

TO CITY CLERK FOR PLACEMENT ON NEXT  
REGULAR COUNCIL AGENDA TO BE POSTED #51

**MOTION**

The California Cannabis Equity Act of 2018 (Bradford, 2018) established a Local Equity Grant Program, which provides grant funds that are administered by the Governor's Office of Business and Economic Development. This Local Equity Grant provides funds for direct assistance to local jurisdictions' commercial cannabis Social Equity Programs, and their Social Equity applicants and licensees.

The City of Los Angeles operates a Social Equity Program that promotes equitable ownership and employment opportunities for marginalized communities in order to address the disproportionate impacts of the War on Drugs in those communities. In October 2019, the State's Bureau of Cannabis Control awarded the City of Los Angeles approximately \$1.8 million in equity grant funding through funds from the California Cannabis Equity Act of 2018. On March 9, 2020, the Department of Cannabis Regulation submitted an application for additional grant funding made available by the California Cannabis Equity Act of 2018. On April 20, 2020, the Governor's Office of Business and Economic Development announced that the City of Los Angeles was awarded an additional \$6,042,014.23 in equity grant funding for the City's Social Equity Program.


The Department of Cannabis Regulation intends to allocate the funds from the Local Equity Grant Program to establish a grant program for local equity applicants or licensees to assist with startup and ongoing costs, to provide technical and business development assistance, and to provide workforce development assistance to local Social Equity Program applicants and participants.

I THEREFORE MOVE that the Council authorize the Department of Cannabis Regulation to accept a grant in the amount of \$6,042,014.23 from the State of California to be used to assist the City's commercial cannabis Social Equity Program and Social Equity applicants and licensees; to deposit these funds into a new Account in Fund No. 60E-13, entitled "Local Equity Grant Funding Program Grant Funds;" and to execute the attached standard agreement with the Governor's Office of Business and Economic Development for the period of July 1, 2020 through June 30, 2021, including any extensions or amendments thereof, subject to the approval of the City Attorney as to form and legality.

I FURTHER MOVE that the Council adopt the attached Resolution as required by the granting agency.

PRESENTED BY:   
NURY MARTINEZ  
Councilwoman, 6<sup>th</sup> District

SECONDED BY: 

APR 29 2020 

ORIGINAL

## **RESOLUTION**

**WHEREAS, the State of California established cannabis equity grant funding for local jurisdictions through the California Cannabis Equity Act of 2018 (Bradford, 2018) to be administered by the Governor's Office of Business and Economic Development; and**

**WHEREAS, funding has been appropriated to the Governor's Office of Business and Economic Development to administer grant funds to local governments pursuant to AB 97 (Stats. 2019, Ch. 40); and**

**WHEREAS, the City of Los Angeles has adopted and operates a Social Equity Program administered by the Department of Cannabis Regulation; and**

**WHEREAS, the Department of Cannabis Regulation submitted an application for grant funding provided through the California Cannabis Equity Act of 2018 on March 9, 2020; and**

**WHEREAS, it was announced by the Governor's Office of Business and Economic Development on April 20, 2020, that the City of Los Angeles was awarded \$6,042,014.23 in equity grant funding through the California Cannabis Equity Act of 2018; and**

**WHEREAS, the City of Los Angeles has determined that it will use grant funds from the Governor's Office of Business and Economic Development to assist local equity applicants and licensees through its local equity program as described in its application for grant funds;**

**NOW, THEREFORE, BE IT RESOLVED, that the Executive Director of the Department of Cannabis Regulation, or their designee, is authorized to execute by electronic signature on behalf of the City of Los Angeles the attached grant agreement with the Governor's Office of Business and Economic Development, including any extensions or amendments thereof and any subsequent grant agreement with the Governor's Office of Business and Economic Development in relation thereto.**





GOVERNOR'S OFFICE OF BUSINESS AND ECONOMIC DEVELOPMENT  
STATE OF CALIFORNIA • OFFICE OF GOVERNOR GAVIN NEWSOM

**CANNABIS EQUITY GRANTS PROGRAM FOR LOCAL JURISDICTIONS**

**GRANT AGREEMENT**

This Cannabis Equity Grants Program for Local Jurisdictions Grant Agreement ("Agreement") is by and between the City of Los Angeles ("Grantee") and the California Governor's Office of Business and Economic Development ("GO-Biz"), hereinafter jointly referred to as the "Parties" or individually as the "Party." Unless otherwise specified in this Agreement, all definitions, rules, guidelines, and requirements specified in the Cannabis Equity Grants Program for Local Jurisdictions Grant Solicitation ("Grant Solicitation") issued on February 5, 2020, shall apply to this Agreement. The identification number for this Agreement is CEG-2020-35.

