



**PLANNING COMMISSION
MEETING AGENDA**

TUESDAY, JUNE 16, 2026 AT 6:30 PM

**CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA**

PLANNING COMMISSION MEMBERS

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

CITY STAFF

**JOSEPH PALOMBI, DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT
VIVIANA ESPARZA, PLANNING MANAGER
JILLIAN PICADO, SENIOR ADMINISTRATIVE ASSISTANT**

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 Jillian Picado at (323) 887-1218 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 Jillian Picado 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, June 16, 2026, by 5:30 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 that are 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 PLANNING COMMISSION MINUTES – APRIL 21, 2026.**

PUBLIC HEARING

2. **REVOCAION OF CONDITIONAL USE PERMIT NO. 01-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 914 SOUTH VAIL AVENUE**

RECOMMENDATION:

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

1. Adopt Resolution No. 04-26 approving the revocation of Conditional Use Permit No. 01-19, which allows for commercial cannabis activity at 914 South Vail Avenue, due to the failure by CaliMed Management Group, LLC (“CaliMed”) to comply with the Conditions of Approval applicable to Conditional Use Permit No. 01-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 01-19 and Montebello Municipal Code Section 5.90.090.A; and
 2. Make a determination regarding the revocation of Conditional Use Permit No. 01-19, 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”]).
3. **REVOCAION OF CONDITIONAL USE PERMIT NO. 07-19 AND ASSOCIATED AMENDMENT NO. 07-19-M1 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 728 SOUTH VAIL AVENUE**

RECOMMENDATION:

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

1. Adopt Resolution No. 08-26 approving the revocation of Conditional Use Permit (“CUP”) No. 07-19 and associated amendment No. 07-19-M1, which allows for commercial activity at 728 South Vail Avenue, due to the failure by Saint’s Place LLC (“Saint’s Place”), to comply with the Conditions of Approval applicable to Conditional Use Permit No. 07-19 and amendment No. 07-19-M1, and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 07-19 and Montebello Municipal Code Section 5.90.090.A; and
2. Make a determination regarding the revocation of Conditional Use Permit No. 07-19 and amendment No. 07-19-M1, 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”]).

4. REVOCATION OF CONDITIONAL USE PERMIT NO. 03-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 1616 BEACH STREET

RECOMMENDATION:

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

1. Adopt Resolution No. 05-26 approving the revocation of Conditional Use Permit No. 03-19, which allows for commercial cannabis activity at 1616 Beach Street, due to the failure by GW Montebello Inc. (“GW Montebello”) to comply with the Conditions of Approval applicable to Conditional Use Permit No. 03-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 03-19 and Chapter 5.90 of the Montebello Municipal (“MMC”); and
2. Make a determination regarding the revocation of Conditional Use Permit No. 03-19, 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”]).

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 **July 7, 2026, at 6:30 p.m.** at City Hall Council Chambers located at 1600 W. Beverly Boulevard, Montebello, CA 90640.

I, Jillian Picado, Senior Administrative Assistant for the City of Montebello, hereby certify that a copy of this agenda has been posted on or before **Thursday, June 11, 2026, at 5:30 p.m.**



Senior Administrative Assistant



CITY OF MONTEBELLO

PLANNING COMMISSION MEETING AGENDA

MINUTES

TUESDAY, APRIL 21, 2026 AT 6:30 PM

**CITY HALL COUNCIL CHAMBERS
1600 WEST BEVERLY BOULEVARD
MONTEBELLO, CALIFORNIA**

CALL TO ORDER – Chair Medina called the meeting to order at 6:33 p.m.

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

PLEDGE OF ALLEGIANCE – Chair Medina.

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 APRIL 7, 2026.

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

PUBLIC HEARING

2. CONDITIONAL USE PERMIT (“CUP”) CASE NO. PC-2026-0018-CUP TO ALLOW THE UPGRADE OF A CALIFORNIA DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL (“ABC”) LICENSE FROM A TYPE 20

LICENSE (OFF-SALE BEER & WINE) TO A TYPE 21 LICENSE (OFF -SALE GENERAL) FOR AN EXISTING CONVENIENCE STORE LOCATED AT 300 SOUTH VAIL AVENUE (MONTEBELLO JR. MARKET)

Director Palombi introduced the item, followed by a presentation from Assistant Planner, Ms. Emilie Fernandez, regarding the approval of Conditional Use Permit No. PC-2026-0018-CUP to allow the upgrade of an ABC license from a Type 20 license (Off-Sale Beer & Wine) to a Type 21 license (Off-Sale General) for the existing convenience store located at 300 South Vail Avenue. Upon completion of the staff's presentation, Chair Medina inquired about the difference between a Type 20 versus a Type 21 license. Ms. Jennifer Odin, attorney at the Law Offices of Solomon, Saltsman, and Jameson and counsel to the applicant, approached the podium and provided a presentation on behalf of the applicant, Montebello Wine & Spirits, Inc., to provide further context on the project. Upon completion of Ms. Odin's presentation, Chair Medina invited the applicant to speak. Mr. Issa, the applicant, approached the podium to further discuss the project. Prior to opening public comment, the commissioners took an opportunity to ask the applicant and the applicant's counsel further questions regarding the project. Mr. Issa and Ms. Odin approached the podium to answer questions regarding letters of opposition that were received, community concern and safety, inebriated individuals, the difference in the licenses being discussed, as well as the business impact of being approved for a Type 21 license. Director Palombi further answered questions from the commissioners about establishment by right, the conditions of approval, and legal non-conforming use. The Public Hearing was opened at 7:06 p.m. Six (6) members of the public approached the podium to speak in favor of the applicant and the project, noting approval of the project due to convenience of attaining groceries, feeling safe, nice lighting, quality customer service, and overall being good for the community and the City. Upon completion of the public speaker's comments, Chair Medina again noted that 15 letters of opposition were received. The Public Hearing was closed at 7:16 p.m. Discussion returned to the commissioners for final questions and comments. Commissioners noted the lack of in-person representation of the opposition. Commissioners further commented on the applicant's preparedness for the presentation, the care the applicant has for the community, and the importance of establishing more regulatory control over the applicant's business that is permitted by the conditions of approval that the applicant must abide by. Vice-Chair Lomeli asked staff about what community members should do if they experience negative things while they are adjacent to or near a project like the one being presented. Director Palombi responded by advising Law Enforcement or Code Enforcement, depending on the circumstance. Director Palombi further explained that the CUP provides the City with the authority to bring this project back before the commission. Vice-Chair Lomeli motioned to adopt Resolution No. 07-26 conditionally approving CUP No. PC-2026-0018-CUP to allow the upgrade of an ABC license from a Type 20 license to a Type 21 license. Commissioner Morales seconded the motion. Ms. Esparza conducted a roll call vote, and the item was approved unanimously 4-0.

MOTIONED: Vice-Chair Lomeli

SECONDED: Commissioner Morales

APPROVED: 4-0-0-0

AYES: Chair Medina, Vice-Chair Lomeli, Commissioner Morales, and Commissioner Cuevas.

NOES: None.

ABSTAIN: None.

ABSENT: None.

PLANNING COMMISSION ORALS – None.

ADJOURNMENT

The meeting was adjourned at 7:26 p.m. to the next regularly scheduled meeting that will be held on May 5, 2026.

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. 01-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 914 SOUTH VAIL AVENUE**

DATE: June 16, 2026

RECOMMENDATION(S):

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

1. Adopt Resolution No. 04-26 approving the revocation of Conditional Use Permit No. 01-19, which allows for commercial cannabis activity at 914 South Vail Avenue, due to the failure by CaliMed Management Group, LLC (“CaliMed”) to comply with the Conditions of Approval applicable to Conditional Use Permit No. 01-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 01-19 and Montebello Municipal Code Section 5.90.090.A; and
2. Make a determination regarding the revocation of Conditional Use Permit No. 01-19, 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”]).

BACKGROUND:

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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, eight (8) are currently active and operating under at least one of their approved license types, eight (8) have had their CUPs revoked or declared null and void due to inactivity, and eight (8) are not in compliance with the requirements of the City's cannabis program.

CaliMed is among the eight that are not in compliance due to its failure to fulfill obligations required under Development Agreement No 01-19 (Please see Attachment E) and MMC Section 5.90.090.A.

On June 4, 2019, CaliMed received approval for Conditional Use Permit No. 01-19 from the City's Planning Commission to allow for the operation of commercial cannabis activity at 914 South Vail Avenue, followed by the execution of Development Agreement No. 01-19 on July 8, 2019, between the City of Montebello and CaliMed Management Group, LLC.

The City attempted to work with CaliMed, providing them with numerous opportunities over an extended period to pay their required fees and correct their standing with the City. After multiple notices and unsuccessful attempts to resolve the deficiencies, the City issued CaliMed a Final Notice of Default on July 29, 2025, advising CaliMed that the City would initiate revocation proceedings if all outstanding fees were not paid by August 28, 2025, pursuant to MMC 17.80.020.

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Additionally, on January 31, 2025, Mr. Gene Gonzalez, owner of the business, emailed the City to notify staff that all cannabis operations had ceased and the business was no longer operating. In the email, Mr. Gonzalez expressed an interest in transferring the business to another entity. Staff advised that CaliMed would first need to satisfy all outstanding financial obligations to the City before any amendments or transfers related to the Development Agreement could be considered.

As a result, the business has remained inactive, and its cannabis license is currently listed by the Department of Cannabis Control as surrendered and expired.

PUBLIC NOTIFICATION:

Pursuant to Chapter 17.78 (Public Hearings, Notices, and Appeals) of the Montebello Municipal Code (“MMC”), public notification was provided as follows:

- On June 4, 2026, the Public Hearing Notice (please see Attachment D) was published in the Montebello News.
- On June 4, 2026, the Public Hearing Notice was mailed to property owners within 300 feet of the subject property.
- On June 4, 2026, the Public Hearing Notice was uploaded to the City’s website.

ENVIRONMENTAL:

The request for revocation of Conditional Use Permit No. 01-19 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. 01-19.

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 CaliMed’s failure to comply with the requirements of the City’s cannabis program, despite being provided with ample notices and opportunities to come into compliance.

CaliMed Management Group, LLC

Below is a timeline detailing official relevant communication between the City and CaliMed Management Group, LLC.

- On January 23, 2025, the Director of Planning and Community Development mailed a Notice of Default to CaliMed. The letter advised that CaliMed pay all outstanding fees relating to the Montebello Community Benefits Program, which are due and payable to the City pursuant to CaliMed's obligations under the Development Agreement No. 01-19. The letter further provided a payment deadline of February 25, 2025. The letter delineates failure to cure all non-payments within the time permitted will result in suspension of business license and initiation of revocation proceedings of Conditional Use Permit 01-19.
- On January 31, 2025, Mr. Gene Gonzalez, owner of the business, emailed the City to notify staff that all cannabis operations had ceased and the business was no longer operating. In the email, Mr. Gonzalez expressed an interest in transferring the business to another entity. Staff advised that CaliMed would first need to satisfy all outstanding financial obligations to the City before any amendments or transfers related to the Development Agreement could be considered.
- On July 29, 2025, the Director of Planning and Community Development mailed CaliMed a Final Notice of Default. The letter advised that CaliMed pay all outstanding fees which are due and payable to the City pursuant to CaliMed's obligations under the Development Agreement No. 01-19. The letter further explained that CaliMed has failed to provide the City with Quarterly Reports showing quarterly gross receipts. CaliMed was informed that if they did not contact the City's Finance Department within 30 days of the letter, the City would assume CaliMed was not disputing the amounts demanded. The letter concluded by stating that failure to cure all defaults within the prescribed time would result in the suspension of CaliMed's business license, initiation of revocation proceedings of CaliMed's Conditional Use Permit for the subject property, or initiation of legal proceedings to terminate CaliMed's Development Agreement.

As demonstrated by the timeline of events outlined in this report, CaliMed has failed to comply with the requirements of the City's cannabis program, including the terms and conditions of its Conditional Use Permit, Development Agreement, and applicable provisions of the Montebello Municipal Code. Accordingly, the City is proceeding with revocation actions as previously noticed and communicated to CaliMed.

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. CaliMed's violations include, but are not limited to, the following:

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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. 36 – 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. 40 – 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. 04-26, authorizing the revocation of Conditional Use Permit No. 01-19 as specifically outlined in the Recommendation section of this report.

ATTACHMENT(S)

1. Attachment A - Planning Commission Resolution No. 04-26 (Revocation - CaliMed)
2. Attachment B - Planning Commission Resolution for CUP Approval (For Reference Only)
3. Attachment C - Correspondence with Operator
4. Attachment D - Public Hearing Notice
5. Attachment E - Development Agreement No. 01-19

ATTACHMENT A

MONTEBELLO PLANNING COMMISSION RESOLUTION NO. 04-26

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO APPROVING THE REVOCATION OF CONDITIONAL USE PERMIT NO. 01-19 RELATED TO THE OPERATION OF COMMERCIAL CANNABIS ACTIVITY AT 914 SOUTH VAIL AVENUE (APN: 6353-014-004) 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 with a 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. 01-19 to allow CaliMed Management Group, LLC (“CaliMed”), to conduct commercial cannabis operations consisting of distribution and non-storefront retail delivery at 914 South Vail Avenue (APN: 6353-014-004); and

WHEREAS, on July 8, 2019, Commercial Cannabis Development Agreement No. 01-19 was entered into between the City of Montebello and CaliMed Management Group,

LLC to allow the operation of commercial cannabis activity at 914 South Vail Avenue, consistent with Chapter 5.90 of the Montebello Municipal Code; and

WHEREAS, in a series of communications, the City requested that CaliMed Management Group, 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. 01-19 and Chapter 5.90 of the MMC. However, CaliMed Management Group, LLC failed to meet these financial obligations; and

WHEREAS, on January 31, 2025, Mr. Gene Gonzalez, owner of the business, emailed the City to notify staff that all cannabis operations had ceased and the business was no longer operating. In the email, Mr. Gonzalez expressed an interest in transferring the business to another entity. Staff advised that CaliMed would first need to satisfy all outstanding financial obligations to the City before any amendments or transfers related to the Development Agreement could be considered. As a result, the business has remained inactive, and its cannabis license is currently listed by the Department of Cannabis Control as surrendered and expired; and

WHEREAS, 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. 01-19 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 CaliMed to comply with the conditions of approval as outlined in Conditional Use Permit No. 01-19; 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”.

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 CaliMed is in violation of their obligations under the following conditions of approval applicable to Conditional Use Permit No. 01-19 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. 36 – 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. 40 – 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. 01-19.

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.

Section 5. 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 16th day of June 2026.

**ARMANDO MEDINA, CHAIR
MONTEBELLO PLANNING COMMISSION**

ATTEST:

I, _____, Secretary of the City of Montebello Planning Commission, **DO HEREBY CERTIFY** that the foregoing Resolution, being Resolution No. 04-26 has been duly signed by the Chair, and attested by the Secretary, all at a meeting of the Montebello Planning Commission, held June 16, 2026, 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. 01-19

**RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF
MONTEBELLO ADOPTING CEQA EXEMPTION AND APPROVING
CONDITIONAL USE PERMIT NO. CUP 01-19 TO ALLOW A
CANNABIS NON-STORE FRONT RETAIL DELIVERY LOCATED AT
914 S VAIL AVENUE (APN 6353-014-004)**

WHEREAS, a Conditional Use Permit No. CUP 01-19 application was submitted by Gene Gonzalez with Calimed Management Group, LLC and has been received and accepted;

WHEREAS, the Conditional Use Permit would allow a new cannabis Non-Store Front retail delivery located at 914 S. Vail Avenue (APN 6353-014-004);

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 01-19 is considered a “project”, per the California Environmental Quality Act definition of a “project”;

WHEREAS, the project is Categorical 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 to service to the community and bring taxable revenue to the City.

2. The proposed Non-Store Front retail is in compliance with the M-1 (Light Manufacturing) zone because:
 - a. Per the Index of Primary Uses, Cannabis uses are conditionally permitted uses in the M-1 zone 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. 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 01-19 to allow cannabis 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 01-19) 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 01-19 is subject to approval, adoption, and fully executed Development Agreement by and between the City and the Applicant.
5. This approval under CUP 01-19 is for Non-Store Front delivery only that will occupy 4,084 square feet of an existing 6,375 square-foot building.
6. Calimed Management Group LLC must be a registered business or entity with the Secretary of State of the State of California. If Calimed Management Group, 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 Non-Store Front activity will not have any members of the public visit the premises at 914 S. Vail 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 Rand Kruse dated March 3, 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. Prior to issuing a building permit, the plans must include two loading spaces as required by the Montebello Municipal Code Chapter 17.52.230.
16. All off-street parking requirements shall be met. The existing building consist of 6,375 sq. ft. and at 1 parking space per 500 sq. ft., 12 parking spaces are required. The Applicant under CUP 01-19 will occupy 4,084 square feet of the existing building and requires 8 parking spaces. The site will include 13 parking spaces.
17. 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 01-19).
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. 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.
20. Applicant will improve exterior of buildings with paint to match as necessary.
21. 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.
22. 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.
23. 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 01-19) if sufficient cause is given.

24. 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.
25. The Applicant or successor in interest shall meet the applicable Code requirements and all other City Departments regulations.
26. 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.
27. 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.
28. 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.
29. The Applicant shall have all graffiti on-site removed within 24 hours of its appearance.
30. 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.
31. 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.
32. 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.
33. 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 patron and visit on the premises.
34. The parking area shall be sufficiently lit and secured to discourage loitering and/or late night activity.
35. 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.

36. This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.
37. The approval of this Conditional Use Permit (CUP 01-19) 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.
38. The approval of this Conditional Use Permit (CUP 01-19) 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.
39. 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.
40. 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.
41. Parking shall be provided in accordance with the regulations of Chapter 17.52 of the Montebello Municipal Zoning Code.
42. 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.
43. All screening must be reviewed and approved by the Planning Division prior to the issuance of any building permits to construct the screening.
44. 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.
45. 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.
46. 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.

47. 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.
48. 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.
49. All signage is subject to final review and approval by the Planning Division and will be done under as separate permit.
50. All temporary signage is subject to the restrictions of the City's sign ordinance.
51. No coin operated games or video machines maintained upon the premises at any time.
52. 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.
53. Compliance with the current edition of the California Fire Code.
54. 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.
55. Compliance with the Montebello Municipal Code, Chapter 15.32, titled "California Fire Code" adoptions.
56. 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 be 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

**CORRESPONDENCE
JANUARY 2025 - CURRENT**



CITY OF MONTEBELLO
PLANNING & COMMUNITY DEVELOPMENT

Joseph Palombi
Planning & Community Development Director

January 23, 2025

VIA EMAIL AND U.S. MAIL

Gene Gonzalez
Calimed Management Group LLC
P.O. Box 4852
Downey, CA 90241

RE: NOTICE OF DEFAULT

Dear Mr. Gonzalez,

This communication is intended to inform you that the City of Montebello ("City") Planning and Community Development Department has initiated a process to potentially revoke Conditional Use Permit No. 01-19 for the property located at 914 Vail Avenue within the City. This process relates to the violation of conditions due to non-compliance by Calimed Management Group LLC ("Calimed") related to the 2023-2024 Montebello Community Benefits Program Fee (collectively referred to as "MCBPF") pursuant to Development Agreement No. 01-19.

As of the date of this communication, the total outstanding amount owed to the City equals One Hundred Thousand Dollars (\$100,000.00). As part of the above-referenced Development Agreement, Calimed is required to pay the City an annual fee of Fifty Thousand Dollars (\$50,000.00). As a result, Calimed is currently in violation of Article 6.b of the Development Agreement as well as Montebello Municipal Code Section 5.90.090 due to the non-payment of the MCBPF and the lack of proper reporting. Furthermore, based on the records maintained by the City's Finance Department, Calimed has not submitted Quarterly Gross Receipts since December 2023, therefore, the amount that is still owed to the City will ultimately be greater than One Hundred Thousand Dollars (\$100,000.00) dependent on the Quarterly Gross Receipts once they become available.

Based on these facts, Calimed is significantly delinquent in its obligations under the Development Agreement resulting in a clear violation of its conditions of approval. As a courtesy, the City will allow you to correct your deficiencies and will accept payment of your outstanding MCBPF, as well as the required submission of your Quarterly Gross Receipts and payment of your Cannabis Operation fees dependent on submittals of the Quarterly Gross Receipts, no later than 5:30 p.m. on February 25, 2025. Please provide the City the outstanding payment of \$100,000.00 no later than 5:30 p.m. on February 25, 2025. Please also provide the City with the Quarterly Gross Receipts beginning December 2023 to the present no later than 5:30 p.m. on February 25, 2025.

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 Section 5.04.310 and Chapter 17.80 of the Montebello Municipal Code, or initiation of legal proceedings to enforce the City's rights pursuant to the Development



CITY OF MONTEBELLO
PLANNING & COMMUNITY DEVELOPMENT

Joseph Palombi
Planning & Community Development Director

Agreement.

If you should have any questions, please contact me via email at jpalmobi@montebelloca.gov or you may contact the City's Planning Manager, Viviana Esparza at vesparza@montebelloca.gov.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Joseph Palombi', written over a light blue circular stamp.

Joseph Palombi, Director
Planning and Community Development Department

Cc:

Michael Solorza, Director of Finance
Kevin Saycocie, Assistant Finance Director
Matthew Ramos, Assistant Director of Planning and Community Development
Viviana Esparza, Planning Manager
Joseph Cota, Code Enforcement Manager

From: [Esparza, Viviana](#)
To: [Palombi, Joseph](#); [Gene Gonzalez](#); [Picado, Jillian](#)
Cc: [taron@rebud.com](#); [deluxedeli@gmail.com](#); [Solorza, Michael](#); [Ramos, Matthew](#); [Saycocie, Kevin](#); [Cota, Joseph](#); [Austin Ching](#); [Christy M. Garcia](#); [Solorza, Michael](#); [Ramos, Matthew](#); [Saycocie, Kevin](#); [Cota, Joseph](#)
Subject: RE: [External Email] Notice of Default - CUP/DA No. 01-19
Date: Monday, February 3, 2025 3:34:00 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)

Mr. Gonzalez,

As a follow up to Joseph's email, any modifications to your existing Development Agreement would require the submission of an amendment application and all proposed amendments must be reviewed and approved by the City Council before they can be finalized.

However, I must inform you that we must adhere to the terms of the Development Agreement in order to ensure compliance. The agreement explicitly requires payment of fees, and Calimed Management Group, LLC has not fulfilled their obligations concerning the 2023 and 2024 Community Benefit fee.

As such, due to the outstanding fees, the City cannot proceed with any amendment requests at this time. Calimed must settle the outstanding amounts before the City can move forward with any changes.

Please feel free to reach out if you have any questions or need further clarification.

Thank you for your understanding.



