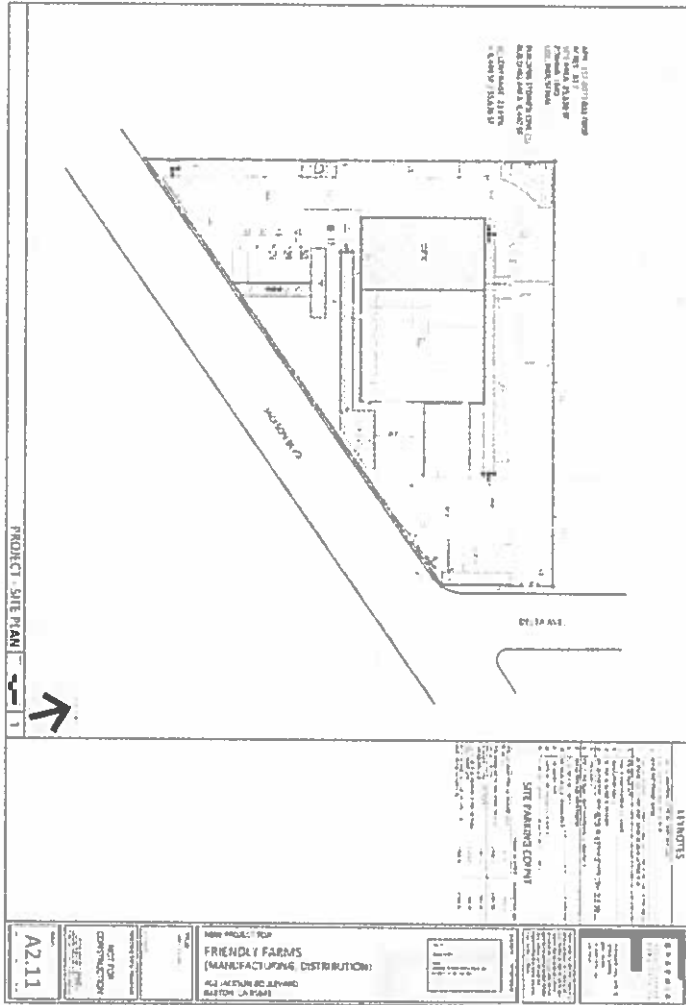
Real property in the City of Isleton, County of Sacramento, State of California, described as follows:

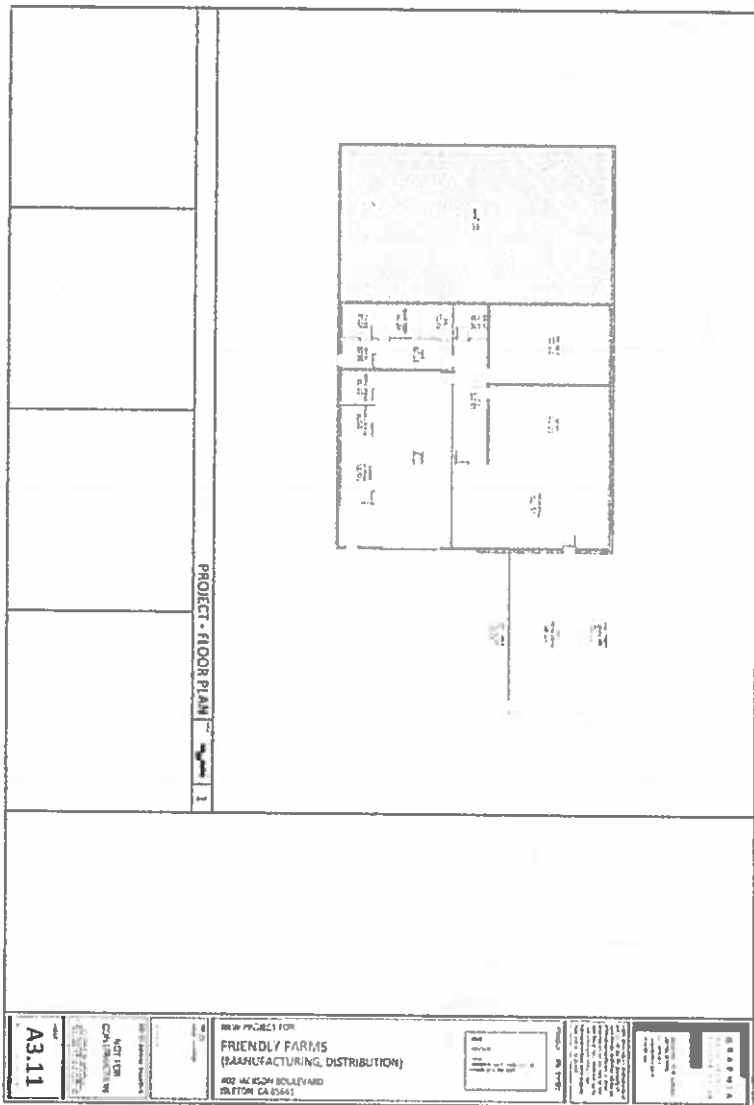
Lots 1 and 2 Block 17, Lots 6,7,8,9, and 10, Block 16, City of Isleton, Containing 35,630 square feet (M/L). AP# 157-0073-031.