In consideration of the mutual covenants and promises in this Agreement, the Parties agree as follows:

1. **Authority.** This Agreement is authorized and entered into pursuant to the California Cannabis Equity Act as amended by AB 97 (Stats. 2019, Ch. 40) and an interagency agreement between the Bureau of Cannabis Control and GO-Biz, in which GO-Biz is authorized to provide grants to Eligible Local Jurisdictions to do either of the following:
  - a. Assist the Local Jurisdiction in the development of its Local Equity Program.
  - b. Assist Local Equity Applicants and/or Local Equity Licensees in the Local Jurisdiction to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.

The Bureau of Cannabis Control shall retain the powers and authority granted to it under California Business and Professions Code Section 26244, and nothing in this Agreement shall be construed to limit or impair its authority under that section.

2. **Grant Term.** The performance period of this Agreement shall be from May 15, 2020, or when this agreement is fully executed by all Parties, whichever is later, through August 31, 2021. Except as provided for in section 7 of this Agreement, grant funds shall be expended only during the Grant Term.
3. **Grant Award.** Based on its grant application and the points allocated to Grantee pursuant to the scoring criteria in the Grant Solicitation, and conditioned upon the requirements set forth in this Agreement, GO-Biz shall provide Grantee a grant award of six million forty-two thousand fourteen dollars and twenty-three cents (\$6,042,014.23) for the term of this Agreement. In no event shall GO-Biz be obligated to pay any amount in excess of the grant award. Grantee waives any and all claims against GO-Biz, the Bureau of Cannabis Control, and the State of California for any costs that exceed the grant award.
4. **Grant Scope/Description.** Grantee agrees to use the grant award, in accordance with Exhibit A ("Budget"), for the purposes of assisting its Local Equity Applicants and/or Local Equity Licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace.
5. **Grant Award Disbursement.** The grant award will be issued directly to Grantee in one disbursement, after execution of this Agreement by all parties, and Grantee providing to GO-Biz a copy of the resolution its governing body passed to provide Grantee the authorization to execute this Agreement.

6. **Unused Grant Funds.** Except as provided for in section 7, any amount of the grant award provided for under this Agreement that is not expended within the Grant Term, or at the termination of this Agreement, whichever is sooner, shall be returned to GO-Biz. Grantee shall notify GO-Biz of such unused grant funds and GO-Biz shall provide Grantee with instructions as to how to return the funds.
  
7. **Continued Use of Grant Funds.** Any portion of the grant award originally expended by Grantee during the Grant Term that is returned or repaid to Grantee (e.g., loan repayments from Local Equity Licensees to Grantee, in which the loaned amounts were grant funds from this Agreement) may be used subsequent to the end of Grant Term, however, any such funds shall retain their character and may only be used for the same purposes as identified in the Budget and subject to the same conditions as set forth in this Agreement, which will survive the Grant Term.
  
8. **Eligible Uses.** Grant funds may only be used for the following purposes in accordance with the Budget:
  - a. To provide low-interest or no-interest loans or grants to Grantee's Local Equity Applicants and/or Local Equity Licensees to assist the applicants and/or licensees with startup and ongoing costs.
  - b. To provide or fund direct technical assistance to Grantee's Local Equity applicants and/or Local Equity Licensees. No more than 10 percent of the total grant award may be used for direct technical assistance.
  - c. To assist in the administration of the Grantee's Local Equity Program. No more than 10 percent of the total grant award may be used for administration, which includes the following:
    - Employing staff or hiring consultants to administer Grantee's Local Equity Program, including administering loans and grants.
    - Grantee's costs associated with its efforts to provide sources of capital to its Local Equity Applicants and/or Local Equity Licensees.
  
9. **Subcontractors.** No amount of the grant award may be used to subcontract any of the commitments contemplated in this Agreement to another entity or person, unless such amount is specifically identified as a subcontracted expense in the Budget.
  
10. **Funding Contingency Clause.** Grantee agrees that GO-Biz's obligation to pay any sum under this Agreement is contingent upon availability of funds disbursed to GO-Biz for such purposes. If there is insufficient funding, GO-Biz shall have the option to either: 1) terminate this Agreement, whereby no party shall have any further obligations or liabilities under this Agreement, or 2) negotiate an Agreement amendment with Grantee to reduce the grant award to be provided under this Agreement.
  