Viviana Esparza

Planning Manager

Department of Planning and Community Development

1600 W. Beverly Blvd., Montebello, CA 90640

p: 323-887-1200 x1494

w: www.MontebelloCA.gov

e: VEsparza@MontebelloCA.gov



Office Hours:

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

From: Palombi, Joseph

Sent: Friday, January 31, 2025 12:19 PM

To: Gene Gonzalez ; Picado, Jillian

Cc: [taron@rebud.com](#); [deluxedeli@gmail.com](#); [Solorza, Michael](#) ; [Ramos, Matthew](#) ; [Saycocie, Kevin](#) ; [Esparza, Viviana](#) ; [Cota, Joseph](#) ; [Austin Ching](#) ; [Christy M. Garcia](#) ; [Solorza, Michael](#) ; [Ramos, Matthew](#) ; [Saycocie, Kevin](#) ; [Esparza, Viviana](#) ; [Cota, Joseph](#)

Subject: RE: [External Email] Notice of Default - CUP/DA No. 01-19

Hello Mr. Gonzalez,

As discussed yesterday, you will be required to submit a proper request to modify the existing development agreement which will require consideration from the City Council to effectuate these changes including formally transferring operations to another entity. The Planning Division is available to provide you with additional information and next steps regarding that process.

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



From: Gene Gonzalez <gene@gonzalezholdings.com>

Sent: Friday, January 31, 2025 12:04 PM

To: Picado, Jillian <JPicado@montebelloca.gov>

Cc: taron@rebud.com; deluxedeli@gmail.com; Palombi, Joseph <JPalombi@montebelloca.gov>; Solorza, Michael <MSolorza@montebelloca.gov>; Ramos, Matthew <MRamos@montebelloca.gov>; Saycocie, Kevin <KSaycocie@montebelloca.gov>; Esparza, Viviana <VEsparza@montebelloca.gov>; Cota, Joseph <JCota@montebelloca.gov>; Austin Ching <aching@agclawfirm.com>; Christy M. Garcia <cgarcia@agclawfirm.com>; Palombi, Joseph <JPalombi@montebelloca.gov>; Solorza, Michael <MSolorza@montebelloca.gov>; Ramos, Matthew <MRamos@montebelloca.gov>; Saycocie, Kevin <KSaycocie@montebelloca.gov>; Esparza, Viviana <VEsparza@montebelloca.gov>; Cota, Joseph <JCota@montebelloca.gov>

Subject: Re: [External Email] Notice of Default - CUP/DA No. 01-19

External Sender - From: (Gene Gonzalez)

This message came from outside your organization.

I spoke to Josef yesterday and indicated that we have shut down the delivery business and will no longer be operating it. I also indicated that another entity will be taking over the distribution and will start that process shortly.

GG

Sent from my iPhone

On Jan 23, 2025, at 5:40 PM, Picado, Jillian <JPicado@montebelloca.gov> wrote:

Good Afternoon Mr. Gonzalez,

On behalf of Joseph Palombi, Director of Planning & Community Development, please find attached a Notice of Default related to your Commercial Cannabis Development Agreement and Conditional Use Permit.

Kind Regards,

Jillian (Jill) Picado
Senior Administrative Assistant
Planning & Community Development Department
1600 W Beverly Blvd., Montebello, CA 90640
p: 323-887-1200 Ext. 1596

w: www.MontebelloCA.gov
e: jpicado@MontebelloCA.gov

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



CITY OF MONTEBELLO
PLANNING & COMMUNITY DEVELOPMENT



Joseph Palombi
Planning & Community Development Director

July 29, 2025

VIA EMAIL AND U.S. MAIL

Gene Gonzalez
Calimed Management Group LLC
P.O. Box 4852
Downey, CA 90241
gene@gonzalezholdings.com

RE: FINAL NOTICE OF DEFAULT AND INITIAL REVOCATION NOTICE

Dear Mr. Gonzalez,

This letter serves as the City of Montebello's ("City") Final Notice of Default and Initial Notice of Revocation Proceedings ("Notice") regarding Calimed Management Group LLC's ("Calimed") failure to comply with the requirements of Calimed's Development Agreement No. 01-19 ("Agreement") and Montebello Municipal Code ("MMC") Section 5.90.090.

City records indicate that Calimed is delinquent in paying the City at least One Hundred Fifty Thousand Dollars (\$150,000.00) for the 2023-2024, 2024-2025, and 2025-2026 Montebello Community Benefits Program Fees (collectively referred to as "MCBPF"). Furthermore, based on the records maintained by the City's Finance Department, Calimed has not submitted Quarterly Gross Receipts since December 2023 nor paid the Cannabis Operation fees associated with the receipts. Therefore, the amount that is still owed to the City is ultimately greater than One Hundred Fifty Thousand Dollars (\$150,000.00), dependent on the Quarterly Gross Receipts once they become available.

On January 23, 2025, the City sent you a formal Notice of Default letter via email and U.S. mail, giving you until February 25, 2025, to reconcile the outstanding payments and submit pertinent Quarterly Gross Receipts to comply. Today's communication is intended to inform you that Calimed has not yet complied with the requests outlined in the referenced Notice of Default letter and is currently in violation of Article 6.b, 7.b, and 8.a of the Agreement and MMC Section 5.90.090, due to the non-payment of the MCBPF and Cannabis Operation fees, as well as the lack of reporting and submittals of the Quarterly Gross Receipts.

The Conditions of Approval found within Resolution No. 01-19 pertaining to Conditional Use Permit No. 01-19, specifically Condition No. 8 of Section 4, provides the following:

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

Similarly, Condition No. 10 of Section 4 provides the following:

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.” (Emphasis added.)

Based on the foregoing, Calimed is significantly delinquent in its obligations under the Development Agreement, resulting in a clear violation of its Conditions of Approval. As you know, the City has been more than accommodating in exercising patience while enforcing your contractual obligations as you determine what course you plan to take with your commercial cannabis business.

However, the City can no longer allow you to maintain a valid development agreement without you meeting your legal contractual obligations. The delay by your company in paying these fees and submitting reports on time, which were explicitly outlined in the Agreement, is a material violation and unacceptable. Therefore, we are hereby informing you that the City’s Planning and Community Development Department will commence revocation procedures for Conditional Use Permit No. 01-19 for the property located at 914 Vail Avenue within the City should you fail to remedy the outstanding payments (MCBPF) and submit pertinent Quarterly Gross Receipts immediately and no later than 5:30 p.m. on August 28, 2025, pursuant to MMC Section 5.90.090 (a), which outlines the following:

Each applicant or permittee shall timely and fully pay fees set forth in this section. The failure of an applicant to pay the requisite fees is grounds for denial, and the 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.

As a final courtesy, the City will permit you to correct your deficiencies and will accept payment of your outstanding \$150,000.00 MCBPF, as well as the required submission of your Quarterly Gross Receipts, no later than 5:30 p.m. on August 28, 2025. Please provide the City with the outstanding payment of \$150,000.00 no later than 5:30 p.m. on August 28, 2025. In addition, correcting your deficiencies will require you to also provide the City with the Quarterly Gross Receipts beginning December 2023 to present, no later than 5:30 p.m. on August 28, 2025.

Failure to remit the full outstanding balance of your MCBPF and provide the required Quarterly Gross Receipts, as stated above, within thirty (30) calendar days from the date of this letter will result in the City pursuing all available legal remedies to the fullest extent permitted under the law. These remedies include, but are not limited to, revocation of your cannabis business permit, imposition of interest and administrative penalties, initiation of enforcement proceedings, referral to collections, and civil litigation to recover the outstanding debt. Be advised that continued noncompliance may also subject you to additional sanctions and may impact your eligibility for future business permits within the City.



CITY OF MONTEBELLO
PLANNING & COMMUNITY DEVELOPMENT

Joseph Palombi
Planning & Community Development Director



If you should have any questions, please contact me via email at ipalombi@montebelloca.gov or Planning Manager, Viviana Esparza at vesparza@montebelloca.gov.

Thank you for your attention to this matter.

Sincerely,

Joseph Palombi, Director
Planning and Community Development Department

Cc:

Michael Solorza, Director of Finance
Kevin Saycocie, Assistant Director of Finance
Matthew Ramos, Assistant Director of Planning and Community Development
Viviana Esparza, Planning Manager
Joseph Cota, Code Enforcement Manager
Marina Ramirez, Deputy City Attorney



**NOTICE OF PUBLIC HEARING
CITY OF MONTEBELLO PLANNING COMMISSION**

**Revocation of Conditional Use Permit No. CUP 01-19
914 South Vail Avenue**

Project Description: The Planning Commission will consider the revocation of Conditional Use Permit No. 01-19, which allows for the operation of commercial cannabis activity at 914 South Vail Avenue, Montebello, CA 90640 (APN: 6353-014-004). The consideration to revoke Conditional Use Permit No. 01-19 relates to CaliMed Management Group, LLC's failure to comply with the conditions of approval outlined in Conditional Use Permit No. 01-19. 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. 01-19 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. 01-19 for failure to comply with the conditions of approval and for failure to meet financial contractual obligations stipulated in approved Development Agreement No. 01-19. The meeting is scheduled on:

Date: Tuesday, June 16, 2026
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@montebellocal.gov where the public can submit written public comments up until the day of the meeting, **Tuesday, June 16, 2026, between 7:30 a.m. – 5:30 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://cityofmontebello.hosted2.civillive.com/departments/administration/city_clerks_office/agendas_m_i_nutes_and_videos.

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: June 4, 2026

**THE CITY OF MONTEBELLO AGREEMENT NO. 3681
COMMERCIAL CANNABIS BUSINESS DEVELOPMENT
AGREEMENT NO. 01-19 BETWEEN THE CITY OF MONTEBELLO AND
CALIMED MANAGEMENT GROUP 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 **CALIMED MANAGEMENT GROUP 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 **6,375** square feet located at **914 South Vail Avenue**, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number(s): **6353-014-004**, 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 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 delivery-only retailer site and distribution site, as those terms are defined in the Montebello Municipal Code ("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 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 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 indoor cannabis delivery-only retail and distribution in accordance with the Applicable Cannabis Laws;

WHEREAS, the Project will consist of one 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 delivery, distribution, 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.

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 delivery 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):
8:00AM to 8:00PM for general business hours, 24-hours for 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 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 914 South Vail Avenue, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number: 6353-014-004.

b Owner and Other Person with Legal or Equitable Interest.

Owner: Calimed Management Group 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 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 distribution 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 stored, tested, distributed, delivered or packaged at Owner's facility.

k Processing, Handling, Storing, and Distribution of Commercial Cannabis and Related Products. Commercial cannabis handling, and storing shall be concealed from public view at all stages of growth and processing, and there shall be no exterior evidence of processing occurring at the premises from a public right-of-way or from an adjacent parcel. Commercial cannabis handling, storing, 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 commercial cannabis activities 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").

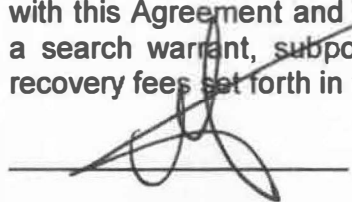
To fulfill its funding obligation for the Community Benefits Program, Owner agrees to pay the City of Montebello the yearly sum of **\$50,000.00** ("**Montebello Community Benefits Program Fee**" or "**MCBPF**"). The first annual MCBPF shall be payable to the City on the date that the Certificate of 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, Gene Gonzalez, 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, Lindsay Licht, 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.

 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, “**commercial cannabis activities**” means all permitted activities: e.g., possession, 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. 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
2. Delivery-Only Retail: 2% of gross receipts

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 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

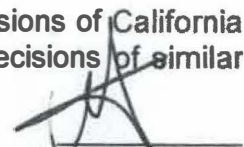
be investing even more significant time and resources in implementing the Project in reliance upon the terms of this Agreement, and it is not possible to determine the sum of money which would adequately compensate Owner for such efforts; the parties acknowledge and agree that any injunctive relief may 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 its 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: CaliMed Management Group
C/O Gene Gonzalez
P.O. Box 4852
Downey, CA 90241
(562) 577-1318
- With a copy to:
- With a courtesy copy to: Ever Brizuela
9353 Gainford St.
Downey, CA 90241

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. 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 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]

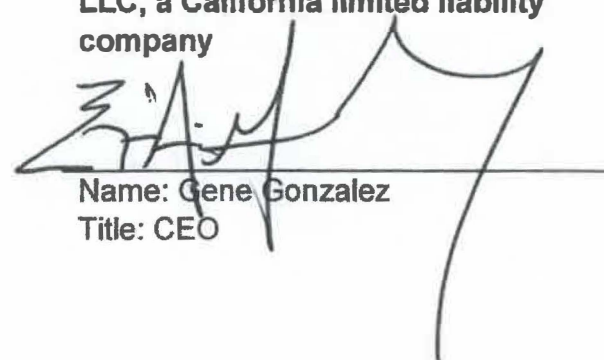
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF MONTEBELLO



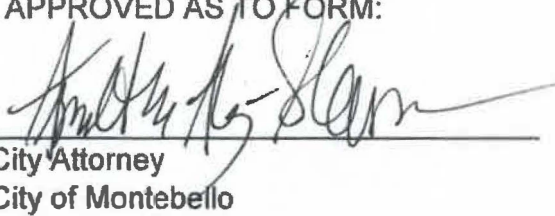
Jack Hadjinian
Mayor

**CALIMED MANAGEMENT GROUP
LLC, a California limited liability
company**



Name: Gene Gonzalez
Title: CEO

APPROVED AS TO FORM:



City Attorney
City of Montebello

EXHIBITS

- A. LEGAL DESCRIPTION
- B. PARCEL MAP
- C. SITE AND/OR FLOOR PLANS
- D. RECORDED GRANT DEED OR EXECUTED LEASE AGREEMENT
- E. PROPERTY OWNER SIGNED AND NOTARIZED CONSENT FORM
- F. CONDITIONS OF APPROVAL
- G. LABOR PEACE AGREEMENT OR NOTARIZED STATEMENT INTENT

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT A

Legal Description

The land referred to herein is situated in the State of California, County of Los Angeles, City of Montebello and is legally described as follows:

Those portions of Lots 19 and 21 of East Laguna, in the City of Montebello, County of Los Angeles, State of California, as shown on map marked Exhibit "A" and attached to Decree of Partition in Action No. B 81961, Superior Court, a Certified Copy of said Decree being recorded in Book 122, page 162 Official Records, described as follows:

Beginning at a 2-inch by 2 inch stake set in the center line of Bluff Road, said point being the Southern end of a line having a bearing of South 28°46' West, as shown on County Surveyor's Map B-1901; thence along the center line of said Bluff Road, North 28°46' East 173.84 feet to the true point of beginning; thence along said center line of Bluff Road, North 28°46' East 200 feet; thence North 63°14' West 217.8 feet; thence South 28°46' West 200 feet; thence South 63°14' East 217.8 feet to the true point of beginning.

Except that portion of the land lying in Bluff Road.

Also except from said portion of Lot 21, one-half of all oil, gas and other hydrocarbon substances in or under said land, but without any right of entry thereon, as reserved by William Baffa, in Deed recorded June 8, 1945 in Book 21989, Page 335 of Official Records.

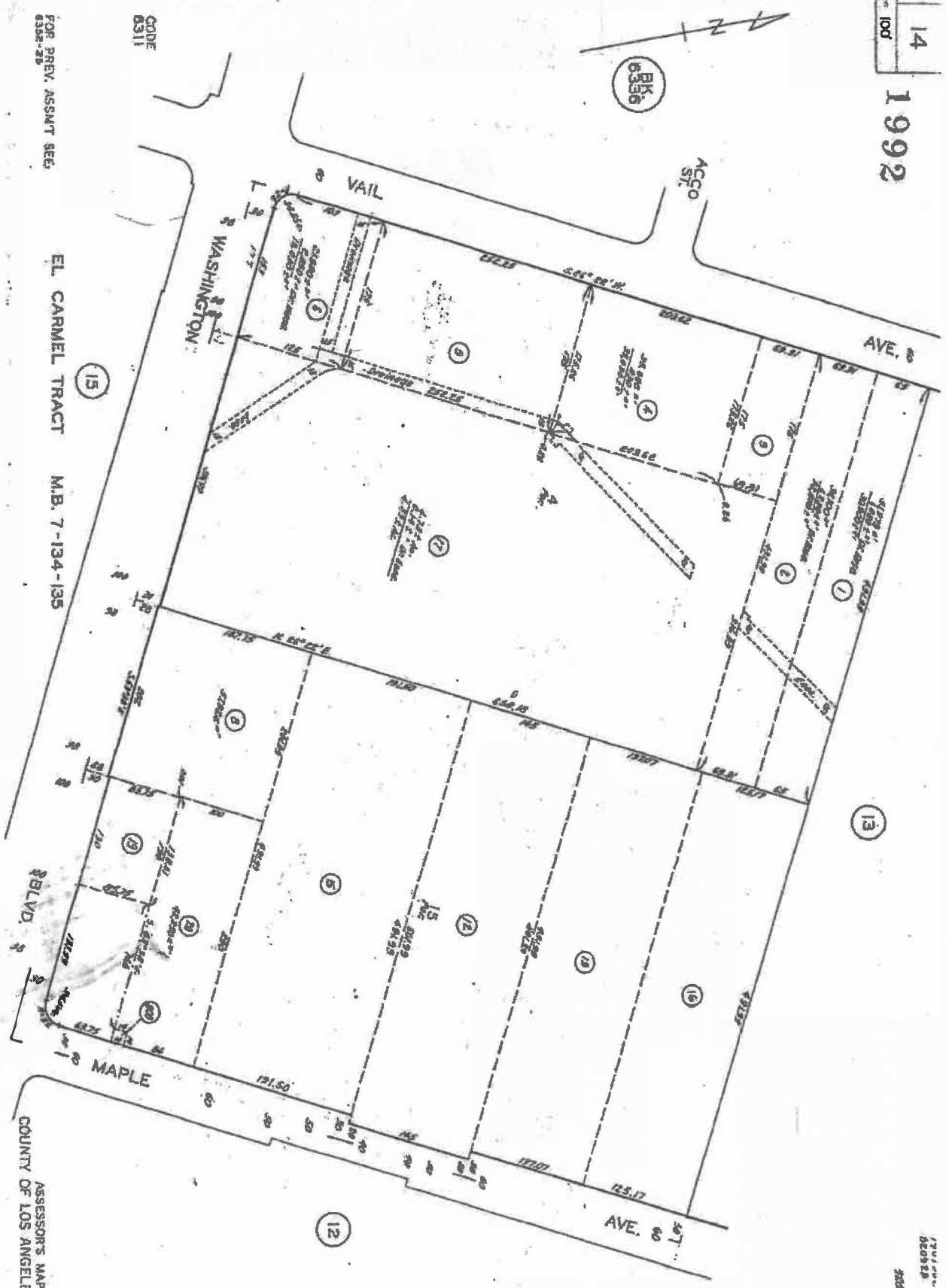
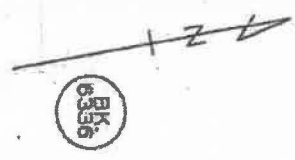
Also except from the remainder of said land, all oil, gas or other hydrocarbon substances lying in and under said land provided that any operations for the purposes of prospecting for or taking said substances shall be done by means of directional drilling, the surface operations for which shall be located on lands other than those herein described, as reserved by Hugh Leroy Chaplin, recorded June 26, 1946 in Book 23394, Page 46, Official Records.

Assessors Parcel No. 6354-030-002

EXHIBIT B

MAP

6353 14
 SCALE 1" = 100'
 1992



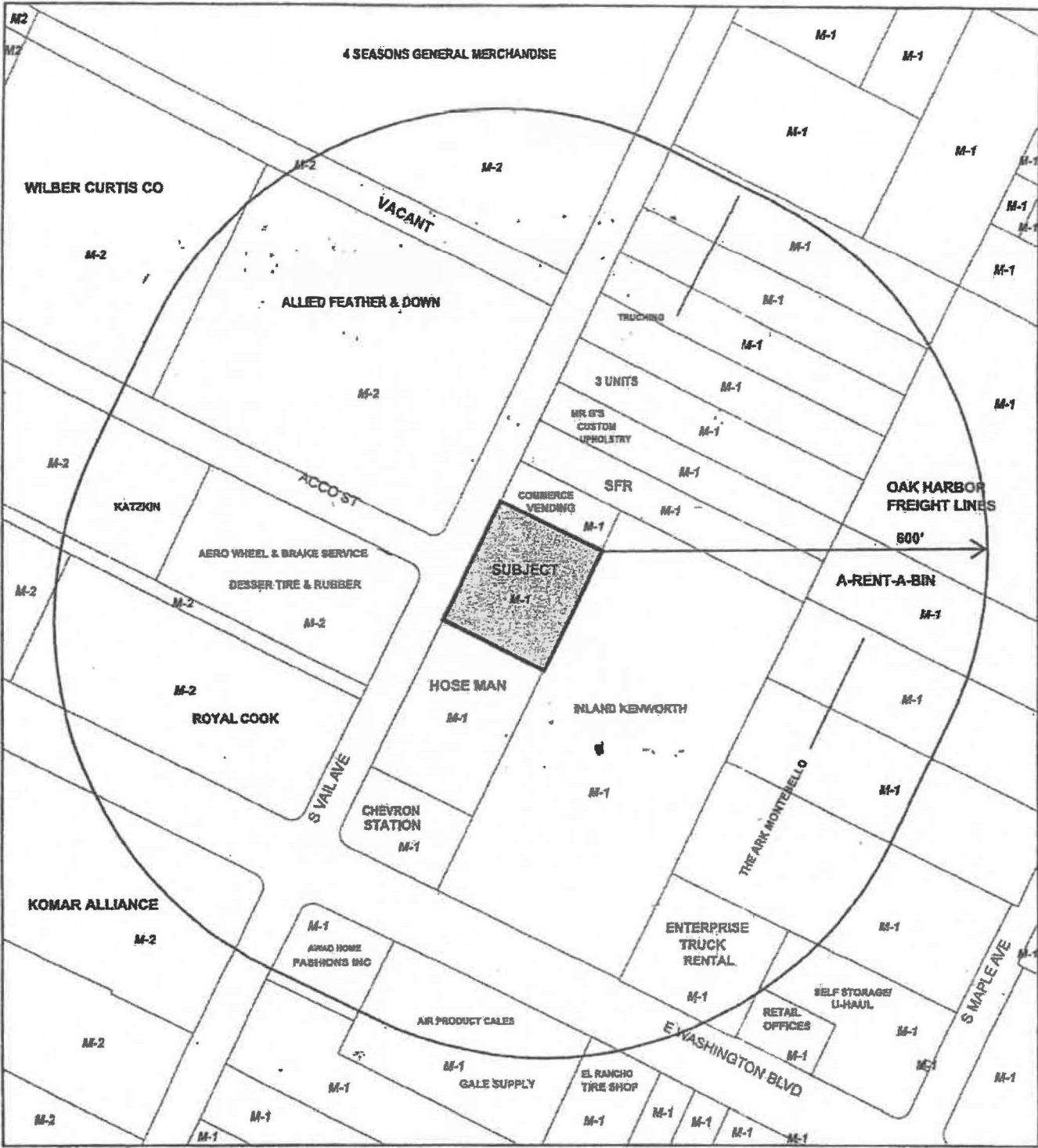
FOR PREV. ASSAULT SEC.
 6352-23

EL CARMEL TRACT M.B. 7-134-135

CODE
 6311

ASSESSOR'S MAP
 COUNTY OF LOS ANGELES, CALIF.

