

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL  
TO:

City of Colusa  
425 Webster Street  
Colusa CA 95932

Attention: City Clerk

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SPACE ABOVE THIS LINE FOR RECORDER'S USE  
Recording Fee Exempt per Government Code §6103

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into as of \_\_\_\_\_, 2026 (the "Execution Date"), by and between the CITY OF COLUSA, a California municipal corporation ("City") and COLUSA RIVERBEND ESTATES L.P., a California limited partnership, and POMONA RIO PROPERTY, LLC a California limited partnership (collectively, "Owner"). City and Owner are sometimes referenced together herein as the "Parties." In instances when a provision hereof applies to each of the Parties individually, either may be referenced as a "Party." The Parties jointly render the following statement as to the background facts and circumstances underlying this Agreement.

RECITALS

- A. The State of California enacted California Government Code section 65864 *et seq.* ("Development Agreement Laws") to authorize municipalities to enter into development agreements with those having an interest in real property to strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development in connection with the development of real property within their jurisdiction.
- B. The purpose of the Development Agreement Statutes is to authorize municipalities, in their discretion, to establish certain development rights in real property for a period of years regardless of intervening changes in land use regulations, to vest certain rights in the developer, and to meet certain public purposes of the local government.
- C. Owner proposes to develop and operate a business park for cannabis cultivation and processing (the "Cannabis Center") as described in the Final Initial Study and Mitigated Negative Declaration for the City of Colusa Wastewater Control Plan Annexation and Triple Crown Development (State Clearinghouse No. 2026010040) prepared under the California Environmental Quality Act, Public

Resources Code section 21000 et seq and accompanying Title 14 of the California Code of Regulations, section 15000 et seq. (the “Final MND”<sup>1</sup>).

- D. On April 25, 2024, City and Owner entered the Land Transfer and Exchange Agreement and Joint Escrow Instructions, as subsequently amended on August 13, 2024, September 26, 2024, and \_\_\_\_\_, 2026 (collectively, the “Land Transfer Agreement”). Pursuant to the Land Transfer Agreement, and subject to approval by the Colusa Local Agency Formation Commission, the City intends to annex 509 acres (APN 017-020-026) of city-owned and private property abutting City’s Wastewater Control Plant extending to the northeast to City limits (the “WWCP Property”). City intends to transfer to Owner a fee interest in 88.97 acres of the WWCP Property, as depicted in Exhibit A and legally described on Exhibit B attached hereto and incorporated herein by this reference, for the Cannabis Center (the “Cannabis Center Property”). In exchange for the Cannabis Center Property, Owner intends to transfer to City a fee interest in 83.66 acres of vacant land (APNs: 002-270-009; 015-130-037; 002-270-010; 002-270-011; 002-270-012; and 002-270-013) on the northeastern side of the City, just north of East Clay Street (the “Owner Site”).
- E. The Cannabis Center will be developed in five (5) phases (each, a “Phase”, together, “Phases”) with approximately 2,120,000 square feet of total building space containing cultivation structures, drying and processing space, warehouses, manufacturing and research facilities, plus a drainage basin, which may be used for all or a combination of such activities as cannabis planting, growing, harvesting, drying, curing, grading, trimming, extracting, manufacture into cannabis products, testing, distribution and transportation. The **first phase** will consist of the development of two (2) buildings totaling approximately 440,000 square feet (“Phase 1”); the **second phase** will consist of the development of an additional two (2) buildings totaling approximately 440,000 square feet (“Phase 2”); the **third phase** will consist of the development of an addition of two (2) buildings totaling approximately 440,000 square feet (“Phase 3”); the **fourth phase** will consist of the development of an additional two (2) buildings totaling 400,000 square feet (“Phase 4”); and the **fifth and final phase** will include the addition of two (2) buildings totaling approximately 400,000 square feet (“Phase 5”).
- F. The Cannabis Center will operate in accordance with all applicable state and local cannabis laws and regulations in effect on the Effective Date, as defined in Section 3.0 of this Agreement (collectively, the “State and Local Cannabis Laws”) and obtain any required licenses required by the State and Local Cannabis Laws.
- G. On June 6, 2017, the Colusa City Council (the “City Council”) adopted Ordinance No. 519 attached hereto as Exhibit C and incorporated herein by this reference amending City’s Zoning Code and Municipal Code to permit cannabis-related

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<sup>1</sup> The Final IMND is hereby incorporated by this reference as if set forth verbatim.

activities and authorize issuance of cannabis-related permits, which among other things: (1) created a new “CM” Cannabis Manufacturing Combining District zoning district (the “CM Combining District”); (2) added new Section 33.03 to the Zoning Code authorizing issuance of Cannabis Manufacturing Special Use Permits; (3) added new Article 21.5 to the Zoning Code providing regulations regarding Cannabis Manufacturing Special Use Permits; (4) added new Chapter 12F to the Municipal Code authorizing issuance of Cannabis Manufacturing Facilities Regulatory Permits and providing regulations regarding such permits; and (5) added and amended certain defined terms related thereto (collectively, the “City Cannabis Laws”).

H. The following approvals are necessary to implement the City of Colusa Wastewater Control Plan Annexation and Triple Crown Development, which includes the Cannabis Center. These approvals are collectively referred to as the “Project Approvals”:

1. Rezoning of approximately 672 total acres of land, including 509 acres owned by City, as noted in Recital D, above, and 162 acres known as Brookins Ranch in the General Plan, subject to approval by Colusa County LAFCO.
2. Annexation of approximately 672 total acres of land, including 509 acres owned by City, as noted in Recital D, above, and 162 acres known as Brookins Ranch in the General Plan, subject to approval by Colusa County LAFCO.
3. Amendment of City’s Municipal Code to include an A-G zoning district.
4. Amendment of City’s General Plan land use designation to Agricultural and zoning designation to A-G Agricultural for the WWCP Property.
5. Amendment of City’s Municipal Code, Appendix A, Section 21.5.01 to permit commercial cannabis facilities (cultivation, nursery, manufacturing, production, testing, microbusiness) in the A-G Agricultural zoning district subject to a special use permit from City.
6. Tentative Subdivision Map for the WWCP Property for phased development of the Cannabis Center (the “Tentative Subdivision Map”), as depicted in Exhibit D.
7. Tentative Parcel Map for the Owner Site, as depicted in Exhibit E.
8. Cannabis Manufacturing Special Use Permit for the Cannabis Center (the “Special Use Permit”).
9. Cannabis Business Regulatory Permit under the City’s Municipal Code Chapter 12F (the “City Cannabis Permit”).

