
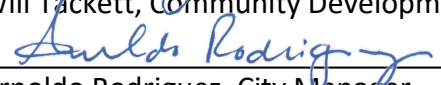


## REPORT TO CITY COUNCIL

**Approved by:**

  
\_\_\_\_\_  
Will Tackett, Community Development Director

  
\_\_\_\_\_  
Arnaldo Rodriguez, City Manager

**Council Meeting of:** April 24, 2024

**Agenda Number:** B-1

### **SUBJECT:**

Community Benefit Agreements for Commercial Cannabis Business (CCB) Permits

### **RECOMMENDATION:**

Adopt a Resolution approving the Community Benefit Agreements between the City of Madera and Commercial Cannabis Business (CCB) Permit Recipients in accordance with Sections 6-5.11 and 6-5.37(C) of the City Municipal Code (GBH Retail, LLC.; Responsible and Compliant Retail Madera, LLC.; Shryne Madera, LLC.; Madera Has Culture, Inc.; Mainstream Madera, LLC.; Lavish West Coast Madera, LLC.; Nebrina Madera, LLC.; and California Cannoisseur, LLC.).

### **SUMMARY:**

On June 16, 2021, the City Council of the City of Madera (Council) adopted Ordinance No. 977 C.S. adding Chapter 5 to Title VI (Cannabis Businesses) to the City of Madera Municipal Code (CMC) to permit commercial cannabis businesses within the City of Madera (City) and establish a regulatory program requiring all commercial cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation and engaging in cannabis business.

On December 13, 2023, at a special meeting of the City Council of the City of Madera (Council), the Council adopted Resolution No. 23-206 awarding six CCB Permits to Standard Retail or Microbusiness applicants. Previously, on August 16, 2023, at a regular meeting of the Council, the Council adopted Resolution No. 23-146 awarding two CCB Permits to Social Equity applicants.

Section 6-5.11 of the City's Cannabis Business Permit Ordinance ("Ordinance") provides, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the city's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to

to operating in the city and as a condition of issuance of a regulatory permit, the operator of each cannabis facility shall enter into an operational or community benefit agreement with the city setting forth the terms and conditions under which the cannabis facility will operate that are in addition to the requirements of the Ordinance, including, but not limited to, public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare.

The determination of award of each CCB Permit was made contingent upon, and shall not become effective until, the applicant(s) has entered into both an Indemnification Agreement and a Community Benefit Agreement with the City for the applicant's facility.

Indemnification and Cost Recovery Agreements were considered and approved by the City Council on February 7, 2024 (Resolution No. 24-24). If no Community Benefit Agreement with an applicant is approved by the City Council and the applicant within 150 days of the approval of the awarding Resolution (i.e., May 11, 2024), then the award of the CCB Permit shall not become final as to the applicant without a Community Benefit Agreement, and such applicant acknowledges it has no interest in the (unawarded) CCB Permit, and the CCB Permit may be awarded to another in the City's sole discretion and without any further action or notice by the City. Note that approval of the proposed Resolution will provide an additional 45 days (until June 7, 2024) for the applicants to fully execute and deliver the Community Benefit Agreement(s) as approved by the City Council this evening.

The Community Benefit Agreements (Agreement[s]) are attached to the Resolution as Exhibit "A." Each Agreement has an Exhibit "A," Community Benefits and Investment Plan, which memorializes those terms respective to community benefits which were proposed and committed by applicants within each respective CCB Permit application; and on which the Council relied, in part, for purposes of determining awards.

This item requests Council approval of said Agreements for purposes of compliance with the requirements of the City Municipal Code, specifically the Cannabis Business Permit Ordinance. Once executed, applicants will have 12 months to exercise awarded rights. If all required land use approvals or required permits (as defined in the Agreements) for conducting cannabis activities in the City are not secured by the applicant(s) at that time, the award of the CCB Permit to the respective applicant(s)/permittee(s) shall automatically expire.

#### **ANALYSIS & IMPLEMENTATION:**

A Cannabis Business Permit, is defined by the CMC as a regulatory permit issued by the city (pursuant to the Ordinance) to a commercial cannabis business and is required before any commercial cannabis activity may be conducted in the city. The initial permit and annual renewal of a commercial cannabis business is made expressly contingent upon the business' ongoing compliance with all of the requirements of the Ordinance and any regulations adopted by the city governing the commercial cannabis activity at issue.

CCB Permits are subject to annual renewal for which an application for renewal shall be filed at

least 60 calendar days prior to the expiration date of the current permit. Pursuant to CMC Section 6-5.18(D)(4), an application for renewal of a cannabis business permit shall be rejected if the cannabis business has failed to conform to the requirements of the cannabis business permit or any regulations adopted pursuant to the Ordinance.

As stated herein above, pursuant to the provisions of the Ordinance, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate. Compliance with the terms included within the Community Benefit Agreements will be required to be demonstrated as part of the annual permit renewal process.

The City Manager is authorized to make all decisions concerning the issuance of a renewal permit. In making the decision, the City Manager is authorized to impose additional conditions to a renewal permit, if it is determined to be necessary to ensure compliance with state or local laws and regulations or to preserve the public health, safety, or welfare. Appeals from the decision of the City Manager shall be handled pursuant to the Ordinance.

Pursuant to Section 6-5.35(A) of the CMC, each owner and operator of a cannabis business shall maintain accurate books and records in an electronic format, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis (at or before the time of the renewal of a cannabis business permit issued pursuant to the Ordinance), or at any time upon reasonable request of the City, each cannabis business shall file a sworn statement detailing the number of sales by the cannabis business during the previous 12-month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes and fees paid or due to be paid. On an annual basis, each owner and operator shall submit to the City a financial audit of the business's operations conducted by an independent certified public accountant. Each permittee ("Licensee" in the Agreements) shall be subject to a regulatory compliance review and financial audit as determined by the City.

In addition, pursuant to Section 6-5.50 et seq. of the CMC, during the first year of operation, the owner, manager, and community relations representative from each cannabis business holding a permit issued pursuant to the Ordinance shall attend meetings with the City Manager, and other interested parties as deemed appropriate by the City Manager, to discuss costs, benefits, and other community issues arising as a result of implementation of the Ordinance. After the first year of operation, the owner, manager, and community relations representative from each such cannabis business shall meet with the City Manager when and as requested by the City Manager. Cannabis businesses to which a permit is issued pursuant to the Ordinance shall develop a City-approved public outreach and educational program for youth organizations and educational institutions that outlines the risks of youth addiction to cannabis, and that identifies resources available to youth related to drugs and drug addiction.

Pursuant to Section 2.3. Yearly Reports of the Agreements, in addition to the recordkeeping requirements set forth in the Ordinance, Licensee shall provide the City a written report

describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee's compliance with the commitments set forth in the Community Benefit Agreement ("Annual Report").

CCB Licensees who made commitments to various types of monetary contributions such as in-kind donations; sponsorship of community events; financial support or otherwise, for special community events, afterschool programs, youth centers or clubs, local schools or athletic programs; community and senior centers, shelters, living facilities, parks and recreation programs, etc., will be expected to keep books and provide records in accordance with the provisions of Section 6-5.35(A) of the CMC to demonstrate compliance with respective terms of Community Benefit Agreements prior to annual renewal.

For purposes of considerations respective to annual renewals, Licensees will be expected to provide updates on the Annual Reports and discuss ongoing community benefit efforts and performance in the community relations meetings with the City Manager.

#### **AMENDMENTS TO DRAFT AGREEMENTS:**

Draft Agreements were provided to applicants for review and comment prior to release of the staff report. Based upon comments received the following amendments to the originally drafted Agreements have been made:

- References within Exhibit A, Community Benefits and Investment Plan to, "the 2% municipal tax on Gross Receipts," has been amended to read, "the 4% municipal tax on Gross Receipts" in all Agreements. This corrects an error made by staff in preparation of the Exhibit. City Council Resolution 22-10 adopted a 4% municipal tax for every person engaged in retail sales of cannabis, cannabis products, industrial hemp, and/or industrial hemp products, including as a retailer (dispensary) or non-storefront retailer (retail delivery business), or microbusiness.
- Permittees/Licensees who committed to making monetary contributions to a Community Benefits Fund ("Fund") established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, on a monthly basis for the public benefit will be permitted to do so on quarterly basis to simplify the accounting process and allow quarterly books to be closed before payouts are made. Respective Agreements have been amended, accordingly; more frequent payments for these purposes may be made, if desired by Permittees/Licensees, but otherwise shall be made on no less than a quarterly basis.
- Where reference is made, definition of "Gross Receipts" has been amended in all Agreements and shall mean, "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: Cash discounts where allowed and taken on sales, 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, Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts, Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business; and Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar.”