Exhibit D

**Exhibit C**

**Site Plan Showing Location of the Facility and the Property**





PROJECT - FLOOR PLAN

**GREENA**  
ARCHITECTS  
1000 S. J. STREET  
SUNNYVALE, CA 94089  
TEL: 415.961.0000  
WWW.GREENAARCHITECTS.COM



W/IN PROJECT FOR  
**FRIENDLY FARMS**  
(MANUFACTURING, DISTRIBUTION)  
402 HICKSON BOULEVARD  
SILVERDALE, CA 95641

**NOT FOR CONSTRUCTION**

A3.11



RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

[Add Assignee Address]

\_\_\_\_\_

\_\_\_\_\_

Attn: \_\_\_\_\_

(SPACE ABOVE THIS LINE RESERVED  
FOR RECORDER'S USE)

**ASSIGNMENT AND ASSUMPTION AGREEMENT**  
**[[developer's name] Development Agreement]**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement") is entered into this \_\_\_\_  
day of \_\_\_\_\_, 20\_\_ by and between [developer's name] (the "Developer"), and  
\_\_\_\_\_, a \_\_\_\_\_ (the "Assignee").

**RECITALS**

A. The City of Isleton and Developer entered into that certain Development Agreement recorded in the Official Records of Sacramento County, California, on \_\_\_\_\_, 20\_\_ as Instrument No. 20\_\_-\_\_\_\_\_ (the "Development Agreement"). Pursuant to the Development Agreement, Developer agreed to develop [property description], which real property is more particularly described in the Development Agreement and legally described in Exhibit A, attached hereto and incorporated herein (the "[Industrial/Commercial] Property"), subject to certain conditions and obligations as set forth in the Development Agreement.

B. Developer intends to convey its interest in the Subject Property to Assignee along with Developer's rights, title, interest, burdens and obligations under the Development Agreement.

C. Developer desires to assign and Assignee desires to assume all of Developer's rights, title, interest, burdens and obligations under the Development Agreement.

**ASSIGNMENT AND ASSUMPTION**

NOW, THEREFORE, Developer and Assignee hereby agree as follows:

1. Developer hereby assigns to Assignee all of the rights, title, interest, burdens and obligations of Developer under the Development Agreement.
2. Assignee hereby assumes all of the rights, title, interest, burdens and obligations of Developer under the Development Agreement, and agrees to observe and fully perform all of the duties and obligations of Developer under the Development Agreement. The parties intend hereby that, upon the execution of this Agreement, Assignee shall become the "Successor" (as defined in the

Development Agreement) to Developer under the Development Agreement solely with respect to the Subject Property.

3. All of the covenants, terms and conditions set forth herein shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns.
4. The Notice Address described in Section 15.3 of the Development Agreement for Assignee, as the Successor solely with respect to the Subject Property shall be:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. As provided in Section 14.1, this Assignment shall not be effective unless and until written consent of the City has been obtained.
6. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The parties authorize each other to detach and combine, or cause to be detached and combined, original signature pages and consolidate them into a single identical original for recordation of this Agreement in the Official Records of Sacramento County, California.

IN WITNESS HEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

"CITY" "DEVELOPER"

"ASSIGNEE"

[developer's name]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: [date]

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: [date]

Exhibits:

A - Legal Description of the Property

RECORDATION OF THIS CERTIFICATE IS THE RESPONSIBILITY OF THE REQUESTING PARTY.

*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.*

Acknowledgment

State of California        }  
County of Sacramento    }

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, 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 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.

\_\_\_\_\_, Notary Public

*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.*

Acknowledgment

State of California        }  
County of Sacramento    }

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, 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 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.

