



LEMOORE

CALIFORNIA

LEMOORE CITY COUNCIL  
COUNCIL CHAMBER  
429 C STREET  
May 23, 2022

### **SPECIAL MEETING AGENDA**

This meeting is also being conducted by teleconference at the following location: 3215 S. Rancho Drive, Las Vegas, NV 89109. Mayor Pro Tem Matthews will participate from the teleconference location. The teleconference location is open to the public and any member of the public has an opportunity to address the Council from the teleconference location in the same manner as if that person attended the regular meeting location. The Council will control the conduct of the meeting and determine the appropriate order and time limitations on public comments from the teleconference location.

***Please silence all electronic devices as a courtesy to those in attendance. Thank you.***

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### **6:40 p.m. SPECIAL SESSION**

### **CLOSED SESSION**

This item has been set aside for the City Council to meet in a closed session to discuss matters pursuant to Government Code Section 54956.9(d)(4). The City Attorney will provide an oral report regarding the Closed Session at the beginning of the next regular City Council meeting.

1. Government Code Section 54956.9  
Conference with Legal Counsel – Exposure to Litigation  
Significant Exposure to Litigation Pursuant to Paragraph (2) or (3) of Subdivision (d) of  
Section 54956.9  
Two Cases

### **CLOSED SESSION REPORT**

### **NEW BUSINESS**

Report, discussion and/or other Council action will be taken.

- 1-1 Report, Recommendation and Action – Consideration and Approval of Project Development Agreement Amendment, Cannabis Regulatory Permit, and Change of Ownership Approval between the City of Lemoore and NHC Lemoore, LLC. (Olson)

### **ADJOURNMENT**

### **PUBLIC NOTIFICATION**

I, Marisa Avalos, City Clerk for the City of Lemoore, declare under penalty of perjury that I posted the above Special City Council Agenda for the meeting of May 23, 2022 at Council Chamber, 429 C Street and Cinnamon Municipal Complex, 711 W. Cinnamon Drive, Lemoore, CA on May 20, 2022. Patricia Matthews, Mayor Pro Tem for the City of Lemoore, posted the above agenda on May 22, 2022 at 3215 S. Rancho Drive, Las Vegas, NV 89109.

//s//

Marisa Avalos, City Clerk

**CITY OF LEMOORE**  
**CITY COUNCIL SPECIAL MEETINGS**  
**May 23, 2022 @ 6:30 p.m. / 6:40 p.m.**

All upcoming regular and special City Council meetings **will be open to members of the public on a first come, first served basis and via Zoom.** The meeting may be viewed through the following options:

- Join Zoom Meeting
- Please click the link below to join the webinar:
- <https://us06web.zoom.us/j/89293400027?pwd=WGJueThxaDFpTC9OeVRoNkk3QkJqdz09>
- Meeting ID: 892 9340 0027
- Passcode: 216649
- Phone: +1 669 900 6833

The City will also provide links to streaming options on the City's website and on its Facebook page.

If you wish to make a general public comment or public comment on a particular item on the agenda, **participants may do so via Zoom during the meeting** or by **submitting public comments by e-mail to: [cityclerk@lemoore.com](mailto:cityclerk@lemoore.com)**. In the subject line of the e-mail, please state your name and the item you are commenting on. If you wish to submit a public comment on more than one agenda item, please send a separate e-mail for each item you are commenting on. Please be aware that written public comments, including your name, may become public information. Additional requirements for submitting public comments by e-mail are provided below.

**General Public Comments & Comments on City Council Business Items**

For general public comments and comments regarding specific City Council Business Items, public comments can be made via Zoom during the meeting or all public comments must be received by e-mail no later than 5:00 p.m. the day of the meeting. Comments received by this time will be read aloud by a staff member during the applicable agenda item, provided that such comments may be read within the normal three (3) minutes allotted to each speaker. Any portion of your comment extending past three (3) minutes may not be read aloud due to time restrictions. If a general public comment or comment on a business item is received after 5:00 p.m., efforts will be made to read your comment into the record. However, staff cannot guarantee that written comments received after 5:00 p.m. will be read. All written comments that are not read into the record will be made part of the meeting minutes, provided that such comments are received prior to the end of the City Council meeting.

**Public Hearings**

For public comment on a public hearing, all public comments must be received by the close of the public hearing period. All comments received by the close of the public hearing period will be read aloud by a staff member during the applicable agenda item, provided that such comments may be read within the normal three (3) minutes allotted to each speaker. Any portion of your comment extending past three (3) minutes may not be read aloud due to time restrictions. If a

comment on a public hearing item is received after the close of the public hearing, such comment will be made part of the meeting minutes, provided that such comment is received prior to the end of the meeting.

**\*PLEASE BE AWARE THAT ANY PUBLIC COMMENTS RECEIVED THAT DO NOT SPECIFY A PARTICULAR AGENDA ITEM WILL BE READ ALOUD DURING THE GENERAL PUBLIC COMMENT PORTION OF THE AGENDA.\***

The City thanks you for your cooperation in advance. Our community's health and safety is our highest priority.



711 West Cinnamon Drive • Lemoore, California 93245 • (559) 924-6744

## Staff Report

Item No: 1-1

**To:** Lemoore City Council  
**From:** Nathan Olson, City Manager  
**Date:** May 20, 2022      **Meeting Date:** May 23, 2022  
**Subject:** Project Development Agreement Amendment, Cannabis Regulatory Permit, and Change of Ownership Approval between the City of Lemoore and NHC Lemoore, LLC.