These amendments are supported by staff.

**FISCAL IMPACT:**

Section 1.9. Fees, of the Agreements provides that the Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee’s operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement (Community Benefits).

There is no significant fiscal impact associated with the recommended action.

**ATTACHMENTS:**

1. Resolution of the Council Approving Community Benefits Agreements for Commercial Cannabis Business Permits; including,
  - Exhibit “A”: List of CCB Permit Recipients/Awardees
  - Exhibit “B”: Community Benefits Agreements between the City of Madera and CCB Permit Licensees

Attachment 1  
Resolution of the Council Approving Community  
Benefits Agreements for Commercial Cannabis  
Business Permits; including,

Exhibit "A": List of CCB Permit Recipients/Awardees

Exhibit "B": Community Benefits Agreements between the  
City of Madera and CCB Permit Licensees

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA APPROVING  
COMMUNITY BENEFIT AGREEMENTS BETWEEN THE CITY OF MADERA AND  
STANDARD RETAIL OR MICROBUSINESS AND SOCIAL EQUITY COMMERCIAL  
CANNABIS BUSINESS PERMIT LICENSEES**

**WHEREAS**, on June 16, 2021, the City Council of the City of Madera (Council) adopted Ordinance No. 977 C.S. adding Chapter 5 to Title VI (Cannabis Businesses) to the City of Madera Municipal Code (MMC) to permit commercial cannabis businesses within the City of Madera (City) and establish a regulatory program requiring all commercial cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation and engaging in cannabis business.

**WHEREAS**, certain individual Applicants submitted applications to the City for one of six Standard Retail or Microbusiness Commercial Cannabis Business (CCB) Permits; and

**WHEREAS**, other certain individual Applicants submitted applications to the City for one of the two Social Equity CCB Permits; and

**WHEREAS**, On December 13, 2023, the City passed Resolution No. 23-206 (“Standard Retail & Microbusiness Resolution”), which contingently awarded a CCB Permit to the six Applicants for Standard Retail or Microbusiness CCB Permits identified in Exhibit A; and

**WHEREAS**, On August 16, 2023, the City passed Resolution No. 23-146 (“Resolution”), which contingently awarded a CCB Permit to the two Applicant(s) for Social Equity CCB Permits as also identified in Exhibit A; and

**WHEREAS**, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit (“License”) shall include a component on community benefits; and

**WHEREAS**, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a License is issued. Such terms and conditions shall be in addition to the requirements of the MMC; and

**WHEREAS**, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs; and

**WHEREAS**, Section 6-5.37 of the City’s Cannabis Business Permit Ordinance (“Ordinance”) requires that as a condition to the approval of any License each successful Applicant shall be required certain conditions including executing an operational or community benefit agreement with the City setting forth the terms and conditions under which the cannabis facility will operate, that are in addition to the requirements of the Ordinance, including but not limited to, public outreach and education, community service, payment of fees and other charges as mutually agreed, and such other terms and conditions that will protect and promote the public health, safety and welfare (“Agreement”); and

**WHEREAS**, Each Applicant acknowledges and agrees that the City would not have contingently approved a License if each Applicant had not agreed to individually comply with all of the conditions of the License applicable to that Applicant and the MMC, including, but not limited to, its obligation to enter into this Agreement; and

**WHEREAS**, Each Applicant also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Applicant was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Applicant chose to move forward with such application process; and

**WHEREAS**, the City has prepared the Agreements for individual Applicants attached as Exhibit B; and

**WHEREAS**, Applicants and the City now desire to enter into an Agreement as to each Applicant in accordance with the provisions of Sections 6-5.11 and 6-5.37 of the Ordinance, and the precondition identified above in the Ordinance, Resolution and Agreements setting forth the Parties’ understanding of the benefits that each Applicant’s business will provide to the Madera community; and

**WHEREAS**, Section 6-5.14(I) of the Ordinance requires that, among others, a License will not be issued until each Applicant obtains the appropriate land use approvals. Land use approvals depend on the specific location where the Applicant is proposing to conduct specified cannabis related activities in the City at the premises specified within Applicant’s application (“Site”). Certain Sites may not need to obtain additional land use entitlements in order for the Applicant at that Site to be able to legally start operations. If so, the qualifying Applicant may directly apply to the City Manager to issue a License assuming that all requirements have been met for issuance of the same.

**WHEREAS**, the City Council approved a resolution establishing procedure guidelines and criteria to govern the application and selection process for various types of Cannabis Business Permit (“Guidelines”); and

**WHEREAS**, all Applicants must comply with the Guidelines regardless whether additional land use approvals are applicable as to a specific Site. In this regard the Guidelines state that:



Being awarded a [License] does not constitute a land use entitlement and does not waive or remove the requirements of apply for and receiving permits for all construction including: electrical, plumbing, fire, Community Development Department permit or reviews, and any other permits licenses or reviews as deemed necessary by the relevant departments or governmental entities in charge of said permits. Nor does the award of a [License] guarantee that the plans submitted via the [License] process meet the standards or requirements in MMC Title X, Chapter 3 and any other permit requirements from other City departments or agencies.

**WHEREAS**, it is the intent of the City Council that approval of an Agreement under this Resolution shall in no way inhibit or circumscribe the requirements of either local and State law, including the requirements of the Ordinance and Guidelines.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Madera as follows:

1. The City Council hereby finds that all of the facts set forth in the recitals above are true and correct and incorporated herein.
2. The City Council approves each of the Agreements identified in Exhibit “B” with the parties identified therein and in Exhibit “A,” and authorizes the City Manager to execute each of said Agreements on behalf of the City. In doing so, the City Manager is authorized to make any needed non-material revisions or errata corrections to the Agreements subject to approval as to legal form by the City Attorney.
3. No License shall issue as to a particular Applicant until all prerequisites have been met as to the specific Applicant in question, including execution of the Agreement by that Applicant and the City Manager. Each Applicant shall be subject to the terms and conditions as specified in the Agreement as applicable to that specific Applicant, after approval. Any and all activities funded, information provided, and timelines represented in the Agreement will be enforceable through Agreement or through any other mechanism as permitted by law.
4. If any Agreement with a specific Applicant is not fully executed to the satisfaction of the City Attorney and delivered to the City within 45 days from the effective date of this Resolution, then the City’s Council approval of the Agreement as to that Applicant is withdrawn, and the authority of the City Manager to execute the same is likewise withdrawn.
5. This Resolution shall become effective immediately upon adoption.

\* \* \* \* \*

Attachments:

Exhibit A: List of CCB Permit Recipients/Awardees

Exhibit B: Community Benefit Agreements between the City of Madera and CCB Permit Licensees

Exhibit "A"  
List of CCB Permit Recipients/Awardees

## Exhibit A

### (Standard Retail or Microbusiness CCB Permits, Applicant/Operator Awards)

	<b>Applicant Entity:</b>	<b>Doing Business As (DBA):</b>	<b>Location (Address):</b>
1.	GBH Retail, LLC	Cannable	313 E. Yosemite Avenue
2.	Responsible and Compliant Retail Madera, LLC	Embarc	530 E. Yosemite Avenue
3.	Shryne Madera, LLC	Stiiizy	1105 Country Club Drive
4.	Madera Has Culture, Inc.	Culture Cannabis Club	233 E. Yosemite Avenue
5.	Mainstream Madera, LLC	Mainstream	300 E. Yosemite Avenue
6.	Lavish West Coast Madera, LLC	Lavish	520 N. Gateway Drive

### (Social Equity CCB Permits, Applicant/Operator Awards)

	<b>Applicant Entity:</b>	<b>Doing Business As (DBA):</b>	<b>Location (Address):</b>
1.	Nebrina Madera, LLC	Nebrina	123 N. D Street
2.	California Cannoisseur, LLC	California Cannoisseur	100 S. E Street

Exhibit "B"  
Community Benefits Agreements between the City of  
Madera and CCB Permit Licensees

GBH Retail, LLC (Cannable)

## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024, and is entered into by and between the CITY OF MADERA (“City”) and GBH Retail, LLC (dba Cannable) (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;

WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,



storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.