1701
 62091P
 530264
 530264
 530264



RADIUS / LAND USE MAP
 914 S VAIL AVE
 MONTEBELLO, CA 90640
 600' RADIUS SHOWN
 DATE: 02-05-2019



SCALE: 1" = 200'



CITY OF MONTEBELLO

FEB 6 2019

Building and Safety Records

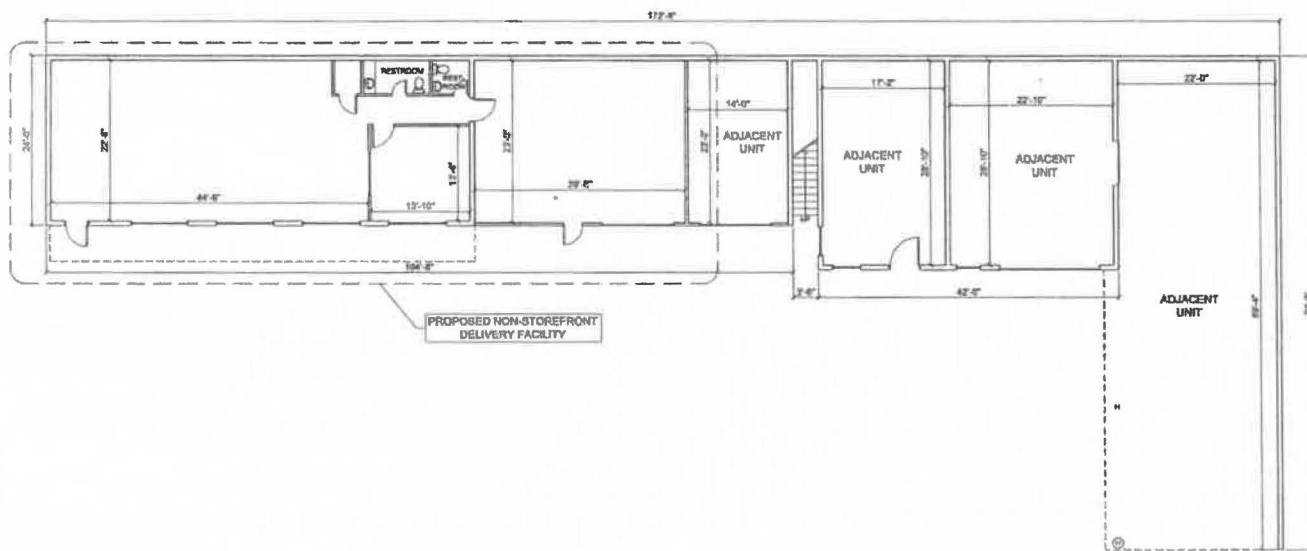
mm

EXHIBIT C

SITE AND/OR FLOOR PLANS



SPAN ARCHITECTURE INC.
 design • build • project management
 CA State Lic. # 895235
 www.spandd.com
 info@spandd.com
 818.908.4600
 705 Bellona Ave.
 Glendale, Ca 91206



EXISTING COMPLETE PREMISES FLOOR PLAN
 SCALE: 1/8" = 1'-0"



914 S. VAIL AVE.
 MONTEBELLO, CA 90640

PROJECT: 61018

REVISIONS:	
NO.	DESCRIPTION

DATE: 10.15.19

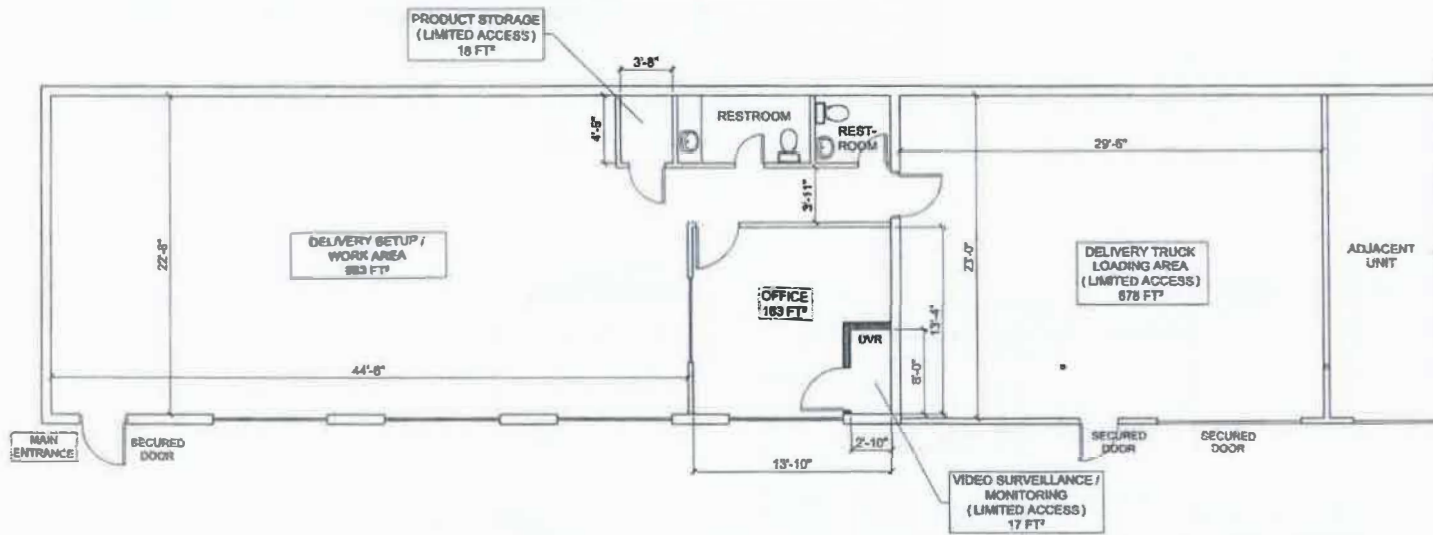
EXISTING COMPLETE PREMISES FLOOR PLAN

SHEET:

A-1.1



S&D ARCHITECTURE INC
 609 - 1st St - 1st Floor
 CA State Lic: # 0051230
 www.sandd.com
 info@sandd.com
 618.290.4000
 705 Buffalo Ave,
 Claremont, Ca 91711



PROPOSED FACILITY FLOOR PLAN
 SCALE: 1/4" = 1'-0"



LEGEND	
	EXISTING WALL
	NEW NON-STRUCTURAL PARTITION WALL

914 S. VAIL AVE.
 MONTEBELLO, CA 90640

PROJECT: 101079

NO.	REVISIONS	DATE

10.15.19

PROPOSED FACILITY FLOOR PLAN

REVISION:

A-1.2

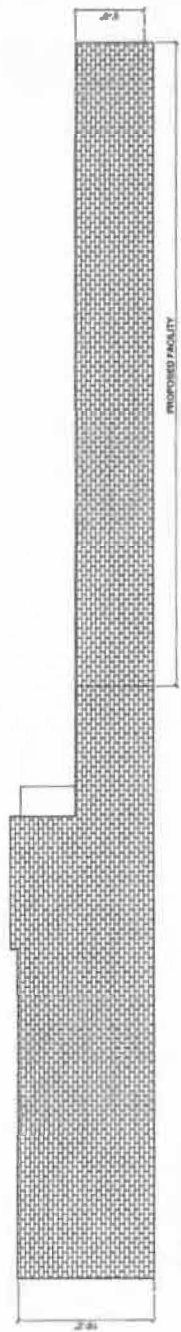


S&S ARCHITECTURE, INC.
 10000 Wilshire Blvd, Suite 1000
 Beverly Hills, CA 90210
 Tel: 310.274.1000
 Fax: 310.274.1001
 www.sandarchitecture.com
 info@sandarchitecture.com
 111,000 4500
 7100 Wilshire Ave.
 Culver City, CA 90230

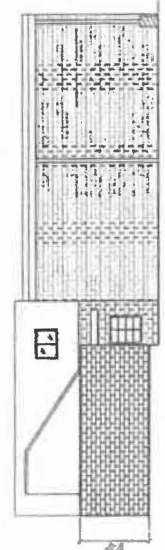
914 S. VAL AVE.
 MONTEBELLO, CA 90640

PROJECT: 101919

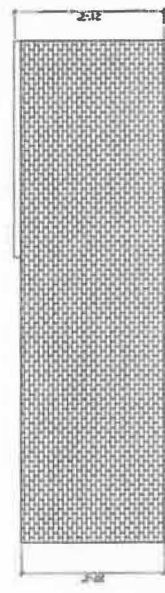
DATE: 10.15.19
 EXTERIOR ELEVATIONS
 SHEET: **A-2.1**



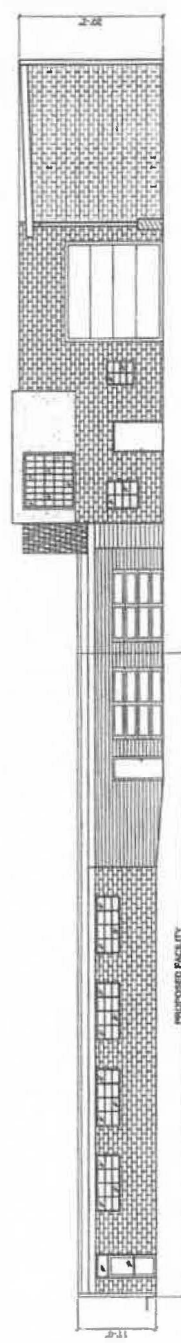
NORTH ELEVATION
 SCALE: 1/8" = 1'-0"



WEST ELEVATION
 SCALE: 1/8" = 1'-0"



EAST ELEVATION
 SCALE: 1/8" = 1'-0"



SOUTH ELEVATION
 SCALE: 1/8" = 1'-0"

EXHIBIT D

RECORDED GRANT DEED OR EXECUTED LEASE AGREEMENT



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: **REVOCAION OF CONDITIONAL USE PERMIT NO. 07-19 AND ASSOCIATED AMENDMENT NO. 07-19-M1 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 728 SOUTH VAIL AVENUE**

DATE: June 16, 2026

RECOMMENDATION(S):

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

1. Adopt Resolution No. 08-26 approving the revocation of Conditional Use Permit (“CUP”) No. 07-19 and associated amendment No. 07-19-M1, which allows for commercial activity at 728 South Vail Avenue, due to the failure by Saint’s Place LLC (“Saint’s Place”), to comply with the Conditions of Approval applicable to Conditional Use Permit No. 07-19 and amendment No. 07-19-M1, and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 07-19 and Montebello Municipal Code Section 5.90.090.A; and
2. Make a determination regarding the revocation of Conditional Use Permit No. 07-19 and amendment No. 07-19-M1, 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”]).

BACKGROUND:

PLANNING COMMISSION AGENDA REPORT - MEETING OF JUNE 16, 2026

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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, eight (8) are currently active and operating under at least one of their approved license types, eight (8) have had their CUPs revoked or declared null and void due to inactivity, and eight (8) are not in compliance with the requirements of the City's cannabis program.

Saint's Place is among the eight that are not in compliance due to the State's revocation of its cannabis license and its failure to fulfill obligations required under Development Agreement No 07-19 (Please see Attachment E) and MMC Section 5.90.090.A.

On June 4, 2019, Saint's Place received approval for Conditional Use Permit No. 07-19 from the City's Planning Commission to allow for the operation of commercial cannabis activity at 728 South Vail Avenue, followed by the execution of Development Agreement No. 07-19, between the City of Montebello and Saint's Place LLC.

On July 28, 2021, the City Council approved First Amendment to Development Agreement No. 07-19, authorizing the provisions regulating an amendment to add Cultivation as an additional commercial cannabis activity.

The City attempted to work with Saint's Place, providing them with numerous opportunities over an extended period to pay their required fees and correct their standing with the City. After multiple notices and unsuccessful attempts to resolve the deficiencies, the City issued Saint's Place a Final Notice of Default on July 23, 2024, advising Saint's

PLANNING COMMISSION AGENDA REPORT - MEETING OF JUNE 16, 2026

Page 3 of 6

Place that the City would initiate revocation proceedings if all outstanding fees were not paid by July 29, 2024, pursuant to MMC 17.80.020.

Additionally, on February 26, 2026, the City received email correspondence from the California Department of Cannabis Control addressed to Saint's Place LLC. The correspondence included a copy of the Department of Cannabis Control's Order adopting stipulated revocation of license No. C12-0000208-LIC issued to Saint's Place, which became effective February 26, 2026.

PUBLIC NOTIFICATION:

Pursuant to Chapter 17.78 (Public Hearings, Notices, and Appeals) of the Montebello Municipal Code ("MMC"), public notification was provided as follows:

- On June 4, 2026, the Public Hearing Notice (please see Attachment D) was published in the Montebello News.
- On June 4, 2026, the Public Hearing Notice was mailed to property owners within 300 feet of the subject property.
- On June 4, 2026, the Public Hearing Notice was uploaded to the City's website.

ENVIRONMENTAL:

The request for revocation of Conditional Use Permit No. 07-19 and associated amendment No. 07-19-M1 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. 07-19 and associated amendment No. 07-19-M1.

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 Saint's Place's failure to comply with the requirements of the City's cannabis program, despite being provided with ample

notices and opportunities to come into compliance.

SAINT'S PLACE LLC

Below is a timeline detailing official relevant communication between the City and Saint's Place LLC.

- On April 16, 2024, the City's Code Enforcement Division issued a Notice of Violation to Saints Place LLC for violating the conditions associated with Conditional Use Permit No. 07-19 and amendment No. 07-19-M1 and for non-payment of required fees;
- Code Enforcement officer conducted a verification inspection on April 17, 2024. Inspection confirmed active cannabis cultivation operations without a valid business license;
- City Business license No. 10715662 for Saint's Place was subsequently revoked during investigation due to violating the conditions within Conditional Use Permit No. 07-19 and amendment No. 07-19-M1;
- On May 7, 2024, the City's Planning and Community Development Department emailed and mailed a Notice of Violation that informed Saint's Place of their delinquent balance totaling \$217,492.22. 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 July 23, 2024, the City Attorney's office on behalf of the City of Montebello issued a letter to Saint's Place to memorialize the installation payment plan outlined in the May 7, 2024, correspondence. The letter also notified Saint's Place that its July 1, 2024 payment remained outstanding and requested that payment be made no later than July 29, 2024;
- On September 6, 2024, the City received a letter from Christopher Sarkissian of Saints Place LLC, notifying the City of their withdrawal from the ongoing lawsuit which they were participating in;
- On October 2, 2024, the City Attorney's office on behalf of the City of Montebello issued a letter to Saint's Place to memorialize the installation agreement entered into between Saint's Place and the City at the September 10, 2024 meeting. The letter stipulates the terms of the agreement which include Saint's Place agreeing to pay \$15,000 in monthly installments to be paid the 15th of each month until debt is paid off. Installment payments are to commence on October 15, 2024, and they must continue working with the City to reach compliance and repay all outstanding balances in full and comply with all City's Municipal Code and any/all cannabis laws. The City agreed to waive late fees imposed, approve a temporary business license for Saint's Place and agreed to allow Saint's Place to apply for a full reinstated business license upon final payment of all dues owed. The City acknowledged receipt of payment, and indicated in the installment agreement that the outstanding balance was \$106,000. The City provided Saint's Place, a final opportunity to cure all non-payments no later than October 11, 2024. Failure to comply within the time permitted would result in the suspension of Saint's Place's, business license, initiation of revocation proceedings of their Conditional Use

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Permit, pursuant to Section 5.04.310 and 5.90.090 of the Montebello Municipal Code, and initiation of legal proceedings to terminate Saint's Place's Development Agreement;

- On February 19, 2025, the City received a Notice of Emergency Decision and Order from the California Department of Cannabis Control that orders suspension of all cannabis activities associated with state license C120-0000208-LIC issued to Saint's Place LLC, located at 728 South Vail Avenue, effective February 19, 2025, due to evidence of sale, transport, or transfer of illegal cannabis goods in the possession of Saint's Place causing an immediate danger to the public's health, safety, and welfare;
- On February 26, 2026, the City received an email correspondence from the California Department of Cannabis Control addressed to Saint's Place LLC. The correspondence included a copy of the Department of Cannabis Control's Order adopting stipulated revocation of license No. C12-0000208-LIC issued to Saint's Place, which became effective February 26, 2026.

As demonstrated by the timeline of events outlined in this report, Saint's Place has failed to comply with the requirements of the City's cannabis program, including the terms and conditions of its Conditional Use Permit, Development Agreement, and applicable provisions of the Montebello Municipal Code. Accordingly, the City is proceeding with the revocation action as previously noticed and communicated to Saint's Place.

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. Saint's Place'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. 39 – 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. 43 – 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. 08-26, authorizing the revocation of Conditional Use Permit No. 07-19 and associated amendment No. 07-19-M1 as specifically outlined in the Recommendation section of this report.

ATTACHMENT(S)

1. Attachment A - Planning Commission Resolution No. 08-26 (Revocation - Saint's Place LLC)
2. Attachment B - Planning Commission Resolution for CUP Approval (For Reference Only)
3. Attachment C - Relevant Correspondence Related to Saint's Place LLC
4. Attachment D - Public Hearing Notice
5. Attachment E - Development Agreement No. 07-19 and First Amendment to Development Agreement No. 07-19

ATTACHMENT A

MONTEBELLO PLANNING COMMISSION RESOLUTION NO. 08-26

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO APPROVING THE REVOCATION OF CONDITIONAL USE PERMIT NO. 07-19 AND ASSOCIATED AMENDMENT NO. 07-19-M1 RELATED TO THE OPERATION OF COMMERCIAL CANNABIS ACTIVITY AT 728 SOUTH VAIL AVENUE (APN: 6353-002-005) 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 with a 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. 07-19 to allow Saint’s Place LLC (“Saints Place”), to conduct commercial cannabis operations consisting of cultivation, manufacturing, distribution and non-storefront retail delivery at 728 South Vail Avenue (APN: 6353-002-005); and

WHEREAS, on July 8, 2019, Commercial Cannabis Development Agreement No. 07-19 was entered into between the City of Montebello and Saint's Place LLC to allow the operation of commercial cannabis activity at 728 South Vail Avenue, consistent with Chapter 5.90 of the Montebello Municipal Code; and

WHEREAS, in a series of communications, the City requested that Saint's Place 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. 07-19 and Chapter 5.90 of the MMC. However, Saint's Place failed to meet these financial obligations; and

WHEREAS, on February 26, 2026, the City received an email correspondence from the California Department of Cannabis Control addressed to Saint's Place LLC. The correspondence included a copy of the Department of Cannabis Control's Order adopting stipulated revocation of license No. C12-0000208-LIC issued to Saint's Place, which became effective February 26, 2026; and

WHEREAS, 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. 07-19 and amendment No. 07-19-M1 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 Saint's Place to comply with the conditions of approval as outlined in Conditional Use Permit No. 07-19 and amendment No. 07-19-M1; 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”.

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 Saint’s Place is in violation of their obligations under the following conditions of approval applicable to Conditional Use Permit No.07-19 and amendment No. 07-19-M1 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. 39 – 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. 43 – 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. 07-19 and amendment No. 07-19-M1.

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.

Section 5. 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 16th day of June 2026.

**ARMANDO MEDINA, CHAIR
MONTEBELLO PLANNING COMMISSION**

ATTEST:

I, _____, Secretary of the City of Montebello Planning Commission, **DO HEREBY CERTIFY** that the foregoing Resolution, being Resolution No. 08-26 has been duly signed by the Chair, and attested by the Secretary, all at a meeting of the Montebello Planning Commission, held June 16, 2026, 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. 07-19

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF
MONTEBELLO ADOPTING CEQA EXEMPTION AND APPROVING
CONDITIONAL USE PERMIT NO. CUP 07-19 TO ALLOW A
CANNABIS MANUFACTURING, DISTRIBUTION, AND NON-STORE
FRONT RETAIL DELIVERY LOCATED AT 728 VAIL AVENUE (APN
6353-002-005)

WHEREAS, a Conditional Use Permit No. CUP 07-19 application was submitted by Jaime Alefosio with Saints Place, LLC., and has been received and accepted;

WHEREAS, the Conditional Use Permit would allow a new cannabis Manufacturing, Distribution, and Non-Store Front retail delivery located at 728 Vail Avenue (APN 6353-002-005);

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 07-19 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 public and 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. The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.
4. The project site has no value as habitat for endangered, rare or threatened species.
5. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
6. The site can be adequately served by all required utilities and public

services.

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 to service to the community and bring taxable revenue to the City.
2. The proposed cannabis Manufacturing and Non-Store Front retail is in compliance with the M-1 (Light Manufacturing) zone because:
 - a. Per the Index of Primary Uses, Cannabis uses is a conditionally permitted use in the M-1 and M-2 zones and the project site is not within six hundred feet of a R-zone.
 - b. Per the Index of Primary Uses, a Cannabis use is allowed through a Conditional Use Permit.
 - c. 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 and the proposed use is being proposed in an existing building(s) and no changes are proposed to the exterior of the building.
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. The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by industrial and urban uses.
2. The project site has no value as habitat for endangered, rare or threatened species.
3. Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
4. The site can be adequately served by all required utilities and public services.

SECTION 3. The Planning Commission hereby approves Conditional Use Permit No. CUP 07-19 to allow cannabis 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 07-19) 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 18, 2021**. Otherwise it 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 07-19 is subject to approval, adoption, and fully executed Development Agreement by and between the City and the Applicant.
5. This approval under CUP 07-19 is for cannabis Manufacturing, Distribution, and Non-Store Front delivery only that will occupy an existing 15,408 square-foot building.
6. Saints Place, LLC., must be a registered business or entity with the Secretary of State of the State of California. If Saints Place, 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 Manufacturing, Distribution, and Non-Store Front retail delivery will not have any members of the public visit the premises at 728 Vail 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 Cauthen Design Inc. dated June 6, 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. Prior to issuing a building permit, the plans must include two loading spaces as required by the Montebello Municipal Code Chapter 17.52.230.
16. Off-street parking requirements. The existing building is a nonconforming structure consisting of 15,408 sq. ft. The project will use the existing 7 parking spaces on site under the nonconforming provisions of Chapter 17.54 of the Montebello Code with no alteration, addition or enlargement to any portion of the building, or structure.
17. 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 07-19).
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 be 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 07-19) 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 otherwise 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. Applicant shall repair any and all damaged sidewalk along street frontage of property. A permit from the Montebello Public Works Department shall be secured before any work may commence within the public right away.
26. 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 discharged into public sewer.
27. Provide report on how any toxic or hazardous waste materials or by products will be disposed. Provide an ongoing program for monitoring the disposition of any identified hazardous or toxic materials.
28. Must obtain approval from LA County Sanitation District for any required Industrial Waste permit(s).
29. 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.

