

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Lake Elsinore
130 South Main Street
Lake Elsinore, CA 92530
Attn: City Clerk

(Space Above Line For Recorder's Use Only)
(Exempt from Recording Fees Per Gov. Code § 27383)

_____ AMENDMENT TO
DEVELOPMENT AGREEMENT
BY AND BETWEEN THE
CITY OF LAKE ELSINORE
AND

Approved _____, 2026

Ordinance No. 2026-_____

**_____ AMENDMENT TO
DEVELOPMENT AGREEMENT
BY AND BETWEEN THE CITY OF LAKE ELSINORE
AND _____.**

This _____ Amendment to Development Agreement (“Second Amendment”), dated for identification only as of May 20, 2025, is made by and between the City of Lake Elsinore, a California municipal corporation (“City”), and _____, a California _____ (“Developer”). This Amendment shall take effect on the “Amendment Effective Date,” as this term is hereafter defined. City and Developer may each be referred to herein individually as a “Party” or collectively as the “Parties.”

RECITALS

A. On _____, _____, pursuant to Ordinance No. 20__ - ____, the City approved and adopted that certain “Development Agreement by and between the City of Lake Elsinore and _____,” which Development Agreement was recorded on _____ in the Official Records of Riverside County, California as Instrument No. 20__ - ____ (the “Development Agreement”).

B. [If applicable] On _____, _____, pursuant to Ordinance No. 20__ - ____, the City approved and adopted that certain, the City approved and adopted that certain “First Amendment To Development Agreement by and between the City of Lake Elsinore and _____,” which Development Agreement was recorded on _____ in the Official Records of Riverside County, California as Instrument No. 20__ - ____ (the “First Amendment”).

C. In connection with the Developer Agreement [and the First Amendment], Developer acquired an equitable interest in that certain real property located at _____ in the City of Lake Elsinore, County of Riverside, State of California, Assessor Parcel Number _____, which is within a manufacturing zoning district (the “Site”).

D. The Site is more particularly described in the Legal Description attached hereto as Exhibit A, and the Site is attached hereto as Exhibit B.

E. The total Cannabis Retail Business Floor Area (as defined below) is [] sq. ft. The total Non-Retail Cannabis Business Floor Area (as defined below) is [] sq. ft. The Floor Plan depicting the total floor area is attached hereto as Exhibit C.

F. Developer affirms that it has an equitable interest in the Site, evidenced by way of a lease with the Property Owner of the Site, [insert name].

G. The Property Owner have provided notarized written consent to the terms of this Amendment and the recordation thereof, attached hereto as Exhibit D.

H. Developer uses the Site for a Cannabis Business in accordance with California Cannabis Laws and the LEMC, as each may be amended from time to time (the “Project”).

I. On _____, 2025, the City Council approved Ordinance No. 2025-____ amending the Lake Elsinore Municipal Code (“LEMC”) Chapter 17.156 to: (i) streamline the regulation of cannabis-related business; (ii) to limit the number of cannabis-related business in the City.

J. To strengthen the public planning process, encourage private participation in comprehensive planning, and reduce the economic risk of development, the California Legislature adopted Government Code section 65864 *et seq.* (the “Development Agreement Statute”), which authorizes the City and an individual with an interest in real property to enter into a development agreement that establishes certain development rights in real property that is subject to a development agreement application.

K. Consistent with the requirements of the Development Agreement Statute, the City adopted LEMC, Chapter 19.12 (“Development Agreement Ordinance”), authorizing the use of and establishing the procedures and requirements for the consideration of development agreements within the City along with amendments thereto. LEMC, Section 19.12.020, provides for amendments to a development agreement “is the same as the procedure for entering into an agreement in the first instance.” LEMC, Section 19.12.010 requires submittal of an application along with information and supporting data as requested by the Director of Community Development for consideration of any development agreement. Developer has satisfied this requirement.

L. On _____, 2025, the City of Lake Elsinore Planning Commission held a duly noticed public hearing to consider the application for this _____ Amendment and recommended to the City Council approval of this Amendment.

M. On _____, 2025, the City Council held a duly noticed public hearing to consider this _____ Amendment and found and determined that this _____ Amendment: (a) is consistent with the objectives, policies, general land uses, and programs specified in the City’s General Plan and any applicable specific plan; (b) is compatible with the uses authorized in, and the regulations prescribed for the Site and the surrounding area and will not adversely affect the orderly development of the Site or the preservation of property values; (c) is in conformity with public convenience, general welfare, and good land use practices; (d) will have an overall positive effect on the health, safety and welfare of the residents of and visitors to the City; and (e) constitutes a lawful, present exercise of the City’s police power and authority under the Development Agreement Statute and Development Agreement Ordinance.