10. This Agreement.
11. Any amendments to City Approvals, as defined in Recital J, or subsequent City land use approvals, actions, agreements, permits or other entitlements that are necessary or desirable in connection with the Cannabis Center, including but not limited to use and grading permits, lot line adjustments, sewer and water connections, design review, building permits and certificates of occupancy, including all conditions of approval imposed in connection therewith (collectively “Subsequent Approvals”) .
  - I. After conducting a duly noticed hearing, on \_\_\_\_\_, the City’s Planning Commission reviewed, considered and recommended approval of this Agreement to the City Council.
  - J. On \_\_\_\_\_, the City Council held a duly noticed public hearing and took the following actions, collectively referred to as “City Approvals”.
    1. Resolution No. \_\_\_\_\_ adopting the Final MND, a Mitigation Monitoring and Reporting Program, and the City of Colusa Wastewater Control Plan Annexation and Triple Crown Development.
    2. Resolution No. \_\_\_\_\_ adopting a Resolution to Amend the City of Colusa General Plan.
    3. Resolution No. \_\_\_\_\_ approving the rezoning of approximately 672 total acres of land, including 510 acres owned by City, as noted in Recital D, above, and 162 acres known as Brookins Ranch.
    4. Resolution No. \_\_\_\_\_ adopting a Resolution of Application by the City of Colusa Requesting the Colusa County Local Agency Formation Commission Initiate Proceedings for Annexation of Territory to the City for the annexation of approximately 672 total acres of land, including 509 acres owned by City, as noted in Recital D, above, and 162 acres known as Brookins Ranch.
    5. Resolution No. \_\_\_\_\_ approving the Special Use Permit to allow the Cannabis Center uses proposed by Owner., subject to approval of the annexation by Colusa County LAFCO.
    6. Resolution No. \_\_\_\_\_ approving the City Cannabis Permit to allow the Cannabis Center uses proposed by Owner, subject to approval of the annexation by Colusa County LAFCO.
  - K. The City Council held a duly noticed public hearing for a second reading of Ordinance No. \_\_\_\_\_ to Approve the Development Agreement and authorizing its execution (the “Adopting Ordinance). The City Council considered the Planning Commission recommendations and testimony and information submitted by City staff, Owner, and members of the public. Having duly considered this Agreement

and having held the required noticed public hearings, City finds and declares that the provisions of this Agreement are consistent with the Development Agreement Laws, and the maps and text of City's General Plan.

- L. City, in entering into this Agreement, acknowledges that certain City obligations assumed will bind City and future City Councils to the obligations undertaken in this Agreement, and that this Agreement will limit the future exercise of certain governmental and proprietary powers of City. By approving this Agreement, the Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than defer its actions to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by City and the Council and have been found to be fair, just and reasonable. City has concluded that the pursuit of the Cannabis Center will serve the best interests of its citizens and that the public health, safety and welfare are best served by entering into this obligation. Owner has represented to City that it would not consider or engage in the Cannabis Center absent City approving this Agreement to assure Owner that it may exercise the development rights in this Agreement.
- M. City agrees that Owner's land use entitlements for the Cannabis Center will vest for the Term of this Agreement as described below.

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:

1. Exhibits to Agreement. The Exhibits to this Agreement are as follows:

- Exhibit A - Map of WWCP Property
- Exhibit B - Legal Description of WWCP Property
- Exhibit C - Ordinance No. 519
- Exhibit D - Tentative Subdivision Map for WWCP Property
- Exhibit E - Tentative Parcel Map for the Owner Site
- Exhibit F - Fee Schedule

2. Binding Effect of Agreement. The Parties agree that the Recitals above are true and correct and intend to be bound by same. The Parties further agree to the incorporation by reference of the Recitals, together with all definitions provided and exhibits referenced therein. This Agreement pertains to the Cannabis Center Property. Except as otherwise provided in Section 14 of this Agreement, the burdens of this Agreement are binding upon, and the benefits of this Agreement inure to, all Successors, as defined in Section 14, and constitute covenants that run with the Property. In order to provide continued notice thereof, the Parties will record this Agreement with the Colusa

County Recorder. The word “Owner” as previously defined and used herein includes successor owners, apart from government or quasi-public agencies, of any portion of the Cannabis Center Property. Should the size or orientation of any component of the Cannabis Center or Cannabis Center Property be changed in minor respects, e.g., changed by a lot line adjustment, this Agreement will not be deemed to have been affected or invalidated, but the rights and obligations of the Parties and Successors will remain as provided herein.

3. Relationship of the Parties. It is understood and acknowledged that the Cannabis Center is a private project and that neither City nor Owner will be deemed to be the agent of the other for any purpose whatsoever. The Parties renounce the existence of any form of joint venture or partnership between or among them and agree that nothing contained herein or in any document executed in connection herewith will be construed as making the Parties joint venturers or partners.

4. Term. This Agreement will commence upon the effective date of the Adopting Ordinance approving this Agreement, which date is \_\_\_\_\_, 2026 (the “Effective Date”). Upon becoming operative, this Agreement will continue in force for a period of forty (40) years from the Effective Date unless terminated as provided herein (the “Term”). Following expiration of the Term, or if sooner terminated, this Agreement will have no force and effect, subject however, to post-termination obligations of Owner, if any. Notwithstanding this Section 4, and in compliance with Government Code section 65865, subdivision (a), in no event will this Agreement become effective until and unless Owner has acquired the fee interest in the Cannabis Center Property pursuant to the terms of the Land Transfer Agreement and all amendments to the Land Transfer Agreement.

4.1. Term Extension – Third Party Issues. Notwithstanding the Parties’ expectation that there will be no limit or moratorium upon the Cannabis Center’s development or the issuance of building or other development related permits (a “Development Limitation”) during the Term, the Parties understand and agree that various third parties may take action causing a *de facto* Development Limitation. Consequently, the Term will be extended for any delay arising from or related to any Development Limitation that follows in the subsections below for a time equal to the duration of that delay occurring during the Term. No Development Limitation may arise or result from an action or omission by Owner.

4.1.1. Litigation. Any third party-initiated litigation that arises from or is related to any City action or omission with respect to this Agreement, the Project Approvals, the City Approvals, the Subsequent Approvals, any actions or omissions by Colusa County LAFCO, or any other subsequent approval by a local, state, or federal agency required in connection with the Cannabis Center or the City of Colusa Wastewater Control Plan Annexation and Triple Crown Development, or third party-initiated litigation having the actual effect of delaying the Cannabis Center’s development. This extension period includes any time during which appeals may be filed or are pending.

4.1.2. Government Agencies. Any delay arising from or related to the act(s) or omission(s) any third-party governmental agency, quasi-public entity or public utility, are beyond the reasonable control of Owner.

4.1.3. Force Majeure. Any delay resulting from war; insurrection; strikes; lock outs; picketing; other labor disputes; riots; floods; earthquakes; fires; other acts of mother nature; casualties; contamination; supernatural causes; acts of the “public enemy”; epidemics; quarantine restrictions; freight embargoes; lack of transportation; unusually severe weather; inability to secure necessary labor, materials, supplies or tools; delays of any contractor, subcontractor or supplier; or any other causes beyond the reasonable control of Owner.

4.2. Term Extensions. The Term of this Agreement may be extended as follows:

4.2.1. Request of Owner. This Agreement’s Term may be extended by the City Council for one (1) additional ten (10) year period following the expiration of the initial Term upon the occurrence of all of the following:

4.2.2. Written Notice. Owner will give written notice to City of a request to extend the Term no later than sixty (60) days before the expiration of the Term and the City Council agrees to act upon the request prior to expiration of the Term; and

4.2.3. No Default by Owner. Owner will not be in default with respect to any provision of this Agreement or any subsequent agreement or understanding between the Parties arising from or related to this Agreement, having received notice from City of said default per this Agreement, or if Owner did in fact default as to this Agreement, upon notice from City, that Owner did cure such default during the period to cure provided herein to City’s satisfaction.