30. The property owner 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.
31. 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.
32. The property owner shall have all graffiti on-site removed within 24 hours of its appearance.
33. 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.
34. 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.
35. No loitering in the parking area and 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.
36. 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 patron and visit on the premises.
37. The parking area shall be sufficiently lit and secured to discourage loitering and/or late night activity.
38. 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.
39. This approval shall not supersede the approval of any other responsible agencies. The applicant shall comply with all Federal, State and local laws.
40. The approval of this Conditional Use Permit (CUP 07-19) 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.
41. The approval of this Conditional Use Permit (CUP 07-19) 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.

42. 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.
43. 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.
44. Parking shall be provided in accordance with the regulations of Chapter 17.52 of the Montebello Municipal Zoning Code.
45. 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.
46. All screening must be reviewed and approved by the Planning Division prior to the issuance of any building permits to construct the screening.
47. 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.
48. 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.
49. 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.
50. 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.
51. 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.
52. All signage is subject to final review and approval by the Planning Division and will be done under as separate permit.
53. All temporary signage is subject to the restrictions of the City's sign ordinance.

54. No coin operated games or video machines maintained upon the premises at any time.
55. 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.
56. Compliance with the current edition of the California Fire Code.
57. 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.
58. 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.
59. Compliance with the Montebello Municipal Code, Chapter 15.32, titled "California Fire Code" adoptions.
60. 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.

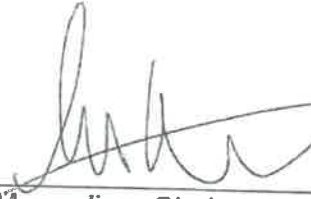
PASSED AND ADOPTED this 18th day of June, 2019 by the Planning Commission.

AYES: Chair Mooradian, Vice Chair Aliksanian, Commissioner Lomeli, Commissioner Briseno

NOES:

ABSENT:

ABSTAIN:



Sona Mooradian, Chair

ATTEST:



Manuel Mancha
Director of Planning and Community Development

**CITY OF MONTEBELLO
PLANNING COMMISSION**

RESOLUTION NO. 13-20

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO ADOPTING CEQA EXEMPTION AND APPROVING CONDITIONAL USE PERMIT NO. CUP 07-19-M1 AMENDING CUP 07-19 TO INCLUDE INDOOR CANNABIS CULTIVATION TO A PREVIOUSLY APPROVED CUP THAT ALLOWED CANNABIS MANUFACTURING, DISTRIBUTION, AND NON-STORE FRONT RETAIL DELIVERY LOCATED AT 728 VAIL AVENUE (APN 6353-002-005)

WHEREAS, a Conditional Use Permit No. CUP 07-19 application was submitted by Jaime Alefosio with Saints Place, LLC., and approved the Planning Commission on June 18, 2019 under Resolution No. 07-19;

WHEREAS, a Conditional Use Permit No. CUP 07-19-M1 application was submitted by Jaime Alefosio and Chris Sarkissian with Saints Place, LLC. ("Applicants"), to modify CUP 07-19 has been received and accepted;

WHEREAS, the Conditional Use Permit No. CUP 07-19-M1 would amend CUP 07-19 to allow for indoor cannabis Cultivation (9,585 square feet) as a conditionally permitted use to go with previously approved cannabis Manufacturing, Distribution, and Non-Store Front Retail Delivery located at 728 Vail Avenue (APN 6353-002-005) ("Project");

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 ("City") is the lead agency for the proposed Project;

WHEREAS, the Conditional Use Permit No. CUP 07-19-M1 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 Class 1 consists 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 or former use. The projects characterized as existing facilities meeting the conditions described in this section (it is also noted that none of the limitations set forth in CEQA Guidelines 15300.2 apply). Under Section §15301, Existing Facilities include, but are not limited to, the following:

1. The project consist of interior or exterior alterations involving interior partitions, plumbing, and electrical conveyances;
2. Existing facilities of both investor and publicly owned utilities used to provide electrical power, natural gas, sewage, or other public utility services; and.

3. None of the limitations set forth in CEQA Guidelines 15300.2 apply.

The proposed Project here consists of minor interior and potentially minor alterations to exterior utility facilities to enable the Project Applicant to carry on the contemplated use. None of the contemplated alterations will expand the use of the existing facility;

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 to service to the community and bring taxable revenue to the City.
2. The proposed inclusion of cannabis Cultivation along with the previously approved cannabis Manufacturing, Distribution, and Non-Store Front Retail Delivery is in compliance with the M-1 (Light Manufacturing) zone because:
 - a. Per the Index of Primary Uses, Cannabis uses are a conditionally permitted use 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 ("MMC") 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 17.70.070, required Conditional Use findings for the proposed use:
 - a. That the site for the proposed use is adequate in size and shape;

The proposed Project or use is consistent with the Montebello Municipal Code because cannabis outdoor cultivation is a

conditionally permitted use in the M1 and M2 zone. The subject site is developed with an existing 15,408 sq. ft. building on an existing rectangle shaped 18,920 square-foot site. The site and building adequate in size and building type to carry out the proposed cannabis uses.

- b. That site has sufficient access to street and highways, and adequate in width and pavement type to carry the quantity and quality of traffic generated by the proposed use;

The proposed Project or use will have limited employees and will not have visitors from the general public. This will generate less traffic volume compared to other industrial uses, which translates to less AM and PM peak hours and is within the safe capacity of all roads providing access to the project. Trip generation from the project would be generally consistent with surrounding land uses and would not have a significant effect on existing roadway operations. The site has adequate driveway access (ingress and egress) from Vail Avenue, which a fully paved roadway in the industrial zone.

- c. That the proposed use will not have an adverse effect upon adjacent or abutting properties; and

The proposed Project and subsequent use will not be detrimental to the health, safety, or welfare of the general public or persons residing or working in the neighborhood of the use, or be detrimental or injurious to property or improvements in the vicinity of the use because the proposed cannabis cultivation does not generate activity that presents a potential threat to the surrounding property or buildings. The proposed Project will also be subject to the proposed conditions of approval established and will also subject to Building Code requirements designed to address health, safety, and welfare concerns. In addition, the proposed project or use will be consistent with the character of the immediate neighborhood and to its orderly development because the proposed uses and development are similar in size and activities are completely indoors as surrounding operations. The proposed use and activities would not be visible from surrounding public roadways, and all potential nuisances would be adequately controlled and not be detectable from offsite. In addition, a security plan will be required that must be approved by the Montebello Police Department before operation may commence.

- d. That the proposed use is consistent with the objectives of the community redevelopment project area in which the site is

located.

Redevelopment Projects areas were abolished by the California Supreme Court in 2011. The proposed project however remains consistent with the goals, objectives and policies of the General Plan. As such, each of the General Plan Elements establishes policies that provide for the regulatory environment in managing the City and for addressing environmental concerns and problems. The majority of the policies derived from these Elements are in the form of Code Requirements of the Montebello Municipal Code. Except for those entitlements described herein, the project does not propose to deviate from any of the requirements of the Montebello Municipal Code. The proposed use conforms with the City of Montebello Land Use Element, Goal 1, "To 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 #1: The City's industrial area should be preserved and maintained and Commercial Policy #5, "The City should contain ample commercial facilities to meet the needs of its residents as well as provide taxable revenues to the City." The project site is being developed with cannabis uses and the development will occupy an existing building and provide a service to the community and will bring taxable revenue to the City.

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 and none of the limitations set forth in CEQA Guidelines 15300.2 apply as Class 1 consists 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. The projects characterized as existing facilities meeting the conditions described in this section:

1. The project consist of interior or exterior alterations involving interior partitions, plumbing, and electrical conveyances;

2. Existing facilities of both investor and publicly owned utilities used to provide electrical power, natural gas, sewage, or other public utility services; and
3. None of the limitations set forth in CEQA Guidelines 15300.2 apply.

SECTION 3. The Planning Commission hereby approves Conditional Use Permit No. CUP 07-19-M1 amending CUP 07-19 authorizing indoor cannabis Cultivation to the previously approved cannabis Manufacturing, Distribution, and Non-Store Front Retail 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 Applicants 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 Applicants shall sign, notarize, and return to the Planning Department an affidavit accepting all Conditions of Approval of Conditional Use Permit (CUP 07-19) within thirty (30) days from the date of the approval in accordance with Montebello Municipal Code Sections 17.70, 17.71, and 17-32. The Applicants acknowledge and understand 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 Applicants 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 (2) years of the approval date of this project; here identified as **October 6, 2022**. Otherwise, it shall become null and void and of no effect whatsoever. Use means the beginning of substantial construction under this approval. The Applicants will incorporate

all conditions of approval in all plans that will be submitted for building plan check.

4. Approval of CUP 07-19-M1 is subject to approval, adoption, and fully executed Development Agreement by and between the City and the Applicants.
5. This approval under CUP 07-19-M1 is for cannabis Cultivation (9,585 square feet) to accompany previously approved cannabis Manufacturing, Distribution, and Non-Store Front Retail Delivery that will occupy an existing 15,408 square-foot building.
6. "Saints Place, LLC.", must be a registered business or entity with the Secretary of State of the State of California. If Saints Place, 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 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 Applicants 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 the Applicants' submitted application and plans. Further review may be required as the business operations begin and necessitating additional inspection of the facilities and to review the Live Scan results of employees.
10. Within one (1) 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 Applicants' business of cannabis Cultivation, Manufacturing, Distribution, and Non-Store Front Retail Delivery will not have any members of the public visit the premises at 728 Vail 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 "3-1 Development" dated August 26, 2020 and date stamped by the City with a date of September 8, 2020, for the use, except as provided for herein and by subsequent revisions found by the Director of Planning and Community Development ("Director") to be in substantial compliance with these provisions.
15. Prior to issuing a building permit, the plans must include two loading spaces as required by the Montebello Municipal Code Chapter 17.52.230.
16. Off-street parking requirements. The existing building is a legal nonconforming structure consisting of 15,408 sq. ft. The Project will use the existing seven (7) parking spaces on site under the nonconforming provisions of Chapter 17.54 of the Montebello Municipal Code (MMC) with no alteration, addition or enlargement to any portion of the building, or structure.
17. The development of the subject site shall be consistent with all of the provisions of the MMC and Conditional Use Permit (CUP 07-19).
18. All storage shall be maintained indoors. The Applicants 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. Applicants will improve exterior of buildings with paint to match as necessary.
20. Trash Area and Enclosures. The Applicants shall comply with all trash storage requirements and shall construct a trash enclosure on-site. The trash enclosure shall be 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 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, 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 07-19) if sufficient cause is given.

23. No transfer or Change in ownership or location. Applicants/owner(s) 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 Applicants or successor in interest shall meet the applicable Code requirements and all other City Departments regulations.
25. Applicants shall repair any and all damaged sidewalk along street frontage of property. A permit from the Montebello Public Works Department shall be secured before any work may commence within the public right away.
26. 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.
27. Applicants shall provide a report on how any toxic or hazardous waste materials or by products will be disposed prior to the start of business operations. Applicants shall provide an ongoing program for monitoring the disposition of any identified hazardous or toxic materials.
28. Applicants must obtain approval from LA County Sanitation District for any required Industrial Waste permit(s).
29. 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.
30. The property owner 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.
31. 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 who may take action or call for review by the Planning Commission at a noticed public hearing.
32. The Applicants shall have all graffiti on-site removed within twenty-four (24) hours of its appearance at Applicants' own expense.
33. 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.

34. 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.
35. No loitering in the parking area and 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 prior to installation.
36. The Applicants and business operator 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.
37. The parking area shall be sufficiently lit and secured to discourage loitering and/or late night activity.
38. 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 and the City's Building Official prior to issuing building permits.
39. This approval shall not supersede the approval of any other responsible agencies. The Applicants shall comply with all Federal, State and local laws.
40. The approval of this Conditional Use Permit (CUP 07-19-M1) shall expire if the rights granted are not exercised within two (2) years from the effective date of this Resolution; defined here as October 6, 2022. "Exercise of rights" shall mean the issuance of a Building permit.
41. The approval of this Conditional Use Permit (CUP 07-19-M1) 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.
42. Within thirty (30) days of the City Planning Division transmittal of the Acceptance Form, the Applicants 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.

43. 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.
44. Parking shall be provided in accordance with the regulations of Chapter 17.52 of the Montebello Municipal Zoning Code.
45. 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.
46. All screening must be reviewed and approved by the Planning Division prior to the issuance of any building permits to construct the screening.
47. If, at any time, a litter problem arises, the Director 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, 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.
48. 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.
49. 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.
50. 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.
51. 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.
52. All signage is subject to final review and approval by the Planning Division and will be done under as separate permit.
53. All temporary signage is subject to the restrictions of the City's sign ordinance.

54. No coin operated games or video machines maintained upon the premises at any time.
55. 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.
56. Compliance with the current edition of the California Fire Code.
57. Applicants 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.
58. 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.
59. Compliance with MMC, Chapter 15.32, titled "California Fire Code" adoptions.
60. 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 6th day of October, 2020 by the Planning Commission.

Commissioner Lomeli:	<input checked="" type="checkbox"/> AYE () NOE () ABSENT () ABSTAIN
Commissioner Briseno:	() AYE <input checked="" type="checkbox"/> NOE () ABSENT () ABSTAIN
Commissioner Aliksanian:	<input checked="" type="checkbox"/> AYE () NOE () ABSENT () ABSTAIN
Commissioner Mooradian:	<input checked="" type="checkbox"/> AYE () NOE () ABSENT () ABSTAIN
Commissioner Ramirez:	<input checked="" type="checkbox"/> AYE () NOE () ABSENT () ABSTAIN


 Natalia Lomeli, Chair

ATTEST:


 Joseph Palombi
 Director of Planning and Community Development

CORRESPONDENCE

APRIL 2024 - CURRENT



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 #: CE24-1023

SARKISSIAN CHRIS
 SAINT PLACE LLC
 728 S VAIL AVE
 Montebello, CA 90640

Location of Request: **728 S Vail AVE, MONTEBELLO, CA 90640-4954**
 Property ID: 6353002005

Dear SARKISSIAN CHRIS,

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



CITY OF MONTEBELLO
PLANNING AND COMMUNITY DEVELOPMENT



Joseph Palombi
Planning and Community Development Director

May 7, 2024

VIA EMAIL AND U.S. MAIL

Saints Place, LLC
Attention: Mr. Chris Sarkissian
728 S. Vail Avenue
Montebello, CA 90640

Re: Notice of Violation – Code Enforcement Case No. CE24-1023

Dear Mr. Sarkissian,

This communication is intended to respond to a request from Saints Place, 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 the Development Agreement between the City of Montebello and Saints Place, LLC.

Based on records maintained by the City’s Finance Department (Please see Attachment B for a copy of Invoice Nos. 2022-00000009, 2023-00000004, 2023-00000005, 2023-00000009, 2023-00000013, 2024-00000002, 2024-00000029, and 2024-00000030), Saints Place, LLC currently has a delinquent balance and outstanding amounts owed to the City totaling \$217,492.22. To resolve this matter, the City is proposing the following non-negotiable payment plan:

- June 1, 2024 (Month 1) – Payment No. 1 of \$54,373.055
- July 1, 2024 (Month 2) – Payment No. 2 of \$54,373.055
- August 1, 2024 (Month 3) – Payment No. 3 of \$54,373.055
- September 1, 2024 (Month 4) – Payment No. 4 of \$54,373.055

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



CITY OF MONTEBELLO
PLANNING AND COMMUNITY DEVELOPMENT



Joseph Palombi
Planning and Community Development Director

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



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

Saint's Place, LLC
728 South Vail Ave.
Montebello, CA 90640

**Re: Saint's Place, LLC – DA No. 07-19 and CUP No. 07-19- Development Agreement
Delinquent Fees Payment Schedule**

Dear Saint's Place, LLC:

This office serves as City Attorney for the City of Montebello ("City"), and this letter is to follow up the May 7, 2024 letter sent from our office to Saint's Place, LLC. Saint's Place, LLC is currently in violation of Development Agreement No. 07-19 ("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 One Hundred Sixty-Four Thousand Nine Hundred Ninety-Two dollars (\$164,992.00) in addition to late fees in the amount of Fifty-Two Thousand Five Hundred dollars (\$52,500). 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 – \$54,373.055
- July 1, 2024 - \$54,373.055
- August 1, 2024 – \$54,373.055
- September 1, 2024 - \$54,373.055

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 **\$54,373.055** 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.

DEVELOPMENT AGREEMENT DELINQUENT FEES PAYMENT SCHEDULE

Re: Saint's Place, LLC – DA No. 07-19 and CUP No. 07-19

July 23, 2024

Page 2 of 2

The City will allow Saint's Place, LLC a final opportunity to cure all non-payment of obligations under DA 07-19. Saint's Place, LLC 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

Christopher Sarkissian
Manager
Saints Place, LLC
728 S. Vail Avel
Montebello, CA 90640
chrsi@saintsplacellc.com, csarkissain78@gmail.com
(714) 342-1130

September 6, 2024

City of Montebello
Office of Finance
1600 W Beverly Blvd
Montebello, CA 90640

Dear Joseph Palombi (Director of Planning and Community Development), Raul Alvarez (City Manager), and Arnold M. Alvarez-Glasman (City Attorney)

I hope this letter finds you well. I am writing on behalf of Saints Place LLC to formally notify the City of Montebello of our decision to withdraw from the ongoing lawsuit in which we have been participating.

Please let this letter serve as our official notice of withdrawal.

If there are any required procedures or additional information needed to finalize this withdrawal, please let us know.

Thank you for your attention to this matter.

Sincerely,

Chris Sarkissian
Manager
Saints Place LLC



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

October 2, 2024

Via Electronic Mail and First Class U.S. Mail

Saints Place, LLC
Attn: Christopher Sarkissian
728 S. Vail Ave.
Montebello, CA 90640
Email: chris@saintsplacellc.com; csarkissian78@gmail.com

RE: INSTALLATION PAYMENT AGREEMENT

Dear Mr. Sarkissian:

As you are aware, this office serves as the City Attorney for the City of Montebello (“City”), and we write on the City’s behalf to memorialize the installation payment agreement made between Saints Place, LLC, and the City on September 10, 2024.

At the meeting, Saints Place, LLC and the City agreed to the following terms:

1. **Outstanding Balance:** On September 9, 2024, Saints Place, LLC paid the City \$53,000.00, reducing the outstanding balance to \$106,000.00.
2. **Installment Payment Amount:** Saints Place, LLC agrees to pay the City \$15,000.00 monthly until the debt is paid off.
3. **Monthly Due Date:** Saints Place, LLC agrees to remit monthly payments to the City in the amount of \$15,000.00 (“Monthly Payment”). Said payments shall occur on the 15th day of each month (“Payment Date”), and will commence on October 15, 2024, and onward, until repayment is made in full. If the Payment Date falls on a Friday or on a date that the City is closed, the Monthly Payment shall occur on the next business day.
4. **Waiver of Late Fees:** They City agrees to waive previous late fees applied to Saints Place, LLC, given the business’s good-faith effort to pay its outstanding dues.
5. **Business License:** The City will approve a temporary business license for Saints Place, LLC, to allow it to operate until all dues are paid. Once the balance has been paid in full, the City will allow Saints Place, LLC, to apply for a full reinstatement of its business license.
6. **Continued Compliance Efforts:** Saints Place, LLC agrees to continue to work with the City to reach compliance with full repayment of the outstanding balance and will comply with the City’s Municipal Code, and any/all applicable cannabis laws.

Please sign the document attached hereto as Exhibit 1 and return the signed copy via email on or before **October 11, 2024**, to cgarcia@agclawfirm.com. Should you fail to comply with the terms

Re: Installation Payment Agreement

October 2, 2024

Page 2

and conditions in this agreement, the temporary business license will immediately be suspended and/or revoked and the City will pursue any and all remedies, including administrative and legal. Should you have any further questions, please do not hesitate to contact me at (562) 699-5500 or via email at cgarcia@agclawfirm.com.

Sincerely,

ALVAREZ-GLASMAN & COLVIN
CITY ATTORNEY FOR THE CITY OF MONTEBELLO



Christy M. Garcia
Deputy City Attorney
City of Montebello

Cc: Raul Alvarez, City Manager
Joseph Palombi, Director of Planning and Community Development
Michael Solorza, Director of Finance

EXHIBIT 1

I am the manager of Saints Place, LLC. I have read the City's letter dated October 2, 2024, and hereby agree with, and will comply with, the terms and conditions set forth therein.

Christopher Sarkissian
Manager
Saints Place, LLC

Date



Department of
Cannabis Control
CALIFORNIA

NOTICE OF SUSPENSION

The Department of Cannabis Control License(s) Issued
For This Premises Has Been
Suspended For Violation of State Law

Department of Cannabis Control

844-61-CA-DCC (844-612-2322) • info@cannabis.ca.gov • www.cannabis.ca.gov

Notice of Suspension Sign - Form DCC-8108 | Revision Date:7.19.2022

Notice of Emergency Decision and Order

Pursuant to California Code of Regulations, title 4, section 17815, and Government Code section 11460.40, the Department of Cannabis Control (Department) is providing notice to Saints Place LLC (Licensee) and owners Jamie Alefosio and Christopher Sarkissian, that at 10:00 a.m. on February 19, 2025, the attached Emergency Decision and Order will become effective. The Emergency Decision and Order suspends Saints Place LLC, license number C12-0000208-LIC, and orders the licensee and its owners to cease all commercial cannabis activity pursuant to California Code of Regulations, title 4, section 17815, subdivision (b)(1), at the following location:

728 S. Vail Ave.
Montebello, CA 90640

You have the right to be heard before the Director of the Department of Cannabis Control (Director), or her designee, regarding the allegations in the Emergency Decision and Order, prior to the effective date of the Emergency Decision and Order pursuant to California Code of Regulations, title 4, section 17815, subdivision (h), when practicable. If you would like to be heard before the Director, or her designee, please submit a written request by email to Monica.Thompson@cannabis.ca.gov. Unless the Department receives your request by 10:00 a.m. on February 24, 2025, you will be deemed to have waived your right to be heard before the Director, or her designee.

If requested, the hearing before the Director, or her designee, will be held on February 25, 2025, at 10:00 a.m., at the Department of Cannabis Control located at 2920 Kilgore Road, Rancho Cordova, CA 95670 or via online video conferencing. You may submit documentation regarding the allegations in the Emergency Decision and Order prior to or during the hearing, if one is requested.