N. Based on the findings set forth in Recital __ herein, the City Council entered into this Amendment pursuant to and in compliance with the requirements of the Development Agreement Statute and the Development Agreement Ordinance; and did, therefore, in approving this Amendment introduce for first reading Ordinance No. 2025-____ (the “Enabling Ordinance”). On _____, 2025, the City Council conducted the second reading of the Enabling Ordinance, thereby approving this Amendment to become effective thirty (30) days after the adoption thereof.

NOW, THEREFORE, in consideration of the mutual terms, obligations, promises, covenants, and conditions contained herein and for other valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, and each of them, agree as follows:

SECTION 1. EXHIBITS

The Development Agreement has attached to it four exhibits designated alphabetically as Exhibit A through Exhibit D. Exhibits A through D of the Development Agreement shall remain in full force and effect except to the extent that the provisions of this Section 1 of the Second Amendment modify those Exhibits.

The following documents are referred to in this _____ Amendment, attached hereto and incorporated herein by this reference:

Exhibit A	Legal Description
Exhibit B	Site Plan ¹
Exhibit C	Floor Plan ¹
Exhibit D	Property Owner’s Consent

¹ The Approved Site Plan and Floor Plan exhibits are on file as a public record and available for review at the City of Lake Elsinore’s City Clerk’s Office located at 130 South Main Street, Lake Elsinore, CA 92530.

SECTION 2. REVISIONS TO DEFINITIONS

The words and phrases used in this _____ Amendment as defined terms shall have the meaning set forth in Section 2 of the Development Agreement, except as added and/or modified below, which defined terms shall be applicable to both the Development Agreement and the _____ Amendment.

“Amendment Effective Date” means the later of: (i) the latest date of execution shown on the signature page hereto; or (ii) the Effective Date of the Enabling Ordinance. The Amendment Effective Date does not amend the Effective Date as defined in the Development Agreement, nor does the Amendment Effective Date modify or change the “Term” or the “Term Commencement Date.”

“Cannabis Business License” or **“Cannabis Business Permit”** means the City license established and authorized by LEMC, Section 17.156.080, authorizing permissible Cannabis Business activity, which can only be issued upon City approval of a conditional use permit, development agreement, and Additional City Approvals for each proposed Cannabis Business activity project.

“Conditional Use Permit” means Conditional Use Permit No. ____ - __ issued by the City to Developer pertaining to Developer’s original development of the Project and any subsequent amendments thereto. In the event that an amendment to the Conditional Use Permit

pertaining to the Suite G Site has not been issued to the Developer as of the Amendment Effective Date, the City hereby reserves its discretion under the police power to approve, conditionally approve, or deny the issuance of any amendment to the Conditional Use Permit.

“Development Regulations” means the following regulations as they are in effect as of the Effective Date and to the extent they govern or regulate the development of the Site, but excluding any amendment or modification to the Development Regulations adopted, approved, or imposed after the Effective Date that impairs or restricts Developer’s rights set forth in this Agreement, unless such amendment or modification is expressly authorized by this Agreement or is agreed to by Developer in writing: the City’s General Plan; any existing Specific Plan that include the Site, and, to the extent not expressly superseded by this Agreement, all other land use and subdivision regulations governing the permitted uses, density and intensity of use for obtaining required City permits and approvals for development, and similar matters that may apply to development of the Project on the Site during the Term of this Agreement that are set forth in Title 16 of the LEMC (Subdivisions), Title 17 of the LEMC (Zoning), *except that Chapter 17.156 of Title 17 shall be as amended by Ordinance No. 2025-__*, and Title 19 of the LEMC (Development). Notwithstanding the foregoing, the term “Development Regulations,” as used herein, does not include any City ordinance, resolution, code, rule, regulation, or official policy governing any of the following: (i) the conduct of businesses, professions, and occupations; (ii) taxes and assessments; (iii) the control and abatement of nuisances; (iv) the granting of encroachment permits and the conveyance of rights and interests which provide for the use of or the entry upon public property; (v) the exercise of the power of eminent domain; or (vi) the California Building Standards Codes.

“Cannabis Retail Business Floor Area” means interior gross floor area allocated and dedicated to the retail operation of a Cannabis Retail Business and shall include but not limited to reception or entrance lobby area for customer check-in, retail product storage room(s), office(s), and other ancillary area(s) to support the retail operation (including cannabis delivery).