“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;

- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.

**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
GBH Retail, LLC (dba Cannable)  
9225 S. Milton Ave.  
Parlier, CA 93648  
Attn: Philip Fagundes, Manager  
Phone: (209) 617-4470  
Email: [pfagundes@fagundesdairy.com](mailto:pfagundes@fagundesdairy.com)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.

**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]



IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:  
GBH Retail, LLC (dba Cannable)

Greenbrier Retail, LLC

By: \_\_\_\_\_  
Philip Fagundes, Manager

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

By: \_\_\_\_\_  
Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

By: \_\_\_\_\_  
Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.

## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee shall:

1. Establish a Community Advisory Board to build a team specifically identified for their knowledge and familiarity with the mission, core values, and community of Madera. Licensee will rely upon this Advisory Board to direct civic, charitable and community engagement.
2. Licensee will make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, commits to contributing 3% of Gross Receipts for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. “Gross Receipts” for purposes of this paragraph shall mean 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: Cash discounts where allowed and taken on sales, 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, Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts, Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business; and Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.
3. Licensee shall develop and make available to youth organizations and educational institutions a public education plan that outlines the risks of youth addiction to cannabis and identifies resources available to youth related to drugs and drug addiction.
4. Licensee shall develop programs for use as a therapeutic intervention to remove or break addition from drugs in adults.

5. Licensee shall encourage employees to volunteer their time to the community groups and organizations in Madera. Licensee shall to offer all employees four (4) paid volunteer hours per month to encourage employee participation and engagement within the community. Licensee will develop a calendar each quarter, to be shared with all employees, showcasing volunteer opportunities and will work with the City to identify volunteer opportunities.

6. Licensee shall offer public education seminars at least four (4) times a year at nearby senior care facilities and retirement communities to ensure that members of the elderly community and general public have access to accurate information about cannabis. The public education seminars will be designed to inform Madera residents of cannabis issues, cannabis products and the proper, safe and legal ways cannabis products should be used. There will be a particular focus on aligning the therapeutic properties of cannabis and products to symptoms and qualifying conditions that may be treated with a particular strain or product.

7. Licensee shall at all times be an active member of the Madera Chamber of Commerce and will regularly attend the Chamber's sponsored functions. Additionally, Licensee with the consent of the Madera Chamber of Commerce, will sponsor several networking events.

8. Licensee will utilize union labor on all construction and tenant improvements and elsewhere whenever such labor is available.

9. Licensee will purchase non-cannabis products such as packaging and office supplies and technology systems and equipment, from companies and suppliers located the City of Madera whenever such products are available.

10. Licensee will conduct a full assessment of the proposed Site's existing energy usage to determine priorities for improvement. In this process, Licensee will work closely with the City of Madera to screen all proposed energy efficiency improvements and to identify the most pressing needs. Licensee will also identify priorities using the Global Climate Action Plan and California Building Energy Efficiency Standards. Further, Licensee shall implement the strategies of California's 75 Percent Initiative Defining the Future.

11. Licensee shall establish the following conservation efforts:

- Regularly scheduling maintenance on HVAC systems;
- Monitoring water bills to detect excess water usage or leaks;
- Installing high-efficiency toilets;
- Landscaping using low-water usage techniques;
- Installing faucet aerators;
- Installing high-efficiency lighting;
- Reducing lighting use through motion-activated internal and external lighting;

- Installing rain barrels to collect excess rainwater, to supplement landscape irrigation;
- landscaping with native, drought resistant plants;
- Landscaping using low-water techniques, consistent with guidelines in the Madera Model Water Efficient Landscape Ordinance;
- Conducting a review of building insulation;
- Pursuing LEED or other Green Business Certifications;
- Encouraging employees to make responsible energy choices, including recycling and mitigation of water and energy usage;
- Encouraging employee carpooling and use of public transit;
- Installing bicycle parking in the vicinity of the facility, if not already available;
- Prioritizing local cannabis vendors, distributors, and testing laboratories to reduce transportation energy usage;
- Prioritizing cannabis vendors with certified environmentally responsible practices, particularly cultivation businesses who demonstrably mitigate energy and water consumption; and
- Assessing the feasibility of LEED certification.

12. Licensee will utilize hybrid or electric vehicles such as the Prius, or comparable small-engine economy cars, for optimal fuel efficiency and environmental sustainability. In addition to using energy efficient vehicles, Licensee will implement the following environmentally friendly vehicle maintenance policies:

- Maintaining correct tire pressure to reduce fuel consumption by checking and adjusting the tire pressure whenever a driver refuels;
- Not overfilling the fuel tank at the gas pump;
- Avoiding air conditioning when the ambient temperature is 70 degrees or cooler;
- Maintaining the radiator by checking the temperature gauge on every delivery drive;
- Changing the fuel filter and flush injectors every 30,000 miles;
- Complying with state environmental impact standards for vehicle emission systems;

- Completing regular tune-ups, including fuel efficient oil changes every 5,000 miles; and
- Driving efficiently, without rapid acceleration or idling for long periods of time, using cruise control to maintain a steady speed, and avoiding congested roads by following the vehicle's GPS identification of the most efficient routes.

Responsible and Compliant Retail Madera, LLC (Embarc)

## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024 and is entered into by and between the CITY OF MADERA (“City”) and Responsible and Compliant Retail Madera, LLC (dba Embarc Madera) (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;

WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,



storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.

“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;

- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.

**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
Responsible and Compliant Retail Madera, LLC (dba Embarc Madera)  
1616 Webster Street  
Alameda, CA 94501  
Attn: Lauren Carpenter  
Phone: (916) 747-4643  
Email: [Lauren@goembarc.com](mailto:Lauren@goembarc.com)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.

**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]



IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:

Responsible and Compliant Retail Madera, LLC (dba Embarc Madera)

By: \_\_\_\_\_  
Lauren Carpenter, Manager

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

By: \_\_\_\_\_  
Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

By: \_\_\_\_\_  
Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.

## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee shall:

1. Make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, commits to contributing an additional 1% of Gross Receipts on a quarterly basis for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. “Gross Receipts” for purposes of this paragraph shall mean 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: Cash discounts where allowed and taken on sales, 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, Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts, Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business; and Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.
2. Establish a Community Investment Fund and allocate an additional 1% of gross receipts to this account solely to be used for community benefits and local non-profit organizations as set forth by the Community Advisory Board.
3. Form and maintain a Community Advisory Board made up of local residents and stakeholders and empowered with control over where Community Investment Funds and engagement are directed.
4. Provide employees with up to 40 hours of paid time off per year to participate in local community volunteer activities and programs.
5. Donate significant, ongoing expertise and support from our owners and leadership team in an amount not less than 40 hours per year for community volunteer activities and programs.

