

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

6/13/19
ITEM No.: 2.2
ESP/UT
EP

ORDINANCE APPROVING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE AN ASSIGNMENT OF THE LICENSE AND CONCESSION AGREEMENT WITH ALTA SUPPLY, INC. TO CRESCO LABS, INC. FOR PREMISES LOCATED AT 424 PENDLETON WAY, OAKLAND, AND TO AMEND SAID LICENSE AND CONCESSION AGREEMENT TO INCLUDE A \$2,000 ADMINISTRATIVE FEE FOR TRANSFER REQUESTS.

WHEREAS, the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 2.2, dated June 13, 2019 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; and

WHEREAS, Section 706 of the City Charter gives to the Board the complete and exclusive power and duty for and on behalf of the City to make provisions for the needs of commerce, shipping, and navigation of the Port and to promote the development, construction, and operation of all waterfront properties, including piers, wharves, sea walls, docks, and other improvements; and

WHEREAS, the proposed action is consistent with the Port's duty to use and manage Port property in trust for the State of California (the "Tidelands Trust"), and the continued private use of Port property pursuant to the subject License and Concession Agreement ("Agreement") will not interfere with the Tidelands Trust; now, therefore

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. In acting upon this matter, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, and findings set forth in the Agenda Report and in related agenda materials and in testimony received.

Section 2. The Board hereby finds and determines as follows:

A. Alta Supply, Inc. ("Alta Supply") is currently the Licensee to the Agreement, with an effective date of August 1, 2017, for approximately 8,849 square feet of warehouse and office space with dedicated parking located at 424 Pendleton Way, Oakland (the "Premises"); and

B. In September 2018, the Board approved an assignment of the Agreement to CannRoy Delaware, Inc., a Delaware corporation, while Alta Supply remained the named Licensee on the Agreement, as well as an amendment of the Agreement to increase the performance deposit to six times' the monthly rent; and

C. Alta Supply has notified the Port that CannaRoyalty Corporation, a Canadian corporation (the parent company of CannRoy Delaware, Inc.) will be wholly acquired by Cresco Labs, Inc., a Canadian corporation; and

D. Alta Supply seeks a formal assignment of the Agreement to Cresco Labs, Inc., but desires to remain the named Licensee on the Agreement, as further described in the Agenda Report; and

E. As inducement for the Port to consent to the assignment, Alta Supply will pay an administrative fee of \$2,000 for the Port's processing of the request, Alta Supply has agreed to amending the Agreement to include such administrative fee for processing future requests for transfer, and the prior guarantys by CannRoy Delaware, Inc., and its parent company, CannaRoyalty Corporation, are valid and will continue to guaranty the Agreement; and

F. The Board further finds and determines that the proposed assignment and amendment is not subject to the requirements of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3), which states the "general rule" that CEQA applies only to projects that have the potential for causing a significant effect on the environment, because the proposed action will not have a significant effect on the environment and therefore is not a project under CEQA and no further environmental review is required.

Section 3. The Board hereby:

A. Approves the assignment of the Agreement with Alta Supply, Inc. to **Cresco Labs, Inc.**, a Canadian corporation, while keeping Alta Supply, Inc. the named Licensee on the Agreement, provided that Alta Supply has paid a \$2,000 administrative fee for requesting the transfer and that the prior guarantys by CannRoy Delaware, Inc. and CannaRoyalty Corporation are maintained; and

B. Approves and authorizes the Executive Director to amend the Agreement to include a \$2,000 administrative fee for all future requests for transfer, as further described in the Agenda Report; and

C. Authorizes the Executive Director to execute all documents as may be appropriate to consummate the proposed transactions, subject to approval as to form and legality by the Port Attorney. Furthermore, if such documents are not fully executed within thirty (30) days after Board approval, the approval shall be null and void, unless extended at the sole and absolute discretion of the Executive Director or his designee.

Section 4. This ordinance is not evidence of and does not create or constitute (a) a contract, or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to the other contracting party, there shall be no valid or effective agreement.

DRAFT

President.

Attest: _____
Secretary.

Approved as to form and legality:

Port Attorney