



Darryl Cotton <indagrodarryl@gmail.com>

**PTS 520606 - Federal Blvd MMCC**

3 messages

**Tirandazi, Firouzeh** <FTirandazi@sandiego.gov>

Thu, Mar 16, 2017 at 4:55 PM

To: "d cotton@fleetsystems.net" <d cotton@fleetsystems.net>

Cc: "becky@tfcsd.net" <becky@tfcsd.net>, "brianna@bhpsonline.com" <brianna@bhpsonline.com>

Hello Mr. Cotton,

As requested, please find attached the Ownership Disclosure Statement signed by you (property owner), and Rebecca Berry (tenant/lessee) on October 31, 2016, submitted with the above referenced project application. I have copied Ms. Berry and the project Point of Contact (Bree Harris) on this email as well.

The project was deemed complete March 13, 2017 and is currently in the first review cycle. As property owner, if you wish to withdraw this application, please notify me in writing.

Regards,

**Firouzeh Tirandazi**

Development Project Manager

City of San Diego

Development Services Department

[\(619\)446-5325](tel:(619)446-5325)

[sandiego.gov](http://sandiego.gov)



Now: [Pay Invoices and Deposits Online](#)

**CONFIDENTIAL COMMUNICATION**

This electronic mail message and any attachments are intended only for the use of the addressee(s) named above and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not an intended recipient, or the employee or agent responsible for delivering this e-mail to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you received this e-mail message in error, please immediately notify the sender by replying to this message or by telephone. Thank you.

Court's Ex. **068**

Case # 37-2017-00010073-CU-BC-CTL

Rec'd \_\_\_\_\_

Dept. **C-73** Clk. \_\_\_\_\_

---

 **sharpcoier@sandiego.gov\_20170316\_171949.pdf**  
580K

---

**Darryl Cotton** <indagroddarryl@gmail.com>  
To: "Tirandazi, Firouzeh" <FTirandazi@sandiego.gov>

Thu, Mar 16, 2017 at 5:36 PM

Hello Firouzeh,

Thank you for speaking with me today. This is in fact my signature and I think that the applicant is related to a party that I have a preliminary understanding with. I will handle matters on my end.

Thank you again.

Best,

Darryl Cotton  
[Quoted text hidden]

---

**Darryl Cotton** <indagroddarryl@gmail.com>  
To: "Tirandazi, Firouzeh" <FTirandazi@sandiego.gov>

Tue, Mar 21, 2017 at 3:25 PM

Cc: "becky@tfcsd.net" <becky@tfcsd.net>, "brianna@bhpsonline.com" <brianna@bhpsonline.com>, Larry Geraci <Larry@tfcsd.net>

Hello Firouzeh,

As a follow-up to our recent conversations, the potential buyer, Larry Geraci (cc'ed herein), and I have failed to finalize the purchase of my property. As of today, there are no third-parties that have any direct, indirect or contingent interests in my property. The application currently pending on my property should be denied because the applicants have no legal access to my property.

Thank you again for your help.

Best,

Darryl Cotton

On Thu, Mar 16, 2017 at 4:55 PM, Tirandazi, Firouzeh <FTirandazi@sandiego.gov> wrote:

[Quoted text hidden]



Darryl Cotton &lt;indagrodarryl@gmail.com&gt;

---

**Contract Review**

---

Darryl Cotton &lt;indagrodarryl@gmail.com&gt;

Thu, Mar 16, 2017 at 8:23 PM

To: Larry Geraci &lt;Larry@tfcfsd.net&gt;

Larry,

My apologies ahead of time as I am going to provide frank comments on the agreement so that we can finalize it and get this closed. And, so that you understand where I am coming from, just want to lay out a few of our milestones.

Throughout October we had discussions regarding the sale of my property. We met on 11/2 and agreed upon an \$800,000 purchase price, a \$50,000 non-refundable deposit, a 10% equity stake with a monthly guaranteed minimum \$10,000 payment and to definitive agreements that contained a few other conditions (e.g., I stay at the property if the CUP is issued until construction starts). We executed a good faith agreement that day stating the sale of the property was for the \$800,000 and that as a sign of good faith, you were providing a \$10,000 deposit towards the required \$50,000 non-refundable deposit. That same day you scanned and emailed to me the agreement and I replied and noted that the agreement did not contain the 10% equity stake in the dispensary. I asked you to please respond and confirm via email that a condition of the sale was my 10% equity stake. You did not respond and confirm the 10% as I requested.