6. Host educational panels, informational workshops and non-profit partnership events as part of an ongoing community education and engagement effort.
7. Provide ongoing education and engagement with Madera's senior community to dispel the myths, eliminate the stigma and provide education without a sales pitch to help seniors navigate this new normal. Licensee will partner with senior citizens' groups and organizations to provide monthly free education workshops on CBD, THC, medical cannabis, dosing, and more, led by Licensee's Seniors Outreach and Educational Advisor and members of Licensee's team who are over the age of 50. Topics will include cannabis basics, cannabis and pain, cannabis and sleep, and more. In recognition of fixed incomes, Licensee will also provide a discount to senior citizens.
8. Maintain membership with the Madera Chamber of Commerce.
9. Develop scholarship programs for underrepresented groups.
10. Offer financial literacy workshops for the general public, providing access to seasoned financial executives that can assist low-income community members with issues such as budgeting, money management and building and repairing credit. This workshop leverages the financial literacy curriculum developed by the National Financial Educators Council, a proven model. Licensee shall offer such workshops in English and Spanish.
11. Offer a 10% discount to customers with same day receipts from local businesses within a one-mile radius of the Site.
12. To the maximum extent practicable, obtain goods and retain services from locally licensed small businesses, including but not limited to construction services; landscaping services; maintenance and janitorial services; ongoing IT services; security services; miscellaneous professional services; local artisan goods/products.
13. To the maximum extent practicable, hire local employees.
14. Offer reduced and no-cost medicinal products to low income and seriously ill patients. This program will be operated in accordance with regulations set forth by the Department of Cannabis Control.
15. Provide discounts to seniors, veterans and residents and provide incentives for online order pick-up or off-hours shopping.
16. Partner with local community health organizations to make resources available regarding addiction recovery and will maintain materials onsite for such requests.
17. Deploy a third-party, accredited youth education and drug prevention program through local partners in the Madera community.

Shryne Madera, LLC (Stiiizy)

## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024 and is entered into by and between the CITY OF MADERA (“City”) and Shryne Madera LLC (dba Stiiizy) (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;

WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,

storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.

“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;



- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.

**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
Shryne Madera, LLC (dba Stiiizy)  
2001 South Alameda Street  
Los Angeles, CA 90058  
Attn: Tak Sato  
Phone: (310) 488-5707  
Email: [tak.sato@shrynegroup.com](mailto:tak.sato@shrynegroup.com)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.

**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:

Shryne Madera (dba: Stiiizy)

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

Tak Sato, Co-Owner/President

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

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

Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

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

Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

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

Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.

## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee shall:

1. Make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and contribute Seventy-Five Thousand Dollars (\$75,000.00) to the Fund annually on July 1<sup>st</sup> of each year for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.
2. In addition to the contribution set forth in No. 1, above, contribute Seven Thousand Five Hundred Dollars (\$7,500.00) to the United Way of Fresno and Madera Counties annually on July 1 of each year.
3. In addition to the contributions set forth in Nos. 1 and 2, above, contribute Seven Thousand Five Hundred Dollars (\$7,500.00) to the Community Action Partnership of Madera County annually on July 1 of each year.
4. Provide employees with at least 16 hours of paid time off per year to participate in local community volunteer activities and programs. Total cumulative paid time off for volunteer service for Licensee shall meet or exceed 200 hours.
5. Donate all profits from sales of “Blessed by Stiizy” branded merchandise to local homeless and veterans organizations.
6. Partner with Weed for Warriors Project and provide no-cost medicinal cannabis to qualified veterans in collaboration with the Weed for Warriors Project.
7. Host educational panels, informational workshops and non-profit partnership events as part of an ongoing community education and engagement effort.
8. Develop scholarship programs for underrepresented groups.
9. Provide two (2) scholarships for Madera resident low income youth to completely cover the cost of two years tuition at Madera Community College.



10. Provide workforce development classes to all employees at no charge to employees.

Madera Has Culture, Inc. (Culture Cannabis Club)

## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024 and is entered into by and between the CITY OF MADERA (“City”) and Madera Has Culture, Inc. (dba Culture Cannabis Club) (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;

WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,

storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.

“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;

- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.



**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
Madera Has Culture, Inc. (dba Culture Cannabis Club)  
1 Corporate Park Suite 112  
Irvine, CA 92606  
Attn: Devon Julian  
Phone: (619) 277-2827  
Email: [devon@culturecannabisclub.com](mailto:devon@culturecannabisclub.com)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.

**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:

MADERA HAS CULTURE, INC. (dba Culture Cannabis Club)

By: \_\_\_\_\_  
Devon Julian, Chief Executive Officer

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

By: \_\_\_\_\_  
Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

By: \_\_\_\_\_  
Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.

## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee Shall:

1. Make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, commits to contributing 2% of Gross Receipts on a quarterly basis for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. “Gross Receipts” for purposes of this paragraph shall mean 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: Cash discounts where allowed and taken on sales, 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, Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts, Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business; and Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.

2. Additionally, Licensee shall make an initial deposit to the Fund, upon approval of their Cannabis Business Permit, equal to \$75,000.00.

3. Use the funds in the Community Benefits Fund exclusively for charitable contributions to local non-profit organizations including, but not limited to:

- O.L.L.V.E. Foundation
- Madera Chamber of Commerce
- Downtown Business Association
- American Cancer Society

4. Create a volunteer hour program for its employees, wherein Licensee provides at least 30 cumulative hours per month of paid time to employees for time spent volunteering with local non-profit organizations and community service initiatives in the City.

5. Provides creative and ongoing education programs for individuals 55+ and veterans. Licensee shall provide state-of-the-art and uncomplicated digital kiosks to allow individuals to get detailed information about cannabis products and its wellness characteristics. Licensee shall offer private consultation areas where a customer or patient can ask questions about their specific wellness goals and get personalized answers from an experienced employee. Targeted outreach programs shall take place at scheduled times at senior living facilities and/or veteran centers where Licensee's educated ambassadors can talk to small groups of residents about the benefits of moderate consumption of cannabis.

6. Provide youth education and drug prevention programs utilizing the following resources for age appropriate materials:

- <https://www.cdc.gov/marijuana/index.html>
- <https://teen-safe.org/resources>
- <https://abovetheinfluence.com/resources/>
- <https://nida.nih.gov/research-topics/parents-educators>

Mainstream Madera, LLC (Mainstream)



## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024 and is entered into by and between the CITY OF MADERA (“City”) and Mainstream Madera, LLC (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;

WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,

storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.

“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;

- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.

**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
Mainstream Madera, LLC  
300 East Yosemite Avenue  
Madera, CA 93638  
Attn: Rico Saldivar  
Phone: (559) 892-6590  
Email: [mainstreamr12@gmail.com](mailto:mainstreamr12@gmail.com)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.



**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:  
Mainstream Madera, LLC

By: \_\_\_\_\_  
Rico Saldivar

Title: Chief Executive Officer and Manager

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

By: \_\_\_\_\_  
Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

By: \_\_\_\_\_  
Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.

## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee shall:

1. Make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, commits to contributing 2% of Gross Receipts on a quarterly basis for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. “Gross Receipts” for purposes of this paragraph shall mean 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: Cash discounts where allowed and taken on sales, 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, Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts, Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business; and Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.

2. Establish a Community Benefits Advisory Board to oversee distribution of the Community Fund Benefit Fund and make recommendations for how Licensee can best help the community.

3. Use the funds in the Community Benefit Fund solely for the benefit of non-profit organizations serving the community of Madera, including, but not limited to:

- Madera VFW Hall Post #1981
- Martha Diaz Shelter
- Madera County Food Bank
- Sponsorship of local athletes

- Madera County Arts Council

4. Continue to support the following organizations and events with funds, volunteer time, or in-kind contributions in an amount not less than those provided by Licensee during the twelve (12) months prior to the execution of this Agreement or as stated herein:

- Annual Back 2 School Backpack Giveaway. Provide at least 300 backpacks to students, each was filled with necessities, such as notebooks, paper, pencils, and highlighters.
- Annual Coats 4 Kids Event. Provide at least 100 kids with warm coats, beanies and gloves.
- Thanksgiving Food Drive Event. Provide at least 800 packages of food, including turkey, chicken, milk, cheese, butter, mashed potatoes, mac and cheese, biscuits, and other traditional Thanksgiving sides to Madera families.
- Valley Children's Healthcare. Donate toys, games, books and personal items.
- Madera Rescue Mission. In kind and financial contributions.
- Christmas Extravaganza. In kind and financial contributions.
- Redwave's Toys 4 Tats. Sponsorship at same level.
- Arc Club of Fresno and Madera Counties. Financial Support.
- The Madera County Food Bank. Financial Support.
- American Cancer Society Relay for Life. Participation.
- Madera Downtown Christmas Light Parade. Participation.
- Madera County Art Fest. Participation.
- Great CASA Duck Race. Participation.