Within 10 days after the effective date of the Emergency Decision and Order, the Department will file an Accusation on the charges and allegations set forth in the Emergency Decision and Order. The adjudicative proceedings shall be conducted in accordance with chapter 5 (commencing with Section 11500) of part 1 of division 3 of title 2 of the Government Code.

Upon issuance of the Emergency Decision and Order, you have the right under Government Code section 11460.80 to obtain judicial review of the Emergency Decision and Order.

The Emergency Decision and Order shall remain in effect until such time as the Accusation has been fully adjudicated or upon issuance of the final decision and order following judicial review.

Daniel Briot, Assistant Branch Chief
Compliance Division
Department of Cannabis Control

Emergency Decision and Order

Pursuant to California Code of Regulations, title 4, section 17815, and article 13 (commencing with section 11460.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code, the Department of Cannabis Control issues the following Emergency Decision and Order:

The Department of Cannabis Control hereby SUSPENDS the license of Saints Place LLC, license number C12-0000208-LIC, (Licensee) and orders Licensee, and owners Jamie Alefosio (Alefosio) and Christopher Sarkissian (Sarkissian), to **CEASE ALL COMMERCIAL CANNABIS ACTIVITY, CEASE ALL MOVEMENT OF CANNABIS GOODS TO AND FROM THE PREMISES, and CEASE ALL SALES OF CANNABIS GOODS**, at the following location or any other location or activity associated with the license, **effective at 10:00 a.m. on February 19, 2025:**

**728 S. Vail Ave.
Montebello, CA 90640**

This order is based on an immediate danger to the public health, safety, and welfare. Specifically, as set forth in the attached Declaration of Jeffrey Routsong, there is evidence of the sale, transfer, or transport of illegal cannabis goods in possession of the Licensee, and evidence of the illegal diversion of cannabis goods. The Department of Cannabis Control has determined that this order is necessary to prevent the sale, transfer, or transport of illegal cannabis goods in possession of the Licensee and to prevent the illegal diversion of cannabis goods, based on the following:

- Cannabis distillate that was recalled on December 19, 2024, was removed from the Licensee's California Cannabis Track and Trace System (CCTT) inventory without any documentation or explanation, in violation of California Code of Regulations, title 4, sections 15047.2, subdivision (b), 15049, subdivisions (b)(5) and (d), and 15049.2.
- Cannabis and Cannabis products recorded on the Licensee's CCTT account, including 27 active packages, were not found on the licensed premises during an inspection conducted on February 4, 2025, in violation of Business and Professions Code section 26160 and California Code of Regulations, title 4, sections 15047.2, subdivision (b), 15049, subdivision (b), and 15049.2.
- Cannabis and Cannabis products were found on the licensed premises that were not labeled with the required UID tags or recorded in the Licensee's CCTT system, including one jar of distillate; five boxes of finished vape cartridges, with 4 of the 5 boxes containing information that indicated that the cartridges originated from a cannabis business in the state of Michigan; several tote bags containing bulk cannabis flower, shake, and trim; and multiple large trash bags containing bulk fresh frozen cannabis flower; in violation of Business and Professions Code section 26160 and California Code of Regulations, title 4, sections 15047.2, subdivision (b), 15048.2, 15049, and 15049.2, subdivision (a).

- The Licensee has failed to provide UID tags, production batch records, and trim production records for the cannabis and cannabis products found on the licensed premises, in violation of Business and Professions Code sections 26160 and 26161, and California Code of Regulations, title 4, sections 17800 and 17216, subdivisions (a) and (b).
- The Licensee failed to provide video surveillance records as required and the Licensee's video surveillance does not have the capability to maintain surveillance recordings for a minimum of 90 days in violation of California Code of Regulations, title 4, section 15044, subdivisions (d), (h), and (i).
- The Licensee's failure to properly track their commercial cannabis activity in the CCTT system combined with the Licensee's failure to properly maintain and provide the Department with documentation of their production records and surveillance footage has resulted in a situation where large quantities of cannabis and cannabis goods from out-of-state and other unknown sources have been found on the licensed premises, while 27 packages of cannabis and cannabis products that should be held at the Licensee's premises cannot be found on the premises without any recorded explanation. This activity indicates that the Licensee is receiving large amounts cannabis and cannabis goods from unlicensed sources and selling or otherwise transferring cannabis and cannabis goods received from licensed sources to unlicensed entities while failing to provide any records of these transactions to the Department, in violation of Business and Professions Code section 26053 and California Code of Regulations, title 4, section 15000.1, subdivision (b).

These several violations require immediate action by the Department of Cannabis Control to protect the public health, safety, or welfare, and prevent illegal diversion or inversion of cannabis goods, prevent the sale, transfer, or transport of illegal cannabis goods in possession of the licensee, and prevent misbranded cannabis goods from entering the cannabis market.

While the license is suspended, you must comply with the provisions of California Code of Regulations, title 4, section 17816 and conspicuously and continuously display the Notice of Suspension, provided with this Notice, on the exterior of the premises referenced in this Notice. Failure to comply with this requirement may result in further disciplinary action.

You have the right to be heard before the Director of the Department of Cannabis Control, or her designee, regarding the allegations in the Emergency Decision and Order, prior to the effective date of the Emergency Decision and Order, when practicable. The attached Notice of Emergency Decision and Order provides details on how to request a hearing, as well as a hearing date should one be requested.

Within 10 days after the effective date of the Emergency Decision and Order, the Department will file an Accusation on the charges and allegations set forth in the Emergency Decision and Order. The adjudicative proceedings shall be conducted in accordance with chapter 5 (commencing with Section 11500) of part 1 of division 3 of title 2 of the Government Code.

The Emergency Decision and Order, effective at 10:00 a.m. on February 19, 2025, shall remain in effect until such time as the Accusation has been fully adjudicated or upon issuance of the final decision and order following judicial review if obtained pursuant to Government Code section 11460.80.

Daniel Briot, Assistant Branch Chief
Compliance Division
Department of Cannabis Control



February 26, 2026

VIA EMAIL ONLY

Saints Place, LLC
Christopher Sarkissian, Owner
csarkissian78@gmail.com

Yelena Katchko, Esq.
Katchko, Vitiello & Karikomi, PC
ykatchko@kvklawyers.com

Re: Saints Place, LLC - Case No. DCC24-0002536-INV
Order Adopting Stipulated Revocation of License and Order as Final Decision

Dear Mr. Sarkissian and Ms. Katchko:

Pursuant to section 11415.60 of the Government Code, attached please find a copy of the Department of Cannabis Control's Order Adopting Stipulated Settlement and Order as the Final Decision in the above-referenced matter involving Saints Place, LLC.

The Department's Order and Final Decision will be effective today, February 26, 2026. Pursuant to this Final Decision and its stipulated settlement, Saints Place, LLC has waived any right to reconsideration or appeal in this matter and to receive a copy of the Decision and Order via certified, registered, or first-class mail.

Sincerely,

Douglas Smurr
Assistant General Counsel

Enclosure

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**BEFORE THE
DEPARTMENT OF CANNABIS CONTROL
OF THE STATE OF CALIFORNIA**

In the Matter of the Accusation Against:)	CASE NO. DCC24-0002536-INV
)	
SAINTS PLACE, LLC;)	ORDER ADOPTING STIPULATED REVOCATION OF LICENSE AND ORDER AS FINAL DECISION
CHRISTOPHER SARKISSIAN, OWNER;)	
JAMIE ALEFOSIO, OWNER)	
728 S. Vail Ave.)	
Montebello, CA 90640)	
)	
Cannabis Microbusiness License)	
No. C12-0000208-LIC)	
)	
Respondent.)	

Pursuant to Government Code section 11415.60, the Department of Cannabis Control hereby adopts the attached Stipulated Revocation of License and Order as its Final Decision in this matter.

This Order and Final Decision shall become effective on February 26, 2026.

IT IS SO ORDERED, February 26, 2026.

Douglas Smurr
Assistant General Counsel
FOR THE DEPARTMENT OF CANNABIS CONTROL

1 ROB BONTA
Attorney General of California
2 GREGORY M. CRIBBS
Supervising Deputy Attorney General
3 MATTHEW S. BEASLEY
Deputy Attorney General
4 State Bar No. 288070
300 So. Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 269-6705
6 Facsimile: (916) 731-2126
E-mail: Matthew.Beasley@doj.ca.gov
7 *Attorneys for Complainant*

8
9 **BEFORE THE**
10 **DEPARTMENT OF CANNABIS CONTROL**
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:
13 **SAINTS PLACE LLC**
14 **JAIME ALEFOSIO AND CHRISTOPHER**
15 **SARKISSIAN, OWNERS;**
16 **728 Vail Ave S.**
17 **Montebello, CA 90640**
18
19 **Cannabis - Microbusiness License No. C12-**
20 **0000208-LIC**
21
22 Respondent.

Case No. DCC24-0002536-INV
STIPULATED REVOCATION OF
LICENSE AND ORDER

23 IT IS HEREBY STIPULATED AND AGREED by and between the parties to the above-
24 entitled proceedings that the following matters are true:

25 **PARTIES**

26 1. Evelyn Schaeffer (Complainant) is the Deputy Director of the Compliance Division
27 of the Department of Cannabis Control (Department). Complainant brought this action solely in
28 her official capacity and is represented in this matter by Rob Bonta, Attorney General of the State
of California, by Matthew S. Beasley, Deputy Attorney General.

2. Saints Place LLC (Respondent) is represented in this proceeding by attorney Yelena
Katchko, whose address is: 11835 W. Olympic Boulevard, East Tower, Suite 860E, Los Angeles,

1 CA 90064. Respondent is acting in this proceeding through Christopher Sarkissian, Owner and
2 Manager of Respondent, and he has been designated and authorized by Saints Place LLC to enter
3 into this agreement on behalf of Respondent.

4 3. On or about July 22, 2019, the Department issued Cannabis - Microbusiness License
5 No. C12-0000208-LIC to Respondent. The Cannabis - Microbusiness License was last renewed
6 on July 21, 2024, was in full force and effect at all times relevant to the charges brought in
7 Accusation No. DCC24-0002536-INV, expired on July 21, 2025, and has not been renewed.

8 **JURISDICTION**

9 4. Accusation No. DCC24-0002536-INV was filed before the Department, and is
10 currently pending against Respondent. The Accusation and all other statutorily required
11 documents were properly served on Respondent on February 28, 2025. Respondent timely filed a
12 Notice of Defense contesting the Accusation. A true and correct copy of Accusation
13 No. DCC24-0002536-INV is attached as Exhibit A and incorporated by reference.

14 **ADVISEMENT AND WAIVERS**

15 5. Respondent, through its authorized representative Christopher Sarkissian, has
16 carefully read, fully discussed with counsel, and understand the charges and allegations in
17 Accusation No. DCC24-0002536-INV. Respondent, through its authorized representative
18 Christopher Sarkissian, has carefully read, fully discussed with counsel, and understand the
19 effects of this Stipulated Revocation of License and Order.

20 6. Respondent, through its authorized representative Christopher Sarkissian, is fully
21 aware of its legal rights in this matter, including the right to a hearing on the charges and
22 allegations in the Accusation; the right to confront and cross-examine the witnesses against it; the
23 right to present evidence and to testify on its own behalf; the right to the issuance of subpoenas to
24 compel the attendance of witnesses and the production of documents; the right to reconsideration
25 and court review of an adverse decision; and all other rights accorded by the California
26 Administrative Procedure Act and other applicable laws.

27 7. Respondent is fully aware of its legal rights to receive a copy of the Decision and
28 Order via certified, registered, or first-class mail. Respondent agrees to receive a copy of the

1 Decision and Order in this matter via email at the following email address:

2 csarkissian78@gmail.com.

3 8. Respondent voluntarily, knowingly, and intelligently waives and gives up each and
4 every right set forth above.

5 **CULPABILITY**

6 9. Respondent understands and agrees that the charges and allegations in Accusation
7 No. DCC24-0002536-INV, if proven at a hearing, constitute cause for imposing discipline, and
8 stipulate to revocation of Respondent's Cannabis - Microbusiness License No. C12-0000208-
9 LIC.

10 10. For the purpose of resolving the Accusation without the expense and uncertainty of
11 further proceedings, Respondent agrees that, at a hearing, Complainant could establish a factual
12 basis for the charges in the Accusation, and that Respondent hereby gives up its right to contest
13 those charges.

14 11. Respondent understands that by signing this stipulation it enables the Department to
15 issue an order accepting the revocation of Respondent's Cannabis - Microbusiness License
16 without further process.

17 **CONTINGENCY**

18 12. This stipulation shall be subject to approval by the Department. Respondent
19 understands and agrees that counsel for Complainant and the staff of the Department may
20 communicate directly with the Department regarding this stipulation and revocation, without
21 notice to or participation by Respondent or its counsel. By signing the stipulation, Respondent
22 understands and agrees that Respondent may not withdraw its agreement or seek to rescind the
23 stipulation prior to the time the Department considers and acts upon it. If the Department fails to
24 adopt this stipulation as its Decision and Order, the Stipulated Revocation of License and Order
25 shall be of no force or effect, except for this paragraph, it shall be inadmissible in any legal action
26 between the parties, and the Department shall not be disqualified from further action by having
27 considered this matter.

28

1 contained in Accusation No. DCC24-0002536-INV shall be deemed to be true, correct and
2 admitted by Respondent when the Department determines whether to grant or deny the petition.

3 4. Respondent shall pay to the Department costs in the amount of twenty five thousand,
4 three hundred and eighty three dollars and fourteen cents (\$25,383.14), associated with its
5 investigation and enforcement pursuant to Business and Professions Code section 26031 and
6 California Code of Regulations, title 4, section 17813, should apply for a new commercial
7 cannabis license or ownership interest in any new or existing commercial cannabis license.
8 Respondent shall pay to the Department these costs within (15) days of applying for a new
9 commercial cannabis license or acquiring an ownership interest in a new or existing commercial
10 cannabis license with the Department

11 **ACCEPTANCE**

12 I have carefully read the above Stipulated Revocation of License and Order and have fully
13 discussed it with my attorney, Yelena Katchko. I understand the stipulation and the effect it will
14 have on my Cannabis - Microbusiness License. I enter into this Stipulated Revocation of License
15 and Order voluntarily, knowingly, and intelligently, and agree to be bound by the Decision and
16 Order of the Department of Cannabis Control.

17
18 DATED: 02/11/2026


Chris Sark (Feb 11, 2026 11:14:45 PST)

SAINTS PLACE LLC

By: Christopher Sarkissian,
Owner/Authorized Representative
Respondent

19
20
21
22 I have read and fully discussed with Respondent the terms and conditions and other matters
23 contained in this Stipulated Revocation of License and Order. I approve its form and content.

24
25 DATED: 02/11/2026



Yelena Katchko, Esq.
Attorney for Respondent

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ENDORSEMENT

The foregoing Stipulated Revocation of License and Order is hereby respectfully submitted for consideration by the Department of Cannabis Control.

DATED: 2/11/26

ROB BONTA
Attorney General of California
GREGORY M. CRIBBS
Supervising Deputy Attorney General

Matthew S. Beasley

MATTHEW S. BEASLEY
Deputy Attorney General
Attorneys for Complainant

LA2025800685

Exhibit A

Accusation No. DCC24-0002536-INV

1 ROB BONTA
Attorney General of California
2 HARINDER KAPUR
Senior Assistant Attorney General
3 State Bar No. 198769
600 West Broadway, Suite 1800
4 San Diego, CA 92101
P.O. Box 85266
5 San Diego, CA 92186-5266
Telephone: (619) 738-9407
6 E-mail: harinder.kapur@doj.ca.gov
Attorneys for Complainant

7
8 **BEFORE THE**
9 **DEPARTMENT OF CANNABIS CONTROL**
10 **STATE OF CALIFORNIA**

11 In the Matter of the Accusation Against:
12 **SAINTS PLACE, LLC;**
13 **JAMIE ALEFOSIO AND CHRISTOPHER**
14 **SARKISSIAN, OWNERS**
15 **728 S. Vail Ave.**
16 **Montebello, CA 90640**

17 **Microbusiness Licensee No. C12-0000208-LIC**

18 Respondent.

Case No. DCC24-0002536-INV
ACCUSATION

19 **PARTIES**

20 1. Evelyn Schaeffer (Complainant) brings this Accusation solely in her official capacity
21 as the Deputy Director of the Compliance Division of the Department of Cannabis Control
(Department).

22 2. On or about July 22, 2019, the Department issued Microbusiness License
23 No. C12-0000208-LIC to Saints Place LLC (Respondent) with Jaime Alefosio and Christopher
24 Sarkissian as Owners (Owners). The Microbusiness License was last renewed on July 21, 2024,
25 was in full force and effect at all times relevant to the charges brought herein and will expire on
26 July 21, 2025.

1 **PROCEDURAL HISTORY**

2 3. The Department issued an Emergency Decision and Order (EDO), pursuant to
3 California Code of Regulations, title 4, section 17815 that was served on Respondent on February
4 19, 2025, and was effective the same day at 10:00 a.m. The EDO suspended Respondent’s
5 license and ordered Respondent to cease all commercial cannabis activity. The time to initiate
6 adjudicative proceedings is within 10 days after issuance of the EDO, or by or on February 28,
7 2025.

8 **JURISDICTION**

9 4. This Accusation is brought before the Director (Director) for the Department, under
10 the authority of the following laws. All section references are to the Business and Professions
11 Code (Code) unless otherwise indicated.

12 5. Section 26010 of the Code states:

13 There is in the Business, Consumer Services, and Housing Agency, the Department
14 of Cannabis Control under the supervision and control of a director. The director shall
15 administer and enforce the provisions of this division related to the department.

16 6. Section 26010.5, subdivision (d), of the Code states:

17 The department has the power, duty, purpose, responsibility, and jurisdiction to
18 regulate commercial cannabis activity as provided in this division.

19 7. Section 26012, subdivision (a), of the Code states:

20 (a) It being a matter of statewide concern, except as otherwise authorized in this
21 division, the department shall have the sole authority to create, issue, deny, renew,
22 discipline, condition, suspend, or revoke licenses for commercial cannabis activity.

22 . . .

23 8. Section 26013, subdivision (a), of the Code states, in part:

24 The department shall make and prescribe reasonable rules and regulations as
25 may be necessary to implement, administer, and enforce its duties under this division
26 in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of
27 Division 3 of Title 2 of the Government Code. . . .

27 ///

28 ///

1 9. Section 26031 of the Code states, in part:

2 (a) The department may suspend, revoke, place on probation with terms and
3 conditions, or otherwise discipline licenses issued by the department and fine a
4 licensee, after proper notice and hearing to the licensee, except as provided in Section
5 26031.01, if the licensee is found to have committed any of the acts or omissions
6 constituting grounds for disciplinary action. The disciplinary proceedings under this
7 chapter shall be conducted in accordance with Chapter 5 (commencing with Section
8 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the director of
9 each licensing authority shall have all the powers granted therein.

10 ...

11 10. Section 26034 of the Code states:

12 All accusations against licensees shall be filed by the licensing authority within
13 five years after the performance of the act or omission alleged as the ground for
14 disciplinary action; provided, however, that the foregoing provision shall not
15 constitute a defense to an accusation alleging fraud or misrepresentation as a ground
16 for disciplinary action. The cause for disciplinary action in that case shall not be
17 deemed to have accrued until discovery, by the licensing authority, of the facts
18 constituting the fraud or misrepresentation, and, in that case, the accusation shall be
19 filed within five years after that discovery.

14 STATUTORY PROVISIONS

15 11. Section 26030 of the Code states, in part:

16 Grounds for disciplinary action include, but are not limited to, all of the
17 following:

18 (a) Failure to comply with the provisions of this division or any rule or
19 regulation adopted pursuant to this division.

20 ...

21 (c) Any other grounds contained in regulations adopted by a licensing authority
22 pursuant to this division.

23 ...

24 12. Section 26053 of the Code states, in part:

25 (a) All commercial cannabis activity shall be conducted between licensees,
26 except as otherwise provided in this division.

27 ...

28 (d) Each applicant or licensee shall apply for, and if approved, shall obtain, a
separate license for each location where it engages in commercial cannabis activity.

1 13. Section 26160 of the Code states:

2 (a) A licensee shall keep accurate records of commercial cannabis activity.

3 (b) All records related to commercial cannabis activity as defined by the
4 department shall be maintained for a minimum of seven years.

5 (c) The department may examine the records of a licensee and inspect the
6 premises of a licensee as the department, or a state or local agency, deems necessary
7 to perform its duties under this division. All inspections and examinations of records
8 shall be conducted during standard business hours of the licensed facility or at any
9 other reasonable time. Licensees shall provide and deliver records to the department
10 upon request.

11 (d) Licensees shall keep records identified by the department on the premises of
12 the location licensed. The department may make any examination of the records of
13 any licensee. Licensees shall also provide and deliver copies of documents to the
14 department upon request.

15 (e) A licensee, or its agent or employee, that refuses, impedes, obstructs, or
16 interferes with an inspection of the premises or records of the licensee pursuant to this
17 section, has engaged in a violation of this division.

18 (f) If a licensee, or an agent or employee of a licensee, fails to maintain or
19 provide the records required pursuant to this section, the licensee shall be subject to a
20 citation and fine of up to thirty thousand dollars (\$30,000) per individual violation.

21 14. Section 26161 of the Code states, in part:

22 (a) Every sale or transport of cannabis or cannabis products from one licensee
23 to another licensee must be recorded on a sales invoice or receipt. Sales invoices and
24 receipts may be maintained electronically and must be filed in such manner as to be
25 readily accessible for examination by employees of the department or California
26 Department of Tax and Fee Administration and shall not be commingled with
27 invoices covering other commodities.

28 **REGULATORY PROVISIONS**

15. Title 4 of the California Code of Regulations, section 15000.1, subdivision (b), states
in part:

(b) Commercial cannabis activity shall only be conducted between licensees.
Licensed retailers and licensed microbusinesses authorized to engage in retail sales
may conduct commercial cannabis activity with customers or nonprofits in
accordance with this division.

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1 16. Title 4 of the California Code of Regulations, section 15044, states in part:

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3 (d) Areas that shall be recorded on the video surveillance system include the
4 following:

5 (1) Areas where cannabis or cannabis products are weighed, packed, stored, loaded,
6 and unloaded for transportation, prepared, or moved within the licensed premises;

7 (2) Limited-access areas;

8 (3) Security rooms;

9 (4) Areas storing a surveillance-system storage device with at least one camera
10 recording the access points to the secured surveillance recording area; and

11 (5) Entrances and exits to the licensed premises, which shall be recorded from both
12 indoor and outdoor vantage points.

13 ...

14 (h) Surveillance recordings shall be kept for a minimum of 90 calendar days.

15 (i) Surveillance recordings are subject to inspection by the Department and shall be
16 kept in a manner that allows the Department to view and obtain copies of the recordings at
17 the licensed premises immediately upon request. The licensee shall also send or otherwise
18 provide copies of the recordings to the Department upon request within the time specified
19 by the Department.