\_\_\_\_\_  
\_\_\_\_\_, Notary Public

**Exhibit A to Assignment and Assumption Agreement**

**LEGAL DESCRIPTION OF THE PROPERTY**

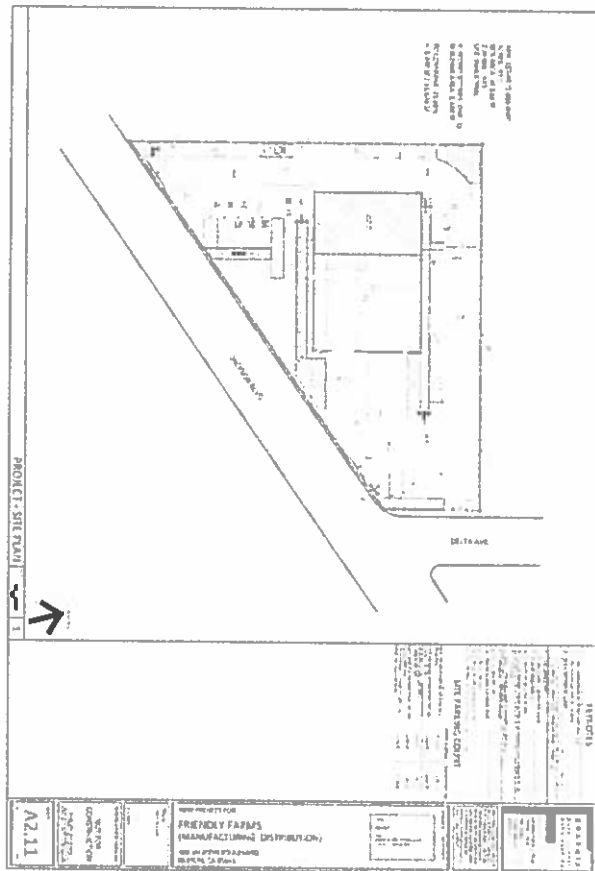
Real property in the City of Isleton, County of Sacramento, State of California, described as follows:

Lot 1 AND 2 Book 17, Lots 6, 7, 8, 9, and 10, Block 16, City of Isleton, Containing 36,530 square feet (M/L)

APN: [157-0073-031]

Exhibit A to Assignment and Assumption Agreement (continued)

Site Plan Showing Location of the Facility and the Property



**Exhibit E**

**Memorandum of Development Agreement**

Exhibit E

Recording Requested by and

When Recorded Return to:

City of Isleton  
101 2<sup>nd</sup> St.  
Isleton, CA 95641

No recording fee required pursuant to  
Government Code Section 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**MEMORANDUM OF DEVELOPMENT AGREEMENT**  
[developer's name]

THIS MEMORANDUM OF DEVELOPMENT AGREEMENT ("Memorandum") is made this \_\_\_ day of \_\_\_\_\_, 2019, by and between the CITY OF ISLETON, a municipal corporation ("City"), [developer's name] ("Developer"), and [owner's name] ("Owner"), collectively referred to as the "Parties." [Developer is the lessee under the terms of that certain unrecorded lease dated \_\_\_\_\_ 2018, by and between Developer and Owner. OR Developer is the owner of the of the real property described below ]

Commented [1]:  
remove if Developer owns building where business is to be located

City and Developer are Parties to that certain "Development Agreement" approved by Ordinance (number) (the "Development Agreement"), the terms and conditions of which are hereby incorporated by this reference as if set forth in full herein. The Development Agreement applies to the development and operation of a "Facility" (as defined in the Development Agreement) that is located on certain real property situated in the County of Sacramento, State of California, and legally described as follows (the "Property"):

[See Exhibit A]

"CITY"

CITY OF ISLETON,  
a municipal corporation

By: \_\_\_\_\_  
Name: [Eric Pene]  
Its: Mayor  
Dated: [date]

"DEVELOPER"

[developer's name]  
[developer's entity type]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: [date]

"OWNER"

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Dated: [date]

Exhibit E

**RECORDATION OF THIS CERTIFICATE IS THE RESPONSIBILITY OF THE REQUESTING PARTY.**

*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.*

Acknowledgment

State of California     )  
County of Sacramento    )

On \_\_\_\_\_, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, 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 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.

\_\_\_\_\_, Notary Public

*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.*

Acknowledgment

State of California     )  
County of Sacramento    )

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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.

\_\_\_\_\_, Notary Public



**Exhibit A to Memorandum of Agreement**

**Legal Description**

Real property in the City of Isleton, County of Sacramento, State of California, described as follows:

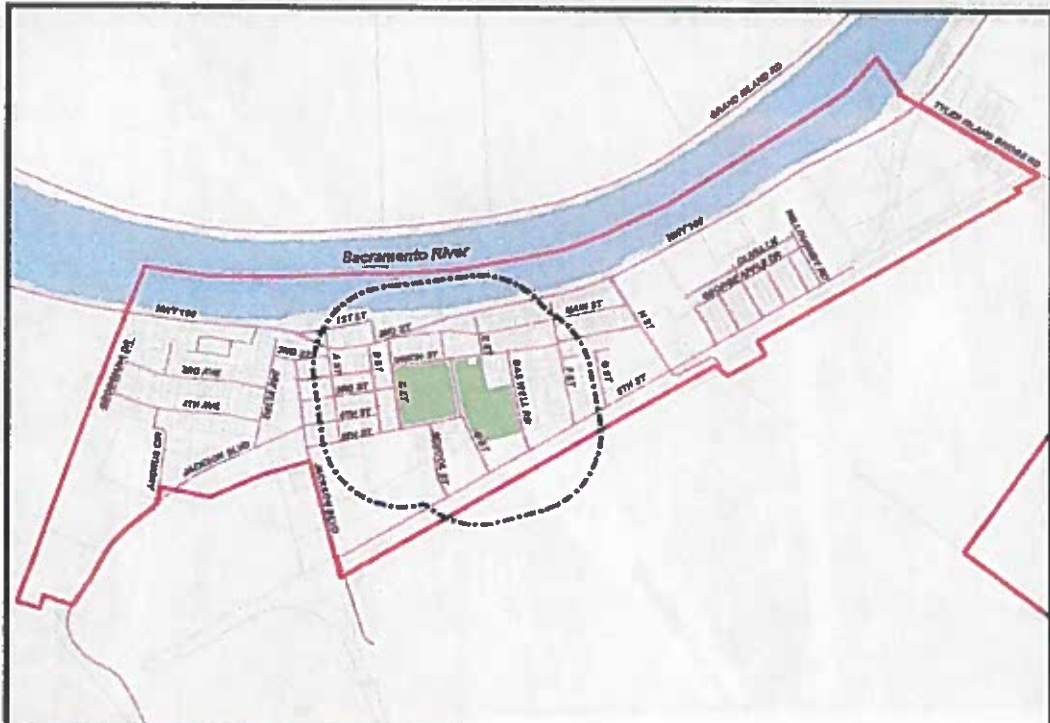
[(legal description)]

