PLANNING COMMISSION
MEETING AGENDA

TUESDAY, JANUARY 7, 2025 AT 6:30 PM

CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA

PLANNING COMMISSION MEMBERS
ALICIA MORALES, CHAIR
ARMANDO MEDINA, VICE CHAIR
VICTOR CUEVAS, PLANNING COMMISSIONER
NATALIA LOMELI, PLANNING COMMISSIONER
VACANT, PLANNING COMMISSIONER

CITY STAFF
JOSEPH PALOMBI, DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT
VIVIANA ESPARZA, PLANNING MANAGER
MARIA CELESTE ALCANTAR, MANAGEMENT ANALYST

NOTICES

This Planning Commission Meeting will be held in person and will meet at **City Hall – City Council Chambers, 1600 West Beverly Boulevard, Montebello, California**. The meeting will be live streamed and can be watched on the City's website and YouTube Channel via the following link: https://www.montebelloca.gov, and may also be viewed on Spectrum Public Access Channel 3 for all Spectrum cable subscribers.

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act (ADA) any person with a disability who requires special accommodations in order to participate in a meeting should contact **Maria Celeste Alcantar** at **(323) 887-1486** Monday-Thursday from 7:30 a.m.-5:30 p.m. Please call 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II 1203). If you require translation services, please contact us 24 hours before this meeting.

PUBLIC COMMENTS:
In-Person: For those interested in participating during the Public Comment period(s) or public testimony period for Public Hearings of the Planning Commission meetings, you may address the Planning Commission in person the day of the meeting. Speakers will be required to complete a speaker card provided at the door and submit it to the **Maria Celeste Alcantar** prior to each Public Comment announcement period. Staff will number and call each speaker card in the order received.

Via Email: The public may also submit emailed comments via the following email address: **pcpubliccomment@montebelloca.gov** up until the day of the meeting, **Tuesday, January 7, 2025 by 6:00 p.m**. These comments will be submitted to all members of the Planning Commission and will not be read aloud, but will be entered into the record of the proceedings to the extent they relate to matters listed on the posted agenda or otherwise address matters/issues within the subject matter jurisdiction of the Planning Commission. Any requests to provide public comment which is submitted after the deadlines indicated above will not be submitted to the Planning Commission, with the exception of non-agenda written item comments which will be held over for the next regularly scheduled meeting.

RULES OF DECORUM:
Pursuant to Section 54957.95 of the Government Code, the presiding member of the legislative body conducting a meeting, or their designee, is authorized to remove, or cause the removal of, an individual for disrupting the meeting. Any such removal will be preceded by a warning to the disruptive individual by the presiding member of the legislative body or their designee that the individual's behavior is disrupting the meeting and that the individual's failure to promptly cease their disruptive behavior may result in their removal.

AGENDA MATERIALS: The agenda and agenda packet related to items on this agenda are available for public inspection at City's website at: Agendas, Minutes, and Videos,

IN CONSIDERATION OF OTHERS, PLEASE TURN OFF, OR MUTE, ALL CELL PHONES AND PAGERS
THANK YOU FOR YOUR COOPERATION

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

CORRECTIONS TO THE AGENDA

PUBLIC COMMENTS (30 MINUTES)

At this time, the general public may address the Commission/Committee on any items listed on the Agenda, including items not listed on the Agenda (Non-Agenda Items) that are within subject matter jurisdiction. Please be aware that the maximum time allotted for members of the public to speak shall not exceed three (3) minutes per person. State Law prohibits the Commission/ Committee from taking action or entertaining extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Chairperson.

STAFF COMMUNICATIONS

MINUTES

1. **APPROVAL OF THE MINUTES FROM THE PLANNING COMMISSION HELD ON NOVEMBER 19, 2024.**

PUBLIC HEARING

2. **REVOCATION OF CONDITIONAL USE PERMIT NO. 04-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 8019 SLAUSON AVENUE**

   RECOMMENDATION: It is recommended that the Planning Commission conduct a public hearing and take the following action:

   1. Adopt Resolution No. 01-25 approving the revocation of Conditional Use Permit No. 04-19, which allows for commercial cannabis activity at 8019 Slauson Avenue, due to the failure by RZ Capital & Development, LLC to comply with the Conditions of Approval applicable to Conditional Use Permit No. 04-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 04-19 and Montebello Municipal Code Section 5.90.090.A; and
   2. Make a determination regarding the revocation of Conditional Use Permit No. 04-19, finding it is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Pub. Res. Code, § 21080, subd. (b)(9); Cal. Code Regs., tit. 14, Ch. 3, § 15321 [Class 21, “Enforcement Actions by Regulatory Agencies”]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit; and pursuant to said findings, direct staff to prepare and file corresponding Notice of Exemption.

3. **REVOCATION OF CONDITIONAL USE PERMIT NO. 26-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 8127 SLAUSON AVENUE**

   RECOMMENDATION: It is recommended that the Planning Commission conduct a public hearing and take the following action:

1. Adopt Resolution No. 02-25 approving the revocation of Conditional Use Permit No. 26-19, which allows for commercial activity at 8127 Slauson Avenue, due to the failure by Centro, LLC to comply with the Conditions of Approval applicable to Conditional Use Permit No. 26-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 26-19 and Montebello Municipal Code Section 5.90.090.A; and
2. Make a determination regarding the revocation of Conditional Use Permit No. 26-19, finding it is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Pub. Res. Code, § 21080, subd. (b)(9); Cal. Code Regs., tit. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit; and pursuant to said findings, direct staff to prepare and file corresponding Notice of Exemption.

PLANNING COMMISSION ORALS
Planning Commission member announcements; requests for future agenda items; conference/meetings reports.

ADJOURNMENT
The City of Montebello Planning Commission will adjourn to the next Regular Meeting on **January 21, 2025 at 6:30 p.m.** at City Hall Council Chambers located at 1600 W. Beverly Boulevard, Montebello, CA 90640.

I, **Maria Celeste Alcantar**, **Management Analyst** for the City of Montebello hereby certify that a copy of this agenda has been posted on or before **Monday, December 23, 2024 at 5:30 p.m.**

Maria Celeste Alcantar

Maria Celeste Alcantar, Management Analyst

CITY OF MONTEBELLO

PLANNING COMMISSION
MEETING AGENDA

M I N U T E S

TUESDAY, NOVEMBER 19, 2024 AT 6:30 PM

CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA

CALL TO ORDER – Chair Morales called the meeting to order at 6:30 p.m.

ROLL CALL – Chair Morales, Vice-Chair Cuevas, Commissioner Lomeli, and Commissioner Cuevas.

PLEDGE OF ALLEGIANCE – Chair Morales.

CORRECTIONS TO THE AGENDA – None.

PUBLIC COMMENTS (30 MINUTES)
At this time, the general public may address the Commission/Committee on any items listed on the Agenda, including items not listed on the Agenda (Non-Agenda Items) that are within subject matter jurisdiction. Please be aware that the maximum time allotted for members of the public to speak shall not exceed three (3) minutes per person. State Law prohibits the Commission/ Committee from taking action or entertaining extended discussion on a topic not listed on the agenda. Please show courtesy to others and direct all of your comments to the Chairperson.

STAFF COMMUNICATIONS – None.

MINUTES

1. **Approval of the Minutes from the Planning Commission meeting held on September 17, 2024.**

   Commissioner Lomeli motioned to approve the meeting minutes and was Seconded by Commissioner Cuevas. Planning Manager, Viviana Esparza took roll, and the item was approved 4-0.

PUBLIC HEARING

2. **LOT LINE ADJUSTMENT ("LLA") (CASE NO. PC-2024-0014-LLA) TO ADJUST THE EXISTING SHARED PROPERTY LINE LOCATED BETWEEN 200 AND 204 N. MAPLE AVENUE (COLLECTIVELY "THE PROPERTY").**

Director Palombi introduced the item. Assistant Planner, Ms. Emilie Fernandez provided a presentation regarding Lot Line Adjustment ("LLA") (Case No. PC-2024-0014-LLA) to the Planning Commission. The Public Hearing was opened at 6:50 p.m. Upon the completion of Ms. Emilie Fernandez's presentation, the applicant, Charles Chang spoke regarding the project. There were no requests for public comment. The Public Hearing was closed at 6:52 p.m. Commissioner Lomeli motioned to approve the Resolution recommending the approval of the regarding Lot Line Adjustment ("LLA") (Case No. PC-2024-0014-LLA). Commissioner Lomeli's motion was Seconded by Commissioner Cuevas. Planning Manager Viviana took roll and item was approved 4-0.

MOTIONED: Commissioner Lomeli
SECONDED: Commissioner Cuevas
APPROVED: 4-0-0-1
AYES: Chair Morales, Vice-Chair Medina, Commissioner Cuevas, and Commissioner Lomeli
NOES: None.
ABSTAIN: None.
ABSENT: Commissioner Valdez

PLANNING COMMISSION ORALS – None.

ADJOURNMENT

The meeting was adjourned at 6:54 p.m. to the next regularly scheduled meeting that will be held on December 3, 2024.

____
Joseph Palombi, Planning Commission Secretary

ITEM # 2

CITY OF MONTEBELLO
PLANNING COMMISSION AGENDA STAFF REPORT

TO: Members of the Planning Commission

FROM: Joseph Palombi, Planning & Community Development Director

BY: Viviana Esparza, Planning Manager

SUBJECT: **REVOCATION OF CONDITIONAL USE PERMIT NO. 04-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 8019 SLAUSON AVENUE**

DATE: January 7, 2025

RECOMMENDATION(S):

It is recommended that the Planning Commission conduct a public hearing and take the following action:

1. Adopt Resolution No. 01-25 approving the revocation of Conditional Use Permit No. 04-19, which allows for commercial cannabis activity at 8019 Slauson Avenue, due to the failure by RZ Capital & Development, LLC to comply with the Conditions of Approval applicable to Conditional Use Permit No. 04-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 04-19 and Montebello Municipal Code Section 5.90.090.A; and
2. Make a determination regarding the revocation of Conditional Use Permit No. 04-19, finding it is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Pub. Res. Code, § 21080, subd. (b)(9); Cal. Code Regs., tit. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit; and pursuant to said findings, direct staff to prepare and file corresponding Notice of Exemption.

BACKGROUND:

On September 13, 2017, the City Council adopted Ordinance No. 2399 which amended the MMC to include Chapter 5.90 entitled Cannabis Cultivation, Manufacturing, Distribution, and Testing with a required Development Agreement and Conditional Use Permit.

The purpose and intent of MMC Chapter 5.90 is to regulate the cultivation, manufacturing, testing, distribution, non-storefront retailer-delivery only, and microbusinesses of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same, in a responsible manner to protect the health, safety, and welfare of the residents of the City of Montebello (the "City") and to enforce rules and regulations consistent with the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, and related laws, regulations, and policies issued by the State of California.

On June 12, 2018, the City Council adopted Ordinance No. 2404 amending the MMC to include Non-Storefront Retail Delivery along with Cultivation, Manufacturing, and Distribution as conditionally approved activities/uses in the M-1 and M-2 zones with an approved Development Agreement (DA) and also adding a sensitive use buffer of 600-feet from residential zones.

On February 13, 2019, the City Council held a public hearing and recommended the selection of potential cannabis operators for Phase 3 consideration and adoption of fees. The City Council selected 24 potential operators and established a Conditional Use Permit filing due date of March 4, 2019, for said operators.

To date, a total of 24 Conditional Use Permits have been approved by the Planning Commission as part of the City's cannabis program, all of which have executed development agreements. Of the 24 conditionally approved cannabis operators, 12 are currently active and operating under at least one of their approved license types.

RZ Capital & Development, LLC is one of the 24 conditionally approved cannabis operators that is currently active within the City. However, RZ Capital & Development, LLC has significantly failed to fulfill its obligations pursuant to Development Agreement No. 04-19 (Please see Attachment E) and MMC Section 5.90.090.A. On June 4, 2019, RZ Capital & Development, LLC received approval for Conditional Use Permit No. 04-19 from the City's Planning Commission to allow for the operation of commercial cannabis activity at 8019 Slauson Avenue, followed by the execution of Development Agreement No. 04-19 on July 8, 2019, between the City of Montebello and RZ Capital.

The City attempted to work with RZ Capital & Development, LLC providing them with numerous opportunities over an extended period to pay their required fees and correct their standing with the City. After multiple notices, RZ Capital & Development, LLC, was issued a final Notice of Default on July 23, 2024, advising that the City would move forward with revocation proceedings if they failed to pay their outstanding fees by July 29, 2024, pursuant to MMC 17.80.020. Additionally, in accordance with Condition of

Approval No. 39 of Conditional Use Permit No. 04-19, the City was unable to approve a request from RZ Capital to renew its business license in August 2024, resulting in their current inactive business license status.

ENVIRONMENTAL:

The request for revocation of Conditional Use Permit No. 04-19 has been determined to be exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Public Resources Code, §21080, subd. (b)(9); California Code of Regulations, title. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit for failure to comply with Chapter 5.90 of the Montebello Municipal Code and the conditions of approval as outlined in Conditional Use Permit No. 04-19.

ANALYSIS:

Ordinance No. 2399 established a process by which Conditional Use Permits and Development Agreements could be considered, approved, revoked, and amended depending on the requested change. Cannabis operators with approved Conditional Use Permits and Development Agreements are obligated to comply with all provisions of the Montebello Municipal Code and all other state and local ordinances.

The information provided in this analysis demonstrates RZ Capital & Development's failure to comply with their legal and financial obligations to the City of Montebello, despite being provided with ample notices and opportunities to come into compliance.

RZ Capital & Development, LLC
Below is a timeline detailing official communication related to fees between the City and RZ Capital & Development, LLC from August 2023 to present.

- On August 17, 2023, the City provided RZ Capital with a new point of contact via email. The City included a copy of RZ Capital's Quarter 2 Gross Receipt Report and Cultivation Report in the email and advised that payment is due September 28, 2023. The City also mailed a physical copy of the report;
- On September 6, 2023, the City provided a courtesy reminder via email that the Quarter 2 Gross Receipt Report and Cultivation fees are due September 28, 2023. Copies of the reports were included;
- On October 12, 2023, the City emailed and mailed a copy of the Quarter 3 Receipt Report and Cultivation Invoice fees advising they are due December 29, 2023. The City included the Quarter 2 Cultivation Invoice in the email and advised Mr. Brandt of RZ Capital that it was past due. The City further attached the 2022-2023 and the 2023-2024 Development Agreement/Operational Fee Invoices;

- On October 31, 2023, the City emailed RZ Capital past invoices for review. The invoices were as follows: the past-due Quarter 2 Cultivation Invoice, the 2022-2023 Development Agreement/Operating fee Invoice, and the 2023-2024 Development Agreement/Operational Fee Invoice;
- On January 8, 2024, the City emailed and mailed a Quarter 4 Gross Receipt Report and Cultivation Invoice, both due March 31, 2024. The City further included the Quarter 3 Gross Receipt Report and Cultivation Invoice and advised that it was due on December 29, 2023. The City attached the 2022-2023 and 2023-2024 Development Agreement/Operational Fee Invoices;
- On January 29, 2024, Mr. Brandt of RZ Capital emailed the City and advised he was following to request a meeting to discuss payment plan options for the Community Development Fee for his business;
- On January 30, 2024, the City replied to Mr. Brandt's email to confirm the receipt of his request for a payment plan to fulfill RZ Capital's obligations under his Development Agreement (Conditional Use Permit No. 04-19). The City advised they would follow up with Mr. Brandt to discuss options and next steps once the City confirmed the total amount past due;
- On February 6, 2024, the City emailed Mr. Brandt and provided the total amount owed by RZ Capital for cannabis activities in the City of Montebello which was $89,000.00. The City further outlined RZ Capital's proposed payment plan for fees, which was a follow-up to their meeting on January 25, 2024, and was as follows: March 1, 2024 ($10,000), April 1, 2024 ($10,000), May 1, 2024 ($10,000), June 1, 2024 ($10,000), July 1, 2024 ($10,000), August 1, 2024 ($12,000),September 1, 2024 ($14,000), and October 1, 2024 ($13,000). The City explained that the referenced fees represented amounts that were past due and that the fees did not include any fees that would be incurred moving forward. The City requested that Mr. Brandt confirm acceptance of the proposed payment plan;
- On February 29, 2024, the City provided a courtesy reminder via email and attached the Quarter 4 Cultivation Invoice due March 30, 2024 as well as provided the Development Agreement/Operating Fee invoices for reference;
- On April 1, 2024, the City emailed and mailed the Quarter 1 Gross Receipt Report and Cultivation Invoice, both due June 29, 2024. The City further included the Quarter 4 Gross Receipt Report and Cultivation Invoice and advised that it was due March 31, 2024. The City enclosed the 2022-2023 and 2023-2024 Development Agreement/Operating Fee Invoices in the email;
- On April 16, 2024, the City's Code Enforcement Division issued a Notice of Violation to RZ Capital for violating the conditions associated with Conditional Use Permit No. 04-19 and for non-payment of required fees;
- On April 23, 2024, Mr. Brandt of RZ Capital emailed the City and provided a proposed payment plan with an explanation of steps that he was taking to get back on track;
- On May 7, 2024, the City Attorney's office on behalf of the City issued a Notice of Default to RZ Capital to inform that they were in violation of Development Agreement No. 04-19 due to the non-payment of cannabis operating and community benefit fees in the amount of $89,000, and were asked to provide the outstanding payment no later than May 17, 2024;

- On May 7, 2024, the City replied to Mr. Brandt's proposed plan via email and mail with a Response to the Payment Plan Request letter from the City's Planning and Community Development Department. The letter informed Mr. Brandt of RZ Capital's delinquent balance in the amount of $89,000 and proposed a non-negotiable payment plan consisting of four (4) separate payments to be made across four (4) months: June 1, 2024, July 1, 2024, August 1, 2024, and September 1, 2024 to resolve the matter;
- On May 10, 2024, Mr. Brandt of RZ Capital replied via email stating he had entered into a payment agreement with Kinum, the debt collector handling his case, prior to the Notice of Violation and Response to a Payment Plan Request letters that the City had sent on May 7, 2024. Mr. Brandt further advised he had already made his first payment to Kinum;
- On May 13, 2024, the City replied to Mr. Brandt via email that Kinum is not authorized to settle the debt on behalf of the City. The City referenced the Response to the Payment Plan Request letter that was sent on May 7, 2024 and advised the City would need a response whether RZ Capital would be accepting or rejecting the payment plan outlined in the letter. The City iterated Mr. Brandt of RZ Capital would have until May 16, 2024, by or before 5:30 P.M., to advise of his decision;
- On May 15, 2024, Mr. Brandt of RZ Capital replied via email accepting the terms in the City's Response to a Payment Plan Request letter and stated he would make a payment prior to June 1, 2024;
- On May 29, 2024, the City emailed a courtesy reminder and attached the 2024 Quarter 1 Gross Receipt Report and Cultivation Invoice, both due June 29, 2024. The City further attached a copy and provided a reminder of the 2024/2025 Community Benefit fee invoice due July 1, 2024;
- On July 1, 2024, the City emailed and mailed the 2024 Quarter 2 Gross Receipt Report and Cultivation Invoice both due September 28, 2024. The City reminded Mr. Brandt of RZ Capital that the enclosed 2024 Quarter 1 Gross Receipt and Cultivation Invoice were both due June 29, 2024. The City further included the 2024-2025 Development Agreement/Operating Fee Invoice;
- On July 23, 2024, the City Attorney's office on behalf of the City of Montebello issued a letter to RZ Capital following up on the letter sent to RZ Capital on May 7, 2024 that outlined the delinquent fees payment schedule. The City acknowledged receipt of the first payment due on June 1, 2024, but had not yet received the payment due on July 1, 2024. The City provided RZ Capital a final opportunity to cure all non-payments no later than July 29, 2024. Failure to comply within the time permitted would result in the suspension of RZ Capital's business license, initiation of revocation proceedings of their Conditional Use Permit, pursuant to Section 5.04.310 and 5.90.090 of the Montebello Municipal Code, and initiation of legal proceedings to terminate RZ Capital's Development Agreement;
- On August 6, 2024, the City sent an email with the past due 2024 Quarter 1 Cultivation Invoice and Gross Receipt Report advising both were due June 29, 2024. The City included the 2024 Community Benefit fee invoice which was due July 1, 2024;

- On December 10, 2024, Mr. Brandt emailed City staff requesting a meeting to discuss the payment plan;
- On December 11, 2024, Mr. Brandt arrived at city hall without prior notice or scheduled meeting and requested to speak with the City Manager and/or Director of Planning & Community Development. As a result, the Director, along with other Planning staff, met with him. During the meeting, Mr. Brandt expressed concerns regarding the operating fees and community benefit fees agreed to in the Development Agreement and asked if staff could assist him by reducing those fees. Staff informed him that the decision-making ability regarding agreed upon fees pursuant to the Development Agreement is not within staff's purview. Additionally, it was reiterated that he had been given multiple opportunities to pay the required fees, and the City is now proceeding with revocation actions as previously communicated.

Pursuant to Section 5.90.090 of the Montebello Municipal Code, failure of a permittee "to pay the requisite fees shall constitute a breach of the development agreement, and is grounds for revocation of the conditional use permit." In addition, under Section 17.80.020(B) any zone variance or conditional use permit may be revoked and nullified if it is found that the conditional use permit or zone variance has been or is being used contrary to the terms or conditions of approval, or is in violation of any statute, ordinance, law or regulation. RZ Capital's violations include, but are not limited to, the following:

<u>CUP Condition of Approval No.8</u> – The Applicant and operation shall continually remain in compliance with all Montebello codes, Regulations, Ordinances and applicable State and Federal laws.

<u>CUP Condition of Approval No. 35</u> – This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.

<u>CUP Condition of Approval No. 39</u> – In the event of a violation of the conditions of approval, no further permits, licenses, approvals of certificates of occupancy shall be issued until such violation has been fully remedied.

<u>Montebello Municipal Code Section 5.90.090</u> – Failure of a permittee to pay the requisite fees shall constitute a breach of the development agreement, and is grounds for revocation of the conditional use permit.

<u>SUMMARY:</u>

After the Planning Commission's independent review, consideration, analysis of Staff's report and the information presented, oral and written testimony by all parties and persons of the public, and the record as a whole, Staff recommends that the Planning Commission adopt Resolution No. 01-25, authorizing the revocation of Conditional Use Permit No. 04-19 as specifically outlined in the Recommendation section of this report.

ATTACHMENT(S)

1. Attachment A - Resolution (Revoke CUP 04-19)
2. Attachment B - Resolution (Approve CUP No. 04-19)
3. Attachment C -Correspondence - August 2023 - December 2024
4. Attachment D - Public Hearing Notice
5. Attachment E - Development Agreement No. 04-19

MONTEBELLO PLANNING COMMISSION
RESOLUTION NO. 01-25

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO APPROVING THE REVOCATION OF CONDITIONAL USE PERMIT NO. 04-19 RELATED TO THE OPERATION OF COMMERCIAL CANNABIS ACTIVITY AT 8019 SLAUSON AVENUE (APN: 6354-030-055) AND FINDING THE REVOCATION EXEMPT UNDER A CLASS 21 CEQA CATEGORICAL EXEMPTION

WHEREAS, On September 13, 2017, the City Council adopted Ordinance No. 2399 which amended the Montebello Municipal Code ("MMC") Chapter 5.90 entitled Cannabis Cultivation, Manufacturing, Distribution, and Testing with a required Development Agreement and Conditional Use Permit; and

WHEREAS, the purpose and intent of MMC Chapter 5.90 is to regulate the cultivation, manufacturing, testing, distribution, non-storefront retailer-delivery only, and microbusinesses, of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same, in a responsible manner to protect the health, safety, and welfare of the residents of City of Montebello (the "City") and to enforce rules and regulations consistent with the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, and related laws, regulations, and policies issued by the State of California; and

WHEREAS, on June 12, 2018, the City Council adopted Ordinance No. 2404 amending the MMC to include Non-Storefront Retail Delivery along with Cultivation, Manufacturing, and Distribution as conditionally approved activities/uses in the M-1 and M-2 zones with an approved Development Agreement (DA) and also adding a sensitive use buffer of 600-feet from residential zones; and

WHEREAS, on February 13, 2019, the City Council held a public hearing and recommended the selection of potential cannabis operators for Phase 3 consideration and adoption of fees. The City Council selected 24 potential operators and established a Conditional Use Permit filing due date of March 4, 2019, for said operators; and

WHEREAS, on June 4, 2019 the City of Montebello Planning Commission approved Conditional Use Permit No. 04-19 to allow RZ Capital & Development, LLC, to conduct commercial cannabis operations consisting of microbusiness, cultivation, manufacturing, and non-storefront retail delivery at 8019 Slauson Avenue (APN: 6354-030-055); and

WHEREAS, on July 8, 2019, Commercial Cannabis Development Agreement No. 04-19 was entered into between the City of Montebello and RZ Capital & Development, LLC to allow the operation of commercial cannabis activity at 8019 Slauson Avenue, consistent with Chapter 5.90 of the Montebello Municipal Code; and

WHEREAS, in a series of communications, the City requested that RZ Capital & Development, LLC comply with their contractual obligations and pay the required operating fees and annual Community Benefit Fees as prescribed in the duly executed Development Agreement No. 04-19 and Chapter 5.90 of the MMC. However, RZ Capital & Development, LLC failed to meet these financial obligations, and pursuant to the MMC Section 17.80.020 “Revocation—Grounds”, a conditional use permit may be revoked if the permit has been or is being used contrary to the terms or conditions of approval, or is in violation of any statute, ordinance, law or regulation; and

WHEREAS, all procedures of the California Environmental Quality Act (“CEQA”), California Public Resources Code §21080 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15321 et seq. have been satisfied. Further, the City has found that the revocation of Conditional Use Permit No. 04-19 has been determined to be exempt from environmental review pursuant to the guidelines of the CEQA (Public Resources Code, §21080, subd. (b)(9); California Code of Regulations, title. 14, Ch. 3, § 15321 [Class 21, “Enforcement Actions by Regulatory Agencies”]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit for failure by RZ Capital & Development, LLC to comply with the conditions of approval as outlined in Conditional Use Permit No. 04-19; and

WHEREAS, a duly noticed public hearing has been held, at which the Planning Commission received and considered staff presentations, recommendations, public testimony, and all other substantial evidence presented at the public hearing and included in the record for this matter, and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, the Planning Commission (“the Planning Commission”) of the City of Montebello hereby finds, declares and resolves as follows:

Section 1. The foregoing recitals are true and correct and are hereby incorporated as substantive findings in this Resolution.

Section 2. The Planning Commission finds that the actions taken under this Resolution are exempt from CEQA pursuant to a Class 21 categorical exemption under CEQA Guidelines § 15321, (Public Resources Code, §21080, subd. (b)(9); California Code of Regulations, title. 14, Ch. 3, § 15321, Class 21, “Enforcement Actions by Regulatory Agencies”.

<u>Section 3.</u> Based upon the record before it, including the staff report, attachments, and all evidence and testimony heard at the public hearing for this item, and in light of all evidence and testimony provided in connection with this Project, the Planning Commission of the City of Montebello hereby finds that RZ Capital & Development, LLC's failure to pay the required fees is in violation of their obligations under the following conditions of approval applicable to Conditional Use Permit No. 04-19 and Chapter 5.90 of the Montebello Municipal Code:

> <u>CUP Condition of Approval No.8</u> – The Applicant and operation shall continually remain in compliance with all Montebello codes, Regulations, Ordinances and applicable State and Federal laws.
>
> <u>CUP Condition of Approval No. 35</u> – This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.
>
> <u>CUP Condition of Approval No. 39</u> – In the event of a violation of the conditions of approval, no further permits, licenses, approvals of certificates of occupancy shall be issued until such violation has been fully remedied.
>
> <u>Montebello Municipal Code Section 5.90.090</u> – Failure of a permittee to pay the requisite fees shall constitute a breach of the development agreement, and is grounds for revocation of the conditional use permit.

Therefore, pursuant to the authority provided under Montebello Municipal Code Chapter 17.80, the Planning Commission hereby approves the revocation of Conditional Use Permit No. 04-19.

<u>Section 4.</u> If any section, subsection, line, sentence, clause, phrase, word, part, provision, or portion of this Resolution, or its application to any individual, entity, or circumstance, for any reason, is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution, and shall continue in full force and effect. To this end, any section, subsection, line, sentence, clause, phrase, word, part, provision, or portion of this Resolution is severable. The Planning Commission of the City of Montebello declares that this Resolution would have been adopted by the Planning Commission regardless of the fact that any section, subsection, line, sentence, clause, phrase, word, part, provision, or portion thereof, might be declared to be invalid or unconstitutional.

<u>Section 5</u>. The Planning Commission Secretary shall certify the adoption of this Resolution and it shall go into effect immediately upon its adoption.

APPROVED AND ADOPTED BY THE MONTEBELLO PLANNING COMMISSION on this 7th day of January 2025.

____

ALICIA MORALES, CHAIR
MONTEBELLO PLANNING COMMISSION

ATTEST:

I, ________________, Secretary of the City of Montebello Planning Commission, **DO HEREBY CERTIFY** that the foregoing Resolution, being Resolution No. 01-25 has been duly signed by the Chair, and attested by the Secretary, all at a meeting of the Montebello Planning Commission, held January 7, 2025, and that same was approved and adopted by the following vote to wit:

AYES:
NOES:
ABSENT:

____

JOSEPH A. PALOMBI, SECRETARY
MONTEBELLO PLANNING COMMISSION

CITY OF MONTEBELLO
PLANNING COMMISSION

RESOLUTION NO. 03-19

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO ADOPTING CEQA EXEMPTION AND APPROVING CONDITIONAL USE PERMIT NO. CUP 04-19 TO ALLOW A CANNABIS CULTIVATION, MANUFACTURING, DISTRIBUTION, AND NON-STORE FRONT RETAIL DELIVERY LOCATED AT 8019 SLAUSON AVENUE (APN 6354-030-055)

WHEREAS, a Conditional Use Permit No. CUP 04-19 application was submitted by Zach Brandt with RZ Capital + Development, LLC and has been received and accepted;

WHEREAS, the Conditional Use Permit would allow a new cannabis Cultivation (2,570 sq. ft.), Manufacturing, and Non-Store Front retail delivery located at 8019 Slauson Avenue (APN 6354-030-055);

WHEREAS, pursuant to section 21067 of the Public Resources Code, and section 15367 of the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), the City of Montebello is the lead agency for the proposed Project;

WHEREAS, the Conditional Use Permit No. CUP 04-19 is considered a "project", per the California Environmental Quality Act definition of a "project";

WHEREAS, the project is Categorically Exempt per CEQA Section §15301 Class 1 (Existing Facilities) because;

1. The project consist of the operation repair, maintenance, permitting, leasing, licensing, or minor alterations of existing private structure, facility, mechanical equipment, or topographical features, involving negligible or no expansion of existing of former use.

2. The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.

3. Approval of the project would not result in any reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances.

WHEREAS, after conducting a duly noticed public hearing, and considering the evidence submitted by the applicant, public testimony, staff presentations, and such other matters properly presented during the hearing on this matter, the Planning Commission makes the following findings:

1. The proposed use would conform with the City of Montebello

General Plan Land Use Element, Goal 1, "Formulate a plan which is responsive to the needs of the community and which permits the orderly arrangement of land uses, permitting sufficient areas for reasonable development;" Objective 3, "cluster" type commercial development is preferential to proliferation of strip commercial," Policy Industrial 4, "The City's industrial area should be preserved and maintained"; because the proposed project will occupy an existing building and clean up a property that is not properly maintained and generate taxable revenue to the City.

2. The proposed cannabis Cultivation, Manufacturing, Non-Store Front retail is in compliance with the M-2 (Heavy Manufacturing) zone because:

   a. Per the Index of Primary Uses, Cannabis uses are conditionally permitted uses in the M-1 and M-2 zones and the project site is not within six hundred feet of a R-zone.

   b. Proposed project meets the development standards set forth in the Montebello Municipal Code Chapter 17.32.

3. The design of the building is compatible with the surrounding neighborhood. There is no distinct Architectural style or design to the area. The cannabis use is being proposed in an existing building and no changes are being made building exterior.

4. Per MMC 17.71.010, the proposed use:

   a. Is consistent with the purposes and intent of Chapter 17.71 – Permitted Zones; Distance from sensitive uses – of the Montebello Municipal Code;

   b. Would not adversely affect the general welfare of the surrounding property owners;

   c. Would not result in an undesirable concentration of premises for the sale of cannabis, in the area;

   d. Would not detrimentally affect the nearby surrounding area after giving special consideration to the proximity and nature of the proposed use with respect to schools providing instruction in kindergarten of any grades 1 through 12, a day care center, or youth center, or a properties zoned residential;

   e. Would not aggravate existing problems created by the transport of cannabis (e.g. littering, loitering, noise, calls for service, and sales to minors); and

f. Is in conformance with the goals, policies, and objectives of the general plan and the purpose and intent of this code and any applicable specific plan.

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, the Planning Commission of the City of Montebello resolves that:

SECTION 1. The foregoing recitals are true and correct and are hereby incorporated as substantive findings in this Resolution.

SECTION 2. The Planning Commission approves and adopts the CEQA Categorical Exemption §15301 (Existing Facilities) Class 1 exemption. The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.

1. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

SECTION 3. The Planning Commission hereby approves Conditional Use Permit No. CUP 04-19 to allow cannabis Cultivation, Manufacturing, Distribution , and Non-Store-front delivery subject to the conditions of approval set forth in Section 4 of this Resolution.

SECTION 4. The Planning Commission finds that the foregoing conditions of approval are necessary and appropriate.

1. The applicant shall defend, indemnify, and hold harmless the city, its elected and appointed officials, agents, officers, and employees from any claim, action, or proceeding brought against the city, its elected and appointed officials, agents, officers, or employees arising out of, or which are related to the applicant's project or application (collectively referred to as "proceedings"). The indemnification shall include, but not be limited to, damages, fees and/or costs awarded against the city, if any, and cost of suit, attorney's fees, and other costs, liabilities, and expenses incurred or awarded in connection with the proceedings whether incurred by the applicant, the city and/or the parties initiating or bringing such proceedings. This indemnity provision shall include the applicant's obligation to indemnify the city for all the city's costs, fees, and damages that the city incurs in enforcing the indemnification provisions set forth herein. The city shall have the right to choose its own legal counsel to represent the city's interest in the proceedings.

