



COMMERCIAL CANNABIS BUSINESS APPLICATION

Request for Applications

This City of Suisun City is opening the application period to begin accepting applications for one (1) Storefront Retailer within the City. The Suisun City Planning Commission will be considering making a recommendation to the City Council regarding amendments to the City's cannabis regulations in January. Amendments will include a possible increase in allowed retail storefronts as well as additional zoning districts were such uses would be allowed. However, this initial RFA period will be for a single storefront retailer.

The application period will open July 15, 2020 and close September 1, 2020.

Staff has created a webpage that provides documents relevant to the City's cannabis regulations and the subject RFA. These documents can be accessed from the city's homepage at www.suisun.com. Additionally, staff will be accepting questions via the department email address developmentsservices@suisun.com as well as via phone (707.421.7335).

Commercial Cannabis Business Application

To be considered under the first Request for Application (RFA) process initiated by the City pursuant to SCC Section 18.49.160(B) and these RFA Guidelines and procedures, applications must meet the criteria set forth herein, satisfy any and all other applicable requirements as set forth in SCC Chapter 18.49, and be submitted to the City during the RFA application period of **8:00 a.m. July 15, 2020 through 5:00 p.m. September 1, 2020**. Applicants must schedule an appointment to submit an application, and applications (with applicable fees) shall be submitted to the Development Services Department located at 701 Civic Center Blvd., Suisun City, CA 94585.

Each application shall include the materials and comply with the requirements set forth in these RFA Guidelines and Procedures, as follows (without limitation as to any other applicable requirements set forth in SCC Chapter 18.49 or otherwise established by or pursuant to the authority of the City Council)

Application Submission. Applicants, by appointment, must hand-deliver five (5) completed and signed copies of their application, including all attachments, along with a flash drive containing one completed and signed copy of the application in PDF format, and payment of the required application fees, to the City's Development Services Department during the application period. All application contents, as provided above, shall be enclosed in a sealed envelope or container and addressed to the City of Suisun City, Development Services Department, 701 Civic Center Blvd., Suisun City, CA 94585. Late applications will not be accepted or considered. No person or entity may submit multiple applications. The applicant shall be the owner(s) of the proposed Storefront Retailer that is the subject of the application. Staff will be accepting questions via the department email address developmentsservices@suisun.com as well as via phone (707.421.7335).





BUSINESS TYPE

Type 10 - Retailer

FEE

Application Deposit. Payment of an initial deposit, in the amount established by resolution of the City Council, toward the Preliminary RFA Application Review Fee is required at the time of application submission, and may be made by a certified check, cashier's check, or money order made payable to the City. Deposited amounts expended by the City are non-refundable. Deposited amounts remaining unexpended upon the conclusion of the RFA process will be refunded upon request of the fee payor.

Application Deposit for RFA Application Preliminary Review and Processing	\$4,800.00
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VHHC, LLC dba Eagle Eye-Suisun

Business Name

141-G Sunset Avenue, Suisun City, CA 94585

Property Address

Center Place Walnut Creek, LLC

Name of Owner (Individual)

(925) 933-4000 Ext. 227

Owner's Telephone Number

nickz@hallequitiesgroup.com

Owner's Email Address



Section 1: Cannabis Business Information (attach additional pages as necessary and label)



1. Attach a complete list of every person with 20% interest or more in the business including full name, title within the entity, birthdate and location, social security or tax identification number, phone number, e-mail, the date owner acquired interest in entity, the percentage of ownership interest, and if applicable, the number of shares owned, financial interest in other cannabis business, etc. (Additional page label #1.1) **See Attached #1 1**

2. A complete list of every person holding a management role including name, personal address and phone number, title and duties. (Additional page label #1.2)
See Attached #1 2

3. For each owner and manager, a fully legible copy of one (1) valid government-issued form of photo identification, such as a driver's license, shall be submitted. (Attach and label #1.3)
See Attached #1 3

4. For each owner and manager, a summary criminal history (Live-Scan), dated not more than two weeks prior to the date of this application, has been processed through an authorized operator. The City will receive results of the Live-Scan directly. Live-Scan is available at the Suisun City Police Department, appointment is necessary. Please email akent@suisun.com for more information. (Attach and label #1.4)
See Attached #1 4

5. A list of types and numbers of marijuana licenses already received by the applicant from the State of California, including the date the license was obtained, the licensing authority that issued the license, and the location. (Attach additional pages as necessary and label #1.5)

Business Name	Location	License Permit Authority	Permit License Number
See Attached #1.5			



Section 2: Scoring Criteria for Application Evaluation.
(attach additional pages as necessary and label)

The City will consider the following selection criteria in its evaluation of applications submitted under this RFA and will award up to a maximum of 200 points to each application received.

Site Control	20
Business Plan	30
Floor Plan/Elevations	15
Qualification of Applicants	20
Neighborhood Compatibility	25
Safety and Security Plan	20
Community Benefits, Labor, & Employment	20
Air Quality Control Plan	15
Suisun City Resident?	10
Tax Revenue	25
Current Suisun City Cannabis Business	-15





Section 2.1 Site Plan

A scaled site plan, prepared by a licensed civil engineer or architect, of the premises, including at minimum all buildings, structures, driveways, parking lots, landscape areas, and boundaries.

SEE ATTACHED #2.1

Section 2.2 Floor Plan / Elevations

Depict existing and proposed conditions. The floor plan(s), elevations, site layout and vector isometric renderings should be accurate, dimensioned and to-scale (minimum scale of 1/4"). If new building construction is proposed, provide a preliminary site layout and floor plan, preliminary elevations, vector isometric renderings.

SEE ATTACHED #2.2

Section 2.3 Safety & Security Plan

The application shall include:

- A detailed security plan meeting and confirming ability to comply with the requirements of SCC Section 18.49.150(H) and the Supplemental Security Requirements for Storefront Retailers/Dispensaries adopted by the City Council. This plan should also include a description and detailed schematic of the overall facility security of the proposed use. It should have details on operational security, including but not limited to general security policies for the facility, employee specific policies, training, sample written policies, transactional security, visitor security, third party contractor security and delivery security. In particular, applications should address ingress and egress, perimeter security, product security (at all hours), internal security measures for access (area specific), types of security systems (alarms and cameras), and security personnel to be employed. Security plans will not be made public.
- A detailed fire safety plan. This plan should describe the fire prevention, suppression, HVAC and alarm systems the facility will have in place. An appropriate plan will have considered all possible fire, hazardous material, and inhalation issues/threats and will have both written and physical mechanisms in place to deal with each specific situation. The plan should reflect compliance with all applicable provisions of the California Fire Code and other applicable laws and regulations.
- A detailed fire evacuation plan. This plan should depict the location of all exits, the primary and secondary evacuation routes, and the distance to all exits. The plan should reflect compliance with all applicable provisions of the California Fire Code and other applicable laws and regulations.

SEE ATTACHED #2.3

Section 2.4 Transportation Plan

A transportation plan describing the procedures for safely and securely transporting cannabis and cannabis products and currency to and from the premises.

SEE ATTACHED #2.4





Section 2.5 Air Quality / Odor Control Plan

Describe how interior air circulation, ventilation and filtration systems will minimize impacts to employees' and customers' health and welfare and prevent any odor impacts to surrounding businesses or the public.

SEE ATTACHED #2.5

Section 2.6 Disposal Plan

Procedures for identifying, managing, and disposing of litter, waste, and contaminants and hazardous materials pursuant to Section 18.49.150(M)-(N).

SEE ATTACHED #2.6

Section 2.7 Business Plan

With as much detail as possible, describe:

- The day-to-day operations of the proposed Storefront Retailer, which are to meet industry best practices for Storefront Retailer uses.
- How the proposed use will conform to local and state laws and regulations.
- How cannabis and cannabis products will be tracked and monitored to prevent theft and diversion.
- A schedule for commencement of operation, including a narrative outlining any proposed construction and improvements and a timeline for completion of work.
- A budget for construction, operation, maintenance, compensation of employees, equipment costs, utility costs, and other operation costs. The budget must demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, and must describe the sources and uses of funds.
- A pro forma for at least three years of operation.

SEE ATTACHED #2.7

Section 2.8 Operations Plan

An operations plan, detailing the operating procedures of the proposed commercial cannabis business, tailored to the specific type of business proposed. Such procedures shall address, without limitation, storage, handling and use of cannabis, cannabis products, and any other materials to be used or contained in the proposed operation, handling of cash, equipment and methods to be used, inventory procedures, lighting, signage and quality control procedures, as applicable.

SEE ATTACHED #2.8





Section 2.9 Qualification of applicants

Include information concerning applicant's past experience with operation of any commercial cannabis businesses, including, but not limited to, Storefront Retailers/Dispensaries. Provide details on all such businesses that have been under the full or partial ownership or management of the applicant, including the full legal name, location, commencement date, and current status of the operation (including date of termination of the business and description of the reason for termination, if applicable). To the extent applicable, disclose and describe:

- (1) any and all state or local cannabis permits or licenses currently held by the business or applicant;
- (2) any administrative order or civil judgment ever entered against the business or applicant for violation of labor standards;
- (3) any suspension or revocation of a state or local cannabis license or permit ever held by the business or application; and
- (4) any sanctions for unlicensed/unpermitted commercial cannabis activity ever imposed by a state or local agency against the business or applicant. Describe any special qualifications or licenses of the applicant that would add to the number or quality of services that the proposed Storefront Retailer would provide, especially in areas related to medicinal or scientific applications of cannabis or cannabis products.

SEE ATTACHED #2.9

Section 2.10 Site Control

Provide a statement regarding whether the applicant has legal control of the proposed Storefront Retailer site or location. The City considers site control a requirement in enabling an operator to commence business activities in a timely manner. Demonstration of any legal control through proof of ownership, tenancy, or other legal right or entitlement to control of the site should be included with the application. Scoring is as follows:

- Lease 5 points
- Ownership/Substantial Renovation 10 points
- New Building 20 points

SEE ATTACHED #2.10

Section 2.11 Neighborhood Compatibility – Good Neighbor Policy

Address the degree to which the proposed use is compatible with surrounding uses and how the proposed use, including its exterior areas and surrounding public areas, will be managed to avoid becoming a nuisance or having impacts on its neighbors and the surrounding community. Include a site plan (accurate, dimensioned and to-scale) for the proposed location. Every cannabis business must describe how the business interacts with the neighborhood. You need to meet with your neighbors to get feedback on what to include in your Good Neighbor Policy for your business, they in turn will be added to you conditions of approval. SEE ATTACHED #2.11





Section 2.12 Community Benefits

Describe the benefits that the proposed use would provide to the local community, such as community contributions, participation in or support of community organizations, drug abuse awareness education, or other contributions or activities that will benefit the community.

SEE ATTACHED #2.12

Section 2.13 Criminal History Check

As part of the RFA Process, each owner and manager of the proposed Storefront Retailer must undergo a criminal background check, administered by the Suisun City Police Department using "Live Scan," demonstrating that he or she has not been convicted within the last ten years of a felony substantially related to the qualifications, functions or duties of operation of a Storefront Retailer (such as a felony conviction for distribution of controlled substances, not including cannabis, money laundering, racketeering, etc.). All fees and costs associated with completing background checks shall be paid by the applicant. No individual who does not undergo and pass the required background check shall be involved in the operation or ownership of a Storefront Retailer in the City, unless such individual has obtained a certificate of rehabilitation (expungement of felony record) for the applicable transgression(s) under California law or under a similar federal statute or state law where the expungement was granted. The application for the Live Scan and appointment link will be made available on the City's website. Persons who do not meet criminal history eligibility requirements will be disqualified from the RFA process.

SEE ATTACHED #2.13

Section 2.14 Labor and Employment

If applicant is proposing higher wages the application could describe to what extent the Storefront Retailer will adhere to heightened pay and benefits standards and practices, including recognition of the collective bargaining rights of employees. Specific practices that are subject to consideration include the following:

- i. Providing a description of proposed payroll practices/use of payroll consultants that document employee compensation.
- ii. Providing compensation to and opportunities for continuing education and training of employees/staff (include proof of the proposed business' policies and regulations for employees);
- iii. Providing a "living wage" to the proposed business' staff and employees. The proposed wage scale should be provided in writing for all levels of employment within the business. "Living Wage" shall mean 150% of the minimum wage mandated by California or Federal law, whichever is greater.
- iv. Describing the extent to which the proposed business will be a locally managed enterprise whose owners reside in or within the vicinity of the City. SEE ATTACHED #2.14

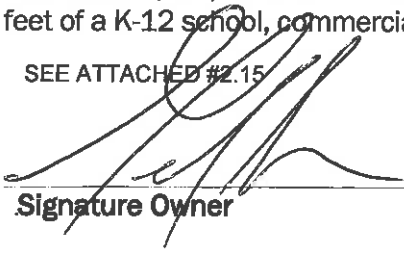




Section 2.15 Proposed Location

Include the address, assessor's parcel number(s), and a detailed description of the proposed location. This section should also describe and generally characterize all uses within 600 feet of the property line of the proposed location. The proposed site must be located in either the Commercial Services and Fabrication (CSF) zone or the Commercial Mixed Use (CMU) zone and may not be located within 600 feet of a K-12 school, commercial daycare center, or center.

SEE ATTACHED #2.15



Signature Owner

8/28/2020

Date

GREGORY SCHOEPP

Print Name

8/28/2020

Date



#1.1 PERSONS WITH INTEREST IN THE BUSINESS

Name: Gregory Schoepp 100%
VHHC, LLC dba Eagle Eye-Suisun

Title: Owner/Managing Member

DOB: 

SSN: 

Phone: 

Address: 

Mailing: 

Email: 

% of Ownership: 100%

Date Acquired Interest in Entity: 9/5/2017

Applicant holds 100% interests/ownership in other cannabis businesses. (See Attached - #1.5)

#1.2 PERSONS WITH MANAGEMENT ROLE IN THE BUSINESS

Name: Gregory Schoepp

Home Address:



Phone:



Title:

Owner/Managing Member

Duties:

Oversee the day-to-day operations, hiring and supervision of employees, ensure compliance standards are maintained, ensure security standards are maintained.

1.3

California USA **DRIVER LICENSE** **FEDERAL LIMITS APPLY**

CLASS C
END NONE

LN SCHOEPP
FN GREGORY JOSEPH

DOB [REDACTED]
RSTR 22

Handwritten signature



#1.4



REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

ORI (Code assigned by DOJ) _____ **Authorized Applicant Type** _____

CANNABIS BUSINESS APPLICATION

Type of License/Certification/Permit OR Working Title (Maximum 30 characters - if assigned by DOJ, use exact title assigned) _____

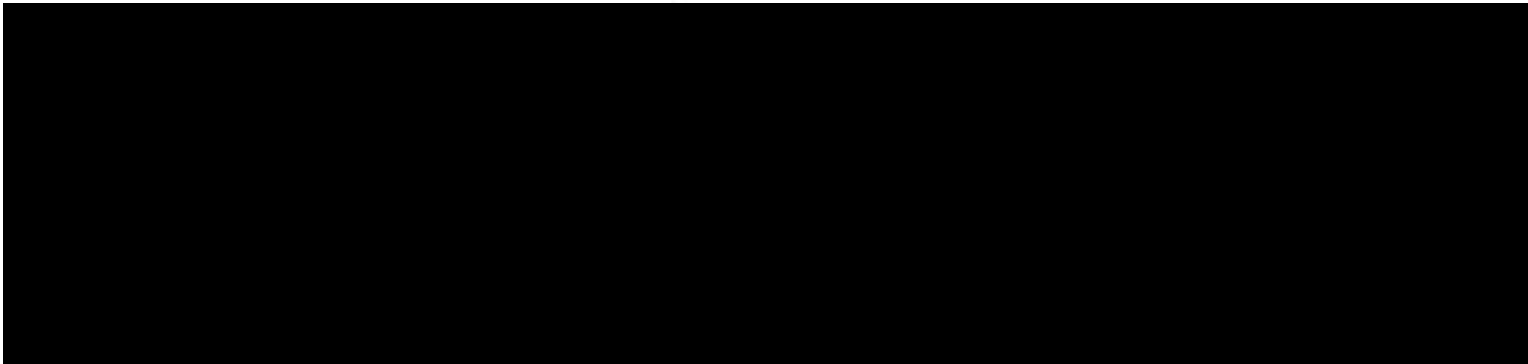
Contributing Agency Information:

SUISUN CITY POLICE DEPARTMENT Agency Authorized to Receive Criminal Record Information		00482 Mail Code (five-digit code assigned by DOJ)
701 CIVIC CENTER BLVD Street Address or P.O. Box		AMBER KENT Contact Name (mandatory for all school submissions)
SUISUN CITY City	CA State	94585 ZIP Code
		7 0 7 4 2 1 7 3 7 3 Contact Telephone Number

Applicant Information:

Schoepp _____ **Gregory** _____

Last Name First Name Middle Initial Suffix



Your Number: _____
OCA Number (Agency Identifying Number)

Level of Service: DOJ FBI
(If the Level of Service indicates FBI, the fingerprints will be used to check the criminal history record information of the FBI)

If re-submission, list original ATI number:
(Must provide proof of rejection) _____
Original ATI Number

Employer (Additional response for agencies specified by statute):

Employer Name _____	Mail Code (five digit code assigned by DOJ) _____
Street Address or P.O. Box _____	
City _____ State _____ ZIP Code _____	Telephone Number (optional) _____

Live Scan Transaction Completed By:

Name of Operator <i>Wendy</i>	Date 8/27/2020	
Transmitting Agency <i>Agent</i>	LSID _____	ATI Number G240SCG7B2
		Amount Collected/Billed 32+25=57

#1.5 MARIJUANA LICENSES RECEIVED:

Business Name:	Date Issued:	Issued By:	Location:	License #:
VHHC, LLC	12/06/2019	CDFA	40001 Pine Mtn Rd Cloverdale, CA	CCL19-0004868
VHHC, LLC	12/17/2019	CDFA	38340 Pine Mtn Rd Cloverdale, CA	CCL19-0004890
VHHC, LLC	3/26/2020	CDFA	38340 Pine Mtn Rd Cloverdale, CA	CCL19-0005404
Schoepp Construction, Inc dba Eagle Eye-San Francisco	6/22/2020	CDFA	2211 Quesada Avenue San Francisco, CA	LCA20-0001129
Eagle Eye, LLC	01/08/2020	DCA	2550 Oak Street Napa, CA	C10-0000672-LIC
VHHC, LLC	6/5/2020	DCA	543 Tennessee St Vallejo, CA	C11-0000261-LIC
VHHC, LLC	6/21/2020	DCA	539 Tennessee St	C10-0000261-LIC

Section 2.5 Air Quality Plan

The major air quality impacts from this project would come during the remodel and initial occupancy phase. The operation of a retail cannabis storefront does not generate any of the objectionable odors commonly associated with cannabis businesses. Consumption of cannabis or cannabis products is prohibited on the premises which eliminate the smell of burning cannabis. The strong terpene odors present in mature flowering plants largely dissipate during processing and curing and the final products arrive at the retail facility already safety tested and sealed in final packaging ready for sale.

While there are NO sources of objectionable odors or volatile chemicals intrinsic to the handling of cannabis products for retail sales with the potential to significantly degrade air quality in or around the premises, the applicants understand the concern. It has become common practice to require an engineered odor-scrubbing system be installed as a condition for local authorization to operate a retail cannabis storefront. Given that product processing and packaging operations once common in retail dispensaries are no longer allowed, these measures show little to no return on investment. Studies have shown that “green” workspaces with higher outdoor ventilation rates can improve cognition and task performance by removing harmful compounds from the air. The HVAC system will include improving air quality with increased outdoor ventilation. The resulting system will incorporate both filtration and maintenance of a slight negative interior air pressure that ensures exhaust air exits through the filter, minimizing the chance for any odor to escape as customers enter and exit the premises. The applicants will maintain operational procedures that include the use of cleaning products that do not negatively impact indoor air quality.

Before occupancy the applicants will install new filtration media and perform a building flush-out by supplying a total air volume of 14,000 cubic feet of outdoor air per square foot (4,267,140 liters of outdoor air per square meter) of gross floor area while maintaining an internal temperature of at least 60°F (15°C) and no higher than 80°F (27°C) and relative humidity no higher than 60%.

2.6 Disposal Plan

The operation of a retail cannabis storefront will not generate any hazardous waste. Cannabis and cannabis products arrive at the premises already safety tested and sealed in their final packaging.