APN: [157-0040-043number]

**Exhibit A to Memorandum of Agreement (continued)**  
**Site Plan Showing Location of the Facility and the Property**

**ATTACHMENT 5  
 DELTA AGRICULTURAL HOLDINGS, LLC USE PERMIT APPLICATION  
 YOUTH FACILITIES MAP**

**CITY OF ISLETON  
 COMMERCIAL CANNABIS OPERATIONS PROGRAM  
 YOUTH FACILITY BUFFER AREA**



**Legend**

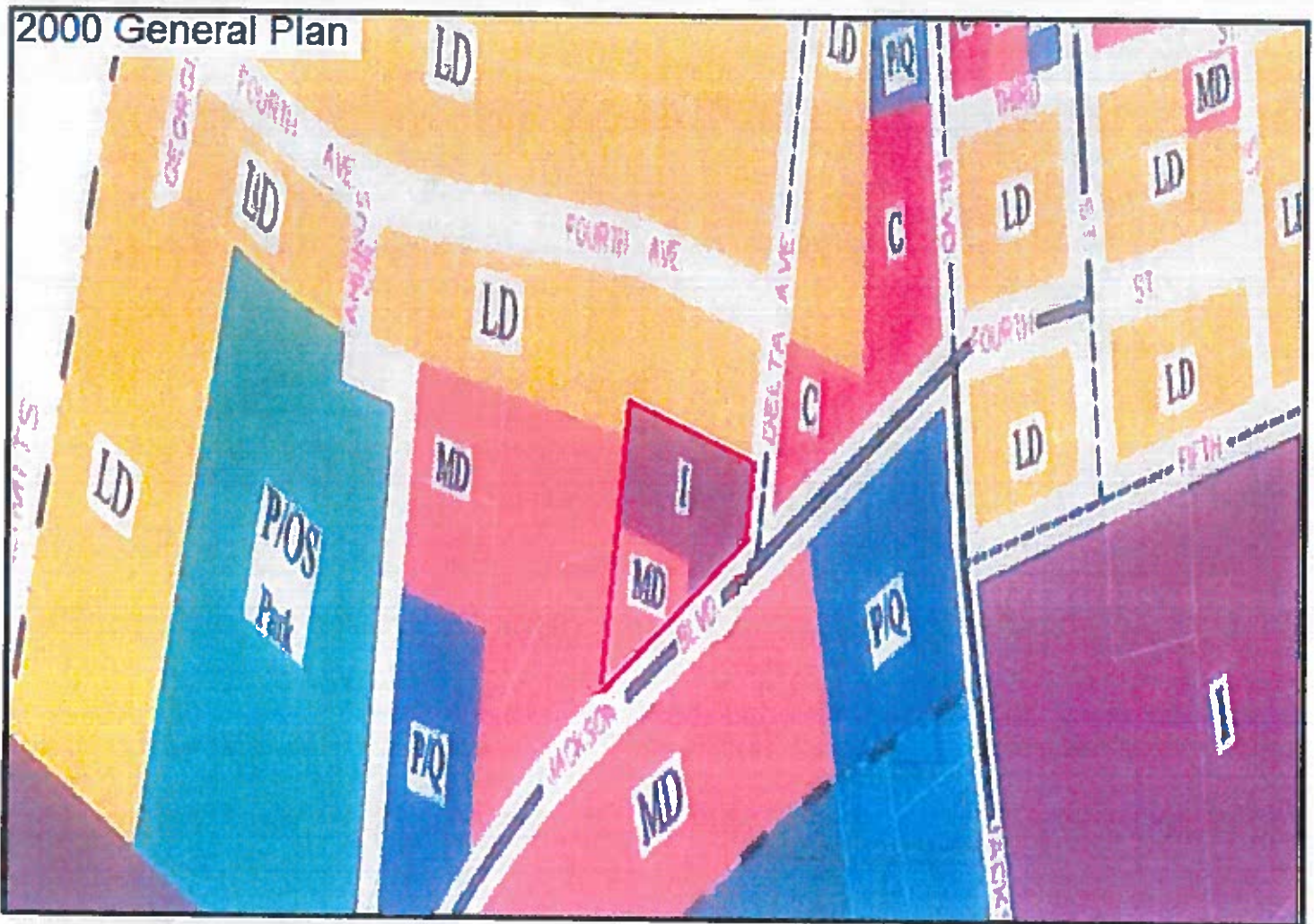
- City of Isleton Boundary
- Sacramento County Boundary
- Adjacent County Boundaries
- Roads
- Parcels
- Isleton Elementary School Parcels
- 500' Buffer Commercial Cannabis Operations Prohibited Within Youth Facility Buffer Area Per State Law