20 ...

21 17. Title 4 of the California Code of Regulations, section 15047.2, states in part:

22 ...

23 (b) All commercial cannabis activity shall be accurately recorded in the track
24 and trace system.

25 ...

26 18. Title 4 of the California Code of Regulations, section 15048.2, states:

27 (a) A licensee shall only use plant and package tags provided and distributed by
28 the Department or the Department's designee.

(b) A licensee shall only use plant and package tags assigned in the track and
trace system to that licensee and shall not transfer unused tags to any other licensee.

(c) A licensee shall maintain a sufficient supply of tags to support tagging in
accordance with this chapter.

(d) Plant and package tags shall be discarded after they are no longer required
for use.

1 19. Title 4 of the California Code of Regulations, section 15049, states:

2 (a) All cannabis and cannabis products on the licensed premises shall be
3 assigned a plant or package tag, as applicable, except for harvested plants that are
4 being dried, cured, graded, or trimmed, as specified in this division, and recorded in
5 the track and trace system.

6 (b) Each of the following activities shall be recorded in the track and trace
7 system within 24 hours of occurrence:

8 (1) Receipt of cannabis or cannabis products.

9 (2) Rejection of transferred cannabis or cannabis products.

10 (3) Manufacturing of cannabis or cannabis products.

11 (4) Use of cannabis or cannabis product for internal quality control testing or
12 product research and development.

13 (5) Destruction or disposal of cannabis or cannabis products.

14 (6) Packaging or repackaging of cannabis or cannabis products, except that
15 cultivation licensees shall comply with section 15049.1(b)(5).

16 (7) Laboratory testing, including testing results.

17 (8) Sale or donation of cannabis or cannabis products.

18 (c) The following information shall be recorded in the track and trace system
19 for each activity entered pursuant to subsection (b):

20 (1) The type of cannabis or cannabis products.

21 (2) The weight, volume, or count of the cannabis or cannabis products.

22 (3) The date of activity.

23 (4) The UID assigned to the cannabis or cannabis products.

24 (5) The brand name of the cannabis goods.

25 (6) If cannabis or cannabis products are being destroyed or disposed of, the
26 licensee shall record the following information in the notes section:

27 (A) The name of the employee performing the destruction or disposal;

28 (B) The reason for destruction or disposal; and

(C) The method of disposal.

(d) If a package adjustment is used to adjust the quantity of cannabis or
cannabis products in the track and trace system, the licensee shall include a
description explaining the reason for adjustment.

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(e) If a licensee rejects a partial shipment of cannabis goods pursuant to section 15052.1(b), the licensee shall record the partial rejection in the track and trace system.

20. Title 4 of the California Code of Regulations, section 15049.2, states in part:

(a) A licensee shall prepare a shipping manifest through the track and trace system prior to transferring cannabis and cannabis products off of a licensed premises. The following information shall be recorded on the shipping manifest by the licensee initiating the transfer:

- (1) The name, license number, and premises address of the originating licensee;
- (2) The name and license number of the distributor transporting the cannabis and cannabis products;
- (3) The name, license number, and premises address of the licensee receiving the cannabis or cannabis products into inventory or storage;
- (4) The UID numbers for all items being transferred;
- (5) The item name, item category and weight or count of cannabis or cannabis products associated with each package tag;
- (6) The estimated date and time of departure from the licensed premises;
- (7) The estimated date and time of arrival at each licensed premises; and
- (8) The driver's license number of the personnel transporting the cannabis and cannabis products, and the make, model, and license plate number of the vehicle used for transport.

(b) The distributor who transports the cannabis or cannabis product shall record the following additional information on the shipping manifest:

- (1) The actual date and time of departure from the licensed premises; and
- (2) The actual date and time of arrival at each licensed premises.

(c) Upon pick-up or receipt of cannabis and cannabis products for transport, storage, or inventory, a licensee shall ensure that the cannabis or cannabis products received are as described in the shipping manifest. The licensee shall record acceptance or receipt, and acknowledgment of the cannabis or cannabis products in the track and trace system.

(d) If there are any discrepancies between type or quantity of cannabis or cannabis products specified in the shipping manifest and the type or quantity received by the licensee, the licensee shall reject the shipment.

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1 21. Title 4 of the California Code of Regulations, section 17216, states in part:

2 (a) A licensed manufacturer shall prepare a written batch production record
3 every time a batch of a cannabis product is manufactured or a batch of cannabis or
4 cannabis product is remediated. The batch production record shall accurately follow
the appropriate master manufacturing protocol, and each step of the protocol shall be
performed in the production of the batch.

5 (b) The batch production record shall document all the following information
6 about each batch at the time the batch is produced or remediated:

7 (1) The licensee number or premises address of the facility at which the production
8 occurred;

9 (2) The date each step of the master manufacturing protocol was performed and
10 the initials of the employee performing each step;

11 (3) The identity and weight or measure of each component used in production of
12 the batch;

13 (4) The specific equipment and processing lines used in producing or remediating
14 the batch;

15 (5) A statement of the actual yield and the percentage difference from expected
16 yield at appropriate phases of manufacturing as identified in the master manufacturing
17 protocol;

18 (6) If the product quality plan identifies any monitoring needed to ensure product
19 safety, the results of the monitoring action performed;

20 (7) An actual or representative label or other identification of the label to be used
21 for the cannabis product;

22 (8) The actual quantity of the packages and labels used, and the difference from
23 the expected quantity to be used, if the cannabis product will leave the manufacturing
24 premises as a final form cannabis good;

25 (9) Documentation that quality control personnel:

26 (A) Reviewed the batch production record;

27 (B) Reviewed all required monitoring operation(s); and

28 (C) Either approved and released, or rejected, the finished cannabis product,
including any remediated, repackaged or relabeled cannabis product;

(10) Documentation, at the time of performance, of any investigation identified in
the product quality plan or master manufacturing protocol, including deviations from the
expected yield or package and label count; and

(11) The UID and the batch or lot number of the finished batch of cannabis
product and the UIDs of all cannabis or cannabis products used in the batch.

...

1 22. Title 4 of the California Code of Regulations, section 17800, states:

2 (a) The Department and its authorized representatives, for purposes of
3 inspection, investigation, review, or audit, shall have full and immediate access to:

4 (1) Enter any premises licensed by the Department.

5 (2) Inspect and test any vehicle or equipment possessed by, in control of, or
6 used by a licensee or their agents and employees for the purpose of conducting
7 commercial cannabis activity.

8 (3) Test any cannabis goods or cannabis-related materials or products
9 possessed by, in control of, or used by a licensee or their agents and employees for
10 the purpose of conducting commercial cannabis activity.

11 (4) Copy any materials, books, or records of any licensee or their agents and
12 employees.

13 (b) Failure to cooperate with and participate in any Department investigation
14 pending against the licensee may result in a licensing violation subject to discipline.
15 This subsection shall not be construed to deprive a licensee of any privilege
16 guaranteed by the Fifth Amendment to the Constitution of the United States, or any
17 other constitutional or statutory privileges. This subsection shall not be construed to
18 require a licensee to cooperate with a request that would require the licensee to waive
19 any constitutional or statutory privilege or to comply with a request for information or
20 other matters within an unreasonable period of time in light of the time constraints of
21 the licensee's business. Any constitutional or statutory privilege exercised by the
22 licensee shall not be used against the licensee in a regulatory or disciplinary
23 proceeding against the licensee.

24 (c) Prior notice of an inspection, investigation, review, or audit is not required.

25 (d) Any inspection, investigation, review, or audit of a licensed premises shall
26 be conducted anytime the licensee is exercising privileges under the license, or as
27 otherwise agreed to by the Department and the licensee or its agents, employees, or
28 representatives.

(e) If the licensed premises is not accessible because access is only available by
going through another licensed premises and the licensee occupying the other
licensed premises denies the Department access, the licensees shall both be held
responsible and subject to discipline.

COST RECOVERY

23 23. Section 26031.1 of the Code states that:

24 (a) Except as otherwise provided by law, in an order issued in resolution of a
25 disciplinary proceeding before the department, the administrative law judge, upon request,
26 may direct a licensee found to have committed a violation to pay a sum not to exceed the
27 reasonable costs of the investigation and enforcement of the case.

28 (b) A certified copy of the actual costs, or a good faith estimate of costs where actual
costs are not available, signed by the department or its designated representative shall be
prima facie evidence of reasonable costs of investigation and prosecution of the case. The

1 costs shall include the amount of investigative and enforcement costs up to the date of the
2 hearing, including, but not limited to, charges imposed by the Attorney General.

3 (c) The administrative law judge shall make a proposed finding of the amount of
4 reasonable costs of investigation and prosecution of the case when requested pursuant to
5 subdivision (a). The finding of the administrative law judge with regard to costs shall not be
6 reviewable by the department to increase the cost award. The department may reduce or
7 eliminate the cost award, or remand to the administrative law judge if the proposed decision
8 fails to make a finding on costs requested pursuant to subdivision (a).

9 (d) If an order for recovery of costs is made and timely payment is not made as
10 directed in the department's decision, the department may enforce the order for repayment
11 in any appropriate court. This right of enforcement shall be in addition to any other rights
12 the department may have as to any licensee to pay costs.

13 (e) In any action for recovery of costs, proof of the department's decision shall be
14 conclusive proof of the validity of the order of payment and the terms for payment.

15 (f)(1) Except as provided in paragraph (2), the department shall not renew or reinstate
16 the license of any licensee who has failed to pay all of the costs ordered under this section.

17 (2) Notwithstanding paragraph (1), the department may, in its discretion,
18 conditionally renew or reinstate for a maximum of one year the license of any licensee who
19 demonstrates financial hardship and who enters into a formal agreement with the
20 department to reimburse the department within that one-year period for the unpaid costs.

21 (g) All costs recovered under this section shall be considered a reimbursement for
22 costs incurred and shall be deposited into the Cannabis Control Fund to be available upon
23 appropriation by the Legislature.

24 (h) Nothing in this section shall preclude the department from including the recovery
25 of the costs of investigation and enforcement of a case in any stipulated settlement.

26 **FACTUAL ALLEGATIONS**

27 24. On or about December 19, 2024, the Department issued a product recall for cannabis
28 distillate with Unique Identifier (UID) 1A406030005EDF9000001162 totaling 500 grams, due to
the presence of Methylene Chloride, a residual solvent, and placed a hold in Respondent's
METRC account for the product.

29 25. On or about December 20, 2024, Special Investigator (SI) Jeffrey Routsong
30 (Routsong) conducted a preliminary review of Respondent's METRC account. The METRC
31 account showed employee A.B. and Jamie Alefosio, Owner (Owner Alefosio) as the primary
32 METRC account managers and users. According to Respondent's METRC records on that date,
33 Respondent had 27 active packages in its METRC inventory, including cannabis distillate with
34 the Unique Identifier (UID) 1A406030005EDF9000001162 totaling 500 grams.

1 26. In preparation for a regulatory compliance inspection of Respondent’s licensed
2 premises, SI Routsong obtained a copy of Respondent’s most recent premises diagram from the
3 Department’s licensing database Accela and compared Respondent’s METRC audit files and
4 audit notes to Respondent’s real time inventory data. SI Routsong identified the recalled distillate
5 UID 1A406030005EDF9000001162 in Respondent’s METRC inventory as well as discrepancies
6 with Respondent’s inventory, wherein Respondent was recording large adjustments in plant
7 inventory as “moisture loss.”

8 27. On February 4, 2025, SIs Routsong and Guadalupe Sanchez, Senior Environmental
9 Scientists (SES) Eileen Del Rosario and Heather Despres, and Associate Governmental Program
10 Analyst (AGPA) Robert Lopez, conducted a regulatory compliance inspection of Respondent’s
11 licensed premises. During the inspection, Department staff were accompanied by Respondent’s
12 Cultivation Manager, A.C.P.

13 28. SI Routsong asked A.C.P. to see the manufacturing section of the facility and identify
14 the recalled distillate, UID 1A406030005EDF9000001162. The manufacturing section was not
15 currently operational and although there was manufacturing equipment present, including vape
16 cartridge filling machines and production tables, there was no manufacturing activity taking
17 place. SI Routsong observed one jar of distillate labeled with UID
18 1A4060300003E9D000074902, in storage. According to the METRC system, this jar of distillate
19 had been entered into METRC by and belonged in the inventory of a different manufacturing
20 licensee. A.C.P. did not know how the jar of distillate came into Respondent’s possession. SI
21 Routsong conducted a walk-through of the licensed premises and was unable to locate the
22 recalled distillate with UID 1A406030005EDF9000001162.

23 29. During the regulatory compliance inspection, two boxes of terpenes labeled with
24 various flavors, vape cartridges that appeared to be in Research and Development, and five boxes
25 of finished vape cartridges stored in a FedEx box were found in the room containing IT
26 equipment and video surveillance monitors. Four of the five boxes containing vape cartridges
27 were labeled with UID numbers not found in METRC records. The vape cartridge UID
28 1A4050300014371000305535, strain name Green Crack, was associated with a cannabis business

1 license in the state of Michigan. The fifth box contained vape cartridges in mylar bags with “Hall
2 of Fame” printed on each bag. There was no UID or testing information found within the fifth
3 box or on any of the “Hall of Fame” units.

4 30. Inside the distribution area, several large tote bags containing bulk cannabis flower,
5 shake, and trim were found. Some of the tote bags were labeled with strain names and other
6 markings but were not tagged with UID labels. A search of the strain names in Respondent’s
7 METRC account did not produce any corresponding records. The tote bags containing bulk
8 cannabis flower that did have UID tags were, according to METRC, associated with a licensed
9 cannabis cultivator. The METRC history of the plant tags from that cultivation licensee indicated
10 that the associated harvest was recorded as “No Harvest” and showed no derived packages.

11 31. Cannabis was also found in a large walk-in freezer that was not shown on the licensed
12 premises diagram on file with the Department. Inside the freezer, multiple large trash bags
13 containing bulk fresh frozen cannabis flower was found. The trash bags were labeled with
14 various strain names and other markings but none of the bulk fresh frozen cannabis in the walk-in
15 freezer was labeled with UID tags. SI Routsong attempted to trace the bulk fresh frozen cannabis
16 in Respondent’s METRC account, but no matching records were found.

17 32. Another room, adjacent to where the freezer was located, and that was also not
18 identified in the premises diagram was found to contain tote bags filled with frozen bulk cannabis
19 flower, trim, and shake. The tote bags were labeled with strain names and other markings but not
20 any UID tags. SI Routsong attempted to trace the frozen bulk cannabis flower, trim, and shake in
21 Respondent’s METRC account but no matching records were found. Department staff
22 determined that all the cannabis and cannabis goods lacking representative UID tags or deemed to
23 be potentially unsourced would be placed under embargo.

24 33. At approximately 1200 hours, A.B. arrived to assist with the inspection. When asked
25 about the location of the recalled distillate with UID 1A406030005EDF9000001162, A.B. stated
26 that “Brandon”, a contract employee who worked in both the distribution and manufacturing
27 sections of the facility, must have been thrown away the recalled distillate after the Department
28 placed its administrative hold. When asked whether there were any video surveillance records

1 documenting the destruction or disposal of the target distillate by “Brandon” A.B. responded,
2 “No.”

3 34. A.B. was asked to, but could not provide or locate any UID tags, production batch
4 records, and trim production records for the cannabis and cannabis goods identified as potentially
5 unsourced during the inspection. SI Routsong then inquired about the presence of vape cartridges
6 from a Michigan-licensed cannabis business, as well as the additional vape cartridges which
7 lacked accompanying testing information. A.B. stated that she was unaware of these vape
8 cartridges and did not know their origin. Department staff issued an Initial Embargo Notice for
9 all of the unsourced cannabis. The embargoed cannabis and cannabis goods were placed in a
10 storage areas that were equipped with surveillance cameras.

11 35. SI Routsong inspected the IT room where the surveillance system video monitors
12 were displayed and requested that A.B. contact Respondent’s IT provider or any employee with
13 access to the system. At the time, A.B. was unable to provide evidence of Respondent’s video
14 surveillance system retention and was asked to submit proof of surveillance system retention,
15 along with any batch production records, relevant UID tags, and master manufacturing protocols,
16 by the close of business on February 5, 2025.

17 36. On or about February 5, 2025, A.B. informed SI Routsong that Respondent did not
18 have the required retention equipment for its video surveillance system, that Respondent had
19 ordered the necessary equipment, and that Respondent would let the Department know when the
20 system was operating with 90-day retention.

21 37. At the time of the Emergency Decision and Order, Respondent had not provided the
22 requested proof of surveillance system retention, batch production records, relevant UID tags, or
23 master manufacturing protocols to the Department.

24 **FIRST CAUSE FOR DISCIPLINE**

25 (Accurate Records in Track and Trace)

26 38. Respondent is subject to disciplinary action under Code section 26030, subdivisions
27 (a) and (c), and California Code of Regulations, title 4, sections 15047.2, subdivision (b), 15049,
28 subdivisions (b), (b)(5), and (d), and 15049.2, in that Respondent removed cannabis distillate

1 from its California Cannabis Track and Trace System (CCTT) inventory without any
2 documentation or explanation and there were packages of cannabis in Respondent’s METRC
3 inventory that were not found on the licensed premises during the regulatory compliance
4 inventory, as more particularly alleged in paragraphs 24 through 37, above, which are hereby
5 incorporated by reference and realleged as if fully set forth herein.

6 **SECOND CAUSE FOR DISCIPLINE**

7 (Maintaining Records, Use of UID Tags, and Recording in CCTT)

8 39. Respondent is further subject to disciplinary action under Code section 26030,
9 subdivisions (a) and (c), and California Code of Regulations, title 4, sections 15047.2, subdivision
10 (b), 15048.2, 15049, and 15049.2, subdivision (a), in that Respondent possessed cannabis that
11 was not labeled, did not have UID tags, was not in its METRC Account, and/or was from out of
12 state, as more particularly alleged in paragraphs 24 through 37, above, which are hereby
13 incorporated by reference and realleged as if fully set forth herein.

14 **THIRD CAUSE FOR DISCIPLINE**

15 (Maintaining Records, Invoices and Receipts)

16 40. Respondent is further subject to disciplinary action under Code sections 26030,
17 subdivisions (a) and (c), 26160, and 26161, and California Code of Regulations, title 4, sections
18 17216, subdivisions (a) and (b), and 17800, in that Respondent failed to provide requested UID
19 tags, batch production records, or master manufacturing protocols, as more particularly alleged in
20 paragraphs 24 through 37, above, which are hereby incorporated by reference and realleged as if
21 fully set forth herein.

22 **FOURTH CAUSE FOR DISCIPLINE**

23 (Video Surveillance)

24 41. Respondent is further subject to disciplinary action under Code sections 26030,
25 subdivisions (a) and (c), 26160, and California Code of Regulations, title 4, section 15044,
26 subdivisions (d), (h), and (i), in that Respondent failed to provide video surveillance records as
27 required and the video surveillance does not have the capability to maintain surveillance

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1 recordings for a minimum of 90 days, as more particularly alleged in paragraphs 24 through 37,
2 above, which are hereby incorporated by reference and realleged as if fully set forth herein.

3 **FIFTH CAUSE FOR DISCIPLINE**

4 (Commercial Cannabis Activity Conducted Between Licensees)

5 42. Respondent is further subject to disciplinary action under Code sections 26030,
6 subdivisions (a) and (c), and 26053, and California Code of Regulations, title 4, section 15000.1,
7 subdivision (b), in that Respondent conducted commercial cannabis activity with an entity, or
8 entities, not licensed by the State of California, as more particularly alleged in paragraphs 24
9 through 37, above, which are hereby incorporated by reference and realleged as if fully set forth
10 herein.

11 **PRAYER**

12 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
13 and that the following the hearing, the Director issue a decision:

14 1. Revoking or suspending outright or suspending with terms and conditions or fining or
15 any combination thereof, the Cannabis Microbusiness License Number C12-0000208-LIC, issued
16 to Saints Place LLC with Jaime Alefosio and Christopher Sarkissian as Owners;

17 2. Ordering Respondent Saints Place LLC with Jaime Alefosio and Christopher
18 Sarkissian as Owners to pay the Department of Cannabis Control the reasonable costs of the
19 investigation and enforcement of this case, pursuant to Business and Professions Code section
20 26031.1;

21 3. Ordering the destruction of cannabis and cannabis goods in the possession of
22 Respondent Saints Place, LLC, with Jaime Alefosio and Christopher Sarkissian as Owners, at
23 Respondent's expense if revocation of Microbusiness License Number C12-0000208-LIC is
24 ordered, pursuant to California Code of Regulations, title 4, section 15024.1, subdivision (a); and

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4. Taking such other and further action as deemed necessary and proper.

DATED: February 28, 2025

Evelyn Schaeffer Digitally signed by Evelyn Schaeffer
Date: 2025.02.28 10:18:54 -08'00'
EVELYN SCHAEFFER
Deputy Director of the Compliance
Division
Department of Cannabis Control
State of California
Complainant

LA2025800685/CCS Accusation.docx

PROOF OF SERVICE

Case Name: In the Matter of Accusation Against: Saints Place, LLC
DCC Case No. DCC24-0002536-INV
License No. C12-0000208-LIC, Microbusiness

I am a resident of the State of California, over the age of eighteen years, and not a party to the within action. My business address is Department of Cannabis Control, 2920 Kilgore Road, Rancho Cordova, CA 95670. On February 26, 2026, I served the within documents:

ORDER ADOPTING STIPULATED REVOCATION OF LICENSE AND ORDER AS FINAL DECISION

- VIA ELECTRONIC TRANSMISSION. Pursuant to CCP § 1010.6, I caused the document(s) to be sent to the person(s) at the Email address(es) listed below. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.
- VIA CERTIFIED MAIL by placing the envelope for collection and mailing following our ordinary business practices for collecting and transmitting mail through the United States Postal Service to the individual(s) or entity(ies) listed below.
 - Service via certified mail to be completed upon the following business day.

Saints Place, LLC
Christopher Sarkissian, Owner
csarkissian78@gmail.com

Yelena Katchko, Esq.
Katchko, Vitiello & Karikomi, PC
ykatchko@kvklawyers.com

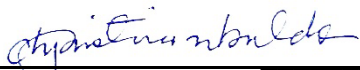
Evelyn Schaeffer (email only)
Deputy Director
Compliance Division
Department of Cannabis Control
Evelyn.Schaeffer@cannabis.ca.gov

Matthew S. Beasley (email only)
Deputy Attorney General
Cannabis Control Section
Office of Attorney General
Matthew.Beasley@doj.ca.gov

I am familiar with the Department’s business practices for collecting and transmitting mail through the United States Postal Service. In accordance with those practices, correspondence placed in the Department’s internal mail collection system is, in the ordinary course of business, deposited in the United States Postal Service, with postage paid, on the same day.