As a result, the proposed retail cannabis operation will produce significantly less trash than a typical household. Weekly product deliveries will generate only a small amount of cardboard waste.

The other main component of the operation's waste stream will be the small amount of trash brought onto the site by employees during their workday.

A very minor amount of cannabis waste can result from customer returns, expired products, broken packaging, or defective products. Defective products will go back to the vendor whenever practical. The State has promulgated a detailed set of rules for recording and handling cannabis and cannabis products slated for disposal. Management level employees will carry any products in need of disposal to the limited access storage area designated for cannabis waste and store it in a locked container. This will be in a secure room protected with a card reader lock on the door. Storage of cannabis goods allocated for disposal will be separate and distinct from other cannabis goods. To be rendered as cannabis waste for proper disposal, including disposal as defined under Public Resources Code section 40192, cannabis goods must first be destroyed on the licensed premises. This includes, at a minimum, removing or separating the cannabis goods from any packaging or container and rendering it unrecognizable and unusable. Defective vape cartridges do not need to be emptied before destruction.

The products are rendered unusable and unrecognizable by grinding and incorporating the cannabis waste with an equal amount of non-consumable, solid wastes like soil, cat litter, paper waste, plastic waste, cardboard waste, or food waste. The waste is stored in a locked container in the limited access room. The resulting cannabis waste is stored in a locked container in the limited access area.

The manager records the items converted to waste in the POS system to reconcile inventory. In the METRC system the manager also enters the name of the employee performing the destruction or disposal, the reason for destruction or disposal, and the name of the entity used to collect and process the cannabis waste. When taken to a disposal site the date, time and facility information is logged. The operator will report all cannabis waste activities, up to and including disposal, into the track and trace system, as required under Chapter 1, Article 6 of Title 16 Division 42.

2.7A 141-G Sunset Avenue Development Schedule

Development schedule - The owners will finalize plans, pull permits and remodel the existing interior in a timely manner to develop an attractive and functional space conducive to an enjoyable shopping experience and repeat visits. We anticipate opening for business 6-8 months after receiving approval/Permit to Operate. See Attachment #6 for photos of our Napa dispensary, depicting finished development of proposed location.

Facility Development Time Required from Date of Approval

Interior Design work Final planning and permitting: 4-6 weeks
Framing, finish, electrical, display cases: 4 weeks
Security Doors and Locks: 1 week
HVAC/Filtration 2 weeks
Security Camera/Alarm System 2 weeks
Total Time from Date of Approval ~ 6- 8 months

Pro Forma – Years 1 – 3

See attached – 2.7A Pro Forma Years 1-3 marked Attachment #1

Funding Sources

The funding for the proposed business will come from VHHC, LLC and Greg Schoepp, Applicant.

See attached – 2.7A Funding Sources marked Attachments #2 - #5

9/1/2020

Section 2.7A Attachment #6



Napa Dispensary - Front Entrance

9/1/2020



Napa Dispensary - Interior / Sales Floor

Section 2.9 Qualifications of Applicant

Gregory Schoepp, Applicant

Gregory “Greg” Schoepp was born and raised in San Francisco, where he graduated from Westmoor High School in 1977. In 1980, Greg went into his family run business, Crown Hardware (est. in 1957) located in the City of San Francisco. It was at Crown Hardware that he gained working knowledge of successfully operating a retail business.

In 1988, Greg became and remains a licensed General Contractor and started Schoepp Construction, INC., building housing developments all around the Bay Area. While developing deep roots in the Bay Area community in which he was raised, he saw the birth of the legal medical cannabis movement and was inspired by the medicinal properties of cannabis and as a patient himself, experienced its health benefits. Greg became an advocate and activist, researching the cannabis industry and decided to help further this movement.

In 2010, Greg opened his first medical dispensary, Waterfall Wellness, in the historic Mission District of San Francisco. He successfully operated this medical cannabis business providing patients with high quality medicine, for (4) years before he deciding to serve a greater portion of the Bay Area. In 2014, Greg was granted a Permit to Operate from the City of Vallejo and moved his cannabis dispensary business to Vallejo, CA and started Vallejo Holistic Health Center”, (“VHHC”). VHHC quickly grew and today is now one of the largest dispensaries in the East Bay generating close to 13M in gross sales, generates nearly \$750,000.00 annually in city cannabis tax revenue and employs 40+ union employees. VHHC serves as a model dispensary that is viewed by many counties in California as an industry standard.

In March of 2020, Greg opened a Medical Cannabis Retail Dispensary, Eagle Eye-Napa, in the City of Napa, CA. Despite the impacts COVID-19 has had on all businesses across the country, his Eagle Eye-Napa dispensary realized an increase in gross monthly sales within the first (6) months from \$400.00 on opening day to an average of \$7,000.00 in gross daily sales today and employs 5 union employees.

In addition to Greg’s Retail Cannabis Dispensary experience, he also has experience in cannabis cultivation. He is currently licensed for cannabis cultivation in Mendocino County and San Francisco County; and is in the process of securing licenses for Retail Cannabis Dispensaries with 50% ownership in Pacifica, 51% ownership in Ukiah and 100% ownership for Indoor Cultivation/Level 7 Manufacturing in the City of Cotati.

With over 40 years’ experience in retail business operations, 10 years of which are cannabis specific, Greg is a qualified applicant for a Cannabis Permit with the City of Suisun.

A detailed list of all licenses currently held and in progress which Greg holds a financial interest follows:

Section #2.9A QUALIFICATIONS OF APPLICANT
 Greg Schoepp Cannabis Businesses

Business Name	Location	License Type	Start Date	Licensing Authority	License #	Status of Operation	% of Ownership
VHHC, LLC	539 Tennessee St Vallejo, CA	Retail Dispensary	09/2014	Bureau of Cannabis Control	C10-0000261-LIC	Active	100%
VHHC, LLC	543 Tennessee St Vallejo, CA	Distribution	02/2019	Bureau of Cannabis Control	C11-0000261-LIC	Active	100%
VHHC, LLC	40001 Pine Mtn Cloverdale, CA	Outdoor Cultivation	12/2019	CalCannabis	CCL19-0004868	Active	100%
VHHC, LLC	38340 Pine Mtn Cloverdale, CA	Outdoor Cultivation	12/2019	CalCannabis	CCL19-004890	Active	100%
VHHC, LLC	38340 Pine Mtn Cloverdale, CA	Nursery	03/2020	CalCannabis	CCL19-0005404	Active	100%
Eagle Eye, LLC	2550 Oak St Napa, CA	Retail Dispensary	3/2020	Bureau of Cannabis Control	C10-0000672-LIC	Active	100%
Schoepp Construction, INC dba Eagle Eye-San Francisco	2211 Quesada Ave San Francisco, CA	Indoor Cultivation	7/2020	CalCannabis	Pending License Fee payment and issuance	Pending License Fee payment and issuance	100%
Eagle Eye, LLC dba Eagle Eye-Cotati	531 Mercantile Dr Cotati, CA	Indoor Cultivation; Level 7 Manufacturing	7/2020	CalCannabis	Permit application under review with City of Cotati	Permit application under review with City of Cotati	100%
Rockaway Enterprises, LLC	450 Old Country Rd Pacifica, CA	Retail Dispensary	01/2019	Bureau of Cannabis Control	MUP-10-18; Under Building Dept review	MUP-10-18; Under Building Dept review	51%
Eagle Eye-Ukiah, LLC	1414 S. State St Ukiah, CA	Retail Dispensary	01/2020	Bureau of Cannabis Control	Permit application under review with Mendocino County	Permit application under review with Mendocino County	50%
JAAR Enterprises California, LLC	1960 Railroad Ave Sacramento, CA	Indoor Cultivation	09/2019	CalCannabis	Permit application under review with City of Sacramento	Permit application under review with City of Sacramento	33.3%

Section 2.10 Site Control

The applicant has legal control of the proposed storefront located in the Sunset Plaza at 141-G Sunset Avenue, Suisun City, CA by way of a Commercial Lease. See attached lease.

STANDARD RETAIL LEASE
Sunset Shopping Center, Suisun City, CA

1. Basic Provisions ("Basic Provisions").

1.1 **Parties.** This Lease ("Lease"), dated for all purposes shall be 27th day of August 2020 is made by and between CENTRE PLACE WALNUT CREEK, LLC, a California limited liability company, ("Lessor"), and, VHC LLC, a California limited liability company ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2 **Premises.** That certain portion of the Shopping Center (as defined below), including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known by the street address of 141-G Sunset Avenue, located in the City of Suisun City, County of Solano, State of California, as outlined on Exhibit "A" attached hereto ("Premises") and containing approximately 2,400 rentable square feet of retail space.

In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, except as outlined in the exterior walls or utility raceways of the building containing the Premises (" Building") or to any other buildings in the Shopping Center. The Premises and the Building are situated within the Shopping Center known as Sunset Shopping Center. The Premises, the Building, the Common Areas and all other buildings and improvements within said Shopping Center, together with the land upon which they are located, are herein collectively referred to as the "Shopping Center." (See also Paragraph 2)

1.3 **Term.** One Hundred Twenty (120) months ("Original Term") from the earlier of one hundred twenty (120) days from Lessee's receipt of Project Approvals, as further defined in Article 53 herein, or the date Lessee opens for business to the public ("Commencement Date") (See also Paragraph 3). The Lease shall expire one hundred twenty (120) months from the Commencement Date ("Expiration Date"). However, in any event the first month of the Original Term shall be the first full month after the Lessee has opened for business but shall be obligated to pay any prorated month during the Lessee ultimately opens thereof.

1.4 **Early Possession.** Lessee shall coordinate early access with Lessor to secure the Premises during the Project Approval process, which shall occur on the first full month after the Lease is fully executed as defined herein as the Delivery Date, and Lessee has provided the Lessor with a current certificate of insurance and monies due upon signing the Lease ("Early Possession Date") (See also Paragraphs 3.2 and 3.3).

1.5 **Base Rent.** Immediately after the earlier of the expiration of Lessee's Due Diligence Deadline (as defined further herein), or Lessee waives its' the Lessee Due Diligence Condition, during the Early Possession period ("Pre-approval Base Rent") rent shall immediately commence and shall continue on a monthly basis until the Commencement Date, in the amount of \$3,480 per month (or any portion of a month thereof, if the first month the Lessee Due Diligence Condition is satisfied, and such date is not the first (1st) of a month), or until the Lease is terminated by either Party.

From the earlier of one hundred twenty (120) days from Lessee's receipt of Project Approvals, or the date Lessee opens for business to the public, Lessee shall pay \$7,800 per month ("Base Rent"), beginning on the Commencement Date (See also Paragraph 4).

Operating Expenses shall be due once Pre-approval Base Rent is due, and shall continue through the Lease Term, or earlier termination date thereof.

The Base Rent schedule is provided below for the Term of the Lease. Rent shall increase periodically in accordance with the following schedule, and shall be due and payable on the first of each month:

Base Rent schedule:

Pre-approval Base Rent	\$3,480.00 per month, + NNN
Months 1 – 12	\$7,800.00 per month, + NNN
Months 13 – 24	\$8,034.00 per month, + NNN
Months 25 – 36	\$8,275.02 per month, + NNN
Months 37 – 48	\$8,523.27 per month, + NNN
Months 49 – 60	\$8,778.97 per month, + NNN
Months 61 – 72	\$9,042.34 per month, + NNN
Months 73 – 84	\$9,313.61 per month, + NNN
Months 85 – 96	\$9,593.02 per month, + NNN
Months 97 – 108	\$9,880.81 per month, + NNN
Months 109 – 120	\$10,177.23 per month, + NNN

1.6 **Radius.** Intentionally Deleted.

1.7 **Lessee's Share of Common Area Operating Expenses.**
2.81% ("Lessee's Share").

1.8 **Merchants' Association Annual Dues.** Not Applicable.

1.9 **Rent and Other Monies to be Pre-Paid.**

- (a) Pre-approval Base Rent (\$3,480 per month) and Estimated Operating Expenses (\$1,213 per month): A total of **\$ 28,158.00** to be paid for the first six (6) months of the Project Approvals (provided Lessee is not in Default of the Lease, this amount shall be refundable on a prorata basis if Lessee terminates the Lease for any reason during the Lessee's Due Diligence Condition, or Project Approval period), shall be due within ten (10) days after Lessee has waived Lessee's Due Diligence Condition.
- (b) Base Rent for Month 1 of the Lease Term (\$7,800 per month) and Estimated Operating Expenses (\$1,213 per month): **\$ 9,013.00** to be applied to the first full month after the Commencement Date (provided Lessee is not in Default of the Lease this amount shall be refundable if Lessee terminates the Lease for not receiving Project Approvals, or if Lessee terminates the Lease during Due Diligence), shall be due within ten (10) days after Lessee has waived Lessee's Due Diligence Condition.
- (c) Security Deposit: **\$ 15,000.00**, Due upon Lease execution, which shall be increased to \$25,000 upon Lessee's receipt of Project Approvals necessary to operate Lessee's business. With the exception of a Default by Lessee, the Security Deposit shall be returned to Lessee in the event Lessee terminates the Lease during the Project Approval period, or if Lessee terminates the Lease during Due Diligence. (See also Paragraph 5). However, for the avoidance of any doubt Lessee shall be in Default under the terms of the Lease in such event Lessee submits more than one (1) application to be reviewed by the City for Project Approvals, and Lessor reserves all rights and remedies contained in the Lease to cure such Default, including but not limited to retaining all pre-paid monies in the event of such breach of the Lease.

(d) Total Due Upon Execution of this Lease: \$ 15,000.00.

1.10 **Agreed Use.** Subject to additional language provided in the Lease Addendum that is attached as Exhibit A hereto, the Premises shall be used primarily as a retail cannabis dispensary in compliance with, and subject to all local and state regulations and ordinances (which includes store hours) to operate in a first-class manner, similar to the Lessees' other locations, and for no other use or purpose without Lessor's prior consent. Upon receiving written request from Lessee, Lessor shall provide notarized consent for Lessee's submittal of its C.U.P. and B.O.P. application for the Premises within a commercially reasonable timeframe, with all costs borne by Lessee. Lessee shall also be responsible for any costs for security in, around, and adjacent to the Premises including in the common areas of the Shopping Center. Incidental sales shall be defined as 10% or less of Lessee's Gross Sales, subject to the Existing Exclusives and Restrictions in Exhibit "C".

1.11 **Agreed Trade Name.** To be determined but shall be mutually approved by Lessor and Lessee.

1.12 **Insuring Party.** Lessee's certificate of insurance to be provided to Lessor prior to occupancy of the Premises (See also Paragraph 8).

1.13 **Real Estate Brokers.** (See also Paragraph 15)

(a) Representation: The following real estate brokers ("Brokers") and brokerage relationships exist in this transaction:

- Lessor is represented by Hall Equities Group (CA DRE #00241430), and ("Lessor's Broker").
- Lessee is not represented by a real estate broker, an agent, or any other third party.

(b) Payment to Brokers: Upon execution and delivery of this Lease by both parties and accompanied with a check from Lessee to Lessor in the amount specified as Total Due in Paragraph 1.9, Lessor shall pay the first half of the agreed upon brokerage fee per a separate written agreement. The second half of the commission shall be due upon the Commencement Date.

1.14 **Option to Renew.** Subject to Article 49, Lessee shall have one (1) option to extend the Lease term for seven (7) years under the same general terms and conditions as the initial Lease term, except that the Base Rent for said option period shall be adjusted to the prevailing market rate, as further described in Article 49, however in no case less than an eight (8%) percent increase from the previous year's rental rate. Lessee shall notify Lessor in writing at least two hundred seventy (270) days but not more than three hundred sixty-five (365) days prior to the end of the Lease term if Lessee desires to exercise its options to renew. Option rent will increase three percent (3%) annually. (See also Paragraph 49).

1.15 **Delivery Date.** Lessor projects October 1, 2020 to be the "Delivery Date."

1.16 **Guaranty.** Concurrently with the execution of this Lease, Gregory Schoepp, an Individual, and Jorge Espinoza, an Individual, jointly and severally as guarantor, shall execute no less than two (2) originals of a Guaranty of Lease (the "Guaranty") in the form of Exhibit F hereto. This Lease shall be of no force and effect unless the fully executed Guaranty is delivered to Lessor by, or on behalf of, Lessee.

1.17 **Due Diligence / Feasibility Period.** The "Due Diligence Deadline" is 5 p.m. Pacific Standard Time on the sixtieth (60th) day after Lessee submits its' application for Project Approvals,

as further defined herein. Notwithstanding the foregoing, if on the forty-fifth (45th) day after the Project Approval application has been submitted, and the City has not selected Lessee as an applicant to be awarded an license for its' permitted Use, then, by written notice given to Lessor no later than the fiftieth (50th) day, Lessee as a matter of its sole discretion, shall have the right to extend the Due Diligence Deadline to 5 p.m. Pacific Standard Time to one hundred (100) days after the Project Approval submittal date. Upon the written request of either Party, the Parties shall confirm the actual Due Diligence Deadline from time-to-time; provided, however, the failure of the Parties to execute such confirmation, whether the same is requested or not, shall neither void this Lease nor make this Lease voidable.

1.18 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

- Exhibit "A" - Lease Addendum
- Exhibit "B" - Site Plan depicting the Premises
- Exhibit "C" - Rules and Regulations for the Shopping Center
- Exhibit "D" - Existing Exclusives & Restrictions
- Exhibit "E" - Sign Criteria
- Exhibit "F" - Lease Guaranty
- Exhibit "G" - Lessee Work

2. **Premises.**

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating Rent, is an approximation which the Parties agree is reasonable and any payments based thereon are not subject to revision whether or not the actual size is more or less.

2.2 **Condition.** Lessor agrees to deliver the Premises in "as-is" broom clean condition (free of any debris), "Lessor's Work" within fifteen (15) business days after the date that this Lease is executed by both Lessor and Lessee, the fully executed Lease has been provided to Lessor, and Lessee has provided Lessor with all items as noted in Article 1.4 above.

Other than Lessor's Work as outlined above, Lessee accepts the Premises in its current condition "As-Is". Lessor makes no representation and no warranties as to the condition of the Premises. Notwithstanding the foregoing, (i) Lessor warrants that the HVAC, plumbing or electric system (collectively, the "Systems") servicing the Leased Premises are in good working order at the time the Leased Premises is delivered to the Lessee, and (ii) if Lessee notifies Lessor within twenty-one (21) days after the Delivery Date (the "System Deficiency Notice Deadline") regarding any deficiencies in the Systems, Lessor shall promptly repair such deficiencies at Lessor's sole cost and expense ONLY after Lessee received its' Project Approvals and waived all lease conditions, or in the event the Systems are in not good working order Lessor may terminate the Lease rather than making repairs or replacements of the Systems. Following the System Deficiency Notice Deadline, the Systems shall be deemed to have been accepted by Lessee in good working order. However, the restroom(s) and HVAC shall be delivered in their current as-is condition, and Lessee acknowledges some these systems may require improvements to restore them to working condition.

2.3 **Compliance.** Lessor warrants that the improvements on the Premises and the Common Areas comply with the building codes that were in effect at the time that each such improvement, or portion thereof, was constructed and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances in effect on the Lease Execution Date ("Applicable Requirements"). Said warranty does not apply to the use to which Lessee will put the Premises or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. NOTE: Lessee is responsible for determining whether or not the Applicable Requirements, and especially the zoning, are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no

longer be allowed. If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within 6 months following the Lease Execution Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises and/or Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises and/or Building (" Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

- (a) If any Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by Lessees in general, Lessee shall be fully responsible for the cost thereof. If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for the portion of such costs. Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall be fully responsible for the cost thereof.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements and the Americans with Disabilities Act), and their suitability for Lessee's intended use, (b) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed Lessees.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Lease Execution Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** Lessee shall not use and shall not permit its employees to use any parking spaces in the Shopping Center except for parking by vehicles that are no larger than full-size passenger automobiles or pick-up trucks, herein called "Permitted Size Vehicles." Lessee shall permit its employees and delivery trucks to only occupy those parking spaces, if any, as depicted as "employee and delivery truck parking" spaces on the Shopping Center site plan as depicted on Exhibit "A". Lessor may regulate the loading and unloading of vehicles by adopting Rules and Regulations as provided in Paragraph 2.9. No vehicles other than operable, legally registered and Permitted Size Vehicles may be parked in the Common Area without the prior written permission of Lessor. In addition:

- (a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
- (b) Lessee shall not service or store any vehicles in the Common Areas.
- (c) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without notice, in addition to such other rights and

remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(d) Lessor reserves the right to designate employee parking areas.