5. Partner with the Madera Arts Council to create the Madera Art Hop. This event will be an opportunity to meet and greet artists as well as a way for local artists, organizations, and businesses to showcase their work and bring the Madera community together in their shared love for the arts, culture, community, and cannabis.

6. In conjunction with the Parks and Community Services Department, Licensee will establish monthly Community Beautification Days. Employees will pick up trash and clean up graffiti in the area around the retail business at Licensee expense.

7. Conduct an annual tree planting event as part of Community Beautification Days to offset carbon emissions. Information about these Community Beautification Days will be posted at the Site for employees and customers to see. Information will be featured on Licensee's website to provide inquiring customers with information on how to participate. Customers and community members wishing to participate will be rewarded with store discounts or branded merchandise.
8. Provide discounts to VFW members on all retail purchases.
9. Provide a Paid Volunteer Time Off Program. The program will grant each employee up to 40 hours per year of paid time to volunteer during working hours at a local non-profit organization.
10. Sponsor at least 100 Madera County children in sports and tournaments by providing financial resources, sport apparel and gear.
11. Patronize local businesses for the purchase of goods and services whenever such are available within the City.
12. Join and maintain membership with the Madera Chamber of Commerce and Madera Downtown Association.
13. Give preference to cannabis cultivators, manufacturers, and distributors in the Central Valley and designate prime shelf space for local brands to help support the local supply chain. Licensee will proactively seek out and pursue products with locally licensed operators
14. Have at least one staff member on site who is fluent in Spanish. All employees will be trained on how to assist customers who speak a different language or have a disability.
15. Commit to at least 85% of the Site's employees being local hires.
16. Require all our employees to undergo implicit bias and cultural competency training yearly.
17. Partner with Central California Legal Services (CCLS) to help facilitate the expungement process for qualifying harmed individuals. Licensee will provide informational material and connect individuals with qualified professionals who will be able to help expunge their records on a pro bono or low-cost basis. This information will be advertised in the storefront and on Licensee's social media page.
18. Provide members of the public with informational pamphlets regarding pertinent cannabis regulations and information, and will provide information anonymously for those who may have substance abuse disorders.
19. Provide periodic educational seminars in which individuals can learn more about the science and benefits of cannabis.
20. To help people afflicted with alcohol, cannabis, or other recreational drug abuse or dependence, Licensee will provide informational pamphlets that connect those seeking help with

resources so they can regain control of their lives. Licensee will also train employees to recognize and engage with people who appear to be suffering from abuse of or dependence on cannabis, as well as other substances, and offer to provide local resources and anonymous support hotlines where such people can engage with professionals to begin their journey toward recovery.

21. Provide local artists with a venue for displaying their artwork and will encourage customers and members of the public to view and purchase their work. In addition to displaying local art, Licensee will support artists by holding a quarterly art expo to help promote and facilitate sales wherein artists will receive 100% of the proceeds from such sales.

22. Institute operating procedures that have the goal of achieving, as nearly as possible, a zero-waste footprint. Licensee's building specifications will conform with LEED design and Living Building Futures standards. Licensee's building will use and source eco-friendly materials for both the exterior and interior of the dispensary, including reclaimed wood and recycled glass and plastic. Licensee will also upgrade the building's existing plumbing to promote water efficiency. Licensee's restroom will include ultra-low-flow plumbing fixtures and low-flush toilets.

23. Ensure the most efficient and cost-effective means of providing electricity to the dispensary. Licensee will use energy-efficient LED lighting and adjust daylight and nighttime lighting to reduce energy consumption. Lighting will be programmed to operate with a circadian lighting system to minimize energy usage. All appliances and equipment, such as computers, refrigerators, kitchen equipment, and POS stations, will incorporate energy-efficient technology to the greatest extent possible.

24. Integrate the most efficient climate control system possible, preserving indoor air quality while minimizing energy consumption. All staff will be trained on energy conservation practices to ensure that the dispensary is consuming only as much energy as needed to safely operate. Sales associates will turn off computers, appliances, and POS systems when not in use to conserve energy.

25. Conduct semiannual energy audits to optimize our energy usage consistent with business needs. Licensee will partner with the Madera Energy Watch Program.

Lavish West Coast Madera, LLC (Lavish)



## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024 and is entered into by and between the CITY OF MADERA (“City”) and LAVISH WEST COAST MADERA, LLC (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;

WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,

storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.

“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;

- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.

**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
Lavish West Coast Madera  
246 Via San Lucia  
Rancho Mirage, CA 92262  
Attn: Kenneth Churchill  
Phone: (619) 867-1635  
Email: [Kenneth@westcoastcannabis.club](mailto:Kenneth@westcoastcannabis.club)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.



**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:

Lavish West Coast Madera, LLC

By: WCCC Holdings, LLC, member

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

Printed Name: Kenneth Churchill

Title: Owner and Manager

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

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

Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

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

Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

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

Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.

## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee shall:

1. Make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, commits to contributing 2% of Gross Receipts on a quarterly basis for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. “Gross Receipts” for purposes of this paragraph shall mean 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: Cash discounts where allowed and taken on sales, 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, Any tax required by law to be included in or added to the purchase price and collected from the consumer or purchaser, Such part of the sale price of any property returned by purchasers to the seller as refunded by the seller by way of cash or credit allowances or return of refundable deposits previously included in gross receipts, Receipts derived from the occasional sale of used, obsolete or surplus trade fixtures, machinery or other equipment used by the taxpayer in the regular course of the taxpayer's business; and Receipts of refundable deposits, except that such deposits when forfeited and taken into income of the business shall not be excluded when in excess of one dollar. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.

2. Utilize local contractors and companies for our non-cannabis business needs whenever possible.

3. Continue to annually support the following non-profit organizations with at least the same level of time, energy, and regular contributions as was made in the twelve months prior to the execution of this Agreement:

- Madera County Food Bank
- Greater Madera Kiwanis Club

- CASA Fresno Madera County
- Beloved Survivors
- Madera Coalition for Community Justice
- Project Run

4. Provide current, convenient, and ongoing education programs for their clients including programs specifically for seniors. These education opportunities can take place one on one on site in our private consultation area where a customer can ask detailed questions and get answers from an experienced staff person as well as at the Lavish West Coast facility with technologically advanced, easy-to-use kiosks, where an individual can get detailed information on a product and its use. Additionally Licensee will hold events at scheduled times with senior organizations in the City where Licensee can educate small groups of residents about any and all questions they may have.

5. Provide funding for local unhoused shelters, especially during the Summer and Winter months including:

- Assisting homeless individuals with community reentry, inclusive job fairs, and temporary housing by supporting Madera Rescue Mission; and
- Contributing support to youth and students affected by housing insecurity through charitable partners.
- Licensee contribute to pay for shelter essentials such as beds, food, clothes, or other necessities for homeless individuals and families annually. Licensee will work with the Madera Rescue Mission and Beloved Survivors shelters to sponsor at least two persons per month in local shelters and pay for their essential needs.

6. Will develop a weekly and monthly volunteer plan and schedule which will include at least four (4) hours a month of paid time off for employees to volunteer at local charitable organizations.

7. In addition, Licensee shall:

- Hire Locally reducing greenhouse gas emissions;
- Centralized Distribution minimizing our companies overall carbon footprint
- Procure and use recycled materials for construction where possible.
- Join San Joaquin River Parkway and Conservation Trust
- Purchase Hybrid vehicles for all delivery operations

- Implement strategies from the County of Madera's Greenhouse Gas Reduction Plan
- Obtain certification by the California Green Business Network.
- Give preference to vendors who are Clean Green Certified

Nebrina Madera, LLC (Nebrina)

## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024 and is entered into by and between the CITY OF MADERA (“City”) and Nebrina Madera LLC (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;



WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,

storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.

“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;

- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.

**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
Nebrina Madera, LLC  
1940 Blake Street #201  
Denver, CO 80202  
Attn: Brandon Banks  
Phone: (773) 220-5786  
Email: [brandonbanks066@gmail.com](mailto:brandonbanks066@gmail.com)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.