2. The applicant shall sign, notarize, and return to the Planning Department an affidavit accepting all Conditions of Approval of Conditional Use Permit (CUP 04-19) within 30 days from the date of the approval in accordance with Montebello Municipal Code Sections 17.71.010 and 17-32. The applicant acknowledges and understands that all conditions set forth in this Resolution are conditions precedent to the grant of approval and failure to comply with

any condition contained herein shall render this approval non-binding as against the city and shall confer applicant no legal rights under the law. The Applicant shall incorporate these conditions of approval in the project plans (constructions drawings) that are submitted for building plan check. Building Plans shall be reviewed and approved by the Planning Division for conformance to the Conditions of Approval and the approved Development Plan prior to the issuance of a building permit.

3. This approval shall be used within two years of the approval date of this project; by **June 4, 2021**. Otherwise it shall become null and void and of no effect whatsoever. Use means the beginning of substantial construction under this approval.

4. Approval of CUP 04-19 is subject to approval and adoption of a fully executed Development Agreement by and between the City and the Applicant.

5. This approval under CUP 04-19 is for cannabis Cultivation (2,570 sq. ft.), Manufacturing, and Non-Store Front delivery only that will occupy and existing 4,000 square-foot building.

6. RZ Capital + Development, LLC must be a registered business or entity with the Secretary of State of the State of California. If RZ Capital + Development, LLC is not registered in the State of California, this application and approval is invalid.

7. A Business License and a Certificate of Occupancy shall be applied for and approved by the Community Development Department Planning at this location prior to operations. If operations commence prior to approval of these applications, this approval will be invalid and will be subject to revocation and all activities will be considered illegal.

8. The Applicant and operation shall continually remain in compliance with all Montebello codes, Regulations, Ordinances and applicable State and Federal laws.

9. This approval is the result of review of your submitted application and plans. Further review may be required as the operations begins activity to inspect facilities and review Live Scan results of employees.

10. Within one year of approval, a review of the operation and facility will be performed to determine continued compliance with the most current Cannabis Ordinance. The approval shall remain valid indefinitely as long as the organization remains in good standing and complies with all requirements including any and all payments required under the requisite Development Agreement.

11. A Security Plan must be submitted by a certified, bonded, and licensed security company. The security plan will include but not be limited to security cameras on site, screened fencing, and a storage vault or safe. The security Plan must be reviewed and approved by the Police Chief or his designee before a Certificate of Occupancy is issued.

12. Access to the security cameras must be granted upon request by the City representatives seeking access to the building.

13. The Applicant's business of cannabis Cultivation, Manufacturing, Distribution, and Non-Store Front activity will not have any members of the public visit the premises at 8019 Slauson Avenue for acquisition or sale of any product.

14. The development and utilization of the subject site shall substantially conform to the plans authored by Josh Reece dated April 7, 2019, for the use, except as provided for herein and by subsequent revisions found by the Director of Planning and Community Development to be in substantial compliance with these provisions.

15. All off-street parking requirements shall be met. The existing building consist of 4,000 sq. ft. and at 1 parking space per 500 sq. ft., 8 parking spaces are required. The project under CUP 04-19 provides will occupy the required 8 parking spaces.

16. The development of the subject site shall be consistent with all of the provisions of the Montebello Municipal Code (MMC) and Conditional Use Permit (CUP 04-19).

17. The Applicant shall submit three copies of construction level Landscape and Irrigation Plans to the Community Development Department. The plans must be prepared by a registered landscape architect and include the location, number, genus, species, and container size of plants. The cover page shall identify the total square footage to the landscape area and note how it is to be maintained. Use of water efficient fixtures and drought plants is encouraged.

18. All storage shall be maintained indoors. The Applicant shall cause for the removal of any and all outdoor storage or excess debris currently maintained on site including trailers and inoperable vehicles and parts.

19. Applicant will improve exterior of buildings with paint to match, as necessary.

20. Trash Area and Enclosures. The applicant shall comply with all trash storage requirements and shall construct a trash enclosure on-site. The trash enclosure shall enclosed by a view-obscuring wall or fence with gates pursuant to Section 17.32.060 of the MMC.

21. Modification to Plans. Subsequent modification to this approval, which do not intensify the use, including but not limited to reorientation of structures, alteration of parking and circulation design, minor changes to the Conditions of Approval, interpretations of the Conditions of Approval relative to intent, necessity of, and timing, may be approved by the Community Development Director within a 25% deviation, unless the Director requires a Substantial Conformance or revised Permit application in accordance with the City Development Code.

22. The Director of Planning and Community Development, at any time, can call for a review of the approved conditions of approval at a duly noticed public hearing before the Planning Commission. These condition(s) may be

modified, or new condition(s) added to reduce any impacts of the use. The Planning Commission may revoke the Conditional Use Permit (CUP 04-19) if sufficient cause is given.

23. No transfer or Change in ownership or location. Applicant/owner may not transfer, sell, pledge, assign, grant an option, or other dispose of his or her ownership interest in the business or development agreement, without the advanced approval of the City Council.

24. The Applicant or successor in interest shall meet the applicable Code requirements and all other City Departments regulations.

25. All applicable conditions of approval from previous entitlements on the property shall remain in full force and effect, unless otherwise specifically noted in this Resolution.

26. The Applicant will bear the full costs of all monitoring and inspection activities to be conducted by City staff, or its designated representative(s), as necessary to ensure compliance with the conditions of this Resolution.

27. Any change, expansion, intensification and/or modification to the proposed plans use, or mode of operations shall be subject to the review and approval by the Director of Planning and Community Development who may take action or call for review by the Planning Commission at a noticed public hearing.

28. The Applicant shall have all graffiti on-site removed within 24 hours of its appearance.

29. The operation of the said use shall at all times be conducted in a manner not detrimental to surrounding properties or residents by reason of lights, noise, activities, parking or other actions. All activities must be conducted within the building.

30. All employees of the businesses on-site shall be out of the premises no later than one hour after closing. No "after hours" operations shall be permitted.

31. No loitering in the parking area and Applicant shall control all employees leaving the premises. Signs shall be posted notifying employees. The size, content, and location of the sign(s) are subject to the review and approval of the Director of Planning and Community Development prior to installation.

32. The Applicant shall take the necessary steps to assure the orderly conduct of employees. No members of the public are allowed to patron and visit on the premises.

33. The parking area shall be sufficiently lit and secured to discourage loitering and/or late night activity.

34. All outdoor utilities, machinery, and equipment, including roof-mounted equipment, shall be completely screened from the public right-of-way, in a manner that is compatible with the structure. The method of screening shall be subject to the review and approval of the Director of Planning and

Community Development and the Building Official prior to issuing building permits.

35. This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.

36. The approval of this Conditional Use Permit (CUP 04-19) shall expire if the rights granted are not exercised within two (2) years from the effective date of this Resolution. Exercise of rights shall mean the issuance of a Building permit.

37. The approval of this Conditional Use Permit (CUP 04-19) can be extended up to and not to exceed an additional two (2) years with a written request by the property owner stating the reason and need for an extension and upon review and approval by the Director of Planning and Community Development.

38. Within 30 days of the City Planning Division transmittal of the Acceptance Form, the applicant shall sign and return a copy of the Acceptance Form, agreeing to the conditions of approval and acknowledging that failure to comply with such conditions shall constitute grounds for potential revocation of the permit approval. Failure to return the Acceptance Form within 30 days shall constitute grounds for terminating the permit.

39. In the event of a violation of the conditions of approval, no further permits, licenses, approvals or certificates of occupancy shall be issued until such violation has been fully remedied.

40. Parking shall be provided in accordance with the regulations of Chapter 17.52 of the Montebello Municipal Zoning Code.

41. The premises shall be kept clean and the operator of the establishment shall insure that no trash or litter originating from the site is deposited onto neighboring properties or onto the public right-of-way.

42. All screening must be reviewed and approved by the Planning Division prior to the issuance of any building permits to construct the screening.

43. If, at any time, a litter problem arises, the Director of Community Development may require a litter clean-up plan to be submitted and reviewed. The litter clean-up plan shall include a schedule of time and frequency of litter clean-up activities. Upon approval of the plan by the Director of Planning and Community Development, the measures of the plan shall be implemented. This condition may require the operator of the use to post a bond to ensure litter compliance.

44. The premises shall be kept clean and the operator of the establishment shall insure that no trash or litter originating from the site is deposited onto neighboring properties or onto the public right-of-way.

45. The development and utilization of the site shall comply with all the provisions of all of the current Building, Plumbing, Mechanical, Electrical Codes and City Ordinances, as well as additional requirements from the Montebello Building and Safety Division.

46. The development and utilization of the site shall be subject to the review and approval of the Public Works Department. Additional Montebello Public Works Department requirements may be required prior to issuing building permits.

47. The development and utilization of the site shall comply with all the provisions of all of the California Fire Code, International Fire Code, and National Fire Protection Association standards as well as additional requirements from the Montebello Fire Department.

48. All signage is subject to final review and approval by the Planning Division and will be done under as separate permit.

49. All temporary signage is subject to the restrictions of the City's sign ordinance.

50. No coin operated games or video machines maintained upon the premises at any time.

51. The Planning Commission, and the City Council on appeal, shall have the right to impose additional conditions for the protection of the public health, safety and welfare.

52. Compliance with the current edition of the California Fire Code, Appendix B, titled "Fire-Flow Requirements for Buildings", as the standard for delivery of fire flow to the site.

53. Compliance with the Montebello Municipal Code, Chapter 15.32, titled "California Fire Code" adoptions.

54. Compliance with all nationally recognized standards, laws, and ordinances.

    i. That a masonry wall of six feet in height shall be constructed around the parking area of such establishments when said area is adjacent to properties zones or used for residential purposes or any of the above referenced consideration points.

    ii. That the noise levels generated by the operation of such establishment shall not exceed sixty-five dBA between the hours of seven a.m. to ten p.m., and not exceed sixty dBA between the hours of ten p.m. to seven a.m., so as to mitigate the impact on adjoining properties zoned or used for residential purposes. The measurement of noise levels shall be taken at the location of the shared property line.

    iii. That exterior lighting of the parking area shall be kept at an intensity of between one- and two-foot candles, so as to provide adequate lighting for employees while not disturbing surrounding residential or commercial areas. Light sources shall be shielded from adjacent properties and from the sky.

iv. That special security measures such as security guards and burglar alarm systems as specified by the police department may be required, which must reflected in the submitted security plan.

v. Exterior storage of any kind shall be prohibited, except where allowed per the Montebello Municipal Code.

vi. That litter and trash receptacles shall be located at convenient locations inside and outside establishments, and operators of such establishments shall remove trash and debris on a daily basis.

vii. That no signs shall be installed on the site until a sign permit has been approved by the Planning Division and a building permit issued by the Building and Safety Division in conformance with the provisions set forth in Chapter 17.62 of the Montebello Municipal Code.

PASSED AND ADOPTED this 4th day of June, 2019 by the Planning Commission.

AYES: Commissioner(s): Mooradian, Aliksanian, Lomeli, and Briseno

NOES: Commissioner(s):

ABSENT: Commissioner(s):

ABSTAIN: Commissioner(s):

Sona Mooradian, Chair

ATTEST:

Manuel Mancha
Director of Planning and Community Development

From: Zach Brandt <zach@rzcapital.la>
Sent: Tuesday, December 10, 2024 12:58 PM
To: Palombi, Joseph <JPalombi@montebelloca.gov>
Cc: Salazar, Arlene <ASalazar@montebelloca.gov>; Saycocie, Kevin <KSaycocie@montebelloca.gov>; Rodriguez, Brenda <BRodriguez@montebelloca.gov>; Solorza, Michael <MSolorza@montebelloca.gov>
Subject: [External Email] CUP 04-19. RZ Capital & Development

External Sender - From: (Zach Brandt <zach@rzcapital.la>)
This message came from outside your organization.

To whom it may concern,

It has been quite some time since I have gotten any correspondence from the city. My Business Account was closed on August 21, 2024, making it impossible for me to renew or pay any outstanding fees. Since 2020, I have requested on numerous occasions through email and in person to meet and discuss the state of the industry and in particular my situation to figure out a mutually beneficial solution to the payment of the Community Benefits Fees ($50,000/year regardless of size or revenue) my business is expected to make. The city has often provided no response or a large “take it or leave it” response with a drop dead date. I am once again asking for a meeting to find an equitable solution.

I am aware that other operators have been given a “pick your own” payment plan solution, with one operator who is literally 10x the size of my business only paying $4,500 per month when I was demanded $22,500 per month. I made the first payment, which was beyond a stretch, then my business license was immediately cancelled after one missed payment when there are large operators making zero payments on these fees. It should be noted that I have already paid more than $143,000 into Community Benefits.

As I have stated over and over, I am not looking for a free ride. I want to pay my fair share and have an opportunity to grow a successful business. But, $50,000 for a business of my size in this market is simple not reasonable or fair. That said, I am and have been willing to provide a payment plan that allows me to, at the very minimum, break even. My taxes and cultivation fees were up to date until my business license was cancelled.

I am still hopeful that we can work together.

Happy Holidays,

Zach Brandt
zach@rzcapital.la

Outlook

Re: Email Thread for RZ

From: Huerta, Monica
Sent: Tuesday, August 6, 2024 9:57 AM
To: Zach Brandt <zach@rzcapital.la>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Panosian, Joann <JPanosian@montebelloca.gov>
Subject: RE: Past Due Invoices/Gross Receipt Repot Reminder [RZ CAPITAL]

Good morning,

Attached please find the **PAST DUE 2024 Quarter 1 Cultivation invoice and Gross Receipt Report that were both due 6/29/2024**. I have also attached the **2024 MCBF** Invoice as well that was due 7/1/2024.

Please let me know if you have any questions.

Thank you,

MONTEBELLO

Monica Huerta
Senior Finance Technician
Department of Finance

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1557
w: www.MontebelloCA.gov
e: mhuerta@MontebelloCA.gov

From: Huerta, Monica
Sent: Monday, July 1, 2024 12:07 PM
To: Zach Brandt <zach@rzcapital.la>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: Q2 Gross Receipt/Cultivation invoice and past due invoices Reminder [RZ CAPITAL]

Good Afternoon,

I have attached your 2024 **Q2 Gross Receipt Report & Cultivation** invoice that is due **9/28/2024** (a copy will be mailed).

Also as a reminder, attached is the 2024 **Q1 Gross Receipt Report and & Cultivation** invoice that was due **6/29/2024** (copies will be mailed) as well as the 2024-2025 Development Agreement Invoice.

If you have any questions or concerns, please feel free to call or email.

Thank You,

MONTEBELLO

Monica Huerta
Senior Finance Technician
Department of Finance

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1557
w: www.MontebelloCA.gov
e: mhuerta@MontebelloCA.gov

From: Huerta, Monica
Sent: Wednesday, May 29, 2024 2:14 PM
To: 'Zach Brandt' <zach@rzcapital.la>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RE: Q1 Gross Receipt/Cultivation invoice and past due invoices Reminder [RZ CAPITAL]

Good Afternoon,

This is a friendly reminder that your **2024 Q1 Gross Receipt Report and Q1 Cultivation invoice is due 6/29/2024.** Also, a friendly reminder that your **2024/2025 MCBPF invoice is due 7/1/2024.** Please see attached.

Please let me know if you have any questions.

Best Regards,

MONTEBELLO

Monica Huerta
Senior Finance Technician
Department of Finance

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1557
w: www.MontebelloCA.gov
e: mhuerta@MontebelloCA.gov

From: Huerta, Monica
Sent: Monday, April 1, 2024 10:54 AM
To: Zach Brandt <zach@rzcapital.la>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RE: Q1 Gross Receipt/Cultivation invoice and past due invoices Reminder [RZ CAPITAL]

Good Morning,

I have attached your Q1 Gross Receipt Report & Cultivation due 6/29/2024 (a copy will be mailed).

Also attached is the Q4 Gross Receipt Report and & Cultivation that was due 3/31/2024 (copies will be mailed) as well as the 2022-2023 and 2023-2024 Development Agreement Invoices.

If you have any questions or concerns, please feel free to call or email.

Thank You,

MONTEBELLO

Monica Huerta
Senior Finance Technician
Department of Finance

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1557
w: www.MontebelloCA.gov
e: mhuerta@MontebelloCA.gov

From: Huerta, Monica
Sent: Thursday, February 29, 2024 9:04 AM
To: Zach Brandt <zach@rzcapital.la>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RE: Q4 Cultivation invoice Reminder [RZ CAPITAL]

Good Morning,

This is a friendly reminder that your **Q4 cultivation invoice is due on 3/30/2024.**

Also attached are the CCA Development agreement invoices for your reference.

Please let me know if you have any questions.

Best Regards,

MONTEBELLO
ELEVATE

Monica Huerta

Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 **ext**: 1557
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Huerta, Monica
Sent: Monday, January 8, 2024 9:50 AM
To: Zach Brandt <zach@rzcapital.la>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: Q4 Gross Receipt Report. 2023 Q3 Cultivation Invoice, & PAST DUE INVOICES [RZ CAPITAL]

Good Morning,

I have attached your Q4 Gross Receipt Report & Cultivation due 3/31/2024 (a copy will be mailed).

Also attached is the Q3 Gross Receipt Report and & Cultivation that was due 12/29/2023 (copies will be mailed) as well as the 2022-2023 and 2023-2024 Development Agreement Invoices.

If you have any questions or concerns, please feel free to call or email.

Thank You,

MONTEBELLO
ELEVATE

Monica Huerta
Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 ext.: 1557
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Huerta, Monica
Sent: Tuesday, October 31, 2023 3:21 PM

To: zach@rzcaital.la; arrognt.arts@gmail.com
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Rodriguez, Brenda <BRodriguez@montebelloca.gov>
Subject: RE: PAST DUE INVOICES [RZ CAPITAL]

Good Afternoon,

I have attached the following Past Invoices for your review:

1. **Past Due Q2 Cultivation Invoice**
2. **2022-2023 Development Agreement Invoice**
3. **2023-2024 Development Agreement Invoice**

Please let me know if you have any questions.

Thank you,

MONTEBELLO
ELEVATE

Monica Huerta
Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 **ext**: 1557
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Huerta, Monica
Sent: Thursday, October 12, 2023 11:49 AM
To: zach@rzcaital.la
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Rodriguez, Brenda <BRodriguez@montebelloca.gov>
Subject: 2023 Q3 Gross Receipt Report/Invoices

Good Morning,

I have attached your Q3 Gross Receipt Report & Cultivation due 12/29/2023 (a copy will be mailed).

Also attached you ill find the past due Q2 Cultivation Invoice as well as the 2022-2023 and 2023-2024 Development Agreement Invoices.

If you have any questions or concerns please feel free to call or email.

Thank You,

MONTEBELLO
ELEVATE

Monica Huerta
Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 **ext**: 1557
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Huerta, Monica
Sent: Wednesday, September 6, 2023 9:30 AM
To: zach@rzcaital.la
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Rodriguez, Brenda <BRodriguez@montebelloca.gov>
Subject: 2023 Q2 Gross Receipt Report [RZ Capital]

Good Morning,

This is a friendly reminder that the attached Q2 Gross Receipt Report and Cultivation Fee is due 9/28/2023.

Please let me know if you have any questions.

Thank you,

MONTEBELLO
ELEVATE

Monica Huerta
Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday

---

From: Rodriguez, Brenda <BRodriguez@montebelloca.gov>
Sent: Tuesday, August 29, 2023 8:33 AM
To: Huerta, Monica <MHuerta@montebelloca.gov>
Subject: Fw: 2023 Q2 Gross Receipt Report [RZ Capital]

hu

Brenda Rodriguez
Accountant (Payroll)

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 ext:439
w: www.MontebelloCA.gov **e**: brodriguez@montebelloca.gov

From: Rodriguez, Brenda
Sent: Thursday, August 17, 2023 10:02 AM
To: Zach Brandt <zach@rzcapital.la>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Huerta, Monica <MHuerta@montebelloca.gov>
Subject: 2023 Q2 Gross Receipt Report [RZ Capital]

Good morning,

Hope my email finds you well. I would like to welcome Monica Huerta who will be joining our team and will be your new point of contact moving forward. I have attached your Q2 Gross Receipt Report & Cultivation due 9/28/2023 (a copy will be mailed).

If you have any questions or concerns please feel free to call or email.

Thank You,

Brenda Rodriguez
Accountant (Payroll)

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 ext:439
w: www.MontebelloCA.gov **e**: brodriguez@montebelloca.gov

Outlook

Re: [External Email] RZ Capital Community Benefits payment plan - Notice of Violation (Code Enforcement Case No. CE 24-1026)

From: Zach Brandt <zach@rzcapital.la>
Sent: Wednesday, May 15, 2024 1:15 PM
To: Palombi, Joseph <JPalombi@montebelloca.gov>
Cc: Arnold Alvarez-Glasman (AGlasman@agclawfirm.com) <AGlasman@agclawfirm.com>; Melinda Arredondo <MArredondo@agclawfirm.com>; Solorza, Michael <MSolorza@montebelloca.gov>; Saycocie, Kevin <KSaycocie@montebelloca.gov>; Ramos, Matthew <MRamos@montebelloca.gov>; Cota, Joseph <JCota@montebelloca.gov>; Huerta, Monica <MHuerta@montebelloca.gov>; Alcantar, Maria <MAlcantar@montebelloca.gov>; Panosian, Joann <JPanosian@montebelloca.gov>; anthony@dpmpractice.com; Allen Trempe <allen.trempe@kinum.com>; Alvarez, Raul <RAlvarez@montebelloca.gov>
Subject: Re: [External Email] RZ Capital Community Benefits payment plan - Notice of Violation (Code Enforcement Case No. CE 24-1026)

External Sender - From: (Zach Brandt <zach@rzcapital.la>)
This message came from outside your organization.

I accept the terms and will make a payment before 6/1/24

Thank you

Zach Brandt
RZ Capital & Development LLC
Zach@rzcapital.la
310-993-1059

On May 13, 2024, at 2:16 PM, Palombi, Joseph <JPalombi@montebelloca.gov> wrote:

Hello Mr. Brandt:

As a follow-up to the attached letter (dated May 7, 2024), this communication is intended to inform you that Kinum is not authorized to settle this matter on behalf of the City of Montebello.

Therefore, as stated in the attached letter, please provide a response to the City accepting or rejecting the payment plan outlined in said letter on or before 5:30 p.m. on May 16, 2024.

Thank you.

Joseph Palombi
Director | Planning and Community Development Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1598
w: www.MontebelloCA.gov
e: JPalombi@MontebelloCA.gov

<image001.png>

<image002.png>

<image003.png>

<image004.png>

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<image006.png>
<image007.png>

From: Zach Brandt <zach@rzcapital.la>
Sent: Friday, May 10, 2024 2:33 PM
To: Palombi, Joseph <JPalombi@montebelloca.gov>
Cc: Arnold Alvarez-Glasman (AGlasman@agclawfirm.com) <AGlasman@agclawfirm.com>; Melinda Arredondo <MArredondo@agclawfirm.com>; Solorza, Michael <MSolorza@montebelloca.gov>; Saycocie, Kevin <KSaycocie@montebelloca.gov>; Ramos, Matthew <MRamos@montebelloca.gov>; Cota, Joseph <JCota@montebelloca.gov>; Huerta, Monica <MHuerta@montebelloca.gov>; Alcantar, Maria <MAlcantar@montebelloca.gov>; Panosian, Joann <JPanosian@montebelloca.gov>; anthony@dpmpractice.com; Allen Trempe <allen.trempe@kinum.com>; Alvarez, Raul <RAlvarez@montebelloca.gov>
Subject: Re: RZ Capital Community Benefits payment plan - Notice of Violation (Code Enforcement Case No. CE 24-1026)

To whom it may concern:

We have already entered into a payment arrangement with Kinum (cc'd), the debt collector handling our case, prior to the conflicting letters sent separately from the Planning Dept. and City Attorney on 5/7/24, as well as sending our first payment.

Zach Brandt
RZ Capital & Development LLC
Zach@rzcapital.la
310-993-1059

On May 7, 2024, at 4:23 PM, Palombi, Joseph <JPalombi@montebelloca.gov> wrote:

Dear Mr. Brandt/RZ Capital and Development, LLC:

In response to your request regarding a proposed payment plan in connection with the above-referenced Notice of Violation, please find attached for your review and consideration the response letter (dated May 7, 2024) from the City of Montebello Planning and Community Development Department.

Thank you.

<image001.png>

Joseph Palombi
Director | Planning and Community Development Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1598
w: www.MontebelloCA.gov
e: JPalombi@MontebelloCA.gov

<image002.png>

<image003.png>

<image004.png>

<image005.png>

<image006.png>

<image007.png>

From: Zach Brandt <zach@rzcapital.la>
Sent: Tuesday, April 23, 2024 11:15 AM
To: Palombi, Joseph <JPalombi@montebelloca.gov>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RZ Capital Community Benefits payment plan

Mr Palombi

Attached is a proposed payment plan with explanation of steps I have been taking to get back on track.

Zach Brandt
RZ Capital & Development LLC
Zach@rzcapital.la
310-993-1059

<Letter from Montebello Planning and Community Development Department to RZ Capital re Notice of Violation.pdf>

PLEASE DO NOT CLICK ON UNKNOWN LINKS. Contact Montebello IT Division if you are unsure.

Panosian, Joann

From:	Palombi, Joseph
Sent:	Tuesday, February 6, 2024 4:38 PM
To:	Zach Brandt
Cc:	Solorza, Michael; Saycocie, Kevin; Panosian, Joann; Huerta, Alexis; Huerta, Monica
Subject:	RE: RZ Capital Payment Plan

Hello Mr. Brandt,

Good morning. Pursuant to Development Agreement No. 3682, the total amount owed by RZ Capital for cannabis activities in the City of Montebello is $89,000.00. As a follow-up to our meeting on January 25, 2024, here's a proposed payment plan:

1. March 1, 2024 - $10,000
2. April 1, 2024 - $10,000
3. May 1, 2024 - $10,000
4. June 1, 2024 - $10,000
5. July 1, 2024 - $10,000
6. August 1, 2024 - $12,000
7. September 1, 2024 - $14,000
8. October 1, 2024 - $13,000

The above-referenced fees represent amounts that are currently past due and do not include any fees that will be incurred going forward.

Please confirm acceptance of the proposed payment plan at your earliest convenience.

Thank you.

MONTEBELLO
ELEVATE

Joseph A. Palombi | Director
Planning & Community Development
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200
w: www.MontebelloCA.gov e: jpalombi@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. - 5:30 p.m. Closed every Friday.

From: Palombi, Joseph
Sent: Tuesday, January 30, 2024 1:03 PM
To: Zach Brandt <zach@rzcapital.la>
Cc: Panosian, Joann <JPanosian@montebelloca.gov>; Huerta, Alexis <AHuerta@montebelloca.gov>
Subject: RE: [External Email] RZ Capital Payment Plan

Hello Mr. Brandt,

We are in receipt of your request for a payment plan to fulfill your obligations under Development Agreement No. 3682 (Conditional Use Permit No. 04-19). Once we confirm the total amount past due, we will follow-up with you to discuss options and next steps.

Thank you.

MONTEBELLO
ELEVATE

Joseph A. Palombi | Director
Planning & Community Development
1600 W Beverly Blvd., Montebello, CA 90640
p. 323-887-1200
w www.MontebelloCA.gov e: jpalombi@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Zach Brandt <zach@rzcapital.la>
Sent: Monday, January 29, 2024 12:50 PM
To: Salazar, Arlene <ASalazar@montebelloca.gov>
Cc: Palombi, Joseph <JPalombi@montebelloca.gov>
Subject: [External Email] RZ Capital Payment Plan

External Sender - From: (Zach Brandt <zach@rzcapital.la>)
This message came from outside your organization.

Good afternoon

I'm following up solely as an operator requesting a meeting to discuss payment plan options for the Community Development Fee for my business.

Thank you

Zach Brandt
RZ Capital & Development LLC
Zach@rzcapital.la
310-993-1059

PLEASE DO NOT CLICK ON UNKNOWN LINKS. Contact Montebello IT Division if you are unsure.

ALVAREZ-GLASMAN & COLVIN
ATTORNEYS AT LAW

13181 Crossroads Parkway North
Suite 400-West Tower
City of Industry, CA 91746
Tel: 562.699.5500
Fax: 562.692.2244
www.agclawfirm.com

VIA CERTIFIED MAIL

July 23, 2024

RZ Capital & Development, LLC
865 Comstock Avenue
Los Angeles, CA 90024

Re: RZ Capital & Development, LLC – DA No. 04-19 and CUP No. 04-19 - Development Agreement Delinquent Fees Payment Schedule

Dear RZ Capital & Development, LLC:

This office represents the City of Montebello ("City") and this letter is to follow up the May 7, 2024 letter sent from our office to RZ Capital & Development, LLC ("RZ"). RZ is currently in violation of Development Agreement No. 04-19 ("DA") resulting from non-payment of Cannabis Operating fees pursuant to Article 7.b of the DA and the annual Montebello Community Benefits Fee pursuant to Article 6.b of the DA (collectively referred to as "Cannabis Fees") required by the Development Agreement in the amount of Eighty-Nine Thousand dollars ($89,000.00). Pursuant to a subsequent letter from the City of Montebello's Planning and Community Development Department also dated May 7, 2024, RZ agreed to submit the delinquent balance in accordance with the following schedule:

- June 1, 2024 – $22,250
- July 1, 2024 – $22,250
- August 1, 2024 –$22,250
- September 1, 2024 - $22,250

The City is in receipt of the first payment due June 1, 2024, but has yet to receive the payment due July 1, 2024. Please provide to City the outstanding payment of **$22,250.00** no later than **July 29 2024**.

Note: Late fees will continue to accrue up to a maximum of 100% of the original invoice amount. If you do not contact the City of Montebello Department of Finance within 7-days of this letter, the City will assume that you do not dispute the amounts demanded herein.

The City will allow RZ a final opportunity to cure all non-payment of obligations under DA 04-19. RZ must forward all delinquent payments, including all late fees, in the total amount noted, no later than **July 29, 2024**, to avoid further action by the City.

Failure to cure all non-payments within the time permitted will result in the suspension of your business license, initiation of revocation proceedings of your Conditional Use Permit for the subject property, pursuant to Sections 5.04.310 and 5.90.090 of the Montebello Municipal Code, or initiation of legal proceedings to terminate your Development Agreement.

If you should have any questions, please contact the City of Montebello Department of Finance.

Very truly yours,

ALVAREZ-GLASMAN & COLVIN

Arnold M. Alvarez-Glasman, City Attorney
City of Montebello

AMAG/cy

cc: Raul Alvarez, City Manager
Michael Solorza, Director of Finance
Kevin Saycocie, Deputy Director of Finance
Joseph Palombi, Director of Planning and Community Development

CITY OF MONTEBELLO
PLANNING AND COMMUNITY DEVELOPMENT

Joseph Palombi
Planning and Community Development Director

May 7, 2024

VIA EMAIL AND U.S. MAIL
RZ Capital & Development, LLC
Attention: Mr. Zachary Brandt/Randy Rudnick
704 Hermosa Avenue
Hermosa Beach, CA 90254

Re: Notice of Violation – Code Enforcement Case No. CE24-1026

Dear Messrs. Brandt and Rudnick:

This communication is intended to respond to a request from RZ Capital & Development, LLC for a payment plan in connection with the above-referenced Notice of Violation (Please see Attachment A) issued by the City of Montebello (the "City") Code Enforcement Division. The Notice of Violation relates to the failure to satisfy commitments under Development Agreement No. 3682 between the City of Montebello and RZ Capital & Development, LLC (the "Agreement").

Based on records maintained by the City's Finance Department (Please see Attachment B for a copy of Invoice Nos. 2022-00000002, and 2023-00000002), RZ Capital & Development, LLC currently has a delinquent balance and outstanding amounts owed to the City totaling $89,000. To resolve this matter, the City is proposing the following non-negotiable payment plan:

- June 1, 2024 (Month 1) – Payment No. 1 of $22,250
- July 1, 2024 (Month 2) – Payment No. 2 of $22,250
- August 1, 2024 (Month 3) – Payment No. 3 of $22,250
- September 1, 2024 (Month 4) – Payment No. 4 of $22,250

Please note that the above-referenced payment plan does not change or amend any existing agreements (e.g., the Agreement, Conditional Use Permit, etc.) and/or any current/future payment obligations between the City and RZ Capital & Development, LLC.

Please provide a response accepting or rejecting this offer via email and/or U.S. Mail on or before 5:30 p.m. on May 16, 2024. Please direct your response to my attention as follows:

> Joseph Palombi, Director of Planning and Community Development
> City of Montebello Planning and Community Development Department
> 1600 W. Beverly Blvd,
> Montebello, CA 90640
> Email: JPalombi@Montebelloca.gov

Failure to comply with the Notice of Violation and this request will result in further action including, but not limited to, the suspension of your business license.

Thank you for your attention to this matter.

Sincerely,

Joseph Palombi, Director
Planning and Community Development Department

<u>Copies</u>:
Raul Alvarez, City Manager
Arnold M. Alvarez-Glasman, Esq.
Michael Solorza, Director of Finance
Kevin Saycocie, Assistant Director of Finance
Matthew Ramos, Assistant Director of Planning and Community Development
Joseph Cota, Code Enforcement Manager

ALVAREZ-GLASMAN & COLVIN

ATTORNEYS AT LAW

13181 Crossroads Parkway North
Suite 400-West Tower
City of Industry, CA 91746
Tel: 562.699.5500
Fax: 562.692.2244
www.agclawfirm.com

VIA CERTIFIED MAIL

May 7, 2024

RZ Capital & Development, LLC
865 Comstock Avenue
Los Angeles, CA 90024

Re: RZ Capital & Development, LLC – DA No. 04-19 and CUP No. 04-19

NOTICE OF DEFAULT

Dear RZ Capital & Development, LLC:

This office serves as City Attorney for the City of Montebello ("City"), and we write on the City's behalf to inform you that the RZ Capital & Development, LLC ("RZ") is in violation of Development Agreement No. 04-19 ("DA") resulting from non-payment of Cannabis Operating fees pursuant to Article 7.b of the DA and the annual Montebello Community Benefits Fee pursuant to Article 6.b of the DA (collectively referred to as "Cannabis Fees") required by the Development Agreement in the amount of Eighty-Nine Thousand dollars ($89,000.00). Any request for a payment plan or extension of time for repayment will be denied by the City. Payment of such Cannabis Fees described herein is RZ's obligation under Development Agreement No. 04-19 ("DA") between RZ and City.