4.3. Termination of Agreement.

4.3.1. Upon the termination of this Agreement, either by expiration or otherwise, Owner will have no right to engage in cannabis cultivation or manufacturing at the Cannabis Center Property, except as may otherwise be allowed by then-applicable City ordinance, law or separate development agreement.

4.4. City Approvals.

4.4.1. Term of City Approvals. Notwithstanding anything to the contrary in the Applicable Law (as defined in Section 6.1), including without limitation City Cannabis Laws, each of the Project Approvals, including any Subsequent Approvals, will vest consistent with Section 6, for the longer of: (a) the then-remaining Term of this Agreement as it may be extended; or (b) the term of the particular approval.

4.4.2. Tenants. Owner may lease all or portions of the Cannabis Center to one or more tenants (such lessees and/or their sublessees are collectively identified as “Tenants”). Tenants may be required to obtain one or more Subsequent

Approvals, including a Special Use Permit or a City Cannabis Permit, subject to the limitations on New Rules in Section 8. Compliance with this Agreement will be the responsibility of Owner, including Successors and/or Tenants, as set forth in Section 14.

4.4.3. Automatic Renewal of City Approvals. Notwithstanding any provision of Chapter 12 F - 4.E of City's Municipal Code, any permit or other approval obtained by Owner or Tenants under City Cannabis Law will continue in force and automatically renew annually with a written application for renewal, if required, provided the permit holder has paid all renewal fees due and payable, unless the permit holder is found to be in default of this Agreement or in violation of any State or Local Cannabis Laws after notice of such default or violation and a reasonable opportunity to cure (which cure period will not be less than sixty (60) days) and such cure is not continuously and actively being pursued and the annual renewal fees have been paid.

4.4.4. City Permit Fees. Fees charged by City for the initial issuance or annual renewal of a permit or other approval under City Cannabis Law will not exceed the amounts established by resolution of the City Council as of the Effective Date for a period of ten years from the Effective Date. Beginning on the 10th anniversary of the Effective Date, and every ten (10) years thereafter for the remainder of the Term, the City Permit Fees shall be adjusted to reflect then-current City Permit Fees in effect at the time of each such adjustment.

5. Cannabis Center Payments and Traffic Commitments. In consideration of City entering into this Agreement and authorizing development and operation of the Cannabis Center, City will receive the following:

5.1. City Compensation. The Cannabis Center will be developed in five phases, with maximum square footage of building area permitted for two "buildings" in each phase, as further described in Recital E. Owner or Tenants will submit payment to City for each "building", or smaller sections of a building, that may be less than the maximum square footage allowed, based on the final as-built square footage that is in operation, which will be calculated at a prorated share of \$1.67 per square foot of gross building area (GBA) (the "City Compensation"). Payment will be due and payable on the date that is six (6) months after City issues a Notice of Completion and a certificate of occupancy for each building, or section of a building, that is in operation, along with all required City permits or other approvals for that building, or section of a building, consistent with the terms of this Agreement. A breakdown of the City Compensation is set forth below. Excluding the fair share contribution in Section 5.4.2 and the exceptions to Applicable Law set forth in Section 6.3, the City Compensation will be the only fee, tax, assessment or other charge collected by City from Owner or Tenants for the Cannabis Center.

<b>BUILDINGS</b>	<b>DEVELOPMENT PHASE</b>	<b>BUILDING SQUARE FOOTAGE<sup>2</sup></b>	<b>CITY FEE</b>
Building One	One	240,000	\$333,333
Building Two	One	200,000	\$333,333
Building Three	Two	240,000	\$333,333
Building Four	Two	200,000	\$333,333
Building Five	Three	240,000	\$333,333
Building Six	Three	200,000	\$333,333
Building Seven	Four	200,000	\$250,000
Building Eight	Four	200,000	\$250,000
Building Nine	Five	200,000	\$250,000
Building Ten	Five	200,000	\$250,000

5.2. City Compensation Rate Adjustment Procedure. During the Term, the City Manager and Owner will meet and confer every five (5) years from the Effective Date (no later than sixty (60) days following the anniversary of the Effective Date) to reconfirm or reestablish the City Compensation based on the most recent California Consumer Price index (the “CPI”). In no event will the adjustment be lower than three percent (3%) nor greater than six percent (6%).

5.3. Construction Commitment. Notwithstanding the no requirement to development in Section 9.1, Owner or Tenants must obtain from City a Notice of Completion for at least four hundred thousand (400,000) square feet of gross building area for the Cannabis Center on or before ten (10) years after the Effective Date (the “Construction Commitment”), which such notice(s) will not be unreasonably withheld by City. If the Construction Commitment is not satisfied, and none of the circumstances allowing for extension of the Term in Section 4.1 are present, the City Compensation will then be payable to City in the amount of one million dollars (\$1,000,000) per year until a

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<sup>2</sup> The proposed project contemplates two buildings per phase, but the developer may elect to construct additional buildings in a phase, however, any such election will not exceed the maximum building square footage set forth below.

minimum of 400,000 square feet of gross building area for the Cannabis Center has been completed, and thereafter the City Compensation will resume pursuant to Section 5.1.

#### 5.4. Traffic Commitments.

5.4.1. Owner will improve Will. S. Green Road starting from the end of the current paving fronting the High School football field south to the Cannabis Center. Such improvements to include a 2" overlay of asphalt 24"-0 and will be designed to the City of Colusa standards and approved by the City Engineer prior to start of construction. A 12-foot section of paving from the end of the football field to the Cannabis Center entrance will commence either before or concurrently with Phase 1 of the Cannabis Center.

5.4.2. Owner will pay a fair share contribution for improvements to both Colusa Avenue and 8th Street from Sioc Street to Colusa Avenue. The fair share contribution will be calculated based on the percentage of traffic generated by the Cannabis Center on the streets analyzed in the Traffic Impact Study prepared by GCW Engineers/Surveyors dated April 28, 2025. The fair share contribution will be paid when City initiates the improvements to the roadways described in this Section 5.

5.5. Maintenance of Records. Owner and Tenants will maintain complete records of their operations necessary to document compliance with this Agreement. Owner and Tenants will maintain such records in a form and location reasonably accessible to City, following reasonable notice to Owner or Tenants, for a period of five (5) years.

#### 6. Vested Rights/Use of the Property/Applicable Law/Processing.

6.1. Right to Develop and Operate. Owner will have the vested right to develop and operate the Cannabis Center on the Cannabis Center Property in accordance with, and subject only to, the terms and conditions of this Agreement, the City Approvals, and any Subsequent Approvals. For the Term, the City's ordinances, codes, resolutions, rules, regulations, and official policies governing the development, construction, subdivision, occupancy and use of the Cannabis Center and the Cannabis Center Property, including without limitation the General Plan, the Municipal Code, and City Cannabis Laws, and Fee Schedule in Exhibit F will be those that are in force and effect on the Effective Date (collectively, the "Applicable Laws"). Notwithstanding anything to the contrary contained herein, this Agreement will not supersede any other rights Owner may obtain pursuant to City's approval of a vesting tentative map for the Cannabis Center or a portion of the Cannabis Center.