**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.



**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:  
Nebrina Madera LLC

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

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

By: \_\_\_\_\_  
Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

By: \_\_\_\_\_  
Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.

## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee shall:

1. Make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, commits to contributing 3% of Net Receipts, on a quarterly basis for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. “Net Receipts” for purposes of this paragraph shall mean all income derived from business operations at the location less the direct costs of wholesale products, employee salaries and facility costs. Licensee’s contribution to the Fund shall not be less than Two Hundred Thousand Dollars (\$200,000.00) annually. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.
2. Provide employees with at least 5 days of paid time off per year to participate in local community volunteer activities and programs.
3. Host an annual Expungement Clinic to assist individuals impacted by non-violent drug related offenses.
4. Host a Minority Entrepreneur Mentorship Program.
5. Host educational panels, informational workshops and non-profit partnership events as part of an ongoing community education and engagement effort.
6. Hire employees from within Madera County and pay all employees a minimum base rate of pay of at least \$19 an hour.
7. All employees in charge of hiring, purchasing, and vendor selection must follow the Go Local plan when making decisions on behalf of the Company. The Plan ensures local businesses who are ethically aligned with our Company mission, vision, and values are prioritized for hire over other non-local businesses and businesses that are not actively working to uphold diverse workforce and environmentally friendly operational practices.
8. Subsidize the cost of a public transit bus pass for employees opting to ride the bus.

9. Install bicycle racks for employee and customer use, offering customers a discount on instore purchases if they biked to the retail storefront, and offering employees' monthly incentives for choosing to bike to work instead of drive.
10. Evaluate volunteer opportunities to maintain bike paths in the local area, including the path that crosses along our proposed site.
11. Offer flexible start-times/end-times for employees, considering that employees who spend less time in traffic, spend less time on the road, which can create a compounding, beneficial effect on the environment.
12. Encourage employees to carpool to the retail storefront when possible by offering employees monthly gift cards to purchase gas if the employees can demonstrate that they are carpooling to work.
13. Incentivize employees using car share programs, such as "Zip Car," by providing a monthly transportation stipend.
14. Partner with organizations to help increase access to bicycles as a mode of safe transportation for the community, especially in Downtown Madera.
15. Host retail storefront donation drives for in-kind products and services in exchange for discounted retail products.

California Cannoisseur, LLC (California Cannoisseur)

## COMMUNITY BENEFITS AGREEMENT

THIS COMMUNITY BENEFITS AGREEMENT (“Agreement”) is dated as of April 3, 2024 and is entered into by and between the CITY OF MADERA (“City”) and California Cannoisseur LLC (“Licensee”). This Agreement shall take effect on the “Effective Date,” as this term is hereafter defined. City and Licensee may each be referred to herein individually as a “Party” or collectively as the “Parties.”

### RECITALS

WHEREAS, on June 16, 2021, the Madera City Council adopted Ordinance No. 977 C.S., adding Chapter 5 to Title VI (Cannabis Businesses) to the Madera Municipal Code (“MMC”), which authorized commercial cannabis businesses in the City and established a regulatory program requiring all cannabis uses to obtain a commercial cannabis business permit issued by the City prior to commencing operation;

WHEREAS, pursuant to Section 6-5.11 of the MMC, the application procedure for a cannabis business permit shall include a component on community benefits;

WHEREAS, pursuant to Section 6-5.11 of the MMC, any community benefits that a cannabis business agrees to provide shall be incorporated into the terms and conditions under which the cannabis business will operate with the City's approval, if and when a cannabis business permit is issued. Such terms and conditions shall be in addition to the requirements of the MMC;

WHEREAS, pursuant to Section 6-5.11 of the MMC, community benefits may include but are not limited to: in-kind donations; sponsorship of community events; financial support or otherwise, for special community events such as fairs, afterschool programs, youth centers, Boys and Girls Clubs, local schools whether public or private; school athletic programs; school clubs; community centers, homeless shelters, senior centers and/or senior living facilities, parks and recreation programs;

WHEREAS, Licensee has been issued a Commercial Cannabis Business Permit (“License”) to conduct specified cannabis related activities in the City at the premises specified therein (“Site”); and,

WHEREAS, Licensee acknowledges and agrees that the City would not have approved the License if Licensee had not agreed to comply with all of the conditions of the License and MMC, including, but not limited to, its obligation to enter into this Agreement;

WHEREAS, Licensee also acknowledges and agrees that, prior to its application for a License from the City to operate a cannabis business, Licensee was fully aware of its obligation to enter into a binding Community Benefit Agreement with the City consistent with the terms of this Agreement, and Licensee chose to move forward with such application process;

WHEREAS, Licensee and the City desire to enter into this Agreement setting forth the Parties' understanding of the benefits that Licensee's business will provide to the Madera community.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

## ARTICLE 1 GENERAL PROVISIONS

**Section 1.1. Findings.** City hereby finds and determines that entering into this Agreement furthers the public health, safety, and general welfare and is consistent with Section 6-5.11 of the MMC.

**Section 1.2. Recitals.** The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of Articles 1 through 5 of this Agreement, or of any Exhibit to this Agreement, the provisions of Articles 1 through 5 shall prevail.

**Section 1.3. Definitions.** In this Agreement, unless the context otherwise requires, the terms below have the following meanings:

“Agreement” means this Community Benefits Agreement and all Exhibits attached hereto.

“California Cannabis Laws” means the Medicinal and Adult/Use Cannabis Regulation and Safety Act (“MAUCRSA”) and the regulations adopted and promulgated by the State Licensing Authorities pursuant to MAUCRSA, as such laws and regulations may be amended from time to time.

“Cannabis” shall have the same meaning as that appearing in Cal. Business and Professions Code Section 26001(f).

“Cannabis product” means cannabis that has undergone a process whereby the plant material has been transformed into a concentrate, including, but not limited to, concentrated cannabis, or an edible or topical product containing cannabis or concentrated cannabis and other ingredients.

“City” means the City of Madera, a municipal corporation and general law city.

“City Council” means the City of Madera City Council.

“City Manager” means the City Manager of the City of Madera, or his or her designee.

“Commercial Cannabis Activity” has the same meaning as that term is defined under MAUCRSA and includes the cultivation, possession, manufacture, distribution, processing,

storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of cannabis and cannabis products as regulated under Chapter 5 of Title VI of the MMC.

“Commercial Cannabis Business Permit” means a regulatory license issued by the City to a cannabis business pursuant to Chapter 5 of Title VI of the MMC and which is required before any Commercial Cannabis Activity may be conducted in the City.

“Community Benefits” has the meaning set forth in Section 2.1 of this Agreement.

“Community Benefit Fees” means any and all fees or monetary contributions required to be paid by Licensee, or which Licensee has committed to pay, pursuant to Section 2.2 of this Agreement.

“Complaining Party” has the meaning set forth in Section 4.2 of this Agreement.

“Defaulting Party” has the meaning set forth in Section 4.2 of this Agreement.

“MMC” means the Madera Municipal Code.

“Licensee” has the meaning set forth in the preamble of this Agreement, above.

“Licensee’s Application” means the application for a Commercial Cannabis Business Permit submitted by Licensee to the City.

“Effective Date” has the meaning set forth in Section 1.5 of this Agreement.

“Major Amendment” means an amendment that shall have a material effect on the terms of the Agreement. A Major Amendment also has the meaning set forth in Section 1.8 of this Agreement. Major Amendments shall require approval by the City Council.

“MAUCRSA” means the Medicinal and Adult-Use Cannabis Regulation and Safety Act, codified as Business and Professions Code Section 26000 et seq., as may be amended from time to time.

“Medicinal” with regard to cannabis or cannabis products means cannabis or cannabis products, respectively, intended to be sold or used for medicinal purposes as set forth in MAUCRSA.

“Minor Amendment” means a clerical amendment to the Agreement that shall not materially affect the terms of the Agreement and any amendment described as minor herein. A Minor Amendment also has the meaning set forth in Section 1.8 of this Agreement.

“Notice of Default” has the meaning as set forth in Section 4.2 of this Agreement.