Please provide to City the outstanding payment of **$89,000.00** no later than **May 17, 2024**:

Note: Late fees will continue to accrue up to a maximum of 100% of the original invoice amount. If you do not contact the City of Montebello Department of Finance within 7-days of this letter, the City will assume that you do not dispute the amounts demanded herein.

The City will allow RZ a final opportunity to cure all non-payment of obligations under DA 04-19. RZ must forward all delinquent payments, including all late fees, in the total amount noted, no later than **May 17, 2024**, to avoid further action by the City.

Failure to cure all non-payments within the time permitted will result in the suspension of your business license, initiation of revocation proceedings of your Conditional Use Permit for the subject property, pursuant to Sections 5.04.310 and 5.90.090 of the Montebello Municipal Code, or initiation of legal proceedings to terminate your Development Agreement.

If you should have any questions, please contact the City of Montebello Department of Finance.

Very truly yours,

ALVAREZ-GLASMAN & COLVIN

Arnold M. Alvarez-Glasman
City Attorney

cc: Raul Alvarez, City Manager
Michael Solorza, Director of Finance
Kevin Saycocie, Deputy Director of Finance
Joseph Palombi, Director of Planning and Community Development

CITY OF MONTEBELLO

Code Enforcement Division
1600 West Beverly Blvd
Montebello, CA 90640
(323) 887-1490
cityofmontebello.com

NOTICE OF VIOLATION

04/16/2024

Case #: CE24-1026

Location of Request: **8019 Slauson AVE, MONTEBELLO, CA 90640-6619**
Property ID: 6354030055

Zachary, Brandt, Rudnick, Randy
RZ Capital & Development
8019 Slauson AVE
Montebello, CA 90640
Work: 310-993-1059

Dear Zachary, Brandt, Rudnick, Randy ,

The City of Montebello is dedicated to protect the health, safety, and welfare of our community members by encouraging compliance with the Montebello Municipal Code; to enhance the appearance of neighborhoods and business districts to prevent blight, protect property values, and enhance economic conditions. This notice is to advise you that the property referenced above location was inspected on and was found to be in violation of the Montebello Municipal Code (M.M.C.).

Violation(s) of the Montebello Municipal Code include:

Codes	Description	Corrective Action
M.M.C. 08.16.010.(A)(14)	Failing to satisfy or violating any condition associated with or imposed in connection with an approval relating to land, while making use of the special entitlement granted by such permit, including, but not limited to, variances, conditional use permits, subdivisions and site plans.	Failing to satisfy or violating any condition associated with or imposed in connection with an approval relating to land is prohibited.
M.M.C. 05.04.070	No person shall engage in, or conduct, any business in the city without first paying the business license tax.	Please submit business license for your establishment.

It is the goal to obtain voluntary compliance and to work with you to accomplish this goal. Cooperation in resolving this matter is appreciated. If these violations are not corrected, you may be subject to administrative fines, criminal charges, or both. If an administrative citation is issued fines may begin to accrue: $100.00, $200.00 and $500.00, respectively, for each day pursuant to Chapter 1.14 of the Montebello Municipal Code. If the violation(s) are found to be corrected, no further action will be taken.

A Code Enforcement Officer will visit your property to ensure the item(s) described above have been corrected. Please be advised a re-inspection fee in the amount of $92.00 may be applied for non-compliance if corrections are not completed by 7:00 a.m. on **05/16/2024**. Unless indicated on this notice, you are not required to be present during a re-inspection of the property. Should you have any questions please feel free to contact me during normal business hours at (323) 887-1490. Office hours are Monday-Thursday from 7:30 a.m. to 5:30 p.m.

Joseph Cota

CITY OF MONTEBELLO

Code Enforcement Division
1600 West Beverly Blvd
Montebello, CA 90640
(323) 887-1490
Jcota@montebelloca.gov

NOTICE OF VIOLATION

04/16/2024

Case #: CE24-1026

BRANDT, ZACHARY, RUDNICK, RANDY
RZ CAPITAL & DEVELOPMENT LLC
704 Hermosa AVE
Hermosa Beach, CA 90254

Location of Request: **8019 Slauson AVE, MONTEBELLO, CA 90640-6619**
Property ID: 6354030055

Dear BRANDT, ZACHARY, RUDNICK, RANDY,

The City of Montebello is dedicated to protect the health, safety, and welfare of our community members by encouraging compliance with the Montebello Municipal Code; to enhance the appearance of neighborhoods and business districts to prevent blight, protect property values, and enhance economic conditions. This notice is to advise you that the property referenced above location was inspected on and was found to be in violation of the Montebello Municipal Code (M.M.C.).

Violation(s) of the Montebello Municipal Code include:

Codes	Description	Corrective Action
M.M.C. 08.16.010.(A)(14)	Failing to satisfy or violating any condition associated with or imposed in connection with an approval relating to land, while making use of the special entitlement granted by such permit, including, but not limited to, variances, conditional use permits, subdivisions and site plans.	Requesting contact with the city to rectify a delinquency in payment, as per the city agreement. Business owners are required to comply within 30 days." Please contact me to schedule an onsite inspection. (323) 480-8021
M.M.C. 05.04.070	No person shall engage in, or conduct, any business in the city without first paying the business license tax.	Business license is currently in violation due to outstanding payment."

It is the goal to obtain voluntary compliance and to work with you to accomplish this goal. Cooperation in resolving this matter is appreciated. If these violations are not corrected, you may be subject to administrative fines, criminal charges, or both. If an administrative citation is issued fines may begin to accrue: $100.00, $200.00 and $500.00, respectively, for each day pursuant to Chapter 1.14 of the Montebello Municipal Code. If the violation(s) are found to be corrected, no further action will be taken.

A Code Enforcement Officer will visit your property to ensure the item(s) described above have been corrected. Please be advised a re-inspection fee in the amount of $92.00 may be applied for non-compliance if corrections are not completed by 7:00 a.m. on **05/16/2024**. Unless indicated on this notice, you are not required to be present during a re-inspection of the property. Should you have any questions please feel free to contact me during normal business hours at (323) 887-1490. Office hours are Monday-Thursday from 7:30 a.m. to 5:30 p.m.

Joseph Cota
323-480-8021

ATTACHMENT D

NOTICE OF PUBLIC HEARING
CITY OF MONTEBELLO PLANNING COMMISSION

Revocation of Conditional Use Permit No. CUP 04-19
8019 Slauson Avenue

Project Description: The Planning Commission will consider the revocation of Conditional Use Permit No. 04-19, which allows for the operation of commercial cannabis activity at 8019 Slauson Avenue, Montebello, CA 90640 (APN: 6354-030-055). The consideration to revoke Conditional Use Permit No. 04-19 relates to RZ Capital & Development's failure to comply with the conditions of approval outlined in Conditional Use Permit No. 04-19. Proposed revocation is pursuant to Montebello Municipal Code Sections 5.90.090 and 17.80.020(B) which state that failure to pay requisite fees for a cannabis business license constitutes grounds for revocation of the conditional use permit and any zone variance or conditional use permit may be revoked and nullified if it is found that the conditional use permit or zone variance has been or is being used contrary to the terms or conditions of approval, or is in violation of any statute, ordinance, law or regulation.

Environmental: The revocation of Conditional Use Permit No. 04-19 has been determined to be exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Pub. Res. Code, § 21080, subd. (b)(9); Cal. Code Regs., tit. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit for failure to comply with the conditions of approval.

NOTICE IS HEREBY GIVEN that the City of Montebello Planning Commission will hold a public hearing to consider the revocation of Conditional Use Permit No. 04-19 for failure to comply with the conditions of approval and for failure to meet financial contractual obligations stipulated in approved Development Agreement No. 04-19. The meeting is scheduled on:

Date: Tuesday, January 7, 2025
Time: 6:30 p.m.
Place: City Hall Council Chambers
1600 West Beverly Boulevard, Montebello, CA 90640

For those interested in participating in-person during the Public Comment period(s) or public testimony period for Public Hearings of the Planning Commission, you may address the Planning Commission in person the day of the meeting. Speakers will be required to fill out a speaker card provided at the door and turn it into the Administrative Secretary prior to each Public Comment announcement period. Staff will number and call each speaker card in the order received.

The public may also submit emailed comments via the City's email address: pcpubliccomment@montebelloca.gov where the public can submit written public comments up until the day of the meeting, **Tuesday, January 7, 2025 between 7:30 a.m. – 6:00 p.m.** These comments will not be read out loud but will be entered into the record and submitted to all members of the Planning Commission. Additional Information related to the Planning Commission meetings can be located on the City's webpage: https://www.montebelloca.gov/cms/One.aspx?portalId=58756&pageId=61848.

Written comments may also be mailed or delivered to the Planning Commission at the Planning Division office address identified below on or before the meeting date. If you challenge the matter in court, you may be limited to raising those issues you or someone else raised at the public hearing, or in written correspondence delivered to the City of Montebello at, or prior to, the public hearing.

For more information about the project and the related environmental documentation please contact:

Contact Person: Viviana Esparza, Planning Manager
Phone: 323.887.1200 Ext. 1494 / **Email:** VEsparza@montebelloca.gov
Address: City of Montebello, City Hall, Planning Division, 1600 W. Beverly Blvd, Montebello, CA 90640
City Website: www.montebelloca.gov

Date of Publication: December 20, 2024

AGREEMENT NO. 3682

COMMERCIAL CANNABIS BUSINESS DEVELOPMENT AGREEMENT NO. 04-19 BETWEEN THE CITY OF MONTEBELLO AND RZ CAPITAL & DEVELOPMENT, LLC

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this 8th day of July, 2019, (the "Execution Date"), by and between the **CITY OF MONTEBELLO**, a California municipal corporation ("City"), and **RZ CAPITAL & DEVELOPMENT, LLC**, a California limited liability company ("Owner"). City and Owner are sometimes referenced together herein as the "Parties." In instances when a provision hereof applies to each of the Parties individually, either may be referenced as a "Party." The Parties hereby jointly render the following statement as to the background facts and circumstances underlying this Agreement:

RECITALS

WHEREAS, Owner currently holds a legal or equitable interest in certain real property considered in this Agreement which has a development area of approximately **10,900** square feet located at 8019 Slauson Ave., City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number(s): 6354-030-055, and is more fully described in the Legal Description in Exhibit A, and shown on the map in Exhibit B. Both exhibits being attached hereto, respectively, and are incorporated herein by this reference;

WHEREAS, presently, Owner has a leasehold interest in a portion of the Site for the purpose of conducting commercial cannabis related activities which shall include, but not be limited to commercial cannabis cultivation, manufacturing, delivery-only retail, and distribution. Such commercial cannabis facilities shall operate in accordance with all applicable provisions of California Business and Professions Code §§26000-26231.2; California Health and Safety Code Safety Code §§ 11357-11362.9 and 11362.7- 11362.85; California Revenue and Taxation Code §§ 34010-34021.5; California Vehicle Code §§ 2429.7 and 23222; California Water Code §§ 1831, 1847, and 13276; Cal. Code Regs. tit. 16, div. 4 (2019); Cal. Code Regs. tit. 3, div. 8, Ch. 1 (2019); Cal. Code Regs. tit. 17, div. 1, ch. 13 (2019); and the City of Montebello Municipal Code as it applies to such facilities, as such provisions may be amended from time to time (collectively the "Applicable Cannabis Laws"). Prior to operating a cannabis manufacture site, cultivation site, delivery-only retailer site, and distribution site, as those terms are defined in the Montebello Municipal Code ("Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility"), Owner shall be required to obtain a Conditional Use Permit from the City, and any and all related permits and licenses prior to the operation of same, pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, ultimately, Owner intends upon obtaining one or more permanent annual California State License(s), pursuant to Applicable Cannabis Laws, to operate a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility at the Site. The definition of "Owner" hereunder shall mean and refer to the fee simple owner and/or any authorized tenant of the Site to the extent such party holds or is covered by a City Conditional Use Permit; and is not intended to necessarily be coextensive with the definition of that term as defined in California Business & Professions Code Section 26001(al);

WHEREAS, on March 4, 2019, Owner applied to this City for a Conditional Use Permit *(hereinafter* "CUP") to conduct commercial cannabis activities. No such activities are allowed or authorized without this Agreement, a CUP, and all requirements having been satisfied pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, Owner presently intends to develop and open a microbusiness on the Site consistent with the Applicable Cannabis Laws and project approvals (known as the "Project"). The Project will include indoor cannabis manufacturing, cultivation, delivery-only retail, and distribution in accordance with the Applicable Cannabis Laws;

WHEREAS, the Project will consist of one 4,000 square foot building, with such final square footage to be consistent with Owner's final approved CUP, as many be amended pursuant to the CUP and/or this Agreement. The building will be divided into major spaces for cultivation, manufacturing, delivery and general business offices as follows:

Cultivation: The Project's cultivation area includes the following uses: flowering rooms, a drying and trimming room, a vegetation room and a cloning room. Total area of each of these uses will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. Cultivation operations would occur 24-hours daily.

Manufacturing: The Project will include a manufacturing room that would be used initially for packaging products. Under the manufacturing license, the Owner will conduct additional manufacturing activities including, volatile extraction (Type 7 Manufacturing). The total area of these uses will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. Manufacturing operations would occur 24-hours daily.

Non-storefront Retail Delivery: The retail delivery activities will occur within the delivery office located near the facility's main entry. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All delivery activities will be conducted in accordance with Applicable Cannabis Laws, including, but not limited to specified hours of operation.

Distribution: The distribution activities will occur within the distribution area. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All distribution activities will be conducted in accordance with Applicable Cannabis Laws, including, but not limited to specified hours of operation.

General Business Offices: The Project will be open from 8:00 a.m. to 8:00 p.m., Monday through Friday.

Parking/Loading/Access: The proposed project provides parking spaces in accordance with the City-approved Site Plan.

Security: The Project will secure the facility against unauthorized entry by installing security lights on the exterior of the building to illuminate the side yards and parking area, installing commercial-grade locks, installing an alarm and video surveillance system, establishing procedures for identifying authorized persons, establish inventory controls, and install a secure surveillance vault to maintain the integrity of records. In addition, the applicant will engage a licensed security company to provide an operational security plan in compliance with Montebello Municipal Code Chapters 5.90 and 17.71.

The proposed layout of the site is as shown in the attached Site and/or Floor Plans, in Exhibit C.

The Project will consist of a vertically integrated commercial cannabis facility compliant with Applicable Cannabis Laws that will provide several levels of cannabis production, processing, and distribution

This includes:

1) Cultivation and processing of young and mature cannabis plants.
2) Research and development of cannabis plants and strains.
3) Manufacturing of cannabis and its derivatives through volatile and non-volatile extraction.
4) Manufacturing of cannabis food products.
5) Packaging and storage of cannabis products.
6) Distribution of cannabis products.
7) Retail delivery of cannabis products.

Proposed Hours of Operation (subject to final approval pursuant to the CUP):
8:00AM to 8:00PM for general business hours, 24-hours for internal operations

[x] Co-location, check if applicable:

Note: Applicable Cannabis Laws authorize a person to apply for and be issued more than one State annual license at one location provided the licenses premises are separate and distinct.

Owner has applied for the following State cannabis license:
1) Microbusiness

Please see the Recitals of this Development Agreement for details for separate and distinct locations of each operation within the Premises.

WHEREAS, On February 14, 2018, Ordinances No. 2399 and No. 2400 came into effect authorizing specified commercial cannabis activities within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, On June 13, 2018, Ordinances No. 2404 and 2405 came into effect amending specified commercial cannabis activities authorized by Ordinances No. 2399 and No. 2400 within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, all procedures of the California Environmental Quality Act ("CEQA"), California Public Resources Code §21000 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15000 et seq. have been satisfied;

WHEREAS, the City has given public notice of its intention to approve this Agreement. The City has found that the provisions of this Agreement and its purposes are consistent with the objectives, policies, general land uses and programs specified in City's General Plan, zoning code and municipal ordinances;

WHEREAS, the City, in entering into this Agreement, acknowledges that certain City obligations hereby assumed shall survive beyond the terms of the present Council members, that this Agreement will serve to bind City and future Councils to the obligations hereby undertaken, and that this Agreement shall limit the future exercise of certain governmental and proprietary powers of City. By approving this Agreement, the Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than defer its actions to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by City and the Council and have been found to be fair, just and reasonable. City has concluded that the pursuit of the Project will serve the best interests of its citizens and that the public health, safety and welfare are best served by entering into this obligation. Owner has represented to City that it would not consider or engage in the Project absent City approving this Agreement;

WHEREAS, the City agrees that Owner's land use entitlements, if any, that have been applied for and approved by the City, for the Project shall vest for the term of this Agreement as described below, if applicable;

WHEREAS, after conducting a duly noticed CUP hearing on June 4, 2019, in conjunction with the City's applicable ordinances and resolutions, the Planning Commission of the City reviewed, considered and approved environmental clearance and approved the execution of the CUP. The Planning Commission found the Project consistent with the objectives, policies, general land uses and programs specified in the general plan; compatible with the uses authorized in the City's zoning laws; in conformity with the public necessity, public convenience, general welfare and good land use practices; will not be detrimental to the health, safety and general welfare of the city; will not adversely affect the orderly development of property or the preservation of property values; and will have a positive fiscal impact on the City;

WHEREAS, after conducting a duly noticed meeting on July 8, 2019, in conjunction with the City's applicable ordinances and resolutions, and after independent review and consideration, the City Council approved the execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of this Agreement, herein below, said provisions of this Agreement shall prevail.

2. Government Code and Municipal Code Required Elements

   a. Description of Property. Land situated in the City of Montebello, County of Los Angeles, State of California; whose street address is 8019 Slauson, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number: 6354-030-055.

   b. Owner and Other Person with Legal or Equitable Interest.

      Owner: **RZ Capital & Development, LLC**
      Nature of Interest: *Lease for 10 years with Option to Renew for an additional 10 years.*

      A true and correct copy of a recorded grant deed, or executed lease agreement, is attached hereto as Exhibit D, and incorporated herein by this reference.

      If Owner is not the fee simple owner of the Site, check box below:

      [x] Owner represents and warrants that the property owner has consented in writing to the execution of this Agreement against the Site. [See also attached Property Owner Signed and Notarized Consent Form wherein the property owner has acknowledged reading Montebello Municipal Code Chapters 5.90 and 17.71, incorporated herein by this reference (Exhibit E).]

c. Permitted Uses. The Site may be used for a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility as presently authorized under Montebello Municipal Code Chapters 5.90 and 17.71 and for any other use if authorized under applicable provisions of the Montebello Municipal Code ("Permitted Uses"). In the event that the Montebello Municipal Code, California law, and/or Federal law is amended in the future to permit additional commercial cannabis uses, Owner may apply for an amendment to this Agreement and to the issued CUP, both of which must receive approval by the City's Planning Commission or City Council, as required, to amend the Permitted Uses at the Site.

d. Zoning. Owner shall use commercially reasonable efforts to ensure that such activities outlined in Owner's CUP Application ("Application") are conducted pursuant to this Agreement and under the CUP shall comply with the Montebello Municipal Code, including the zoning ordinance, any applicable zoning development standards, and any and all development and construction requirements contained therein, and/or as required by the City. Owner shall not conduct any business under this Agreement or under the CUP without having obtained all necessary permits, licenses, and approvals from the City and State of California, as required by Applicable Cannabis Laws, including the City of Montebello Municipal Code.

e. Compliance with CUP conditions of approval. Owner shall comply with all Conditions of Approval imposed against this Agreement, as enumerated in the CUP and attached as Exhibit F, and incorporated herein by reference.

3. Term

This Agreement shall commence on either the date of this Agreement's approval by the City Council or the date of the CUP approval by the City Planning Commission, whichever comes later ("Effective Date"), and end **ten (10)** years from the Effective Date, and it shall remain in full force and effect so long as the Site is used for a commercial cannabis facility as authorized under Montebello Municipal Code Chapters 5.90 and 17.71; provided, however, such use is not abandoned for a period of more than ninety (90) days.

This Agreement may be extended for one (1) additional **five (5)** year period following the expiration of the initial **ten (10)** year term upon the occurrence of all of the following:

(i) The Owner shall give written notice to the City no later than ninety (90) days before the expiration of the initial ten (10) year term that the Owner desires to extend this Agreement for an additional **five (5)** year period;

(ii) The Owner shows reasonably satisfactory evidence to the City that it has, and continues to have a legal and/or equitable interest in the Site and/or will have such interests for the duration of the extended term of the Agreement;

(iii) The Owner shall deposit all fees required by the City necessary for processing the extension request and drafting necessary documentation;

(iv) The Owner shall be in compliance with all provisions of Montebello Municipal Code Chapters 5.90 and 17.71, and all terms imposed by the City-issued CUP, including the timely renewal of a CUP if required; and

(v) The Owner shall not be in material default of any provision of any agreement between City and Owner relative to the development of the Site, the business operations as allowed by a CUP, or of any conditions of approval imposed upon any entitlement or CUP granted by the City relative to the development of the Site for which Owner has been given a written notice to cure by the City and for which Owner has not cured or commenced to cure such material default within thirty (30) days, if and as provided by such agreement or condition of approval.

4. Owner's Site and Floor Plans

a. Owner's site plan and floor plan for the facility are attached hereto as Exhibit C and incorporated into the Agreement.

b. A preliminary landscape plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works and Director of Community Development, or their respective designees, if required by the CUP. A final landscape plan shall be prepared and submitted in conjunction with building and site improvement plans prior to issuance of building permits for construction activities, if required by the CUP.

c. An exterior signage plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works & Director of Community Development, or their respective designees, in accordance with the procedures and requirements of the Montebello Municipal Code.

5. Facility Operations

a. Standard Operating Procedures. Owner is a lawful entity that will only sell to other legally permitted persons and entities under the Applicable Cannabis Laws, as may be amended from time to time and in accordance with Subsection 2(c) of this Agreement. Prior to operating a Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility, Owner shall be required to obtain a CUP, and all requirements pursuant to said permit, from the City pursuant to Montebello Municipal Code Chapters 5.90 and 17.71. Further, and notwithstanding anything to the contrary, Owner may operate such cannabis-related activities as permitted in accordance with Applicable Cannabis Laws, including without limitation, as long as such activity is not inconsistent with Montebello Municipal Code Chapters 5.90 and 17.71, this Development Agreement, the City-issued CUP, and the Montebello Municipal Code.

During the term of its CUP and the term of this Agreement, Owner shall operate in accordance with all Applicable Cannabis Laws. Owner shall employ industry standard operating procedures to comply with Applicable Cannabis Laws. Owner's facility shall employ adequate safety and security measures for the safety and security of its employees, visitors, vendors, and neighboring communities and properties.

Owner shall fully comply with the minimum operating standards regulating the proposed commercial cannabis activity, including, but not limited to those, as set forth in Montebello Municipal Code Chapters 5.90 and 17.71, and such more specific operational requirements as applied by the CUP and this Agreement.

b. <u>Security Plan</u>. Owner shall secure approval of its proposed security plan by the Montebello Police Department or the City prior to operating, which approval shall not be unreasonably withheld, conditioned, or delayed. The security plan shall include, at a minimum and as appropriate, provisions for video surveillance, perimeter fencing and security, protection of the building(s) from vehicle intrusion, cash handling procedures, internal accounting controls, product handling and storage procedures, and a professionally monitored alarm system. Equipment and systems used for video surveillance and building alarms shall be approved by City.

Video surveillance shall include, at a minimum, all site and facility entrances and access points, all spaces accessible by the public, all secured areas of the facility with restricted access, all interior spaces and rooms where cannabis products are handled and processed, shipping and receiving areas, cash storage areas, and other areas necessary to protect the safety of employees and the public and to ensure cannabis products are received, handled, stored, packaged, shipped, and distributed in compliance with Applicable Cannabis Laws. The video surveillance system shall be web-based with direct access provided to the Montebello Police Department upon request.

The security system shall also include sensors to detect entry and exit from all secure areas, panic buttons in appropriate locations, and a professionally monitored alarm system.

Owner shall employ properly trained and licensed third-party security personnel to protect the welfare and safety of Owner and employees, and to ensure public safety to the neighboring community. Owner shall use security personnel during hours of operation, pursuant to Applicable Cannabis Laws. Security personnel may be armed so long as proper licensing and insurance requirements are followed and met by the third-party operator providing such security services.

c. Fire Department Approval. Owner shall not operate any facility, and no permit, license, or other approval issued by City shall be valid unless and until the Montebello Fire Department has approved Owner's site plan, floor plan, safety plan, and any other plans that require its approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

d. Possession of Firearms. Except for licensed and bonded security personnel, no person employed by Owner shall be in possession of any firearm while on the Site without having first obtained a license from the appropriate state or local agency authorizing the person to be in possession of such firearm. Every such person in possession of a firearm while on the Site must provide the City Manager and the Montebello Police Department, ten (10) calendar days' notice before bringing the firearm onto the premises, with the following:

1) A copy of the license issued to the person by the appropriate state or local agency authorizing him or her to possess such firearm;

2) A copy of his or her law enforcement identification (if he or she is employed by a law enforcement agency);

3) A copy of his or her California driver's license or California identification card; and

4) Any other information reasonably required by the Montebello Police Department to show that the individual is in compliance with the provisions of all laws regarding the possession and use of a firearm.

e. Identification Display. Each owner, manager, employee, and individual member engaged in the cultivation, processing, manufacturing, distribution, or transporting of cannabis shall at all times while engaged in the duties of his or her position wear in plain sight, on his or her person and at chest level, a valid identification badge, issued by Owner.

f. Employee Background Checks/Procedures for Inventory Control to Prevent Illegal Diversion of Cannabis. Only employees who receive clearance from the Montebello Police Department shall be permitted to enter Owner's facility. Each employee will have to meet a criminal background investigation, which at minimum shall include a LiveScan criminal history check conducted and provided by each employee. The City shall make a good faith effort to facilitate within a reasonable time following the issuance of a CUP to Owner Employees shall not be disqualified for any conviction which would no longer be a felony under California law at the time of the LiveScan criminal history check.

Owner shall not permit and shall take all necessary and reasonable steps to prevent the distribution of any of its cannabis products to minors; prevent revenue from the sale or distribution of its cannabis and/or infused products from going to criminal enterprises, gangs and cartels; prevent the diversion of cannabis from California to any other state; prevent state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; prevent violence and the use of firearms in the manufacturing, distribution, cultivation, and delivery-only retail of cannabis; discourage and educate against drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use; disavow growing cannabis on public lands that creates attendant public safety and environmental dangers posed by such illegal uses; and discourage and educate against cannabis possession or use on federal property.

g. Quality Control and Testing. Owner shall utilize industry standardized quality control measures and testing to ensure only the highest quality of commercial cannabis and infused products will be produced. Owner shall inspect the product to ensure its identity and quantity, and shall have a testing lab perform testing of random samples prior to distribution. Inspection and testing will be conducted by a state-licensed testing lab off-site, except for licensed distributors authorized to conduct testing on-site with a testing lab field representative present. Testing standards and procedures shall be in accordance with Applicable Cannabis Laws.

All commercial cannabis products will undergo a quality assurance review in accordance with state law prior to distribution. Inventory procedures will be utilized for tracking and taxing purposes by the state. Owner shall employ an efficient record-keeping system to make transparent its financing, testing, and adverse effect recording, as well as recall procedures.

h. Packaging of Commercial Cannabis and Infused Products. All Owner commercial cannabis products shall be packaged and labeled strictly in accordance with Applicable Cannabis Laws.

Owner intends to produce infused products and shall secure any approval from the County of Los Angeles Health Department required for manufacturing and handling such products. Owner infused products shall not be produced, manufactured, stored or packaged in private homes. All commercial cannabis infused products shall be individually wrapped at the original point of preparation strictly in accordance with Applicable Cannabis Laws.

i. Point of Sale Tracking System. Owner shall maintain an inventory control and reporting system that accurately documents the location of cannabis products from inception through distribution, including descriptions, weight, and quantity. The inventory control and reporting system shall comply with the California Cannabis Track and Trace System ("CCTT") required by Applicable

Cannabis Laws.

Owner shall employ an electronic point of donation/sale system in accordance with Applicable Cannabis Laws for all point of donations/sales tracking from seed or inception to product distribution to other licensed commercial cannabis facilities, or otherwise in compliance with state and local law and in accordance with Subsection 2(c) of this Agreement. Such approved system shall track all commercial cannabis products, each edible, harvested flower, and/or manufactured concentrate, as well as gross sales (by weight and sale). Owner's point of sale system shall have the capacity to produce historical transactional data in accordance with City's requirements.

j. Record Keeping. Owner shall maintain records for all commercial cannabis and/or infused products. Owner shall comply with all record-keeping responsibilities that are set forth in Applicable Cannabis Laws and complete and up-to-date records regarding the amount of commercial cannabis cultivated, produced, manufactured, harvested, stored, tested, distributed, delivered or packaged at Owner's facility.

k. Processing, Handling, Storing, and Distribution of Commercial Cannabis and Related Products. Commercial cannabis cultivation, handling, storing, and processing shall be concealed from public view at all stages of growth and processing, and there shall be no exterior evidence of cultivation or processing occurring at the premises from a public right-of-way or from an adjacent parcel. Commercial cannabis cultivation, handling, storing, processing, or distribution shall not create offensive odors; create excessive dust, heat, noise, smoke, traffic, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public; or be hazardous due to use or storage of materials, processes, products, or wastes.

Owner shall store its commercial cannabis and/or commercial cannabis products in a secured storage room with T-card identification access for management only. The storage room shall be constructed of fire-rated walls with an appropriate number of cameras installed to view all entries and exits from the storage room, as well as all other activities performed within Owner's facility. Owner will not conduct outdoor operations except as related to lawful delivery and transportation of commercial cannabis and infused products. Owner will not store commercial cannabis or related products in its delivery vehicle outside normal operating hours of the facility.

Commercial cannabis products shall be sold or distributed only to licensed facilities in California, in compliance with state and local law in accordance with Subsection 2(c) of this Agreement. Excess or contaminated product will be securely stored on-site until it is properly disposed. Disposal may include composting, incineration, land-fill disposal through the local waste management hauler, or other disposal methodology in accordance with state and county health and safety codes and regulations.

l. Odor Control. All structures shall have adequate ventilation and filtration systems installed that minimize and control commercial cannabis plant odors from exiting the interior of the structure. The ventilation and filtration system shall be approved by the City Building Official and installed prior to commencing cultivation or manufacturing within the allowable structure. Facility air intake, exhaust, and recirculating system shall be of industrial grade. Activated charcoal, recirculating, and closed loop aeration systems will be utilized as necessary for effective odor control and management.

m. Transportation Plan. Owner shall comply with all Applicable Cannabis Laws regarding transportation, including the rules governing delivery service. Owner shall retain a list of names and cellular contact numbers for all employees engaged in transportation of commercial cannabis products and provide it to the applicable oversight authority, keeping the list current and up to date.

Owner will keep complete and up-to-date records documenting each transfer of commercial cannabis to other licensed entities, including the amount provided, the form or product category in which the commercial cannabis was provided, the date and time provided, the name of the employee making the transfer, the name and address of each lawful licensed entity to whom delivery is made, and the amount of any related donation or other monetary transaction.

6. Community Relations, Employment, and Wages

a. Public Outreach and Education Program. The Owner shall coordinate and cooperate with City and other owners of commercial cannabis facilities located within City of Montebello in the establishment and implementation of appropriate public outreach and education programs. The public outreach and education programs shall be reasonably approved by City.

b. Community Benefits Program. The Owner shall fund the establishment and implementation of a community benefits program which may include such items as senior citizen programs, City beautification efforts, funding for enforcement against illegal cannabis operations, public safety, housing programs, economic development, infrastructure, capital improvements, including expansion and/or improvement to existing facilities or other physical improvements that provide a benefit to the community, support of holiday and special community events, and support of local public service, public safety, litigation defense, and special social and community organizations ("Community Benefits Program").

To fulfill its funding obligation for the Community Benefits Program, Owner agrees to pay the City of Montebello the yearly sum of **$50,000.00 ("Montebello Community Benefits Program Fee" or "MCBPF")**. The first annual MCBPF shall be payable to the City on the date that the Certificate of Occupancy is issued to the Owner. Thereafter, the annual MCBPF shall be payable to the City on every July 1 for the term of the Agreement, and shall be pro-rated for any partial days during such period(s) of the Agreement.

The MCBPF is separate and apart from any Cannabis Operation Fee, or penalties therefrom. If the original term of this Agreement is mutually extended by the Parties, the annual minimum payment to this program will be amended accordingly.

c. Designation of Community Relations Liaison. Pursuant to Montebello Municipal Code Chapters 5.90 and 17.71, at the time of this Agreement, Owner's day-to-day operations manager, Zachary Brandt, will be responsible for community inquiries and complaints and on-site management during normal business hours.

d. Interface with Montebello Municipal Code / Inspections. Owner's day-to-day operations manager, and/or the Owner's Community Relations Liaison, Zachary Brandt, will interface with the Montebello Police Department's assigned designee to ensure its operation complies with state and local laws and regulations. The City Manager, or designee, or the Montebello Police Department's assigned designee acting at the City Manager's request and per his specific and limiting instructions, shall have the right to enter all portions of the Site from time to time unannounced during hours of operation for the purpose of making reasonable inspections to observe and enforce compliance with this Agreement and Applicable Cannabis Laws, without the requirement of a search warrant, subpoena, or court order, and subject to appropriate cost recovery fees set forth in this Agreement, or adopted by the City.