6.2. Permitted Uses. The permitted uses of the Cannabis Center, density and intensity of use of the Cannabis Center Property, the maximum height, bulk and size of proposed buildings, the general provisions for reservation or dedication of land for public purposes and for the location and maintenance of on-site and off-site improvements (e.g., the levee to surround the Cannabis Center Property) and public utilities, and other terms and conditions of development and operation applicable to the

Cannabis Center and the Cannabis Center Property, will be those set forth in the City Approvals, this Agreement, and any existing or future agreements between the Parties related to the development and operation of the Cannabis Center or the Cannabis Center Property, including, but not limited to, the Land Transfer and Exchange Agreement, including subsequent amendments<sup>3</sup>, and a future agreement related to levee maintenance<sup>4</sup>.

6.3. Exceptions to Applicable Laws. Notwithstanding anything to the contrary, the following exceptions and modifications to the provisions in the Applicable Laws will apply to development and operation of the Cannabis Center and Cannabis Center Property.

6.3.1. Odor Control. City agrees that the odor control requirements in Section 12F-12 and Section 21.5.06(n) of the City's Zoning Code, adopted as part of the City Cannabis Laws, will adequately control odors. City acknowledges the Final MND determined that odors from the Cannabis Center would have a less than significant impact.

6.3.2. Applicable Fees, Exactions and Dedications. City acknowledges and agrees that any typical development impact fees associated with the construction of a building will be deferred until one year after receipt of the Notice of Completion for that building. Furthermore, City acknowledges and agrees that development impact fees for any other improvements on the Cannabis Center Property will be due after receipt of the Notice of Completion for such improvement.

6.3.3. Environmental Mitigation and Conditions. This Agreement does not limit City's discretion to impose or require payment of fees, dedication of land, or construction of public improvements or facilities in connection with development of the Cannabis Center Property if legally required to mitigate specific environmental or other impacts of Subsequent Approvals and consistent with the terms and conditions of this Agreement.

6.3.4. Nothing restricts the ability of City to impose conditions or fees on the issuance of building permits based on a finding that the condition or fee is necessary because (i) it is required in order to comply with state or federal law, or (ii) failing to impose the condition or fee would place occupants of the Cannabis Center or the community in a condition dangerous to their health or safety.

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<sup>3</sup> The Parties agree to negotiate and execute a third amendment to the Land Transfer & Exchange Agreement that includes the carve out of approximately 6 acres from parcel 002-270-013.

<sup>4</sup> The Parties agree to negotiate and execute a future levee maintenance agreement that will define the respective responsibilities and procedures for performing levee maintenance activities. Such activities shall include, without limitation: erosion repair; slope stabilization and maintenance; removal of debris; animal control; vegetation management; maintenance of grass or sod cover; repair of cracks; and remediation of ruts and depressions.

6.3.5. New Taxes and Assessments. To the extent allowed by state or federal law, no new taxes, assessments or other charges not in force and effect as of the Effective Date will be levied against the Cannabis Center Property, the Cannabis Center or Owner except as specified in this Agreement. No increase in an existing tax, assessment or other charge will be levied, including, but not limited to, any fee City might adopt or increase regarding cannabis related activities or the Special Use Permit.

7. Construction Codes.

7.1.1. Uniform Codes Applicable. Notwithstanding the provisions of Section 6.1 above, to the extent Applicable Laws include requirements under the state or locally adopted building, plumbing, mechanical, electrical and fire codes (collectively the "Construction Codes"), the Construction Codes included will be those in force and effect at the time Owner submits its application for the relevant building, grading, or other construction permits to City for the Cannabis Center; provided, in the event of a conflict between the Construction Codes and the City Approvals, the City Approvals will, to the maximum extent allowed by law, prevail.

7.1.2. Rules for Public Improvements. For construction of public infrastructure, the Construction Codes along with any ordinances, resolutions, rules, regulations and official policies governing design, improvement and construction standards and specifications applicable to such construction will be those in force and effect at the time of execution of the applicable improvement agreement between City and Owner, or at the time of permit approval if there is no improvement agreement.

8. New Rules and Regulations. During the Term, City may apply to the Cannabis Center Property and the Cannabis Center new or modified ordinances, resolutions, rules, regulations, standards, policies, conditions, specifications, new or amended general plan, specific plan and zoning provisions, new or amended fees or other exactions of the City which were not in force and effect on the Effective Date and thus not part of the Applicable Laws (collectively, "New Rule") only if (a) the New Rule is consented to in writing by Owner in Owner's sole and absolute discretion; or (b) it is otherwise expressly permitted by this Agreement. If City adopts a New Rule, Owner in its sole and absolute discretion may elect to comply with and receive the benefits of any New Rule by providing written notice to City of said election, after which such New Rule will thereafter become part of the Applicable Laws for the remaining Term.

8.1. City will not be precluded from applying any New Rule to the Cannabis Center or the Cannabis Center Property under the following circumstances, where the New Rule is:

8.1.1. Specifically mandated by changes in state or federal laws or regulations adopted after the Effective Date pursuant to Government Code section 65869.5;

8.1.2. Specifically mandated by a court of competent jurisdiction taking into consideration the vested rights protection provided by this Agreement and the Development Agreement Laws;

8.1.3. The Construction Codes addressed in Section 7; or

8.1.4. Required as a result of facts, events or circumstances presently unknown or unforeseeable that would otherwise have an immediate adverse risk on the health and safety of the surrounding community.

8.1.5. Included in City staff's proposed amendments to Chapters 12.E, 12.F and Section 21.5.06(n) in City's Zoning Code that will apply citywide, if adopted prior to the date Owner or Tenants apply for their first building permit.

8.2. Other Emergency Restrictions. Notwithstanding anything to the contrary contained herein, if an ordinance, resolution, policy, directive or other measure is enacted or becomes effective, whether by action of City, by initiative, referendum, or otherwise, and if it imposes a building moratorium, a limit on the rate, timing, phasing or sequencing of development, a restriction on operations, or a voter-approval requirement which affects all or any part of the Cannabis Center Property or Owner's ability to develop and operate the Cannabis Center (collectively, the "Restrictions"), City agrees that such Restrictions will not apply to the Cannabis Center, the Cannabis Center Property, this Agreement, the City Approvals or any Subsequent Approvals unless the Restrictions are imposed as part of a declaration of a local emergency or state of emergency as defined in Government Code section 8558, provided that to the extent it applies to all or any part of the Cannabis Center then the Term will automatically be extended for a period of time equal to the period during which the Restrictions apply.

8.3. Future Conflicting Initiatives or Referenda. If any New Rules are enacted or imposed by a citizen-sponsored initiative or referendum, or by the City Council directly or indirectly in connection with any proposed initiative or referendum, such New Rules will not apply to the Cannabis Center Project or Cannabis Center Property. The Parties, however, acknowledge that the City's approval of this Agreement and one or more of the City Approvals are legislative actions may be subject to referendum.