I declare under penalty of perjury under the laws of the State of California, and the United States of America, that the above is true and correct.

Executed on February 26, 2026, at Rancho Cordova, California.



Christina C. Ubaldo



**NOTICE OF PUBLIC HEARING
CITY OF MONTEBELLO PLANNING COMMISSION**

**Revocation of Conditional Use Permit No. CUP 07-19 and
Associated Amendment No. 07-19-M1
728 South Vail Avenue**

Project Description: The Planning Commission will consider the revocation of Conditional Use Permit No. 07-19 and associated amendment No. 07-19-M1, which allows for the operation of commercial cannabis activity at 728 South Vail Avenue, Montebello, CA 90640 (APN: 6353-002-005). The consideration to revoke Conditional Use Permit No. 07-19 and amendment No. 07-19-M1 relates to Saint's Place, LLC's failure to comply with the conditions of approval outlined in Conditional Use Permit No. 07-19 and amendment No. 07-19-M1. 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. 07-19 and associated amendment No. 07-19-M1 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. 07-19 and amendment No. 07-19-M1 for failure to comply with the conditions of approval and for failure to meet financial contractual obligations stipulated in approved Development Agreement No. 07-19. The meeting is scheduled on:

Date: Tuesday, June 16, 2026
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: pccpubliccomment@montebellocal.gov where the public can submit written public comments up until the day of the meeting, **Tuesday, June 16, 2026, between 7:30 a.m. – 5:30 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://cityofmontebello.hosted2.civillive.com/departments/administration/city_clerks_office/agendas_mlnotes_and_videos.

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: June 4, 2026

AGREEMENT NO 3654
COMMERCIAL CANNABIS BUSINESS DEVELOPMENT
AGREEMENT NO. 07-19 BETWEEN THE CITY OF MONTEBELLO AND
SAINT'S PLACE 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 **SAINT'S PLACE 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 728 South Vail Avenue, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number(s): 6353-002-005, 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 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, delivery-only retailer site, and distribution site, as those terms are defined in the Montebello Municipal Code ("Manufacturing, 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, 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(a1);

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 Manufacturing, 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 indoor cannabis manufacturing, delivery-only retail, and distribution in accordance with the Applicable Cannabis Laws;

WHEREAS, the Project will consist of one warehouse 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 distribution, manufacturing, delivery and general business offices as follows:

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 7:00 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) Manufacturing of cannabis and its derivatives through volatile and non-volatile extraction.
- 2) Manufacturing of cannabis food products.
- 3) Packaging and storage of cannabis products.
- 4) Distribution of cannabis products.
- 5) Retail delivery of cannabis products.

Proposed Hours of Operation (subject to final approval pursuant to the CUP):
8:00AM to 7:00PM 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 licenses:

- 1) **Microbusiness for manufacturing, distribution, and delivery-only retail**
- 2) **Manufacturing**

Please see the Recitals of this 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 18, 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 728 South Vail Avenue, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number: 6353-002-005.

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

Owner: **Saint's Place LLC**

Nature of Interest: *Lease for 5 years with Option to Renew for two additional 5 year options.*

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, 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, 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 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, 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 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 processing occurring at the premises from a public right-of-way or from an adjacent parcel. Commercial cannabis 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 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, Fadi Yashruti, 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, Jaime Alefosio, 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.



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, "**commercial cannabis activities**" means all permitted activities: e.g., 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

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 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 its 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:

Saint's Place, LLC
728 South Vail Avenue
Montebello, CA 90640

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. 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.
- a. 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

SAINT'S PLACE, LLC



Name: Jaime Alefosio
Title: Managing Member

APPROVED AS TO FORM:



for City Attorney
City of Montebello



EXHIBITS

- A. LEGAL DESCRIPTION
- B. PARCEL MAP
- C. SITE AND/OR FLOOR PLANS
- D. RECORDED GRANT DEED OR EXECUTED LEASE AGREEMENT
- E. PROPERTY OWNER SIGNED AND NOTARIZED CONSENT FORM
- F. CONDITIONS OF APPROVAL
- G. LABOR PEACE AGREEMENT OR NOTARIZED STATEMENT OF INTENT



**CITY OF MONTEBELLO
AMENDMENT NO. 1 TO AGREEMENT NO. 3654**

**FIRST AMENDMENT TO COMMERCIAL CANNABIS BUSINESS
DEVELOPMENT AGREEMENT NO. 07-19**

THIS FIRST AMENDMENT TO COMMERCIAL CANNABIS DEVELOPMENT AGREEMENT NO. 07-19 ("the First Amendment") is entered into this 28th day of July, 2021, by and between the CITY OF MONTEBELLO ("City"), a California municipal corporation, and SAINT'S PLACE, LLC ("Owner"), a California limited liability company. 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 First Amendment to Commercial Cannabis Development Agreement No. 07-19:

RECITALS

WHEREAS, on February 14, 2018, Ordinance 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; and

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

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; and

WHEREAS, on June 18, 2019, Conditional Use Permit No. 07-19 (*hereinafter* "CUP") application was submitted by Jaime Alefosio with Saint's Place, LLC., and approved by the Planning Commission to conduct commercial cannabis activities; and

WHEREAS, on July 8, 2019, the City Council of the City of Montebello approved the execution of "COMMERCIAL CANNABIS BUSINESS DEVELOPMENT AGREEMENT NO. 07-19 BETWEEN THE CITY OF MONTEBELLO AND SAINT'S PLACE, LLC" (the "Development Agreement"); and

WHEREAS, a CUP No. 07-19-M1 application was submitted by Jaime Alefosio and Chris Sarkissian ("Owners") with Saint's Place, LLC, to amend CUP 07-19 to allow for indoor cannabis Cultivation (9,585 square feet) as a conditionally permitted use to go with previously approved cannabis Manufacturing, Distribution, and Non-Storefront Retail Delivery located at 728 Vail Avenue (APN 6353-002-005); and

WHEREAS, after conducting a duly noticed CUP hearing on October 6, 2020, 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. 07-19-M1; and

WHEREAS, presently, Owners have a leasehold interest in a certain real property located at 728 Vail Avenue ("Site") for the purpose of conducting commercial cannabis related activities which shall include, but not be limited to, commercial cannabis manufacturing, deliver-only retail, distribution, and cultivation. Such commercial cannabis facilities shall operate in accordance with all applicable provisions of California Business and Professions Code, California Health and Safety Code, California Revenue and Taxation Code, California Vehicle Code, California Water Code, California Code of Regulations, 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, deliver-only site, distribution site, and cultivation site, as those terms are defined in the Montebello Municipal Code ("Manufacturing, Delivery-Only Retail, Distribution, and Cultivation Facility"), Owners shall be required to obtain a Conditional Use Permit from the City, and all related permits and licenses prior to the operation of same, pursuant to Montebello Municipal Code Chapter 5.90 and 17.71; and

WHEREAS, Owner intends on obtaining one or more additional permanent annual California State License(s), pursuant to Applicable Cannabis Laws, to operate a Cultivation Facility at the Site in addition to existing Manufacturing, Delivery-Only Retail, and Distribution Facility operations at the Site ("Project"). 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); and

WHEREAS, the Project will consist of such final square footage to be consistent with Owners' final approved CUP, as may 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 cloning room. Total area of these uses will be enumerated with an estimated square footage footprint within Owners' 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 Owners' 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 Owners' 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 Owners' 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 7:00 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 unauthorized 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 7:00PM for general business hours, 24-hours for internal operations

Owner has applied for or will apply for the following State cannabis licenses:

- 1) Microbusiness for manufacturing, distribution, and delivery-only retail
- 2) Manufacturing
- 3) Cultivation

WHEREAS, Article 2 of the Development Agreement, “Permitted Uses,” provides that an Owner may apply for an amendment to a Development Agreement and to the issued CUP so long as approval is received by the City’s Planning Commission and City Council, as required, to amend the Permitted Uses at the Site; and

WHEREAS, Article 20 of the Development Agreement prohibits an Owner from operating a commercial cannabis facility authorized under the municipal code unless it is a holder of a valid CUP issued by the City in accordance with the procedures and requirements of Montebello Municipal Code Chapters 5.90 and 17.71; and

WHEREAS, it is the intention of SAINT’S PLACE, LLC to modify this Development Agreement to add commercial cannabis Cultivation to the Permitted Uses under the Agreement; and

WHEREAS, in accordance with the terms of the Development Agreement, Owners 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 add Cultivation as a permitted use. The City has received application for modification materials, information and requisite fees it deems sufficient, appropriate and complete for the purpose of determining that Owners are qualified for purposes of the foregoing terms of the Development Agreement and the CUP, including showing the requisite proof of an approved amended CUP allowing Cultivation as an additional cannabis activity at 728 Vail Avenue; and

WHEREAS, this First Amendment is intended to meet the requirements of Article 2 of the Development Agreement and applicable Montebello Municipal Code provisions regulating an amendment to add Cultivation as an additional commercial cannabis activity, and is executed with the consent of the City of Montebello as contemplated in the Development Agreement; and

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 Categorical 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; and

WHEREAS, on July 28, 2021, the City Council of the City of Montebello reviewed, considered, and approved this FIRST AMENDMENT TO COMMERCIAL CANNABIS DEVELOPMENT AGREEMENT NO. 07-19, by and between the City of Montebello and Saint's Place, LLC.

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:

Section 1: Recitals.

The Recitals 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.

Section 2: Authorizing Indoor Cannabis Cultivation to the Previously Approved Cannabis Manufacturing, Distribution, and Non-Storefront Retail Delivery Activities.

2.1. The First Amendment is to amend Development Agreement No. 07-19 to add the commercial cannabis activity of Cultivation (9,585 square feet) as approved under CUP 07-19-M1 to accompany previously approved cannabis Manufacturing, Distribution, and Non-Storefront Retail Delivery that will occupy an existing 15,408 square foot building.

2.2. The First Amendment shall take effect and be binding only upon the City of Montebello City Council's consent to and approval of the First Amendment, and as further outlined hereinbelow under Section 5.

2.3. Owners represent and warrant that it has reviewed and is familiar with the terms and conditions of the Development Agreement and the Conditional Use Permit.

2.4. 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.

2.5. Exhibits: Owners have 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.

- 2.5.a. Exhibit C: **Site and/or Floor Plans**
- 2.5.b. Exhibit D: **Recorded Grant Deed or Executed Lease Agreement**
- 2.5.c. Exhibit E: **Property Owner Signed and Notarized Consent Form**
- 2.5.d. Exhibit F: **Conditions of Approval**

Section 3: Amendments to Development Agreement. The following articles, sections, paragraphs or portions of the Development Agreement are hereby amended to read as follows:

3.1. Section 2.c. Government Code and Municipal Code Required Elements; Permitted Uses.

The Site may be used for a Cultivation, Manufacturing, 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, Owners 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.

3.2. Section 5.a. Facility Operations; Standard Operating Procedures.

Owners are 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 Cultivation, Manufacturing, 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, Owners 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, Owners shall operate in accordance with all Applicable Cannabis Laws. Owners shall employ industry standard operating procedures to comply with Applicable Cannabis Laws.

Owners' facility shall employ adequate safety and security measures for the safety and security of its employees, visitors, vendors, and neighboring communities and properties.

Owners 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.

3.3. Section 5.e. Facility Operations; Identification Display.

Each owner, manager, employee, and individual member engaged in the processing, manufacturing, distribution, cultivation, or transporting of cannabis shall at all time 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 Owners.

3.4. Section 5.f. Facility Operations; 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 Owners' 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 Owners. 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.

Owners 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, cultivation, distribution, 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.

3.5. Section 5.k. Facility Operations; 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.

Owners 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 Owners' facility. Owners 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.

3.6. Section 5.l. Facility Operations; 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.

3.7. Section 7.b. Payment of City Fees; 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, “**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 role 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.

Owners agree 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 activity conducted at the Site
3. **Delivery-Only Retail:** 2% of gross receipts
4. **Cultivation:** \$10.00 per square foot of canopy space, as defined under the California Code of Regulations Cannabis Cultivation Program, 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. Owners 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.

3.8. Section 7.c. Payment of City Fees.

Owners understand and agree 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.

3.9. Section 17. CUP Conditions of Approval.

Restatement of Compliance with CUP Conditions of Approval. Owners 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.

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 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.

CITY OF MONTEBELLO



Kimberly Cobos-Cawthorne
Mayor

Date: 8/12/21

SAINT'S PLACE, LLC



Jaime Alefosio
Owner and Managing Member

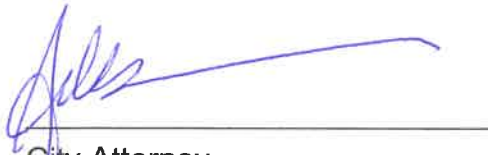
Date: 8/10/21

SAINT'S PLACE, LLC



Christopher Sarkissian
Owner and Managing Member

APPROVED AS TO FORM:



City Attorney
City of Montebello

Date: 8-17-2021



ITEM # 4

**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. 03-19 RELATED TO COMMERCIAL CANNABIS OPERATIONS CONDUCTED AT 1616 BEACH STREET**

DATE: June 16, 2026

RECOMMENDATION(S):

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

1. Adopt Resolution No. 05-26 approving the revocation of Conditional Use Permit No. 03-19, which allows for commercial cannabis activity at 1616 Beach Street, due to the failure by GW Montebello Inc. (“GW Montebello”) to comply with the Conditions of Approval applicable to Conditional Use Permit No. 03-19 and for failure to fulfill their obligations and commitments pursuant to Development Agreement No. 03-19 and Chapter 5.90 of the Montebello Municipal (“MMC”); and
2. Make a determination regarding the revocation of Conditional Use Permit No. 03-19, 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”]).

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,

PLANNING COMMISSION AGENDA REPORT - MEETING OF JUNE 16, 2026

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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 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, eight (8) are currently active and operating under at least one of their approved license types, eight (8) have had their Conditional Use Permits revoked or declared null and void due to inactivity, and eight (8) are not in compliance with the requirements of the City's cannabis program.

GW Montebello is among the eight cannabis businesses currently not in compliance with the City's cannabis regulations. The business has failed to satisfy obligations required under Conditional Use Permit No. 03-19, Development Agreement No. 03-19 (see Attachment E), and Chapter 5.90 of the Montebello Municipal Code, specifically the requirement to maintain a current and active license issued by the California Department of Cannabis Control ("DCC"). Our records indicate that GW Montebello voluntarily surrendered its DCC license on May 3, 2023, and has not obtained a replacement license since that time.

PUBLIC NOTIFICATION:

Pursuant to Chapter 17.78 (Public Hearings, Notices, and Appeals) of the Montebello Municipal Code, public notification was provided as follows:

- On June 4, 2026, the Public Hearing Notice (please see Attachment D) was published in the Montebello News.
- On June 4, 2026, the Public Hearing Notice was mailed to property owners within 300 feet of the subject property.

- On June 4, 2026, the Public Hearing Notice was uploaded to the City's website.

ENVIRONMENTAL:

The request for revocation of Conditional Use Permit No. 03-19 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. 03-19.

ANALYSIS:

On June 4, 2019, the City's Planning Commission approved Conditional Use Permit No. 03-19, authorizing GW Montebello to operate a commercial cannabis business at 1616 Beach Street. The Conditional Use Permit approval was granted subject to various conditions intended to ensure that the operation remained compliant with all applicable local and state laws governing commercial cannabis activities. Subsequently, on July 8, 2019, the City of Montebello and GW Montebello, Inc. executed Development Agreement No. 03-19, which established additional operational requirements and ongoing obligations associated with conducting commercial cannabis activities within the City.

These obligations include a requirement that the business must maintain all licenses and permits necessary to lawfully operate, including a valid and active state cannabis license issued by the DCC. The requirement to maintain a state license is fundamental to the regulatory framework governing commercial cannabis operations, as a state license confirms that a business is authorized to engage in cannabis activities and remains subject to state oversight, inspection, and enforcement requirements.

Furthermore, on May 4, 2023, the City received an email correspondence from the California Department of Cannabis Control regarding GW Montebello's state cannabis license. The correspondence, which was addressed to GW Montebello, stated that the DCC Licensing Action Unit had reviewed and approved GW Montebello's request to surrender license No. CDPH-10003440 issued to GW Montebello for the premises located at 1616 Beach Street, Montebello California. The DCC confirmed that the license surrender became effective on May 3, 2023. The correspondence further advised GW Montebello that upon the effective date of the surrender, they were no longer authorized to engage in commercial cannabis activity under the surrendered license.

Since the effective date of the license surrender, GW Montebello has not reinstated the surrendered license nor obtained a new state cannabis license from DCC to operate at the subject site. As such, GW Montebello has remained out of compliance with the requirements of Conditional Use Permit No. 03-19, Development Agreement No. 03-19, and Chapter 5.90 of the Montebello Municipal Code, all of which require the maintenance of a valid and active state cannabis license as a condition of operation.

Given the continued absence of the required state license, GW Montebello remains in violation of its entitlement obligations and applicable municipal regulations. Accordingly, the City has initiated proceedings to revoke Conditional Use Permit No. 03-19.

Conditional Use Permit Revocation

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 GW Montebello's failure to comply with the requirements of the City's cannabis program.

Pursuant to Section 17.80.020(B) of the Montebello Municipal Code, 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. GW Montebello'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. 36 – 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. 40 – 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.

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. 05-26, authorizing the revocation of Conditional Use Permit No. 03-19 as specifically outlined in the Recommendation section of this report.

ATTACHMENT(S)

1. Attachment A - Planning Commission Resolution No. 05-26 (Revocation – GW Montebello)
2. Attachment B - Planning Commission Resolution for CUP Approval (For Reference Only)
3. Attachment C - Correspondence from Department of Cannabis Control
4. Attachment D - Public Hearing Notice
5. Attachment E - Development Agreement No. 03-19

ATTACHMENT A

MONTEBELLO PLANNING COMMISSION RESOLUTION NO. 05-26

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MONTEBELLO APPROVING THE REVOCATION OF CONDITIONAL USE PERMIT NO. 03-19 RELATED TO THE OPERATION OF COMMERCIAL CANNABIS ACTIVITY AT 1616 BEACH STREET (APN: 6353-002-007) 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 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. 03-19 to allow GW Montebello Inc. (“GW Montebello”), to conduct commercial cannabis operations consisting of manufacturing, distribution and non-storefront retail delivery at 1616 Beach Street (APN: 6353-002-007); and

WHEREAS, on July 8, 2019, Commercial Cannabis Development Agreement No. 03-19 was entered into between the City of Montebello and GW Montebello Inc. to allow

the operation of commercial cannabis activity at 1616 Beach Street, consistent with Chapter 5.90 of the Montebello Municipal Code; and

WHEREAS, Conditional Use Permit No. 03-19 and Development Agreement No. 03-19 established conditions of approval, ongoing obligations, and operational requirements governing the operation of commercial cannabis activities at the subject property, which were intended to ensure compliance with all applicable local and state laws and regulations; and

WHEREAS, among these conditions and obligations is the requirement that the permittee maintain all licenses, permits, and governmental approvals necessary to lawfully conduct commercial cannabis operations, including a valid and active state cannabis license issued by the California Department of Cannabis Control ("DCC"); and

WHEREAS, on May 4, 2023, the City received email correspondence from DCC regarding GW Montebello's state cannabis license. The correspondence stated that the DCC Licensing Action Unit had reviewed and approved GW Montebello's request to surrender license No. CDPH-10003440 issued to GW Montebello for the premises located at 1616 Beach Street, Montebello California. The DCC confirmed that the license surrender became effective on May 3, 2023. The correspondence further advised GW Montebello that upon the effective date of the surrender, they were no longer authorized to engage in commercial cannabis activity under the surrendered license; and

WHEREAS, since the effective date of the license surrender, GW Montebello has not reinstated the surrendered license nor obtained a new state cannabis license from DCC to operate at the subject site. As such, GW Montebello has remained out of compliance with the requirements of Conditional Use Permit No. 03-19, Development Agreement No. 03-19, and Chapter 5.90 of the MMC, which require the maintenance of a valid and active state cannabis license as a condition of operation; and

WHEREAS, 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. 03-19 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 GW Montebello Inc. to comply with the conditions of approval as outlined in Conditional Use Permit No. 03-19; 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 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”.

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 GW Montebello Inc.’s failure to maintain a valid and active state cannabis license issued by the California Department of Cannabis Control is in violation of their obligations under the following conditions of approval applicable to Conditional Use Permit No. 03-19 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. 36 – 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. 40 – 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.

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. 03-19.

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.

Section 5. 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 16th day of June 2026.

**ARMANDO MEDINA, CHAIR
MONTEBELLO PLANNING COMMISSION**

ATTEST:

I, _____, Secretary of the City of Montebello Planning Commission, **DO HEREBY CERTIFY** that the foregoing Resolution, being Resolution No. 05-26 has been duly signed by the Chair, and attested by the Secretary, all at a meeting of the Montebello Planning Commission, held June 16, 2026, 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. 02-19

**RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF
MONTEBELLO ADOPTING CEQA EXEMPTION AND APPROVING
CONDITIONAL USE PERMIT NO. CUP 03-19 TO ALLOW A
CANNABIS MANUFACTURING, DISTRIBUTION, AND NON-STORE
FRONT RETAIL DELIVERY LOCATED AT 1616 BEACH STREET
AVENUE (APN 6353-002-007)**

WHEREAS, a Conditional Use Permit No. CUP 03-19 application was submitted by Spencer Noecker with GW Montebello, Inc. ("Applicant"), and has been received and accepted;

WHEREAS, the Conditional Use Permit would allow a new cannabis Manufacturing, Distribution, and Non-Store Front retail delivery located at 1616 Beach Street (APN 6353-002-007);

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 03-19 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 consists of the operation repair, maintenance, permitting, leasing, licensing, or minor alterations of an existing private structure, facility, mechanical equipment, or topographical features, involving negligible or no expansion of an existing or 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 Manufacturing, Distribution, and Non-Store Front retail is in compliance with the M-1 (Light 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 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 in the area;
 - d. Would not detrimentally affect the nearby surrounding area, after giving special consideration to the proximity and nature of the proposed uses with respect to schools providing instruction in kindergarten of any grades 1 through 12, a day care center, or youth center, or of 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 03-19 to allow cannabis 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

03-19) 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 (i.e. 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 03-19 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 03-19 is for cannabis Manufacturing, Distribution, and Non-Store Front delivery only and will occupy 17,009 square feet of an existing 35,309 square-foot building.
6. GW Montebello, Inc must be a registered business or entity with the Secretary of State of the State of California. If GW Montebello, Inc. 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 Planning & Community Development Department for 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 the City of Montebello codes, regulations, ordinances and applicable state and federal laws.
9. This approval is the result of a review of your submitted application and plans. Further review may be required as the operations begin 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 ordinances. 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 shall 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 Manufacturing, Distribution, and Non-Store Front retail delivery shall not have any members of the public visit the premises at 1616 Beach Street for acquisition or sale of any product.
14. The development and utilization of the subject site shall substantially conform to the plans authored by Green Box dated April 12, 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. Prior to issuing a building permit, the plans must include two loading spaces as required by the Montebello Municipal Code (MMC) Chapter 17.52.230.
16. Off-street parking. The existing building is a legal nonconforming structure consisting of 35,309 square feet. The project will use the existing 28 parking spaces on site as allowed, under Chapter 17.54 of the MMC with no alteration, addition or enlargement to any portion of the building, or structure.
17. The development of the subject site shall be consistent with all of the provisions of the MMC and Conditional Use Permit (CUP 03-19).
18. The Applicant shall submit three copies of construction level Landscape and Irrigation Plans to the Planning & 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. 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.
20. Applicant will improve exterior of the building with paint to match, as necessary.
21. 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 be enclosed by a view-obscuring wall or fence with gates pursuant to Section 17.32.060 of the MMC.
22. 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 Planning & 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.