“Cannabis Non-Retail Business Floor Area” means interior gross floor area allocated and dedicated to the cannabis non-retail operation(s) of a Cannabis Non-Retail Business, such as cultivation, distribution, manufacturing, and/or testing laboratory, and shall include but not limited to storage room(s) of finished and raw products, office(s), and other ancillary area(s) to support the non-retail operation(s).

SECTION 3. REVISIONS TO GENERAL PROVISIONS

In order to update certain renumbering of the Lake Elsinore Municipal Code, subparts e and f of Section 1.8 of the Development Agreement entitled *Termination* are hereby amended to read as follows.

- e. abandonment of the Developer’s Conditional Use Permit pursuant to LEMC, Section 17.415.070(D), including the failure of the Developer to commence operation of the Project on the Site within the time presented following the approval of the Conditional Use Permit;

- f. suspension or revocation of Developer's Conditional Use Permit pursuant to LEMC, Section 17.415.070(G);

In order to address the potential for Developer modifications to the square footage of area allocated to the Cannabis Retail Business and/or Cannabis Non-Retail Business, Section 1.9(a) of the Development Agreement entitled *Operating Memoranda; Amendment of Agreement* is hereby amended to read as follows.

a. **Operating Memoranda.** The provisions of this Agreement require a close degree of cooperation between the City and the Developer. The Development of the Developer Property may demonstrate that clarifications to this Agreement and the Existing Land Use Regulations are appropriate with respect to the details of performance of the City and the Developer. To the extent allowable by law, the Developer shall retain a certain degree of flexibility as provided herein with respect to all matters, items and provisions covered in general under this Agreement, except for those which relate to the (i) term; or (ii) permitted uses. When and if the Developer finds it necessary or appropriate to make changes, adjustments or clarifications to matters, items or provisions not enumerated in (i) through (ii) above, the Parties shall effectuate such changes, adjustments or clarifications through operating memoranda (the "Operating Memoranda") approved by the Parties in writing which reference this Section 1.9(a). Operating Memoranda are not intended to constitute an amendment to this Agreement but mere ministerial clarifications; therefore public notices and hearings shall not be required. The City Manager shall be authorized, upon consultation with, and approval of, the Developer, to determine whether a requested clarification may be effectuated pursuant to this Section or whether the requested clarification is of such character to constitute an amendment to this Agreement which requires compliance with the provisions of Section 1.9(b) below. The Parties agree that proposed changes to the Cannabis Retail Business Floor Area and/or the Cannabis Non-Retail Business Floor Area may be addressed by way of an Operating Memoranda and shall generally include and be evidenced by an updated Floor Plan (Exhibit C) reflecting such changes.

SECTION 4. REVISIONS TO COMMUNITY BENEFITS FEE

Section 4.2 of the Development Agreement entitled *Community Benefits Fee* is hereby amended to add the following subparts c and d:

c. **Community Benefits Fee Upon the Amendment Effective Date.** Notwithstanding subparts (a) and (b) above, concurrent with the Amendment Effective Date, and on each anniversary thereafter, Developer shall make payment to the City pursuant to the following fee schedule:

All Cannabis Business activities	<p>\$[insert rate as of 6/30/25] per square foot of area allocated to the Cannabis Retail Business with an annual 4% increase but in no event to exceed \$25 per square foot; <u>and</u></p> <p>\$5 per square foot of area allocated to Cannabis Non-Retail Business with no annual increase as provided in subpart d.</p>
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Developer may elect to make payments of the Community Benefit Fee due on the Amendment Effective Date and each Adjustment Date (as defined herein) in up to 12 (monthly) equal installments, the first installment to be made on the Amendment Effective Date or Adjustment Date, as applicable. Installment payment plans shall be evidenced by separate agreements of the Parties.

d. **Annual Increase.** In order to account for the increasing cost of providing City services, the Community Benefits Fee set forth in Section 4.2(c) for any Cannabis Retail Business shall be increased annually commencing on each anniversary of the Amendment Effective Date (each of which day shall be continued to be referred to as an “Adjustment Date”) until said fee reaches \$25 per square foot of Floor Area. Each Adjustment Date shall be continued to be numbered in sequence (e.g., Third Adjustment Date, Fourth Adjustment Date, etc.). The annual increase shall not apply to the area allocated and dedicated to any Cannabis Non-Retail Business. Each such annual increase in the Community Benefits Fee shall be determined as follows:

4.5: Article 4 of the Development Agreement is hereby amended to add the following Section