## 9. Development of the Project; Phasing; Timing.

9.1. No Requirement to Develop. Notwithstanding any provision of this Agreement, City and Owner expressly agree that there is no requirement that Owner must initiate or complete any action, including without limitation development of the Cannabis Center or any portion or phase of the Cannabis Center, within any period of time set by City, and City will not impose such a requirement on any City Approval or subsequent approval related to the Cannabis Center except as needed to ensure that necessary infrastructure is completed in an orderly fashion. Nothing in this Agreement is intended to create nor will it be construed to create any affirmative development obligations to develop the Cannabis Center at all or in any particular order or manner, or liability in Owner under this Agreement if the development fails to occur. It is the intention of this provision that

Owner be able to develop the Cannabis Center Property in accordance with its own time schedules and the City Approvals. City acknowledges that Owner at this time cannot predict when or the rate at which or the order in which portions or phases of the Cannabis Center will be developed, and City recognizes that many factors affect such actions that may not be within Owner's control, including but not limited to market orientation and demand, interest rates and funding availability, and competition. Nothing in this Agreement will exempt Owner from completing work required by a subdivision agreement, road improvement agreement or similar agreement in accordance with the terms thereof, nor will this Section 9.1 affect the conditions of approval of any related City Approvals or Subsequent Approvals related to the Cannabis Center.

9.2. No Restriction on Timing. City agrees that Owner will be able to develop in accordance with Owner's own time schedule as such schedule may exist from time to time, and Owner will determine which part of the Cannabis Center to develop first, and in what sequence, and at Owner's chosen schedule. In particular, and not in limitation of any of the foregoing, because the California Supreme Court held in Pardee Construction Co. v. City of Camarillo (1984) 37 Cal. 3d 465, that the failure of the parties therein to consider and expressly provide for the timing of development resulted in a later-adopted initiative restricting the timing of development to prevail over such parties' agreement, it is the Parties' intent to avoid that result by acknowledging that Owner will have the right to develop the Cannabis Center Property in such order and at such rate and at such times as Owner deems appropriate within the exercise of its subjective business judgment, and that the timing, rate or sequence of development and occupancy of the Cannabis Center will not be restricted or dictated by any means other than as specifically may be recognized in this Agreement.

9.3. Processing and City Discretion.

9.3.1. Nothing in this Agreement will be construed to limit the authority or obligation of City to hold necessary public hearings, nor to limit the discretion of City or any of its officers or officials with regard to any Subsequent Approvals related to the Cannabis Center that require the exercise of discretion by City, including but not limited to compliance with the California Environmental Quality Act (CEQA), provided that such discretion will be exercised consistent with the vested rights granted by this Agreement, the Applicable Laws and the City Approvals, and City will apply the Applicable Laws as the controlling body of law. City will rely on the Final MND to fullest extent permitted by law for any Subsequent Approvals related to the Cannabis Center, but nothing in this Agreement limits City from exercising its discretion to conduct environmental review as required under CEQA.

9.4. Regulation by Other Public Agencies. The Parties acknowledge that other public agencies not within City's control may possess authority to regulate aspects of development of the Cannabis Center Property, and this Agreement does not limit such authority of other public agencies. The Parties understand and agree that no development is allowed within the Airport's Area of Influence until said proposed project to be developed has obtained Airport Land Use Committee (ALUC) review and approval, if

required, or should the ALUC not approve, approval by the City Council of an override of the ALUC decision.

10. Covenants of Owner. During the Term, Owner covenants and agrees with the City as follows:

10.1. Implementation. Notwithstanding the no requirement to develop provisions in Section 9.1, Owner will use commercially reasonable efforts to pursue the implementation of the Cannabis Center as expeditiously as feasible, consistent with and subject to this Agreement, the City Approvals, the Applicable Laws, and all state and federal laws.

10.2. Maintain & Operate Cannabis Center. Owner and Tenants will maintain and operate the Cannabis Center on the Cannabis Center Property, once constructed, throughout the Term, in accordance with this Agreement, the City Approvals, the Applicable Laws, and all state laws.

10.3. Hold Harmless Owner will defend (with counsel reasonably acceptable to City), indemnify and hold City and its councilpersons, officers, attorneys, agents, contractors, and employees (collectively, the "Indemnified Parties") harmless from and against all losses, costs and expenses (including, without limitation, reasonable attorneys' fees and costs), damages (including, without limitation, consequential damages), claims and liabilities to the extent arising from the Cannabis Center, this Agreement, the approval of the Cannabis Center, and the activities of Tenants, their members, officers, employees, agents, contractors, invitees and any third parties on the Cannabis Center Property, from and against any challenges to the validity of this Agreement or any Subsequent Approvals; provided, Owner reserves the right to unilaterally abandon the Project Approvals and Subsequent Approvals instead of proceeding with the defense and indemnification obligations set forth in this Section 10.3. Owner will have no obligation to defend, indemnify or hold harmless the Indemnified Parties arising from the negligence or wrongful misconduct of the Indemnified Parties. To the extent that Owner sells a portion of the Cannabis Center Property, the Successors, as defined in Section 14, bear the responsibility of Owner under this Section 10.3 rather than Owner or any other buyer. The obligations of Owner under this Section 10.3 will survive the expiration or any earlier termination, as applicable, of this Agreement.

11. Covenants of City. During the Term, City covenants and agrees with Owner as follows:

11.1. Expeditious Services. City will process applications and address questions and concerns raised by Owner or Tenants, or their representatives, at the "counter" at City Hall as expeditiously as reasonably possible. Upon a request, or if, in an exercise of City's own discretion, City staff determines that it cannot comply with this section, City will expeditiously engage the services of private contract planners, plan checkers or inspectors ("Private Contractors") to perform such services as may be necessary to assist in processing the Cannabis Center plans as described herein. Compensation of such Private Contractors will be at Owner or Tenants' sole cost and

expense, inclusive of any administrative cost to City of integrating services by Private Contractors into Cannabis Center's development processing. Owner or Tenants will pay such costs and expenses of Private Contractors and reimburse City for such cost per City's applicable policies and procedures. City will have absolute discretion in the selection of such Private Contractors; provided Owner or Tenants will have the right to reject the use of one or more particular Private Contractors in their reasonable discretion, in which case City will select another Private Contractor not rejected by Owner or Tenants.

11.2. Building Permits and Other Approvals and Permits. Subject to (a) Owner's compliance with this Agreement, the City Approvals, the Applicable Laws and the Construction Codes, and Subsequent Approvals; and (b) payment of the processing fees charged for the processing of such applications, permits and certificates and for any utility connection, or similar fees and charges of general application, City will in good faith expeditiously process and issue to Owners or Tenants all necessary use permits, building permits, occupancy certificates, regulatory permits, licenses and other required permits for the construction, use and occupancy of the Cannabis Center, or any portion thereof, as applied for, including connection to all utility systems under City's jurisdiction and control (to the extent that such connections are physically feasible and that such utility systems are capable of adequately servicing the Cannabis Center).

11.3. Right to Rebuild. City agrees that Owner, in Owner's sole discretion, may renovate or rebuild the Cannabis Center or portions thereof should it become necessary due to natural disaster, changes in seismic, flood or other requirements, fire, or other causes. Any such renovation or reconstruction will comply with the terms of this Agreement and may be subject to compliance with CEQA.

