

Tuesday September 24,

Subject: Extension Request for CUP # 15-17

To Whom it May Concern,

We are hereby requesting an extension of our approved CUP application #15-17, in order to finish our project. The reasons for the delays in the project that have resulted in the need to request this extension are as follows:

- 1) We spent over 5 month in late 2017-early 2018 exploring the temporary facilities that we were told were important for our tenants to get priority for licensing issuance. We explored various options ranging from improved containers to full pop-up modular structures. We ultimately had to abandon that idea, and take over a \$150,000 write-off, as none of the solutions penciled out, return wise.
- 2) We spent a very long time attempting to get an answer, and some power, from Edison. We were hoping to get at least some amount of power from them to be able to phase in our project, but we were told in late 2018 that we will not get any power until the end of 2020.
- 3) As a result, we have been focusing, studying, and modeling various Co-Gen options, and have now come up with a CoGen option that make economic sense and is viable for our project.
- 4) New Cities are now allowing cannabis growing and manufacturing, and these cities offer different tax rates. Desert Hot Springs' tax rates are very competitive for Manufacturing but not competitive at all for Growers. As such, the demand for buildings in Desert Hot Springs is shifting continuously. We have spent a lot of time trying to adapt our buildings size and site plan to this ever changing demand. We considered for a while going with 20 smaller buildings on this site, before reverting to the 2 larger, divisible, buildings originally approved in our CUP.

Should you have any further questions, please do not hesitate to contact us.

Thank you



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Partner

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