“Notice of Review” has the meaning as set forth in Section 3.2 of this Agreement.



“Project” means Commercial Cannabis Activity performed by Licensee at the Site pursuant to the License.

“Regulations” has the meaning set forth in the Recitals, above.

“Regulatory Fees” mean charges owed by the Licensee to the City for the City’s costs incurred in processing applications related to the License, administering its cannabis-related ordinance with regard to the License, and monitoring legal compliance of License in connection with this Agreement and/or the License, including, but not limited to audits, financial reports, and building and safety-related inspections by the City.

“Required Permits” means any permit required by City for conducting cannabis activities in the City, including, but not limited to: Commercial Cannabis Business Permit, City Planning Entitlement, ; City Building Permit; City Business License;; Madera County Public Health Permit; California Department of Tax and Fee Administration Seller’s Permit; and State Cannabis Licenses for each licensed activity as applicable.

“Site” has the meaning as set forth in the Recitals, above.

“State Cannabis Licenses” means licenses issued by a State Licensing Authority to Licensee to conduct Commercial Cannabis Activities at the Site.

“State Licensing Authority” means the state agency responsible for the issuance, renewal, or reinstatement of State Cannabis Licenses, or the state agency authorized to take disciplinary action against a business licensed under the California Cannabis Laws.

“Term” has the meaning set forth in Section 1.6 of this Agreement.

**Section 1.4. Project is a Private Undertaking.** The Parties agree that the Project is a private business and that City has no interest therein, except as authorized in the exercise of its governmental functions. City shall not for any purpose be considered an agent of Licensee or the Project.

**Section 1.5. Effective Date of Agreement.** This Agreement shall become effective (“Effective Date”) upon the date when all of the following conditions have been satisfied: (i) this Agreement has been fully executed by the Parties; (ii) all conditions set forth in the License have been satisfied; and (iii) all the permits required by the City have been issued and are in effect.

**Section 1.6. Term.** The term of this Agreement (“Term”) shall commence on the Effective Date and shall terminate upon the earlier to occur of: (i) termination pursuant to Section 1.7 of this Agreement or (ii) expiration and/or termination of the License.

**Section 1.7. Termination.** This Agreement shall terminate upon the occurrence of any of the following events:

- (a) the expiration of the Term;

- (b) the Licensee no longer has a possessory, legal or other equitable interest in the Site;
- (c) the Licensee has ceased operations related to the Project on the Site;
- (d) mutual written consent of the Parties;
- (e) abandonment, revocation, or termination of one or more Required Permits, provided that the termination shall be effective when Licensee's administrative appeal rights, if any, have been exhausted;
- (f) unauthorized assignment (or attempted assignment) of the License;
- (g) unauthorized change of control of the Licensee; or
- (h) as set forth in Section 4.4 of this Agreement.

The rights and obligations of the Parties set forth in Sections 5.2, 5.3, 5.4, and 5.5, and any right or obligation of the Parties in this Agreement which by its express terms is intended to survive termination of this Agreement, will survive any such termination.

**Section 1.8. Amendment of Agreement.** This Agreement shall be amended only by mutual consent of the Parties. All amendments shall be in writing. The City Council hereby expressly authorizes the City Manager to approve a Minor Amendment to this Agreement, upon notification to the City Council. A Major Amendment to this Agreement must be approved by the City Council in accordance with the MMC. The City Manager shall, upon consultation with the City Attorney, have the discretion to determine if an amendment is a Minor Amendment or a Major Amendment. Nothing in this Agreement shall be construed as requiring a noticed public hearing for an amendment of this Agreement, unless required by law.

**Section 1.9. Fees.** Licensee agrees to pay all Regulatory Fees, Community Benefit Fees, and any other applicable fees to the City related to Licensee's operation of the Project on the Site, including, but not limited to those fees referenced in Article 2 of this Agreement.

## ARTICLE 2 COMMUNITY BENEFITS

**Section 2.1. Intent.** The Parties acknowledge and agree that the License confers substantial private benefits on the Licensee that will place burdens on City infrastructure, services, and neighborhoods and that the private benefits provided to the developer should be balanced with commensurate public benefits for the community ("Community Benefits").

**Section 2.2. Community Benefits.** Licensee agrees to provide Community Benefits as set forth in the Community Benefits and Investments Plan attached hereto and incorporated herein as

Exhibit “A.” Any failure or breach by Licensee in providing the commitments set forth in Exhibit “A” shall be deemed a breach of this Agreement.

**Section 2.3. Yearly Reports.** In addition to the recordkeeping requirements set forth in the MMC, Licensee shall provide the City a written report describing the Community Benefits provided by Licensee to the Madera community and which demonstrate Licensee’s compliance with the commitments set forth in Section 2.2 of this Agreement (“Annual Report”).

### ARTICLE 3 ANNUAL REVIEW

**Section 3.1. Timing of Annual Review.** The City shall conduct an annual review of Licensee’s good faith compliance with this Agreement. The City shall make reasonable efforts to conduct such review in conjunction with any applicable renewal application for the License.

**Section 3.2. Initiation of Review.** The City Manager, or his or her designee, shall initiate the annual review by providing the Licensee with forty-five (45) days’ written notice that the City intends to undertake such review (“Notice of Review”). Within ten (10) days of receiving the Notice of Review, Licensee shall provide to the City the Annual Report described in Section 2.3. The City shall not waive its right to conduct its annual review of Agreement for failure to provide timely notice of the initiation of such annual review.

**Section 3.3. Staff Reports.** To the extent practical, the City shall deliver to the Licensee a copy of all staff reports and related exhibits concerning the Licensee’s performance under the Agreement within thirty (30) days after Licensee provides its Annual Report to the City.

**Section 3.4. Fee for Annual Review.** The reasonable cost for the City’s annual review of this Agreement shall be paid by Licensee, not to exceed the actual costs incurred by the City in connection with such review.

### ARTICLE 4 DEFAULT AND REMEDIES

**Section 4.1. Default.** The failure of either Party to perform any obligation or duty under this Agreement within the time required by this Agreement shall be a default and after the giving of notice and the passage of the applicable amount of time, such a default shall constitute an event of default.

**Section 4.2. Notice.** A party (“Complaining Party”) may not assert that the other Party (“Defaulting Party”) has committed or caused an event of default unless the Complaining Party has first given written notice to the Defaulting Party (“Notice of Default”), 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 of Default shall not waive such default or waive any of the Complaining Party’s remedies.

**Section 4.3. Cure.** The Defaulting Party shall have thirty (30) days from the receipt of the Notice of Default to cure the default except as otherwise provided herein.

Monetary Default. In the case of a monetary default (e.g. failure to pay Regulatory Fees or Community Benefits Fees), any such default must be cured by the payment of the amount demanded within such thirty (30) day period.

Non-Monetary Default. In the case of non-monetary defaults, if the default cannot be reasonably cured within 30 days, the default shall be deemed cured if: the cure is commenced at the earliest practicable date following receipt of the Notice of Default and the cure is diligently prosecuted to completion (but in no event shall Licensee be allowed more than sixty (60) days after receipt of the Notice of Default to complete the cure of the default).

**Section 4.4. Remedies.** If the Defaulting Party fails to cure a default in accordance with Section 4.3, an event of default shall be deemed to have occurred and the Complaining Party shall have the right to seek all appropriate remedies, at law or in equity, including specific penalty or termination of this Agreement without further or separate notice to the Defaulting Party. If Licensee fails to cure a default, City may terminate or revoke the License upon the expiration of applicable cure period, subject to Licensee's appeal rights, if any.

## ARTICLE 5 MISCELLANEOUS PROVISIONS

**Section 5.1. Indemnification.** To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to having issued a Commercial Cannabis Business Permit or otherwise approving the operation of any Commercial Cannabis Business. Licensee agrees to indemnify, defend (at Licensee's sole cost and expense), and hold the City and its officers, officials, employees, representatives, and agents harmless, from any and all claims, losses, damages, injuries, liabilities or losses which arise out of, or which are in any way related to the City's issuance of the Commercial Cannabis Business Permit, the City's decision to approve the operation of the Commercial Cannabis Business or activity, the process used by the City in making its decision, the performance of any community benefit set forth herein, or the alleged violation of any federal, state or local laws by the Commercial Cannabis Business or any of its officers, employees or agents. Operator shall reimburse the City for all costs and expenses, including but not limited to legal fees and costs and court costs, which the City may be required to pay as a result of any legal challenge related to the City's approval of the Operator's Commercial Cannabis Business Permit, or related to the City's approval of a Commercial Cannabis Activity. The City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve any of the obligations imposed hereunder.