## 12. Effect of Agreement.

12.1. Grant of Right. This Agreement constitutes a part of the Adopting Ordinance, as if incorporated by reference therein in full. The Parties acknowledge that this Agreement grants Owner the right and entitlement to develop the Cannabis Center and use the Cannabis Center Property pursuant to specified and known criteria and rules as set forth in the City Approvals and the Applicable Laws, and to grant the City and the residents of the City certain benefits which they otherwise would not receive.

13. Operating Memoranda. The provisions of this Agreement require a close degree of cooperation between City and Owner and Tenants. It is anticipated due to the term of this Agreement that refinements to the City Approvals may be appropriate with respect to the details of performance of the City or Tenants. To the extent allowable by law, the Owners and Tenants will retain a certain degree of flexibility as provided herein with respect to all matters, items and provisions covered in general under this Agreement. When and if the Owners or Tenants find it necessary or appropriate to make changes, adjustments or clarifications, the Parties will enter into memoranda ("Operating Memoranda") approved by the Parties in writing, which reference this Section 13. Operating Memoranda are not intended to constitute an amendment to this Agreement but mere ministerial clarifications; therefore, public notices and hearings will not be required. The City Attorney will be authorized upon consultation with Owners or Tenants,

to determine whether a requested clarification may be effectuated pursuant to this Section 13 or whether the requested clarification is of such character to constitute an amendment to this Agreement that requires compliance with the provisions of this Agreement pertaining to amendments. The authority to enter into such Operating Memoranda is delegated to the City Manager, and the City Manager is authorized to execute any Operating Memoranda hereunder without further action by the City Council. Where Tenants request Operating Memoranda, such Operating Memoranda will be subject to review and approval by the Owner of the subject portion of the Cannabis Center.

14. Assignment and Transfer of Rights. Except as otherwise provided in this Section 14, the burdens of this Agreement are binding upon, and the benefits of this Agreement inure to, all successors-in-interest of the Parties (“Successors”) and constitute covenants that run with the Cannabis Center Property. Owner, for itself, its heirs, distributes, executors, administrators, legal representatives, successors and assigns, may at any time during the Term, assign, convey, lease, sell or otherwise transfer all or any portion of its rights under this Agreement and under the City Approvals and any Subsequent Approvals (“Assignable Rights”) to a third party, a subordinate entity, or a related entity (an “Assignee”) in its sole discretion and without the prior written consent of City in each instance but with prior notice to City; provided any such Assignee must fully comply with all applicable terms of this Agreement. Without limiting the foregoing, Owner may lease portions of the Cannabis Center Property to Tenants and/or sell portions of the Cannabis Center Property to Successors who thereafter will assume the obligations and enjoy the rights of this Agreement. Any lease or sale agreement will require Successors and Tenants to cooperate with Owner, City and other Tenants and Successors in all respects with matters pertaining to this Agreement.

15. Review for Compliance.

15.1. Periodic Review. Pursuant to Government Code section 65865.1, City will conduct an annual review of this Agreement, on or before the anniversary of the Effective Date, in order to ascertain Owner’s good faith compliance with its terms (the “Periodic Review”). Any initial finding of non-compliance will entitle Owner to reasonable good faith discussions with City staff to resolve the issue, and if necessary and requested by Owner, a hearing before the City Council. In the event City fails to formally conduct such annual review, Owner will be deemed to be in full compliance with the Agreement. If Owner sells a portion of the Cannabis Center Property or Cannabis Center to Successors, the Periodic Review as to that portion will be between City and the applicable Successors (but with notice to Owner), and any results of such Periodic Review will only involve and affect that portion and Successors and not affect Owner or the remainder of the Cannabis Center Property and Cannabis Center.

16. Amendment or Cancellation.

16.1. Amendment of Agreement.

16.1.1. Modification Because of Conflict with State or Federal Laws. An amendment to this Agreement resulting from a change in law will be governed by Section 8.

16.1.2. Amendment or Cancellation by Mutual Consent. This Agreement may be amended (in whole or part) in writing from time to time by mutual consent of the Parties and in accordance with the procedures of Government Code section 65868. Except as otherwise permitted herein, this Agreement may be canceled in whole or in part only by an action which complies with Government Code section 65868.

16.1.3. Amendment as to Portion of Property. When a Party that is successor to Owner as to a portion of the Cannabis Center Property ("Portion") seeks an amendment to this Agreement, then such Party may only seek amendment of this Agreement as directly relates to the Portion, and the Party or Parties owning the remainder of the Property will not be required or entitled to be a signatory or to consent to an amendment that affects only the other Party's Portion so long as such amendment does not directly or indirectly affect the rights or obligations of the Parties owning the remainder of the Property. If any Portion of the Property is subject to a document which creates an association which oversees common areas and any construction or reconstruction on or of the same, then the association will be deemed to be the "owner" of that Portion of the Property for the purpose of amending this Agreement. Notice will be given to Owner and all Parties owning Portions of the Property of any attempt to amend this Agreement as to a Portion, who will have the right to intervene based on the claim that the amendment will affect rights or obligations as to the remainder of the Property.

16.1.4. Administrative Agreement Amendments. Notwithstanding the provisions of Section 16.1.2, the City Manager or designee ("Director") may, except to the extent otherwise required by law, enter into certain amendments to this Agreement on behalf of City so long as such amendment does not substantially affect: (a) the Term; (b) the permitted uses of the Cannabis Center Property; (c) conditions, terms, restrictions or requirements for subsequent discretionary actions; (d) the density or intensity of use of the Property; (e) the maximum height or size of proposed buildings; or (f) monetary contributions by Owner as provided in this Agreement (an "Administrative Agreement Amendment"). Except to the extent otherwise required by law, an Administrative Agreement Amendment will not require notice or public hearing. The Director will evaluate and apply the term "substantially affect" in the context of the Project as a whole.

16.1.5. Amendment Exemptions. No amendment of any of the City Approvals or Subsequent Approvals, whether done as an administrative amendment or otherwise, will require an amendment to this Agreement. Instead, any such matter automatically will be deemed to be incorporated into the Cannabis Center Project and vested under this Agreement when written and executed by the Parties.

16.2. Amendment of Project Approvals. To the extent permitted by law, any of the City Approvals or Subsequent Approvals may, from time to time, be amended or modified in the following manner.

16.2.1. Administrative Project Amendments. Upon written request by Owner for an amendment or modification to any City Approvals or Subsequent Approvals, the Director will determine (a) whether the requested amendment or modification is minor when considered in light of the Cannabis Center Project as a whole, and (b) whether the requested amendment or modification is consistent with this Agreement, the Applicable Laws, Construction Codes, and state and federal law. If the Director finds that the proposed amendment or modification satisfies the terms of this Section 16.2.1, and will result in no new significant environmental impacts not addressed and mitigated in the Final MND or mitigated by conditions to any of the City Approvals or Subsequent Approvals, it will be determined to be an “Administrative Project Amendment” and the Director may, except to the extent otherwise required by law, approve the Administrative Project Amendment without notice or public hearing. Without limiting the generality of the foregoing, lot line adjustments, reductions in the density, intensity, scale or scope of the Cannabis Center Project, minor alterations in vehicle or pedestrian circulation patterns or access points, minor variations in lot layouts, substitutions of comparable landscaping for any landscaping shown on any final development plan or landscape plan, variations in the location of structures that do not substantially alter the design concepts of the Cannabis Center Project, variations in the location or installation of utilities and other infrastructure that do not substantially alter the design concepts of the Cannabis Center Project, and minor adjustments to the Cannabis Center Property site diagram or legal description will be treated as Administrative Project Amendments.