**Strategic Initiative:**

<input type="checkbox"/> Safe & Vibrant Community	<input checked="" type="checkbox"/> Growing & Dynamic Economy
<input type="checkbox"/> Fiscally Sound Government	<input type="checkbox"/> Operational Excellence
<input type="checkbox"/> Community & Neighborhood Livability	<input type="checkbox"/> Not Applicable

**Proposed Motion:**

Authorize the City Manager, or designee, to approve the transfer of ownership of Natural Healing Center, LLC to Glass House and approve amendment to the Project Development Agreement (PDA) entered on October 16<sup>th</sup>, 2019. Additionally, Authorize City Manager, or designee, to sign PDA and issue Cannabis Regulatory Permit.

**Subject/Discussion:**

The City entered into a PDA on October 16, 2019 with Natural Healing Center, LLC. Pursuant to Section XII.E of the Development Agreement, the City Manager has the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Development Agreement on behalf of City so long as such actions do not materially or substantially change the uses or development contemplated under the Development Agreement. The amendments as proposed appear to be within this scope and further are minor amendments; the proposals are designed to clarify certain immaterial aspects of the Development Agreement and prevent accidental noncompliance.

NHC owners have chosen to exercise this option and sell ownership of multiple dispensaries; Including the Lemoore NHC dispensary.

To date, NHC is current on its obligation to the city and is in good standing with regulatory and current on all fees and permits. New owners have completed background check process through the Lemoore Police Department.

**Financial Consideration(s):**

- To date, approximately \$782,000 has been generated in excise tax @ 5%
- Local retail sales increase the share awarded to the city via the County Tax
- NHC will continue to donate \$24,000 annually to local events and beautification projects

**Alternatives or Pros/Cons:**

**Pros:**

- Economic benefits through tax and fee generation
- Local jobs
- Well maintained storefront in center of downtown

**Commission/Board Recommendation:**

Not Applicable.

**Staff Recommendation:**

Authorize the City Manager, or designee, to approve the transfer of ownership of Natural Healing Center, LLC to Glass House and approve amendment to the Project Development Agreement (PDA) entered on October 16<sup>th</sup>, 2019. Additionally, Authorize City Manager, or designee, to sign PDA and issue Cannabis Regulatory Permit.

**Attachments:**

- ☐ Resolution:
- ☐ Ordinance:
- ☐ Map
- ☐ Contract
- ☒ Other

List: Project Development Agreement Amendment  
Ownership Transfer Document  
Project Development Agreement

**Review:**

- ☒ Asst. City Manager
- ☒ City Attorney
- ☒ City Clerk
- ☒ City Manager
- ☐ Finance

**Date:**

05/20/2022  
05/20/2022  
05/20/2022  
05/20/2022

May 17, 2022

T 310.229.9949  
F 310.229.9901  
EMBarketKremser@Venable.com

**Re: Transaction Approval Request and Proposed Development Agreement Amendments**

Mr. Olson,

We write on behalf of our client, Glass House Brands, Inc. (“Glass House”). Glass House and NHC Lemoore, LLC (“NHC”) have entered into an agreement under which, following the closing of the transaction, Glass House would own through a subsidiary entity 100% of the equity of NHC, though continuity of operations and some principals would remain (the “Transaction”). The Transaction is not yet finally consummated, and is contingent upon, among other things, all required local approvals and certain modifications to the Development Agreement entered into between the City of Lemoore (the “City”) and NHC (henceforth referenced as the “Developer”) dated October 16, 2019 (the “Development Agreement”).

Glass House is a public cannabis company with a large presence in California. It has a sustained track record of successful commercial cannabis operations under the Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”). With the consummation of the Transaction, the City can look forward to working with a strong commercial partner with a proven track record of both regulatory compliance and quality products.

Unless defined herein, all capitalized terms are as defined in the Development Agreement.

**A. Transaction Approval Request**

To the extent the Development Agreement, in particular Article X.A., requires prior written authorization of the Transaction, we hereby request under Section XII.E of the Development Agreement the City Manager’s prior written authorization for the Transaction. For administrative ease, a form of approval is attached hereto as Attachment A.

**B. Development Agreement Amendment**

In anticipation of the Transaction, we also request certain minor amendments to the Development Agreement.

First, we request that the City revise Recital A to clarify that Developer has rights to occupy the Property but does not own the Property. This amendment is needed since the Development Agreement appears to provide that the Developer owns or controls both the cannabis operation and the underlying property. Glass House, however, would only purchase the

equity interest of NHC Lemoore, LLC for the purpose of operating the cannabis retail location, whereas the Property would remain under third party ownership. This is fully compliant with MAUCRSA and its implementing regulations, as well as the Lemoore Municipal Code (“LMC”). LMC Section 4-8-2 contemplates a “Premises or Property Owner” who may be a separate individual or entity from the operator of the commercial cannabis business. LMC Section 4-8-5(A)(10) further provides “if the business owner is not the premises owner, the application form must be accompanied with a notarized acknowledgement from the premises owner that cannabis operations will occur on its property.” Both state and local regulations explicitly permit Developer to lease the property at which operations will occur provided the premises owner consents, which will be the case in this instance.

Second, we request that the City revise Section 2 of the Development Agreement to specify that Developer is not required to comply with federal laws insofar as they conflict with California laws and regulations governing cannabis. As currently written, it would be impossible for Developer to comply with Section 2 of the Development Agreement because, as the City is well aware, cannabis remains federally illegal. We have proposed a slight alteration to the wording of that provision to capture what we believe is the City’s intent—that Developer comply with all applicable state, local, and federal laws, excepting those federal laws which are inconsistent with MAUCRSA and the state’s cannabis regulatory regime.