2.7 Common Areas. - Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Shopping Center and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other Lessees of the Shopping Center and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 Common Areas - Lessee's Rights. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Shopping Center. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas, nor the right to display merchandise or conduct sales in the Common Areas. Any such storage, display or sales shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, as exercised in Lessor's sole discretion, which consent may be revoked at any time. In the event that any unauthorized storage or displays shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or Lessees of the Building and the Shopping Center and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said Rules and Regulations by other Lessees of the Project.

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

- (a) To make changes or additions to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, elevations, landscaped areas, signage, walkways and utility raceways;
- (b) To use and close temporarily any of the Common Areas for the purpose of maintaining, repairing and altering the Shopping Center, so long as reasonable access to the Premises remains available, and to close temporarily any of the Common Areas to whatever extent is required in the opinion of Lessor's counsel to prevent a dedication of or the accrual of any rights of any persons or of the public to any of the Common Areas;
- (c) To designate other land outside the boundaries of the Shopping Center to be a part of the Common Areas or to be entitled to use the Common Areas on a reciprocal basis;
- (d) To add additional buildings and improvements to the Common Areas; and

- (e) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Shopping Center as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

2.11 **Common Areas - Promotional Events; Sidewalk Sales.** Lessor reserves the right, from time to time, in Lessor's sole discretion, to utilize portions of the Common Areas for promotional events, which may include but shall not be limited to entertainment. Lessor further reserves the right, in Lessor's sole discretion, to permit any one or more Lessees of the Shopping Center to conduct the display and/or sale of merchandise from the sidewalks immediately adjacent to such Lessees' respective premises. Lessee is prohibited from displaying merchandise and/or sale of merchandise from the sidewalks immediately adjacent to or in front of Lessees Demised Premises.

2.12 **Common Areas - Remodeling.** At any time during the Term, Lessor may remodel or expand, in any manner, the existing Shopping Center, which work may include, without limitation, the addition of shops and/or new buildings to the Shopping Center (collectively, "Remodeled Center"). If Lessor deems it necessary for construction personnel to enter the Premises in order to construct the Remodeled Center, Lessor shall give Lessee no less than 60 days prior notice and Lessee shall allow such entry. Lessor shall use reasonable efforts to complete any work affecting the Premises in an efficient manner so as not to interfere unreasonably with Lessee's business. Lessee shall not be entitled to any damages for any inconvenience or any disruption to Lessee's business caused by such work; provided, however, the Base Rent paid by Lessee for the period of the inconvenience shall be abated in proportion to the degree that Lessee's use of the Premises is impaired. Lessor shall have the right to use portions of the Premises to accommodate any structures required for the Remodeled Center, provided that if as a result thereof there is a permanent decrease in the floor area of the Premises of 3% or more, there shall be a proportionate downward adjustment of Base Rent and Lessee's Share.

3. **Term.**

3.1 **Term.** The Commencement Date, Expiration Date, and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 **Early Possession.** See Article 1.4.

3.3 **Delay In Possession.** Lessee is accepting delivery of the Premises in a "As-Is" condition.

3.4 **Lessee Compliance.** Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Commencement Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Commencement Date, the Commencement Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

3.5 **Intentionally Deleted.**

3.6 **Covenant to Open and Failure to Open and Operate.** Lessee covenants to open for business in the Premises as a fully stocked and staffed retail cannabis dispensary (per Article 1.10) under the Trade Name to be determined, but mutually acceptable to Lessor and Lessee, operating in a first class manner comparable with all of Lessee's other retail cannabis dispensaries within one hundred fifty (150) days after the Commencement Date (the "Opening Deadline"). After Lessee opens, Lessee shall operate continuously during normal retail hours; however, (i) any operation by Lessee shall comply with the terms and conditions of this Lease and (ii) Lessee's failure to

operate may have the consequences described in this Article 3.6. Notwithstanding any other provision of this Lease, if:

- (a) Lessee fails to open a fully stocked and staffed retail cannabis dispensary in the Premises by the Opening Deadline; or
- (b) After Lessee opens for business for the Permitted Use, Lessee fails to operate a business operation permitted by the terms hereof for a period of one hundred (120) consecutive days and such cessation of operation is not due to force majeure, casualty, or remodeling,

Lessor, by written notice (in this Article 3.6, also the "Termination Notice") given at any time before Lessee commences or recommences (as the case may be) any such permitted business operations in the Premises (and as a matter of Lessor's sole and absolute discretion), shall have the right, but not the obligation, to terminate this Lease and recapture the Premises. If Lessor gives the Termination Notice, this Lease shall terminate at 11:59 p.m. Pacific Time on the day specified in the Termination Notice (which day shall not be later than ninety (90) days after Lessee's receipt of the Termination Notice). Pending such termination, Lessee shall pay the Rent reserved hereby and Lessee shall discharge its obligations as the same come due hereunder. If this Lease is terminated pursuant to this Article 3.6, the Parties shall have no further obligations under this Lease, except for the Surviving Obligations.

The Lessee shall be open a minimum of Monday through Friday from 10:00am through 6:00pm, and on Saturday and Sunday by appointment, consistent with the Lessees' other location(s)

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("Rent").

4.2 Common Area Operating Expenses. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent and, if applicable, Percentage Rent, Lessee's Share (as specified in Paragraph 1.7) of all Common Area Operating Expenses (which may also be referred to as "NNN"), as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions:

- (a) "Common Area Operating Expenses" are defined, for purposes of this Lease, as all costs incurred by Lessor relating to the ownership and operation of the Shopping Center, including, but not limited to, the following:
 - (i) The operation, repair and maintenance, in neat, clean, good order and condition, and replacement as reasonably necessary, of the following:
 - (aa) The Common Areas and Common Area improvements, including parking areas, loading and unloading areas, trash areas, roadways, parkways, walkways, driveways, landscaped areas, parking lot striping, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators, roofs, and roof drainage systems. (bb) Exterior signs and any Lessee directories. (cc) Any fire detection and/or sprinkler systems. (dd) Common electrical, plumbing and other utilities servicing any building in the Shopping Center and/or the Common Areas.
 - (ii) The cost of water, gas, electricity and telephone to service the Common Areas and any utilities not separately metered.
 - (iii) Trash disposal, pest control services, property management (including, but not be limited to, a property management fee equal to 4% of Base Rent and Percentage Rent), security services, and the costs of any environmental inspections.
 - (iv) Reserves set aside for equipment, maintenance, repair and replacement of Common Areas.

- (v) Real Property Taxes (as defined in Paragraph 10).
- (vi) The cost of the premiums for the insurance maintained by Lessor pursuant to Paragraph 8.
- (vii) Any deductible portion of an insured loss concerning the Building or the Common Areas.
- (viii) Auditors', accountants' and attorneys' fees and costs related to the operation of the Shopping Center.
- (ix) The cost of any Capital Expenditure to the Building or the Shopping Center not covered under the provisions of Paragraph 2.3; provided, however, that Lessor shall allocate the cost of any such Capital Expenditure over a 12 year period its useful life and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the amortized cost of such Capital Expenditure in any given month.
- (x) Any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.
- (xi) The cost of exterior painting, graffiti removal, Common Area janitorial, outdoor music, Common Area plumbing, sweeping, steam cleaning, and reasonable holiday décor and security.
- (xii) The cost of water used by Lessee in the Premises.

- (b) If Lessor determines that the method of proration of any item included within Common Area Operating Expenses, including additional security or, in Lessor's reasonable discretion, extraordinary sweeping, trash pickup, and/or cleanup services required due to Lessee's use of the Premises, is inequitable, Lessor may prorate such item on the basis of usage or other equitable considerations, in Lessor's sole discretion. Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Premises, the Building or to any other premises or building in the Shopping Center or to the operation, repair and maintenance thereof shall be allocated entirely to such premises or building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to any premises or building or to the operation, repair and maintenance thereof shall be equitably allocated by Lessor to all buildings in the Shopping Center.
- (c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Shopping Center already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.
- (e) Lessee's Share of Common Area Operating Expenses shall be payable by Lessee within 10 days after a reasonably detailed statement of actual expenses is presented to Lessee. At Lessor's option, however, an amount may be estimated by Lessor from time to time of Lessee's Share of annual Common Area Operating Expenses and the same shall be payable monthly or quarterly, as Lessor shall designate, during each 12 month period of the Lease term, on the same day as the Base Rent is due hereunder. Lessor shall deliver to Lessee within 90 days after the expiration of each calendar year a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Lessee's payments under this Paragraph 4.2(d) during the preceding year exceed Lessee's Share as indicated on such statement, Lessor shall credit the amount of such over-payment against Lessee's Share of Common Area Operating Expenses next becoming due. If Lessee's payments under this Paragraph 4.2(d) during the preceding year were less than Lessee's Share as indicated on such statement, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the statement.

- (f) If there are one or more Major Lessees (as hereinafter defined) within the Shopping Center, then at Lessor's sole option, the amount to be reimbursed by such Major Lessees to Lessor for all or a portion of the Common Area Operating Expenses may be determined by alternative equitable methods (e.g., a Major Lessee may pay directly for its own security), and the actual amount paid by such Major Lessees shall be credited against the Common Area Operating Expenses allocated to other Lessees of the Shopping Center; provided, however, that in such event the rentable area of the buildings leased to such Major Lessees shall be excluded from the rentable area of the Shopping Center for purposes of determining Lessee's Share of Common Area Operating Expenses for those specific items, notwithstanding the percentage set forth in Paragraph 1.7. As used herein, the term "Major Lessee" shall mean a Lessee leasing at least 6,000 square feet of rentable area within the Shopping Center.

4.3 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the first of each month of the Term. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any late charges and bank fees which may be due.

5. Security Deposit.

5.1. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 14 days after the expiration or termination of this Lease, if Lessor elects to apply the Security Deposit only to unpaid Rent, and otherwise within 30 days after the Premises have been vacated pursuant to Paragraph 7.4(c) below, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. Lessee grants to Lessor a Uniform Commercial Code Security Interest in the Security Deposit and agrees that, in addition to all other rights and remedies available to Lessor under applicable law, Lessor has all of the rights of a secured party under the California Commercial Code with respect to the Security

Deposit, including, but not limited to, the right to make all filings necessary or appropriate to perfect or renew such security interest and Lessee shall promptly execute all reasonable instruments requested in writing by Lessor in connection therewith. Lessee hereby waives the provisions of California Civil Code Section 1950.7. For the avoidance of any doubt Lessee shall be in Default under the terms of the Lease in such event Lessee submits more than one (1) application to be reviewed by the City for Project Approvals, and Lessor reserves all rights and remedies contained in the Lease to cure such Default, including but not limited to retaining all pre-paid monies (which includes the Security Deposit) in the event of such breach of the Lease.

6. **Agreed Use; Agreed Trade Name.** The Premises shall be used primarily retail cannabis dispensary the Trade Name to be determined (see Lease Addendum, Exhibit A). Incidental sales (see Article 1.10) shall be defined as 10% or less of Lessee's Gross Sales, subject to the Existing Exclusives and Restrictions in Exhibit "C".

- (a) **Violations of Exclusive Use Rights.** Lessee acknowledges that Lessor may grant, or may have previously granted, exclusive use rights, attached hereto as Exhibit "C", to other Lessees of the Shopping Center and agrees that a material consideration to Lessor in entering into this Lease is Lessee's covenant to limit its use of the Premises to the Agreed Use under the Agreed Trade Name as set forth above. Lessee's violation of exclusive use rights granted to other Lessees of the Shopping Center will result in Lessor suffering irreparable harm and, therefore, in addition to all other rights and remedies available to Lessor, Lessor may seek to enjoin Lessee's breach of such covenant and Lessee shall be liable for any damages incurred or sustained by Lessor to such other Lessees whose exclusive use rights are breached by Lessee. In no event shall Lessor be liable to Lessee for any failure of any other Lessees of the Shopping Center to operate their businesses, or for any loss or damage that may be occasioned by or through the acts or omissions of other Lessees or third parties.
- (b) **Other Tenancies.** Lessor, at its sole discretion, reserves the absolute right to establish procedures to control other tenancies in the Shopping Center. Regardless of whether any specific Lessees are shown on any site plan attached hereto, Lessee does not rely on that fact, nor does Lessor represent that any specific Lessee or number or type of Lessees shall or shall not during the Term occupy any portion of the Shopping Center, nor does Lessee rely on any other Lessee operating its business in the Shopping Center at any particular time or times. Further, no conduct by any Lessee, sublessee or other occupant of, or any customer of, or any supplier to or use of any portion of the Shopping Center shall constitute an eviction, constructive or otherwise, of Lessee from the Premises, and Lessee hereby waives any and all claims that it might otherwise have against Lessor by reason thereof.

6.2 **Hazardous Substances.**

- (a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable

Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation**. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification**. Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Shopping Center). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification**. Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which existed as a result of Hazardous Substances on the Premises prior to the Commencement Date or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be

limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Commencement Date, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 Lessee's Compliance with Applicable Requirements. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Commencement Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Lessee's failure to comply with any governmental notices or citations within the time periods contained in such notices shall constitute a material breach of the Lease. In such event, Lessor may, at its option, terminate the Lease and incur no liability therefrom.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for

verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a contamination is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination.

7. Maintenance; Repairs, Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations.

- (a) **In General.** Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations (intended for Lessee's exclusive use, no matter where located), and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, HVAC equipment, electrical, lighting facilities, boilers, pressure vessels, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.
- (b) **Service Contracts.** Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements, if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler and pressure vessels, (iii) clarifiers, and (iv) any other equipment, if reasonably required by Lessor. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain any or all of such service contracts, and if Lessor so elects, Lessee shall reimburse Lessor, upon demand, for the cost thereof.
- (c) **Failure to Perform.** If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after 10 days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, and Lessee shall promptly reimburse Lessor for the cost thereof.
- (d) **Replacement.** Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if an item described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such item, then such item shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is 144 (i.e. 1/144th of the cost per month). Lessee shall pay interest on the unamortized balance at a rate that is commercially reasonable in the judgment of Lessor's accountants. Lessee may, however, prepay its obligation at any time.

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, Common Area fire alarm and/or smoke detection systems, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Lessee expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 Utility Installations; Trade Fixtures; Alterations.

- (a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air lines, power panels, electrical distribution, security and fire protection systems, communication systems, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).
- (b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, a) add a window to the storefront and b) make non-structural Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, and the cumulative cost thereof during this Lease as extended does not exceed a sum equal to 3 month's Base Rent in the aggregate or a sum equal to one month's Base Rent in any one year. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.
- (c) **Indemnification.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialman's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall

have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

- (a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per Paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.
- (b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.
- (c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if this Lease is for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Commencement Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee Owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises), even if such removal would require Lessee to perform or pay for work that exceeds statutory requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. Insurance; Indemnity.

8.1 **Payment of Premiums.** The cost of the premiums for the insurance policies required to be carried by Lessor, pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), shall be a Common Area Operating Expense. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Commencement Date or Termination Date.

8.2 Liability Insurance.

- (a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000, an "Additional Insured-Managers or Lessor's of Premises Endorsement", Liquor Liability Insurance, and contain the "Amendment of the Pollution Exclusion Endorsement" for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance carried by Lessee shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.
- (b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

- (a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee under Paragraph 8.4. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$1,000 per occurrence.
- (b) **Rental Value. Lessor.** shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value Insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.
- (c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Shopping Center if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

- (d) **Lessee's Improvements**. Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 **Lessee's Property; Business Interruption Insurance**.

- (a) **Property Damage**. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.
- (b) **Business Interruption**. Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.
- (c) **No Representation of Adequate Coverage**. Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 **Insurance Policies**. Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Commencement Date, deliver to Lessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 **Waiver of Subrogation**. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 **Indemnity**. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor

shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 **Exemption of Lessor from Liability.** Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places. Lessor shall not be liable for any damages arising from any act or neglect of any other Lessee of Lessor nor from the failure of Lessor to enforce the provisions of any other lease in the Shopping Center. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom. Lessee hereby indemnifies lessor against any claims or actions against Lessor due to Lessee's use of the Premises or to the use of the Premises by Lessee's customers, employees, or vendors.

9. **Damage or Destruction.**

9.1 **Definitions.**

- (a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.
- (b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.
- (c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.
- (d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.
- (e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises or Common Areas.

9.2 **Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total Replacement Cost of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to affect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the

event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full Replacement Cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage. - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Damage to Shopping Center. In the event of any damage or destruction to other portions of the Building or to any other buildings in the Shopping Center, whether insured or uninsured (and whether or not there is also damage or destruction to the Premises), which cannot reasonably be repaired in 6 months or less from the date of the damage or destruction, Lessor may either (i) repair such damage or destruction as soon as reasonably possible without expense to Lessee, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage or destruction. Such termination shall be effective 60 days following the date of such notice.

9.7 Abatement of Rent; Lessee's Remedies.

- (a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Base Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value Insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.
- (b) **Remedies.** If Lessor shall be obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.8 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

9.9 Waive Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

10. Real Property Taxes.

10.1 Definition. As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Shopping Center, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Shopping Center address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Shopping Center is located. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring during the term of this Lease, with the exception of a change in the ownership of

the Shopping Center or any portion thereof or a change in the improvements thereof during the first five (5) years of the Lease. Lessee shall not be responsible for any increase in Real Property Taxes attributable to change of ownership involving the Premises during the five (5)-year period starting on the Rent Commencement Date; provided, however, at the beginning the Option Period, if exercised by Lessee, Lessee shall be liable for the full amount of taxes and assessments levied against the Premises. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.2 Payment of Taxes. Lessor shall pay the Real Property Taxes applicable to the Shopping Center, and except as otherwise provided in Paragraph 10.3, any such amounts shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 Additional Improvements. Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Shopping Center by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request, or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon beginning on the Delivery Date, and continuing through the Term of the Lease. To the extent any such utilities and/or services are not separately metered, Lessee shall pay Lessee's Share thereof in accordance with Paragraph 4.2. Notwithstanding the provisions of Paragraph 4.2, if at any time in Lessor's sole judgment, Lessor determines that Lessee is using a disproportionate amount of water, electricity or other commonly metered utilities, or that Lessee is generating such a large volume of trash as to require an increase in the size of the dumpster and/or an increase in the number of times per month that the dumpster is emptied, then Lessor may increase Lessee's Base Rent by an amount equal to such increased costs.

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

- (a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all, or the majority of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.
- (b) If the Lessee is a corporation, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.
- (c) If the Lessee is a corporation, the involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.
- (d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent and Percentage Rent Rate to 110% of the Base Rent and Percentage Rent Rate then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.
- (e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

- (a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.
- (b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.
- (c) Lessor's consent to any assignment or subletting shall not constitute consent to any subsequent assignment or subletting.
- (d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.
- (e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any,

together with a fee of \$2,000, as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested.

- (f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.
- (g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

- (a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.
- (b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.
- (c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.
- (d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.
- (e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

- (a) The vacating or abandonment of the Premises. Lessee shall be deemed to have vacated the Premises if Lessee ceases to continuously operate its business in the Premises for a period of 5 consecutive days.

- (b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee.
- (c) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41 (easements), (viii) a statement of Lessee's Gross Sales required under the Percentage Rent Addendum attached hereto, if any, or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.
- (d) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.
- (e) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph (e) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.
- (f) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.
- (g) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.
- (h) Lessee shall be in a non-curable Default in such event Lessee submits more than one (1) application to be reviewed by the City for Project Approvals. Lessor reserves all rights and remedies contained in the Lease to cure such Default, including but not limited to retaining all pre-paid monies (which includes the Security Deposit) in the event of such breach of the Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and

expenses of any such performance by Lessor shall be due and payable by Lessee upon receipt of invoice therefor. If any check given to Lessor by Lessee shall not be honored by the bank upon which it is drawn, Lessor, at its option, may require all future payments to be made by Lessee to be by cashier's check. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

- (a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.
- (b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.
- (c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions", shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any

such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due as to scheduled payments (such as Base Rent and Percentage Rent) or within 30 days following the date on which it was due for non-scheduled payment, shall bear interest from the date when due, as to scheduled payments, or the 31st day after it was due as to non-scheduled payments. The interest ("Interest") charged shall be equal to 10%, but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 **Breach by Lessor.**

- (a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.
- (b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent an amount equal to the greater of one month's Base Rent or the Security Deposit, and to pay an excess of such expense under protest, reserving Lessee's right to reimbursement from Lessor. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. **Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs.