Map Created 01/2015



**GENERAL PLAN MAP**



**MEDIUM DENSITY RESIDENTIAL**

Land use designations include Medium Density Residential (MD) and Mobile Home & RV Park (MR). Typically within walking distance of shopping districts and employment centers. This designation allows for a wide variety of housing types. Average number of housing units per acre is 12. Average population density per acre is 29, based on a factor of 24 persons per household. There are three subcategories

in this designation, which includes density limitations for mobile home parks, apartments, and small lots for zero lot line housing (ML-PUD-MH, MD-PUD-3.0, and MD-PUD-4.0). PUD provisions of the zoning ordinance allow mobile home and small lot categories to be substituted for Low Density development without a General Plan Amendment.

**MD**

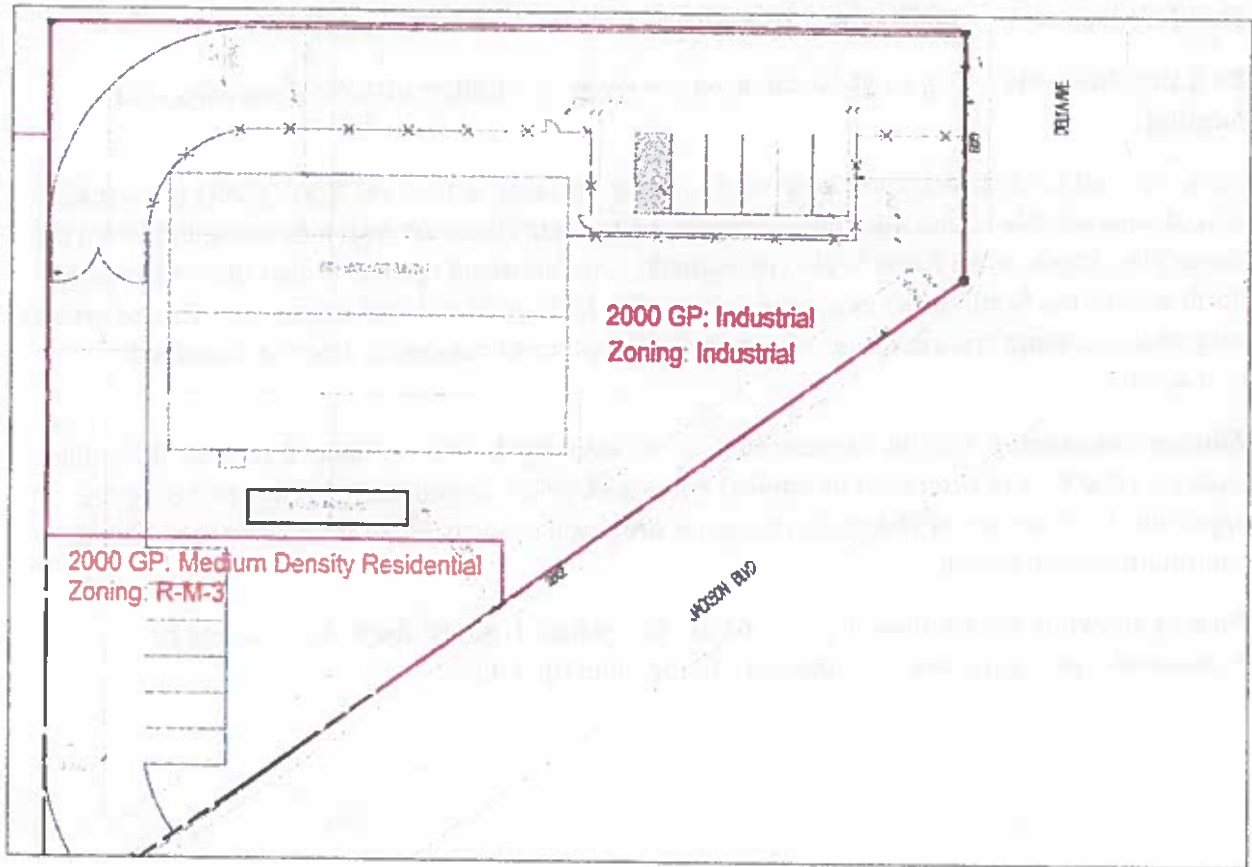
**INDUSTRIAL**

Land use designations include Industrial (I) and Planned Industrial (PI). Building intensity is up to 90% of site area coverage, excluding off-street parking and loading. The Planned Industrial Zoning District (PI) is to be applied to all undeveloped

industrial acreage to insure the opportunity for review of industrial processes proposed. The PI by these means serves to avoid adverse impacts on the community environment.