16.2.2. Non-Administrative Project Amendments. Any amendment or modification to any of the City Approvals or Subsequent Approvals that is determined not to be an Administrative Project Amendment pursuant to Section 16.2.1 will be subject to review, consideration and action pursuant to the Applicable Laws and this Agreement.

17. Notices. All notices or other communications required or permitted hereunder will be in writing and will be either personally delivered (which may include delivery by means of professional overnight courier service which confirms receipt in writing [such as Federal Express or UPS]), sent by email, or sent by certified or registered mail, return receipt requested, postage prepaid to the following parties at the following addresses or numbers:

City of Colusa  
Attention: City Manager  
425 Webster Street  
Colusa CA 95932  
Email: citymanager@cityofcolusa.com

With copy to:

Jones & Mayer, City Attorney  
Attention: Ryan R. Jones, Esq.  
6549 Auburn Blvd.  
Citrus Heights, California 95621

Email: rjr@jones-mayer.com

COLUSA RIVERBEND ESTATES L.P., a  
California limited partnership,

Michael Olivas  
12 Abbey Street and 706 Foxglove Cir  
Winters, CA 95694  
E-Mail: 56mikeolivas@gmail.com

And

POMONA RIO PROPERTY, LLC a  
California limited liability company

Courtney Dubar  
Chris Evans  
1799 APOLLO COURT  
SEAL BEACH, CA 90740  
E-Mail: [courtney@massiveprints.net](mailto:courtney@massiveprints.net)  
E-Mail: [chris@llcmgmt.com](mailto:chris@llcmgmt.com)

Notices sent in accordance with this Section 17 will be deemed delivered upon the: (a) date of delivery as indicated on the written confirmation of delivery (if sent by overnight courier service); (b) date of actual receipt (if personally delivered by other means); (c) date of transmission (if sent by email or Fax), if received before 5:00p.m. on a regular business day, otherwise on the next regular business day, so long as sender receives actual confirmation that the transmission was received; or (d) date of delivery as indicated on the return receipt (if sent by certified or registered mail, return receipt requested). Notice of change of address will be given by written notice in the manner detailed in this Section.

18. Breach and Remedies.

18.1. Subject to extensions of time by mutual consent in writing, failure or delay by either Party not released from this Agreement to perform any term or provision of this Agreement, will constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach will give the other Party not less than sixty (60) days' notice in writing specifying the nature of the alleged default and the manner in which said default may be cured. During any such sixty (60) day period, the Party charged will not be considered in default for purposes of termination or institution of legal proceedings.

18.2. After notice and expiration of the sixty (60) day period, if such default has not been cured or is not being diligently cured in the manner set forth in the notice, the other Party to this Agreement may, at their option, institute legal proceedings pursuant to this Agreement or give notice of its intent to terminate this Agreement pursuant to

Government Code section 65868 and any regulations of the City implementing said Government Code section. Following notice of intent to terminate, or prior to instituting legal proceedings, the matter will be scheduled for consideration and review in the manner set forth in Government Code sections 65865, 65867, and 65868 and City regulations implementing said sections by the City within thirty (30) calendar days.

18.3. Following consideration of the evidence presented in said review before the City and an additional 30-day period to cure, either party alleging the default by the other Party may institute legal proceedings or may give written notice of termination of this Agreement to the other party; provided, however, an Owner may only give such notice with respect to such portion of the Cannabis Center Property in which the Owner owns an interest.

18.4. Notwithstanding subsection 18.2, if any Tenant's default results in City terminating that Tenants' rights under this Agreement as to a portion of the Cannabis Center occupied by the defaulting Tenant, Owner may reactivate such rights for the remaining Term either by occupying and operating the defaulting Tenant's portion of the Cannabis Center or by leasing it to one or more Tenants that qualify under this Agreement. Recognizing the substantial benefit City obtains through continued operation of the Cannabis Center under this Agreement, Owner will not be required to cure any former Tenant's default to exercise this right.

18.4.1. Notwithstanding subsection 18.2, if the default of one or more of Owner's successors results in City terminating the successor's rights under this Agreement as to a portion of the Cannabis Center owned by the successor, Owner may reactivate such rights for the remaining Term by obtaining title to the successor's portion of the Cannabis Center and thereafter either operating such portion, leasing it to Tenants, or selling it to another successor owner. Owner will not be required to cure the successor's default to exercise this right in recognition of the substantial benefit the City obtains through continued operation of the Cannabis Center under this Agreement.

18.5. Except as specified in Section 18.4.1, no default in performance of a covenant or obligation with respect to a particular portion of the Cannabis Center Property will constitute a default applicable to any other portion of the Cannabis Center Property, and any remedy arising by reason of such default will be applicable solely to the portion of Cannabis Center Property where the default has occurred. Similarly, the obligations of the Owner and Tenants will be severable and no default hereunder in performance of a covenant or obligation by any one of them will constitute a default applicable to any successor in interest who is not affiliated with such defaulting Owner or Tenants.

18.6. In the event that a breach of this Agreement occurs, irreparable harm is likely to occur to the non-breaching Party and damages will be an inadequate remedy. To the extent permitted by law, therefore, it is expressly recognized that injunctive relief and specific enforcement of this Agreement are proper and desirable remedies, and it is agreed that any claim by a non-breaching Party for an alleged breach of this Agreement will be remedied by injunctive relief or an appropriate action for specific enforcement of this Agreement, or to terminate this Agreement, and not by a claim or action for monetary

damages against the breaching Party; provided, this limitation on damages will not preclude actions to enforce payments of monies owed under this Agreement.

19. Entire Agreement. This Agreement and the Exhibits herein contain the entire integrated agreement among the Parties. The Parties intend that this Agreement state their agreement in full to each and every one of its provisions. Any prior agreements, understandings, promises, negotiations or representations respecting the matters dealt with herein or the duties of any Party in relation thereto, not expressly set forth in this Agreement, are agreed by all Parties to be null and void.

20. Severability. If any term, provision, condition, or covenant of this Agreement, or the application thereof to any Party or circumstance, will to any extent be held invalid or unenforceable, the remainder of the instrument, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, will not be affected thereby and each term and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law.

21. Attorneys' Fees. If the services of any attorney are required by any party to secure the performance of this Agreement or otherwise upon the breach or default of another party, or if any judicial remedy or arbitration is necessary to enforce or interpret any provisions of this Agreement or the rights and duties of any person in relation to this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, costs and other expenses, in addition to any other relief to which such party may be entitled. Prevailing party includes (a) a party who dismisses an action in exchange for sums allegedly due; (b) the party that receives performance from the other party of an alleged breach of covenant or a desired remedy, if it is substantially equal to the relief sought in an action; or (c) the party determined to be prevailing by a court of law.