11. **Documentation and Reporting Requirements.**
  - (a) Grantee must be able to demonstrate to the satisfaction of GO-BIZ that the grant award was expended for eligible uses in accordance with the Budget.
  - (b) Grantee shall submit periodic reports to GO-Biz to document its progress assisting its Local Equity Applicants and/or Local Equity Licensees to gain entry to, and to successfully operate in, the state's regulated cannabis marketplace in accordance with the Budget. Grantee shall use the periodic performance report template available at [www.business.ca.gov/CEG](http://www.business.ca.gov/CEG). Each periodic report shall be due in accordance with the chart below.

Period	Report Due Date
May – August 2020	September 30, 2020
September – November 2020	December 31, 2020
December – February 2021	March 31, 2021
March – May 2021	June 30, 2021
June – August 2021	September 30, 2021



(c) In addition to the periodic reports referenced above, pursuant to California Business and Professions Code section 26244(c), Grantee shall submit an annual report to GO-Biz on or before January 1, 2021, and annually thereafter for each year grant funds are expended. No report shall be submitted prior to December 15, 2020. Grantee shall provide a report to GO-Biz notwithstanding whether or not the Grant Term has expired, or Grantee has expended the grant funds before the end of the Grant Term. At a minimum, the annual report to GO-Biz shall include all of the following information:

- How Grantee disbursed the grant funds.
- How Grantee identified Local Equity Applicants and/or Local Equity Licensees, including how the Grantee determines who qualifies as a Local Equity Applicant or Local Equity Licensee.
- The number of Local Equity applicants and Local Equity Licensees that were served by the grant funds.
- Aggregate demographic data on Local Equity Applicants, Local Equity Licensees, and all other applicants and licensees in the jurisdiction, including, but not limited to, race, ethnicity, gender, sexual orientation, income level, education level, prior convictions, and veteran status. This information will be consolidated and reported without the individual's identifying information.
- If the Grantee requires Local Equity Applicants to become eligible through specific ownership percentages, a breakdown of Local Equity Applicants' and Local Equity Licensees' business ownership types and percentages of ownership.
- At least one success story that describes a Local Equity Applicant and/or Local Equity Licensee that was assisted as a result of the grant funds.

(d) Grantee must maintain records detailing the expenditure of all grant funds for a period of seven (7) years after the end of the Grant Term, and shall provide this information to GO-Biz or the Bureau of Cannabis Control upon request.

12. **Audit.** The books, accounts, files, and other records of Grantee which are applicable to this Agreement shall be made available for inspection, review, and audit upon request by GO-Biz and its representatives to verify proper use of the grant award.
13. **Termination of Agreement.** This Agreement may be terminated by GO-Biz upon action, or inaction by Grantee that constitutes a material breach of this Agreement. A material breach includes, but is not limited to, refusal or inability to complete the commitments contemplated in this Agreement, improper expenditure of grant funds, failure to properly maintain records or allow GO-Biz access to records as required under this Agreement, and failure to timely complete and submit the reports required under this Agreement. GO-Biz will notify Grantee in writing if it intends to terminate the Agreement pursuant to this section and provide Grantee an opportunity to cure the breach within thirty (30) calendar days.
14. **Assignment.** This Agreement is not assignable by Grantee, either in whole or in part, without the consent of GO-Biz in the form of a written amendment.
15. **Amendment.** This Agreement may be amended or modified only in writing signed by all parties.
16. **Grantee – Representations and Warranties.** Grantee represents and warrants that:
- (a) It is an Eligible Local Jurisdiction as set forth in Grant Solicitation.
  - (b) It is not a party to any agreement, written or oral, creating obligations that would prevent it from entering into this Agreement or satisfying the terms herein.
  - (c) All of the information in its grant application and all materials submitted to GO-Biz are true and accurate.



(d) Its governing body has authorized it to enter into this Agreement and has designated by title the individual authorized to sign the Agreement on behalf of it, through a resolution in the form of the Sample Resolution posted on GO-Biz's website at [www.business.ca.gov/CEG](http://www.business.ca.gov/CEG).