If more than 10% of the floor area of the Premises, or more than 25% of the parking spaces situated within the parking area, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph.

15. Brokerage Fees.

15.1 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates. Each Party (as "Responding Party") shall within 10 business days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published by the AIR Commercial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

- (a) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrances may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.
- (b) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Except as provided in Paragraph 15, upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined. Notwithstanding the above, and subject to the provisions of Paragraph 20 below, the original Lessor under

this Lease, and all subsequent holders of the Lessor's interest in this Lease shall remain liable and responsible with regard to the potential duties and liabilities of Lessor pertaining to Hazardous Substances as outlined in Paragraph 6.2 above.

18. **Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. **Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. **Limitation on Liability.** Subject to the provisions of Paragraph 17 above, the obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, the individual partners of Lessor or its or their individual partners, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against the individual partners of Lessor, or its or their individual partners, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. **Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. **No Prior or Other Agreements; Broker Disclaimer.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Lessor or Lessee under this Lease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

23. **Notices.**

23.1 **Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing. Notwithstanding California Civil Code 1162, notices contemplated by Paragraphs 13.1 and 13.2 of this Lease may be given by the means permitted by this Paragraph 23.1 and such notices given by the means of this Paragraph 23.1 are in lieu of, and not in addition to, the notices contemplated by California Civil Code 1161. The parties acknowledge and agree that the respective attorneys of the parties shall be authorized to send notices on behalf of their clients

23.2 **Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States

Express Mail or overnight courier that guarantee next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. **Waivers.** No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

25. **Disclosures Regarding The Nature of a Real Estate Agency Relationship.**

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) **Lessor's Agent.** A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) **Lessee's Agent.** An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) **Agent Representing Both Lessor and Lessee.** A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in

subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

- (b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Lease shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.
- (c) Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. **No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent and Percentage Rent Rate shall be increased to 150% of the Base Rent and Percentage Rent Rate applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. **Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. **Covenants and Conditions.** Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. **Binding Effect; Choice of Law.** This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. **Subordination; Attornment; Non-Disturbance.**

30.1 **Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 **Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of such new owner, this Lease shall automatically become a new Lease between Lessee and such new owner, upon all of the terms and conditions hereof, for the remainder of the term hereof, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations hereunder, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor.

30.3 **Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 **Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. **Attorneys' Fees.** If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. **Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or Lessees, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary. All such activities shall be without abatement of rent or liability to Lessee. Lessor may at any time place on the Premises any ordinary "For Sale" signs and Lessor may during the last 6 months of the term hereof place on the Premises any ordinary "For Lease" signs. Lessee may at any time place on the Premises any ordinary "For Sublease" sign.

33. **Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent, which consent shall be granted or denied at Lessor's sole discretion.

34. **Signs.** All signs must comply with all Applicable Requirements. Lessee shall not place, construct, or maintain on the glass panes or supports of the show windows of the Premises, the doors, exterior walls or the roof of the Building, or anywhere else within the Shopping Center outside of the Premises, or on any interior portions of the Premises that are visible from the exterior of the Premises, any signs, advertisements, names, insignia, trademarks, descriptive material or any other items without Lessor's prior written consent, which consent shall be granted or denied at Lessor's sole discretion. Lessor shall designate the size, shape, color, design, and location of all exterior sign(s) to be installed by Lessee, and Lessee shall, at Lessee's sole cost and expense, fabricate, construct and install all such sign(s) in full compliance with Lessor's designation and in accordance with the Sign Criteria for the Shopping Center attached hereto, if any. Lessee agrees to submit plans and specifications for Lessee's sign(s) for Lessor's written approval within 30 days after the full execution hereof and to install such sign(s) prior to opening for business at the Premises. Lessor, at Lessee's cost, may remove any item placed, constructed or maintained in, upon or about the Premises or Shopping Center which does not comply with this paragraph. All signs that are permanently attached to the Premises or Building shall become the property of Lessor at the expiration or earlier termination hereof; provided, however, that Lessee shall promptly remove all such signs if Lessor so elects, and Lessee shall promptly repair all damage caused by such removal. Lessee shall not place, construct or maintain in, upon or about the Premises any search lights, flashing lights, loudspeakers, phonographs or other visual or audio media.

35. **Termination.** Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. **Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. In those express instances where consent is within the sole discretion of a party, the party shall have no obligation to adhere to a standard of reasonableness. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. **Guarantor.** The Guarantor, if any, shall each execute a guaranty in the form reasonably required by Lessor, attached as Exhibit F.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b)

current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. **Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. **Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. While Lessor does not assume any responsibility to provide any security measures or any liability for failure to provide security measures or for any inadequacy thereof, Lessor shall have the authority to institute or continue such security measures as Lessor in its sole discretion deems necessary or appropriate from time to time, the cost and expenses of which shall be considered Common Area Operating Expenses. To the degree directed by Lessor, Lessee shall coordinate its security measures at the Premises with the security measures instituted by Lessor, if any.

40. **Reservations.** Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, and (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights.

41. **Building Planning.** Lessor shall have the right at any time or times, upon giving Lessee not less than 60 days prior written notice, to provide and furnish Lessee with space of comparable visibility located elsewhere within any of the buildings within the Shopping Center and to move Lessee into such new space, provided that the usable area of such new space is not less than the usable area of the Premises and provided that all of Lessee's reasonable out-of-pocket moving expenses (including but not limited to the cost of moving Lessee's personal property, the cost of reprinting Lessee's stationery or other business materials with the new address, and the cost to relocate and reinstall Lessee improvements and Lessee's telecommunications and computer equipment) shall be paid by Lessor, and provided further that Lessor shall construct at Lessor's expense such improvements to such new space as shall be necessary to place it in a condition that is substantially comparable to the Premises. Except as provided in the immediately preceding sentence, Lessor shall have no obligation to improve such space or pay any other expenses incurred by Lessee as a result of such relocation. On such relocation, the terms and conditions of this Lease shall remain in full force and effect, including but not limited to the Base Rent payable hereunder and Lessee's Share (even if the usable area of such relocated Premises is in excess of the usable area of the Premises), except that the Premises shall be in such new location. Upon Lessor's request, the Parties shall execute an amendment to this Lease in form required by Lessor confirming the relocation of the Premises to such new location. If the new space does not meet with Lessee's approval, which approval Lessee shall give or withhold in accordance with Paragraph 36, Lessee shall have the right to cancel this Lease by giving Lessor written notice thereof within 15 days of receipt of Lessor's notification of its intent to relocate Lessee. Lessee's failure to give such notice within such 15-day period shall be deemed Lessee's approval of the new space. If timely notice is given by Lessee, then this Lease shall terminate unless Lessor rescinds Lessor's prior notice of its intent to relocate Lessee within 10 days after Lessor's receipt of Lessee's notice of cancellation.

42. **Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to

pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay.

43. **Authority.** If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

44. **Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. **Offer.** Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. **Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. **Multiple Parties.** If more than one person or entity is named herein as either, Lessor or Lessee, such multiple Parties shall have joint and several responsibility to comply with the terms of this Lease.

48. **Waiver of Jury Trial.** The Parties hereby waive their respective rights to trial by jury in any action or proceeding involving the Property or arising out of this Agreement.

49. **Option to Extend.** If Lessee is granted an Option, as defined below, then the following provisions shall apply.

49.1 **Definition.** "Option" shall mean the right to extend the Term of or renew this Lease.

49.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

49.3 **Effect of Default on Options.**

- (a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.
- (b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 49.4(a). An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

49.4 Option to Renew.

(a) Provided Lessee is not in default under any provision of the Lease and has faithfully performed the terms or conditions of the Lease and Lessee is in actual physical possession of all of the Leased Premises (and operating and open for business as contemplated by this Lease, in all of the Leased Premises), Lessee shall have the right to extend the Term of this Lease for one (1) additional period of seven (7) years (the "Extended Term") commencing upon the expiration of the Extended Term hereof upon all the same terms and conditions as presently exist, except that the annual base rental rate shall be at Fair Market Value as defined in Article 49.4(b) and (c) below: Lessee shall give Lessor written notice of such election no earlier than three hundred sixty-five (365) and no later than two hundred seventy (270) days prior to the expiration of the Extended Term. TIME IS OF THE ESSENCE WITH RESPECT TO THIS ARTICLE. Such notice of election to extend the Term of the Lease shall be irrevocable. Except as expressly otherwise provided herein, the Extended Term shall be upon all of the terms and conditions of the Lease except that any articles which were intended to be one time, initial provisions or concessions (such as free Rent, Lessor Work, or a Lessee improvement allowance) shall be deemed to have been satisfied and shall not apply to any Extended Term. Also, there is no option to further extend the Term of the Lease beyond the expiration date of the Extended Term. The renewal option set forth in this Article is exclusively for the benefit of the Lessee under this Lease.

(b) Within fifteen (15) days after receipt of Lessor's determination of Fair Market Rent, Lessee may either accept Lessor's determination of Fair Market Rent or provide Lessor with Lessee's own determination of Fair Market Rent. In the event that Lessor and Lessee are unable to agree upon the Fair Market Rent of the Premises within fifteen (15) days after Lessor's receipt of Lessee's determination of Fair Market Rent ("Review Period"), then the fair market rent shall be determined by appraisal in the manner provided below. Until the appraisal procedures are finalized, Lessee shall continue to pay to Lessor the amount of Base Rent due during the immediately preceding Lease year ("Interim Rent Period"). After the determination of the appraisers is final, and it is determined that Lessee overpaid Base Rent during the Interim Rent Period, Lessor shall then promptly reimburse Lessee for any overpayment by Lessee of Base Rent. After the determination of the appraisers is final, and it is determined that Lessee underpaid Base Rent during the Interim Rent Period, Lessee shall promptly make payment to Lessor for any underpayment of Base Rent.

(c) The Fair Market Rent of the Premises shall be determined as follows: If at the end of the Review Period, Lessor and Lessee fail to agree on Fair Market Rent, Lessor shall select, at Lessor's sole cost and expense, an MAI appraiser and Lessee shall engage, at Lessee's sole cost and expense, an MAI appraiser. The two (2) MAI appraisers shall meet and attempt to reach an agreement as to Fair Market Rent on or before fifteen (15) days after the end of the Review Period. In the event the two appraisers do not reach an agreement and Lessors appraisal and Lessees appraisal are within 15% of each other, then the Fair Market Rent shall be averaged between the two appraisals and shall be final and binding on the parties. In the event the Lessor's appraisal and Lessee's appraisal are greater than a 15% difference in Fair Market Rent and the two appraisers are unable to reach a timely agreement within said fifteen (15) days, they shall then together select a third MAI appraiser within five (5) days of Lessee's receipt of Lessor's notice. Within fifteen (15) days after the third MAI appraiser's selection, the third MAI appraiser shall appraise the Premises ("Third Appraisal") and shall make a final determination of fair market rent. The third appraiser shall immediately forward the final appraisal report to Lessor and Lessee. The Third Appraisal shall be final and shall be binding on the parties. Lessor and Lessee shall equally pay for the costs of the Third Appraisal. Each MAI appraiser

shall have at least five (5) years of commercial real estate experience in Solano County. Fair Market Rent means the annual rental rate per square foot then being charged in Fairfield and Suisun City, CA, for space comparable to the space for which the market rate is being determined (taking into consideration, use, location, quality, age, location of applicable premises and rent concessions).

- (d) However, in no event shall the Base Rent entering the Option period be less than a 108% increase from the previous year's Rent, and the Base Rent shall increase 3% annually during the Option Term.

50. **Americans with Disabilities Act.** In the event that as a result of Lessee's use, or intended use, of the Premises the Americans with Disabilities Act or any similar law requires modifications or the construction or installation of improvements in or to the Premises, Building, Project and/or Common Areas, the Parties agree that such modifications, construction or improvements shall be made at Lessee's expense.

51. **Americans with Disabilities Act Disclosure.** Pursuant to California Civil Code Section 1938, Lessor hereby notifies Lessee that as of the Effective Date, the Premises have not undergone inspection by a "Certified Access Specialist" ("CASp") to determine whether the Premises meet all applicable construction-related accessibility standards under California Civil Code Section 55.53. Lessor hereby discloses pursuant to California Civil Code Section 1938 as follows: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or Lessee from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or Lessee, if requested by the lessee or Lessee. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." Lessor and Lessee hereby acknowledge and agree that in the event that Lessee elects to perform a CASp inspection of the Premises hereunder (the "Inspection"), such Inspection shall be (a) performed at Lessee's sole cost and expense, (b) limited to the Premises and (c) performed by a CASp who has been approved or designated by Lessor prior to the Inspection. Any Inspection must be performed in a manner which minimizes the disruption of business activities in the Premises, and at a time reasonably approved by Lessor. Lessor reserves the right to be present during the Inspection. Lessee agrees to: (i) promptly provide to Lessor a copy of the report or certification prepared by the CASp inspector upon request (the "Report"), (ii) keep the information contained in the Report confidential, except to the extent required by law, or to the extent disclosure is needed in order to complete any necessary modifications or improvements required to comply with all applicable accessibility standards under state or federal law, as well as any other repairs, upgrades, improvements, modifications or alterations required by the Report or that may be otherwise required to comply with applicable laws or accessibility requirements (the "Access Improvements"). Lessor is solely responsible for any disability access violations in the Project, excluding within the Premises, shall indemnify Lessee, and hold Lessee harmless, unless caused by Lessee, its' employees, agents, or invitees.

52. **Lessee's Gross Sales Reports.** Within ten (10) days following the end of each calendar month during the Term (including a partial calendar year at the beginning or end of the Term), Lessee shall send to Lessor at the address set forth below or such other place as Lessor directs Lessee in writing, a written report of Lessee's Gross Sales (as hereinafter defined) made in the Premises for such calendar month just ended.

53. **Project Approvals.** For the avoidance of any doubt the timeframes contained herein related to Project Approvals, will likely either overlap or run concurrently with Lessee's Due Diligence Condition as further defined herein. Lessee shall submit to the City for its Project Approvals (defined below) on or before the date that is ten business (10) days following Lessor's approval (which may happen concurrently while Lessee submits its' application to the City) of Lessee's application, plans and specifications. Lessee shall work continuously and diligently until said Project Approvals are received. In the event that Lessee has not

received, prior to the date which is 270 days after the date upon which Lessee has submitted its' application to the City ("Approval Period"), any and all necessary and required local, state, and private permits, licenses, variances, consents and approvals (collectively "Project Approvals") which give Lessee the ability to construct Lessee's initial improvements to the Premises and do business as a retail cannabis dispensary including, without limitation, building permits, and a business license to allow Lessee to cannabis at the Premises, Lessee shall have the right, at its sole option, to terminate this Lease by notifying Lessor in writing of its election to so terminate prior to the expiration of the Approval Period; provided, however, Lessee's right to terminate the Lease pursuant to this Section 53 shall not be deemed waived until Lessor provides written notice to Lessee of its failure to terminate as required herein and Lessee's failure to so terminate continues for a period of five (5) business days following receipt of said notice. Notwithstanding anything herein to the contrary, Lessee shall have the right to extend the Approval Period upon written notice to Lessor given prior to the expiration of the Approval Period until such time as all the applicable authorities have made a formal decision and all applicable appeal periods have expired but no more than ninety (90) days following the Approval Period. Notwithstanding the foregoing, if Lessee is unsuccessful in obtaining its necessary Project Approvals prior to the expiration of the Approval Period and elects to terminate the Lease pursuant to this Section 53, Lessor shall have the right, but not the obligation, to obtain said Project Approvals on Lessee's behalf, at no cost to Lessor, for a period of seventy (70) days following the expiration of the Approval Period, before Lessee's termination of the Lease shall become effective. Lessor shall notify Lessee in writing within five (5) days after receipt of Lessee's termination notice pursuant to this Section 53 if it shall elect to pursue the Project Approvals on Lessee's behalf. If Lessor elects to pursue the Project Approvals on Lessee's behalf pursuant to this Section 53 and neither Lessee nor Lessor are able to obtain the Approvals within seventy (70) days following the expiration of the Approval Period, then the Lease shall automatically terminate. Upon such termination, both parties shall be released from any further obligations hereunder. Lessor shall use reasonable efforts, at no costs to Lessor, to assist Lessee in obtaining all necessary Approvals.

Lessee shall submit its plans for the Premises to the City for approval within fifteen (15) days following Project Approvals, provided that Lessor provided its comments and approvals Lessee's plans within the time frames set forth below. Lessor and Lessee hereby acknowledge that Lessor has not completed construction drawings for the Premises. Lessee hereby agrees to promptly provide Lessor with a full and complete set of final construction drawings (including, without limitation, a floor plan, mechanical, electrical, and plumbing plan, civil plan (if any), structural plan (if any), architectural plan, and exterior elevations) for the Premises and standard signage specifications for the Shopping Center in electronic format (collectively, "Lessee's Plans") prior to submitting the plans to the City for Lessee's interior tenant improvement building permit. Lessor shall have ten (10) days from receipt of Lessee's Plans to approve of, or object to, Lessee's Plans in writing. Lessor must provide specific reasons and instructions regarding any disapproved matters. Lessee shall make any revisions or edits (if any) necessary and shall re-submit to Lessor for additional review within ten (10) days and this process shall continue until Lessee's Plans are approved by Lessor; provided, however, if any change requested by Lessor is not approved by the City, then said request changes are not required to be in the final and permitted plans. If Lessor fails to respond within any applicable ten (10) day period, Lessee's Plans shall be deemed approved by Lessor. In the event that Lessee's tenant improvement building permit is not approved, issued, picked up by Lessee's contractor/agent, and work has not commenced within one hundred fifty (150) days after Lessee has received Project Approvals, Lessor may terminate the Lease by providing Lessee with a thirty (30) day notice which may be held in abeyance if Lessee believes building permits will be issued within thirty (30) days after receipt of a termination notice. Upon such termination, both parties shall be released from any further obligations hereunder, except that Lessor shall promptly refund any amount paid to it by Lessee specifically provided hereunder.

54. Due Diligence / Feasibility Period. For the avoidance of any doubt the timeframes contained herein related to Lessee's Due Diligence Condition, will likely either overlap or run concurrently with Project Approvals. From the full execution of this Lease to and until the Due Diligence Deadline, Lessee shall have the right, as Lessee deems necessary in its sole and absolute discretion, to: (a) obtain information about the Premises and complete its review of such information, and (b) perform all tests, inspections and

investigations of the Premises, including without limitation, those relating to the legal, physical, and operating a business in the Premises and the costs of constructing Lessee's Work and/or other examinations of the Premises that Lessee deems appropriate; provided, however, any tests performed at the Premises may only be performed after first providing written notice to Lessor and giving Lessor the opportunity to have a representative present at the Premises while such tests are being performed. Lessor hereby expressly grants to Lessee and its employees, agents and contractors the right to enter the Premises for such purposes set forth above (provided, however, no Phase II or invasive testing of the Premises by Lessee or any employee, agent or contractor thereof may occur without the approval of Lessor, which approval may be given or withheld in Lessor's sole and absolute discretion). It is a condition precedent ("Lessee's Due Diligence Condition") to Lessee's continuing obligations under this Lease that Lessee shall have determined that the results of Lessee's inspections, examinations and investigations as specified above are acceptable to Lessee in its sole and absolute discretion. If Lessee determines that Lessee's Due Diligence Condition is not satisfied for any reason whatsoever or no reason, Lessee, by written notice stating the reason that Lessee's Due Diligence Condition is not satisfied given to Lessor at any time before the Due Diligence Deadline, shall have the right to terminate this agreement. If Lessee elects to terminate this Lease as provided in this Article 54, the Parties shall have no further obligations under this Lease, except for the Surviving Obligations. If Lessee does not elect to terminate this Lease by notice given to Lessor prior to the Due Diligence Deadline, Lessee's Due Diligence Condition shall be deemed waived and Lessee shall have no further right to terminate this Lease under this Article 54.