ZB ______________ Owner's Initials

e. Local Recruitment, Hiring, and Training Programs. Owner is committed to making a good-faith effort to recruit, hire, and train City residents for employment by Owner. A good-faith effort means Owner shall take the following or similar actions to recruit and employ City residents: 1) Contact local recruitment sources to identify qualified individuals who are City residents, 2) Advertise for qualified City residents in trade papers and newspapers of general circulation in the area, and 3) Develop a written plan to recruit and employ City residents as a part of the its workforce. At a minimum, the Owner endeavors to achieve a targeted local annual hiring goal of approximately 45% of total operational jobs for permanent and apprentice employees. This goal shall apply horizontally, across all departments and managerial positions. The Owner shall not be penalized or deemed in default under this Agreement if it is unable to achieve such a goal. "Local" is defined as within a 3-mile radius of the boundaries of the City's boundaries. The Owner may contact and work with a job referral agency assigned by the City Manager to implement a local hiring policy for permanent and apprentice employees. The purpose of the hiring policy is to facilitate the training and employment of local and disadvantaged job applicants for jobs within the City's jurisdiction, and 3-mile radius of City boundaries. Applicants for jobs shall not be disqualified from hiring solely on the basis of an arrest or conviction for a Cannabis-related crime that occurred prior to November 8, 2016, and could have been prosecuted as a misdemeanor or citation under current California law. The Owner shall periodically report on compliance with the local hiring goals as part of its annual audit report.

f. Living Wages. Living Wages. Owner shall pay make a good-faith effort all employees of the Facility, at a minimum, a Living Wage. A "Living Wage" is the higher of whatever the Owner currently pays its employees for similar work elsewhere or the following: the Full Cash Wage required to be paid by an employer to any similarly situated, educated, and/or credentialed individual under the City of Los Angeles Minimum Wage Ordinance [LAMC Sections 187 and 188], as adjusted annually.

g. Full-time Work. Owner shall make its best efforts to fill every position with a full-time employee. However, at no time shall Owner have a labor force that is composed of less than 50% full-time employees within its labor force, and Owner shall make a good faith effort to maintain a full-time employee level of more than 50%. Owner agrees to provide to its eligible employees leave benefits, health and wellness benefits and other employee benefits to the extent such benefits are required to be paid for by Owner under applicable state and federal employment laws.

h. Labor Peace Agreement. If Owner has twenty (20) or more employees at the time of this Agreement's signing, then Owner shall in good faith work with any labor organization for the purpose of collective bargaining and shall enter into and provide the City a copy of a labor peace agreement no later than one hundred and twenty (120) days after this Agreement's signing. Such Owner with twenty (20) or more employees but without a labor peace agreement at the time of this Agreement's signing shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization no later than one hundred and twenty (120) days after this Agreement's signing.

If Owner has less than twenty (20) employees at the time of this Agreement's signing, such Owner shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization if and when Owner has twenty (20) or more employees at any time during the Term of this Agreement. Such Owner with less than twenty (20) employees at the time of this Agreement's signing shall also provide the City a copy of the labor peace agreement no later than one hundred and twenty (120) days from hiring its twentieth (20th) employee, if and when such event occurs during the Term of this Agreement. Attached as Exhibit G, and incorporated herein is a true and correct copy of the actual Labor Peace Agreement; or applicable Notarized Statement of Intent. Owner shall abide by the terms of the labor peace agreement if and when so adopted in accordance with this Subsection. If Owner fails to comply with the labor peace agreement requirement in accordance with this Subsection, such failure shall constitute a default in accordance with Section 13 of this Agreement.

7. Payment of City Fees

a. Permit and Application Fees. Owner agrees to pay all permit fees and charges referenced in Montebello Municipal Code Chapters 5.90 and 17.71, and the amounts adopted by City Council by Resolution No. 19-14, effective February 13, 2019, as well as any fees set forth in this Agreement. Permit application, processing, and renewal fees shall be due and payable at the time application is made.

b. Cannabis Operation Fees.

As used herein, "**Premises**" means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the Owner where the commercial cannabis activities will be or are conducted.

As used herein, "canopy" means the designated area(s), except nurseries, that will contain mature plants at any point in time, as follows:

(1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;

(2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and

(3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

As used herein, "**commercial cannabis activities**" means all permitted activities: e.g., cultivation, possession, manufacture, processing, storing, packaging, labeling, transportation, sale, delivery or distribution of cannabis and/or cannabis products.

As used herein, **"Gross receipts"** shall mean the total amount of receipts actually received or receivable in accordance with GAAP or other comprehensive version of accounting in the course of business in a calendar year or calendar month from sales or the performance of acts or services for which charge is made or credit allowed. **"Gross receipts"** include, without limitation, all receipts, cash, credit, property received in lieu of cash, and any other valuable consideration taken in exchange for goods, services or other valuable consideration.

As used herein, **"Production Space"** means the area on or within the **Premises** intended for **commercial cannabis activities** excluding non-operational common areas such as restrooms, cafeterias, break rooms, hallways, corridors, vestibules, parking structures or surface street lots. The parties stipulate and agree that the square footage for the **Production Space** shall be determined by the City Manager in his sole and complete discretion as the Project is completed.

The City Manager is specifically authorized to increase the square footage for the Production Space up to an increase in size of ten percent (10%) administratively and to determine the corresponding operating fee as the Project is completed.

Owner agrees to pay to City ninety (90) days after a Certificate of Occupancy is granted, in order to enable City to promote, protect, and enhance the health, safety, and welfare of the community and its residents and its quality of life., Owner agrees to pay the following percentage of gross receipts and the following square footage for cannabis operations, as follows, paid on a quarterly basis to the City ("Cannabis Operation Fee"):

1. Manufacturing: 2% of gross receipts
2. Distribution: 2.5% of gross receipts, excluding distribution of products manufactured at the Site as well as distribution activities solely to licensed entities under common ownership or otherwise affiliated with Owner so long as distribution is not the only commercial cannabis activity conducted at the Site
3. Delivery-Only Retail: 2% of gross receipts
4. Cultivation: $10.00 per square foot of canopy space, as may be amended from time to time pursuant to the CUP and/or this Agreement

Any subsequent years of operation after the first ten (10) year term of this Agreement shall be negotiated in good faith by the parties.

A Site with multiple licenses must not commingle respective sales proceeds, and blend percentage rate of **Gross Receipts**.

The Cannabis Operation Fee shall begin to accrue **ninety (90)** days after a Certificate of Occupancy is granted. Owner shall make payments to the City on a quarterly basis, within ninety (90) calendar days after the last day of each quarter. The first quarter is defined as January 1 through March 31, the second quarter as April 1 through June 30, the third quarter as July 1 through September 30, and the fourth quarter as October 1 through December 31. First payment to the City may be prorated, if applicable, to adhere to the latter, uniform quarterly payment schedule.

Failure to pay the Cannabis Operation Fee within thirty (30) calendar days after the due date shall result in a penalty for nonpayment in a sum equal to 10% of the total amount due. Additional penalties will be assessed in the following manner: an additional 10% shall be added to the first day of each calendar month following the month of the imposition of the 10% penalty if these fees remain unpaid in whole or in part – up to a maximum of 100% of the total fee payable on the due date.

c. Owner understands and agrees that the fees set forth above shall be paid in a manner and in accordance with a payment schedule set or modified by City. The cultivation, manufacturing, testing, distribution, and delivery space to which the Cannabis Operation Fee applies is as identified on the City-issued final approved floor plan.

d. If Owner makes any changes to the interior layout of the Site that increases the amount of space allocated to those uses to which the per-square-foot Cannabis Operation Fee applies, Owner shall notify City in writing of such changes at least fourteen (14) calendar days prior to making such changes, and if approved by the City the per-square-foot fee shall be modified accordingly. If Owner fails to give City notice as required herein, Owner shall be responsible for paying to City a per-square-foot fee based on any increase in the amount of space allocated to those uses to which the per-square-foot fee applies retroactive to the date the CUP became effective.

8. <u>Additional Owner Obligations</u>

a. <u>Reporting of Gross Receipts from Operations</u>

1) <u>Quarterly Receipts</u>. No later than one-hundred twenty (120) days from the date Owner secures a CUP and every three months thereafter (Owner shall deliver to City a report (the "Quarterly Report"), pursuant to the quarterly payment schedule discussed hereinabove) showing (i) Gross Receipts from commercial cannabis activities for the immediate prior three months received by Owner, and a cumulative total of all amounts of Gross Receipts from commercial cannabis activities received by Owner for the calendar year, (ii) a calculation of the quarterly payment due to City for the prior three months, and (iii) a calculation of the cumulative total of all quarterly payments for the calendar year.

2) Statement of Receipts/Annual Audit. The Owner shall keep complete, accurate and appropriate books and records of all receipts from operations in accordance with generally accepted accounting principles ("GAAP") or other comprehensive version of accounting. For purposes herein, "books and records" shall mean all bookkeeping or accounting documents Owner typically utilizes in managing its business operations relating to the Project. Such books and records, as well as all other relevant documents as the City Manager may reasonably require, shall, upon reasonable written notice, be open for inspection by City, its auditors or other authorized representatives. If at any time during the term such books and records prove inadequate in the reasonable judgment of City to record the Gross Receipts from commercial cannabis activities as herein required, Owner shall, upon the written request of the City, procure and maintain such books and records as shall be of a character and from adequate for such purpose. City shall have the right to audit and examine such books, records and documents and other relevant items in the possession of Owner, on no more than an annual basis, or at any time other upon reasonable basis therefor substantiated the City, to the extent necessary for a proper determination of Gross Receipts from commercial cannabis activities, and all such books, records, documents and other items shall be held available for such audit and examination. The City's audit shall be performed by a non-contingency fee, regionally recognized independent auditor approved in advance by the City. Upon request by City, Owner shall make all such books, records and documents available to the City Manager, his designee, or to the City approved auditor, and provide removable copies thereof, within thirty (30) days of the date of City's request. Owner shall pay all reasonable costs of such audits. Owner shall preserve such books, records, documents, and other items in Montebello for a period of not less than one (1) years for the purpose of auditing or re-auditing these accounts upon reasonable notice; except that, if an audit is made within the seven-year period and Owner claims that errors or omissions have occurred, the books and records shall be retained and made available until those matters are resolved. City shall keep strictly confidential all statements of revenue furnished by Owner and all other information concerning Owner's operation of the Site obtained by City as a result of the inspection audit and examination privileges of City hereunder (i.e. receipts and tax filings), except as otherwise required by a court order. If City receives a request for such information pursuant to the Public Records Act (California Government Code Section 6250, et seq.), City shall provide Owner notice of any such request prior to disclosing any such information and shall refuse to disclose such information until such time as Owner has been given notice and afforded the opportunity to obtain a protective order. Within seven (7) years after the receipt of any statement of receipts under this Agreement, City at any time shall be entitled to carry out an audit of such revenue either by City or agent to be

designated by City. If it shall be determined as a result of such audit that there has been a deficiency in any payment due under this Agreement made on the basis of such statement, then such deficiency shall become immediately due and payable within thirty (30) days of such determination.

3) Copies of Tax Filings. Owner shall provide the City with courtesy copies of each and every report Owner is required to provide to the County of Los Angeles or the State of California for sales, use, cannabis excise, or other gross receipts type taxes at the time such filings are required to be made, including any lawful extensions thereof.

b. Future Revenue Mechanisms. During the term of this Agreement, if the City imposes (by Citizen Initiative) an alternative revenue mechanism specifically related to commercial cannabis activities (e.g., a cannabis tax), Owner agrees to renegotiate in good faith the terms of this Development Agreement with the City so as to comply with an alternative revenue mechanism to the extent the alternative revenue mechanism does not result in higher annual fees than the fees required under this Agreement. As used in this section, "alternative revenue mechanism" does not include taxes, fees, or assessments levied on or collected from both cannabis and non- cannabis operations.

9. Insurance and Indemnity

a. Insurance. Owner shall require all persons doing work on the Project, including its contractors and subcontractors (collectively, "Owner" for purposes of this Section 9 only), to obtain and maintain insurance of the types and in the amounts described in this section and its subsections with carriers reasonably satisfactory to City.

b. General Liability Insurance. Owner shall maintain commercial general liability insurance or equivalent form with a limit of not less than One Million Dollars ($1,000,000) (or as otherwise approved, in writing, by City) per occurrence and Two Million Dollars ($2,000,000) in the aggregate. Such insurance shall also:

1) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

2) Be primary with respect to any insurance of self-insurance programs covering City, its officials, employees, agents, and representatives.

3) Contain standard separation of insured provisions.

c. Automobile Liability Insurance. Owner shall maintain business automobile liability insurance or equivalent form with policy limits that are in commercially reasonable amounts and in compliance with state law for such automotive liability insurance for each accident for the vehicles Owner operates in connection with its cannabis business. Such insurance shall include coverage for owned, hired, and non-owned automobiles. Such insurance shall also:

1) Name City, and work in good faith with the City and the insurers to name additional insureds as deemed reasonably necessary. "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insureds;

2) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives;

3) Contain standard separation of insured provisions.

d. Workers' Compensation Insurance. Owner shall take out and maintain during the term of this Agreement, the statutorily required minimum amount of workers' compensation insurance in accordance with applicable state workers' compensation laws for all of Owner's employees employed at or on the Project, and in the event any of the work is subcontracted, Owner shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Owner. In case any class of employee engaged in work on the Project is not protected under any workers' compensation law, Owner shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Owner hereby indemnifies City for any damage resulting from failure of Owner, its agents, employees, contractors, or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance of not less than the required statutory limits for each accident shall be maintained.

e. Other Insurance Requirements. Owners shall do all of the following:

1) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidenced all insurance required in this Section, including evidenced that such insurance will not be canceled, allowed to expire, or be materially reduced in coverage without thirty (30) days prior written notice to City.

2) Provide to City, upon request, and within seven (7) calendar days of said request, certified copies of endorsements and policies, and properly executed certificates of insurance evidencing the insurance

required herein.

3) Replace or require the replacement of certificates, policies and endorsements for any insurance required herein expiring prior the termination of this Agreement.

4) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the term or the mutual written termination of this Agreement.

5) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

f. Indemnity. Owner agrees to indemnify, defend, and hold City, and its elected and appointed council, boards, commissions, officers, agents, employees, contractors, consultants and representatives, harmless from any and all claims costs and liability for any personal injury or property damage which may arise as a result of any actions or negligent omissions by Owner or Owner's contractors, subcontractors, agents, or employees in connection with the construction, improvement, or operation of the Project.

10. Termination

a. Termination upon End of Term. This Agreement shall terminate upon the expiration of the term, unless it is terminated earlier pursuant to the terms of this Agreement.

b. Effect of Termination on Owner's Obligations. Termination of this Agreement shall eliminate any further obligation of Owner to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate or otherwise limit the rights of Owner to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

c. Effect of Termination on City's Obligations. Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

d. Survival after Termination. The rights and obligations of the Parties set forth in Section 14, Section 20, and Subsection 22(c), and Subsection 22(e), and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this

Agreement, will survive any such termination.

11. Resources Efficiency

Owner shall in good faith endeavor to reduce its environmental impact when possible. The design of the Site shall include reasonable water and energy conservation measures in accordance with applicable State regulations and the CUP.

12. Standard Conditions for Construction

During any on-site construction activities related to development of the Site and any buildings thereon, or renovation or remodeling of existing buildings, Owner shall comply with all applicable terms and conditions of City's standard conditions for construction and the CUP. The Project shall comply with the applicable parking standards in accordance with the CUP.

13. Defaults and Remedies

a. Remedies in general. It is acknowledged by the Parties that City would not have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof, except as hereinafter expressly provided. Subject to extensions of time by mutual consent in writing, failure to delay by either party to perform any term or provision of this Agreement beyond a reasonable notice and cure period shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) day notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured during any such thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings. Notwithstanding the foregoing to the contrary, if the alleged default is of such a nature that it cannot be reasonably cured within thirty (30) days, the alleged defaulting party shall not be deemed in default as long as such party commences to cure such default within such thirty (30) day period and thereafter diligently prosecutes such cure to completion.

After notice and expiration of the thirty (30) day period, the other party to this Agreement, at its option, may institute legal proceedings pursuant to this Agreement.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that City shall not be liable for monetary damages, unless expressly provided for this Agreement, to Owner, to any mortgagee or lender, or to any successors in interest of Owner or mortgagee or lender, or to any other person, and Owner covenants on behalf of itself and all successors in interest to the Property or any portion thereof, not to sue for damages or claim any damages.

1) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or

2) For the impairment or restriction of any right or interest conveyed or provided under, with, or pursuant to this Agreement, including, without limitation, any impairment or restriction which Owner characterizes as a regulatory taking or inverse condemnation; or

3) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the exercise by City of its power of eminent domain. Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from bad faith intentional acts, the grossly negligent or malicious acts of City and its officials, officers, agents and employees. Nothing herein shall modify or abridge any defenses or immunities available to City and its employees pursuant to the Government Liability Act and all other applicable statutes and decisional law.

Except as set forth in the preceding paragraph relating to eminent domain, Owner's remedies shall be limited to those set forth in this Subsection 13(a), Subsection 13(b), and Subsection 13(c).

Notwithstanding anything to the contrary contained herein, City covenants as provided in Civil Code Section 3300 not to sue for or claim any consequential damages or, in the event all or a portion of the Site is not developed, for lost profits or revenues which would have accrued to City as a result of the development of the Site.

b. Specific Performance. The Parties acknowledge that money damages and remedies at law are inadequate, and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this Agreement and should be available to all parties for the following reasons:

Due to the size, nature and scope of the Project, it may not be practical or possible to restore the Site to its natural condition once implementation of this Agreement has begun. After such implementation, Owner may be foreclosed from other choices it may have had to use the Site or portions thereof. Owner has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Owner for such efforts; the parties acknowledge and agree that any injunctive relief may be ordered on an expedited, priority basis.

c. Release. Except for those remedies set forth in Subsections 13(a), 13(b), and 13(c), Owner, for itself, its successors and assignees, hereby releases City, its officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, based or asserted, pursuant to Article 1, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon City because it entered into this Agreement or because of the terms of this Agreement.

Owner acknowledges that it may have suffered, or may suffer, damages and other injuries that are unknown to it, or unknowable to it, at the time of its execution of this Agreement. Such fact notwithstanding, Owner agrees that the release provided in this Subsection 13(c) shall apply to such unknown or unknowable claims and damages. Without limiting the generality of the foregoing, Owner acknowledges the provisions of California Civil Code Section 1542, which provide:

> ***"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."***

Owner hereby waives, to the maximum legal extent, the provisions of California Civil Code Section 1542 and all other statutes and judicial decisions of similar effect.

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Owners' Initials

d. Termination of Agreement for Default of City. Owner may terminate this Agreement in the event of a default by City in the performance of a material term of this Agreement and only after providing written notice to City of default setting forth the nature of the default and the actions, if any, required by City to cure such default and, where the default can be cured, City has failed to take such actions and cure such default within thirty (30) days after the effective date of such notice or, in the event that such default cannot be cured within such thirty (30) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such thirty (30) day period and to diligently proceed to complete such actions and cure such default. Notwithstanding anything to the contrary, in the event that Owner deem it is necessary and/or advisable to cease operations in Montebello, then Owner may terminate this Agreement, and such termination shall be effective upon the date of written notice to the City.

e. Attorneys' Fees and Costs. In any action or proceeding between City and Owner brought to interpret or enforce this Agreement, or which in any way arises out of the existence of this Agreement or is based upon any term or provision contained herein, the "prevailing party" in such action or proceeding shall be entitled to recover from the non-prevailing party, in addition to all other relief to which the prevailing party may be entitled pursuant to this Agreement, the prevailing party's reasonable attorneys' fees and litigation costs, in an amount to be determined by the court. The prevailing party shall be determined by the court in accordance with California Code of Civil Procedure Section 1032. Fees and costs recoverable pursuant to this Subsection 13(e) include those incurred during any appeal from an underlying judgment and in the enforcement of any judgment rendered in any such action or proceeding.

f. Owner Default. No building permit shall be issued or building permit application accepted for any structure on the Site after Owner is determined by City to be in default of the terms and conditions of this Agreement until such default thereafter is cured by Owner or is waived by City. If City terminates this Agreement because of Owner's default, then City shall retain any and all benefits, including money or land received by City hereunder.

14. Third Party Litigation

a. General Plan Litigation. City has determined that this Agreement is consistent with its General Plan. Owner has reviewed the General Plan and concurs with City's determination.

City shall have no liability under this Agreement or otherwise for any failure of City to perform under this Agreement, or for the inability of Owner to develop the Site as contemplated by the Agreement, which failure to perform or inability to develop is as the result of a judicial determination that the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law, or that this Agreement or any of City's actions in adopting it were invalid, inadequate, or not in compliance with the law.

b. Hold Harmless Agreement. Owner hereby agrees to, and shall hold City, its elective and appointive boards, commissions, officers, agents, attorneys, contractors, consultants and employees harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Owner or Owner's contractors, subcontractors, agents, or employees' operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, agents, or employees operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Owner or any of Owner's contractors or subcontractors. Owner agrees to and shall defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damage caused, or alleged to have been caused, by reason of any of the aforesaid operations.

c. Indemnification. Owner shall defend, indemnify, and hold harmless City and its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees against and from any and all liabilities, demands, claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees)which any or all of them may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to the legality, validity or adequacy of any of the following: (i) this Agreement and the concurrent and subsequent permits, licenses and entitlements approved for the Project or Site; (ii) the environmental impact report, mitigated negative declaration or negative declaration, as the case may be, prepared in connection with the development of the Site; and (iii) the proceedings undertaken in connection with the adoption or approval of any of the above. In the event of any legal or equitable action or other proceeding instituted by any third party (including a governmental entity or official) challenging the validity of any provision of this Agreement or any portion thereof as set forth herein, the parties shall mutually cooperate with each other in defense of said action or proceeding. Notwithstanding the above, City, at is sole option, may tender the complete defense of any third-party challenge as described herein. In the event City elects to contract with special counsel to provide for such a defense, City shall meet and confer with Owner regarding the selection of counsel, and Owner shall pay all costs related to retention of such counsel.

d. Environmental Contamination. Owner shall indemnify and hold City, its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees free and harmless from any liability, based or asserted, upon any act or omission of Owner, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors, excepting and acts or omissions of City as successor to any portions of the Site dedicated or transferred to City by Owner and further excepting any environmental conditions not within Owner's control nor directly associated with a Permitted Use, for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, City, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. City may in its discretion participate in the defense of any such claim, action or proceeding.

The provisions of this Section 14(d) do not apply to environmental conditions that predate Owner's ownership or control of the Site or applicable portion; provided, however, that the foregoing limitation shall not operate to bar, limit or modify any of Owner's statutory or equitable obligations as an owner or seller of the Site.

e. City to Approve Counsel. With respect to Subsections 14(a) through 14(d) only, City reserves the right to approve the attorney(s) which Owner selects, hires or otherwise engages to defend City hereunder, which approval shall not be unreasonably withheld, conditioned, or delayed.

f. Accept Reasonable Good Faith Settlement. City shall not reject any reasonable good faith settlement offer regarding claims contemplated in this Section 14. If City does reject a reasonable, good faith settlement that is acceptable to Owner, Owner may enter into a settlement of the action, as it relates to Owner, and City shall thereafter defend such action (including appeals) at its own cost and be solely responsible for any judgment rendered in connection with such action. This Subsection 14(f) applies exclusively to settlements pertaining to monetary damages or damages which are remedial by the payment of monetary compensation. Owner and City expressly agree that this Subsection 14(f) does not apply to any settlement that requires an exercise of City's police powers, limits City's exercise of its police powers, or affects the conduct of City's municipal operations.

g. Survival. The provisions of Subsections 14(a) through 14(f) inclusive, shall survive the termination or expiration of the Agreement.

15. California Environmental Quality Act

Owner shall reimburse City for any and all reasonable costs incurred by City related to project review under the California Environmental Quality Act (CEQA), Public Resources Code, §§21000-21189.3, and the Guidelines for California Environmental Quality Act, California Code of Regulations, Title 14, §§15000-15387. If reasonably requested by City, Owner shall conduct and pay for any required CEQA reviews and analyses. The City has found that the proposed Project is Categorically Exempt from California Environmental Quality Act (CEQA) requirements under provisions of CEQA Guidelines **Section 15301** – Existing Facilities. This exemption applies to projects characterized as alterations to existing facilities meeting the conditions described in **Section 15301**.

16. Rules, Regulations, and Official Policies

Except as otherwise provided in this Agreement, the rules, regulations, and official policies of City governing permitted uses of the land, governing density, and governing the design, improvements, and construction standards and specifications applicable to the development of the Project subject of this Agreement, shall be those rules, regulations, and official policies of City in force as of the Effective Date of this Agreement. This Agreement does not prevent City, in subsequent actions applicable to the Site, from applying new rules, regulations, and policies which do not conflict with those rules, regulations, and policies applicable to the property as set forth herein, nor does this Agreement prevent City from denying or conditionally approving any subsequent development project application (i.e. not the Project) based on such existing or new rules, regulations, or policies.

17. CUP Conditions of Approval

Owner shall comply with all conditions of approval of the City-issued CUP. If there is any conflict between a term of this Agreement and a condition of approval of the City-issued CUP, then the most restrictive shall apply.

18. Periodic Reviews

This Agreement shall be subject to annual review. The Owner executing this Agreement, or successor in interest thereto, shall demonstrate good faith compliance with the terms of this Agreement. If, as a result of such periodic review, City finds and determines, based on substantial evidence, that Owner executing this Agreement, or successor in interest thereto, has not materially complied in good faith with the terms or conditions of this Agreement, City may terminate or modify this Agreement (except no modification shall increase Owner's liability nor reduce Owner's rights), provided that City shall first provide Owner notice of its intent to terminate, with a detailed explanation as to why, and provide Owner the reasonable right to cure the same.

a. Periodic Review. City Council shall review this Agreement annually, on or before each anniversary of the Effective Date, in order to ascertain Owner's good faith compliance with this Agreement. During the periodic review Owner shall be required to demonstrate good faith compliance with the terms of the Agreement, through submitting an annual monitoring report, records, or equivalent written materials to the Planning Department. The Planning Department will schedule a hearing on the periodic review of the Development Agreement on or following the anniversary of the Effective Date, but Owner has no obligation to compel such hearing, and no implication will be made to Owner's detriment if a hearing is not in fact held. Owner shall document any request for an extension of the term due to delays beyond the control of Owner (see Subsection 22(g), "Force Majeure"). Owner shall submit an annual review and administration fee deposit not to exceed City's estimated internal and third-party costs associated with the review and administration of this Agreement during the succeeding year. City shall provide Owner said estimate a reasonable time in advance of the annual review and administration fee deposit being due.

b. Conditional Use Permit. The operation of the business at all times shall be required to comply with the CUP and this Agreement.

c. Special Review. City Council may order a special review of compliance with this Agreement at any time. The City Manager, Community Development

Director, or his or her designee(s) shall conduct such special review. During a special review, Owner shall be required to demonstrate good faith compliance with the terms of the Agreement. The burden of proof on this issue shall be on Owner.

d. Review Hearing. At the time and place set for the special or periodic review hearing, Owner shall be given an opportunity to be heard. If City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this Agreement, City Council may terminate this Agreement notwithstanding any other provision of this Agreement to the contrary, or modify this Agreement and impose such conditions as are reasonably necessary to protect the interests of City. The decision of City Council shall be final, subject only to judicial review pursuant to Code of Civil Procedure Section 1094.5.

e. Certificate of Agreement Compliance. If, after a periodic or special review, Owner is found to be in compliance with this Agreement, and if Owner requests it, City shall issue a Certificate of Agreement Compliance ("Certificate") to Owner stating that after the most recent periodic or special review, and based upon the information known or made known to the Planning Director and City Council, that (i) this Agreement remains in effect and (ii) Owner is not in default. City shall not be bound by a Certificate if a default existed at the time of the periodic or special review, but was concealed from or otherwise not known to the Planning Director and City Council, regardless of whether the Certificate is relied upon by assignees or other transferees or Owner.

f. Failure to Conduct Review. City's failure to conduct a periodic review of this Agreement shall not constitute a breach of this Agreement.

g. Cost of Review. The reasonable costs incurred by City in connection with the periodic reviews shall be borne by Owner.

19. Assignment

Assignment by Owner. Owner shall not transfer, delegate, sublet or assign its interest, rights, duties, and obligations under this Agreement without the prior written consent of City, which consent shall not be unreasonably withheld. Owner shall submit a transfer application to the City Manager or City Manager's designee and pay any applicable transfer fee. The proposed transferee must show proof of lawful transfer of possession of the applicable location as may be acceptable to the City. Owner is aware it may take the City approximately six (6) months to process a transfer application.

Any assignment, delegation, subletting or assignment without the prior written consent of City shall be null and void. Any transfer, delegation, subletting or assignment by Owner as authorized herein shall be effective only if and upon the party to whom such transfer, delegation, subletting or assignment is made is issued a CUP as required under Montebello Municipal Code Chapters 5.90 and 17.71.

Owner shall also comply with all proposed assignments and changes, including assignment and changes impacting a Development Agreement or a CUP, as required pursuant to state law, and Montebello Municipal Code Chapters 5.90 and 17.71.

20. Operating Commercial Cannabis Facility

Any Party to this Agreement, or successor in interest thereto, shall not operate a commercial cannabis facility authorized under the municipal code unless:

a. It is the holder of a valid CUP issued by City in accordance with the procedures and requirements of Montebello Municipal Code Chapters 5.90 and 17.71; and,

b. At such time as the State of California requires commercial cannabis facilities and businesses to hold a valid license or permit issued by the State of California, it also holds such license or permit, unless, however, such permit or license is not required by the State of California for the type of commercial cannabis facility or business operation that is the subject of this Agreement.

21. Notices

Any notice or communication required hereunder between City and Owner must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City:	City of Montebello 1600 W. Beverly Blvd Montebello, California 90640 Attention: City Manager
With a copy to:	City Attorney 13181 Crossroads Parkway North Suite 400 – West Tower City of Industry, California 91746
If to Owner:	RZ Capital & Development, LLC 865 Comstock Avenue Los Angeles, CA 90024
With a copy to:	
If to Landlord:	Netzer Admati 249 Warwick Ave. South Pasadena, CA 91030
With a courtesy copy to:	Zachary Brandt 652 3rd St. Hermosa Beach, CA 90254

22. Miscellaneous Provisions

Amendment or Cancellation. This Agreement may be amended, or canceled in whole or in part, only by the written mutual consent of the parties to this Agreement or their successors in interest, except that minor amendments that do not affect a substantive provision of this Agreement may be approved by the City Manager on behalf of the City. The decision whether a proposed amendment is "minor" shall be in the reasonable good faith discretion of the City Manager, and consistent with Montebello Municipal Code Chapters 5.90 and 17.71.

a. Waiver. Waiver by City of any one or more of the terms or conditions of this Agreement shall not be construed as waiver of any other term or condition under this Agreement.

b. Enforcement/Reserved Powers. Unless amended or canceled pursuant hereto, this Agreement shall be enforceable by any Party hereto, or successor in interest thereto, notwithstanding any subsequent change in any applicable general or specific plan, zoning, subdivision or building regulation, or municipal code amendment adopted by City that conflicts with the terms of this Agreement. However, this Agreement is subject to the City's "Reserved Powers." For purposes of this Agreement, "Reserved Powers" means the rights and authority excepted from this Agreement's restrictions on the City's police powers and which are instead reserved to the City. The Reserved Powers include the powers to enact regulations or take future discretionary actions after the Effective Date of this Agreement that: (1) are necessary to protect the public health and safety, and are generally applicable on a City-wide basis (except in the event of natural disasters as found by the City Council such as floods, earthquakes and similar acts of God); (2) are amendments to California Marijuana Laws or California Uniform Codes, as adopted by the City of Montebello, and/or the Montebello Municipal Code, as applicable, regarding the construction, engineering and design standards for private and public improvements to be constructed on the Site; (3) are necessary to comply with state or federal laws and regulations; or (4) involve sign and parking ordinances and guidelines, changes to the City's zoning laws, Specific Plan or the City's General Plan, whether adopted previous or subsequent to the Effective Date of this Agreement).

If any City ordinance, rule or regulation or addition to the Montebello Municipal Code is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement or an associated CUP, business license or other authorizations and City approvals, or reduce development rights or assurances provided to the Owner in this Agreement, then such changes, additions or deletions to the Montebello Municipal Code shall not be applied to the Site or Project. The parties shall cooperate with each other and undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms and to the fullest extent permitted by state or federal law.

Notwithstanding anything to the contrary in this Agreement, site improvements contemplated by this Agreement shall be completed pursuant to the development standards and design guidelines to be adopted by the zoning code amendment.

c. <u>Severability</u>. If any part of this Agreement is found to conflict with applicable state laws or regulations, such part shall be inoperative, null, and void insofar as it conflicts with said laws or regulations, or modified or suspended as may be necessary to comply with such state laws or regulations, but the remainder of this Agreement shall continue to be in full force and effect.

d. <u>Counterparts</u>. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual, facsimile, or electronic signature.

e. Jurisdiction. The law governing this Agreement shall be that of the State of California. Any suit brought by any party against any other party arising out of the performance of this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be filed and maintained in the County of Los Angeles Superior Court.

f. Disclaimer. Despite California's commercial cannabis laws and the terms and conditions of this Agreement, or any CUP issued pertaining to Owner or the property specified herein, California commercial cannabis cultivators, manufacturers, retailers, transporters, distributors, or possessors may still be subject to arrest by state or federal officers and prosecuted under state or federal law. The Federal Controlled Substances Act, 21 USC § 801, prohibits the manufacture, distribution, and possession of cannabis without any exemptions for medical use.

g. Force Majeure. If delays are caused by unforeseen events beyond the control of Owner, such delays will entitle Owner to an extension of time as provided in this Section 22. Such unforeseen events ("Force Majeure") shall mean war, insurrection, acts of God, local, state or national emergencies, strikes and other labor difficulties beyond the party's control, or any default by City hereunder, which Force Majeure event substantially interferes with the development, construction or operation of the Project.

h. Costs and Fees. Intentionally omitted.

i. Constructive Notice and Acceptance. Every person who after the Effective Date of this Agreement owns or acquires any right, title, or interest to any portion of the Site, is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site, and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

j. Binding Effect of Recitals. The Parties agree that the Recitals above are true and correct and intend to be bound by same.

k. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between the City and the Owner is that of a government entity regulating the development of private property and the owner of such property.

l. Changes to Project. The parties acknowledge that changes to the Project and related approvals may be appropriate and mutually desirable to carry out the intent and purpose of this Agreement. This Agreement shall not prevent the City from applying, with the consent or at the request of the Owner, *Subsequent Land Use Regulations* or *Subsequent Development Approvals* that do not directly conflict with the Site authorized under this Agreement. The granting of one such change or request shall not obligate the City to grant other similar changes or requests. As used herein, "*Subsequent Development Approvals*" include, without limitation, all excavation, grading, building, construction, demolition, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, or other non-discretionary permits or approvals necessary, convenient or appropriate for the Project. As used herein, "*Subsequent Land Use Regulations*" means ordinances, resolutions and codes adopted or approved by the City after the Effective Date of this Agreement governing the development and use of the land, including general plan amendments, zone changes, variances or conditional use permits affecting the permitted use of the land including density or intensity of use, subdivision requirements, the maximum height and size of proposed buildings, the provisions of reservation or Dedication of land for public purposes, and the design, improvement and construction and initial occupancy standards and specifications applicable to the Development of the Property.

m. Conflicting Federal or State Rules. In the event that any conflicting federal or state laws or regulations, enacted after the Effective Date, prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans, maps or permits approved by the City, *this Agreement shall remain in full force and effect as to those provisions not affected*; and

(i) Notice of Conflict. Either party, upon learning of any such matter, will provide the other party with written notice thereof and provide a copy of any such law, regulation or policy together with a statement of how any such matter conflicts with the provisions of this Agreement; and

(ii) Modification Conferences. The parties shall, within thirty (30) days of the notice referenced to in the preceding subsection, meet and confer in good faith and attempt to modify this Agreement to bring it into compliance with any such federal or state law or regulation.