17. **Nondiscrimination.** Grantee shall comply with all applicable federal and state laws and statutes related to nondiscrimination, including, but not limited to, race, color, national origin, gender, handicap or disability, sexual preference, drug addiction, and alcoholism.
18. **Union Activities.** Grantee acknowledges that Government Code Section 16645.2 applies to this Agreement. Pursuant to Government Code Section 16645.2, Grantee certifies that none of the grant award will be used to assist, promote, or deter union organizing. If Grantee makes expenditures to assist, promote, or deter union organizing, it shall maintain records sufficient to show that no portion of the grant award was used for those expenditures. Grantee shall provide those records to the Attorney General upon request.
19. **Media Release.** Grantee may elect to issue a press release related to this Agreement, but any release shall be approved by GO-Biz in writing prior to such release. Such approval shall not be unreasonably withheld.
20. **Indemnification/Warranty and Disclaimer/Limitation of Liability.** Grantee shall defend, indemnify, and hold GO-Biz and its agents or assigns, harmless from and against all claims, damages, and liabilities (including reasonable attorneys' fees) arising from this Agreement due to Grantee's breach of this Agreement, or the result of Grantee's negligence or willful misconduct. UNDER NO CIRCUMSTANCES WILL THE STATE OF CALIFORNIA, THE BUREAU OF CANNABIS CONTROL, GO-BIZ, ITS AGENTS OR EMPLOYEES, BE LIABLE TO GRANTEE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES THAT ARISE FROM THIS AGREEMENT.
21. **Force Majeure.** If by reason of force majeure Grantee's performance hereunder is delayed or prevented, then the performance by Grantee may be extended for the amount of time of such delay or prevention. The term "force majeure" shall mean any fire, flood, earthquake, or public disaster, strike, labor dispute or unrest, embargo, riot, war, insurrection or civil unrest, any act of God, any act of legally constituted authority, or any other cause beyond Grantee's control which would excuse Grantee's performance as a matter of law.
22. **Notice of Force Majeure.** Grantee agrees to provide GO-Biz written notice of an event of force majeure under this Agreement within ten (10) days of the commencement of such event and within ten (10) days after the termination of such event, unless the force majeure prohibits Grantee from reasonably giving notice within this period. Grantee will give such notice at the earliest possible time following the event of force majeure.
23. **Integration.** This Agreement (including the exhibits hereto and any written amendments hereof executed by the Parties) constitutes the entire Agreement between the Parties related to this grant award and supersedes all prior agreements and understandings, oral and written, between the Parties with respect to the grant award described herein.
24. **Notice.** Within thirty calendar (30) days of the effective date of this Agreement, Grantee shall notify GO-Biz, in writing, of the name, address, phone number, and email of its contact person for future communication relating to this Agreement. In addition, Grantee agrees to immediately inform GO-Biz of any changes to the name, address, phone number, and email of its contact person. Unless otherwise specified in this Agreement, any notice required or permitted to be given under this Agreement to GO-Biz shall be emailed to [CEG@gobiz.ca.gov](mailto:CEG@gobiz.ca.gov).
25. **Ambiguities.** Each Party has had the opportunity to seek the advice of counsel or has refused to seek the advice of counsel. Each Party and its counsel, if appropriate, have participated fully in the negotiation, drafting, review, and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in interpreting this Agreement. The language in this Agreement shall be interpreted as to its fair meaning and not strictly for or against any Party.



- 26. Necessary Acts, Further Assurances.** The Parties shall at their own cost and expense execute and deliver any further documents and shall take such other actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.
- 27. Sections and Other Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- 28. Attorneys' Fees.** In the event of any litigation between the parties concerning the terms and provisions of this Agreement, the party prevailing in such dispute shall be entitled to collect from the other party all costs incurred in such dispute, including reasonable attorneys' fees.
- 29. Representation on Authority of Parties/Signatories.** Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized and that this Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.
- 30. Severability.** If any portion of this Agreement is to any extent invalid, illegal, or incapable of being enforced, such portion shall be excluded to the extent of such invalidity, illegality, or unenforceability; all other terms hereof shall remain in full force and effect.
- 31. Governing Law and Consent to Jurisdiction.** This Agreement will be governed, construed, and enforced according to the laws of the State of California without regard to its conflict of laws rules. Each party hereby irrevocably consents to the exclusive jurisdiction and venue of any state court located within Sacramento County, State of California in connection with any matter arising out of this Agreement or the transactions contemplated under this Agreement.