We note that pursuant to Section XII.E of the Development Agreement, the City Manager has the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Development Agreement on behalf of City so long as such actions do not materially or substantially change the uses or development contemplated under the Development Agreement. The amendments proposed above certainly are within this scope and further are minor amendments; the proposals are designed to clarify certain immaterial aspects of the Development Agreement and prevent accidental noncompliance. For your consideration, a draft First Amendment to the Development Agreement is attached hereto as Attachment B.

\*\*\*\*\*

We request a call with your office at your earliest convenience. Thank you for your attention to this matter and we look forward to discussing in greater detail.

Sincerely,



Elizabeth M. Barket Kremser

**ATTACHMENT A**  
**CONSENT**



[DATE]

RE: Authorization of the Transaction under the Development Agreement

The City of Lemoore (the “City”) and NHC Lemoore, LLC (the “Developer”) entered into that Development Agreement dated October 16, 2019 (the “Development Agreement”) to allow for operation of a commercial cannabis retail store and delivery operation in accordance with applicable laws and regulations as well as the Lemoore Municipal Code.

The City Manager hereby authorizes, under Section X(A) of the Development Agreement, as of the date above the transaction between Glass House Brands, Inc. (“Glass House”) and Developer whereby Glass House will acquire 100% of the equity interest of Developer (the “Transaction”), and subsequently to the consummation of the Transaction will own 100% of the equity interest of Developer directly or through a wholly-owned subsidiary.

By its signature below, the City Manager hereby waives the requirement for a transferee of the Development Agreement to sign an Assignment and Assumption Agreement as a condition of the City’s approval for the Transaction, since the Transaction contemplates an indirect transfer and Developer will remain NHC Lemoore, LLC.

By: \_\_\_\_\_  
City Manager

**ATTACHMENT B**  
**FIRST AMENDMENT TO DEVELOPMENT AGREEMENT**

**FIRST AMENDMENT TO PROJECT DEVELOPMENT AGREEMENT  
CITY OF LEMOORE  
AND  
NHC LEMOORE LLC**

THIS FIRST AMENDMENT TO PROJECT DEVELOPMENT AGREEMENT (“First Amendment”) is made and entered into as of \_\_\_\_\_, 2022 (“Effective Date”) by and between the City of Lemoore, a California charter city (“City”) and NHC Lemoore LLC, a California limited liability company (“Developer”), with respect to the following Recitals, which are a substantive part of this Agreement:

**RECITALS**

- A. On October 16, 2019, the City approved the Development Agreement between the City and Developer to allow for operation of a commercial cannabis retail store and delivery operation (the “Project”) in accordance with California’s Medicinal and Adult-Use Cannabis Regulation and Safety Act (“MAUCRSA”) as well as City’s Ordinance No. 2019-03, as set forth in the City’s Municipal Code.
- B. Pursuant to Section XII.E of the Development Agreement, the City Manager shall have the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not materially or substantially change the uses or development contemplated under the Development Agreement.
- C. Developer now requests the minor amendments set forth in this First Amendment, and the City Manager, by his signature below, hereby affirms that the amendments contemplated herein do not materially or substantially change the uses or development contemplated under the Development Agreement.
- D. Except as set forth herein, all other terms and conditions of the Development Agreement shall remain in full force and effect.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises set forth herein, City and Developer agree as follows:

- 1. Recital A of the Development Agreement is hereby amended in its entirety to read:
  - A. Developer maintains the legal right to occupy certain real property (collectively, “Property”) at 338 West D Street, Lemoore, California (APNs 020-054-014 and 020-054-002), and more particularly described in Exhibit “A” to this Agreement. The property is designated Mixed Use pursuant to the City of Lemoore 2030 General Plan, and is zoned Downtown Mixed Use, Core (DMX-1), consistent with this General Plan designation.
- 2. Section 2 of the Development Agreement is hereby amended in its entirety to read:

**II. Lawfulness of Activities.** In entering into this Agreement and processing the Regulatory Permit, the City makes no guarantees or promises as to the lawfulness of the proposed commercial cannabis operations under State or federal law. Developer is obligated to comply with all applicable laws, including MAUCRSA and all enabling regulations and the Ordinance, and any other relevant local, state, or federal laws; provided, however, that the

City shall not require compliance with the federal Controlled Substances Act, 21 USC § 801 or any other federal law or regulation which conflicts with California law governing the production, manufacture, sale, use or possession of commercial cannabis. To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to approving the Ordinance, a Regulatory Permit for Developer, or any other commercial cannabis operation approved by the City.

3. Counterparts. This First Amendment may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This First Amendment shall be executed in two (2) originals, each of which is deemed to be an original.
4. Authority. Each party to this First Amendment represents and warrants that the person or persons executing this First Amendment on such party's behalf has the authority to bind his or her respective Party and that all necessary board of directors', shareholders', partners', city councils' or other approvals have been obtained.
5. Severability. If any part of this First amendment is found to conflict with applicable state laws or regulations, such part shall be inoperative, null and void insofar as it conflicts with said laws or regulations, or modified or suspended as may be necessary to comply with such state laws or regulations, but the remainder of this Agreement shall continue to be in full force and effect.