(iii) City Council Hearings. In the event the City believes that an amendment to this Agreement is necessary due to the effect of any federal or state law or regulation, the proposed amendment shall be scheduled for hearing before the City Council. The City Council shall determine the exact nature of the amendment necessitated by such federal or state law or regulation. Owner shall have the right to offer oral and written testimony at the hearing. Any modification ordered by the City Council pursuant to such hearing is subject to judicial review in accordance with California law.

(iv) City Cooperation. The City shall cooperate with Owner in securing any City permits, licenses or other authorizations that may be required as a result of any amendment resulting from actions initiated by the City. As required by this Agreement, Owner shall be responsible to pay all applicable fees in connection with securing of such permits, licenses or other authorizations.

n. Effective Date. "Effective Date" means either the date of this Agreement approved by the City Council or the date of the CUP's approval by the City Planning Commission, whichever comes later.

o. Authority to Sign. Each Party or responsible officer or governing body therefore, has read this Agreement and understands and knows the contents thereof, and represents and warrants that each of the officers or agents executing this Agreement on behalf of their respective corporations, partnerships, or other organizations is empowered to do so and hereby binds the respective corporation, partnership, or other organization. Additionally, Owner represents and warrants that each of the officers or agents executing this Agreement on behalf of its corporation, partnership, or other organization is an "owner" as defined by California Business and Professions Code Section 26001 and hereby binds the respective corporation, partnership, or other organization.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF MONTEBELLO

Jack Hadjinian
Mayor

RZ CAPITAL & DEVELOPMENT, LLC, a California limited liability company

Name: Zachary Brandt
Title: Owner

APPROVED AS TO FORM:

City Attorney
City of Montebello

ITEM # 3

CITY OF MONTEBELLO
PLANNING COMMISSION AGENDA STAFF REPORT

TO: Members of the Planning Commission

FROM: Joseph Palombi, Planning & Community Development Director

BY: Viviana Esparza, Planning Manager

SUBJECT: **REVOCATION OF CONDITIONAL USE PERMIT NO. 26-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 8127 SLAUSON AVENUE**

DATE: January 7, 2025

RECOMMENDATION(S):

It is recommended that the Planning Commission conduct a public hearing and take the following action:

1. Adopt Resolution No. 02-25 approving the revocation of Conditional Use Permit No. 26-19, which allows for commercial activity at 8127 Slauson Avenue, due to the failure by Centro, LLC to comply with the Conditions of Approval applicable to Conditional Use Permit No. 26-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 26-19 and Montebello Municipal Code Section 5.90.090.A; and
2. Make a determination regarding the revocation of Conditional Use Permit No. 26-19, finding it is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Pub. Res. Code, § 21080, subd. (b)(9); Cal. Code Regs., tit. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit; and pursuant to said findings, direct staff to prepare and file corresponding Notice of Exemption.

BACKGROUND:

On September 13, 2017, the City Council adopted Ordinance No. 2399 which amended the MMC to include Chapter 5.90 entitled Cannabis Cultivation, Manufacturing, Distribution, and Testing with a required Development Agreement and Conditional Use Permit.

The purpose and intent of MMC Chapter 5.90 is to regulate the cultivation, manufacturing, testing, distribution, non-storefront retailer-delivery only, and microbusinesses, of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same, in a responsible manner to protect the health, safety, and welfare of the residents of the City of Montebello (the "City") and to enforce rules and regulations consistent with the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, and related laws, regulations, and policies issued by the State of California.

On June 12, 2018, the City Council adopted Ordinance No. 2404 amending the MMC to include Non-Storefront Retail Delivery along with Cultivation, Manufacturing, and Distribution as conditionally approved activities/uses in the M-1 and M-2 zones with an approved Development Agreement (DA) and also adding a sensitive use buffer of 600-feet from residential zones.

On February 13, 2019, the City Council held a public hearing and recommended the selection of potential cannabis operators for Phase 3 consideration and adoption of fees. The City Council selected 24 potential operators and established a Conditional Use Permit filing due date of March 4, 2019, for said operators.

To date, 24 Conditional Use Permits have been approved by the Planning Commission as part of the City's cannabis program, all of which have executed development agreements. Of the 24 conditionally approved cannabis operators, 12 are active and are currently active and operating under at least one of their approved license types.

Centro, LLC is one of the 24 conditionally approved cannabis operators that is currently active within the City. However, Centro, LLC has significantly failed to fulfill its obligations pursuant to Development Agreement No 26-19 (Please see Attachment E) and MMC Section 5.90.090.A. On November 5, 2019, Centro, LLC received approval for Conditional Use Permit No. 26-19 from the City's Planning Commission to allow for the operation of commercial cannabis activity at 8127 Slauson Avenue, followed by the execution of Development Agreement No. 26-19, between the City of Montebello and Telem Enterprises, the original Applicant/DA Owner.

On May 27, 2020, the City Council approved First Amendment to Development Agreement No. 26-19, authorizing the transfer and sale from Telem Enterprises to Centro, LLC, assuming all assignable interests, rights, duties, and obligations under the Development Agreement and Conditional Use Permit.

The City attempted to work with Centro, LLC, providing them with numerous opportunities over an extended period to pay their required fees and correct their standing with the City. After multiple notices, Centro, LLC, was issued a final Notice of Default on July 23, 2024 advising that the City would move forward with revocation proceedings if they failed to pay fees by July 29, 2024, pursuant to MMC 17.80.020. Additionally, in accordance with Condition of Approval No. 41 of Conditional Use Permit 26-19, the City was unable to approve a request from Centro LLC to renew its business license in August 2024, resulting in their current inactive business license status.

ENVIRONMENTAL:

The request for revocation of Conditional Use Permit No. 26-19 has been determined to be exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Pub. Res. Code, § 21080, subd. (b)(9); Cal. Code Regs., tit. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit for failure to comply with Chapter 5.90 of the Montebello Municipal Code and the conditions of approval outlined in Conditional Use Permit No. 26-19.

ANALYSIS:

Ordinance No. 2399 established a process by which Conditional Use Permits and Development Agreements could be considered, approved, revoked, and amended depending on the requested change. Cannabis operators with approved Conditional Use Permits and Development Agreements are obligated to comply with all provisions of the Montebello Municipal Code and all other state and local ordinances.

The information provided in this analysis demonstrates Centro LLC's failure to comply with their legal and financial obligations to the City of Montebello, despite being provided with ample notices and opportunities to come into compliance.

Centro, LLC
Below is a timeline detailing official communication related to fees between the City and Centro, LLC from August 2023 to present.

- On August 9, 2023, the City provided Centro, LLC with a new point of contact via email. The City included a copy of Centro, LLC's Quarter 2 Gross Receipt Report in the email and advised that payment is due September 28, 2023. The City mailed a physical copy of the report;
- On September 6, 2023, the City provided a courtesy reminder via email of the Quarter 2 Gross Receipt Report being due on September 28, 2023;
- On October 10, 2023, the City emailed and mailed a Quarter 3 Gross Receipt Report to Centro, LLC and advised that payment is due December 29, 2023;
- On January 3, 2024, the City emailed and mailed a Quarter 4 Gross Receipt Report to Centro, LLC and advised that payment is due March 30, 2024. The

City also emailed a copy of the Annual Montebello Community Benefit Program Fee (MCBPF) invoice from July 1, 2022 to June 30, 2023 (pro rated) as well as the Annual Montebello Community Benefit Program Fee from July 1, 2023 to June 30, 2024;

- On February 29, 2024, the City emailed a courtesy reminder to Centro, LLC that the Quarter 4 Gross Receipt Report payment is due March 30, 2024. Included in the email were Operating Fee/Commercial Cannabis Activities (CCA) and Community Benefit Fee invoices;
- On April 1, 2024, the City emailed and mailed Centro, LLC a copy of the Quarter 1 Gross Receipt Report and advised that it is due June 29, 2024. The City also emailed and mailed a copy of the Quarter 4 Gross Receipt Report and advised that it was due March 31, 2024. The City attached a copy of the CCA-Development Agreement/Operating Fee invoice via email and informed that payment is due;
- On April 16, 2024, the City's Code Enforcement Division issued a Notice of Violation to Centro, LLC for violating the conditions associated with Conditional Use Permit No. 26-19 and for non-payment of required fees;
- On May 7, 2024, the City's Planning and Community Development Department emailed and mailed a Notice of Violation that informed Centro, LLC of their delinquent balance totaling $85,007.78. Within the notice, the City outlined a non-negotiable payment plan consisting of four (4) separate payments to be made across four (4) months: June 1, 2024, July 1, 2024, August 1, 2024, and September 1, 2024 to resolve the matter;
- On May 9, 2024, Director of Planning & Community Development notified staff through an internal email that Centro, LLC accepted the four-month payment plan. Mr. Cvetko of Centro, LLC visited the City and made a first payment in the amount of $21,251.94;
- On May 29, 2024, the City emailed a courtesy reminder that the Quarter 1 Gross Receipt Report payment is due June 29, 2024. The City provided an additional reminder that the 2024 Community Benefit Fee invoice is due July 1, 2024 and attached the invoice;
- On July 1, 2024, the City emailed and mailed the 2024 Quarter 2 Gross Receipt Report to inform Centro, LLC that payment is due September 28, 2024. Included in the email was the 2024 Quarter 1 Gross Receipt Report and the Community Benefit Fee invoice. The City advised that the 2024 Quarter 1 Gross Receipt Report was due on June 29, 2024;
- On July 23, 2024, the City Attorney's office on behalf of the City of Montebello issued a letter to Centro, LLC following up on the letter sent to Centro, LLC on May 7, 2024 that outlined the delinquent fees payment schedule. The City acknowledged receipt of the first payment due on June 1, 2024, but had not yet received the payment due on July 1, 2024. The City provided Centro, LLC a final opportunity to cure all non-payments no later than July 29, 2024. Failure to comply within the time permitted would result in the suspension of Centro, LLC's business license, initiation of revocation proceedings of their Conditional Use Permit, pursuant to Section 5.04.310 and 5.90.090 of the Montebello Municipal Code, and initiation of legal proceedings to terminate Centro, LLC's Development Agreement.

Pursuant to Section 5.90.090 of the Montebello Municipal Code, failure of a permittee "to pay the requisite fees shall constitute a breach of the development agreement, and is grounds for revocation of the conditional use permit." In addition, under Section 17.80.020(B), any zone variance or conditional use permit may be revoked and nullified if it is found that the conditional use permit or zone variance has been or is being used contrary to the terms or conditions of approval, or is in violation of any statute, ordinance, law or regulation. Centro, LLC's violations include, but are not limited to, the following:

CUP Condition of Approval No.8 – The Applicant and operation shall continually remain in compliance with all Montebello codes, Regulations, Ordinances and applicable State and Federal laws.

CUP Condition of Approval No. 37 – This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.

CUP Condition of Approval No. 41 – In the event of a violation of the conditions of approval, no further permits, licenses, approvals of certificates of occupancy shall be issued until such violation has been fully remedied.

Montebello Municipal Code Section 5.90.090 – Failure of a permittee to pay the requisite fees shall constitute a breach of the development agreement, and is grounds for revocation of the conditional use permit.

SUMMARY:

After the Planning Commission's independent review, consideration, analysis of Staff's report and the information presented, oral and written testimony by all parties and persons of the public, and the record as a whole, Staff recommends that the Planning Commission adopt Resolution No. 02-25, authorizing the revocation of Conditional Use Permit No. 26-19 as specifically outlined in the Recommendation section of this report.

ATTACHMENT(S)

1. Attachment A - Resolution (Revocation of CUP 26-19)
2. Attachment B - Resolution (Approval of CUP 26-19)
3. Attachment C - Correspondence - August 2023 - July 2024
4. Attachment D - Public Hearing Notice
5. Attachment E - Development Agreement No. 26-19 and First Amendment to DA

MONTEBELLO PLANNING COMMISSION
RESOLUTION NO. 02-25

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO APPROVING THE REVOCATION OF CONDITIONAL USE PERMIT NO. 26-19 RELATED TO THE OPERATION OF COMMERCIAL CANNABIS ACTIVITY AT 8127 SLAUSON AVENUE (APN: 6354-030-003) AND FINDING THE REVOCATION EXEMPT UNDER A CLASS 21 CEQA CATEGORICAL EXEMPTION

WHEREAS, On September 13, 2017, the City Council adopted Ordinance No. 2399 which amended the Montebello Municipal Code ("MMC") to include Chapter 5.90 entitled Cannabis Cultivation, Manufacturing, Distribution, and Testing with a required Development Agreement and Conditional Use Permit; and

WHEREAS, the purpose and intent of MMC Chapter 5.90 is to regulate the cultivation, manufacturing, testing, distribution, non-storefront retailer-delivery only, and microbusinesses, of medicinal and adult-use cannabis and cannabis products, and the ancillary transportation and delivery of same, in a responsible manner to protect the health, safety, and welfare of the residents of City of Montebello (the "City") and to enforce rules and regulations consistent with the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, and related laws, regulations, and policies issued by the State of California; and

WHEREAS, on June 12, 2018, the City Council adopted Ordinance No. 2404 amending the MMC to include Non-Storefront Retail Delivery along with Cultivation, Manufacturing, and Distribution as conditionally approved activities/uses in the M-1 and M-2 zones with an approved Development Agreement (DA) and also adding a sensitive use buffer of 600-feet from residential zones; and

WHEREAS, on February 13, 2019, the City Council held a public hearing and recommended the selection of potential cannabis operators for Phase 3 consideration and adoption of fees. The City Council selected 24 potential operators and established a Conditional Use Permit filing due date of March 4, 2019, for said operators; and

WHEREAS, on November 5, 2019 the City of Montebello Planning Commission approved Conditional Use Permit No. 26-19 to allow Telem Enterprises, LLC, the original Applicant/DA Owner, to conduct commercial cannabis operations consisting of non-storefront retail delivery and distribution at 8127 Slauson Avenue (APN: 6354-030-003); and

WHEREAS, on December 18, 2019, the City Council approved the execution of Commercial Cannabis Development Agreement No. 26-19 between the City of Montebello and Telem Enterprises, LLC, to allow the operation of commercial cannabis activity at 8127 Slauson Avenue, consistent with Chapter 5.90 of the Montebello Municipal Code; and

WHEREAS, on May 27, 2020, the City Council approved First Amendment to Development Agreement No. 26-19, authorizing the transfer and sale to Centro, LLC, assuming all assignable interests, rights, duties, and obligations under the Development Agreement and Conditional Use Permit; and

WHEREAS, in a series of communications, the City requested that Centro, LLC comply with their contractual obligations and pay the required operating fees and annual Community Benefit Fees as prescribed in the duly executed Development Agreement No. 26-19 and Chapter 5.90 of the MMC. However, Centro, LLC failed to meet these financial obligations, and pursuant to MMC Section 17.80.020 "Revocation—Grounds", a conditional use permit may be revoked if the permit has been or is being used contrary to the terms or conditions of approval, or is in violation of any statute, ordinance, law or regulation; and

WHEREAS, all procedures of the California Environmental Quality Act ("CEQA"), California Public Resources Code §21080 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15321 et seq. have been satisfied. Further, the City has found that the revocation of Conditional Use Permit No. 26-19 has been determined to be exempt from environmental review pursuant to the guidelines of the CEQA (Public Resources Code, §21080, subd. (b)(9); California Code of Regulations, title. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit for failure by Centro, LLC to comply with the conditions of approval as outlined in Conditional Use Permit No. 26-19; and

WHEREAS, a duly noticed public hearing has been held, at which the Planning Commission received and considered staff presentations, recommendations, public testimony, and all other substantial evidence presented at the public hearing and included in the record for this matter, and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, the Planning Commission ("the Planning Commission") of the City of Montebello hereby finds, declares and resolves as follows:

<u>Section 1</u>. The foregoing recitals are true and correct and are hereby incorporated as substantive findings in this Resolution.

Section 2. The Planning Commission finds that the actions taken under this Resolution are exempt from CEQA pursuant to a Class 21 categorical exemption under CEQA Guidelines § 15321, (Public Resources Code, §21080, subd. (b)(9); California Code of Regulations, title. 14, Ch. 3, § 15321, Class 21, "Enforcement Actions by Regulatory Agencies".

Section 3. Based upon the record before it, including the staff report, attachments, and all evidence and testimony heard at the public hearing for this item, and in light of all evidence and testimony provided in connection with this Project, the Planning Commission of the City of Montebello hereby finds that Centro, LLC's failure to pay the required fees is in violation of their obligations under the following conditions of approval applicable to Conditional Use Permit No. 26-19 and Chapter 5.90 of the Montebello Municipal Code:

> CUP Condition of Approval No.8 – The Applicant and operation shall continually remain in compliance with all Montebello codes, Regulations, Ordinances and applicable State and Federal laws.
>
> CUP Condition of Approval No. 37 – This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.
>
> CUP Condition of Approval No. 41 – In the event of a violation of the conditions of approval, no further permits, licenses, approvals of certificates of occupancy shall be issued until such violation has been fully remedied.
>
> Montebello Municipal Code Section 5.90.090 – Failure of a permittee to pay the requisite fees shall constitute a breach of the development agreement, and is grounds for revocation of the conditional use permit.

Therefore, pursuant to the authority provided under Montebello Municipal Code Chapter 17.80, the Planning Commission hereby approves the revocation of Conditional Use Permit No. 26-19.

Section 4. If any section, subsection, line, sentence, clause, phrase, word, part, provision, or portion of this Resolution, or its application to any individual, entity, or circumstance, for any reason, is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution, and shall continue in full force and effect. To this end, any section, subsection, line, sentence, clause, phrase, word, part, provision, or portion of this Resolution is severable. The Planning Commission of the City of Montebello declares that this Resolution would have been adopted by the Planning Commission regardless of the fact that any section, subsection, line, sentence, clause, phrase, word, part, provision, or portion thereof, might be declared to be invalid or unconstitutional.

<u>Section 5</u>. The Planning Commission Secretary shall certify the adoption of this Resolution and it shall go into effect immediately upon its adoption.

APPROVED AND ADOPTED BY THE MONTEBELLO PLANNING COMMISSION on this 7th day of January 2025.

____
ALICIA MORALES, CHAIR
MONTEBELLO PLANNING COMMISSION

ATTEST:

I, __________________, Secretary of the City of Montebello Planning Commission, **DO HEREBY CERTIFY** that the foregoing Resolution, being Resolution No. 02-25 has been duly signed by the Chair, and attested by the Secretary, all at a meeting of the Montebello Planning Commission, held January 7, 2025, and that same was approved and adopted by the following vote to wit:

AYES:
NOES:
ABSENT:

____
JOSEPH A. PALOMBI, SECRETARY
MONTEBELLO PLANNING COMMISSION

CITY OF MONTEBELLO
PLANNING COMMISSION

RESOLUTION NO. 41-19

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO ADOPTING CEQA EXEMPTION AND APPROVING CONDITIONAL USE PERMIT NO. CUP 26-19 TO ALLOW A NON-STORE FRONT RETAIL DELIVERY AND DISTRIBUTION LOCATED AT 8127 SLAUSON AVENUE (APN 6354-030-003)

WHEREAS, a Conditional Use Permit No. CUP 26-19 application was submitted by Telem Enterprises, LLC. and has been received and accepted;

WHEREAS, the Conditional Use Permit would allow a new cannabis Non-Store Front Retail delivery and Distribution located at 8127 Slauson Avenue (APN 6354-030-003);

WHEREAS, pursuant to section 21067 of the Public Resources Code, and section 15367 of the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15000 et seq.), the City of Montebello is the lead agency for the proposed Project;

WHEREAS, the Conditional Use Permit No. CUP 26-19 is considered a "project", per the California Environmental Quality Act definition of a "project";

WHEREAS, the project is Categorically Exempt per CEQA Section §15301 Class 1 (Existing Facilities) because;

1. The project consist of the operation repair, maintenance, permitting, leasing, licensing, or minor alterations of existing private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing of former use.

2. The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.

3. Approval of the project would not result in any reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances.

WHEREAS, after conducting a duly noticed public hearing, and considering the evidence submitted by the applicant, public testimony, staff presentations, and such other matters properly presented during the hearing on this matter, the Planning Commission makes the following findings:

1. The proposed use would conform with the City of Montebello General Plan Land Use Element, Goal 1, "Formulate a plan which is responsive to the needs of the community and which permits the

orderly arrangement of land uses, permitting sufficient areas for reasonable development;" Objective 3, "cluster" type commercial development is preferential to proliferation of strip commercial," Policy Industrial 4, "The City's industrial area should be preserved and maintained"; because the proposed project will occupy an existing building and clean up a property that is not properly maintained and generate taxable revenue to the City.

2. The proposed cannabis Non-Store Front Retail Delivery and Distribution is in compliance with the M-2 (Heavy Manufacturing) zone because:

    a. Per the Index of Primary Uses, Cannabis uses are conditionally permitted in the M-1 and M-2 zones and the project site is not within six hundred feet of a R-zone.

    b. Proposed meets the development standards set forth in the Montebello Municipal Code Chapter 17.32.

3. The design of the building is compatible with the surrounding neighborhood because there is not a distinct Architectural style or design to the area. The cannabis uses being proposed are in an existing building and no changes are being made to the building exterior.

4. Per MMC 17.71.010, the proposed use:

    a. Is consistent with the purposes and intent of Chapter 17.71 – Permitted Zones; Distance from sensitive uses – of the Montebello Municipal Code;

    b. Would not adversely affect the general welfare of the surrounding property owners;

    c. Would not result in an undesirable concentration of premises for the sale of cannabis as cannabis uses are inconspicuous with limited signage and limited and restricted visitors, in the area;

    d. Would not detrimentally affect the nearby surrounding area after giving special consideration to the proximity and nature of the proposed use with respect to schools providing instruction in kindergarten of any grades 1 through 12, a day care center, or youth center, or a properties zoned residential;

    e. Would not aggravate existing problems created by the transport of cannabis (e.g. littering, loitering, noise, calls for service, and sales to minors); and

f. Is in conformance with the goals, policies, and objectives of the general plan and the purpose and intent of this code and any applicable specific plan.

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, the Planning Commission of the City of Montebello resolves that:

SECTION 1. The foregoing recitals are true and correct and are hereby incorporated as substantive findings in this Resolution.

SECTION 2. The Planning Commission approves and adopts the CEQA Categorical Exemption §15301 (Existing Facilities) Class 1 exemption. The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.

1. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.

SECTION 3. The Planning Commission hereby approves Conditional Use Permit No. CUP 26-19 to allow cannabis Non-Store Front Retail delivery and Distribution subject to the conditions of approval set forth in Section 4 of this Resolution.

SECTION 4. The Planning Commission finds that the foregoing conditions of approval are necessary and appropriate.

1. The applicant shall defend, indemnify, and hold harmless the city, its elected and appointed officials, agents, officers, and employees from any claim, action, or proceeding brought against the city, its elected and appointed officials, agents, officers, or employees arising out of, or which are related to the applicant's project or application (collectively referred to as "proceedings"). The indemnification shall include, but not be limited to, damages, fees and/or costs awarded against the city, if any, and cost of suit, attorney's fees, and other costs, liabilities, and expenses incurred or awarded in connection with the proceedings whether incurred by the applicant, the city and/or the parties initiating or bringing such proceedings. This indemnity provision shall include the applicant's obligation to indemnify the city for all the city's costs, fees, and damages that the city incurs in enforcing the indemnification provisions set forth herein. The city shall have the right to choose its own legal counsel to represent the city's interest in the proceedings.

2. The applicant shall sign, notarize, and return to the Planning Department an affidavit accepting all Conditions of Approval of Conditional Use Permit (CUP 26-19) within 30 days from the date of the approval in accordance with Montebello Municipal Code Sections 17.71.010, 17-32, and 17.54. The applicant acknowledges and understands that all conditions set forth in this Resolution are conditions precedent to the grant of approval and failure to

comply with any condition contained herein shall render this approval non-binding as against the city and shall confer applicant no legal rights under the law. The Applicant shall incorporate these conditions of approval in the project plans (constructions drawings) that are submitted for building plan check. Building Plans shall be reviewed and approved by the Planning Division for conformance to the Conditions of Approval and the approved Development Plan prior to the issuance of a building permit.

3. This approval shall be used within two years of the approval date of this project; by **November 5, 2021**. Otherwise if shall become null and void and of no effect whatsoever. Use means the beginning of substantial construction under this approval. The applicant will incorporate all conditions of approval in all plans that will be submitted for building plan check.

4. Approval of CUP 26-19 is subject to approval, adoption, and fully executed Development Agreement by and between the City and the Applicant.

5. This approval under CUP 26-19 is for cannabis Non-Store Front Retail delivery and Distribution that will occupy 7,600 square feet of an existing 16,415 square-foot building.

6. Telem Enterprises, LLC must be a registered business or entity with the Secretary of State of the State of California. If Telem Enterprises, LLC is not registered in the State of California, this application and approval is invalid.

7. A Business License and a Certificate of Occupancy shall be applied for and approved by the Community Development Department Planning at this location prior to operations. If operations commence prior to approval of these applications, this approval will be invalid and will be subject to revocation and all activities will be considered illegal.

8. The Applicant and operation shall continually remain in compliance with all Montebello codes, Regulations, Ordinances and applicable State and Federal laws.

9. This approval is the result of review of your submitted application and plans. Further review may be required as the operations begins activity to inspect facilities and review Live Scan results of employees.

10. Within one year of approval, a review of the operation and facility will be performed to determine continued compliance with the most current Cannabis Ordinance. The approval shall remain valid indefinitely as long as the organization remains in good standing and complies with all requirements including any and all payments required under the requisite Development Agreement.

11. A Security Plan must be submitted by a certified, bonded, and licensed security company. The security plan will include but not be limited to security cameras on site, screened fencing, and a storage vault or safe. The security Plan must be reviewed and approved by the Police Chief or his designee before a Certificate of Occupancy is issued.

12. Access to the security cameras must be granted upon request by the City representatives seeking access to the building.

13. The applicant's business of cannabis Non-Store Front Retail delivery and Distribution will not have any members of the public visit the premises at 8127 Slauson Avenue for acquisition or sale of any product.

14. The development and utilization of the subject site shall substantially conform to the plans submitted by Alex Gallegos dated October 2, 2019 for the use, except as provided for herein and by subsequent revisions found by the Director of Planning and Community Development to be in substantial compliance with these provisions.

15. Off-street parking. The project site currently does not provide any legal parking spaces. The property and existing structure that was built in 1957 is being considered under Chapter 17.54 Nonconforming Uses and Structures of the Montebello Code. The project under CUP 26-19 provides the 4 parking spaces and 1 loading space.

16. The development of the subject site shall be consistent with all of the provisions of the Montebello Municipal Code (MMC) and Conditional Use Permit (CUP 26-19).

17. All storage shall be maintained indoors.

18. The Applicant shall submit three copies of construction level Landscape and Irrigation Plans to the Community Development Department. The plans must be prepared by a registered landscape architect and include the location, number, genus, species, and container size of plants. The cover page shall identify the total square footage to the landscape area and note how it is to be maintained. Use of water efficient fixtures and drought plants is encouraged.

19. Modification to Plans. Subsequent modification to this approval, which do not intensify the use, including but not limited to reorientation of structures, alteration of parking and circulation design, minor changes to the Conditions of Approval, interpretations of the Conditions of Approval relative to intent, necessity of, and timing, may be approved by the Community Development Director within a 25% deviation, unless the Director requires a Substantial Conformance or revised Permit application in accordance with the City Development Code.

20. The Director of Planning and Community Development, at any time, can call for a review of the approved conditions of approval at a duly noticed public hearing before the Planning Commission. These condition(s) may be modified, or new condition(s) added to reduce any impacts of the use. The Planning Commission may revoke the Conditional Use Permit (CUP 26-19) if sufficient cause is given.

21. No transfer or Change in ownership or location. Applicant/owner may not transfer, sell, pledge, assign, grant an option, or other dispose of his or her ownership interest in the business or development agreement, without the advanced approval of the City Council.

22. The applicant or successor in interest shall meet the applicable Code requirements and all other City Departments regulations.

23. Applicant shall repair any and all damaged sidewalk along street frontage of property (Slauson Avenue). A permit from the Montebello Public Works Department shall be secured before any work may commence within the public right away.

24. Any and all cannabis waste will and may not be discharged into public sewer. Provide a report that identifies waste materials that are going to be discharge into public sewer.

25. Provide report on how any toxic or hazardous waste materials or by products will disposed. Provide an ongoing program for monitoring the disposition of any identified hazardous or toxic materials.

26. Must obtain approval from LA County Sanitation District for any required Industrial Waste permit(s).

27. All applicable conditions of approval from previous entitlements on the property shall remain in full force and effect, unless otherwise specifically noted in this Resolution.

28. The Applicant will bear the full costs of all monitoring and inspection activities to be conducted by City staff, or its designated representative(s), as necessary to ensure compliance with the conditions of this Resolution.

29. Any change, expansion, intensification and/or modification to the proposed plans use, or mode of operations shall be subject to the review and approval by the Director of Planning and Community Development who may take action or call for review by the Planning Commission at a noticed public hearing.

30. The Applicant shall have all graffiti on-site removed within 24 hours of its appearance.

31. The operation of the said use shall at all times be conducted in a manner not detrimental to surrounding properties or residents by reason of lights, noise, activities, parking or other actions. All activities must be conducted within the building.

32. All employees of the businesses on-site shall be out of the premises no later than one hour after closing. No "after hours" operations shall be permitted.

33. No loitering in the parking area and Applicant shall control all employees leaving the premises. Signs shall be posted notifying employees. The size, content, and location of the sign(s) are subject to the review and approval of the Director of Planning and Community Development prior to installation.

34. The Applicant and business operator shall take the necessary steps to assure the orderly conduct of employees. No members of the public are allowed to patronize and visit on the premises.

35. The parking area shall be sufficiently lit and secured to discourage loitering and/or late night activity.

36. All outdoor utilities, machinery, and equipment, including roof-mounted equipment, shall be completely screened from the public right-of-way, in a manner that is compatible with the structure. The method of screening shall be subject to the review and approval of the Director of Planning and Community Development and the Building Official prior to issuing building permits.

37. This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.

38. The approval of this Conditional Use Permit (CUP 26-19) shall expire if the rights granted are not exercised within two (2) years from the effective date of this Resolution. Exercise of rights shall mean the issuance of a Building permit.

39. The approval of this Conditional Use Permit (CUP 26-19) can be extended up to and not to exceed an additional two (2) years with a written request by the property owner stating the reason and need for an extension and upon review and approval by the Director of Planning and Community Development.

40. Within 30 days of the City Planning Division transmittal of the Acceptance Form, the applicant shall sign and return a copy of the Acceptance Form, agreeing to the conditions of approval and acknowledging that failure to comply with such conditions shall constitute grounds for potential revocation of the permit approval. Failure to return the Acceptance Form within 30 days shall constitute grounds for terminating the permit.

41. In the event of a violation of the conditions of approval, no further permits, licenses, approvals or certificates of occupancy shall be issued until such violation has been fully remedied.

42. Parking shall be provided in accordance with the regulations of Chapter 17.52 of the Montebello Municipal Zoning Code.

43. The premises shall be kept clean and the operator of the establishment shall insure that no trash or litter originating from the site is deposited onto neighboring properties or onto the public right-of-way.

44. All screening must be reviewed and approved by the Planning Division prior to the issuance of any building permits to construct the screening.

45. If, at any time, a litter problem arises, the Director of Community Development may require a litter clean-up plan to be submitted and reviewed. The litter clean-up plan shall include a schedule of time and frequency of litter clean-up activities. Upon approval of the plan by the Director of Planning and Community Development, the measures of the plan shall be implemented. This condition may require the operator of the use to post a bond to ensure litter compliance.

46. The premises shall be kept clean and the operator of the establishment shall insure that no trash or litter originating from the site is deposited onto neighboring properties or onto the public right-of-way.

47. The development and utilization of the site shall comply with all the provisions of all of the current Building, Plumbing, Mechanical, Electrical Codes and City Ordinances, as well as additional requirements from the Montebello Building and Safety Division.

48. The development and utilization of the site shall be subject to the review and approval of the Public Works Department. Additional Montebello Public Works Department requirements may be required prior to issuing building permits.

49. The development and utilization of the site shall comply with all the provisions of all of the California Fire Code, International Fire Code, and National Fire Protection Association standards as well as additional requirements from the Montebello Fire Department.

50. All signage is subject to final review and approval by the Planning Division and will be done under as separate permit. Signage depicting any kind of cannabis items or paraphernalia shall be prohibited.

51. All temporary signage is subject to the restrictions of the City's sign ordinance.

52. No coin operated games or video machines maintained upon the premises at any time.

53. The Planning Commission, and the City Council on appeal, shall have the right to impose additional conditions for the protection of the public health, safety and welfare.