*Remainder of the page is intentionally left blank. Signature page immediately follows.*

**Governor's Office of Business and Economic Development**

By:


Name: Will Koch

Title: Deputy Director

Date:

**Grantee**

**City of Los Angeles**

By:   
DocuSigned by:  
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Name: Cat Packer

Title: Executive Director, Los Angeles Department of Cannabis Regulation

Date: April 24, 2020 | 15:43 PDT

**APPROVED AS TO FORM:**

**MICHAEL N. FEUER, City Attorney**

By:   
DocuSigned by:  
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Name: Brent L. Nichols

Title: Deputy City Attorney

Date: April 24, 2020 | 15:32 PDT



## Exhibit A Budget

Cannabis Equity Grants Program for Local Jurisdictions Assistance for Cannabis Equity Program Applicants & Licensees Application Budget Detail - Funding Request Type 2					
JURISDICTION NAME:		City of Los Angeles			
Total Amount Requested (may not exceed \$10,000,000):		\$ 6,042,014.23			
Assistance for Local Equity Applicants' and Licensees' Startup and Ongoing Costs					
A. Grants and Loans		Grants	Re-entrance Loans	Low-Interest Loans	Total
A1	Rent		\$ 883,361.14		\$ 883,361.14
A2	Lease		\$ 883,361.14		\$ 883,361.14
A3	Local and state application, licensing, and regulatory fees		\$ 483,361.14		\$ 483,361.14
A4	Legal assistance		\$ 483,361.14		\$ 483,361.14
A5	Regulatory compliance		\$ 483,361.14		\$ 483,361.14
A6	Testing of cannabis		\$ 483,361.14		\$ 483,361.14
A7	Furniture		\$ 183,361.14		\$ 183,361.14
A8	Fixtures and equipment		\$ 183,361.14		\$ 183,361.14
A9	Capital Improvements		\$ 483,361.14		\$ 483,361.14
A10	Training and retention of a qualified and diverse workforce		\$ 283,361.13		\$ 283,361.13
<b>Assistance for Startup and Ongoing Costs Subtotal</b>					<b>\$ 4,833,611.39</b>
Direct Technical Assistance Costs (May not exceed 10% of total amount requested)					
B. To Provide or Fund Direct Technical Assistance (TA) to Local Equity Applicants and Equity Licensees				Total	
B1. Personnel	Role in Project	Annual Salary and Benefits	Percentage of Time	Total	
B1.1				\$ -	
<b>Subtotal</b>				<b>\$ -</b>	
B2. Other Direct Technical Assistance Costs				Amount	
B2.1	Workforce Development pilot program including training for equity program participants on workforce development and job outreach, facilitate and promote employment and hiring opportunities for equity program participants including outreach to disproportionately impacted areas (Subcontracted)			\$ 252,100.71	
B2.2	Business Development services to help equity program participants navigate the regulatory process, attract business and investment opportunities, etc. (Subcontracted)			\$ 252,100.71	
B2.3	Legal Assistance services, including legal clinics to help equity program participants review contracts, accurately complete regulatory documentation, etc. (Subcontracted)			\$ 100,000.00	
<b>Subtotal</b>				<b>\$ 604,201.42</b>	
Administrative Costs (May not exceed 10% of total amount requested)					
C. Personnel	Role in Project	Annual Salary	Percentage	Total	
C1	Social Equity Program Director Direct the activities of the Social Equity Program	\$ 150,000.00	100.0%	\$ 150,000.00	
C2	Principal Project Coordinator Coordinate the activities of Business, Licensing and Compliance Assistance	\$ 125,000.00	100.0%	\$ 125,000.00	
<b>Subtotal</b>				<b>\$ 275,000.00</b>	
D. Other Administrative Costs				Amount	
D1	Incidentals (office supplies, equipment, leasing space, furniture, legal fees, collateral material, outreach, etc.)			\$ 204,201.42	
D2	Loan Program Administrator to administer loan program (Subcontracted)			\$ 125,000.00	
<b>Subtotal</b>				<b>\$ 329,201.42</b>	
<b>Direct Technical Assistance Total</b>				<b>\$ 604,201.42</b>	
<b>Direct Technical Assistance Costs as Percentage of Total Amount Requested</b>				<b>10.00%</b>	
<b>Administrative Costs Total</b>				<b>\$ 604,201.42</b>	
<b>Administrative Costs as Percentage of Total Amount Requested</b>				<b>10.00%</b>	
<b>GRAND TOTAL</b>				<b>\$ 6,042,014.23</b>	