55. Facsimile and Electronic Mail Execution; Counterparts. This Lease may be executed by the parties exchanging signatures by facsimile, DocuSign, or e-mail and in any number of counterparts, so long as each party shall have executed at least one counterpart hereof, all of which, when taken together, shall constitute one and the same original agreement. Signatures of the parties transmitted by facsimile, scanned, e-mail, or DocuSign shall be deemed to be their original signatures for all purposes.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITHH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE. WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

LESSOR:

CENTRE PLACE WALNUT CREEK, LLC,
a California limited liability company

By: Hall Equities Group,
a California corporation,
its Authorized Agent

By: 

Name: ~~SVP~~ BLANDON FARRELL

Title: SVP

Address:

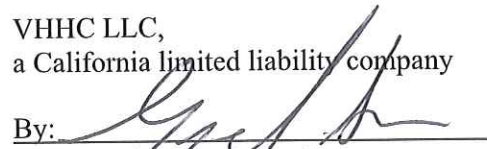
1855 Olympic Blvd., # 300
Walnut Creek, CA 94596
Attention: Retail Portfolio Manager
PH: 925-933-4000
FX: 925-933-4150
E-MAIL: notices@hallequitesgroup.com

With a copy to:

c/o Hall Equities Group
1855 Olympic Blvd., Suite 300
Walnut Creek, CA 94596
Attention: Chief Operating Officer
E-MAIL: notices@hallequitesgroup.com

LESSEE:

VHHC LLC,
a California limited liability company

By: 

Name: Gregory Schoepp

Title: Owner / Managing Member

Address:

VHHC, LLC
c/o Gregory Schoepp
543 Tennessee Street
Vallejo, CA 94590
PH: 707-652-5018 / 415-298-0948
FX: None
E-MAIL: greg.vhhc420@gmail.com

Exhibit "A"
Lease Addendum
(Attached.)

ADDENDUM TO STANDARD RETAIL LEASE

1. Integral Part. This Addendum to Standard Retail Lease (this "Addendum") is an integral part of the Standard Retail Lease to which this Addendum is attached. The term "the Lease" means such Standard Retail Lease and the term "this Lease" means the Lease and this Addendum taken together. In the event of a conflict between the Lease and this Addendum, this Addendum shall control.

2. Early Termination. Lessor shall have the right upon Lessor's sole election, upon five (5) days' written notice to Lessee or, if sooner, upon the effective date of any court order, to terminate this Lease in the event any of these causes (each, an "Early Termination Event") arise:

(a) The seizure by governmental authority seeking forfeiture of the building housing the Premises, whether or not the court proceeding has actually commenced;

(b) The entry of judgment (whether final or not) that has the effect (whether by restraining order, injunction, declaration, or otherwise) of establishing Lessee's use of the Premises or Common Areas constitutes a public or private nuisance;

(c) The commencement of an action under any federal, state, or local law (ordinance) or regulation seeking remediation of the Premises or any portion of the building housing the Premises as a result of a violation by the Lessee of any "Mandate" (as hereinafter defined) pertaining to environmental sensitivity or commission of waste, irrespective of Lessee's intent and course of action following its commencement;

(d) A final, appealable judgment having the effect of establishing that Lessee's operation violates Lessor's contractual obligations (i) pursuant to any private covenants of record restricting Lessor's building housing the Premises, (ii) good faith dealing to any third party, including other tenants of the building housing the Premises or occupants of any other building within the Project, or (iii) pursuant to its obligations under its mortgage agreement with Lessor's bank; or

(e) An event that (i) requires closure of the building for more than thirty (30) consecutive days for remediation of materially adverse circumstances created by Lessee's use of the Premises, or for more than forty-five (45) nonconsecutive calendar days within a three hundred sixty (360)-consecutive day period, or (ii) causes Lessor's insurance carrier to cancel coverage on the building housing the Premises (the "Building") unless Lessee procures comparable coverage for the entire Building within one (1) business day thereafter, and commences and thereafter continues to pay any premium cost in excess of the premium (pre-cancellation) paid by Lessor without credit or offset against the rent reserved under this Lease.

In addition to covenants of indemnity made in this Lease by Lessee, Lessee specifically agrees to indemnify and hold harmless Lessor from and against damages or losses Lessor incurs as a result of an Early Termination Event.

3. Use of Premises. The Premises shall be used only by Lessee to carry out a lawful cannabis business in accordance with the laws of the State of California and the ordinances (including zoning ordinances) of the City of Suisun City (collectively, the "Applicable Laws"),

namely and specifically, the retail or dispensary sale of cannabis products ("Cannabis Products") and related goods permitted by Applicable Law and reasonable administrative purposes associated therewith and for no other purposes. Lessee shall not sell or display any other psychoactive drug or product containing any psychoactive component other than cannabis, including, but not limited to, psilocybin, whether or not the same are permitted under the Applicable Laws. Cannabis Products may not be consumed in the Premises by any persons and Lessee shall take commercially reasonable efforts to prevent (a) the consumption of Cannabis Products in the Shopping Center by Lessee's patrons and (b) loitering or congregating in the Common Areas. If Lessee fails to perform its obligations under the immediately prior sentence to the reasonable satisfaction of Lessor, Lessor, at the cost of Lessee (which shall be deemed additional rent due under this Lease), may engage a security service to enforce compliance with such obligations. Lessee may not sell or trade in merchandise which, under the laws of the State of California, is required to be dispensed by or under the supervision of a registered or licensed pharmacist.

4. Inspection of Premises. Lessor shall have the right, at any time any portion of the Premises is occupied by Lessee's principals, agents, or contractors, to enter the Premises for the purposes of ensuring compliance with the covenants, warranties, and representations of Lessee under this Lease. If required under Applicable Laws, Lessor must be accompanied by authorized Lessee personnel while inspecting limited access areas to ensure compliance with the California Medicinal and Adult Use Cannabis Regulation and Safety Act.

5. Compliance with Laws; Lessee's Duty to Comply. The parties acknowledge that myriad regulations and local, state, and federal laws govern the operation of Lessee's use and that Lessee alone will be responsible for compliance with all Mandates and other requirements of any nature. Lessee's foregoing obligation shall encompass (a) all Applicable Laws (including, but not limited to, applicable restrictions on advertising); and (b) all federal laws to the extent those laws are not inconsistent with the Applicable Laws allowing Lessee to use the Premises for the permitted uses specified in Paragraph 1 above. The covenant to comply encompasses all laws that become effective before and during the Lease term, as may be extended (collectively, the "Mandates"), regardless of the cost of such compliance. Lessee's inability to comply with the Mandates shall be grounds for termination of this Lease by Lessor.

6. Surrender. Lessee's covenant to comply with all applicable Mandates shall apply equally to dismantling Lessee's operations at the end of the term and surrender of the Premises. Lessee hereby covenants to dispose, according to Mandates, all unused inventory, refuse and scrap materials and thereafter clean to commercially acceptable standards (including sterilization of impermeable surfaces, wall to wall and ceiling to floor) all floors, walls, immovable fixtures, and air ducts serving the Premises. Lessor has absolutely no obligation to return the Security Deposit to Lessee until an inspection of the Premises discloses that the above cleaning and disposal, and removal of alterations required hereby have been satisfactorily completed.

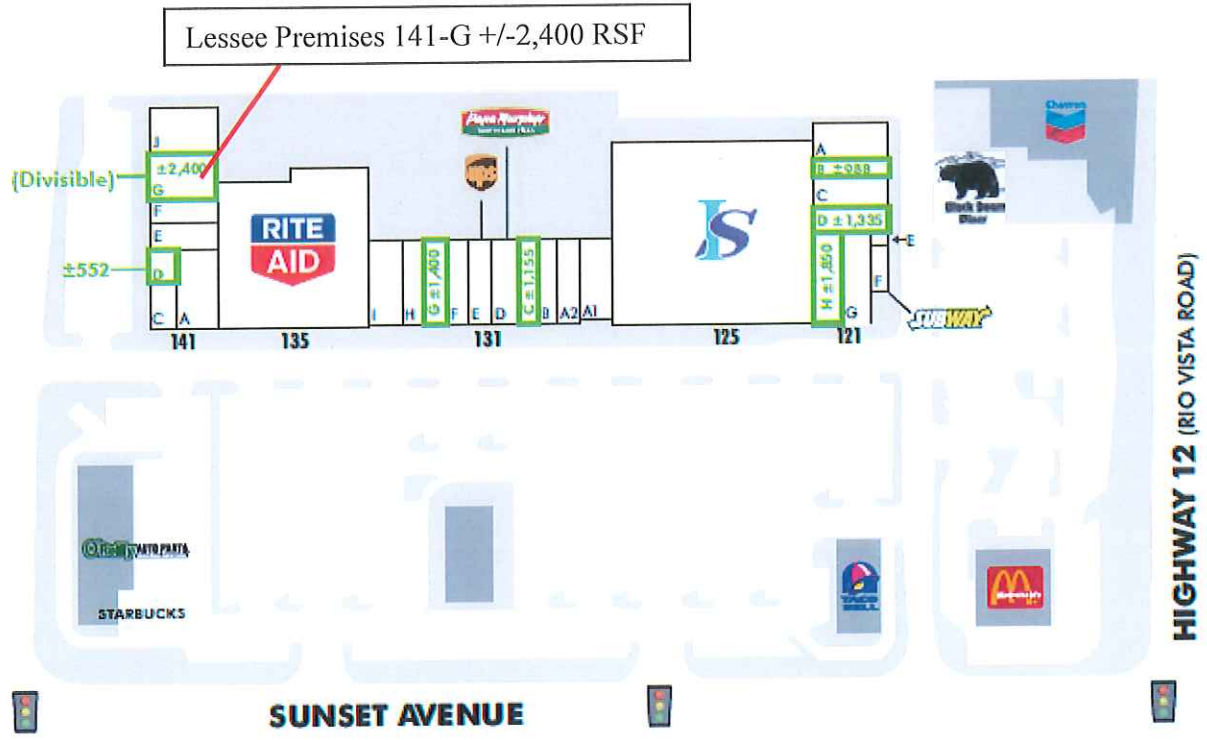
7. Lessee's Security Requirements. Lessee, at Lessee's expense, shall (a) install, keep operative, and monitor an exterior video surveillance system, and (b) at Lessor's option (and as a matter of Lessor's sole and absolute discretion), provide for an on-site security guard on a 24-hour/7 days a week basis.

8. Payment of Rent. Base Rent and all other amounts payable by Lessee under this Lease are "rent" for the purpose of California's unlawful detainer laws. All rent payable to Lessor shall be paid by wire transfer or bank check drawn on a US-based bank first approved in writing by Lessor. Lessor will not accept cash payment of rent.

9. Lender Default. In the event the lender or mortgage holder on the property and/or Shopping Center calls an event of default due to the Lessee's use of the property and/or Premises, Lessor can immediately terminate and cancel the Lease with no further obligation or liability on the part of Lessor.

10. Shopping Center. Lessor is pursuing to create an additional parcel to be contained within the overall Shopping Center, which shall create a separate parcel for Lessee Premises (and may include some adjacent and surrounding areas/land) on behalf of the Lessee. However, as it relates to Operating Expenses all costs shall remain combined with all other Common Area Costs and part of the entire Shopping Center. Lessee shall be responsible for all reasonable, and actual costs associated with Lessor pursuing and obtaining the separate parcel, including but not limited to any legal, survey, recording, title/escrow, permits, City fees, taxes, or other costs and/or fees associated with completing such work. For the avoidance of any doubt, the work to create the additional parcel (as noted above) shall be completed by Lessor, however such costs shall be reimbursed by Lessee during the course of pursuing the sperate parcel immediately upon receipt (within five (5) business days) of a monthly invoice from Lessor, so that Lessor does not need to come "out of pocket" for any costs/expenses incurred.

Exhibit "B"
Site Plan



SITE PLAN IS NOT TO SCALE—ALL DIMENSIONS ARE APPROXIMATE.



EXHIBIT "C"
Sunset Shopping Center
Rules and Regulations

A. COMMON AREA

1. All Tenants shall use their best efforts to require their respective customers, invitees and employees to comply with all regulations with respect to the Common Area, including, but not by way of limitation, posted speed limits, directional markings and parking stall markings.

2. All of the Common Area shall be maintained free from any obstructions not required, including the prohibition of the sale or display of merchandise outside the exterior walls of buildings within the Shopping Center, including those within any recessed area, except in areas specifically designed within the said Shopping Center for such purposes; Sidewalk Sales as may be permitted in leases excepted.

B. STORE INTERIORS

1. All store interiors including vestibules, entrances, and return, doors, fixtures, windows and plate glass shall be maintained in a safe, neat and clean condition.

2. All trash, refuse and waste materials shall be regularly removed from the premises of each tenant of the Shopping Center, and until removal shall be stored:

(a) in adequate containers, which such containers shall be located so as not to be visible to the general public shopping in the Shopping Center, and

(b) so as not to constitute any health or fire hazard or nuisance to any Occupant.

3. No portion of the Shopping Center shall be used for lodging purposes.

4. Neither sidewalks nor walkways shall be used to display, store or replace any merchandise, equipment or devices, except as may be permitted in A.2.

5. No advertising medium shall be utilized which can be heard or experienced outside of any store interior, including, without limiting the generality of the foregoing, flashing lights, searchlights, loud speakers, phonographs, radios or television.

6. No use shall be made of the Shopping Center or any portion or portions thereof which would:

(a) violate any law, ordinance or regulation,

(b) constitute a nuisance,

(c) constitute an extra hazardous use, or

(d) violate, suspend or void any policy or policies of insurance on the Stores.

7. Each tenant shall use its best efforts to require all trucks servicing the facilities of tenant to load and unload prior to the hours of the Shopping Center opening for business to the general public.

8. No advertising medium shall be utilized within the Shopping Center which can be seen or experienced outside the premises of any tenant advertising any auction, fire, bankruptcy or going out of

business sale

C. CONDUCT OF PERSONS

The following rules and regulations for the use of roadways, walkways, automobile parking areas, and other common facilities provided for the use of tenants and their customers, invitees and employees are hereby established:

1. No person shall use any roadway or walkway except as a means of egress from or ingress to any store within the Shopping Center and automobile parking areas within the Shopping Center, or adjacent public streets. Such use shall be in an orderly manner, in accordance with the directional or other signs or guides. Roadways shall not be used for parking or stopping, except for the immediate loading or unloading of passengers. No walkway shall be used for other than pedestrian travel.

2. No person shall use any automobile parking areas except for the parking of motor vehicles during the period of time such person or the occupants of such vehicle are customers or business invitees of the retail establishments within the Shopping Center. All motor vehicles shall be parked in an orderly manner within the painted lines defining the individual parking places. During peak periods of business activity, limitations may be imposed as to the length of time for parking use. Such limitations may be made in specified areas as deemed necessary by management.

3. No person shall use any utility area, truck court or other area reserved for use in connection with the conduct of business, except for the specific purpose for which permission to use such are is given.

4. No employee of any business in the Shopping Center shall use any area for motor vehicle parking, except the area or areas specifically designated for employee parking for the particular period of time such use is to be made.

5. No person, without the written consent of Landlord shall in or on any part of the Common Area:

(a) Vend, peddle or solicit orders for sale or distribution of any merchandise, device, service, periodical, book, pamphlet or other matter whatsoever.

(b) Exhibit any sign, placard, banner, notice or other written material.

(c) Distribute any circular, booklet, handbill, placard or other material.

(d) Solicit membership in any organization, group or association or contribution for any purpose.

(e) Parade, rally, patrol, picket, demonstrate or engage in any conduct that might tend to interfere with or impede the use of any of the Common Area by any Permittee, create a disturbance, attract attention or harass, annoy, disparage or be detrimental to the interest of any of the retail establishments within the Shopping Center.

(f) Use any Common Area for any purpose when none of the retail establishments within the Shopping Center is open for business or employment.

(g) Throw, discard or deposit any paper, glass or extraneous matter of any kind, except in

designated receptacles, or create litter or hazards of any kind.

- (h) Use any sound—making device of any kind or create or produce in any manner noise or sound that is annoying, unpleasant, or distasteful to tenants and their customers, invitees and employees.
- (i) Deface, damage or demolish any sign, light standard or fixture, landscaping material or other improvement within the Shopping Center, or the property of customers, business invitees or employees situated within the Shopping Center.

The listing of specific items as being prohibited is not intended to be exclusive, but to indicate in general the manner in which the right to use the Common Area solely as a means of access and convenience in shopping at the retail establishments in the Shopping Center is limited and controlled by Landlord.

Landlord and any tenant shall have the right to remove or exclude from or to restrain (or take legal action to do so) any unauthorized person from, or from coming upon, the shopping Center or any portion thereof, and prohibit, abate and recover damages arising from any unauthorized act, whether or not such act is in express violation of the prohibitions listed above. In so acting such party is not the agent of other parties or tenants of the Shopping Center, unless expressly authorized or directed to do so by such party or tenant in writing.

EXHIBIT "D"
Sunset Shopping Center
Existing Exclusives and Restrictions

Liberty Tax

Landlord shall not lease space to another tenant who derives more than 50% of its revenue from tax preparation service.

Papa Murphy's Pizza

Landlord agrees not to Lease to a tenant whose primary business is the sale of take and bake pizza and pasta (does not apply to existing Leases; nor does it apply to other tenants who are greater than 10,000 sf.

Metro by T-Mobile

Landlord will not hereafter enter into a new lease in the Shopping Center with a tenant whose principal permitted use is the sale of pre-paid cellular phones (the "Exclusive Use").

Suisun Wine & Spirits

Landlord will not directly lease space in the Shopping Center to any other tenant whose primary business will be the sale of distilled spirits, beer and wine (hereinafter a "Competing Business")- This limitation shall not apply to any tenant who may sell distilled spirits, beer and wine for off premises consumption on an incidental basis (incidental shall be defined as not to exceed 10% of gross sales) and not as its primary business, or any tenant, present or future, that is 10,000 square feet or greater.

The UPS Store

Landlord will not lease to any tenant for the purpose of conducting as its principle business, the sale of or providing packaging and shipping for a profit, mail box rentals, UPS, DHL, FedEx and any other overnight delivery services for profit ("Restricted Items"). Restriction shall not apply to occupants that sell one or more of the Restricted Items as an incidental part of their business "incidental" shall be defined as sales secondary to the sale of primary goods and services offered). Landlord agrees to that it will not amend an existing lease to allow the sale of Restriction Items, except incidental sales.

In Shape

So long as Tenant is open and operating the Premises for the Use described in Section 5.1.1 herein, Landlord shall not use or allow any other person or entity (except Tenant) to use any portion of the Shopping Center for the purpose of the operation of a health and fitness center, which exclusive shall include but not be limited to an indoor jogging track, gymnasiums, swimming pools (indoor and outdoor), whirlpools, saunas, steam rooms, aerobics and/or floor exercise, free weights, exercise machinery and equipment, tanning, physical therapy and rehabilitative services, child nursery facilities, private training services, Pilates, gyrotonic exercise and cross fit. The exclusive set forth in this Section 4.1 shall not apply to (i) present tenants (or their assignees or sublessees) whose leases do not prohibit such use, or (u) places of instruction such as a martial arts studio or a dance school. In the event an existing tenant should request Landlord's consent to a change in use which would violate the foregoing, then provided Landlord has the right to withhold consent to such change of use. Landlord will not grant its consent to such assignment or subleasing,

Thrifty Drugs/Rite Aid

Tenant has the exclusive right to sell patent and other medicine and drugs and distilled spirits ("Drug Store Restriction"). Provided, however, that in no event shall this exclusive provision be construed to prohibit the supermarket and one liquor store situated in this Shopping Center from handling and selling any of the items which they customarily handle and sell, nor shall this exclusive be construed to prohibit one variety store, one department store and any restaurant situated on this Shopping Center from handling and

selling as an incidental part of its or their business those medicines which variety stores, department stores and restaurants customarily handle and sell.

Anything in the next preceding paragraph to the contrary notwithstanding, Lessee is hereby given for the duration of this Lease as it may be extended, the exclusive right and privilege in this Shopping Center of conducting a drug store and/or of handling and selling any and all items of merchandise which under any law, rule, regulation or order promulgated by a competent governmental authority must be sold by, or in the presence of, a registered pharmacist.