54. Compliance with the current edition of the California Fire Code.

55. Applicant shall adhere to all applicable codes, standards, and/or regulations. And shall meet any all conditions as may be required by South Coast Air Quality Management District, any and all water boards, Montebello Building Safety, Montebello Public Works, and Montebello Police and Fire.

56. Compliance with the current edition of the California Fire Code, Appendix B, titled "Fire-Flow Requirements for Buildings", as the standard for delivery of fire flow to the site.

57. Compliance with the Montebello Municipal Code, Chapter 15.32, titled "California Fire Code" adoptions.

58. Compliance with all nationally recognized standards, laws, and ordinances.

    i. That a masonry wall of six feet in height shall be constructed around the parking area of such establishments when said area is adjacent to properties zones or used for residential purposes or any of the above referenced consideration points.

ii. That the noise levels generated by the operation of such establishment shall not exceed sixty-five dBA between the hours of seven a.m. to ten p.m., and not exceed sixty dBA between the hours of ten p.m. to seven a.m., so as to mitigate the impact on adjoining properties zoned or used for residential purposes. The measurement of noise levels shall be taken at the location of the shared property line.

iii. That exterior lighting of the parking area shall be kept at an intensity of between one- and two-foot candles, so as to provide adequate lighting for employees while not disturbing surrounding residential or commercial areas. Light sources shall be shielded from adjacent properties and from the sky.

iv. That special security measures such as security guards and burglar alarm systems as specified by the police department may be required, which must reflected in the submitted security plan.

v. Exterior storage of any kind shall be prohibited, except where allowed per the Montebello Municipal Code.

vi. That litter and trash receptacles shall be located at convenient locations inside and outside establishments, and operators of such establishments shall remove trash and debris on a daily basis.

vii. That no signs shall be installed on the site until a sign permit has been approved by the Planning Division and a building permit issued by the Building and Safety Division in conformance with the provisions set forth in Chapter 17.62 of the Montebello Municipal Code.

PASSED AND ADOPTED this 5th day of November, 2019 by the Planning Commission.

AYES: Chair Mooradian, Vice Chair Aliksanian, Commissioner Briseno, Commissioner Lomeli and Commissioner Ramirez
NOES:
ABSENT:
ABSTAIN:

Sona Mooradian, Chair

ATTEST:

Manuel Mancha, Director of Planning and Community Development

Outlook

Re: 2Email Thread for [Centro]

From Picado, Jillian <JPicado@montebelloca.gov>
Date Thu 12/19/2024 9:25 AM
To Picado, Jillian <JPicado@montebelloca.gov>

From: Huerta, Monica
Sent: Monday, July 1, 2024 4:15 PM
To: jonatan@centroterminal.com
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: 2024 Q2 Gross Receipt Report [Centro]

Good afternoon,

I have attached your 2024 **Q2 Gross Receipt Report** that is **due 9/28/2024**. (a copy will be mailed).

I have also attached the **2024 Q1 Gross Receipt Report** that was due **6/29/2024**, and the MCBPF Invoice as well.

If you have any questions or concerns, please feel free to call or email.

Thank you,

MONTEBELLO

Monica Huerta
Senior Finance Technician
Department of Finance

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1557
w: www.MontebelloCA.gov
e: mhuerta@MontebelloCA.gov

From: Huerta, Monica
Sent: Wednesday, May 29, 2024 9:37 AM
To: 'jonatan@centroterminal.com' <jonatan@centroterminal.com>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RE: 2024 Q1 Gross Receipt Report [Centro] - Reminder

Good Morning,

This is a friendly reminder that your **Q1 Gross Receipt Report is due 6/29/2024.** Also, a friendly reminder that your **2024 MCBPF** invoice is due **7/1/2024.** Please see attached.

Please let me know if you have any questions.

Best Regards,

MONTEBELLO

Monica Huerta
Senior Finance Technician
Department of Finance

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1557
w: www.MontebelloCA.gov
e: mhuerta@MontebelloCA.gov

From: Huerta, Monica
Sent: Monday, April 1, 2024 9:29 AM
To: jonatan@centroterminal.com
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RE: 2024 Q1 Gross Receipt Report [Centro]

Good Morning,

I have attached the **Q1 Gross Receipt Report that is due 6/29/2024** (Copy will be mailed). I have also attached the **Q4 Gross Receipt Report that was due 3/30/2024**. (Copy will also be mailed).

Also attached is the CCA-Development agreement invoice that is due.

Please let me know if you have any questions.

Thank you,

MONTEBELLO

Monica Huerta
Senior Finance Technician
Department of Finance

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1557
w: www.MontebelloCA.gov
e: mhuerta@MontebelloCA.gov

From: Huerta, Monica
Sent: Thursday, February 29, 2024 10:04 AM
To: jonatan@centroterminal.com

Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RE: 2023 Q4 Gross Receipt Report [Centro] REMINDER

Good Morning,

This is a friendly reminder that your **Q4 Gross Receipt Report is due 3/30/2024**. I have also attached the CCA-MCBPF Invoices as well.

Please let me know if you have any questions.

Thank you,

MONTEBELLO
ELEVATE

Monica Huerta
Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200
w: www.MontebelloCA.gov e: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday

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From: Huerta, Monica
Sent: Wednesday, January 3, 2024 3:38 PM
To: jonatan@centroterminal.com
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>
Subject: RE: 2023 Q4 Gross Receipt Report [Centro]

Good afternoon,

I have attached the Q4 Gross Receipt report that is due on 3/30/2024 (a copy will be mailed).

I have also attached the Annual Montebello Community Benefit program fee 7/1/22 – 6/30/23 (Pro Rated) invoice as well as the Annual Montebello Community Benefit program fee 7/1/32 – 6/30/24 invoice as well.

If you have any question or concerns, please feel free to email or call.

Thank you,

MONTEBELLO
ELEVATE

Monica Huerta
Senior Finance Technician

Finance Department

1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 **ext**: 1557
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Huerta, Monica
Sent: Tuesday, October 10, 2023 10:13 AM
To: jonatan@centroterminal.com
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Rodriguez, Brenda <BRodriguez@montebelloca.gov>
Subject: 2023 Q3 Gross Receipt Report [Centro]

Good Morning,

I have attached your **Q3 Gross Receipt Report due 12/29/2023** (a copy will be mailed).

If you have any questions or concerns, please feel free to call or email.

Thank You,

MONTEBELLO
ELEVATE

Monica Huerta
Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 **ext**: 1557
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Huerta, Monica
Sent: Wednesday, September 6, 2023 8:48 AM
To: jonatan@centroterminal.com
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Rodriguez, Brenda <BRodriguez@montebelloca.gov>
Subject: FW: 2023 Q2 Gross Receipt Report [Centro]

Good Morning,

This is a friendly reminder that the attached Q2 Gross Receipt Report is due 9/28/2023.

Please let me know if you have any questions.

Thank you,

Monica Huerta
Senior Finance Technician

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200
w: www.MontebelloCA.gov **e**: Mhuerta@MontebelloCA.gov

Office Hours – Monday-Thursday 7:30 a.m. – 5:30 p.m. Closed every Friday.

From: Rodriguez, Brenda <BRodriguez@montebelloca.gov>
Sent: Tuesday, August 29, 2023 8:10 AM
To: Huerta, Monica <MHuerta@montebelloca.gov>
Subject: Fw: 2023 Q2 Gross Receipt Report [Centro]

Brenda Rodriguez
Accountant (Payroll)

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 ext:439
w: www.MontebelloCA.gov **e**: brodriguez@montebelloca.gov

From: Rodriguez, Brenda
Sent: Wednesday, August 9, 2023 4:16 PM
To: Jonatan Cvetko <jonatan@centroterminal.com>
Cc: Saycocie, Kevin <KSaycocie@montebelloca.gov>; Huerta, Monica <MHuerta@montebelloca.gov>
Subject: 2023 Q2 Gross Receipt Report [Centro]

Good afternoon,

Hope my email finds you well. I would like to welcome Monica Huerta who will be joining our team and will be your new point of contact moving forward. I have attached your Q2 Gross Receipt Report due 9/28/2023 (a copy will be mailed).

If you have any questions or concerns please feel free to call or email.

Thank You,

Brenda Rodriguez
Accountant (Payroll)

Finance Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 ext:439
w: www.MontebelloCA.gov **e**: brodriguez@montebelloca.gov

Outlook

Re: Centro, LLC - Notice of Violation (Code Enforcement Case No. CE-24-1022)

From Picado, Jillian <JPicado@montebelloca.gov>
Date Thu 12/19/2024 11:38 AM
To Picado, Jillian <JPicado@montebelloca.gov>

From: Palombi, Joseph <JPalombi@montebelloca.gov>
Sent: Thursday, May 9, 2024 5:24 PM
To: Alvarez, Raul <RAlvarez@montebelloca.gov>; Arnold Alvarez-Glasman (AGlasman@agclawfirm.com) <AGlasman@agclawfirm.com>; Solorza, Michael <MSolorza@montebelloca.gov>; Saycocie, Kevin <KSaycocie@montebelloca.gov>; Ramos, Matthew <MRamos@montebelloca.gov>; Cota, Joseph <JCota@montebelloca.gov>; Huerta, Monica <MHuerta@montebelloca.gov>; Alcantar, Maria <MAlcantar@montebelloca.gov>; Panosian, Joann <JPanosian@montebelloca.gov>; Melinda Arredondo <MArredondo@agclawfirm.com>
Subject: RE: Centro, LLC - Notice of Violation (Code Enforcement Case No. CE-24-1022)

To keep everyone in the loop, Mr. Jonatan Cvetko of Centro LLC accepted the terms presented in the attached communication related to the four-month payment plan. Mr. Cvetko visited City Hall today and made his first payment of $21,251.94 (please see attached invoice). The Code Enforcement Division will suspend enforcement actions pending compliance with the terms of his commitment as well as the underlying agreement.

We will continue to maintain an open line of communication with our team, so we are all in the loop as these enforcement actions move forward.

Please let me know if there are any questions.

Thank you and have a great weekend.

MONTEBELLO

Joseph Palombi
Director | Planning and Community Development Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1598
w: www.MontebelloCA.gov
e: JPalombi@MontebelloCA.gov

From: Palombi, Joseph
Sent: Tuesday, May 7, 2024 4:30 PM
To: 'jonatan@centroterminal.com' <jonatan@centroterminal.com>
Cc: Arnold Alvarez-Glasman (AGlasman@agclawfirm.com) <AGlasman@agclawfirm.com>; Melinda Arredondo <MArredondo@agclawfirm.com>; Solorza, Michael <MSolorza@montebelloca.gov>; Saycocie, Kevin <KSaycocie@montebelloca.gov>; Ramos, Matthew <MRamos@montebelloca.gov>; Cota, Joseph <JCota@montebelloca.gov>; Huerta, Monica <MHuerta@montebelloca.gov>; Alcantar, Maria <MAlcantar@montebelloca.gov>; Panosian, Joann <JPanosian@montebelloca.gov>
Subject: Centro, LLC - Notice of Violation (Code Enforcement Case No. CE-24-1022)

Dear Mr. Cvetko/Centro, LLC:

Please find attached for your review/consideration a letter (dated May 7, 2024) from the City of Montebello Planning and Community Development Department regarding the above-referenced Notice of Violation.

Thank you.

Joseph Palombi
Director | Planning and Community Development Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 x1598
w: www.MontebelloCA.gov
e: JPalombi@MontebelloCA.gov

ALVAREZ-GLASMAN & COLVIN
ATTORNEYS AT LAW

13181 Crossroads Parkway North
Suite 400-West Tower
City of Industry, CA 91746
Tel: 562.699.5500
Fax: 562.692.2244
www.agclawfirm.com

VIA CERTIFIED MAIL

July 23, 2024

Centro, LLC
8127 Slauson Avenue
Montebello, CA 90640

Re: Centro, LLC – DA No. 26-19 and CUP No. 26-19- Development Agreement Delinquent Fees Payment Schedule

Dear Centro, LLC:

This office represents the City of Montebello ("City") and this letter is to follow up the May 7, 2024 letter sent from our office to Centro, LLC ("Centro"). Centro is currently in violation of Development Agreement No. 26-19 ("DA") resulting from non-payment of Cannabis Operating fees pursuant to Article 7.b of the DA and the annual Montebello Community Benefits Fee pursuant to Article 6.b of the DA (collectively referred to as "Cannabis Fees") required by the Development Agreement in the amount of Eighty-Five Thousand and Eight dollars ($85,008.00). Pursuant to a subsequent letter from the City of Montebello's Planning and Community Development Department also dated May 7, 2024, RZ agreed to submit the delinquent balance in accordance with the following schedule:

- June 1, 2024 – $21,251.94
- July 1, 2024 – $21,251.94
- August 1, 2024 $21,251.94
- September 1, 2024 - $$21,251.96

The City is in receipt of the first payment due June 1, 2024, but has yet to receive the payment due July 1, 2024. Please provide to City the outstanding payment of **$22,250.00** no later than **July 29, 2024**.

Note: Late fees will continue to accrue up to a maximum of 100% of the original invoice amount. If you do not contact the City of Montebello Department of Finance within 7-days of this letter, the City will assume that you do not dispute the amounts demanded herein.

The City will allow Centro a final opportunity to cure all non-payment of obligations under DA 26-19. Centro must forward all delinquent payments, including all late fees, in the total amount noted, no later than **July 29, 2024**, to avoid further action by the City.

Failure to cure all non-payments within the time permitted will result in the suspension of your business license, initiation of revocation proceedings of your Conditional Use Permit for the subject property, pursuant to Sections 5.04.310 and 5.90.090 of the Montebello Municipal Code, or initiation of legal proceedings to terminate your Development Agreement.

If you should have any questions, please contact the City of Montebello Department of Finance.

Very truly yours,

ALVAREZ-GLASMAN & COLVIN

Arnold M. Alvarez-Glasman, City Attorney
City of Montebello

AMAG/cy

cc: Raul Alvarez, City Manager
Michael Solorza, Director of Finance
Kevin Saycocie, Deputy Director of Finance
Joseph Palombi, Director of Planning and Community Development

May 7, 2024

VIA EMAIL AND U.S. MAIL
Centro, LLC
Attention: Mr. Jonatan Cvetko/Christian Nitu/Michael Long
8127 Slauson Avenue
Montebello, CA 90640

Re: Notice of Violation – Code Enforcement Case No. CE24-1022

Dear Messrs. Cvetko, Nitu, and Long:

This communication relates to the above-referenced Notice of Violation (Please see Attachment A) issued by the City of Montebello (the "City") Code Enforcement Division. The Notice of Violation relates to the failure to satisfy commitments under Agreement No. 3719, including the First Amendment to, and Assignment and Assumption of, Commercial Cannabis Business Development Agreement No. 26-19, between the City of Montebello and Centro, LLC (the "Agreement").

Based on records maintained by the City's Finance Department (Please see Attachment B for a copy of Invoice Nos. 2022-00000005, and 2023-00000009), Centro, LLC currently has a delinquent balance and outstanding amounts owed to the City totaling $85,007.78. To resolve this matter, the City is proposing the following non-negotiable payment plan:

- June 1, 2024 (Month 1) – Payment No. 1 of $21,251.94
- July 1, 2024 (Month 2) – Payment No. 2 of $21,251.94
- August 1, 2024 (Month 3) – Payment No. 3 of $21,251.94
- September 1, 2024 (Month 4) – Payment No. 4 of $21,251.96

Please note that the above-referenced payment plan does not change or amend any existing agreements (e.g., the Agreement, Conditional Use Permit, etc.) and/or any current/future payment obligations between the City and Centro, LLC.

Please provide a response accepting or rejecting this offer via email and/or U.S. Mail on or before 5:30 p.m. on May 16, 2024. Please direct your response to my attention as follows:

> Joseph Palombi, Director of Planning and Community Development
> City of Montebello Planning and Community Development Department
> 1600 W. Beverly Blvd,
> Montebello, CA 90640
> Email: JPalombi@Montebelloca.gov

Failure to comply with the Notice of Violation and this request will result in further action including, but not limited to, the suspension of your business license.

Thank you for your attention to this matter.

Sincerely,

Joseph Palombi, Director
Planning and Community Development Department

Copies:
Raul Alvarez, City Manager
Arnold M. Alvarez-Glasman, Esq.
Michael Solorza, Director of Finance
Kevin Saycocie, Assistant Director of Finance
Matthew Ramos, Assistant Director of Planning and Community Development
Joseph Cota, Code Enforcement Manager

CITY OF MONTEBELLO

Code Enforcement Division
1600 West Beverly Blvd
Montebello, CA 90640
(323) 887-1490
Jcota@montebelloca.gov

NOTICE OF VIOLATION

04/16/2024

Case #: CE24-1022

Location of Request: **8127 Slauson AVE, Montebello, CA 90640**
Property ID:

LONG, MICHAEL, NITU, CHRISTIAN, CVETKO, JOHATAN
CENTRO LLC
8127 Slauson AVE
Montebello, CA 90640

Dear LONG, MICHAEL, NITU, CHRISTIAN, CVETKO, JOHATAN,

The City of Montebello is dedicated to protect the health, safety, and welfare of our community members by encouraging compliance with the Montebello Municipal Code; to enhance the appearance of neighborhoods and business districts to prevent blight, protect property values, and enhance economic conditions. This notice is to advise you that the property referenced above location was inspected on and was found to be in violation of the Montebello Municipal Code (M.M.C.).

Violation(s) of the Montebello Municipal Code include:

Codes	Description	Corrective Action
M.M.C. 08.16.010.(A)(14)	Failing to satisfy or violating any condition associated with or imposed in connection with an approval relating to land, while making use of the special entitlement granted by such permit, including, but not limited to, variances, conditional use permits, subdivisions and site plans. "Delinquent in fees"	Requesting contact with the city to rectify a delinquency in payment, as per the city agreement. Business owners are required to comply within 30 days." Please contact me to schedule an onsite inspection. (323) 480-8021
M.M.C. 05.04.070	No person shall engage in, or conduct, any business in the city without first paying the business license tax.	Business license is currently in violation due to outstanding payment."

It is the goal to obtain voluntary compliance and to work with you to accomplish this goal. Cooperation in resolving this matter is appreciated. If these violations are not corrected, you may be subject to administrative fines, criminal charges, or both. If an administrative citation is issued fines may begin to accrue: $100.00, $200.00 and $500.00, respectively, for each day pursuant to Chapter 1.14 of the Montebello Municipal Code. If the violation(s) are found to be corrected, no further action will be taken.

A Code Enforcement Officer will visit your property to ensure the item(s) described above have been corrected. Please be advised a re-inspection fee in the amount of $92.00 may be applied for non-compliance if corrections are not completed by 7:00 a.m. on **05/16/2024.** Unless indicated on this notice, you are not required to be present during a re-inspection of the property. Should you have any questions please feel free to contact me during normal business hours at (323) 887-1490. Office hours are Monday-Thursday from 7:30 a.m. to 5:30 p.m.

Joseph Cota
323-480-8021

ATTACHMENT D

NOTICE OF PUBLIC HEARING
CITY OF MONTEBELLO PLANNING COMMISSION

Revocation of Conditional Use Permit No. CUP 26-19
8127 Slauson Avenue

Project Description: The Planning Commission will consider the revocation of Conditional Use Permit No. 26-19, which allows for the operation of commercial cannabis activity at 8127 Slauson Avenue, Montebello, CA 90640 (APN: 6354-030-003). The consideration to revoke Conditional Use Permit No. 26-19 relates to Centro LLC's failure to comply with the conditions of approval outlined in Conditional Use Permit No. 26-19. Proposed revocation is pursuant to Montebello Municipal Code Sections 5.90.090 and 17.80.020(B) which state that failure to pay requisite fees for a cannabis business license constitutes grounds for revocation of the conditional use permit and any zone variance or conditional use permit may be revoked and nullified if it is found that the conditional use permit or zone variance has been or is being used contrary to the terms or conditions of approval, or is in violation of any statute, ordinance, law or regulation.

Environmental: The revocation of Conditional Use Permit No. 26-19 has been determined to be exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act (Pub. Res. Code, § 21080, subd. (b)(9); Cal. Code Regs., tit. 14, Ch. 3, § 15321 [Class 21, "Enforcement Actions by Regulatory Agencies"]). This section specifically applies to actions by regulatory agencies to enforce or revoke a lease, permit, license, certificate, or other entitlement for use issued, adopted, or prescribed by the regulatory agency or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency. In this case, the action is to revoke a Conditional Use Permit for failure to comply with the conditions of approval.

NOTICE IS HEREBY GIVEN that the City of Montebello Planning Commission will hold a public hearing to consider the revocation of Conditional Use Permit No. 26-19 for failure to comply with the conditions of approval and for failure to meet financial contractual obligations stipulated in approved Development Agreement No. 26-19. The meeting is scheduled on:

Date: Tuesday, January 7, 2025
Time: 6:30 p.m.
Place: City Hall Council Chambers
1600 West Beverly Boulevard, Montebello, CA 90640

For those interested in participating in-person during the Public Comment period(s) or public testimony period for Public Hearings of the Planning Commission, you may address the Planning Commission in person the day of the meeting. Speakers will be required to fill out a speaker card provided at the door and turn it into the Administrative Secretary prior to each Public Comment announcement period. Staff will number and call each speaker card in the order received.

The public may also submit emailed comments via the City's email address: pcpubliccomment@montebelloca.gov where the public can submit written public comments up until the day of the meeting, **Tuesday, January 7, 2025 between 7:30 a.m. – 6:00 p.m.** These comments will not be read out loud but will be entered into the record and submitted to all members of the Planning Commission. Additional Information related to the Planning Commission meetings can be located on the City's webpage: https://www.montebelloca.gov/cms/One.aspx?portalId=58756&pageId=61848.

Written comments may also be mailed or delivered to the Planning Commission at the Planning Division office address identified below on or before the meeting date. If you challenge the matter in court, you may be limited to raising those issues you or someone else raised at the public hearing, or in written correspondence delivered to the City of Montebello at, or prior to, the public hearing.

For more information about the project and the related environmental documentation please contact:
Contact Person: Viviana Esparza, Planning Manager

Phone: 323.887.1200 Ext. 1494 / **Email:** VEsparza@montebelloca.gov
Address: City of Montebello, City Hall, Planning Division, 1600 W. Beverly Blvd, Montebello, CA 90640
City Website: www.montebelloca.gov

Date of Publication: December 20, 2024

THE CITY OF MONTEBELLO AGREEMENT NO. 3719

COMMERCIAL CANNABIS BUSINESS DEVELOPMENT AGREEMENT NO. 26-19 BETWEEN THE CITY OF MONTEBELLO AND TELEM ENTERPRISES, LLC

THIS DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this_____day of_____, 2019, (the "Execution Date"), by and between the **CITY OF MONTEBELLO**, a California municipal corporation ("City"), and **TELEM ENTERPRISES, LLC**, a California limited liability company ("Owner"). City and Owner are sometimes referenced together herein as the "Parties." In instances when a provision hereof applies to each of the Parties individually, either may be referenced as a "Party." The Parties hereby jointly render the following statement as to the background facts and circumstances underlying this Agreement:

RECITALS

WHEREAS, Owner currently holds a legal or equitable interest in certain real property considered in this Agreement which has a development area of approximately 7,721 square feet located at 8127 Slauson Avenue, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number(s): 6354-030-003, and is more fully described in the Legal Description in Exhibit A, and shown on the map in Exhibit B. Both exhibits being attached hereto, respectively, and are incorporated herein by this reference;

WHEREAS, presently, Owner has a leasehold interest, with purchase option, in a portion of the Site for the purpose of conducting commercial cannabis related activities which shall include, but not be limited to delivery-only retail and distribution. Such commercial cannabis facilities shall operate in accordance with all applicable provisions of California Business and Professions Code §§26000-26231.2; California Health and Safety Code Safety Code §§ 11357-11362.9 and 11362.7- 11362.85; California Revenue and Taxation Code §§ 34010-34021.5; California Vehicle Code §§ 2429.7 and 23222; California Water Code §§ 1831, 1847, and 13276; Cal. Code Regs. tit. 16, div. 4 (2019); Cal. Code Regs. tit. 3, div. 8, Ch. 1 (2019); Cal. Code Regs. tit. 17, div. 1, ch. 13 (2019); and the City of Montebello Municipal Code as it applies to such facilities, as such provisions may be amended from time to time (collectively the "Applicable Cannabis Laws"). Prior to operating a delivery-only retailer site and distribution site, as those terms are defined in the Montebello Municipal Code ("Manufacturing, Cultivation, Delivery-Only Retail and Distribution Facility"), Owner shall be required to obtain a Conditional Use Permit from the City, and any and all related permits and licenses prior to the operation of same, pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, ultimately, Owner intends upon obtaining one or more permanent annual California State License(s), pursuant to Applicable Cannabis Laws, to operate a Delivery-only Retail and Distribution Facility at the Site. The definition of "Owner" hereunder shall mean and refer to the fee simple owner and/or any authorized tenant of the Site to the extent such party holds or is covered by a City Conditional Use Permit; and is not intended to necessarily be coextensive with the definition of that term as defined in

California Business & Professions Code Section 26001(al);

WHEREAS, on October 7, 2019 Owner applied to this City for a Conditional Use Permit *(hereinafter* "CUP") to conduct commercial cannabis activities. No such activities are allowed or authorized without this Agreement, a CUP, and all requirements having been satisfied pursuant to Montebello Municipal Code Chapters 5.90 and 17.71;

WHEREAS, Owner presently intends to develop and open a Delivery-Only Retail and Distribution Facility on the Site consistent with the Applicable Cannabis Laws and project approvals (known as the "Project"). The Project will include delivery-only retail and distribution in accordance with the Applicable Cannabis Laws;

WHEREAS, the Project will consist of such final square footage to be consistent with Owner's final approved CUP, as may be amended pursuant to the CUP and/or this Agreement. The building will be divided into major spaces for delivery and general business offices as follows:

Non-storefront Retail Delivery: The retail delivery activities will occur within the delivery office located near the facility's main entry. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All delivery activities will be conducted in accordance with Applicable Cannabis Laws, including, but not limited to specified hours of operation.

Distribution: The distribution activities will occur within the distribution area. The total area of this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits. All distribution activities will be conducted in accordance with Applicable Cannabis Laws, including, but not limited to specified hours of operation.

Proposed Hours of Operation (subject to final approval pursuant to the CUP):

6 AM to 10 PM, Monday through Sunday, for general retail delivery business hours, and 24-hours, seven days a week, for distribution, packaging and internal operations.

Parking/Loading/Access: The proposed project provides parking spaces in accordance with the City-approved Site Plan.

Security: The Project will secure the facility against unauthorized entry by installing security lights on the exterior of the building to illuminate the side yards and parking area, installing commercial-grade locks, installing an alarm and video surveillance system, establishing procedures for identifying authorized persons, establish inventory controls, and install a secure surveillance vault to maintain the integrity of records. In addition, the applicant will engage a licensed security company to provide an operational security plan in compliance with Montebello Municipal Code Chapters 5.90 and 17.71.

The proposed layout of the site is as shown in the attached Site and/or Floor Plans, in

Exhibit C.

Project will consist of a vertically integrated commercial cannabis facility compliant with Applicable Cannabis Laws that will provide several levels of cannabis, retail delivery, packaging, and distribution.]

This includes:

1) Packaging and storage of cannabis products.
2) Distribution of cannabis products.
3) Retail delivery of cannabis products.

Proposed Hours of Operation (subject to final approval pursuant to the CUP):

6 AM to 10 PM, Monday through Sunday, for general retail delivery business hours, and 24-hours, seven days a week, for distribution, packaging and internal operations.

[ ] Co-location, check if applicable:

Note: Applicable Cannabis Laws authorize a person to apply for and be issued more than one State annual license at one location provided the licenses premises are separate and distinct.

Owner has applied for the following State cannabis licenses:
1) Distribution
2) Delivery-Only Retail

Please see the Recitals of this Development Agreement for details for separate and distinct locations of each operation within the Premises.

WHEREAS, On February 14, 2018, Ordinances No. 2399 and No. 2400 came into effect authorizing specified commercial cannabis activities within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, On June 13, 2018, Ordinances No. 2404 and 2405 came into effect amending specified commercial cannabis activities authorized by Ordinances No. 2399 and No. 2400 within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions;

WHEREAS, all procedures of the California Environmental Quality Act ("CEQA"), California Public Resources Code §21000 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15000 et seq. have been satisfied;

WHEREAS, the City has given public notice of its intention to approve this Agreement. The City has found that the provisions of this Agreement and its purposes are consistent with the objectives, policies, general land uses and programs specified in City's General Plan, zoning code and municipal ordinances;

WHEREAS, the City, in entering into this Agreement, acknowledges that certain City obligations hereby assumed shall survive beyond the terms of the present Council members, that this Agreement will serve to bind City and future Councils to the obligations hereby undertaken, and that this Agreement shall limit the future exercise of certain governmental and proprietary powers of City. By approving this Agreement, the Council has elected to exercise certain governmental powers at the time of entering into this Agreement rather than defer its actions to some undetermined future date. The terms and conditions of this Agreement have undergone extensive review by City and the Council and have been found to be fair, just and reasonable. City has concluded that the pursuit of the Project will serve the best interests of its citizens and that the public health, safety and welfare are best served by entering into this obligation. Owner has represented to City that it would not consider or engage in the Project absent City approving this Agreement;

WHEREAS, the City agrees that Owner's land use entitlements, if any, that have been applied for and approved by the City, for the Project shall vest for the term of this Agreement as described below, if applicable;

WHEREAS, after conducting a duly noticed CUP hearing on November 5, 2019, in conjunction with the City's applicable ordinances and resolutions, the Planning Commission of the City reviewed, considered and approved environmental clearance and approved the execution of the CUP. The Planning Commission found the Project consistent with the objectives, policies, general land uses and programs specified in the general plan; compatible with the uses authorized in the City's zoning laws; in conformity with the public necessity, public convenience, general welfare and good land use practices; will not be detrimental to the health, safety and general welfare of the city; will not adversely affect the orderly development of property or the preservation of property values; and will have a positive fiscal impact on the City;

WHEREAS, after conducting a duly noticed meeting on December 18, 2019, in conjunction with the City's applicable ordinances and resolutions, and after independent review and consideration, the City Council approved the execution of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

1. The Recitals above are true and correct and are hereby incorporated into and made a part of this Agreement. In the event of any inconsistency between the Recitals and the provisions of this Agreement, herein below, said provisions of this Agreement shall prevail.

2. Government Code and Municipal Code Required Elements

a. Description of Property. Land situated in the City of Montebello, County of Los Angeles, State of California; whose street address is 8127 Slauson Avenue, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Numbers: 6354-030-003.

b. Owner and Other Person with Legal or Equitable Interest.

Owner: **Telem Enterprises, LLC**
Nature of Interest: *Lease for 5 years with Option to Renew for an additional 5 years.*

A true and correct copy of a recorded grant deed, or executed lease agreement, is attached hereto as Exhibit D, and incorporated herein by this reference.

If Owner is not the fee simple owner of the Site, check box below:

[x] Owner represents and warrants that the property owner has consented in writing to the execution of this Agreement against the Site. [See also attached Property Owner Signed and Notarized Consent Form wherein the property owner has acknowledged reading Montebello Municipal Code Chapters 5.90 and 17.71, incorporated herein by this reference (Exhibit E).]

c. Permitted Uses. The Site may be used for a Delivery-Only Retail and Distribution Facility as presently authorized under Montebello Municipal Code Chapters 5.90 and 17.71 and for any other use if authorized under applicable provisions of the Montebello Municipal Code ("Permitted Uses"). In the event that the Montebello Municipal Code, California law, and/or Federal law is amended in the future to permit additional commercial cannabis uses, Owner may apply for an amendment to this Agreement and to the issued CUP, both of which must receive approval by the City's Planning Commission or City Council, as required, to amend the Permitted Uses at the Site.

d. Zoning. Owner shall use commercially reasonable efforts to ensure that such activities outlined in Owner's CUP Application ("Application") are conducted pursuant to this Agreement and under the CUP shall comply with the Montebello Municipal Code, including the zoning ordinance, any applicable zoning development standards, and any and all development and construction requirements contained therein, and/or as required by the City. Owner shall not conduct any business under this Agreement or under the CUP without having obtained all necessary permits, licenses, and approvals from the City and State of California, as required by Applicable Cannabis Laws, including the City of Montebello Municipal Code.

e. Compliance with CUP conditions of approval. Owner shall comply with all Conditions of Approval imposed against this Agreement, as enumerated in the CUP and attached as Exhibit F, and incorporated herein by reference.

3. Term

This Agreement shall commence on either the date of this Agreement's approval by the City Council or the date of the CUP approval by the City Planning Commission, whichever comes later ("Effective Date"), and end **ten (10)** years from the Effective Date, and it shall remain in full force and effect so long as the Site is used for a commercial cannabis facility as authorized under Montebello Municipal Code Chapters 5.90 and 17.71; provided, however, such use is not abandoned for a period of more than ninety (90) days.

This Agreement may be extended for one (1) additional **five (5)** year period following the expiration of the initial **ten (10)** year term upon the occurrence of all of the following:

(i)The Owner shall give written notice to the City no later than ninety (90) days before the expiration of the initial ten (10) year term that the Owner desires to extend this Agreement for an additional **five (5)** year period;

(ii) The Owner shows reasonably satisfactory evidence to the City that it has, and continues to have a legal and/or equitable interest in the Site and/or will have such interests for the duration of the extended term of the Agreement;

(iii) The Owner shall deposit all fees required by the City necessary for processing the extension request and drafting necessary documentation;

(iv) The Owner shall be in compliance with all provisions of Montebello Municipal Code Chapters 5.90 and 17.71, and all terms imposed by the City-issued CUP, including the timely renewal of a CUP if required; and

(v) The Owner shall not be in material default of any provision of any agreement between City and Owner relative to the development of the Site, the business operations as allowed by a CUP, or of any conditions of approval imposed upon any entitlement or CUP granted by the City relative to the development of the Site for which Owner has been given a written notice to cure by the City and for which Owner has not cured or commenced to cure such material default within thirty (30) days, if and as provided by such agreement or condition of approval.