**I**

# Zoning/General Plan Site Plan Overlay



**ATTACHMENT 6  
WTO ESSENTIALS, INC. USE PERMIT  
GENERAL PLAN CONSISTENCY REVIEW**

**INDUSTRIAL LAND USE POLICIES AND PROPOSALS**

**Building Density:** Generally 1 to 4 stories

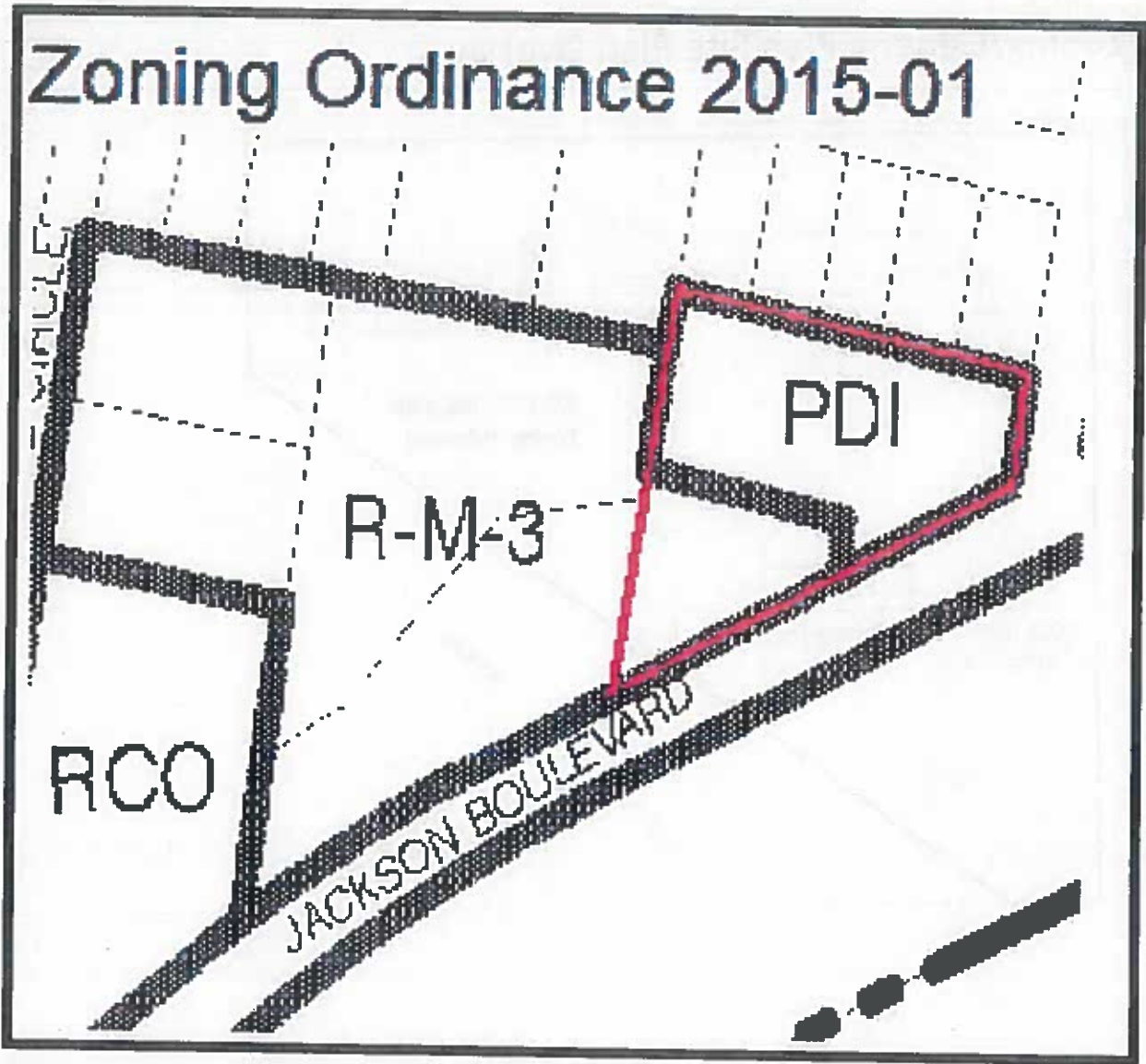
**Building Intensity:** Up to 90% site area coverage, excluding off-street parking and loading

Area planned for Industrial are those shown along the north side of the Sixth Street immediately east of Jackson Blvd., and along the west side of Jackson Blvd. extension Existing industrial use along First Street at the River is also recognized. An industrial reserve is also shown along the north side of the Sixth Street extension west of the Jackson Boulevard extension. This reserve is subject to the same criteria for development as the adjacent residential reserve described previously.