Declaration

No portion of Parcel 1, 2 or 3 (parcel 2 being the Shopping Center) other than the area within the building limit lines on Parcel 2 shown as cross-hatched on Exhibit C shall be occupied or used, directly or indirectly, for the purposes of a general food market or a grocery store, meat market, fish market, fixit store, vegetable store, delicatessen, liquor store (selling beer, wine or distilled spirits), or any combination thereof; provided, however, that:

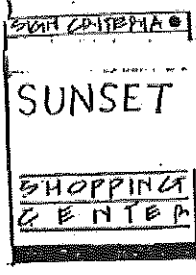
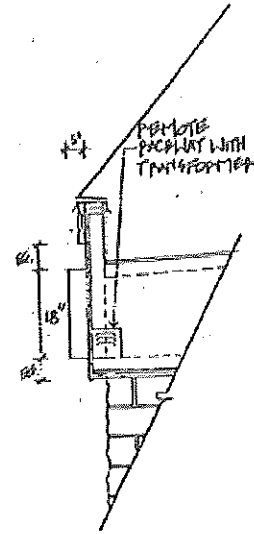
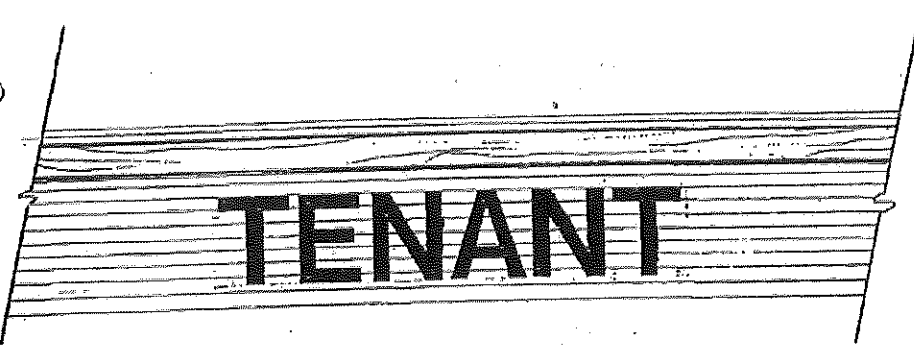
- the foregoing shall not prohibit one (1) delicatessen on Parcel 2 as long as it does not sell or offer for sale more than one hundred (300) lineal feet of individual shelf space of general grocery items;
- the foregoing shall not prohibit the existence of one (1) general off-sale alcoholic beverage license for the area within the building limit lines on Parcel 2 shown as single hatched on Exhibit C hereto, or one (1) general off-sale alcoholic beverage license on Parcel 2 in addition to those for the area within the building limit lines on Parcel 2 shown as cross-hatched on Exhibit C hereto and the area within the building limit lines on Parcel 2 shown as single-hatched on Exhibit C hereto, or the sale of beer and wine by the above referenced delicatessen;
- the foregoing shall not be deemed to apply to, nor to include in its terms, a Thrifty Drug and/or Discount Store (being a superdrug and/or discount store operated by Thrifty Corporation, a California corporation, its sub-lessees, assignees, or successors, selling items customarily sold by other stores of said Thrifty Corporation, or its corporate successor) or to apply to any other tenant operating a drug store in the area within the building limit lines on Parcel 2 shown as single-hatched on Exhibit C hereto upon the condition that it or they continue to conduct a typical superdrug and/or discount store business[es] and as long as such items as are customarily Sold by it or them do not include fresh or frozen meat, fresh or frozen fish, fresh or frozen vegetables, or fresh fruits,
- The provisions of this Paragraph 1 shall be effective only if a general food market or grocery store is opened on Parcel 2 within four (4) years of the date of the recordation hereof and shall be effective thereafter only so long as a general food market or Grocery store business is conducted on Parcel 2 without an interruption of such conduct for more than four hundred (400) consecutive days; provided, however, that said four hundred (400) day period shall be extended by the number of days during which the operator of said business is prevented from conducting said business by caused beyond said operator's control.

No portion of Parcels 1, 2 and/or 3 other than the area within the building limit lines on Parcel 2 shown as single-hatched on Exhibit C hereto shall be occupied or used, directly or indirectly for the sale or offering for sale of items the sale or offering for sale of which requires the presence of a licensed pharmacist. The provisions of this Paragraph 3 shall be effective only if a business selling or offering for sale items the sale or offering for sale of which requires the presence of a licensed pharmacist is opened on Parcel 2 within four (4) years of the date of the recordation hereof and shall be effective thereafter only so long as a business selling or offering for sale items the sale or offering for sale of which requires the presence of a licensed pharmacist is conducted on Parcel 2 without an interruption of such conduct for more than four hundred (400) consecutive days: provided, however, that said four hundred (400) day period shall be extended by the number of days during which the operator of said business is prevented from conducting said business by causes beyond said operator's control.

No portion of Parcels 1, 2 and/or 3 shall be occupied or used, directly or indirectly, for the purposes of an entertainment or recreational facility or a training or educational facility. As used herein, "entertainment or recreational facility" includes, but is not limited to, a bowling alley, skating rink, racquetball court, theater, billiard room, massage parlor, or gymnasium or other place of public amusement; and "training or educational facility" includes, but is not limited to, a beauty school, barber college, place of instruction, or any other operation catering primarily to students or trainees rather than to customers, it being the intent of this provision that the parking and other common facilities should not be burdened by either large scale or protracted use by customers of occupants of Parcels 1, 2, and/or 3. As used in this Paragraph, the term "entertainment or recreational facility" shall not be deemed to apply to nor include within its terms, a "McDonalds Playland" of the size and nature typically found as a part of a McDonalds Restaurant in northern California; provided such "McDonalds Playland" area is within the building limit line areas designated for the parcel upon which it is built, and provided further that the total number of parking spaces originally provided for such parcel is reduced by no more than four (4) parking spaces as a result of the construction of such "McDonalds Playland."

EXHIBIT "E"
Sunset Shopping Center
Signage Criteria

DISPLAY LENGTH NOT TO EXCEED 70% OF FRONT



TENANT SIGNS SHALL BE INDIVIDUAL LETTERS WITH 3/16" ACRYLIC PLASTIC FACES AND 5" CHANNELUM CONSTRUCTION WITH DARK BRONZE RETURNS. MAXIMUM LETTER HEIGHT 18". LETTER STYLE AND COLORS OF PLASTIC FACE SHALL BE OF TENANT'S CHOICE. ILLUMINATION SHALL BE NEON TUBING CONTAINED INSIDE LETTERS. ALL CONNECTIONS, CROSSOVERS AND RACEWAYS MUST BE HIDDEN. LOGOS SHALL BE ALLOWED AS AN INTEGRAL PART OF THE SIGN. LOGOS MUST NOT BE OVER 18" IN HEIGHT WITH THE SAME CONSTRUCTION DETAILS AS LETTERS. DRAWINGS OF PROPOSED SIGNS SHALL BE SUBMITTED TO OWNER FOR HIS APPROVAL. DRAWINGS MUST CLEARLY SHOW DIMENSIONS, MATERIALS, COLORS AND METHOD OF INSTALLATION.

EXHIBIT "F"
Lease Guaranty

(Lessee may be referred to as Tenant, and Lessor may be referred to as Landlord)

This GUARANTY OF LEASE (herein, together with all amendments and supplements hereto made hereafter, called this "Guaranty") dated as of August 28, 2020 (the "Effective Date"), is made by Gregory Schoepp, an Individual, and Jorge Espinoza, an Individual, jointly and severally, as guarantors (both parties may be referred to as "Guarantor" in this Lease Guaranty), in favor of CENTRE PLACE WALNUT CREEK, LLC, a California limited liability company ("Landlord"), with reference to the following facts:

WHEREAS, Landlord and VHC LLC, a California limited liability company ("Tenant"), entered into that certain Standard Retail Lease dated as of the Effective Date, wherein Landlord agreed to lease to Tenant certain property located at the 141-G Sunset Avenue, located in the City of Suisun City, County of Solano, State of California (the "Premises"). The Lease, together with any and all riders, addenda, schedules, amendments and modifications thereto, shall be collectively referred to herein as the "Lease." Guarantor acknowledges and agrees that (i) unless Guarantor agreed to execute this Guaranty, Landlord would not have entered into the Lease with Tenant and (ii) the Lease represents a material and substantial benefit to Guarantor.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt, adequacy, and sufficiency of which are hereby irrevocably and conclusively acknowledged by Guarantor, Guarantor hereby agrees as follows:

1. Guaranty. Guarantor unconditionally and irrevocably guarantees that all sums payable by Tenant under the Lease, including, without limitation, Base Rent, shall be promptly paid in full when due, in accordance with the provisions of the Lease and that Tenant shall perform and observe each and every covenant, agreement, term and condition in the Lease required to be performed and observed by Tenant with respect to the Premises under the Lease. This Guaranty is irrevocable, unconditional, and absolute. If, for any reason, any such sums shall not be paid promptly when due or any such covenant, agreement, term or condition is not performed or observed in accordance with the Lease, Guarantor, promptly after notice thereof, shall pay the same to the person entitled thereto pursuant to the provisions of the Lease, and shall perform and observe or cause to be promptly performed and observed every such covenant, agreement, term, and condition regardless of: (a) any defenses or rights of set-off or counterclaims which Guarantor may have or assert; (b) whether Landlord shall have taken any steps to enforce any rights against Tenant or any other remedy as a result of the default of Tenant, including enforcing any rights to any collateral securing the obligations of Tenant; (c) any other condition or contingency; or (d) any amendment, modification, extension, renewal or supplement to the Lease. This Guaranty is a guaranty of payment, not collection.

1. Non-Impairment of Guaranty. The obligations, covenants, agreements, and duties of Guarantor under this Guaranty shall in no way be impaired or excused by reason of the happening from time to time of any of the following, although any of which may be without notice to or the further consent of Guarantor:

(a) The waiver by Landlord of the performance or observance by Tenant, Guarantor or any other party of any of the agreements, covenants, terms or conditions contained in the Lease, this Guaranty or any other instrument (other than the excuse from such performance or observance, but only to the extent expressly stated in such waiver);

(b) The extension, in whole or in part, of the time for payment by Tenant or Guarantor of any sums owing or payable under the Lease or this Guaranty, or of any other obligations under or arising out of or on account of the Lease or this Guaranty;

(c) Any assignment of this Guaranty or the Lease, or subletting of the Premises or any part thereof, or any other transfer or encumbrance of the Lease on the Premises;

(d) The modification or amendment (whether material or otherwise) of any of the obligations of Tenant or Guarantor under the Lease or this Guaranty;

(e) Any failure, omission or delay on the part of Landlord to enforce, assert or exercise any right, power or any remedy conferred on or available to Landlord in or by the Lease, this Guaranty or any other instrument, or any action on the part of Landlord or any other person or entity granting indulgence or extension in any form whatsoever;

(f) The voluntary or involuntary liquidation, dissolution, or sale of all or substantially all of the assets, marshaling of assets and liability, receivership, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting Tenant or Guarantor or any of their assets;

(g) The release of Tenant or Guarantor from the performance or observance of any of the agreements, covenants, terms or conditions contained in the Lease or this Guaranty by operation of law;

(h) The inability of Landlord or Tenant to enforce any provision of the Lease, for any reason; or

(i) The filing or the existence of any grounds for the filing of a petition by or against Tenant or Guarantor under the Bankruptcy Reform Act, as the same may be amended or re-codified from time to time.

2. Waivers.

(j) Guarantor, to the extent Guarantor may legally do so, waives any right now or hereafter existing requiring Landlord, as a condition to proceeding against Guarantor hereunder, to (i) proceed against Tenant, (ii) proceed against or exhaust any security held from Tenant, (iii) proceed against any other guarantor prior to proceeding against Guarantor in any proceeding, or (iv) pursue any other remedy in Landlord's power. **GUARANTOR WAIVES ALL RIGHTS AND DEFENSES ARISING BY REASON OF ANY DISABILITY OR OTHER DEFENSE OF TENANT OR BY REASON OF THE CESSATION FROM ANY CAUSE WHATSOEVER OF THE LIABILITY OF TENANT OTHER THAN FULL PAYMENT OF ALL SUMS OWING LANDLORD UNDER THE LEASE AND FULL PERFORMANCE OF ALL TENANT'S OBLIGATIONS THEREUNDER.**

(k) **GUARANTOR, TO THE EXTENT GUARANTOR MAY LEGALLY DO SO, WAIVES ANY RIGHTS AND DEFENSES GUARANTOR MAY OTHERWISE HAVE, WHETHER NOW OR HEREAFTER EXISTING, BASED UPON AN ELECTION OF REMEDIES BY LANDLORD WHICH LIMITS OR DESTROYS GUARANTOR'S SUBROGATION RIGHTS OR GUARANTOR'S RIGHTS TO PROCEED AGAINST TENANT FOR REIMBURSEMENT.**

(l) Until the payment in full of all sums owing Landlord under the Lease and the full performance of all obligations of Tenant under the Lease, Guarantor shall have no right of subrogation. Guarantor further waives all rights to enforce any remedy which Landlord now has or may hereafter have against Tenant, and waives the benefit of, and all rights to participate in, any security now or hereafter held by Landlord from Tenant.

(m) Guarantor shall not assert the bankruptcy of Tenant as a defense to Guarantor's obligations hereunder, and further agrees that in the event a bankruptcy court orders or causes a

rescission or revision of the Lease or releases Tenant from any of its obligations under the Lease, Guarantor shall remain fully liable hereunder.

(n) Guarantor waives any right to require Landlord to make any presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of default or delinquency, notices of nonpayment, notices of the amounts from time to time owing Landlord under the Lease or any other facts that may come to Landlord's attention regarding the financial position of Tenant or notice of acceptance of this Guaranty.

(o) California Waivers. Guarantor further waives (a) the rights and defenses available under California Civil Code Sections 2787 to 2855, inclusive, and California Code of Civil Procedure Sections 995.010 through 995.770 and Sections 995.910 through 996.495, as such provisions may be amended from time to time, and (b) the benefit of any statute of limitations affecting Guarantor's liability under this Guaranty.

(p) Guarantor's Acknowledgment. Guarantor warrants and agrees that each of the waivers set forth in this Guaranty is made with Guarantor's full knowledge of its significance and consequences, and that under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any of said waivers are determined to be contrary to any applicable law or public policy, waivers shall be effective only to the maximum extent permitted by law.

3. Indemnification by the Guarantor. Without limitation on any other obligations of Guarantor under this Guaranty, Guarantor shall indemnify, defend and hold harmless Landlord from and against, and shall pay on demand, any and all losses, liabilities, damages, costs, expenses, and charges (including the reasonable fees and disbursements of Landlord's legal counsel and the reasonable charges of Landlord's internal legal counsel) suffered or incurred by Landlord as a result of any breach by Guarantor of this Guaranty.

4. Bankruptcy. In the event of the rejection or disaffirmance of the Lease by the Tenant or the Tenant's trustee in bankruptcy pursuant to bankruptcy law or any other law affecting creditors' rights, Guarantor shall, upon Landlord's request, assume all obligations and liabilities of the Tenant under the Lease with respect to the Premises and under the Lease, to the same extent as if Guarantor had been originally named instead of the Tenant as a party to such document and there had been no such rejection or disaffirmance; and Guarantor will confirm such assumption in writing at the request of Landlord upon or after such rejection or disaffirmance. Guarantor, upon such assumption, shall have all rights of Tenant under the Lease (to the extent permitted by law).

5. Representations and Warranties. Guarantor represents and warrants (which representations and warranties shall survive the execution of this Guaranty) that (a) Guarantor has received a copy of the Lease (and all exhibits, amendments and schedules thereto) as the same exists as of the Effective Date and is familiar with the terms and conditions thereunder, (b) the execution of this Guaranty will not render Guarantor insolvent, (c) Guarantor is receiving fair consideration for this Guaranty, and (d) Guarantor is now solvent, and no bankruptcy, insolvency, receivership, dissolution, liquidation, winding up, reorganization or similar proceedings are pending or contemplated by or, to the best of Guarantor's knowledge, threatened against Guarantor. Guarantor's liabilities and obligations under this Guaranty do not, and will not, render Guarantor insolvent, cause Guarantor's liabilities to exceed Guarantor's assets or leave Guarantor with too little capital to properly conduct all of its business as now conducted or contemplated to be conducted.

6. Interest; Attorneys' Fees. Any amount required to be paid by Guarantor to Landlord pursuant to the terms hereof shall bear interest, from the date payment is due from Guarantor, at the Overdue Rate (as defined in the Lease). If Landlord is required to pursue any remedy against Guarantor hereunder, or against Tenant in connection with the Lease, Guarantor shall pay to Landlord, upon demand, all fees and expenses of Landlord's counsel and all other related costs incurred by Landlord in connection therewith; provided,

however, Guarantor shall be entitled to recover his reasonable attorneys' fees and court costs if Guarantor is the prevailing party in any action with Landlord.

9. Interpretation. This Guaranty may not be modified or amended except by a written agreement duly executed by Guarantor and Landlord. This Guaranty embodies the parties' entire agreement with respect to the subject matter hereof and supersedes all prior agreements with respect thereto. Time is of the essence to the performance of all of Guarantor's obligations hereunder. This Guaranty shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

10. Joint and Several Obligations. If Guarantor consists of more than one person or entity, then the obligations of all persons and entities constituting Guarantor shall be joint and several.

11. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of California applicable to contracts entered into in California between parties residing in California. Guarantor hereby consents to the personal jurisdiction and venue of any California state court located in the Counties of Contra Costa, Alameda, and San Francisco and United States District Courts for the Northern District of California, and any successor courts, and the service of process by any means authorized by such courts.

12. Severability. If any provision of this Guaranty or application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Guaranty (including the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable) shall not be affected thereby, and each provision of this Guaranty shall be valid and enforced to the fullest extent permitted by law.

13. Notices. All notices given to Guarantor pursuant to this Guaranty or applicable law shall be in writing and shall be delivered (a) in person (by hand or by courier), (b) by certified or registered U.S. Mail or U.S. Postal Service Express Mail, with postage prepaid, or (c) by Express Courier (overnight or better service) that maintains delivery records. The addresses specified below shall be parties' addresses for delivery or mailing of notices. Either party may, by written notice to the other party, specify a different address for notice. Notice is deemed given upon receipt or when delivery is refused.

GUARANTOR:
Gregory Schoepp, an Individual

By: _____

Name: _____

Address of Landlord:

Centre Place Walnut Creek, LLC
c/o Hall Equities Group
1855 Olympic Blvd., Suite 300
Walnut Creek, CA 94596
Attention: Retail Portfolio Manger
Email: notices@hallequities.com

Jorge Espinoza, an Individual

By: _____

Name: _____

Address of Guarantor:

Gregory Schoepp
543 Tennessee St
Vallejo, CA 94590
Attention: Greg Schoepp
Email: greg.vhbc42@gmail.com

EXHIBIT "G"
Lessee's Work

This Exhibit G describes the obligations of Lessor and Lessee in the design and construction of the Premises. Each term used in this Exhibit which is defined in the main body of the Lease to which this Exhibit is attached shall have the same meaning when used herein.

Part I – Lessor's Work

Lessor shall deliver the Premises in "as-is" broom clean condition (free of any debris), "Lessor's Work" within fifteen (15) business days after the date that this Lease is executed by both Lessor and Lessee, the fully executed Lease has been provided to Lessor, and Lessee has provided Lessor with all items as noted in Article 1.4.

- A. The Premises shall be delivered to Lessee in AS-IS, WHERE-IS condition.
- B. Except as provided in this Part I, Lessee accepts the Premises in its current condition "As-Is". Lessor makes no representation and no warranties as to the condition of the Premises. Notwithstanding the foregoing, (i) Lessor warrants that the HVAC, plumbing or electric system (collectively, the "Systems") servicing the Leased Premises are in good working order at the time the Leased Premises is delivered to the Lessee, and (ii) if Lessee notifies Lessor within twenty-one (21) days after the Delivery Date (the "System Deficiency Notice Deadline") regarding any deficiencies in the Systems, Lessor shall promptly repair such deficiencies at Lessor's sole cost and expense ONLY after Lessee received its' Project Approvals and waived all lease conditions, or in the event the Systems are in not good working order Lessor may terminate the Lease rather than making repairs or replacements of the Systems. Following the System Deficiency Notice Deadline, the Systems shall be deemed to have been accepted by Lessee in good working order. However, the restroom(s) and HVAC shall be delivered in their current as-is condition, and Lessee acknowledges some these systems may require improvements to restore them to working condition.

Part II – Lessee's Work

A. Plan Approval Process:

(1) A field inspection of the Premises shall be made by Lessee prior to the preparation of the Lessee's plans and to verify all dimensions and field conditions since Lessor's does not have any "as built" plans.

(2) In accordance with the Lease, Lessee shall submit to Lessor a complete set of all architectural, structural, and MEP plans and specifications including the following:

- (a) Floor layout plan of Architectural, Structural & MEP at 1/4" scale
- (b) Interior elevations at minimum 1/4" scale;
- (c) Finish and color schedule with samples of wall and floor finishes;
- (d) Details of any special conditions at 3/4" scale; and
- (e) Store fixture plan showing photos of all trade fixtures.
- (f) Any exterior signage.