*[Signatures on the following page]*

**IN WITNESS WHEREOF**, the City and the Developer have executed this First Amendment as of the date set forth above.

**NHC LEMOORE, LLC:**

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

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

**CITY OF LEMOORE:**

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

City Manager

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

**ATTEST:**

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

City Clerk

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

**PROJECT DEVELOPMENT AGREEMENT**

**CITY OF LEMOORE**

**AND**

**NHC LEMOORE, LLC**

## PROJECT DEVELOPMENT AGREEMENT

This Project Development Agreement (“**Agreement**”) is entered into Effective October 16, 2019 (“**Effective Date**”) between the City of Lemoore, a California charter city (“**City**”) and NHC Lemoore, LLC , a California limited liability company (“**Developer**”), with respect to the following Recitals, which are a substantive part of this Agreement:

### RECITALS

A. Developer is the owner of certain real property (collectively “**Property**”) at 338 West D Street, Lemoore, California (APNs 020-054-014 and 020-054-002), and more particularly described in **Exhibit “A”** to this Agreement. The Property is designated Mixed Use pursuant to the City of Lemoore 2030 General Plan, and is zoned Downtown Mixed Use, Core (DMX-1), consistent with this General Plan designation.

B. Developer proposes to remodel the existing building on the property for the purpose of operating a commercial cannabis retail store and delivery operation (“**Project**”) in accordance with California's Medicinal and Adult-Use Cannabis Regulation and Safety Act (“**MAUCRSA**” or the “**Act**”), as well as City’s Ordinance No. 2019-03 (“**Ordinance**”), as set forth in the City’s Municipal Code.

C. This Agreement is contingent on Developer obtaining a commercial cannabis regulatory permit (“**Regulatory Permit**”) pursuant to the Ordinance.

D. Developer represents that its principals are experienced developers and/or operators of commercial cannabis operations or have otherwise contracted with experienced commercial developers, operators, contractors, and other professionals for the purposes of developing the Project on the Property. Developer acknowledges that it be responsible for all improvements to the Property necessary for the Project.

E. Developer represents its intention to use reasonable efforts to hire City residents to work in its commercial cannabis operations, and City encourages Developer to hire locally.

**NOW, THEREFORE**, pursuant to the authority contained in the California’s Development Agreement statutes (Government Code section 65864, et seq.), enacted pursuant to Article XI, Section 2 of the California Constitution, and in consideration of the foregoing recitals of fact, all of which are expressly incorporated into this Agreement, the mutual covenants set forth in this Agreement, the City and Developer agree as follows:

I. **Development of Property.** Developer proposes to develop and operate the Property for a Commercial Cannabis Operation to the extent commercially reasonable and as allowed under MAUCRSA and the Ordinance, which includes both (i) cannabis retail storefront and (ii) cannabis delivery. For this to happen, City must approve a Regulatory Permit. The exact Commercial Cannabis Operation to be approved for the Leased Property will be determined during the Regulatory Permit process, but shall be consistent with the terms and conditions of this Agreement.



II. **Lawfulness of Activities.** In entering into this Agreement and processing the Regulatory Permit, the City makes no guarantees or promises as to the lawfulness of the proposed commercial cannabis operations under State or federal law, and Developer is obligated to comply with all applicable laws. To the fullest extent permitted by law, City shall not assume any liability whatsoever with respect to approving the Ordinance, a Regulatory Permit for Developer, or any other commercial cannabis operation approved by City.

III. **Developer Representations.** Developer represents and warrants that Developer, and/or principal members of Developer, is/are an experienced developer and operator of commercial properties with experience in cannabis operations, or has otherwise contracted with experienced commercial developers, architects, and/or other professionals for the purpose of developing the Property. The qualifications and identity of Developer and Developer's contractors are of particular concern to City, and because of such qualifications and identity, the City has entered into this Agreement with Developer. City has considered and relied upon Developer's representations and warranties in entering into this Agreement.

IV. **Fees.** Developer shall pay to City the following fees:

- A. An initial licensing fee of Two Hundred Thousand Dollars (\$200,000.00) to be paid to the City at the time the Regulatory Permit is issued. This is not an annual or recurring fee but will be paid only once in the time and manner set forth herein. If the Skate Park and Splash Pad are required to be relocated, this fee shall increase to a total of Three Hundred Fifty Thousand Dollars (\$350,000) and shall offset up to 50% of the relocation cost to the City, with the remainder unrestricted.
- B. An annual cannabis license fee of twelve thousand, eight hundred sixty (\$12,860) ("**Annual License Fee**") paid by the Developer to the City on the first January 10 after the issuance of the Regulatory License and annually thereafter on or before January 10 of each calendar year.
- C. An operational and use fee in an amount equal to five percent (5%) of the "**Gross Sales**" received by Developer from transactions on the Property ("**Revenue Raising Fee**"). Gross Sales, as used herein, shall mean the aggregate gross amount of all sales of merchandise made and all charges for services performed on the Property, whether wholesale or retail, and whether cash or credit, and including the value of all non-monetary consideration received for any of the foregoing, and all amounts received by Developer from conducting business on or from the Property, including, without limitation, all display fees, slotting allowances, promotional considerations, rebates or other payments received by Developer to stock, promote or advertise any product, *less* (a) cash refunds or credit for merchandise returned if the price of such merchandise was originally included in Gross Sales; (b) the amount of sales tax and excise tax to the extent included in Gross Sales; (c) the amount of any public improvement fees (PIF), tax increment financing (TIF) revenues and any similar fees or revenue, to the extent included in Gross Sales, (d) the amount of any governmental rebates; and (e) the amount of sales representing uncollectible checks or uncollectible credit or charge



accounts provided, however, any amounts subsequently collected shall be included in Gross Sales. Merchandise transferred from the Property to other stores of Developer or merchandise returned for credit to distributors shall not be included in determining Gross Sales. All sales on credit shall be included in computing the Gross Sales, notwithstanding that part of the monies receivable thereunder by Tenant or any subtenant, licensee or concessionaire shall not then have been actually received.