Almost 4 months later, on 2/27, you forwarded a draft purchase agreement for the property that again did not contain the agreed upon 10% equity stake, it also does not mention the remaining \$40,000 towards the non-refundable deposit. I called you about this and we spoke.

On 3/2, you forwarded a draft Side Agreement that again did not contain the 10% equity stake. I replied the next day on 3/3 raising the 10% equity issue and attaching the draft services agreement that I drafted that contains some of the terms we had agreed upon.

On 3/7, email below, you forwarded a revised Side Agreement that did contain the 10% equity stake, but in the body of the email you requested that the \$10,000 minimum monthly payment be held off until month 7 and that months 1-6 be reduced to \$5,000 a month. I know from our conversations that you have spent over \$300,000 on lobbying and zoning efforts for this property, which has caused you to be strapped for cash. However, I am not in a position to take a \$5,000 reduction for 6 months.

The long and short of it, we started these negotiations 4 months ago and the drafts and our communications have not reflected what we agreed upon and are still far from reflecting our original agreement. Here is my proposal, please have your attorney Gina revise the Purchase Agreement and Side Agreement to incorporate all the terms we have agreed upon so that we can execute final versions and get this closed.

Please have these terms incorporated into revised drafts:

- The remaining \$40,000 deposit, which is nonrefundable in the event you choose to not close on the property if the CUP is denied. And which is to be provided upon execution of the final agreements.
- If the CUP is granted, my business can remain at the property until the city has finalized the plans and construction begins at the property.
- A 10% equity stake with a minimum guaranteed monthly distribution of \$10,000, whichever is greater.
- A clause that my 10% equity stake carries with it consent rights for any material decisions. Those items that are to require my consent can be standard minority consent rights, but basically that my consent is required for large decisions like the issuance of employee bonus and for agreements with

<https://mail.google.com/mail/u/0/?ui=2&ik=505cbcf73f&view=pt&msg=15ada4afce04d60...> 4/26/2017

BER0133

suppliers and vendors that are not done on an arm-lengths basis. A friend of mine said that these are standard "Minority Shareholder Protection Rights."

- A provision requiring that upon the creation of the formation and governance documents of the CUP entity, that there is a requirement that the accounting is to be done by a third-party accounting firm that will also be responsible for calculating my 10% monthly equity distributions.
- The incorporation of all the terms in the MOU that I created that Gina references in the draft purchase agreement.
- Please have Gina delete the clause in the purchase agreement that says both you and I had our own counsel review the agreement. You told me I could just communicate with Gina and though I tried to engage an attorney, I did not ultimately do so for cost reasons.

The intent of all this is to ensure that the agreement we have agreed upon can be executed and verified. Having said all this, I really want to finalize this as soon as possible - I found out today that a CUP application for my property was submitted in October, which I am assuming is from someone connected to you. Although, I note that you told me that the \$40,000 deposit balance would be paid once the CUP was submitted and that you were waiting on certain zoning issues to be resolved. Which is not the case.

Ultimately, the main point is that we were supposed to execute our agreements as soon as possible so that I could receive the total \$50,000 non-refundable deposit and you would take the risk of the non-approval of the CUP. If this keeps dragging on and we do not finalize and execute our agreements, then you may get a denial from the city on the CUP and then simply walk away. At that point, the property having been denied, no other party would be willing to take on that risk. If you are not willing to take on that risk as originally agreed upon, please let me know as there are other parties who would match your terms and be willing to take on that risk.

Please confirm by Monday 12:00 PM whether we are on the same page and you plan to continue with our agreement. Or, if not, so I can return your \$10,000 of the \$50,000 required deposit. If, hopefully, we can work through this, please confirm that revised final drafts that incorporate the terms above will be provided by Wednesday at 12:00 PM. I promise to review and provide comments that same day so we can execute the same or next day.

In anticipation of your reply, I remain,

Darryl Cotton

[Quoted text hidden]