**Zoning consistency** with the General Plan is achieved by the PDI – Planned Industrial Zoning District. The PDI District is to be applied to all undeveloped industrial acreage to assure the opportunity for review of industrial processes proposed so as to avoid adverse impacts on the community environment.

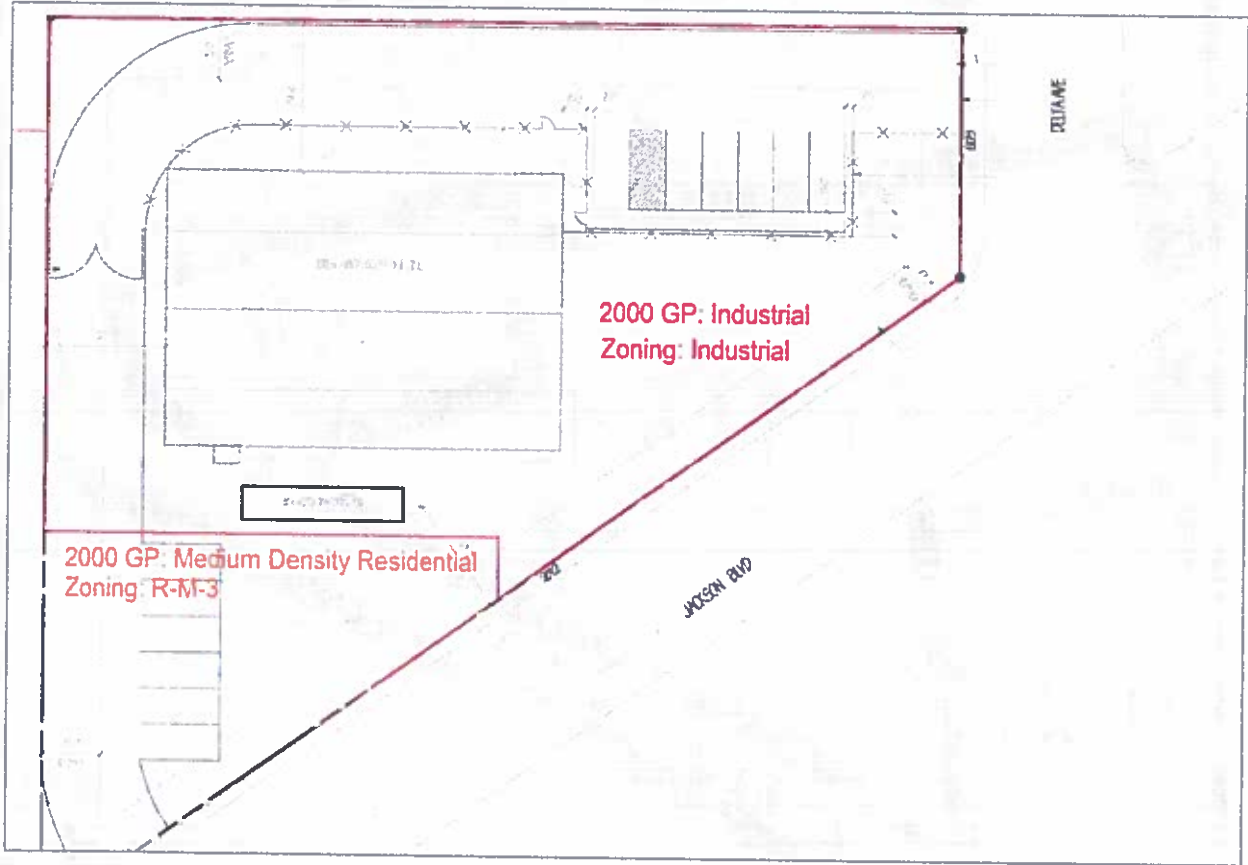
Parking shown in the southwest corner of the site, which is zoned for R-M-3, would be considered a permitted use and accessory to the main operation.