- D. If more than one commercial cannabis operation operates on the Property, whether within a single building or multiple buildings, each Regulatory Permit holder shall be responsible for paying the Revenue Raising Fee and its pro rata share of the Annual License Fee. The Revenue Raising Fee shall be payable, in not less than quarterly installments, with the first quarterly payment due prior to issuance of a certificate of occupancy. All quarterly payments shall be received by the City before within thirty (30) days of the end of each calendar quarter.
- E. If the City subsequently adopts a tax on commercial cannabis operations and that tax is approved by the voters, Developer shall pay the tax in lieu of the Revenue Raising Fee and the Annual License Fee once the City begins to collect the tax revenue.

In addition to the Revenue Raising Fee and the Annual License Fee, during each calendar year beginning the Effective Date, Developer shall donate a collective minimum of Twenty-Four Thousand Dollars (\$24,000.00) (**"Donations"**) to (i) charitable groups that provide services or goods primarily within the City; and/or (ii) civic projects within the City of Lemoore including, without limitation, projects relating to youth sports or recreational activities, senior activities and civic events. The City may make suggestions to Developer how the Donations are directed, however, the ultimate decision as to recipient(s) of the Donations is within the sole and absolute discretion of Developer. If the Skate Park and Splash Pad are required to be relocated, the Developer may suspend and forgo the Donations for a period not exceed 24 months.

- F. Relocation of Skate Park and Splash Pad. Developer shall reimburse its proportional share 50% with a cap of Three Hundred-Fifty Thousand (\$350,000) for relocation of the Skate Park (estimated at \$500,000.00) and the Splash Pad estimated at Two Hundred-Thousand (\$200,000.00) to a City-owned property (hereinafter the "Project"). The City will bid and manage the Project through completion. The cost of the Project (and Developer's corresponding proportional share) shall be capped at Seven Hundred Thousand Dollars. (\$700,000).
- G. Developer agrees to pay 50% of its proportional share within five (5) business days from the date of issuance of the Notice to Proceed with construction of the Project. The remaining 50% of Developer's proportional share shall be paid to the City within five (5) business days from the date of recordation of the Notice of Completion for the Project.

H. The requirements of this Section shall be a recorded covenant running with the land and binding on all owners, tenants, and Regulatory Permit holders for the Property. The covenants shall expire on the expiration or earlier termination of this Agreement.

V. **Local Contractors.** To the extent practical, Developer will use reasonable efforts to hire construction/remodel contractors for the Property that are based within the City of Lemoore or whose work force is made up of a significant number (e.g. 30%) of residents of the City of Lemoore. Nothing in this section V. shall be construed to require Developer to accept a bid from a contractor that is more than five percent (5%) higher than the lowest bid received for the same or similar work.

VI. **Community Outreach Manager/Chamber of Commerce.** At all times, Developer shall designate an employee as Community Outreach Manager who shall work in a liaison capacity with local businesses and civic and social organizations to address any issues that may arise between Developer and such entities and to general work in cooperation with such groups and the City toward the betterment and enhancement of a clean, safe, attractive and community environment within the City. The Community Outreach Manager shall join and remain active in the Lemoore Chamber of Commerce.

VII. **Advisory Committee.** For the first three (3) years after the commencement of business operations on the Property, Developer will form and maintain a Community Advisory Committee made up of the Community Outreach Manager, referenced in Section VI above and two (2) City residents and/or City employees selected by the Developer. The Committee shall meet as necessary but not less than once per quarter to discuss and, if warranted, make recommendations in the maintenance or improvement of relations between Developer, the City and City residents and patrons.

VIII. **Compliance with Laws.** Developer shall operate the commercial cannabis operation in conformity MAUCRSA and any implementing regulations, as they may be amended from time to time. Developer shall comply with all other applicable laws, state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, all other provisions of the Lemoore Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, California Government Code Section 4450, *et seq.*, California Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.* with respect to the existing and any proposed improvements on the Property.

IX. **Developer's Indemnity.**

A. **Commercial Cannabis Operations.** Developer shall defend, indemnify, assume all responsibility for, and hold City and its officers, agents, employees, and volunteers, harmless from all claims, demands, damages, defense costs or liability of any kind or nature arising from or related to any State or federal law enforcement action against Developer, Developer's tenants, subtenants, licensees, contractors and



employees (“**Developer Parties**”) in connection with the commercial cannabis operation conducted on the Property after the issuance of the Regulatory Permit (“**Cannabis Claims**”). Developer’s indemnity shall not extend to any loss of revenue suffered or incurred by City in connection with any termination, cessation, restriction, seizure, or other limitation of any commercial cannabis operation on the Property.

- B. Construction and Other Operations. In addition to the indemnity obligations of subsection (a), Developer shall defend, indemnify, assume all responsibility for, and hold City and its officers, agents, employees, and volunteers, harmless from all claims, demands, damages, defense costs or liability of any kind or nature relating to the subject matter of this Agreement or the implementation thereof, including all construction and operation activities on the Property, and for any damages to property or injuries to persons, including accidental death (including attorneys’ fees and costs), which may be caused by any acts or omissions of Developer Parties in the performance under this Agreement, whether such damage shall accrue or be discovered before or after termination of this Agreement (“**Other Claims**”). Developer’s liability under this Subsection (b) is limited to the extent the property damage or bodily injury is caused by the sole negligence or willful misconduct of City or its agents or employees.