23. The Director of Planning & 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 03-19) if sufficient cause is given.
24. No transfer or change in ownership or location. Applicant 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.
25. The Applicant or successor in interest shall meet the applicable Code requirements and all other City Departments regulations.
26. 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.
27. 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.
28. 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 & Community Development who may take action or call for review by the Planning Commission at a noticed public hearing.
29. The Applicant shall have all graffiti on-site removed within 24 hours of its appearance.
30. 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.
31. All employees of the business on-site shall be out of the premises no later than one hour after closing. No "after hours" operations shall be permitted.
32. No loitering in the parking area. 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.
33. 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 patron and visit the premises.

34. The parking area shall be sufficiently lit and secured to discourage loitering and/or late night activity.
35. 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 & Community Development and the Building Official prior to issuing building permits.
36. This approval shall not supersede the approval of any other responsible agencies. The Applicant shall comply with all federal, state and local laws.
37. The approval of this Conditional Use Permit (CUP 03-19) 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.
38. The approval of this Conditional Use Permit (CUP 03-19) can be extended up to and not to exceed an additional two (2) years with a written request by the Applicant stating the reason and need for an extension and upon review and approval by the Director of Planning and Community Development.
39. 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.
40. 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.
41. Parking shall be provided in accordance with the regulations of Chapter 17.52 of the MMC.
42. 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.
43. All screening must be reviewed and approved by the Planning Division prior to the issuance of any building permits to construct the screening.
44. If, at any time, a litter problem arises, the Director of Planning & 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.

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 a 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 shall be 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" is the standard for delivery of fire flow to the site.
53. Compliance with the MMC 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 be reflected in the submitted security plan.
- v. Exterior storage of any kind shall be prohibited, except where allowed per the MMC.
- 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 MMC.

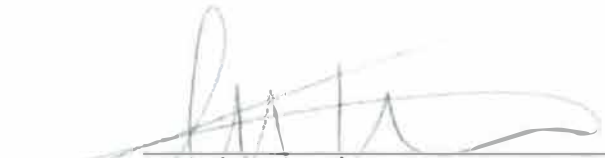
PASSED AND ADOPTED this 4th day of June, 2019 by the Planning Commission.

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

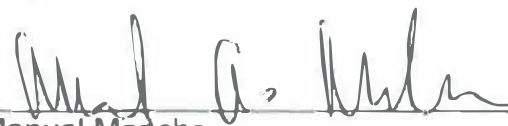
NOES: Commissioner(s):

ABSENT: Commissioner(s):

ABSTAIN: Commissioner(s):


Sona Mooradian, Chair

ATTEST:


Manuel Mancha
Director of Planning and Community Development

From: Palombi, Joseph <JPalombi@montebelloca.gov>
Date: Thursday, May 4, 2023 at 11:50 AM
To: Nvair G. Deukmejian <ndeukmejian@agclawfirm.com>
Cc: Ramos, Matthew <MRamos@montebelloca.gov>, Cota, Joseph <JCota@montebelloca.gov>, Mercado-Rodriguez, Monica <mmrodriguez@montebelloca.gov>, Panosian, Joann <JPanosian@montebelloca.gov>, Sifuentes, Daniel <DSifuentes@montebelloca.gov>, Louis Morales <lmorales@tierrawestadvisors.com>
Subject: FW: Final Surrender Letter for License CDPH-10003440

Hello Nvair,

Good morning and I hope you are doing well. Please see below regarding an approved cannabis operator within the City of Montebello. Please advise whether there is any action required from the City in connection with this matter.

Thanks in advance.



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 8:00 a.m. - 5:00 p.m. Closed every Friday.

From: Licensingactions@Cannabis <licensingactions@cannabis.ca.gov>
Sent: Thursday, May 4, 2023 10:26 AM
To: Ryan Brown <rbrown@gw-ind.com>; Sam Heywood <sheywood@gw-ind.com>; complianceca@gw-ind.com; an-chi@tsouconsulting.com; andrew.lowitz@edenenterprises.com; nico@aficapitalpartners.com
Cc: Palombi, Joseph <JPalombi@montebelloca.gov>
Subject: [External Email] Final Surrender Letter for License CDPH-10003440

Dear Ryan Brown:

This letter is to confirm that the surrender of your annual license number CDPH-10003440 issued for the premise located at 1616 Beach St., Montebello, CA 90640 was effective on May 3, 2023. You may no longer engage in commercial cannabis activity pursuant to this license.

Pursuant to Business and Profession Code section 26038, a person engaging in commercial cannabis activity without a license is subject to civil penalties of up to three times the amount of the license fee for each day of operation and for the cost of destruction of their cannabis and cannabis products. A person engaging in commercial cannabis activity may also be subject to criminal and administrative penalties.

If cannabis or cannabis products remain on the premises location, the inventory must be destroyed or transferred to a licensee authorized to engage in distribution after Department of Cannabis Control (Department) authorization as provided for in California Code of Regulations, title 4, section 15024.1.

The Department would appreciate your feedback regarding the reason for surrender of your commercial cannabis license. Submission of feedback is voluntary. If you wish to provide feedback, please visit the following link: <https://www.surveymonkey.com/r/7WGGB6L>. The Department of Cannabis Control (DCC) thanks you for your time and any additional information you are willing to share.

If you have questions regarding this correspondence, please contact the Department's Licensing Division at licensingactions@cannabis.ca.gov.

Thank you,

Jill A. Bennetts
Licensing Action Unit
Associate Governmental Program Analyst



**Department of
Cannabis Control**
CALIFORNIA

Integrity • Fairness • Innovation • Knowledge • Collaboration • Support

From: Licensingactions@Cannabis
Sent: Tuesday, April 18, 2023 1:05 PM
To: 'rbrown@gw-ind.com' <rbrown@gw-ind.com>; 'sheywood@gw-ind.com' <sheywood@gw-ind.com>; 'complianceca@gw-ind.com' <complianceca@gw-ind.com>; 'an-chi@tsouconsulting.com' <an-chi@tsouconsulting.com>; 'andrew.lowitz@edenenterprises.com' <andrew.lowitz@edenenterprises.com>; 'nico@aficapitalpartners.com' <nico@aficapitalpartners.com>
Cc: Track and Trace@Cannabis <trackandtrace@cannabis.ca.gov>
Subject: Consent to Surrender Annual License CDPH-10003440

Hello:

The Department of Cannabis Control, Licensing Action Unit has reviewed and consented to your request to surrender the following license: CDPH-10003440 for the premises located at 1616 Beach St, Montebello, CA 90640.

Your surrender will be effective on Wednesday, May 3, 2023. As of that date, you will no longer be authorized to engage in commercial cannabis activity pursuant to this license and will lose access to the California Track and Trace system (CCTT).

Prior to that time, transfer your inventory to another licensed cannabis business or destroy it and properly record these transactions in CCTT. The disposition of the following items should be entered into CCTT:

- 1) Manufactured and nonmanufactured cannabis products and their corresponding UID(s); and
- 2) UID tags in the licensee's possession which have not been assigned in CCTT.

If you have questions regarding this correspondence, please contact the Department's Licensing Division at licensingactions@cannabis.ca.gov. If you have further questions about how to complete the CCTT system inventory, please contact the Department's Track and Trace Office at TrackandTrace@cannabis.ca.gov.

Thank you,

Jill A. Bennetts
Licensing Action Unit
Associate Governmental Program Analyst

844-61-CA-DCC (844-612-2322)

www.cannabis.ca.gov



**Department of
Cannabis Control**
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From: Ryan Brown <rbrown@gw-ind.com>

Sent: Monday, February 27, 2023 3:41 PM

To: Licensingactions@Cannabis <licensingactions@cannabis.ca.gov>

Cc: Sam Heywood <sheywood@gw-ind.com>; ComplianceCA <complianceca@gw-ind.com>; An-Chi Tsou <an-chi@tsouconsulting.com>

Subject: RE: Surrender CDPH-10003440

[EXTERNAL]: rbrown@gw-ind.com

CAUTION: THIS EMAIL ORIGINATED OUTSIDE THE DEPARTMENT OF CANNABIS CONTROL!

DO NOT: click links or open attachments unless you know the content is safe.

NEVER: provide credentials on websites via a clicked link in an Email.

Thank you Jill for the follow up and appreciate the support. I am quite new to this process so not totally aware of how long it may take, etc. Just to help with my expectations, is there a general range of time that this process typically takes?

Thank you.

Ryan

Ryan Brown (he, him)

CEO of Groundworks Industries

m: 303.917.8533

rbrown@gw-ind.com

gw-ind.com

From: Licensingactions@Cannabis <licensingactions@cannabis.ca.gov>

Sent: Monday, February 27, 2023 3:29 PM

To: Ryan Brown <rbrown@gw-ind.com>

Cc: Sam Heywood <sheywood@gw-ind.com>; ComplianceCA <complianceca@gw-ind.com>; An-Chi Tsou <an-chi@tsouconsulting.com>

Subject: Surrender CDPH-10003440

Mr. Brown,

We take confidentiality and the security of our licensees private information very serious in the licensing actions unit and I apologize for any inconvenience that I may have caused you regarding the surrender of license CDPH-10003440. You and An-Chi Tsou were not listed on any of the pages in the license record that I have access to. But Sunshine Miller provided me with a copy of a page in the record that did have you listed as an individual that has the ability to make changes to the application. Unfortunately, I did not have access to that page, and I do apologize again for any inconvenience.

The good news is that because you are listed as an individual that can make changes to the record I am happy to go forward with the surrender process for this license.

The Department of Cannabis Control, Licensing Actions Unit has received your request to surrender CDPH-10003440 for the premises located at 1616 Beach St, Montebello, CA 90640. Your request is currently under review by the Department.

If the Department consents to the surrender of the license, you will be notified of the date your license will be canceled. Once canceled, your license may not be renewed, reissued, reinstated or restored.

If you are under investigation or action has been initiated against your license, the Department may decide not to consent to the surrender of the license and retain the authority to institute or continue disciplinary action against the licensee pursuant to Business and Professions Code section 26031.

Thank you,

Jill A. Bennetts

Licensing Action Unit

Associate Governmental Program Analyst

844-61-CA-DCC (844-612-2322)

www.cannabis.ca.gov



**Department of
Cannabis Control**
CALIFORNIA

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From: Ryan Brown <rbrown@gw-ind.com>

Sent: Friday, February 24, 2023 5:13 PM

To: [licensingactions@cannabis](mailto:licensingactions@cannabis.ca.gov) <licensingactions@cannabis.ca.gov>

Cc: An-Chi Tsou <an-chi@tsouconsulting.com>; Sam Heywood <sheywood@gw-ind.com>

Subject: Cannabis Licensing Surrender

[EXTERNAL]: rbrown@gw-ind.com

CAUTION: THIS EMAIL ORIGINATED OUTSIDE THE DEPARTMENT OF CANNABIS CONTROL!

DO NOT: click links or open attachments unless you know the content is safe.

NEVER: provide credentials on websites via a clicked link in an Email.

Good morning,

I'm writing to inform the DCC that GW Montebello would like to surrender the following licenses:

- CDPH-10003440 (manufacturer)

Please let me know what additional information is necessary to formally terminate the licenses.

Thank you,
Ryan

Ryan Brown
CEO
303-917-8533
Groundworks Industries

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

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



**NOTICE OF PUBLIC HEARING
CITY OF MONTEBELLO PLANNING COMMISSION**

**Revocation of Conditional Use Permit No. CUP 03-19
1616 Beach Street**

Project Description: The Planning Commission will consider the revocation of Conditional Use Permit No. 03-19, which allows for the operation of commercial cannabis activity at 1616 Beach Street, Montebello, CA 90640 (APN: 6353-002-007). The consideration to revoke Conditional Use Permit No. 03-19 relates to GW Montebello, Inc.'s failure to comply with the conditions of approval outlined in Conditional Use Permit No. 03-19. 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. 03-19 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. 03-19 for failure to comply with the conditions of approval and for failure to meet financial contractual obligations stipulated in approved Development Agreement No. 03-19. The meeting is scheduled on:

Date: Tuesday, June 16, 2026
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@montebellocal.gov where the public can submit written public comments up until the day of the meeting, **Tuesday, June 16, 2026, between 7:30 a.m. – 5:30 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://cityofmontebello.hosted2.civillive.com/departments/administration/city_clerks_office/agendas_mlnotes_and_videos.

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: June 4, 2026

AGREEMENT NO. 3663

**COMMERCIAL CANNABIS BUSINESS DEVELOPMENT
AGREEMENT NO. 03-19 BETWEEN THE CITY OF MONTEBELLO AND
GW MONTEBELLO, INC.**

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 **GW Montebello, Inc.**, a California corporation ("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 real property located at 1616 Beach Street, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number: 6353-002-007, and is more fully described in the Legal Description in Exhibit A, and shown on the parcel map in Exhibit B. Both exhibits being attached hereto, respectively, and incorporated herein by this reference;

WHEREAS, presently, Owner has a leasehold interest in the Site for the purpose of conducting commercial cannabis related activities which may include, but not be limited to commercial cannabis 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; 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, delivery-only retailer site, and distribution site, as those terms are defined in the Montebello Municipal Code ("Manufacturing, 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 California State License(s), pursuant to Applicable Cannabis Laws, to operate a Manufacturing, Delivery-Only Retail, and Distribution Facility at the Site;

WHEREAS, on March 4, 2019 Owner applied to the City for a Conditional Use Permit (*hereinafter* "CUP") to conduct commercial cannabis activities, as defined in the

Municipal Code. 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 plans to operate a Manufacturing, Delivery-Only Retail, and Distribution Facility on the Site consistent with the Applicable Cannabis Laws and applicable project approvals (known as the "Project"). The Project will include manufacturing and distribution of adult use cannabis products for sale at licensed storefront and non-storefront retail stores throughout the state of California. The Owner intends to manufacture cannabis-infused chocolates, gumdrops, and caramels and produce cannabis hash and resin. All chocolates, gumdrops, and caramels will be infused with cannabis through a baking process using food-grade materials and ingredients and commercial-grade kitchen equipment. Cannabis hash and resin will be produced through a manual pressure extraction process that requires non-volatile solvents. No hazardous materials such as flammable gas, flammable liquefied gas, or other combustible materials will be used for any of the manufacturing processes. The owner shall comply with the Applicable Cannabis Laws, and shall not conduct any other activities at the Project Site without further authorization by the City);

WHEREAS, the Project will consist of one existing industrial warehouse building totaling approximately 35,309 square feet. The building will be divided into separate spaces for manufacturing, delivery-only retail, distribution and general business offices as follows:

Manufacturing: The facility will include a 9,050 square foot manufacturing suite to produce and package the edible products. Under the manufacturing license, the Owner will conduct additional manufacturing activities including, non-volatile extraction (Type 6 Manufacturing).

Distribution: The Facility shall include a 4,516 square foot space dedicated to distribution of cannabis and cannabis products for storage, quality assurance, packaging and labeling, and shipping and receiving activities pursuant to local and state laws and regulations.

Delivery-Only Retail: The delivery-only retail activities will be conducted in accordance with Applicable Cannabis Laws, including, but not limited to specified hours of operation. The total area for this use will be enumerated with an estimated square footage footprint within Owner's final approved CUP or building permits.

General Business Offices: The facility may operate from 7:00 a.m. to 10:00 p.m., Monday through Friday.

Parking/Loading/Access: The proposed project provides parking spaces in accordance with the City-approved Site Plan. Loading will take place on-site within an existing covered loading space accessed on the east side of the structure. In no event will loading occur within the public right-of-way. Vehicular access to the Site will be

through an existing driveway on Beach Street. Within the Site, access to the structure will be through the secured front office entrance. Pedestrian walkways within the structure and on the west and east sides of the structure allow pedestrian circulation throughout the site.

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 the Applicable Cannabis Laws that will provide several levels of cannabis production, processing, and distribution.

This includes:

- 1) Manufacturing of cannabis and its derivatives through non-volatile extraction.
- 2) Manufacturing of cannabis products including edibles.
- 3) Packaging and labeling of cannabis products.
- 4) Delivery-only retail of cannabis products.
- 5) Non-storefront retail.

Proposed Hours of Operation:

8:00 am to 8:00 pm 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 licensed activities premises are separate and distinct.

Owner has applied for a Type 6 License No. [#CDPH-T00002263] State license for:

- 1) Manufacturing

Owner has applied for a Type 11 No. (#C11-18-0000860-TEMP) State license for:

- 2) Distribution

Owner has applied for a cannabis State license for:

- 3) 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, regulations and policies, 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, regulations and policies, 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 City 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 City 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 entering into 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 pursuant to CEQA and approved 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. Incorporation of Recitals. 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 1616 Beach Street, City of Montebello, State of California (the "Site"). The Site includes Assessor's Parcel Number: 6353-002-007. The Site is more particularly described in Exhibit A and depicted on Exhibit B, each attached hereto.

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

Owner: **GW Montebello, Inc.,**

Nature of Interest: Lease for 5 years with three options to renew for a five year period per option.

A true and correct copy of a recorded grant deed, executed lease agreement, or a copy of a recorded memorandum of lease is attached hereto as Exhibit D.

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, 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 guarantee that such activities outlined in Owner's CUP Application ("Application") conducted pursuant to this Agreement and under the CUP shall comply with the City's 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 all 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 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 approved 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 CUP; 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 this 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 for construction activity, 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, 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 lawfully operate in accordance with all Applicable Cannabis Laws. Owner shall employ industry standard operating procedures to comply with Applicable Cannabis Laws. Owner's Site 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. 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. Owner shall provide footage from video surveillance system to 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 with glass breakage sensors and motion detectors.

Owner shall employ properly trained security personnel to protect the welfare and safety of Owner and employees, and to ensure public safety to the neighboring community. Owner shall at all times comply with the minimum security requirements set forth in Montebello Municipal Code Chapters 5.90 and 17.71.

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.

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 manufacturing, delivery-only retail, and/or distribution of cannabis products 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.

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, delivery-only retail, and distribution of cannabis products; 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 as required by Applicable Cannabis Laws. to ensure the highest quality of commercial cannabis and infused products will be produced. Owner shall inspect the product to insure 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 cannabis infused products and shall secure any approval from the County of Los Angeles Health Department required for manufacturing and handling of 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. Commercial cannabis infused products may be packaged together for wholesale distribution.

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 track and trace program required by the 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. 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 cannabis 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 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 handling, storing, and processing shall be concealed from public view at all stages of processing, and there shall be no exterior evidence of processing occurring at the premises from a public right-of-way or from an adjacent parcel. Commercial cannabis 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 and 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 ventilation and filtration systems installed that mitigate 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 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. Owner shall comply with the applicable minimum requirements set forth in Montebello Municipal Code Chapters 5.90 and 17.71.

m Description of Banking Plan. Owner shall seek to open a bank account

under the name of Owner or its associated management company to provide transparency for funds received, operational costs, including payroll, tax payments to the state and federal governments. Should a bank account not be forthcoming, Owner shall implement other industry standard banking and/or other industry standard transactional mechanisms.

n. Transportation Plan. Owner shall comply with all state and local 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 lawful cooperative corporations, 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 the other lawful 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 relating to the use of cannabis. The public outreach and education programs shall be 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").

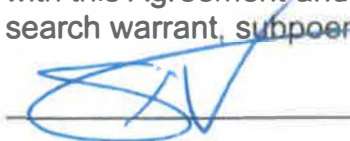
To fulfill its funding obligation for the Community Benefits Program, Owner agrees to pay the City of Montebello the yearly sum of **\$50,000.00 ("Montebello Community Benefits Program Fee" or "MCBPF")**. The first annual MCBPF shall be payable to the City on the date that the Certificate of Occupancy 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, Geoff Sugerman, Owner's Chief Compliance Officer, 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, Geoff Sugerman, 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 the City Manager's 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 ensure compliance with this Agreement and Applicable Cannabis Laws, without the requirement of a search warrant, subpoena, or court order.

 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. Owner shall make a good faith effort to pay 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 as defined 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. The parties stipulate and agree that the square footage for the **Premises** upon the Effective Date of this Agreement is and shall be during the term of this Agreement: 35,309 square feet.

As used herein, "**commercial cannabis activities**" means all permitted activities: 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

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 manufacturing, 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 by 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 afford Owner 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 or otherwise) 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 Agreement with the City so as to comply with an alternative revenue mechanism. 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 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 automobile 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, 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:

1) 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, attorney's, 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 its 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 any 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 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 Site, 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 Subsection 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), 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 Site 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, but not more frequently than once per calendar quarter. 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

and City Attorney
13181 Crossroads Parkway North
Suite 400 – West Tower
City of Industry, California 91746

If to Owner: GW Montebello, Inc.
1616 Beach Street
Montebello, California 90640
Attention: Chief Compliance Officer

With copy to: Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 43rd Floor
Los Angeles, California 90071
Attention: Alfred Fraijo Jr., Esq.

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. 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 conflict with the Project or 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.

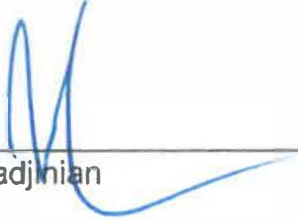
(iv) City Cooperation. The City shall cooperate with Owner in securing any City permits, licenses or other authorizations that may be required as a result of any amendment resulting from actions initiated by the City. As required by this Agreement, Owner shall be responsible to pay all applicable fees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

**GW MONTEBELLO, INC., a
California corporation**



Name: Spencer Noecker
Title: Owner

APPROVED AS TO FORM:



City Attorney
City of Montebello

EXHIBITS

- A. LEGAL DESCRIPTION
- B. PARCEL MAP
- C. SITE AND/OR FLOOR PLANS
- D. MEMORANDUM OF LEASE
- E. PROPERTY OWNER SIGNED AND NOTARIZED CONSENT FORM
- F. CONDITIONS OF APPROVAL
- G. LABOR PEACE AGREEMENT OR NOTARIZED STATEMENT OF INTENT