4. Owner's Site and Floor Plans

a. Owner's site plan and floor plan for the facility are attached hereto as Exhibit C and incorporated into the Agreement.

b. A preliminary landscape plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works and Director of Community Development, or their respective designees, if required by the CUP. A final landscape plan shall be prepared and submitted in conjunction with building and site improvement plans prior to issuance of building permits for construction activities, if required by the CUP.

c. An exterior signage plan shall be prepared and reviewed and approved by the City Manager and/or the Director of Public Works & Director of Community Development, or their respective designees, in accordance with the procedures and requirements of the Montebello Municipal Code.

5. Facility Operations

a. Standard Operating Procedures. Owner is a lawful entity that will only sell to other legally permitted persons and entities under the Applicable Cannabis Laws, as may be amended from time to time and in accordance with Subsection 2(c) of this Agreement. Prior to operating a Delivery-Only Retail and Distribution Facility, Owner shall be required to obtain a CUP, and all requirements pursuant to said permit, from the City pursuant to Montebello Municipal Code Chapters 5.90 and 17.71. Further, and notwithstanding anything to the contrary, Owner may operate such cannabis-related activities as permitted in accordance with Applicable Cannabis Laws, including without limitation, as long as such activity is not inconsistent with Montebello Municipal Code Chapters 5.90 and 17.71, this Development Agreement, the City-issued CUP, and the Montebello Municipal Code.

During the term of its CUP and the term of this Agreement, Owner shall operate in accordance with all Applicable Cannabis Laws. Owner shall employ industry standard operating procedures to comply with Applicable Cannabis Laws. Owner's facility shall employ adequate safety and security measures for the safety and security of its employees, visitors, vendors, and neighboring communities and properties.

Owner shall fully comply with the minimum operating standards regulating the proposed commercial cannabis activity, including, but not limited to those, as set forth in Montebello Municipal Code Chapters 5.90 and 17.71, and such more specific operational requirements as applied by the CUP and this Agreement.

b. Security Plan. Owner shall secure approval of its proposed security plan by the Montebello Police Department or the City prior to operating, which approval shall not be unreasonably withheld, conditioned, or delayed. The security plan shall include, at a minimum and as appropriate, provisions for video surveillance, perimeter fencing and security, protection of the building(s) from vehicle intrusion, cash handling procedures, internal accounting controls, product handling and storage procedures, and a professionally monitored alarm system. Equipment and systems used for video surveillance and building alarms shall be approved by City.

Video surveillance shall include, at a minimum, all site and facility entrances and access points, all spaces accessible by the public, all secured areas of the facility with restricted access, all interior spaces and rooms where cannabis products are handled and processed, shipping and receiving areas, cash storage areas, and other areas necessary to protect the safety of employees and the public and to ensure cannabis products are received, handled, stored, packaged, shipped, and distributed in compliance with Applicable Cannabis Laws. The video surveillance system shall be web-based with direct access provided to the Montebello Police Department upon request.

The security system shall also include sensors to detect entry and exit from all secure areas, panic buttons in appropriate locations, and a professionally monitored alarm system.

Owner shall employ properly trained and licensed third-party security personnel to protect the welfare and safety of Owner and employees, and to ensure public safety to the neighboring community. Owner shall use security personnel during hours of operation, pursuant to Applicable Cannabis Laws. Security personnel may be armed so long as proper licensing and insurance requirements are followed and met by the third-party operator providing such security services.

c. Fire Department Approval. Owner shall not operate any facility, and no permit, license, or other approval issued by City shall be valid unless and until the Montebello Fire Department has approved Owner's site plan, floor plan, safety plan, and any other plans that require its approval, which approval shall not be unreasonably withheld, conditioned, or delayed.

d. Possession of Firearms. Except for licensed and bonded security personnel, no person employed by Owner shall be in possession of any firearm while on the Site without having first obtained a license from the appropriate state or local agency authorizing the person to be in possession of such firearm. Every such person in possession of a firearm while on the Site must provide the City Manager and the Montebello Police Department, ten (10) calendar days' notice before bringing the firearm onto the premises, with the following:

1) A copy of the license issued to the person by the appropriate state or local agency authorizing him or her to possess such firearm;

2) A copy of his or her law enforcement identification (if he or she is

employed by a law enforcement agency);

3) A copy of his or her California driver's license or California identification card; and

4) Any other information reasonably required by the Montebello Police Department to show that the individual is in compliance with the provisions of all laws regarding the possession and use of a firearm.

e. Identification Display. Each owner, manager, employee, and individual member engaged in the distribution, or transporting of cannabis shall at all times while engaged in the duties of his or her position wear in plain sight, on his or her person and at chest level, a valid identification badge, issued by Owner.

f. Employee Background Checks/Procedures for Inventory Control to Prevent Illegal Diversion of Cannabis. Only employees who receive clearance from the Montebello Police Department shall be permitted to enter Owner's facility. Each employee will have to meet a criminal background investigation, which at minimum shall include a LiveScan criminal history check conducted and provided by each employee. The City shall make a good faith effort to facilitate within a reasonable time following the issuance of a CUP to Owner Employees shall not be disqualified for any conviction which would no longer be a felony under California law at the time of the LiveScan criminal history check.

Owner shall not permit and shall take all necessary and reasonable steps to prevent the distribution of any of its cannabis products to minors; prevent revenue from the sale or distribution of its cannabis and/or infused products from going to criminal enterprises, gangs and cartels; prevent the diversion of cannabis from California to any other state; prevent state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; prevent violence and the use of firearms in the delivery-only retail and distribution of cannabis; discourage and educate against drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use; disavow growing cannabis on public lands that creates attendant public safety and environmental dangers posed by such illegal uses; and discourage and educate against cannabis possession or use on federal property.

g. Quality Control and Testing. Owner shall utilize industry standardized quality control measures and testing to ensure only the highest quality of commercial cannabis and infused products will be produced. Owner shall inspect the product to ensure its identity and quantity, and shall have a testing lab perform testing of random samples prior to distribution. Inspection and testing will be conducted by a state-licensed testing lab off-site, except for licensed distributors authorized to conduct testing on-site with a testing lab field representative present. Testing standards and procedures shall be in accordance with Applicable Cannabis Laws.

All commercial cannabis products will undergo a quality assurance review in accordance with state law prior to distribution. Inventory procedures will be utilized for tracking and taxing purposes by the state. Owner shall employ an efficient record-keeping system to make transparent its financing, testing, and adverse effect recording, as well as recall procedures.

h. Packaging of Commercial Cannabis and Infused Products. All Owner commercial cannabis products shall be packaged and labeled strictly in accordance with Applicable Cannabis Laws.

Owner intends to produce infused products and shall secure any approval from the County of Los Angeles Health Department required for manufacturing and handling such products. Owner infused products shall not be produced, manufactured, stored or packaged in private homes. All commercial cannabis infused products shall be individually wrapped at the original point of preparation strictly in accordance with Applicable Cannabis Laws.

i. Point of Sale Tracking System. Owner shall maintain an inventory control and reporting system that accurately documents the location of cannabis products from inception through distribution, including descriptions, weight, and quantity. The inventory control and reporting system shall comply with the California Cannabis Track and Trace System ("CCTT") required by Applicable Cannabis Laws.

Owner shall employ an electronic point of donation/sale system in accordance with Applicable Cannabis Laws for all point of donations/sales tracking from seed or inception to product distribution to other licensed commercial cannabis facilities, or otherwise in compliance with state and local law and in accordance with Subsection 2(c) of this Agreement. Such approved system shall track all commercial cannabis products, each edible, harvested flower, and/or manufactured concentrate, as well as gross sales (by weight and sale). Owner's point of sale system shall have the capacity to produce historical transactional data in accordance with City's requirements.

j. Record Keeping. Owner shall maintain records for all commercial cannabis and/or infused products. Owner shall comply with all record-keeping responsibilities that are set forth in Applicable Cannabis Laws and complete and up-to-date records regarding the amount of commercial cannabis distributed, delivered or packaged at Owner's facility.

k. Processing, Handling, Storing, and Distribution of Commercial Cannabis and Related Products. Commercial cannabis cultivation, handling, storing, and processing shall be concealed from public view at all stages of growth and processing, and there shall be no exterior evidence of cultivation or processing occurring at the premises from a public right-of-way or from an adjacent parcel. Commercial cannabis cultivation, handling, storing, processing, or distribution shall not create offensive odors; create excessive dust, heat, noise, smoke, traffic, or other impacts that are disturbing to people of normal sensitivity residing or present on adjacent or nearby property or areas open to the public;_or be hazardous due to use or storage of materials, processes, products, or wastes.

Owner shall store its commercial cannabis and/or commercial cannabis products in a secured storage room with T-card identification access for management only. The storage room shall be constructed of fire-rated walls with an appropriate number of cameras installed to view all entries and exits from the storage room, as well as all other activities performed within Owner's facility. Owner will not conduct outdoor operations except as related to lawful delivery and transportation of commercial cannabis and infused products. Owner will not store commercial cannabis or related products in its delivery vehicle outside normal operating hours of the facility.

Commercial cannabis products shall be sold or distributed only to licensed facilities in California, in compliance with state and local law in accordance with Subsection 2(c) of this Agreement. Excess or contaminated product will be securely stored on-site until it is properly disposed. Disposal may include composting, incineration, land-fill disposal through the local waste management hauler, or other disposal methodology in accordance with state and county health and safety codes and regulations.

l. Odor Control. All structures shall have adequate ventilation and filtration systems installed that minimize and control commercial cannabis plant odors from exiting the interior of the structure. The ventilation and filtration system shall be approved by the City Building Official and installed prior to commencing cultivation or manufacturing within the allowable structure. Facility air intake, exhaust, and recirculating system shall be of industrial grade. Activated charcoal, recirculating, and closed loop aeration systems will be utilized as necessary for effective odor control and management.

m. Transportation Plan. Owner shall comply with all Applicable Cannabis Laws regarding transportation, including the rules governing delivery service. Owner shall retain a list of names and cellular contact numbers for all employees engaged in transportation of commercial cannabis products and provide it to the applicable oversight authority, keeping the list current and up to date.

Owner will keep complete and up-to-date records documenting each transfer of commercial cannabis to other licensed entities, including the amount provided, the form or product category in which the commercial cannabis was provided, the date and time provided, the name of the employee making the transfer, the name and address of each lawful licensed entity to whom delivery is made, and the amount of any related donation or other monetary transaction.

6. Community Relations, Employment, and Wages

a. Public Outreach and Education Program. The Owner shall coordinate and cooperate with City and other owners of commercial cannabis facilities located within City of Montebello in the establishment and implementation of appropriate public outreach and education programs. The public outreach and education programs shall be reasonably approved by City.

b. Community Benefits Program. The Owner shall fund the establishment and implementation of a community benefits program which may include such items as senior citizen programs, City beautification efforts, funding for enforcement against illegal cannabis operations, public safety, housing programs, economic development, infrastructure, capital improvements, including expansion and/or improvement to existing facilities or other physical improvements that provide a benefit to the community, support of holiday and special community events, and support of local public service, public safety, litigation defense, and special social and community organizations ("Community Benefits Program").

To fulfill its funding obligation for the Community Benefits Program, Owner agrees to pay the City of Montebello the yearly sum of **$50,000.00 ("Montebello Community Benefits Program Fee" or "MCBPF")**. The first annual MCBPF shall be payable to the City on the date that the Certificate of Occupancy is issued to the Owner. Thereafter, the annual MCBPF shall be payable to the City on every July 1 for the term of the Agreement, and shall be pro-rated for any partial days during such period(s) of the Agreement.

The MCBPF is separate and apart from any Cannabis Operation Fee, or penalties therefrom. If the original term of this Agreement is mutually extended by the Parties, the annual minimum payment to this program will be amended accordingly.

c. Designation of Community Relations Liaison. Pursuant to Montebello Municipal Code Chapters 5.90 and 17.71, at the time of this Agreement, Owner's Designated Community Relations Liason, Jonatan Cvetko, will be responsible for community inquiries and complaints and on-site management during normal business hours.

d. Interface with Montebello Municipal Code / Inspections. Owner's day-to-day operations manager, and/or the Owner's Community Relations Liaison, Christian Nitu, will interface with the Montebello Police Department's assigned designee to ensure its operation complies with state and local laws and regulations. The City Manager, or designee, or the Montebello Police Department's assigned designee acting at the City Manager's request and per his specific and limiting instructions, shall have the right to enter all portions of the Site from time to time unannounced during hours of operation for the purpose of making reasonable inspections to observe and enforce compliance with this

Agreement and Applicable Cannabis Laws, without the requirement of a search warrant, subpoena, or court order, and subject to appropriate cost recovery fees set forth in this Ag~~reement, or adop~~ted by the City.

________________ Owner's Initials

e. Local Recruitment, Hiring, and Training Programs. Owner is committed to making a good-faith effort to recruit, hire, and train City residents for employment by Owner. A good-faith effort means Owner shall take the following or similar actions to recruit and employ City residents: 1) Contact local recruitment sources to identify qualified individuals who are City residents, 2) Advertise for qualified City residents in trade papers and newspapers of general circulation in the area, and 3) Develop a written plan to recruit and employ City residents as a part of the its workforce. At a minimum, the Owner endeavors to achieve a targeted local annual hiring goal of approximately 45% of total operational jobs for permanent and apprentice employees. This goal shall apply horizontally, across all departments and managerial positions. The Owner shall not be penalized or deemed in default under this Agreement if it is unable to achieve such a goal. "Local" is defined as within a 3-mile radius of the boundaries of the City's boundaries. The Owner may contact and work with a job referral agency assigned by the City Manager to implement a local hiring policy for permanent and apprentice employees. The purpose of the hiring policy is to facilitate the training and employment of local and disadvantaged job applicants for jobs within the City's jurisdiction, and 3-mile radius of City boundaries. Applicants for jobs shall not be disqualified from hiring solely on the basis of an arrest or conviction for a Cannabis-related crime that occurred prior to November 8, 2016, and could have been prosecuted as a misdemeanor or citation under current California law. The Owner shall periodically report on compliance with the local hiring goals as part of its annual audit report.

f. Living Wages. Living Wages. Owner shall pay make a good-faith effort all employees of the Facility, at a minimum, a Living Wage. A "Living Wage" is the higher of whatever the Owner currently pays its employees for similar work elsewhere or the following: the Full Cash Wage required to be paid by an employer to any similarly situated, educated, and/or credentialed individual under the City of Los Angeles Minimum Wage Ordinance [LAMC Sections 187 and 188], as adjusted annually.

g. Full-time Work. Owner shall make its best efforts to fill every position with a full-time employee. However, at no time shall Owner have a labor force that is composed of less than 50% full-time employees within its labor force, and Owner shall make a good faith effort to maintain a full-time employee level of more than 50%. Owner agrees to provide to its eligible employees leave benefits, health and wellness benefits and other employee benefits to the extent such benefits are required to be paid for by Owner under applicable state and federal employment laws.

h. Labor Peace Agreement. If Owner has twenty (20) or more employees at the time of this Agreement's signing, then Owner shall in good faith work with any labor organization for the purpose of collective bargaining and shall enter into and provide the City a copy of a labor peace agreement no later than one hundred and twenty (120) days after this Agreement's signing. Such Owner with twenty (20) or more employees but without a labor peace agreement at the time of this Agreement's signing shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization no later than one hundred and twenty (120) days after this Agreement's signing.

If Owner has less than twenty (20) employees at the time of this Agreement's signing, such Owner shall in good faith provide a notarized Statement of Intent to the City no later than this Agreement's signing, indicating that the Owner will enter into and abide by the terms of a labor peace agreement with any labor organization if and when Owner has twenty (20) or more employees at any time during the Term of this Agreement. Such Owner with less than twenty (20) employees at the time of this Agreement's signing shall also provide the City a copy of the labor peace agreement no later than one hundred and twenty (120) days from hiring its twentieth (20^{th}) employee, if and when such event occurs during the Term of this Agreement. Attached as Exhibit G, and incorporated herein is a true and correct copy of the actual Labor Peace Agreement; or applicable Notarized Statement of Intent. Owner shall abide by the terms of the labor peace agreement if and when so adopted in accordance with this Subsection. If Owner fails to comply with the labor peace agreement requirement in accordance with this Subsection, such failure shall constitute a default in accordance with Section 13 of this Agreement.

7. Payment of City Fees

a. Permit and Application Fees. Owner agrees to pay all permit fees and charges referenced in Montebello Municipal Code Chapters 5.90 and 17.71, and the amounts adopted by City Council by Resolution No. 19-14, effective February 13, 2019, as well as any fees set forth in this Agreement. Permit application, processing, and renewal fees shall be due and payable at the time application is made.

b. Cannabis Operation Fees.

As used herein, "**Premises**" means the designated structure or structures and land specified in the application that is owned, leased, or otherwise held under the control of the Owner where the commercial cannabis activities will be or are conducted.

As used herein, "canopy" means the designated area(s), except nurseries, that will contain mature plants at any point in time, as follows:

(1) Canopy shall be calculated in square feet and measured using clearly identifiable boundaries of all area(s) that will contain mature plants at any point in time, including all of the space(s) within the boundaries;

(2) Canopy may be noncontiguous but each unique area included in the total canopy calculation shall be separated by an identifiable boundary that includes, but is not limited to, interior walls, shelves, greenhouse walls, hoop house walls, garden benches, hedgerows, fencing, garden beds, or garden plots; and

(3) If mature plants are being cultivated using a shelving system, the surface area of each level shall be included in the total canopy calculation.

As used herein, "**commercial cannabis activities**" means all permitted activities: e.g., cultivation, possession, manufacture, processing, storing, packaging, labeling, transportation, sale, delivery or distribution of cannabis and/or cannabis products.

As used herein, "**Gross receipts**" shall mean the total amount of receipts actually received or receivable in accordance with GAAP or other comprehensive version of accounting in the course of business in a calendar year or calendar month from sales or the performance of acts or services for which charge is made or credit allowed. "**Gross receipts**" include, without limitation, all receipts, cash, credit, property received in lieu of cash, and any other valuable consideration taken in exchange for goods, services or other valuable consideration.

As used herein, "**Production Space**" means the area on or within the **Premises** intended for **commercial cannabis activities** excluding non-operational common areas such as restrooms, cafeterias, break rooms, hallways, corridors, vestibules, parking structures or surface street lots. The parties stipulate and agree that the square footage for the **Production Space** shall be determined by the City Manager in his sole and complete discretion as the Project is completed.

The City Manager is specifically authorized to increase the square footage for the Production Space up to an increase in size of ten percent (10%) administratively and to determine the corresponding operating fee as the Project is completed.

Owner agrees to pay to City ninety (90) days after a Certificate of Occupancy is granted, in order to enable City to promote, protect, and enhance the health, safety, and welfare of the community and its residents and its quality of life., Owner agrees to pay the following percentage of gross receipts and the following square footage for cannabis operations, as follows, paid on a quarterly basis to the City ("Cannabis Operation Fee"):

1. Manufacturing: 2% of gross receipts

2. Distribution: 2.5% of gross receipts, excluding distribution of products manufactured at the Site as well as distribution activities solely to licensed entities under common ownership or otherwise affiliated with Owner so long as distribution is not the only commercial cannabis activity conducted at the Site
3. Delivery-Only Retail: 2% of gross receipts
4. Cultivation: $10.00 per square foot of canopy space, as may be amended from time to time pursuant to the CUP and/or this Agreement

Any subsequent years of operation after the first ten (10) year term of this Agreement shall be negotiated in good faith by the parties.

A Site with multiple licenses must not commingle respective sales proceeds, and blend percentage rate of **Gross Receipts**.

The Cannabis Operation Fee shall begin to accrue **ninety (90)** days after a Certificate of Occupancy is granted. Owner shall make payments to the City on a quarterly basis, within ninety (90) calendar days after the last day of each quarter. The first quarter is defined as January 1 through March 31, the second quarter as April 1 through June 30, the third quarter as July 1 through September 30, and the fourth quarter as October 1 through December 31. First payment to the City may be prorated, if applicable, to adhere to the latter, uniform quarterly payment schedule.

Failure to pay the Cannabis Operation Fee within thirty (30) calendar days after the due date shall result in a penalty for nonpayment in a sum equal to 10% of the total amount due. Additional penalties will be assessed in the following manner: an additional 10% shall be added to the first day of each calendar month following the month of the imposition of the 10% penalty if these fees remain unpaid in whole or in part – up to a maximum of 100% of the total fee payable on the due date.

c. Owner understands and agrees that the fees set forth above shall be paid in a manner and in accordance with a payment schedule set or modified by City. The cultivation, manufacturing, testing, distribution, and delivery space to which the Cannabis Operation Fee applies is as identified on the City-issued final approved floor plan.

d. If Owner makes any changes to the interior layout of the Site that increases the amount of space allocated to those uses to which the per-square- foot Cannabis Operation Fee applies, Owner shall notify City in writing of such changes at least fourteen (14) calendar days prior to making such changes, and if approved by the City the per-square-foot fee shall be modified accordingly. If Owner fails to give City notice as required herein, Owner shall be responsible for paying to City a per-square-foot fee based on any increase in the amount of space allocated to those uses to which the per-square-foot fee applies retroactive to the date the CUP became effective.

8. Additional Owner Obligations

a. Reporting of Gross Receipts from Operations

1) Quarterly Receipts. No later than one-hundred twenty (120) days from the date Owner secures a CUP and every three months thereafter (Owner shall deliver to City a report (the "Quarterly Report"), pursuant to the quarterly payment schedule discussed hereinabove) showing (i) Gross Receipts from commercial cannabis activities for the immediate prior three months received by Owner, and a cumulative total of all amounts of Gross Receipts from commercial cannabis activities received by Owner for the calendar year, (ii) a calculation of the quarterly payment due to City for the prior three months, and (iii) a calculation of the cumulative total of all quarterly payments for the calendar year.

2) Statement of Receipts/Annual Audit. The Owner shall keep complete, accurate and appropriate books and records of all receipts from operations in accordance with generally accepted accounting principles ("GAAP") or other comprehensive version of accounting. For purposes herein, "books and records" shall mean all bookkeeping or accounting documents Owner typically utilizes in managing its business operations relating to the Project. Such books and records, as well as all other relevant documents as the City Manager may reasonably require, shall, upon reasonable written notice, be open for inspection by City, its auditors or other authorized representatives. If at any time during the term such books and records prove inadequate in the reasonable judgment of City to record the Gross Receipts from commercial cannabis activities as herein required, Owner shall, upon the written request of the City, procure and maintain such books and records as shall be of a character and from adequate for such purpose. City shall have the right to audit and examine such books, records and documents and other relevant items in the possession of Owner, on no more than an annual basis, or at any time other upon reasonable basis therefor substantiated the City, to the extent necessary for a proper determination of Gross Receipts from commercial cannabis activities, and all such books, records, documents and other items shall be held available for such audit and examination. The City's audit shall be performed by a non-contingency fee, regionally recognized independent auditor approved in advance by the City. Upon request by City, Owner shall make all such books, records and documents available to the City Manager, his designee, or to the City approved auditor, and provide removable copies thereof, within thirty (30) days of the date of City's request. Owner shall pay all reasonable costs of such audits. Owner shall preserve such books, records, documents, and other items in Montebello for a period of not less than one (1) years for the purpose of auditing or re-auditing these accounts upon reasonable notice; except that, if an audit is made within the seven-year period and Owner claims that errors or omissions have occurred, the books and records shall be retained and made available until those matters

are resolved. City shall keep strictly confidential all statements of revenue furnished by Owner and all other information concerning Owner's operation of the Site obtained by City as a result of the inspection audit and examination privileges of City hereunder (i.e. receipts and tax filings), except as otherwise required by a court order. If City receives a request for such information pursuant to the Public Records Act (California Government Code Section 6250, et seq.), City shall provide Owner notice of any such request prior to disclosing any such information and shall refuse to disclose such information until such time as Owner has been given notice and afforded the opportunity to obtain a protective order. Within seven (7) years after the receipt of any statement of receipts under this Agreement, City at any time shall be entitled to carry out an audit of such revenue either by City or agent to be designated by City. If it shall be determined as a result of such audit that there has been a deficiency in any payment due under this Agreement made on the basis of such statement, then such deficiency shall become immediately due and payable within thirty (30) days of such determination.

3) Copies of Tax Filings. Owner shall provide the City with courtesy copies of each and every report Owner is required to provide to the County of Los Angeles or the State of California for sales, use, cannabis excise, or other gross receipts type taxes at the time such filings are required to be made, including any lawful extensions thereof.

b. Future Revenue Mechanisms. During the term of this Agreement, if the City imposes (by Citizen Initiative) an alternative revenue mechanism specifically related to commercial cannabis activities (e.g., a cannabis tax), Owner agrees to renegotiate in good faith the terms of this Development Agreement with the City so as to comply with an alternative revenue mechanism to the extent the alternative revenue mechanism does not result in higher annual fees than the fees required under this Agreement. As used in this section, "alternative revenue mechanism" does not include taxes, fees, or assessments levied on or collected from both cannabis and non-cannabis operations.

9. Insurance and Indemnity

a. Insurance. Owner shall require all persons doing work on the Project, including its contractors and subcontractors (collectively, "Owner" for purposes of this Section 9 only), to obtain and maintain insurance of the types and in the amounts described in this section and its subsections with carriers reasonably satisfactory to City.

b. General Liability Insurance. Owner shall maintain commercial general liability insurance or equivalent form with a limit of not less than One Million Dollars ($1,000,000) (or as otherwise approved, in writing, by City) per occurrence and Two Million Dollars ($2,000,000) in the aggregate. Such insurance shall also:

1) Name City, its elected and appointed councils, boards, commissions, officers, agents, employees, and representatives as "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insured.

2) Be primary with respect to any insurance of self-insurance programs covering City, its officials, employees, agents, and representatives.

3) Contain standard separation of insured provisions.

c. Automobile Liability Insurance. Owner shall maintain business automobile liability insurance or equivalent form with policy limits that are in commercially reasonable amounts and in compliance with state law for such automotive liability insurance for each accident for the vehicles Owner operates in connection with its cannabis business. Such insurance shall include coverage for owned, hired, and non-owned automobiles. Such insurance shall also:

1) Name City, and work in good faith with the City and the insurers to name additional insureds as deemed reasonably necessary. "Additional Insureds" by endorsement with respect to performance of this Agreement. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed additional insureds;

2) Be primary with respect to any insurance or self-insurance programs covering City, its officials, employees, agents, and representatives;

3) Contain standard separation of insured provisions.

d. Workers' Compensation Insurance. Owner shall take out and maintain during the term of this Agreement, the statutorily required minimum amount of workers' compensation insurance in accordance with applicable state workers' compensation laws for all of Owner's employees employed at or on the Project, and in the event any of the work is subcontracted, Owner shall require any general contractor or subcontractor similarly to provide workers' compensation insurance for such contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Owner. In case any class of employee engaged in work on the Project is not protected under any workers' compensation law, Owner shall provide and shall cause each contractor and subcontractor to provide adequate insurance for the protection of employees not otherwise protected. Owner hereby indemnifies City for any damage resulting from failure of Owner, its agents, employees, contractors, or subcontractors to take out or maintain such insurance. Workers' compensation insurance with statutory limits and employer's liability insurance of not less than the required statutory limits for each accident shall be maintained.

e. Other Insurance Requirements. Owners shall do all of the following:

1) Prior to taking any actions under this Agreement, furnish City with properly executed certificates of insurance that clearly evidenced all insurance required in this Section, including evidenced that such insurance will not be canceled, allowed to expire, or be materially reduced in coverage without thirty (30) days prior written notice to City.

2) Provide to City, upon request, and within seven (7) calendar days of said request, certified copies of endorsements and policies, and properly executed certificates of insurance evidencing the insurance required herein.

3) Replace or require the replacement of certificates, policies and endorsements for any insurance required herein expiring prior the termination of this Agreement.

4) Maintain all insurance required herein from the Effective Date of this Agreement to the earlier of the expiration of the term or the mutual written termination of this Agreement.

5) Place all insurance required herein with insurers licensed to do business in California with a current Best's Key Rating Guide reasonably acceptable to City.

f. Indemnity. Owner agrees to indemnify, defend, and hold City, and its elected and appointed council, boards, commissions, officers, agents, employees, contractors, consultants and representatives, harmless from any and all claims costs and liability for any personal injury or property damage which may arise as a result of any actions or negligent omissions by Owner or Owner's contractors, subcontractors, agents, or employees in connection with the construction, improvement, or operation of the Project.

10. Termination

a. Termination upon End of Term. This Agreement shall terminate upon the expiration of the term, unless it is terminated earlier pursuant to the terms of this Agreement.

b. Effect of Termination on Owner's Obligations. Termination of this Agreement shall eliminate any further obligation of Owner to comply with this Agreement, or some portion thereof, if such termination relates to only part of the Site or Project. Termination of this Agreement, in whole or in part, shall not, however, eliminate or otherwise limit the rights of Owner to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

c. Effect of Termination on City's Obligations. Termination of this Agreement shall eliminate any further obligation of City to comply with this Agreement, or some portion thereof. Termination of this Agreement shall not, however, eliminate the rights of City to seek any applicable and available remedies or damages based upon acts or omissions occurring before termination.

d. Survival after Termination. The rights and obligations of the Parties set forth in Section 14, Section 20, and Subsection 22(c), and Subsection 22(e), and any right or obligation of the Parties in this Agreement which, by its express terms or nature and context is intended to survive termination of this Agreement, will survive any such termination.

11. Resources Efficiency

Owner shall in good faith endeavor to reduce its environmental impact when possible. The design of the Site shall include reasonable water and energy conservation measures in accordance with applicable State regulations and the CUP.

12. Standard Conditions for Construction

During any on-site construction activities related to development of the Site and any buildings thereon, or renovation or remodeling of existing buildings, Owner shall comply with all applicable terms and conditions of City's standard conditions for construction and the CUP. The Project shall comply with the applicable parking standards in accordance with the CUP.

13. Defaults and Remedies

a. Remedies in general. It is acknowledged by the Parties that City would not have entered into this Agreement if it were to be liable in damages under this Agreement, or with respect to this Agreement or the application thereof, except as hereinafter expressly provided. Subject to extensions of time by mutual consent in writing, failure to delay by either party to perform any term or provision of this Agreement beyond a reasonable notice and cure period shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) day notice in writing specifying the nature of the alleged default and the manner in which said default may be satisfactorily cured during any such thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings. Notwithstanding the foregoing to the contrary, if the alleged default is of such a nature that it cannot be reasonably cured within thirty (30) days, the alleged defaulting party shall not be deemed in default as long as such party commences to cure such default within such thirty (30) day period and thereafter diligently prosecutes such cure to completion.

After notice and expiration of the thirty (30) day period, the other party to this Agreement, at its option, may institute legal proceedings pursuant to this Agreement.

In general, each of the parties hereto may pursue any remedy at law or equity available for the breach of any provision of this Agreement, except that City shall not be liable for monetary damages, unless expressly provided for this Agreement, to Owner, to any mortgagee or lender, or to any successors in interest of Owner or mortgagee or lender, or to any other person, and Owner covenants on behalf of itself and all successors in interest to the Property or any portion thereof, not to sue for damages or claim any damages.

1) For any breach of this Agreement or for any cause of action which arises out of this Agreement; or

2) For the impairment or restriction of any right or interest conveyed or provided under, with, or pursuant to this Agreement, including, without limitation, any impairment or restriction which Owner characterizes as a regulatory taking or inverse condemnation; or

3) Arising out of or connected with any dispute, controversy or issue regarding the application or interpretation or effect of the provisions of this Agreement.

Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from the exercise by City of its power of eminent domain. Nothing contained herein shall modify or abridge Owner's rights or remedies (including its rights for damages, if any) resulting from bad faith intentional acts, the grossly negligent or malicious acts of City and its officials, officers, agents and employees. Nothing herein shall modify or abridge any defenses or immunities available to City and its employees pursuant to the Government Liability Act and all other applicable statutes and decisional law.

Except as set forth in the preceding paragraph relating to eminent domain, Owner's remedies shall be limited to those set forth in this Subsection 13(a), Subsection 13(b), and Subsection 13(c).

Notwithstanding anything to the contrary contained herein, City covenants as provided in Civil Code Section 3300 not to sue for or claim any consequential damages or, in the event all or a portion of the Site is not developed, for lost profits or revenues which would have accrued to City as a result of the development of the Site.

b. Specific Performance. The Parties acknowledge that money damages and remedies at law are inadequate, and specific performance and other non-monetary relief are particularly appropriate remedies for the enforcement of this

Agreement and should be available to all parties for the following reasons:

Due to the size, nature and scope of the Project, it may not be practical or possible to restore the Site to its natural condition once implementation of this Agreement has begun. After such implementation, Owner may be foreclosed from other choices it may have had to use the Site or portions thereof. Owner has invested significant time and resources and performed extensive planning and processing of the Project in agreeing to the terms of this Agreement and will be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Owner for such efforts; the parties acknowledge and agree that any injunctive relief may be ordered on an expedited, priority basis.

c. Release. Except for those remedies set forth in Subsections 13(a), 13(b), and 13(c), Owner, for itself, its successors and assignees, hereby releases City, its officers, agents and employees from any and all claims, demands, actions, or suits of any kind or nature arising out of any liability, known or unknown, present or future, based or asserted, pursuant to Article 1, Section 19 of the California Constitution, the Fifth Amendment of the United States Constitution, or any other law or ordinance which seeks to impose any other liability or damage, whatsoever, upon City because it entered into this Agreement or because of the terms of this Agreement.

Owner acknowledges that it may have suffered, or may suffer, damages and other injuries that are unknown to it, or unknowable to it, at the time of its execution of this Agreement. Such fact notwithstanding, Owner agrees that the release provided in this Subsection 13(c) shall apply to such unknown or unknowable claims and damages. Without limiting the generality of the foregoing, Owner acknowledges the provisions of California Civil Code Section 1542, which provide:

> ***"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."***

Owner hereby waives, to the maximum legal extent, the provisions of California Civil Code Section 1542 and all other statutes and judicial decisions of similar effect.