X. **Restrictions on Transfer.**

- A. City Approval Prior to Closing. Prior to acquisition of the Property, Developer shall not transfer this Agreement or any of Developer’s rights hereunder, directly or indirectly, voluntarily or by operation of law, without the prior written approval of City, and if so purported to be transferred, the same shall be null and void. In considering whether it will grant approval to any assignment by Developer of its rights hereunder, City shall consider factors such as (a) the financial strength and capability of the proposed assignee to perform Developer’s obligations hereunder; and (b) the proposed assignee’s experience and expertise in the planning, financing, development, ownership, and operation of similar projects.
- B. Assignee Obligations. In the absence of specific written agreement by City, no assignment or transfer by Developer of all or any portion of its rights shall be deemed to relieve it or any successor party from any obligations under this Agreement. In addition, no attempted assignment of any of Developer’s obligations hereunder shall be effective unless and until the successor party executes and delivers to City an assumption agreement in a form reasonably approved by the City assuming such obligations.

XI. **Defaults and Remedies.**

Failure by either party to perform any action or covenant required by this Agreement within the time periods provided herein, following notice and failure to cure as described hereafter, constitutes a “**Default**” under this Agreement. A party claiming a Default shall give written

Notice of Default (“**Notice**”) to the other party specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within fifteen (15) days from receipt of such Notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall diligently complete such cure, correction or remedy.

- A. Failure to Open. Developer has 45 days to open dispensary upon the receipt of State of California Division of Cannabis Licensing. Failure to open timely may result in loss of Regulatory Permit from the City.

In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Kings, California, or in the United States District Court for the Eastern District of California – Fresno Division, if allowable.

## XII. General Provisions.

- A. Notices, Demands, and Communications Between the Parties. Any approval, disapproval, demand, document or other notice (“Notice”) which either party may desire to give to the other party under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To City: Nathan Olson  
City Manager  
711 W. Cinnamon Drive  
Lemoore, CA 93245  
Tel: (559) 924-6744 ext. 700  
Email: nolson@lemoore.com

With a copy to: Mary Lerner  
Lozano Smith  
7404 N. Spalding  
Fresno, California 93720  
Tel: (559) 431-5600  
Fax: (559) 431-4420  
Email: mlerner@lozanosmith.com

To Developer: NHC Lemoore, LLC

\_\_\_\_\_  
Tel: ( ) -



Fax: ( ) -  
Email:

With a copy to: Attn: Thomas D. Green  
P.O. Box P.O. Box 3835  
San Luis Obispo, California 93403-3835  
Tel: (805) 543-0990  
Fax: (805) 543-0980  
Email: green@ammcglaw.com

Any written notice, demand or communication shall be deemed received: immediately if delivered by hand; 24 hours after delivery to a receipted, overnight delivery service such as Federal Express; 24 hours after delivery by e-mail with an acknowledgement of receipt by the intended recipient; and on the fourth (4th) day from the date it is postmarked if delivered by registered or certified mail.

- B. Successors and Assigns. All of the terms, covenants, and conditions of this Agreement shall be binding upon Developer and City, and their respective successors and assigns. Whenever the term "Developer" is used in this Agreement, such term shall include any other successors and assigns as herein provided. This Agreement shall run with the land and be binding upon Developer's successors and assigns in and to the Property.
- C. Relationship Between City and Developer. It is hereby acknowledged that the relationship between City and Developer is not that of a partnership or joint venture and that City and Developer shall not be deemed or construed for any purpose to be the agent of the other. Except as expressly provided herein or in the Attachments hereto, City shall not have any rights, powers, duties or obligations with respect to the Project.
- D. No Third-Party Beneficiaries. There shall be no third-party beneficiaries of this Agreement.
- E. City Approvals and Actions. City shall maintain authority over this Agreement, and the authority to implement this Agreement through the City Manager (or his/her duly authorized representative). The City Manager shall have the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not materially or substantially change the uses or development contemplated under this Agreement, and such approvals, interpretations, waivers and/or amendments may include extensions of time to perform if applicable. All other material and/or substantive interpretations, waivers, or amendments shall require the consideration, action and written consent of the City Council.

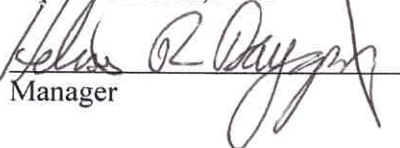
- F. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement shall be executed in two (2) originals, each of which is deemed to be an original.
- G. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material. This Agreement includes all Attachments and Exhibits attached hereto, which are incorporated herein.
- H. Interpretation and Applicable Law. This Agreement has been prepared with input from both parties, and shall be interpreted as though prepared jointly by both parties. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.
- I. No Waiver. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. Nor shall a waiver by either party of a breach of any of the covenants, conditions or promises under this Agreement to be performed by the other party be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.
- J. Modifications. For any alteration, change or modification of or to this Agreement to become effective, it shall be made in writing and in each instance signed on behalf of each party.
- K. Legal Advice. Each party represents and warrants to the other the following: They have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.



- L. Cooperation. Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.
- M. Non-Liability of Officials and Employees of the City. No official, employee or agent of the City shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by the City or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this Agreement.
- N. Attorneys' Fees. In any action between the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing party in the action shall be entitled, in addition to damages, injunctive relief, or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.
- O. Term. The term of this Agreement ("Term") shall be for a period of Ten (10) years commencing on the Effective Date. Notwithstanding anything to the contrary herein, the Term shall be automatically be extended one (1) additional period of ten (10) years after the initial expiration date unless either party gives written notice of intent to terminate to the other party. The notice of intent to terminate shall be given no more than 12 months and no less than 6 months prior to the expiration of the initial Term.


**IN WITNESS WHEREOF**, the City and the Developer have executed this Disposition and Development Agreement as of the date set forth above.

