

September 19, 2024

Terrel Harrison
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City of Oxnard
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We are writing to propose a revision to our existing agreement between Sterling Venue Venture (“SVV”) and the City of Oxnard regarding the operation of the Oxnard Performing Arts Center (“OPAC”) rooms. Specifically, SVV seeks to amend the terms to allow for greater flexibility in managing the facilities.

Currently, the agreement stipulates that SVV must operate the rooms “in coordination with” the Oxnard Performing Center non-profit. This requirement has posed several challenges, and we believe that a modification is necessary to enhance our operational efficiency.

We propose changing the language to indicate that SVV “may” operate the rooms in coordination with the non-profit, rather than “shall.” This adjustment will provide us with the needed flexibility to better serve our community and meet operational demands for the reasons stated herein.

- In keeping with what we believed was the spirit of our Agreement with the City of Oxnard, SVV entered into a “Side Letter Agreement” with the non-profit, which they almost immediately disregarded. In fact, things got so bad that we eventually had no choice than to terminate that original “Side Letter Agreement.”
- Without permission or notification, the non-profit changed locks.
- Without permission or notification, the non-profit changed alarm codes.
- Despite the fact that our original “Side Letter Agreement” specifically states that, “OPAC will ensure that all OPAC staff refer all needs and problems regarding repair and maintenance needs to the management of SVV and not to any City staff. SVV will be solely responsible for interacting with the City on these matters. Any requests or inquiries from outside agencies, such as for Fire Department inspections, etc., will be directed to SVV,” the non-profit has repeatedly ignored that stipulation, putting SVV at risk.
- At one time, OPAC occupied a room at the Youth Center that the City of Oxnard has not authorized them to use and filled it with painting supplies and materials.
- In fact, just last week the non-profit, without any pre-notification to SVV, had someone on location trimming trees. Again, putting SVV’s liability insurance at risk.
- Despite numerous requests, up until March of this year, OPAC retained the only key to the one and only mailbox at the Performing Arts Center. Due to this action SVV repeatedly received mail late, and sometimes, we suspect, not at all. On many occasions this has resulted in fines being imposed on SVV for various late payments, etc.

- On at least one occasion (March 31, 2023), they allowed alcohol into the event which had an all-ages crowd, and minors were allowed to imbibe.

At that same event, they had hired their own “security,” and instructed them to look the other way regarding the alcohol. This action put Sterling’s liquor license at risk, which could result in catastrophic loss of the license and essential revenue to both Sterling and the City of Oxnard.

- They have allowed performers to bring in their own alcohol and to consume it on-site – another risk to both SVV’s liquor license and the City.
- At their Dio De Los Muertos event they allowed an outside vendor to sell alcohol – again putting Sterling’s liquor license and the City at risk.
- They have repeatedly permitted non-licensed food service companies and individuals to prepare and serve food on-site. This exposes both SVV and the City to risk and potential litigation...fire, accidents, food poisoning, etc.
- Despite the “Side Letter Agreement” clearly stating that “Concerts with over 300 persons must be approved by SVV to ensure that all licenses, fees, and insurance issues are in place,” the non-profit held an event with an approximate occupancy of 700 – with no advance notice given to SVV.
- Again, on April 8, 2023, the non-profit held another concert with no advance notice given to SVV. Thankfully, SVV happened to be on-site that evening, and was on hand to stop the music, turn on the lights, and call 911 for a girl whose leg was broken in a mosh pit.
- At these unauthorized concerts and some other events, OPAC has neglected to control the volume.
- The non-profit is costing the City money in that when they host an event they only charge the client / pay the City for the rental rates for the actual hours of the event. However, rent should be charged / paid for the entire time the respective room is in use, i.e., the rental charges/payments should include time for set-up and tear down. We believe this would add up to approximately \$50,000 additional annual income for the City of Oxnard.
- One serious issue occurred which has now, thankfully, been resolved after the threat of legal action. In November of 2023, it was discovered that since 2020 the non-profit had been withholding monies owed to the City of Oxnard under the guise that their organization was exempt from paying rent when they utilize the venue to produce events, which certainly is not and never was the case.

In fact, the “Side Letter Agreement” clearly states, “OPAC will retain 100% of the proceeds from the convention/meeting room rental, less expenses and rent paid to the City.” Finally, the issue was resolved and OPAC eventually paid the \$34,000+ back rent they owed the City.

- Due to the malfeasance described above, in February, 2024, SVV terminated the original “Side Letter Agreement” with OPAC. Shortly thereafter, SVV introduced a “Revised Agreement” with OPAC. SVV staff and OPAC staff and board members met at Terrel Harrison’s office to review this “Revised Agreement” (see attached). After careful review, all the parties agreed to the terms.

- However, despite the show of consent, in most instances, OPAC reverted back to their previous pattern of ignoring all that had been previously agreed upon.
- At this point, Terrel requested a signed copy of the agreement. When Gary Davis was presented with the copy for signature, he responded by saying, "I'll show it to the board."
- To this day, the "Revised Agreement" has not been signed, so technically there is not an active agreement between SVV and OPAC.
- A few weeks ago, it was discovered that the non-profit had installed a camera complete with an activated listening device onto a tree near the entrance of SVV's offices at the PAC. They had gone to great trouble to install this camera, even going so far as to paint the tree trunk in an attempt to camouflage the "spy camera." Obviously, this type of surveillance, especially the listening device, is entirely illegal, which is why SVV turned the camera over to local law enforcement.
- In August Richard Belloff (SVV's General Manager at the PAC) had confirmed an event with the Oxnard School District. Once the event had been confirmed and calendared the school district notified Richard that they had been informed they are not supposed to book through SVV, but rather through OPAC's Jose Becerra. In other words, not only is OPAC competing against us – they are actually attempting to steal business from right under our noses. This egregious behavior - blatantly stealing business from SVV, the company that has, in the spirit of cooperation, allowed OPAC to base its offices out of the PAC rent free – simply cannot be tolerated.

In summary, a company of our size and stature simply cannot afford to be forced to work with OPAC – we have too much at stake. In addition to our Agreement with the City to manage the Oxnard Performing Arts Center, Sterling Venue Ventures owns three venues (The Canyon Agoura Hills, The Canyon Montclair and Sterling Steak & Lounge), manages the Saban Theatre in Beverly Hills, is about to take over the Dolby Theatre in Hollywood, and produces concerts at various city-owned venues throughout Southern California. The actions OPAC has taken in defiance of "Agreements," laws and licensing repeatedly expose SVV to liability which could jeopardize our entire organization, while at the same time potentially also putting the City of Oxnard at risk.

Sincerely,

Lance Sterling