(3) Upon receipt by Lessor of Lessee's design plans as aforesaid, Lessor will review and comment upon the same. If any of said design plans are returned to Lessee with comments, and not bearing the unconditional approval of Lessor, said design plans shall be immediately revised by Lessee in accordance with Lessor's comments and resubmitted to Lessor for approval as provided in Article 53 of

the Lease. Lessor will review and comment upon any revised design plans and the above procedure will be followed until Lessee's design plans are unconditionally approved by Lessor.

(4) Lessee shall commence construction of its work in the Premises after delivery of the Premises and Lessee has received Project Approvals.

Part III -- General Procedures

(1) **Jurisdiction and Codes** The project is being developed in and under the jurisdiction of Solano County, Suisun City, California. Lessee's design and construction work shall comply with all applicable statutes, ordinances, regulations, laws and codes.

(2) Lessor's written approval shall be obtained by Lessee prior to the undertaking of any construction work which deviates from Lessee's interior design plans, as approved by Lessor, or the undertaking of any modifications whatsoever to the Premises and other work not explicitly shown on said design plans. Lessor's approval of the foregoing shall not constitute the assumption of any responsibility by Lessor for the accuracy or sufficiency thereof, and Lessee shall be solely responsible thereof.

(3) All contractors engaged by Lessee shall be bondable, licensed contractors, possessing good labor relations, capable of performing quality workmanship and working in harmony with Lessor's general contractor and other contractors on the job.

(4) Lessee's construction shall comply in all respects with applicable federal, state, county and/or local statutes, ordinances, regulations, laws and codes.

(5) All Lessee's work shall be performed in good and workmanlike manner and shall be prosecuted to completion with all due diligence.

(6) Lessee may use no space except the Premises for storage without approval of Lessor. Any material found in other areas will be subject to disposal by Lessor at Lessee's expense. Lessor shall have no responsibility or liability whatsoever for any loss of, or damage to, any materials, fixtures, equipment, merchandise or other property belonging to Lessee installed or left in the Premises or anywhere else at the Shopping Center.

(7) During the term of this lease all work performed by Lessee's contractor(s) must take place between the hours of 8am and 5pm, Monday through Friday (holidays and weekends are not allowed) and shall be performed so as to cause a minimum of interference with other Lessees, as well as the Shopping Center's shoppers and the operation of the Shopping Center. All construction workers' parking will be designated by the Lessor. Lessee shall take all precautionary steps to protect its facilities and the facilities of others affected by Lessee's Work and properly police same. Construction equipment, materials and trash bins are to be located in confined areas as approved by Lessor and truck traffic is to be routed in and from the site as directed by Lessor so as not to burden the construction or the operation of the Shopping Center. Any damage or loss to the property of Lessor or other Lessees or third parties in the Shopping Center occasioned by or arising from acts of Lessee, its employees, agents or contractors shall be the responsibility of Lessee and Lessee hereby indemnifies and holds harmless Lessor therefrom.

(8) Lessor shall have the right to order any Lessee or Lessee's contractor or employee who willfully violates any of the requirements contained herein to cease work, and to remove himself, his equipment and his employees from the Shopping Center.

(9) Each Lessee contractor shall be required to maintain continuous protection of adjacent premises in such manner as to prevent any damage to such adjacent property and the improvements thereon or therein by reason of the performance of the Lessee's Work, and promptly to repair any such property or improvements so damaged to the condition prior thereto. Each Lessee contractor shall be required to properly protect its work with lights, guard rails, and barricades and secure all parts of the work against weather and accident.

(10) Any disagreement which may arise between Lessor and Lessee, or any of their contractors, with reference to Lessee's Work, Lessor's Work or any other work to be performed by either Lessor or Lessee pursuant to this Exhibit G, shall be in writing and provided by one party to the other within thirty (30) days following the delivery of the Premises by Lessor to Lessee.

(11) No approval by Lessor is valid unless in writing, signed by Lessor.

(12) Lessee shall furnish Lessor with lien waivers and sworn statements, in such form as may be required by Lessor, from all persons performing labor and/or supplying materials in connection with the Lessee's Work showing that all of said persons have been compensated in full.

(13) Lessor, other Lessees and any utility companies shall have the right (subject to Lessor's approval) to run utility lines, pipes, conduit or duct work where necessary, through ceiling spaces, and column spaces, nonselling areas or other parts of the Premises, and to maintain same in a manner which does not interfere unnecessarily with Lessee's use thereof.

(14) At the completion of the Lessee construction, Lessee agrees to provide Lessor copies of construction permits, Health Dept. permits, as-built drawings, Certificates of Occupancy and Final lien waivers from the Lessee's contractor(s) and sub-contractors.

ADDENDUM TO STANDARD RETAIL LEASE

1. Integral Part. This Addendum to Standard Retail Lease (this "Addendum") is an integral part of the Standard Retail Lease to which this Addendum is attached. The term "the Lease" means such Standard Retail Lease and the term "this Lease" means the Lease and this Addendum taken together. In the event of a conflict between the Lease and this Addendum, this Addendum shall control.

2. Early Termination. Lessor shall have the right upon Lessor's sole election, upon five (5) days' written notice to Lessee or, if sooner, upon the effective date of any court order, to terminate this Lease in the event any of these causes (each, an "Early Termination Event") arise:

(a) The seizure by governmental authority seeking forfeiture of the building housing the Premises, whether or not the court proceeding has actually commenced;

(b) The entry of judgment (whether final or not) that has the effect (whether by restraining order, injunction, declaration, or otherwise) of establishing Lessee's use of the Premises or Common Areas constitutes a public or private nuisance;

(c) The commencement of an action under any federal, state, or local law (ordinance) or regulation seeking remediation of the Premises or any portion of the building housing the Premises as a result of a violation by the Lessee of any "Mandate" (as hereinafter defined) pertaining to environmental sensitivity or commission of waste, irrespective of Lessee's intent and course of action following its commencement;

(d) A final, appealable judgment having the effect of establishing that Lessee's operation violates Lessor's contractual obligations (i) pursuant to any private covenants of record restricting Lessor's building housing the Premises, (ii) good faith dealing to any third party, including other tenants of the building housing the Premises or occupants of any other building within the Project, or (iii) pursuant to its obligations under its mortgage agreement with Lessor's bank; or

(e) An event that (i) requires closure of the building for more than thirty (30) consecutive days for remediation of materially adverse circumstances created by Lessee's use of the Premises, or for more than forty-five (45) nonconsecutive calendar days within a three hundred sixty (360)-consecutive day period, or (ii) causes Lessor's insurance carrier to cancel coverage on the building housing the Premises (the "Building") unless Lessee procures comparable coverage for the entire Building within one (1) business day thereafter, and commences and thereafter continues to pay any premium cost in excess of the premium (pre-cancellation) paid by Lessor without credit or offset against the rent reserved under this Lease.

In addition to covenants of indemnity made in this Lease by Lessee, Lessee specifically agrees to indemnify and hold harmless Lessor from and against damages or losses Lessor incurs as a result of an Early Termination Event.

3. Use of Premises. The Premises shall be used only by Lessee to carry out a lawful cannabis business in accordance with the laws of the State of California and the ordinances (including zoning ordinances) of the City of Suisun City (collectively, the "Applicable Laws"),

namely and specifically, the retail or dispensary sale of cannabis products ("Cannabis Products") and related goods permitted by Applicable Law and reasonable administrative purposes associated therewith and for no other purposes. Lessee shall not sell or display any other psychoactive drug or product containing any psychoactive component other than cannabis, including, but not limited to, psilocybin, whether or not the same are permitted under the Applicable Laws. Cannabis Products may not be consumed in the Premises by any persons and Lessee shall take commercially reasonable efforts to prevent (a) the consumption of Cannabis Products in the Shopping Center by Lessee's patrons and (b) loitering or congregating in the Common Areas. If Lessee fails to perform its obligations under the immediately prior sentence to the reasonable satisfaction of Lessor, Lessor, at the cost of Lessee (which shall be deemed additional rent due under this Lease), may engage a security service to enforce compliance with such obligations. Lessee may not sell or trade in merchandise which, under the laws of the State of California, is required to be dispensed by or under the supervision of a registered or licensed pharmacist.

4. Inspection of Premises. Lessor shall have the right, at any time any portion of the Premises is occupied by Lessee's principals, agents, or contractors, to enter the Premises for the purposes of ensuring compliance with the covenants, warranties, and representations of Lessee under this Lease. If required under Applicable Laws, Lessor must be accompanied by authorized Lessee personnel while inspecting limited access areas to ensure compliance with the California Medicinal and Adult Use Cannabis Regulation and Safety Act.

5. Compliance with Laws; Lessee's Duty to Comply. The parties acknowledge that myriad regulations and local, state, and federal laws govern the operation of Lessee's use and that Lessee alone will be responsible for compliance with all Mandates and other requirements of any nature. Lessee's foregoing obligation shall encompass (a) all Applicable Laws (including, but not limited to, applicable restrictions on advertising); and (b) all federal laws to the extent those laws are not inconsistent with the Applicable Laws allowing Lessee to use the Premises for the permitted uses specified in Paragraph 1 above. The covenant to comply encompasses all laws that become effective before and during the Lease term, as may be extended (collectively, the "Mandates"), regardless of the cost of such compliance. Lessee's inability to comply with the Mandates shall be grounds for termination of this Lease by Lessor.

6. Surrender. Lessee's covenant to comply with all applicable Mandates shall apply equally to dismantling Lessee's operations at the end of the term and surrender of the Premises. Lessee hereby covenants to dispose, according to Mandates, all unused inventory, refuse and scrap materials and thereafter clean to commercially acceptable standards (including sterilization of impermeable surfaces, wall to wall and ceiling to floor) all floors, walls, immovable fixtures, and air ducts serving the Premises. Lessor has absolutely no obligation to return the Security Deposit to Lessee until an inspection of the Premises discloses that the above cleaning and disposal, and removal of alterations required hereby have been satisfactorily completed.

7. Lessee's Security Requirements. Lessee, at Lessee's expense, shall (a) install, keep operative, and monitor an exterior video surveillance system, and (b) at Lessor's option (and as a matter of Lessor's sole and absolute discretion), provide for an on-site security guard on a 24-hour/7 days a week basis.

8. Payment of Rent. Base Rent and all other amounts payable by Lessee under this Lease are “rent” for the purpose of California’s unlawful detainer laws. All rent payable to Lessor shall be paid by wire transfer or bank check drawn on a US-based bank first approved in writing by Lessor. Lessor will not accept cash payment of rent.

9. Lender Default. In the event the lender or mortgage holder on the property and/or Shopping Center calls an event of default due to the Lessee's use of the property and/or Premises, Lessor can immediately terminate and cancel the Lease with no further obligation or liability on the part of Lessor.

10. Shopping Center. Lessor is pursuing to create an additional parcel to be contained within the overall Shopping Center, which shall create a separate parcel for Lessee Premises (and may include some adjacent and surrounding areas/land) on behalf of the Lessee. However, as it relates to Operating Expenses all costs shall remain combined with all other Common Area Costs and part of the entire Shopping Center. Lessee shall be responsible for all reasonable, and actual costs associated with Lessor pursuing and obtaining the separate parcel, including but not limited to any legal, survey, recording, title/escrow, permits, City fees, taxes, or other costs and/or fees associated with completing such work. For the avoidance of any doubt, the work to create the additional parcel (as noted above) shall be completed by Lessor, however such costs shall be reimbursed by Lessee during the course of pursuing the sperate parcel immediately upon receipt (within five (5) business days) of a monthly invoice from Lessor, so that Lessor does not need to come “out of pocket” for any costs/expenses incurred.

Section 2.11 Neighborhood Compatibility Plan

A representative of the Applicant canvassed the other businesses for their reaction to the prospect of a retail cannabis business joining them in the Sunset Center development before signing a Letter of Intent. (See attached matrix of businesses contacted.)

Feedback from neighboring business owners were favorable. The surrounding businesses also understand that the proposed cannabis business will likely drive customer traffic to the Center and boost their own business as well.

The good neighbor policy augmentation for this project is the addition of a security presence during business hours which will help control unwanted loitering, disturbances and prevent property crime like graffiti and other forms of vandalism. Patrons of all the Center businesses will realize an enhanced sense of personal safety that will contribute to repeat visits. Members of the public understandably harbor concerns about the potential for problems with neighboring cannabis retailers following decades of prohibition, but these have not been borne out by experience. In 2017 a study funded by the National Institute on Drug Abuse and conducted by researchers at UC Irvine analyzed the impact of a wave of forced medical cannabis dispensary closures in Los Angeles. "Contrary to popular wisdom, we found an immediate increase in crime around dispensaries ordered to close relative to those allowed to remain open," according to a contributing researcher. One reason cited is the added security presence dispensaries provided to monitor the immediate surroundings.

The proposed site at 141-G Sunset Ave/Sunset Center is located within a commercial shopping complex featuring several small retail businesses. A Smoke Shop is adjacent to the proposed cannabis business location and other nearby businesses include a barbershop and donut shop. Retail cannabis customers typically spend ten to fifteen minutes shopping, and the rapid turnover helps to alleviate concerns with available parking.

The business will provide a positive retail experience for customers with a fluid floor plan and quality interior design and finish materials. The entrance will be clear and attractive with discreet signage containing no logos or information to identify, advertise, or list the services or the products offered. The owners will secure a sign permit from the City and follow all applicable signage ordinance provisions. No window displays of products or accessories will be visible from the exterior, and a friendly and watchful security presence will prevent any nuisance impacts associated with unwanted loitering. The operators and security guards will ensure that no cannabis consumption takes place on or in the immediate vicinity of the premises, and signs will be posted at the exit to remind customers that consumption on the premises is prohibited. Neighbors of proposed commercial cannabis businesses often voice concerns with the potential for the release of nuisance odors. The strong odors often associated with cannabis result from either burning the plant material, or from the terpene compounds produced by living cannabis flowers near the end of a cultivation cycle. Since cannabis consumption of any sort will not be permitted on or near the

premises, and the volatile terpenes have largely dissipated from the dried and cured flowers sold by retailers, neither of those sources will have a significant impact on neighboring businesses. All products arrive at the retail premises already sealed and packaged for sale, and any slight plant odor remaining in the sales area can easily be scrubbed by carbon filtration before exiting the premises if it poses any nuisance to neighboring businesses.

Retail cannabis operations generate little waste, mostly cardboard and whatever is generated by employees during the workday. Garbage and refuse on this site will not be accumulated or stored for more than seven calendar days and will be properly disposed of weekly in a manner prescribed by the solid waste hauler or local enforcement agency. All waste, including but not limited to refuse, garbage, green waste, and recyclables, will be disposed of in accordance with local and state codes, laws, and regulations. Employees will maintain the exterior of the premises and keep the surrounding area clean and free of litter.

The applicant will actively engage with the operators of neighborhood businesses to address any concerns they might have regarding operation of the commercial cannabis business. The owner will provide neighbors with the name and number of a community relations representative for the cannabis retailer who will be readily available to deal with any issues that arise.

The applicant will look for opportunities to cooperate with neighboring businesses to enhance security and strengthen the local retail environment. The operator plans to capitalize on the location and make the Suisun cannabis retail outlet a destination for shoppers from neighboring communities. The convenient access from the highway combined with a pleasant shopping experience will encourage repeat customers and word of mouth advertising. He intends to build a business that will be a consistently positive influence in the neighborhood and deliver a powerful net benefit to other local retail operations.

Applicant is working with the property owner to create additional 20 parking spaces at the rear of complex to alleviate frontage parking stall usage and negatively impacting the surrounding businesses. Applicant will customer incentives to encourage its customer to use rear parking, which is identical to our incentivized parking we offer our VHHC customers in Vallejo. It has been successful and we see on average 30 customers per day taking advantage of our incentivized parking.

Neighborhood Engagement Matrix

For

141-G Sunset Avenue
Sunset Plaza, Suisun City

Business Name	Suite #	Contact Name	Contact #	Comments
Windsmile	141 J-I	Virginia	(707) 421-8190	No concerns re proposed cannabis business
Smoke Shop	141-F	Kay	(415) 943-9287	No concerns re proposed cannabis business
Barbershop J's	141-E	Windel	(707)_280-8441	Likes the proposed cannabis business and the idea of security helping deter the current loitering problem.
Innova	141-D	Genevieve	(707)_501-8195	Supports the proposed business.
Dyers Donuts	141-C	Nate	(707) 501-8195	No concerns with proposed business.

The above matrix will be kept current with conversations we have with neighboring businesses. Although our neighbors do not have concerns at this time, should concerns arise in the future, we will include an action plan addressing each concern and have specific steps in place to address all issues. We will have an open-door policy with our neighbors in addressing concerns and making our neighborhood clean, safe, and secure.

Section 2.12 Community Benefits

VHHC's proposed retail cannabis business plans to make a significant contribution to the local economy and community at large that is meaningful and sustainable by providing employment, job training, support of charitable organizations serving Suisun City and surrounding areas, driving increased traffic to surrounding businesses and generating tax revenue to fund government services.

VHHC intends to provide residents union job opportunities which pay living wages and include good benefits. Employees will have the opportunity to gain valuable knowledge and experience in a nascent industry under the guidance of experienced professionals. Local managers will learn how to successfully manage a retail cannabis business, including essentials like procurement and regulatory compliance. Sales floor employees will learn how to deliver quality customer service in the cannabis industry and become familiar with cannabis product formulations and their uses. Employees will also have the opportunities for personal and professional development as well as job promotion.

VHHC owner, Greg Schoepp, believes in serving the communities in which he operates. VHHC is a supporter of the Solano Aids Coalition, Napa Working Families Coalition, Bay Area Vets Alliance, The Red Cross, Vallejo Police Officers Association, Novato Police Officers Association, GLIDE, Girl Scouts of America, and various local Humane Societies. VHHC is a generous contributor to many of these organizations both in large charitable donations for holidays and smaller monthly contributions. Greg is also a member of the Vallejo Chamber of Commerce and supports various chamber events and fundraising through sponsorship throughout the year.

Greg has a long history of involvement in local business organizations and supports local charitable causes, which he intends to build upon in Suisun City by partnering with the local business community and non-profits in support of drug abuse awareness and prevention programs, HIV/AIDS awareness and educational programs and other programs which serve to benefit families in Suisun City.

VHHC forecasted tax revenues derived from the local Special Cannabis Tax (as included in the Business Plan Proforma Income Statement) over the first three (3) years of operation to be:

Year 1: Gross Sales of \$3,000,000.00; 7% Cannabis Tax Revenue of \$210,000.00

Year 2: Gross Sales of \$5,280,000.00; 7% Cannabis Tax Revenue of \$364,000.00

Year 3: Gross Sales of \$8,580,000.00; 7% Cannabis Tax Revenue of \$595,000.00

In addition, the proposed business expects to draw in a significant volume of traffic from the Fairfield area, increasing the likelihood those customers will patronize nearby retail businesses as well, further increasing taxes generated by existing businesses.

As evidenced in the owner's qualification section the applicant actively looks for opportunities to support local community organizations and initiatives. The owner of the proposed cannabis retail storefront regards local authorization as an opportunity to partner with the City in running the business in a way that benefits all parties and welcomes a discussion with City representatives regarding community needs and ways that the retail cannabis business might contribute.

The owner intends to work with the City and its residents to establish a successful and profitable business that will become a positive force in Suisun City with benefits that spread throughout the community. Those positive impacts will be felt both in the local economy, and in the quality of life for those with medical conditions that respond to therapeutic applications of cannabis. The applicant looks forward to discussing the project in detail and will promptly supply any additional information needed evaluate the proposal.

ENTERED
5/29/2020



**BOARD OF TRUSTEES OF
THE GLIDE FOUNDATION**

January 30, 2020

Kaye Foster
Chairperson

Vallejo Holistic Health Center
543 Tennessee St
Vallejo, CA 94590-4430

Mary Glide
Vice Chair

Michael L. Warren
Secretary/Treasurer

***“Darkness cannot drive out darkness; only light
can do that. Hate cannot drive out hate; only
LOVE can do that.”***

—Dr. Martin Luther King, Jr.

Emily H. Cohen

Dear Friends,

Paula R. Collins

Cheryl L. Flick

Thank you for supporting GLIDE through your generous gift of \$100.00. Through your meaningful act of generosity and compassion, you are standing with, and supporting, our neighbors living at the margins of society.