Owners' Initials

d. Termination of Agreement for Default of City. Owner may terminate this Agreement in the event of a default by City in the performance of a material term of this Agreement and only after providing written notice to City of default setting forth the nature of the default and the actions, if any, required by City to cure such default and, where the default can be cured, City has failed to take such actions and cure such default within thirty (30) days after the effective date of such notice or, in the event that such default cannot be cured within such thirty (30) day period but can be cured within a longer time, has failed to commence the actions necessary to cure such default within such thirty (30) day period and to diligently proceed to complete such actions and cure such default. Notwithstanding anything to the contrary, in the event that Owner deem it is necessary and/or advisable to cease operations in Montebello, then Owner may terminate this Agreement, and such termination shall be effective upon the date of written notice to the City.

e. Attorneys' Fees and Costs. In any action or proceeding between City and Owner brought to interpret or enforce this Agreement, or which in any way arises out of the existence of this Agreement or is based upon any term or provision contained herein, the "prevailing party" in such action or proceeding shall be entitled to recover from the non-prevailing party, in addition to all other relief to which the prevailing party may be entitled pursuant to this Agreement, the prevailing party's reasonable attorneys' fees and litigation costs, in an amount to be determined by the court. The prevailing party shall be determined by the court in accordance with California Code of Civil Procedure Section 1032. Fees and costs recoverable pursuant to this Subsection 13(e) include those incurred during any appeal from an underlying judgment and in the enforcement of any judgment rendered in any such action or proceeding.

f. Owner Default. No building permit shall be issued or building permit application accepted for any structure on the Site after Owner is determined by City to be in default of the terms and conditions of this Agreement until such default thereafter is cured by Owner or is waived by City. If City terminates this Agreement because of Owner's default, then City shall retain any and all benefits, including money or land received by City hereunder.

14. Third Party Litigation

a. General Plan Litigation. City has determined that this Agreement is consistent with its General Plan. Owner has reviewed the General Plan and concurs with City's determination.

City shall have no liability under this Agreement or otherwise for any failure of City to perform under this Agreement, or for the inability of Owner to develop the Site as contemplated by the Agreement, which failure to perform or inability to develop is as the result of a judicial determination that the General Plan, or portions thereof, are invalid or inadequate or not in compliance with law, or that this Agreement or any of City's actions in adopting it were invalid, inadequate, or not in compliance with the law.

b. Hold Harmless Agreement. Owner hereby agrees to, and shall hold City, its elective and appointive boards, commissions, officers, agents, attorneys, contractors, consultants and employees harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for property damage which may arise from Owner or Owner's contractors, subcontractors, agents, or employees' operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, agents, or employees operations under this Agreement, whether such operations be by Owner, or by any of Owner's contractors, subcontractors, or by any one or more persons directly or indirectly employed by, or acting as agent for Owner or any of Owner's contractors or subcontractors. Owner agrees to and shall defend City and its elective and appointive boards, commissions, officers, agents and employees from any suits or actions at law or in equity for damage caused, or alleged to have been caused, by reason of any of the aforesaid operations.

c. Indemnification. Owner shall defend, indemnify, and hold harmless City and its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees against and from any and all liabilities, demands, claims, actions or proceedings and costs and expenses incidental thereto (including costs of defense, settlement and reasonable attorneys' fees)which any or all of them may suffer, incur, be responsible for or pay out as a result of or in connection with any challenge to the legality, validity or adequacy of any of the following: (i) this Agreement and the concurrent and subsequent permits, licenses and entitlements approved for the Project or Site; (ii) the environmental impact report, mitigated negative declaration or negative declaration, as the case may be, prepared in connection with the development of the Site; and (iii) the proceedings undertaken in connection with the adoption or approval of any of the above. In the event of any legal or equitable action or other proceeding instituted by any third party (including a governmental entity or official) challenging the validity of any provision of this Agreement or any portion thereof as set forth herein, the parties shall mutually cooperate with each other in defense of said action or proceeding. Notwithstanding the above, City, at is sole option, may tender the complete defense of any third-party challenge as described herein. In the event City elects to contract with special counsel to provide for such a defense, City shall meet and confer with Owner regarding the selection of counsel, and Owner shall pay all costs related to retention of such counsel.

d. Environmental Contamination. Owner shall indemnify and hold City, its elective and appointive boards, commissions, officers, agents, attorney's, contractors, consultants and employees free and harmless from any liability, based or asserted, upon any act or omission of Owner, its officers, agents, employees, subcontractors, predecessors in interest, successors, assigns and independent contractors, excepting and acts or omissions of City as successor to any portions of the Site dedicated or transferred to City by Owner and further excepting any environmental conditions not within Owner's control nor directly associated with a Permitted Use, for any violation of any federal, state or local law, ordinance or regulation relating to industrial hygiene or to environmental conditions on, under or about the Property, including, but not limited to, soil and groundwater conditions, and Owner shall defend, at its expense, including attorneys' fees, City, its officers, agents and employees in any action based or asserted upon any such alleged act or omission. City may in its discretion participate in the defense of any such claim, action or proceeding.

The provisions of this Section 14(d) do not apply to environmental conditions that predate Owner's ownership or control of the Site or applicable portion; provided, however, that the foregoing limitation shall not operate to bar, limit or modify any of Owner's statutory or equitable obligations as an owner or seller of the Site.

e. City to Approve Counsel. With respect to Subsections 14(a) through 14(d) only, City reserves the right to approve the attorney(s) which Owner selects, hires or otherwise engages to defend City hereunder, which approval shall not be unreasonably withheld, conditioned, or delayed.

f. Accept Reasonable Good Faith Settlement. City shall not reject any reasonable good faith settlement offer regarding claims contemplated in this Section 14. If City does reject a reasonable, good faith settlement that is acceptable to Owner, Owner may enter into a settlement of the action, as it relates to Owner, and City shall thereafter defend such action (including appeals) at its own cost and be solely responsible for any judgment rendered in connection with such action. This Subsection 14(f) applies exclusively to settlements pertaining to monetary damages or damages which are remedial by the payment of monetary compensation. Owner and City expressly agree that this Subsection 14(f) does not apply to any settlement that requires an exercise of City's police powers, limits City's exercise of its police powers, or affects the conduct of City's municipal operations.

g. Survival. The provisions of Subsections 14(a) through 14(f) inclusive, shall survive the termination or expiration of the Agreement.

15. California Environmental Quality Act

Owner shall reimburse City for any and all reasonable costs incurred by City related to project review under the California Environmental Quality Act (CEQA), Public Resources Code, §§21000-21189.3, and the Guidelines for California Environmental Quality Act, California Code of Regulations, Title 14, §§15000-15387. If reasonably requested by City, Owner shall conduct and pay for any required CEQA reviews and analyses. The City has found that the proposed Project is Categorically Exempt from California Environmental Quality Act (CEQA) requirements under provisions of CEQA Guidelines **Section 15301** – Existing Facilities. This exemption applies to projects characterized as alterations to existing facilities meeting the conditions described in **Section 15301**.

16. Rules, Regulations, and Official Policies

Except as otherwise provided in this Agreement, the rules, regulations, and official policies of City governing permitted uses of the land, governing density, and governing the design, improvements, and construction standards and specifications applicable to the development of the Project subject of this Agreement, shall be those rules, regulations, and official policies of City in force as of the Effective Date of this Agreement. This Agreement does not prevent City, in subsequent actions applicable to the Site, from applying new rules, regulations, and policies which do not conflict with those rules, regulations, and policies applicable to the property as set forth herein, nor does this Agreement prevent City from denying or conditionally approving any subsequent development project application (i.e. not the Project) based on such existing or new rules, regulations, or policies.

17. CUP Conditions of Approval

Owner shall comply with all conditions of approval of the City-issued CUP. If there is any conflict between a term of this Agreement and a condition of approval of the City-issued CUP, then the most restrictive shall apply.

18. Periodic Reviews

This Agreement shall be subject to annual review. The Owner executing this Agreement, or successor in interest thereto, shall demonstrate good faith compliance with the terms of this Agreement. If, as a result of such periodic review, City finds and determines, based on substantial evidence, that Owner executing this Agreement, or successor in interest thereto, has not materially complied in good faith with the terms or conditions of this Agreement, City may terminate or modify this Agreement (except no modification shall increase Owner's liability nor reduce Owner's rights), provided that City shall first provide Owner notice of its intent to terminate, with a detailed explanation as to why, and provide Owner the reasonable right to cure the same.

a. Periodic Review. City Council shall review this Agreement annually, on or before each anniversary of the Effective Date, in order to ascertain Owner's good faith compliance with this Agreement. During the periodic review Owner shall be required to demonstrate good faith compliance with the terms of the Agreement, through submitting an annual monitoring report, records, or equivalent written materials to the Planning Department. The Planning Department will schedule a hearing on the periodic review of the Development Agreement on or following the anniversary of the Effective Date, but Owner has no obligation to compel such hearing, and no implication will be made to Owner's detriment if a hearing is not in fact held. Owner shall document any request for an extension of the term due to delays beyond the control of Owner (see Subsection 22(g), "Force Majeure"). Owner shall submit an annual review and administration fee deposit not to exceed City's estimated internal and third-party costs associated with the review and administration of this Agreement during the succeeding year. City shall provide Owner said estimate a reasonable time in advance of the annual review and administration fee deposit being due.

b. Conditional Use Permit. The operation of the business at all times shall be required to comply with the CUP and this Agreement.

c. Special Review. City Council may order a special review of compliance with this Agreement at any time. The City Manager, Community Development Director, or his or her designee(s) shall conduct such special review. During a special review, Owner shall be required to demonstrate good faith compliance with the terms of the Agreement. The burden of proof on this issue shall be on Owner.

d. Review Hearing. At the time and place set for the special or periodic review hearing, Owner shall be given an opportunity to be heard. If City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this Agreement, City Council may terminate this Agreement notwithstanding any other provision of this Agreement to the contrary, or modify this Agreement and impose such conditions as are reasonably necessary to protect the interests of City. The decision of City Council shall be final, subject only to judicial review pursuant to Code of Civil Procedure Section 1094.5.

e. Certificate of Agreement Compliance. If, after a periodic or special review, Owner is found to be in compliance with this Agreement, and if Owner requests it, City shall issue a Certificate of Agreement Compliance ("Certificate") to Owner stating that after the most recent periodic or special review, and based upon the information known or made known to the Planning Director and City Council, that (i) this Agreement remains in effect and (ii) Owner is not in default. City shall not be bound by a Certificate if a default existed at the time of the periodic or special review, but was concealed from or otherwise not known to the Planning Director and City Council, regardless of whether the Certificate is relied upon by assignees or other transferees or Owner.

f. Failure to Conduct Review. City's failure to conduct a periodic review of this Agreement shall not constitute a breach of this Agreement.

g. Cost of Review. The reasonable costs incurred by City in connection with the periodic reviews shall be borne by Owner.

19. Assignment

Assignment by Owner. Owner shall not transfer, delegate, sublet or assign its interest, rights, duties, and obligations under this Agreement without the prior written consent of City, which consent shall not be unreasonably withheld. Owner shall submit a transfer application to the City Manager or City Manager's designee and pay any applicable transfer fee. The proposed transferee must show proof of lawful transfer of possession of the applicable location as may be acceptable to the City. Owner is aware it may take the City approximately six (6) months to process a transfer application.

Any assignment, delegation, subletting or assignment without the prior written consent of City shall be null and void. Any transfer, delegation, subletting or assignment by Owner as authorized herein shall be effective only if and upon the party to whom such transfer, delegation, subletting or assignment is made is issued a CUP as required under Montebello Municipal Code Chapters 5.90 and 17.71.

Owner shall also comply with all proposed assignments and changes, including assignment and changes impacting a Development Agreement or a CUP, as required pursuant to state law, and Montebello Municipal Code Chapters 5.90 and 17.71.

20. Operating Commercial Cannabis Facility

Any Party to this Agreement, or successor in interest thereto, shall not operate a commercial cannabis facility authorized under the municipal code unless:

a. It is the holder of a valid CUP issued by City in accordance with the procedures and requirements of Montebello Municipal Code Chapters 5.90 and 17.71; and,

b. At such time as the State of California requires commercial cannabis facilities and businesses to hold a valid license or permit issued by the State of California, it also holds such license or permit, unless, however, such permit or license is not required by the State of California for the type of commercial cannabis facility or business operation that is the subject of this Agreement.

21. Notices

Any notice or communication required hereunder between City and Owner must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City:	City of Montebello 1600 W. Beverly Blvd Montebello, California 90640 Attention: City Manager
With a copy to:	City Attorney 13181 Crossroads Parkway North Suite 400 – West Tower City of Industry, California 91746
If to Owner:	Telem Enterprises 8127 Slauson Avenue Montebello, CA 90640
With a copy to:	Jonatan Cvetko 4733 Torrance Blvd. #889 Torrance, CA 90277
If to Landlord:	Jack Cline, Jr. 500 Citadel Drive Suite 140 Commerce, CA 90040
With a courtesy copy to:	Mikael Long 501 Esplanade Apt. 122 Redondo Beach, CA 90277

22. Miscellaneous Provisions

Amendment or Cancellation. This Agreement may be amended, or canceled in whole or in part, only by the written mutual consent of the parties to this Agreement or their successors in interest, except that minor amendments that do not affect a substantive provision of this Agreement may be approved by the City Manager on behalf of the City. The decision whether a proposed amendment is "minor" shall be in the reasonable good faith discretion of the CityManager, and consistent with Montebello Municipal Code Chapters 5.90 and 17.71.

a. Waiver. Waiver by City of any one or more of the terms or conditions of this Agreement shall not be construed as waiver of any other term or condition under this Agreement.

b. Enforcement/Reserved Powers. Unless amended or canceled pursuant hereto, this Agreement shall be enforceable by any Party hereto, or successor in interest thereto, notwithstanding any subsequent change in any applicable general or specific plan, zoning, subdivision or building regulation, or municipal code amendment adopted by City that conflicts with the terms of this Agreement. However, this Agreement is subject to the City's "Reserved Powers." For purposes of this Agreement, "Reserved Powers" means the rights and authority excepted from this Agreement's restrictions on the City's police powers and which are instead reserved to the City. The Reserved Powers include the powers to enact regulations or take future discretionary actions after the Effective Date of this Agreement that: (1) are necessary to protect the public health and safety, and are generally applicable on a City-wide basis (except in the event of natural disasters as found by the City Council such as floods, earthquakes and similar acts of God); (2) are amendments to California Marijuana Laws or California Uniform Codes, as adopted by the City of Montebello, and/or the Montebello Municipal Code, as applicable, regarding the construction, engineering and design standards for private and public improvements to be constructed on the Site; (3) are necessary to comply with state or federal laws and regulations; or (4) involve sign and parking ordinances and guidelines, changes to the City's zoning laws, Specific Plan or the City's General Plan, whether adopted previous or subsequent to the Effective Date of this Agreement).

If any City ordinance, rule or regulation or addition to the Montebello Municipal Code is enacted or imposed by a citizen-sponsored initiative or referendum after the Effective Date that would conflict with this Agreement or an associated CUP, business license or other authorizations and City approvals, or reduce development rights or assurances provided to the Owner in this Agreement, then such changes, additions or deletions to the Montebello Municipal Code shall not be applied to the Site or Project. The parties shall cooperate with each other and undertake such reasonable actions as may be appropriate to ensure this Agreement remains in full force and effect and is implemented in accordance with its terms and to the fullest extent permitted by state or federal law.

Notwithstanding anything to the contrary in this Agreement, site improvements contemplated by this Agreement shall be completed pursuant to the development standards and design guidelines to be adopted by the zoning code amendment.

c. Severability. If any part of this Agreement is found to conflict with applicable state laws or regulations, such part shall be inoperative, null, and void insofar as it conflicts with said laws or regulations, or modified or suspended as may be necessary to comply with such state laws or regulations, but the remainder of this Agreement shall continue to be in full force and effect.

d. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution of this Agreement may be by actual, facsimile, or electronic signature.

e. Jurisdiction. The law governing this Agreement shall be that of the State of California. Any suit brought by any party against any other party arising out of the performance of this Agreement or the breach, termination, enforcement, interpretation or validity thereof, shall be filed and maintained in the County of Los Angeles Superior Court.

f. Disclaimer. Despite California's commercial cannabis laws and the terms and conditions of this Agreement, or any CUP issued pertaining to Owner or the property specified herein, California commercial cannabis cultivators, manufacturers, retailers, transporters, distributors, or possessors may still be subject to arrest by state or federal officers and prosecuted under state or federal law. The Federal Controlled Substances Act, 21 USC § 801, prohibits the manufacture, distribution, and possession of cannabis without any exemptions for medical use.

g. Force Majeure. If delays are caused by unforeseen events beyond the control of Owner, such delays will entitle Owner to an extension of time as provided in this Section 22. Such unforeseen events ("Force Majeure") shall mean war, insurrection, acts of God, local, state or national emergencies, strikes and other labor difficulties beyond the party's control, or any default by City hereunder, which Force Majeure event substantially interferes with the development, construction or operation of the Project.

h. Costs and Fees. Intentionally omitted.

i. Constructive Notice and Acceptance. Every person who after the Effective Date of this Agreement owns or acquires any right, title, or interest to any portion of the Site, is and shall be conclusively deemed to have consented and agreed to every provision contained herein, whether or not any reference to this Agreement is contained in the instrument by which such person acquired an interest in the Site, and all rights and interests of such person in the Site shall be subject to the terms, requirements, and provisions of this Agreement.

j. Binding Effect of Recitals. The Parties agree that the Recitals above are true and correct and intend to be bound by same.

k. Project as a Private Undertaking. It is specifically understood and agreed by and between the parties hereto that the development of the Project is a private development, that neither party is acting as the agent of the other in any respect hereunder, and that each party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint venture or other association of any kind is formed by this Agreement. The only relationship between the City and the Owner is that of a government entity regulating the development of private property and the owner of such property.

l. Changes to Project. The parties acknowledge that changes to the Project and related approvals may be appropriate and mutually desirable to carry out the intent and purpose of this Agreement. This Agreement shall not prevent the City from applying, with the consent or at the request of the Owner, *Subsequent Land Use Regulations* or *Subsequent Development Approvals* that do not directly conflict with the Site authorized under this Agreement. The granting of one such change or request shall not obligate the City to grant other similar changes or requests. As used herein, "*Subsequent Development Approvals*" include, without limitation, all excavation, grading, building, construction, demolition, encroachment or street improvement permits, occupancy certificates, utility connection authorizations, or other non-discretionary permits or approvals necessary, convenient or appropriate for the Project. As used herein, "*Subsequent Land Use Regulations*" means ordinances, resolutions and codes adopted or approved by the City after the Effective Date of this Agreement governing the development and use of the land, including general plan amendments, zone changes, variances or conditional use permits affecting the permitted use of the land including density or intensity of use, subdivision requirements, the maximum height and size of proposed buildings, the provisions of reservation or Dedication of land for public purposes, and the design, improvement and construction and initial occupancy standards and specifications applicable to the Development of the Property.

m. Conflicting Federal or State Rules. In the event that any conflicting federal or state laws or regulations, enacted after the Effective Date, prevent or preclude compliance with one or more provisions of this Agreement or require changes in plans, maps or permits approved by the City, *this Agreement shall remain in full force and effect as to those provisions not affected*; and

(i) Notice of Conflict. Either party, upon learning of any such matter, will provide the other party with written notice thereof and provide a copy of any such law, regulation or policy together with a statement of how any such matter conflicts with the provisions of this Agreement; and

(ii) Modification Conferences. The parties shall, within thirty (30) days of the notice referenced to in the preceding subsection, meet and confer in good faith and attempt to modify this Agreement to bring it into compliance with any such federal or state law or regulation.

(iii) City Council Hearings. In the event the City believes that an amendment to this Agreement is necessary due to the effect of any federal or state law or regulation, the proposed amendment shall be scheduled for hearing before the City Council. The City Council shall determine the exact nature of the amendment necessitated by such federal or state law or regulation. Owner shall have the right to offer oral and written testimony at the hearing. Any modification ordered by the City Council pursuant to such hearing is subject to judicial review in accordance with California law.

(iv) City Cooperation. The City shall cooperate with Owner in securing any City permits, licenses or other authorizations that may be required as a result of any amendment resulting from actions initiated by the City. As required by this Agreement, Owner shall be responsible to pay all applicable fees in connection with securing of such permits, licenses or other authorizations.

n. Effective Date. "Effective Date" means either the date of this Agreement approved by the City Council or the date of the CUP's approval by the City Planning Commission, whichever comes later.

o. Authority to Sign. Each Party or responsible officer or governing body therefore, has read this Agreement and understands and knows the contents thereof, and represents and warrants that each of the officers or agents executing this Agreement on behalf of their respective corporations, partnerships, or other organizations is empowered to do so and hereby binds the respective corporation, partnership, or other organization. Additionally, Owner represents and warrants that each of the officers or agents executing this Agreement on behalf of its corporation, partnership, or other organization is an "owner" as defined by California Business and Professions Code Section 26001 and hereby binds the respective corporation, partnership, or other organization.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF MONTEBELLO

Salvador Melendez
Mayor

Telem Enterprises, LLC

Name: Robin Robinson
Title: Owner and Managing Member

APPROVED AS TO FORM:

City Attorney
City of Montebello

AGREEMENT NO. 3719

FIRST AMENDMENT TO, AND ASSIGNMENT AND ASSUMPTION OF, COMMERCIAL CANNABIS BUSINESS DEVELOPMENT AGREEMENT NO. 26-19

THIS FIRST AMENDMENT TO, AND ASSIGNMENT AND ASSUMPTION OF, COMMERCIAL CANNABIS DEVELOPMENT AGREEMENT NO. 26-19 (the "First Amendment") is entered into this 27TH day of May, 2020, by and between the CITY OF MONTEBELLO ("City"), a California municipal corporation, TELEM ENTERPRISES, LLC ("Owner"), a California limited liability company, and CENTRO, LLC ("Assignee/New Owner"), a California limited liability company. Owner may also be referred to herein as ("Assignor"). City, Owner, Assignee/New Owner are sometimes referenced together herein as the "Parties." In instances when a provision hereof applies to each of the Parties individually, either may be referenced as a "Party."

The Parties hereby jointly render the following statement as to the background facts and circumstances underlying this First Amendment to, and Assignment and Assumption of, Commercial Cannabis Development Agreement No. 26-19:

RECITALS

A. **WHEREAS,** on February 14, 2018, Ordinances No. 2399 and No. 2400 came into effect authorizing specified commercial cannabis activities within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions.

B. **WHEREAS,** on June 13, 2018, Ordinances No. 2404 and 2405 came into effect amending specified commercial cannabis activities authorized by Ordinances No. 2399 and No. 2400 within the City of Montebello, in strict compliance with Applicable Cannabis Laws, under specified conditions and provisions.

C. **WHEREAS,** no such commercial cannabis activities are allowed or authorized in the City without a Conditional Use Permit, a Development Agreement, and all requirements pursuant to Montebello Municipal Code Chapters 5.90 and 17.71.

D. **WHEREAS**, Owner applied to this City for a Conditional Use Permit *(hereinafter* "CUP") to conduct commercial cannabis activities.

E. **WHEREAS,** after conducting a duly noticed CUP hearing on November 5, 2019, in conjunction with the City's applicable ordinances and resolutions, the Planning Commission of the City reviewed, considered and approved environmental clearance and approved the execution of CUP NO. 26-19.

F. **WHEREAS**, on December 18, 2019, the City Council of the City of Montebello approved the execution of "COMMERCIAL CANNABIS BUSINESS DEVELOPMENT AGREEMENT NO. 26-19 BETWEEN THE CITY OF MONTEBELLO AND TELEM ENERPRISES, LLC," (the "Development Agreement").

G. **WHEREAS**, Article 19 of the Development Agreement, "Assignment by Owner," prohibits the transfer, delegation, sublet or assignment by Owner of any portion of Owner's interests, rights, duties, and obligations described in Development Agreement without prior written consent and approval by the City, as required under Montebello Municipal Code Chapters 5.90 and 17.71.

H. **WHEREAS,** pursuant to Article 19 of the Development, the proposed transferee is required to show proof of lawful possession or transfer of possession of the applicable location, and assume all interests, rights, duties and obligations in the CUP.

I. **WHEREAS,** it is the intention of TELEM ENTERPRISES, LLC ("Assignor") to transfer, sell and assign 100% of its interest to the Development Agreement and CUP to CENTROL, LLC ("Assignee"), becoming 100% owner of the Development Agreement and CUP, with the legal limitations that the CUP runs with the land, here, specifically, with real property as discussed herein.

J. **WHEREAS**, Assignor intends to assign, and Assignee intends to assume, all assignable interests, rights, duties and obligations under the Development Agreement and the CUP.

K. **WHEREAS,** in accordance with the terms of the Development Agreement, including Article 19, Owner/Assignor and Assignee have provided to the City of Montebello a written application form to a modification to the Development Agreement and CUP for City's consent to assignment and change of ownership. The City has received application for modification materials, information and requisite fees it deems sufficient, appropriate and complete for the purpose of determining that Assignee is a qualified applicant for purposes of the foregoing terms of the Development Agreement and the CUP, including showing the requisite proof of lawful transfer and holding of legal or equitable interest in real property considered in the Development Agreement and CUP, located at 8127 Slauson Avenue, Montebello, CA, 90640, with Assessor Parcel Number 6354-030-003 ("Property" or "Site").

L. **WHEREAS,** this First Amendment is intended to meet the requirements of Article 19 of the Development Agreement and applicable Montebello Municipal Code provisions regulating an assignment and assumption agreement between Assignor and Assignee, and is executed with the consent of City of Montebello as contemplated in the Development Agreement.

M. **WHEREAS**, on May 27, 2020, the City Council of the City of Montebello reviewed, considered, and approved this FIRST AMENDMENT TO, AND ASSIGNMENT AND ASSUMPTION OF, COMMERCIAL CANNABIS DEVELOPMENT AGREEMENT NO. 26-19, by and between the CITY OF MONTEBELLO, Assignor TELEM ENTERPRISES, LLC, and Assignee CENTRO, LLC.

N. **WHEREAS**, all procedures of the California Environmental Quality Act ("CEQA"), California Public Resources Code §21000 et seq., and the CEQA guidelines, title 14 of the California Code of Regulations, chapter 3, §15000 et seq. have been satisfied as the City previously found that the proposed project was Categorically Exempt from California Environmental Quality Act (CEQA) requirements under provisions of CEQA Guidelines **Section 15301** – Existing Facilities as change of ownership does not have any further environmental impact from what was previously found by the City.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Parties do hereby agree as follows:

<u>Section 1</u>: Recitals.

The Recitals above are true and correct and are hereby incorporated into and made a part of this First Amendment. In the event of any inconsistency between the Recitals and the provisions of this First Amendment, herein below, said provisions of this First Amendment shall prevail.

<u>Section 2</u>: Assignment and Assumption of Development Agreement and corresponding Conditional Use Permit.

2.1. Assignor hereby assigns, transfers, and conveys to Assignee all of Assignor's rights, interests, duties, burdens and obligations under the Development Agreement and the Conditional Use Permit (also referred herein as "Assignable Rights").

2.2. Assignee hereby assumes all of the rights, interests, duties, burdens and obligations of Assignor under the Development Agreement and Conditional Use Permit, and agrees to observe and fully perform all of the duties and obligations of Assignor under the Development Agreement, and respective Conditional Use Permit, and to be subject to all the terms and conditions thereof, with respect to the Property and Assignable Rights. It is the express intention of Assignor and Assignee that, upon the execution of this First Amendment, Assignee shall become substituted for Assignor as the "Owner" under the Development Agreement and the corresponding Conditional Use Permit in relation to the Property.

2.3. This First Amendment shall take effect and be binding only upon City of Montebello City Council's consent to and approval of the First Amendment, and as further outlined hereinbelow under Section 5.

2.4. Assignee represents and warrants that it has reviewed and is familiar with the terms and conditions of the Development Agreement and the Conditional Use Permit. Assignee acknowledges that the Assignable Rights are as set forth within the Development Agreement, the Conditional Use Permit, and the duties of Assignor thereunder and the duties of Assignee hereunder, as between Assignee and the City, shall be without reference to any underlying agreements or understandings that may exist between Assignee, Assignor, or any other party with respect to the subject matter hereof, and that the City is not party to such other agreements.

2.5. All the covenants, terms, and conditions set forth herein shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, successors, and assigns.

2.6. <u>Exhibits</u>: Assignee has caused the re-execution, re-incorporation, and/or submittal of the following Exhibits, which are deleted in their entirety from the Development Agreement and are incorporated herein by this reference and shall be inserted in lieu thereof.

2.6.a. Exhibit D: Recorded Grant Deed or Executed Lease Agreement
2.6.b. Exhibit E: Property Owner Signed and Notarized Consent Form
2.6.c. Exhibit F: Conditions of Approval
2.6.d. Exhibit G: Labor Peace Agreement or Notarized Statement of Intent

<u>Section 3</u>: Amendments to Development Agreement. The following articles, sections, paragraphs or portions of the Development Agreement are hereby amended to read as follows:

3.1. ***The Entirety of the Development Agreement:*** "TELEM ENTERPRISES, LLC" shall be stricken and deleted throughout the entire Development Agreement, and shall be replaced with "CENTRO, LLC."

3.2. ***Section 2.b. Government Code and Municipal Code Required Elements; Owner and Other Person with Legal or Equitable Interest.***

Owner: **CENTRO, LLC**
Nature of Interest: *Lease for 5 years with Option to Renew for an additional 5 years.*

A true and correct copy of a recorded grant deed, or executed lease agreement, is attached hereto as Exhibit D, and incorporated herein by this reference.

If Owner is not the fee simple owner of the Site, check box below:

[x] Owner represents and warrants that the property owner has consented in writing to the execution of this Agreement against the Site. [See also attached Property Owner Signed and Notarized Consent Form wherein the property owner has acknowledged reading Montebello Municipal Code Chapters 5.90 and 17.71, incorporated herein by this reference (Exhibit E).]

3.3. ***Section 6.c. Community Relations, Employment, and Wages; Designation of Community Relations Liaison.***

Pursuant to Montebello Municipal Code Chapters 5.90 and 17.71, including, Commerce Municipal Code Section 5.61.300, at the time of this First Amendment, Owner's day-to-day operations manager, Jonatan Cvetko, will be responsible for community inquiries and complaints and on-site management during normal business hours.

3.4. ***Section 6.d. Community Relations, Employment, and Wages; Interface with Montebello Municipal Code / Inspections.***

Owner's day-to-day operations manager, and/or the Owner's Community Relations Liaison, Christian Nitu, will interface with the Montebello Police Department's assigned designee to ensure its operation complies with state and local laws and regulations. The City Manager, or designee, or the Montebello Police Department's assigned designee acting at the City Manager's request and per his or her specific and limiting instructions, shall have the right to enter all portions of the Site from time to time unannounced during hours of operation for the purpose of making reasonable inspections to observe and enforce compliance with this Agreement and Applicable Cannabis Laws, without the requirement of a search warrant, subpoena, or court order, and subject to appropriate cost recovery fees set forth in this Agreement, or adopted by the City.

4733 Torrance Blvd. #889
Torrance, CA 90277

If to Landlord: Jack Cline, Jr.
500 Citadel Drive Suite 140
Commerce, CA 90040

With a courtesy copy to: Mikael Long
501 Esplanade Apt. 122
Redondo Beach, CA 90277

Section 4: Effect of First Amendment and Continued Effectiveness of Development Agreement. Except as expressly modified herein, the Development Agreement shall remain in full force and effect, and all the terms and provisions of the Development Agreement are hereby reaffirmed. The provisions of this First Amendment are severable and separate, and should a legal challenge be brought challenging the First Amendment, including but not limited to, an action or proceeding – in equity or in law - such challenge shall in no way affect or impact the continued validity and existence of the Development Agreement.

Section 5: Effective Date. "First Amendment Effective Date" means the date on which all of the following are true: (i) this First Amendment has been signed by all Parties; (ii) the new applicant Owners have cleared all background check(s), and any related background verification(s), consistent with, and as required by, the City's laws and policies; (iii) all complete information and documentation supporting the application for this First Amendment have been submitted to the City; and (iv) Exhibits to this First Amendment are finalized, and same have been executed and/or notarized by all affected Parties (if applicable), and are attached hereto; provided, however, that if these conditions have not been fully satisfied by the Owner and/or Assignee/New Owner, the Effective Date may not thereafter occur and this First Amendment may not thereafter become effective.

Section 6: Authority to Sign. Each Party or responsible officer or governing body therefore, has read this First Amendment and understands and knows the contents thereof, and represents and warrants that each of the officers, members, or agents executing this First Amendment on behalf of their respective corporations, partnerships, or other organizations is authorized and empowered to do so and hereby binds the respective corporation, partnership, or other organization.

IN WITNESS HEREOF, the Parties hereto have executed this First Amendment as of the dates herein below.

[Signatures on the following page]

RA/JC Owner's Initials

3.5. *Section 17. CUP Conditions of Approval.*

Restatement of Compliance with CUP Conditions of Approval. New Owner and Assignee, collectively, CENTRO, LLC, shall comply with all conditions of approval of the City-issued CUP, as reflected and memorialized in Exhibit F, "Conditions of Approval," of the Development Agreement, and as also incorporated herein to this First Amendment, by this reference. If there is any conflict between a term of the Development Agreement, this First Amendment, and a condition of approval of the City-issued CUP, then the most restrictive shall apply.

3.6. *Section 21. Notice.*

Any notice or communication required hereunder between City and Owner must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (i) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (ii) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered, as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to City:	City of Montebello 1600 W. Beverly Boulevard Montebello, California 90640 Attention: City Manager
With a copy to:	City Attorney 13181 Crossroads Parkway North Suite 400 – West Tower City of Industry, California 91746
If to Owner:	CENTRO, LLC 8127 Slauson Avenue Montebello, CA 90640
With a copy to:	Jonatan Cvetko

CITY OF MONTEBELLO

Salvador Melendez
Mayor

Date: 7/20/2020

TELEM ENTERPRISES, LLC

Robin Robinson
Owner and Managing Member
[Assignor/Owner]

Date: 07/08/20

CENTRO, LLC

Christian Nitu, Owner and Member
[Assignee/New Owner]

Date: 07/07/20

CENTRO, LLC

Jonatan Cvetko, Owner and Member
[Assignee/New Owner]

Date: 07/07/20

CENTRO, LLC

Michael Long, Owner and Member
[Assignee/New Owner]

Date: 07/07/20

APPROVED AS TO FORM:

City Attorney
City of Montebello

Date: 7-28-2020