### **Section 5.2. Insurance.**

(a) Prior to execution of this Agreement by City, Licensee shall obtain and maintain during the performance of this Agreement the insurance coverages as specified in the MMC and the Commercial Cannabis Business Permit, issued by a company

satisfactory to the City, unless the City waives, in writing, the requirement that Operator obtain and maintain such insurance coverages.

(b) Prior to commencement of any activity under this Agreement, Licensee shall file with the City evidence of insurance coverage as specified herein.

(c) Maintenance of proper insurance coverages by Licensee is a material element of this Agreement. Licensee's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

**Section 5.3. Assignment.** Licensee shall not have the right to sell, assign, or transfer all or any part of its rights, title, and interests in all or a portion of this Agreement and/or the License to any person, firm, corporation, or entity during the Term of this Agreement without the advance written consent of the City Manager. Any assignment or transfer prohibited by this Agreement will be considered an immediate breach of this Agreement and City may elect to immediately terminate this Agreement.

**Section 5.4. Notices.** All notices permitted or required under this Agreement shall be given to the respective Parties at the following addresses, or at such other address as the respective Parties may provide in writing for this purpose:

CITY:  
City of Madera  
205 W 4th St,  
Madera, CA 93637  
Attn: City Manager  
Phone: (559) 661-5400  
Fax: (559) 674-2972  
Email: [arodriguez@madera.gov](mailto:arodriguez@madera.gov)

LICENSEE  
California Cannoisseur, LLC  
24508 Tropical Drive  
Madera, CA 93638  
Attn: Raul DeLuna  
Phone: (559) 474-1367  
Email: [ajd0518@gmail.com](mailto:ajd0518@gmail.com)

**Section 5.5. Governing Law and Venue.** This Agreement shall be interpreted and governed according to the laws of the State of California. In the event of litigation between the Parties, venue, without exception, shall be in the Madera County Superior Court of the State of California. If, and only if, applicable law requires that all or part of any such litigation be tried exclusively in federal court, venue, without exception, shall be in the Eastern District of California Fresno Division.

**Section 5.6. Severability.** If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any term or provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any term or provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, any provisions that are not invalid or unenforceable shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement. The Parties expressly agree that each Party is strictly prohibited from failing to perform any and all obligations under this Agreement on the basis that this Agreement is invalid, unenforceable, or illegal under federal law. By entering into this Agreement, each Party disclaims any right to tender an affirmative defense in any arbitration or court of competent jurisdiction, that performance under this Agreement is not required because the Agreement is invalid, unenforceable, or illegal under federal law.

**Section 5.7. Attorneys' Fees and Costs.** Unless otherwise provided in this Agreement, if any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement by and between the Parties, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

**Section 5.8. Waiver.** A waiver by any Party of any breach of any term, covenant, or condition herein contained or a waiver of any right or remedy of such Party available hereunder, at law or in equity, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition herein contained or of any continued or subsequent right to the same right or remedy. No Party shall be deemed to have made any such waiver unless it is in writing and signed by the Party so waiving.

**Section 5.9. Integration.** This Agreement, together with its specific references, attachments, and Exhibits, constitutes all of the agreements, understandings, representations, conditions, warranties, and covenants made by and between the Parties hereto. Unless set forth herein, no Party to this Agreement shall be liable for any representations made, express or implied.

**Section 5.10. Calculation of Time Period.** All time referenced in this Agreement shall be calendar days, unless the last day falls on a legal holiday, Saturday, or Sunday, in which case the last day shall be the next business day.

**Section 5.11. Captions.** The captions of this Agreement are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Agreement.

**Section 5.12. Mandatory and Permissive.** "Shall" and "will" and "agrees" are mandatory. "May" or "can" are permissive.

**Section 5.13. Counterparts.** This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

**Section 5.14. Other Documents.** The Parties agree that they shall cooperate in good faith to accomplish the objectives of this Agreement and, to that end, agree to execute and deliver such other instruments or documents as may be necessary and convenient to fulfill the purposes and intentions of this Agreement.

**Section 5.15. Authority.** All Parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement and the names, titles, and capacities herein stated on behalf of any entities, persons, states, or firms represented or purported to be represented by such entities, persons, states, or firms and that all formal requirements necessary or required by state or federal law in order to enter into this Agreement had been fully complied with. Further, by entering into this Agreement, each Party hereto warrants and represents that it has not breached the terms or conditions of any other contract or agreement to which such Party is obligated, which such breach would have a material effect hereon.

**Section 5.16. Advice of Legal Counsel.** Each Party acknowledges that it has reviewed this Agreement with its own legal counsel and, based upon the advice of that counsel, freely entered into this Agreement.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties hereto have caused this Community Benefits Agreement to be executed as evidenced by the signatures of the authorized officers of each of them which appear below.

LICENSEE:  
California Cannoisseur LLC

By: Its Board of Directors

By: \_\_\_\_\_  
Raul DeLuna, Director and Manager

By: \_\_\_\_\_  
Suleman Javaid, Director and Manager

By: \_\_\_\_\_  
Herman Iniguez, Director and Manager

Date: \_\_\_\_\_

CITY OF MADERA,  
A MUNICIPAL CORPORATION

By: \_\_\_\_\_  
Arnoldo Rodriguez, City Manager

Date: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_  
Alicia Gonzales, City Clerk

APPROVED AS TO FORM (CALIFORNIA):

By: \_\_\_\_\_  
Shannon Chaffin, City Attorney

\*Attach Notary Acknowledgments. If signing for an entity, bylaws, resolutions, or other documents may be required to establish authority to sign on behalf of the entity.



## EXHIBIT A

### COMMUNITY BENEFITS AND INVESTMENT PLAN

Licensee shall:

1. Make monetary contributions to a Community Benefits Fund (“Fund”) established by the Licensee and, in addition to the 4% municipal tax on Gross Receipts, commits to contributing 1% of Net Receipts, on a quarterly basis for the benefit of public safety, youth education, empowerment and drug addiction, supporting recreational and educational programs, as grants for artists, or other uses benefiting the community and may include, but is not limited to: in-kind donations, sponsorship of community events; support, financial or otherwise for community-based organizations and projects. “Net Receipts” for purposes of this paragraph shall mean all income derived from business operations at the location less the direct costs of wholesale products, employee salaries and facility costs. Licensee’s contribution to the Fund shall not be less than \$40,000 for the first two years of operations, \$80,000 annually for years three through six of operations and \$126,000 annually commencing in year seven. Licensee shall provide a report annually to the City which includes a list of all payments made for community benefits in accordance with this Agreement and copies of the prior 12 months account statements for the Fund showing all deposits and withdrawals. Any proposed change to the allowable uses of the fund must be approved by the City Council. Failure to provide the required accounting or failure to disburse funds in accordance with this Agreement shall be grounds for revocation of the Cannabis Business Permit. City shall have the right to audit Licensee’s books at any time to verify the requirements of this paragraph.
2. Provide employees with at least 80 hours of paid time off every six months to participate in local community volunteer activities and programs.
3. If feasible, ensure that 60% of our hires are Madera residents. Hiring preference will be given to Madera City residents and then Madera County residents. Employees will be paid \$3.04 over the hourly minimum wage per hour after their three-month probation period, and pay will increase from there based on experience and regular evaluations. Additionally, employees will receive generous benefits packages that include medical and dental insurance and paid vacation and sick leave. Licensee will also offer stipends and full or partial reimbursements for various conferences, classes, workshops and other educational programs that add value to our business and our customers.
5. Host educational panels, informational workshops and non-profit partnership events as part of an ongoing community education and engagement effort.