Whenever provision is made in this Agreement for the payment of attorney's fees, such fees will be payable whether the legal services are rendered by a salaried employee for the party or by independent counsel and will include such fees as are incurred in connection with any pretrial proceeding, trial or appeal of the action. Any award of damages following judicial remedy or arbitration as a result of the breach of this Agreement or any of its provisions will include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which constitute one and the same instrument.

23. Execution of Agreement. The Parties will sign this Agreement on or within five (5) business days of the Approval Date.

24. Estoppel Certificate. City will, at any time and from time to time within ten (10) days after receipt of written notice from a successor Owner or Tenants so requesting, execute, acknowledge and deliver to the successor Owner or Tenants a statement in

writing: (a) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect); and (b) acknowledging that there are no uncured defaults on the part of the Owner or Tenants or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Cannabis Center Property. Upon a successor Owner or Tenants written request, City will issue a certificate of performance evidencing completion of any obligation(s) under this Agreement.

## 25. Encumbrances on Real Property.

25.1. Discretion to Encumber. The Parties agree this Agreement will not prevent or limit Owner, in any manner, at Owner's sole discretion, from encumbering the Cannabis Center Property or any portion thereof or any improvements thereon then owned by such person with any mortgage, deed of trust or other security device ("Mortgage") securing financing with respect to the Property or such portion. City acknowledges that the lenders providing such financing may require certain modifications, and City agrees, upon request, from time to time, to meet with Owner and/or representatives of such lenders to negotiate in good faith any such request for modification. City further agrees that it will not unreasonably withhold its consent to any such requested modification. Any mortgagee or trust deed beneficiary of the Property or any portion thereof or any improvements thereon and its successors and assigns ("Mortgagee") will be entitled to the following rights and privileges.

25.2. Lender Requested Modification/Interpretation. City acknowledges that the lenders providing financing to Owner may request certain interpretations and modifications of this Agreement. City therefore agrees upon request, from time to time, to meet with the Owner and representatives of such lenders to negotiate in good faith any such request for interpretation or modification. City will not unreasonably withhold its consent to any such requested interpretation or modification provided such interpretation or modification is consistent with the intent and purposes of this Agreement, provided, further, that any modifications of this Agreement are subject to the provisions of this Agreement relative to modifications or amendments. Notwithstanding the above, no change to this Agreement requested by Owner will be made without Owner's approval in its sole discretion.

25.3. Mortgage Protection. This Agreement will be superior and senior to the lien of any Mortgage. Notwithstanding the foregoing, no breach of this Agreement will defeat, render invalid, diminish or impair the lien of any Mortgage made in good faith and for value, and any acquisition or acceptance of title or any right or interest in or with respect to the Cannabis Center Property or any portion thereof by a Mortgagee (whether pursuant to a Mortgage, foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise) will be subject to all of the terms and conditions of this Agreement.

25.4. Mortgagee Not Obligated. Notwithstanding the provisions of Section 25.3, no Mortgagee will have any obligation or duty under this Agreement to perform the obligations of Owner or other affirmative covenants of Owner hereunder, or to guarantee

such performance, except that to the extent that mortgagee opts to receive the benefits of the Agreement, including the right to operate, any covenant to be performed by Owner is a condition to the performance of a covenant by City, and the performance thereof will continue to be a condition precedent to City's performance hereunder. No mortgagee will be liable for any monetary defaults arising prior to its acquisition of title to the Cannabis Center Property or any portion thereof. Uncured monetary defaults will terminate the rights under this Agreement and mortgagee's right to operate, to the extent such default relates to all or a portion of the Cannabis Center Property.

25.5. Written Notice of Default. Each mortgagee will be entitled to receive written notice from City of any default by Owner under this Agreement, if such default is not cured within thirty (30) days, provided such mortgagee has delivered a written request to City for such notice. Each mortgagee will have a further right, but not the obligation, to cure such default for a period of thirty (30) days after receipt of such notice of default. Any non-curable defaults of Owner of any obligation owed solely to City arising prior to mortgagee's acquisition of title to the Cannabis Center Property or any portion thereof will be waived; provided, however, the non-payment of money will not be deemed a non-curable default.

26. Governing Law and Venue. This Agreement and the legal relations between the Parties will be governed by and construed in accordance with the laws of the State of California. Furthermore, the Parties agree to venue in the Superior Court of Colusa County, California.

27. Mutual Covenants. The covenants contained herein, including those contained in the Recitals herein, are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the Party benefited thereby of the covenants to be performed hereunder by such benefited Party.

28. No Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assignees. No other person or entity will have any right of action based upon any provision of this Agreement.

29. Waiver. Failure by a Party to insist upon the strict performance of any of this Agreement's provisions by the other Party, or the failure by a Party to exercise its rights upon the breach or default of the other Party, will not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this Agreement thereafter, or be deemed a continuing waiver or a waiver of any subsequent breach of that or any other provision of this Agreement.

30. Time of Essence. Time is of the essence in the performance of the provisions of this Agreement as to which time is an element.

31. Recordation of Agreement. This Agreement and any amendment or cancellation thereof will be recorded with the County Recorder by the City Clerk within the period required by Government Code Section 65868.5.

32. Headings. The headings in this Agreement are inserted for convenience only. They do not constitute part of this Agreement and will not be used in its construction.

33. Jointly Drafted. It is agreed among the Parties that this Agreement was jointly negotiated and jointly drafted by the Parties and their respective counsel, and that it will not be interpreted or construed in favor of or against any Party solely on the ground that it drafted the Agreement. It is also agreed and represented by all Parties that said Parties were of equal or relatively equal bargaining power and that in no way whatsoever will this Agreement be deemed to be a contract of adhesion, or unreasonable or unconscionable.

34. Independent Legal Counsel. Each Party acknowledges that it has been represented by independent legal counsel of its own choice throughout all of the negotiations that preceded the execution of this Agreement or has knowingly and voluntarily declined to consult legal counsel, and that each Party has executed this Agreement with the consent and on the advice of such independent legal counsel.

35. Further Cooperation. The Parties herein agree to execute any and all agreements, documents or instruments as may be reasonably necessary in order to fully effectuate the agreements and covenants of the Parties contained in this Agreement, or to evidence this Agreement as a matter of public record, if required to fulfill the purposes of this Agreement. The Parties further agree to mutually cooperate with one another in carrying out the purposes of this Agreement.

36. Enforceability. This Agreement will not become binding and will have no force and effect whatsoever until such time as it has been fully executed by and delivered to all of the Parties hereto.

*[Remainder of page left blank. Signatures on following pages]*

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the Execution Date.

“CITY”

CITY OF COLUSA, CA  
a California Municipal Corporation

Date: \_\_\_\_\_, 2026

By: \_\_\_\_\_  
Denise Conrado, Mayor

*Attest:*

By: \_\_\_\_\_  
Shelly Kittle, City Clerk

*Approved as to form:*

JONES & MAYER

By: \_\_\_\_\_  
Robert Wakefield, City Attorney



“OWNER”

COLUSA RIVERBEND ESTATES L.P., a  
California limited partnership,

Date: \_\_\_\_\_, 2026

By: \_\_\_\_\_  
Managing Member

POMONA RIO PROPERTY, LLC a  
California limited liability company

\_\_\_\_\_  
Courtney Dubar