Zoning Map



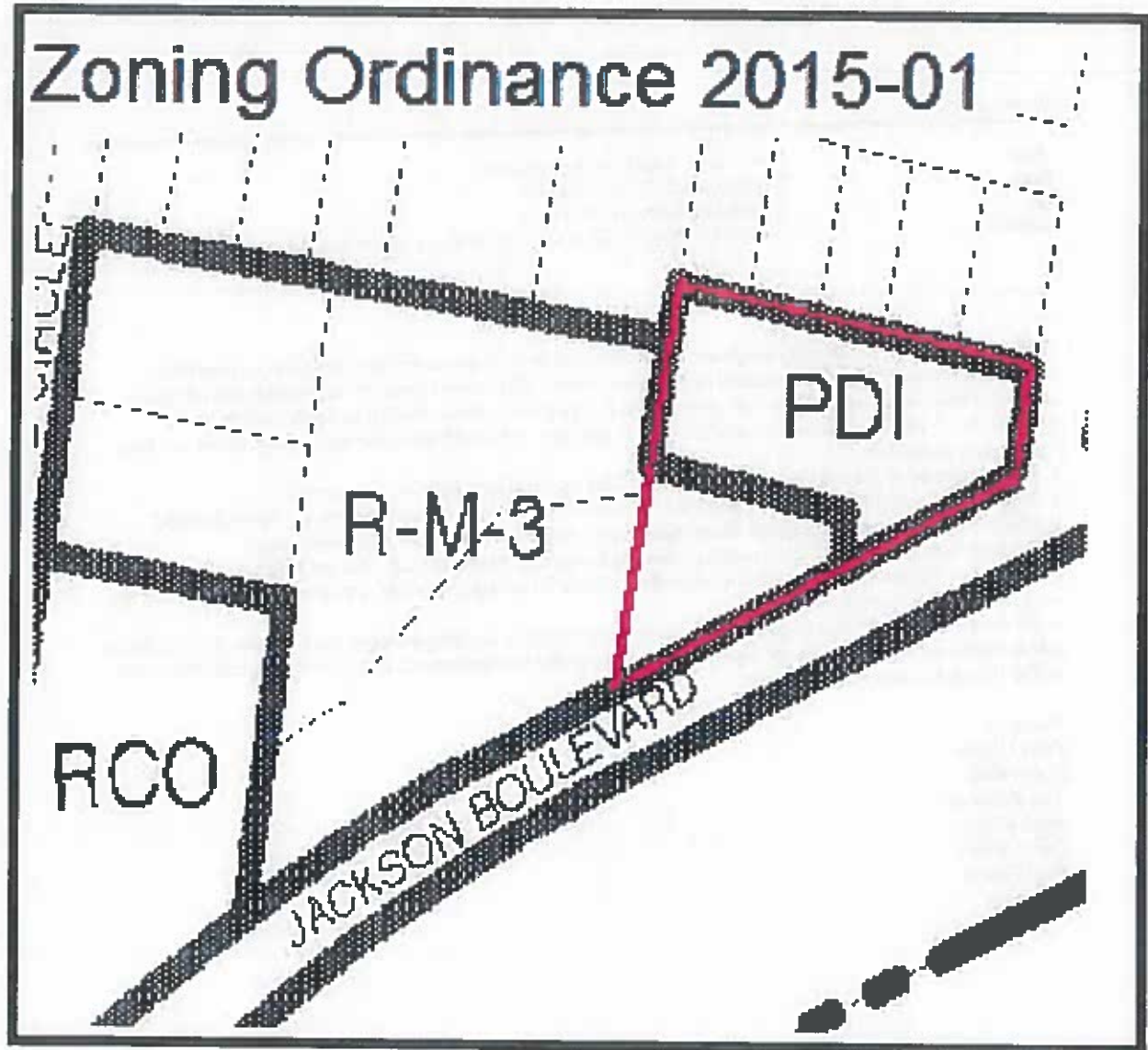
RM-3 MULTI FAMILY RESIDENTIAL DISTRICT; 3000 SQ UARE FOOT LOT MINIMUM  
PDI PLANNED INDUSTRIAL DISTRICT

# Zoning/General Plan Site Plan Overlay





Zoning Map



RM-3 MULTI FAMILY RESIDENTIAL DISTRICT; 3000 SQ UARE FOOT LOT MINIMUM  
PDI PLANNED INDUSTRIAL DISTRICT

**ATTACHMENT 7  
WTO ESSENTIALS, INC. USE PERMIT  
PUBLIC COMMENTS**

**Yvonne Zepeda**

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**From:** Terri Hupfer <hupferterri@gmail.com>  
**Sent:** Tuesday, March 29, 2022 5:43 PM  
**To:** yvonne.zepeda@cityofisleton.com  
**Subject:** Re:Public hearing 4/5/22 re Conditional use permit for 402 Jackson Blvd

*"We, Isleton residents, and close neighbors of this business are writing to express the following concerns:*

- 1. We are very worried about increased traffic to our streets. The current fence at the property extends to the street and there is not even a sidewalk. Many of us, our neighbors, their children and pets walk in this neighborhood. There would be a great deal more traffic here, especially since our speed bumps have not been replaced on Delta Ave.*
- 2. Would sales be to the public or only wholesale? This would affect traffic volume as well.*
- 3. What sort of provisions have been made for noise, smell and increased light pollution from the facility?*
- 4. Will there be increased signage to divert commercial traffic away from our residential area?*
- 5. We have been told that the taxes paid by cannabis businesses benefit the City, but we have yet to see results of said taxes. We feel that in addition to taxes there should be an expectation of upgrading the property, as we have done with our own homes.*
- 6. We have also heard that a large complex has been approved at the former site of the Meadows. This will also add to noise and traffic. We do not object to the City courting new businesses, but want to insure that they add rather than take away from our town.*

*Sincerely,  
Terri Hupfer  
Nolan Kelly  
Andi Martinez  
Jesus Marez  
Dan Mclean  
Paul Touris  
Jay Arter*