4.5 Tax Payment and Facility Payment Offset.

a. In the event that the voters of the City of Lake Elsinore approve a Cannabis business tax or any percentage of gross receipts based fee, Developer shall pay the amount established by any such measure or initiative (“Tax Payment”) in accordance with any procedure so established by the City, provided, however, that Developer shall be entitled to an offset, dollar for dollar, of such Tax Payment against the Community Benefit Fee then owing or, alternatively, if the Community Benefit Fee then owing is insufficient to fully satisfy the offset as provided herein, such unsatisfied offset shall be a credit against the payment of any future Community Benefit Fee until such offset is fully satisfied.

b. In the event that the voters of the City of Lake Elsinore or the City Council approve a fee based on the square footage of premises where permitted commercial cannabis activities, Developer shall pay the amount established thereby

(“Facility Payment”) in accordance with any procedure so established by the City, provided, however, that Developer shall be entitled to an offset, dollar for dollar, of such Facility Payment against the Community Benefit Fee then owing or, alternatively, if the Community Benefit Fee then owing is insufficient to fully satisfy the offset as provided herein, such unsatisfied offset shall be a credit against the payment of any future Community Benefit Fee until such offset is fully satisfied.

c. Imposition of a Tax Payment and/or a Facility Payment obligation by the City or the voters of the City of Lake Elsinore shall not relieve Developer of its obligation to pay the Community Benefit Fee except for the offset as set forth in Sections 4.5.a, 4.5.b, 4.5.c, and 4.5.d above.

SECTION 5. ADDITIONAL PROVISIONS

5.1 Release. In consideration for this _____ Amendment and the provisions as set forth herein, and subject to the City Council approving/adopting this _____ Amendment Developer, on behalf of itself and its respective successors, assigns, officials, directors, officers, employees, insurers, lenders, lien holders, attorneys, agents, and other representatives, do hereby release the City as any and all claims, actions and causes of action, obligations, liabilities, indebtedness, breaches of duty, claims for injunctive and other equitable relief, suits, liens, losses, costs or expenses, including attorney’s fees, of any nature whatsoever, known or unknown, fixed or contingent as of the Amendment Effective Date.

5.2 Counterparts. This _____ Amendment may be executed in counterparts, each of which so executed shall be deemed an original, and such counterparts together shall constitute but one _____ Amendment.

5.3 No Other Changes. Except as modified by this _____ Amendment, the terms and conditions of the Original Development Agreement, remain in full force and effect and shall be incorporated as a part of and interpreted as one integrated agreement covering the subjects included therein. If there are any conflicts between the provisions of this _____ Amendment and the original Development Agreement, the provisions of this _____ Amendment shall control.

5.4 Recordation by City Clerk. Pursuant to Government Code Section 65868.5, within ten (10) days of execution of this _____ Amendment by the Parties, the City Clerk shall record a copy with the Riverside County Recorder. Thereafter, pursuant to Government Code Section 65868.5, the burdens of the _____ Amendment shall be binding upon, and the benefits of the agreement shall inure to, all successors in interest to the Parties to the _____ Amendment.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the Parties have executed this _____ Amendment as of the dates set forth below.

“CITY”

CITY OF LAKE ELSINORE,
a municipal corporation

Date: _____

By: _____
Mayor

ATTEST:

By: _____
Candice Alvarez, MMC, City Clerk

APPROVED AS TO FORM:

By: _____
David Mann, Acting City Attorney

“DEVELOPER”

_____,
a _____

Date: _____

By: _____
_____, Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) §
County of _____)

On _____, before me, _____ a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct

WITNESS my hand and official seal.

Signature of Notary

(Affix seal here)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
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County of _____)

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EXHIBIT A

LEGAL DESCRIPTION

The real property referred to herein is situated in the County of Riverside, City of Lake Elsinore, State of California, and is described as follows:

EXHIBIT B

SITE PLAN

[TO BE INSERTED]

EXHIBIT C

FLOOR PLAN

[Delineated to Show Cannabis Retail Business Area versus Non-Retail Area(s)]

[TO BE INSERTED]

EXHIBIT D
PROPERTY OWNER'S CONSENT
[ATTACHED]

PROPERTY OWNER'S CONSENT

_____, a California _____, being the owner of the real properties described in Exhibit A to this _____ Amendment to Development Agreement by and between the City of Lake Elsinore and _____, dated for identification as of _____, 2025 (the "_____ Amendment"), do hereby consent to the recordation of said _____ Amendment in the Official Records of the County of Riverside.

_____,
a _____

Date: _____

By: _____
_____, Its: _____

[notary required]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) §
County of _____)

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WITNESS my hand and official seal.

Signature of Notary

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