**NHC Lemoore, LLC**

  
Manager

Date:  11/7/2019

**CITY OF LEMOORE**

  
City Manager

Date: 10/16/2019

**ATTEST:**

  
City Clerk

Date: 10/16/2019

## **EXHIBIT A**

### **LEGAL DESCRIPTION AND DEPICTION OF PARCEL 4**

**[See Attached]**



**EXHIBIT "A"**  
Legal Description

For APN/Parcel ID(s): 020-054-002-000 and 020-054-014-000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LEMOORE, COUNTY OF KINGS, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

**PARCEL 1:**

LOTS SEVEN AND EIGHT IN BLOCK FORTY-NINE OF THE CITY OF LEMOORE, AS PER MAP RECORDED IN BOOK 1 PAGE 52 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

**PARCEL 2:**

THE EAST 20 FEET OF LOT SIX IN BLOCK FORTY-NINE OF THE CITY OF LEMOORE, AS PER MAP RECORDED IN BOOK 1 PAGE 52 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 020-054-014-000

**PARCEL 3:**

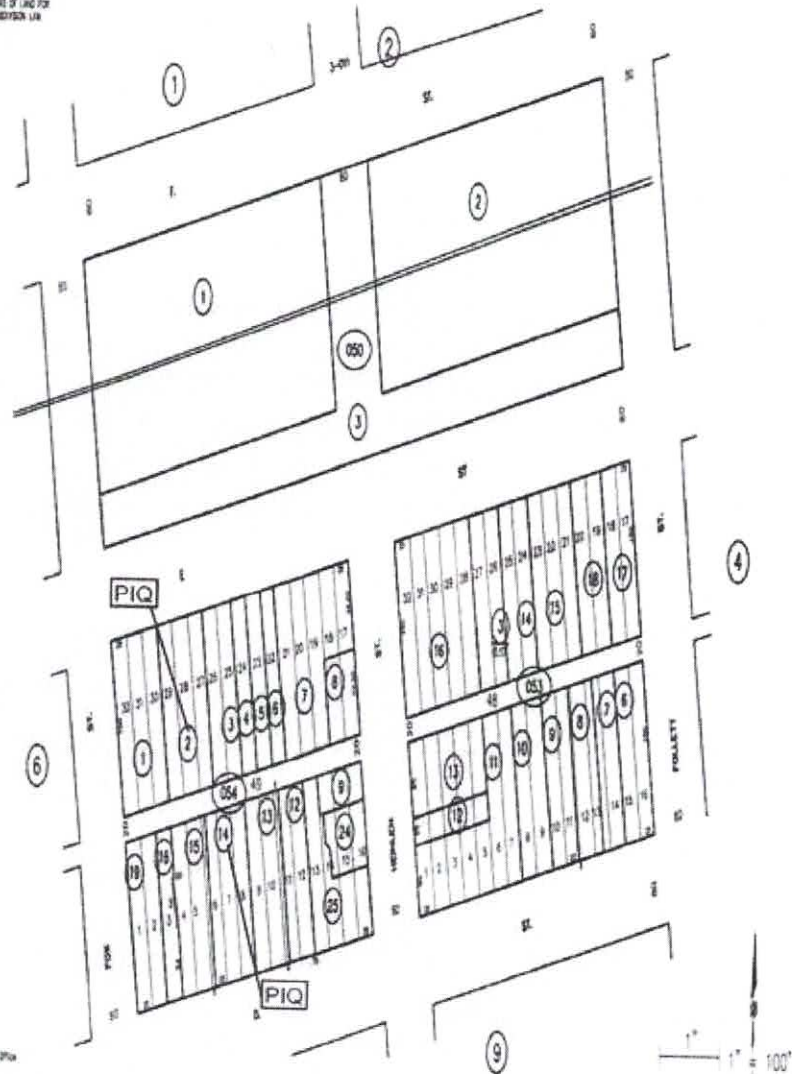
LOTS 27, 28 AND 29 IN BLOCK 49 OF LEMOORE, IN THE CITY OF LEMOORE, ACCORDING TO THE MAP THEREOF RECORDED IN BOOK 1 PAGE 52 OF LICENSED SURVEYOR PLATS.

APN: 020-054-002-000

# KINGS COUNTY ASSESSOR'S MAP

20-05

THIS MAP IS FOR ASSESSMENT PURPOSES ONLY.  
IT IS NOT TO BE CONSTRUED AS A SURVEY.  
LOCAL VARIATIONS OF DIMENSIONS OF LAND FOR  
PURPOSES OF ZONING OR SUBDIVISION LAW  
JULY 1992



Copyright © 1992, King County Assessor's Office  
All rights reserved

This map/plan is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

## FIRST AMENDMENT TO PROJECT DEVELOPMENT AGREEMENT

CITY OF LEMOORE

AND

NHC LEMOORE LLC

THIS FIRST AMENDMENT TO PROJECT DEVELOPMENT AGREEMENT ("First Amendment") is made and entered into as of \_\_\_\_\_, 2022 ("Effective Date") by and between the City of Lemoore, a California charter city ("City") and NHC Lemoore LLC, a California limited liability company ("Developer"), with respect to the following Recitals, which are a substantive part of this Agreement:

### RECITALS

A. On October 16, 2019, the City approved the Development Agreement between the City and Developer to allow for operation of a commercial cannabis retail store and delivery operation (the "Project") in accordance with California's Medicinal and Adult-Use Cannabis Regulation and Safety Act ("MAUCRSA") as well as City's Ordinance No. 2019-03, as set forth in the City's Municipal Code.

B. Pursuant to Section XII.E of the Development Agreement, the City Manager shall have the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of City so long as such actions do not materially or substantially change the uses or development contemplated under the Development Agreement.