Crickette Brown Glad

Dr. Erica Lawson

For over 50 years, GLIDE has served a diverse cross-section of marginalized populations. Last year alone, GLIDE served over 750,000 nutritious meals to individuals living with the threat of hunger; helped nearly 3,000 people in crisis through our Walk-In Center; supported 250 children and 187 parents and caregivers with crucial services at our Family, Youth and Childcare Center; distributed over 4,000 grocery bags with provisions for a holiday feast; and more. None of this would be possible without you.

Shireen McSpadden

Janice Mirikitani

Tara-Nicholle Nelson

Laura Thompson

Ross Weiner

Rev. Cecil Williams

Lin-Hua Wu

Mr. Phillip Zackler

We also acknowledge and confirm our understanding that you intend for your gift to be used for GLIDE Foundation programs and services described above, and that your gift is not to support any particular faith or denomination, but instead that it must be used in a manner consistent with GLIDE's mission of supporting a radically inclusive community.

**GLIDE EXECUTIVE
LEADERSHIP**

Karen Hanrahan
President & CEO

At GLIDE, we believe that through acts of unconditional love, understanding and empathy we can change and save lives every day. We envision a vibrant city where all people feel welcome and find the resources they need to improve their lives.

On behalf of all of us here at GLIDE, thank you from the bottom of our hearts!

Sincerely,

Mariah W. Bozeman
Director of Fund Development

Please consider this letter an official receipt of your contribution in the amount of \$100.00 received on 01/27/2020. No goods or services were provided in exchange for your generous donation. The Board of Trustees of the Glide Foundation is a 501c(3) tax exempt organization. Our federal tax identification number is 94-1156481.

GLIDE
330 Ellis Street
San Francisco, CA 94102

T: 415-674-6070
F: 415-771-8420 www.glide.org



**THE HUMANE SOCIETY
OF THE UNITED STATES**

*****SCH 5-DIGIT 94947

Mr. Greg Schoepp
756 Tamalpais Ave.
Novato, CA 94947-3940



**ENTERED
2020**



Please accept this
2021 ANIMAL LOVER'S CALENDAR
along with my invitation to become a
member of the Humane Society of the
United States. **The fight for all animals
is empowered by your support!**

Dear Member-Elect,

Enclosed is your limited-edition **2021 Humane Society of the United States Animal Lover's Calendar!**

Each time you use the calendar or see one of its striking photos, I hope it reminds you that your support can help fight animal cruelty every day ...

... and also, that you help support our critical programs all year long!

That's why I hope you will send back your enclosed Calendar Receipt Verification Form to let us know you received your copy in good condition—and make a contribution of \$25, \$15 or \$10 today.

Your generosity will help rescue and protect animals in need and address the root causes of suffering. It will help animals like the beautiful **red fox** featured in this year's calendar.

Millions of foxes, rabbits, mink and other animals are raised for their fur in factory farms, where they spend their entire lives in cramped cages—only to be crudely gassed or electrocuted at the end. And their lives are miserably short, as most will be killed when they are less than a year old. Most will never experience a single day outside of their cages.

We can end this cruel trade by convincing designers and retailers to go fur-free and pushing for bans on the sale and manufacture of new fur. Over 300 companies have now pledged to stop using fur, and last year California became the first state to ban fur sales and manufacturing. The end of fur is within sight—and with your support we will get there!

This year's calendar also features **a pair of playful rabbits**. Unfortunately, the tameness of rabbits makes them convenient subjects for testing cosmetics—tests that are inhumane, unnecessary and inaccurate. Hundreds of thousands of animals suffer and die worldwide every year in cosmetics tests, in which terrified rabbits, guinea pigs and mice have substances forced down their throats, dripped into their eyes or smeared onto their skin before they are killed.

The Humane Society of the United States is committed to ending animal testing forever. This year, bans on the sale of cosmetics newly tested on animals went into effect in California, Illinois and Nevada, and we're continuing to push for a nationwide law that would end this cruelty for good.

You'll also see a beautiful photo of a **bobcat**, an elusive native animal found in nearly every region of the continental United States. Not much bigger than a large house cat, bobcats don't pose a public safety threat, and yet they are often the target of trophy hunters who shoot them for bragging rights or trappers who kill them for their pelts. Some states allow horrific killing methods—including steel-jaw leghold traps and hounding with packs of dogs.

(over, please)



Vallejo Police Officers' Association
PO Box 4554
Vallejo, CA 94590-6554

RECEIVED
JUN 08 2020



GREGORY SCHOEPP
VALLEJO HOLISTIC HEALING CENTER
539 Tennessee St
Vallejo, CA 94590-4430

May 22, 2020

Dear GREGORY SCHOEPP,

I am writing you today to thank you for being one of our most generous supporters. Your donation of \$100.00 on March 19, 2020 is greatly appreciated. I can't stress enough how much your support means to us!

It's people like you who have really helped make a difference in our community!

We strive to reach as much of our community as possible to help and assist whenever we are needed. Please know that you have given us a helping hand in this matter, and helped us make a difference. Please retain this letter as proof of your generous contribution to our Association.

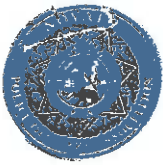
Learn more about our community-based efforts by "liking" us on Facebook and signing up for our mailing list on our website, www.vallejopoa.org.

I am looking forward to our continued mutual support in the future. Thank you again for taking your time to help.


Sincerely,

Mike Kollar

Mike Kollar, Retired Vallejo Police Officer
Vallejo Police Officers' Association
www.vallejopoa.org



As we did in the Fall, we have included a decal for your generous support. We hope you will continue to support us today.

 Show Your Support. Donate & Follow us on Facebook!

Visit us online at:
www.novatopoa.com

PAID
5/29/2020

Donor Since 2016

Dear Gregory Schoepp,

We like to think of our Police as indestructible, when in fact, like us, they are only human. Given the current widespread health and economic crises, and during these uncertain times, we need their presence to maintain law and order, now more than ever.

Today, you can show our Officers that they are not alone. In these unprecedented times, we must all step up and help one another, especially those who are on the front lines protecting us.

By donating to the Novato Police Officers Association, you are showing our Officers that you understand the critical mission we maintain. Without us in the field during this trying period, our community's risks would be substantially higher. Our Officers, as well as paramedics and firefighters, cannot avoid any crisis or illness. We are standing guard every day, 24/7/365, helping to keep our neighbors and families safe.

Thank you - it is because of YOU, that we can stand in support of our first responders in great need.

Please donate, join our list, and be a HERO to the cause. As always, be safe, and take all recommendations from our Federal, State and Local health officials seriously. **We will see this through together!**

Please **HELP US** today, so we are all stronger tomorrow.



Sincerely yours,

Sean Sinnott

Sean Sinnott, President
Novato Police Officers Association

P.S. Any questions or concerns, please call 415-761-2143.

EIN # 68-0003502. This gift is not considered tax-deductible as a charitable contribution for Federal Income Tax purposes; however, you should consult your tax professional about its use as an alternate category of deduction.



Donate Online!
Scan QR Code with your phone's camera or text HelpHeroes-108 to 21000

Please see reverse side to receive your DONATION RECEIPT.

Show your support and get behind the badge today!



National Multiple Sclerosis Society

ENTERED
5/29/2020

Thank you!

April 15, 2020

Dear Mr. Schoepp,

Thank you for your generous gift of \$100.00 to our Matching Grant Campaign to help end MS. As a person who cares about the challenges of MS and wants to do something about MS now, your support is deeply appreciated.

With 2.3 million people living with MS worldwide, it's hard to believe that one person's support makes a difference. But rest assured, your dollars are now at work accelerating life-changing breakthroughs that enable people to live their best lives today and that will ultimately end MS forever. Thanks to YOU...

- ... a worried father was able to call an MS navigator and get the information and resources he needs to help his son better cope with the challenges of MS.
- ... a newly diagnosed young mother found support and a caring community to help her feel less alone.
- ... a husband with shattered career plans found vocational guidance and new job options.
- ... and we are one step closer to funding research that will STOP MS in its tracks, RESTORE what's been lost and END MS forever.

Your giving means so much to everyone who envisions a world free of MS. Your support could help us make the next breakthrough! I am very grateful for your generosity, and if you'd like to continue your support with another gift today, we included a form below to make that easier.

Sincerely,

Cyndi Zagieboylo

Cyndi Zagieboylo
President & CEO

RECEIVED
2020

P.S. Thank you again for your generous gift. Together we will Breakthrough MS.

The IRS requires documentation for all gifts of \$250 or more when you itemize deductions on your federal tax return.

GIFT RECORD

Thank you for making a real difference for those with MS!

Amount: \$100.00 Gift Received: 04/09/2020

Mr. Gregory Schoepp
756 Tamalpais Ave
Novato, CA 949473940



National Multiple Sclerosis Society

1700 Owens Street, Suite 190
San Francisco, CA 94158
Phone: 844-675-4787
nationalMSSociety.org

No substantial goods or services were provided by the organization in return for this contribution.



REQUEST FOR LIVE SCAN SERVICE

Applicant Submission

CA0480500

ORI (Code assigned by DOJ)

Authorized Applicant Type

CANNABIS BUSINESS APPLICATION

Type of License/Certification/Permit OR Working Title (Maximum 30 characters - if assigned by DOJ, use exact title assigned)

Contributing Agency Information:

SUISUN CITY POLICE DEPARTMENT

Agency Authorized to Receive Criminal Record Information

00482

Mail Code (five-digit code assigned by DOJ)

701 CIVIC CENTER BLVD

Street Address or P.O. Box

AMBER KENT

Contact Name (mandatory for all school submissions)

SUISUN CITY

CA

94585

City

State

ZIP Code

7 0 7 4 2 1 7 3 7 3

Contact Telephone Number

Applicant Information:

Schoepp

Last Name

Gregory

First Name

Middle Initial

Suffix

Your Number:

OCA Number (Agency Identifying Number)

Level of Service: DOJ FBI

(If the Level of Service indicates FBI, the fingerprints will be used to check the criminal history record information of the FBI)

If re-submission, list original ATI number:
(Must provide proof of rejection)

Original ATI Number

Employer (Additional response for agencies specified by statute):

Employer Name

Mail Code (five digit code assigned by DOJ)

Street Address or P.O. Box

City

State

ZIP Code

Telephone Number (optional)

Live Scan Transaction Completed By:

Name of Operator

Date

Transmitting Agency

LSID

ATI Number

Amount Collected/Billed

ORIGINAL - Live Scan Operator

SECOND COPY - Applicant

THIRD COPY (if needed) - Requesting Agency

Section 2.14 Labor and Employment

VHHC, LLC dba Eagle Eye-Suisun (“VHHC”) welcomes the full support of labor and believes that by providing good paying jobs and training in a growth industry positively impacts the economic health and well being of local communities in which we operate. The applicant fully supports the employees right to bargain collectively and pledges to bargain in good faith regarding employees pay and benefits. VHHC has voluntarily entered into an Agreement in principal with the United Commercial food Workers, Local 5 (“UCFW5”), although not required by the State for cannabis businesses with less than twenty employees.

The Labor Peace Agreement between VHHC, LLC and UCFW5 establishes the procedures for ensuring an orderly environment for the exercise of employee’s right to organize under a collective bargaining unit. The text of the agreement follows. The UFCW5 office is located at 4121 Alhambra Ave., Martinez, CA 94553. The Lead Organizer for northern California is Jim Araby and he can be reached at (925) 228-8800.

(See attached proposed Labor Peace Agreement)

Employee Compensation:

VHHC relies on its employees to provide outstanding customer service and we reinforce that culture by rewarding hard work and promoting from within. The company will hire local talent whenever possible to strengthen ties with the local community. Our proposed wage scale is:

Counter Sales \$21 -\$23/hr.

Reception \$21 -\$23/hr.

Supervisor \$30 -\$35/hr.

Shift Manager/Counter Sales \$21 - \$25/hr.

Floor Manager \$25 - \$30/hr.

General Manager \$40/hr. + Bonus

Employee Training/Continuing Education:

There is little available at present in the way of educational institutions that offer training programs for prospective workers in the cannabis industry. The Amsterdam University in Oakland is the only regional example of an institution that offers a comprehensive educational program for aspiring entrepreneurs and workers looking to enter this growth industry. The UCFW5 wants to set up a formalized apprenticeship program, and the applicants look forward to working with the union to institute such a program in the future that would provide those educational opportunities for residents.

Ongoing product training is mandatory for all counter sales staff to ensure their knowledge of products are up-to-date so they may provide the best product recommendations suited to patient needs. These trainings are facilitated by both VHHC staff and product vendor representatives. In addition, staff are required to complete any other training required by local, State and Federal regulations.

In the near term the local management and sales team will benefit from the guidance of experienced operator who know how to successfully manage cannabis retail outlets and provide quality customer service.

(See attached Policies and Procedures)

Payroll Practices:

Employees will be paid bi-monthly in cash. VHHC will use X-ACT PAYROLL SERVICES (“X-ACT”) for all payroll processing of regular wages, overtime wages, sick leave pay, vacation pay and family leave pay. All employees will receive a copy of their gross pay, regular hours worked, overtime hours worked, rate of pay, sick leave used, vacation pay used State and Federal taxes withheld and all other deductions, net pay with each payday. VHHC will receive with each payroll run compensation, deductions, sick leave used/remaining, vacation leave used/remaining and employee list registers for the pay period, end of quarter and end of year. X-ACT will also process State and Federal payroll tax payments, quarterly tax return filings, W-2s and new/terminated employee reporting to the CA State EDD.

Proposed Business Management Locally:

Although VHHC owner, Greg Schoepp, does not reside in the City, he will have overall responsibility for the management and operation and plans to have a local designee employed for the day-to-day operations. The designee will also be authorized to act on behalf of VHHC, should any situation arise and Greg is not immediately available. Greg will also be on site regularly one (1) day per week at minimum to ensure quality and compliant standards of the business are being met.

(See attached proposed Policy and Procedures)

Labor Peace Agreement
by and between
VHHC, LLC dba Eagle Eye-Suisun (“Employer”)
and
United Commercial Food Workers-Local 5 (“Union”)

WHEREAS Employer holds or intends to apply for one or more State Licenses to engage in commercial cannabis activity and intends to become a licensee to engage in commercial cannabis activity, as such terms are defined by Section 19300 of the Business and Professions Code.

WHEREAS Employer desires to construct and operate commercial cannabis activities within the Union’s geographic jurisdiction, and desires to do without disruption, unrest or delay that may be occasioned by labor disputes.

WHEREAS the Union seeks a means of efficiently and amicably resolving disputes relating to its potential representation of employees engaged in the industry in which Employer seeks to operate.

WHEREFORE, the Parties voluntarily enter into this agreement, which shall be binding on them and hereby establish the following procedure for the purpose of ensuring an orderly environment for the exercise by the employees of their rights under Section 7 of the National Labor Relations Act (“NLRA”), in order to comply with California law, and to avoid picketing and/or other economic action directed at the Employer in the event Union decides to conduct an organizing campaign among the Employer’s employees:

1. This Agreement shall cover the following bargaining unit at the Employer’s location(s) in Suisun City, California.

- A. All full-time and part-time employees employed in all jobs constituting “commercial marijuana activity” as defined in Section 26001 and/or “commercial cannabis activity” as defined in Section 19300.5 of the California Business and Professions Code at the Employer’s operation in Suisun City, California, excluding all managerial employees, office clerical employees, guards and supervisors as defined in the NLRA.

unit”
makes The Employer agrees that these Bargaining Unit Employees share a strong “community of interest” and therefore constitute “an appropriate bargaining unit” as these quoted terms are defined under the NLRA, for the purpose of exclusive representation and collective bargaining by the Union in the event the Union makes a showing of majority status as detailed in paragraph 2 below.

2. The Employer shall recognize and bargain in good faith with the Union as the exclusive representative of all employees in the dispensary bargaining unit upon the Union’s showing that a majority of the respective bargaining unit employees have authorized the Union to represent them for the purpose of collective bargaining.

3. The term “Employer” shall be deemed to include any person, firm, partnership, corporation, joint venture, or other legal entity that substantially controls or is substantially under the control of the Employer covered by this Agreement or one or more principal(s) of the Employer covered by this Agreement.

4. The Employer shall remain neutral with respect to the Union and its representation of employees covered by this Agreement. The Employer will not take any action not make any statement that will directly or indirectly state of imply opposition by the Employer to the selection by such employees of a collective bargaining agent, or reference for or opposition to any particular union as a bargaining agent.

5. The Union may engage in organizing efforts in non-work areas during employees’ non-working times (before work, after work, or on meal or rest breaks) and/or during such other periods as the parties may mutually agree upon. The Employer will make arrangement to permit these conversations to be held in an area where the employee(s) will be able to speak to the Union representatives without monitoring by an area where the employee(s) will be able to speak to the Union representatives without monitoring by the Employer, subject to the Employer’s legally mandated worksite requirements for security and safety.

6. During the life of this Agreement, and except for a material breach of these provisions going to the essence of this Agreement, the Union will not engage in picketing or other economic activity at the Employer for the purpose of obtaining recognition. This paragraph will expire upon the Employer’s recognition of the Union as the representative of the employees.

7. Within ten (10) days following receipt of written notice of intent to organize employees, the Employer will furnish the Union with a list of all its full-time and part-time non-supervisory and non-management employees engaged in commercial cannabis activities, the Employer shall provide to the Union the names, home addresses, personal telephone numbers, including cell phone number (s) and personal email addresses of these employees. The Employer shall update this list regularly and no less often than ten (10) working days, if requested in writing by the Union. The Union will keep employee names, addresses, telephone numbers and email addresses confidential and not use them for any other purposes than for the purposes of this Agreement. The lists provided by Employer shall be used and be regarded as a conclusive eligibility list for the purpose of determining whether the Union enjoys a majority of support among the employees. Any disputes regarding eligibility, the eligibility list, or the sufficiency or authenticity of the Union’s showing of majority status shall be determined by a mutually agreed neutral third party appointed to ascertain the majority status of the Union.

8. The parties agree that any dispute over the interpretation of application of this Agreement shall be submitted to expedited and final, binding arbitration with FILL IN BLANK serving as Arbitrator. If he is unavailable to serve within fourteen (14) days of notification, then another mutually acceptable person shall be the arbitrator. If the parties cannot agree on a replacement arbitrator, the FILL IN BLANK shall designate one. The arbitrator shall have the authority to determine the arbitration procedures to be followed and to establish substantive and procedural rules for how to conduct the card check process to ensure a fair and reliable process that prevents the employer from knowing individual employee choices for or against the Union. The arbitrator

shall also have the authority to order the non-compliant party to comply with the Agreement. All arbitration costs shall be equally borne by the parties. The Superior Court of California in the county in which the Employer's facility at issue is located shall have exclusive jurisdiction in any action concerning arbitration under this Agreement. The parties hereto agree to comply with any order of the arbitrator, which shall be final and binding, and furthermore consent to the entry of any order of the arbitrator as the order of judgement of the court, without entry of findings of fact and conclusions of law.

9. To the extent one of more terms of this Agreement are determined to be invalid by a court of law or by a final decision of an administrative agency that is appealable only to a court of law, the remaining provisions shall be unaffected and shall remain in force and effect.

10. The parties warrant that their respective representatives who have executed this Agreement have full authority to bind and obligate the parties to the terms set forth herein.

11. Under no circumstance in the initial year following recognition will the Employer withdraw recognition or seek an NLRA election unless it is legally compelled to do so.

12. This Agreement shall be in full force and effect from the date it is fully executed on behalf of the Employer and the Union for a period of two (2) years or upon recognition of any union including the Union as the exclusive collective bargaining representative of the Employer's employees, whichever is sooner.

Agreed and accepted this 28th day of August 2020.

By: _____
Gregory Schoepp
Owner/Managing Member

For: VHHC, LLC dba Eagle Eye-Suisun

By: _____

Name: _____

Title: _____

For: United Commercial Food Workers/Local 5

Section 2.15 Proposed Location

The proposed site of the retail cannabis business is in the Sunset Center commercial development in leased Unit #141-G off Sunset Avenue, Suisun City. The parcel number is 0173-390-140, occupying 2400 sq. ft. in the Commercial zoning district. The site is not within 600 feet of a K-12 school, commercial daycare center, or center.

There is a Smoke Shop adjacent to the proposed business location and a dentist office, barbershop and donut shop nearby.