C. Developer now requests the minor amendments set forth in this First Amendment, and the City Manager, by his signature below, hereby affirms that the amendments contemplated herein do not materially or substantially change the uses or development contemplated under the Development Agreement.

D. Except as set forth herein, all other terms and conditions of the Development Agreement shall remain in full force and effect.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises set forth herein, City and Developer agree as follows:

1. Recital A of the Development Agreement is hereby amended in its entirety to read:

A. Developer maintains the legal right to occupy certain real property (collectively, "Property") at 338 West D Street, Lemoore, California (APNs 020-054-014 and 020-054-002), and more particularly described in Exhibit "A" to this Agreement. The property is designated Mixed Use pursuant to the City of Lemoore 2030 General Plan, and is zoned Downtown Mixed Use, Core (DMX-1), consistent with this General Plan designation.

2. Section 2 of the Development Agreement is hereby amended in its entirety to read:

**II. Lawfulness of Activities.** In entering into this Agreement and processing the Regulatory Permit, the City makes no guarantees or promises as to the lawfulness of the proposed commercial cannabis operations under State or federal law. Developer is obligated to comply with all applicable laws, including MAUCRSA and all enabling regulations and the Ordinance, and any other relevant local, state, or federal laws; provided, however, that the

City shall not require compliance with the federal Controlled Substances Act, 21 USC § 801 or any other federal law or regulation which conflicts with California law governing the production, manufacture, sale, use or possession of commercial cannabis. To the fullest extent permitted by law, the City shall not assume any liability whatsoever with respect to approving the Ordinance, a Regulatory Permit for Developer, or any other commercial cannabis operation approved by the City.

3. Counterparts. This First Amendment may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This First Amendment shall be executed in two (2) originals, each of which is deemed to be an original.

4. Authority. Each party to this First Amendment represents and warrants that the person or persons executing this First Amendment on such party's behalf has the authority to bind his or her respective Party and that all necessary board of directors', shareholders', partners', city councils' or other approvals have been obtained.

5. Severability. If any part of this First amendment is found to conflict with applicable state laws or regulations, such part shall be inoperative, null and void insofar as it conflicts with said laws or regulations, or modified or suspended as may be necessary to comply with such state laws or regulations, but the remainder of this Agreement shall continue to be in full force and effect.

*[Signatures on the following page]*

**IN WITNESS WHEREOF**, the City and the Developer have executed this First Amendment as of the date set forth above.

**NHC LEMOORE, LLC:**

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

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

**CITY OF LEMOORE:**

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

City Manager

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

**ATTEST:**

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

City Clerk

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



711 W. Cinnamon Drive • Lemoore, California 93245 • (559) 924-6744 • Fax (559) 924-6708  
Office of the City Manager

5/23/2022

RE: Authorization of the Transaction under the Development Agreement

The City of Lemoore (the “City”) and NHC Lemoore, LLC (the “Developer”) entered into that Development Agreement dated October 16, 2019 (the “Development Agreement”) to allow for operation of a commercial cannabis retail store and delivery operation in accordance with applicable laws and regulations as well as the Lemoore Municipal Code.

The City Manager hereby authorizes, under Section X(A) of the Development Agreement, as of the date above the transaction between Glass House Brands, Inc. (“Glass House”) and Developer whereby Glass House will acquire 100% of the equity interest of Developer (the “Transaction”), and subsequently to the consummation of the Transaction will own 100% of the equity interest of Developer directly or through a wholly-owned subsidiary.

By its signature below, the City Manager hereby waives the requirement for a transferee of the Development Agreement to sign an Assignment and Assumption Agreement as a condition of the City’s approval for the Transaction, since the Transaction contemplates an indirect transfer and Developer will remain NHC Lemoore, LLC.

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

Nathan C Olson  
City Manager

May 23, 2022

**Re: City Council Approval and Permit Issuance under LMC Title 4, Chapter 8, Section 4-8-4(B) for a Change of Ownership for the Commercial Cannabis Permits of NHC Lemoore, LLC (LCCB-2021-02 and LCCB-2022-01)**

NHC Lemoore, LLC (“NHC”) holds two commercial cannabis business permits duly issued by the City of Lemoore: LCCB-2021-02 for a cannabis retail permit and LCCB-2022-01 for a cannabis consumption lounge (together, the “Licenses”).

NHC and Glass House Brands Inc. (“Glass House”) have entered into a definitive agreement that after consummation would result in Glass House owning, through its wholly owned subsidiary Glass House Retail, LLC, one hundred percent (100%) of the equity interest in NHC (the “Transaction”). Other persons who will qualify as “Owners,” as such term is defined by LMC Title 4, Chapter 8, Section 4-8-2, following the Transaction have been disclosed to the Office of the City Manager.

Under LMC Title 4, Chapter 8, Section 4-8-4(B), the City Council must approve by issuing a new cannabis permit where there is a fifty percent (50%) or more change of ownership of any business owner of the cannabis licensee. Upon notice of consummation of the Transaction, the Office of the City Manager shall proceed to reissue the permit certificates for the Licenses with updated Ownership reflected, with no effect on the effective date or expiration date of the Licenses.

The City Council hereby pre-approves the Transaction and, upon the consummation of the Transaction, hereby authorizes the automatic re-issuance of the Licenses under the new ownership described above.

Signed,

---

Stuart Lyons, Mayor

---

Patricia Matthews, Mayor Pro Tem

---

Jim Chaney, Council Member

---

Frank Gornick, Council Member

---

David Orth, Council Member

ATTEST: \_\_\_\_\_

Marisa Avalos, City Clerk