

SPECIAL MEETING

City of Black Hawk

City Council

211 Church Street

July 30, 2014

10:00 a.m.

RINGING OF THE BELL:

- 1. CALL TO ORDER:**
- 2. ROLL CALL & PLEDGE OF ALLEGIANCE:**
- 3. AGENDA CHANGES:**
- 4. CONFLICTS OF INTEREST: (Council disclosures are on file w/City Clerk & Sec. Of State)**
- 5. PUBLIC COMMENT: *Please limit comments to 5 minutes*
(Notify the City Clerk if you wish to address Council on items not on the agenda)**
- 6. PUBLIC HEARINGS:**
 - A. New Medical Marijuana License - 5B1S, LLC, dba 1859 (Continued from July 23, 2014)**
- 8. ACTION ITEMS:**
 - B. Retitling Job Description – Police Officer I Trainee**
- 9. CITY MANAGER REPORTS:**
- 10. CITY ATTORNEY:**
- 11. EXECUTIVE SESSION:**
- 12. ADJOURNMENT:**

MISSION STATEMENT

The mission of the City of Black Hawk is to progressively provide cost effective programs and services of the highest quality to the community

**MEDICAL MARIJUANA
BUSINESS LICENSE
APPLICATION**

CITY OF BLACK HAWK
REQUEST FOR COUNCIL ACTION

SUBJECT: Medical Marijuana Business License Application – 5B1S, LLC, d/b/a 1859

RECOMMENDATION: Staff recommends the following motion to the Mayor and Board of Aldermen:

MOTION OF APPROVAL for the conditional approval of the Medical Marijuana Business License Application – 5B1S, LLC, d/b/a 1859 with the following conditions:

1. All other required permits or licenses related to the operation of the medical marijuana store are approved;
2. Inspection by the City of the proposed licensed premises; and
3. Scott Webster Bergin is either removed as an agent of Applicant, or resolves his issues causing him to be prohibited.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

Please see attached review packet.

FUNDING SOURCE: N/A

WORKSHOP DATE: N/A

ESTIMATED DATE OF PROJECT COMPLETION: N/A

ORIGINATED BY: Melissa Greiner, City Clerk

STAFF PERSON RESPONSIBLE: Melissa Greiner, City Clerk

RECORD: []Yes [x]No

CITY ATTORNEY REVIEW: [x]Yes []No []N/A INITIALS mgf

SUBMITTED BY:

Melissa Greiner

Melissa Greiner, City Clerk

REVIEWED BY:

Jack D Lewis

Jack D. Lewis, City Manager

FINDINGS

City of Black Hawk
Marijuana Licensing Authority

IN THE MATTER OF THE APPLICATION FOR A)
MEDICAL MARIJUANA STORE LICENSE)

5BIS, LLC)
d/b/a 1859)
1640 Logan Street, Suite 200)
Denver, Colorado 80203)

PRELIMINARY
FINDINGS AND REPORT

Pursuant to Black Hawk Municipal Code ("Code") Section 6-466, you are hereby advised that with regard to the above named application for a Medical Marijuana Store License, an investigation has been made, and based on the results thereof, the following has been determined:

1. 5BIS, LLC d/b/a 1859 (the "Applicant") has submitted a complete application, all required identity documentation and the requisite operating fee, as required by Code Sections 6-461 and 6-462.

2. Pursuant to Code Section 6-461, the Applicant has submitted all required forms and documentation identifying the employees and proposed managers of the medical marijuana store as well as documentation for all persons having a ten percent (10%) or more financial interest in the Applicant entity.

3. The Applicant has completed a background investigation acknowledgement pursuant to Code Sections 6-460, 6-461, and 6-463.

4. The Applicant has submitted all required information relating to the legal status and registration of 5BIS, LLC d/b/a 1859 pursuant to Code Section 6-461.

5. Pursuant to Code Section 6-461, the Applicant has submitted a copy of a lease demonstrating that the Applicant is entitled to possession of the proposed medical marijuana store premises. The property owner has also filed a notarized affidavit authorizing the use of the property for a medical marijuana store.

6. The Applicant has submitted a valid sales tax license for the business pursuant to Code Sections 6-461 and 492.

7. The Applicant has submitted an acceptable "to scale" diagram of the premises pursuant to Code Section 6-461.

8. The Applicant has submitted an acceptable comprehensive business operation plan pursuant to Code Section 6-461.

9. The zoning of the premises is within the appropriate zone district (HARD), and is one (1) of the four (4) identified addresses within the district, to allow the proposed use.

10. Within the corporate limits of the City of Black Hawk, there are no marijuana business licenses and no marijuana businesses currently in operation.

11. The Applicant is not prohibited from being a licensee pursuant to Code Section 6-460, except that Applicant Scott Webster Bergin has preliminarily been determined to be prohibited from holding a license.

12. In light of the foregoing, the City of Black Hawk Marijuana Licensing Authority preliminarily finds that the Applicant is eligible to operate as a medical marijuana store within the City of Black Hawk, subject to the following conditions:

- a. A hearing before the Black Hawk Marijuana Licensing Authority;
- b. All other required permits or licenses related to the operation of the medical marijuana store are approved;
- c. Inspection by the City of the proposed licensed premises; and
- d. Scott Webster Bergin is either removed as an agent of Applicant, or resolves his issues causing him to be prohibited.

On behalf of The Black Hawk Marijuana Licensing Authority, this report is hereby issued to the applicant and other interested parties this 25th day of July, 2014.



Melissa Greiner
City Clerk

**APPLICATION &
SUPPORTING
DOCUMENTS**



Black Hawk Clerk's Office
Ph: 303-582-2219

MEDICAL/RECREATIONAL MARIJUANA BUSINESS LICENSE APPLICATION

RECEIVED
CITY CLERK'S OFFICE
6.2.2014

Type of License Requested:

Medical Marijuana Center or Recreational Marijuana Center

Applicant: 5B1S, LLC

Individual Corporation Partnership Limited Liability Company Association/other

Address: 1640 Logan St. Ste 200 Denver, CO 80203 Phone Number: 303-981-2453
Street City State Zip Code

Length of existence in Colorado: 1 month

Trade Name (or DBA) of Establishment: 1859

Address of Establishment: 231 Gregory Street Zip Code: 80422
Street Unit #

Business Phone: 303-981-2453 Are the premises owned or rented? rented

If rented, name of property owner: Culver Van der Jagt

Lease Expiration Date: 05/01/2024 Property Owner's Phone Number: _____

Provide a complete description of the site for which the license is being obtained: 231 Gregory Street is located in the designated area of the HARD district. It is approximately 3000 sq. ft on three levels. See attached floorplan

Names and address of any other facilities to be used in the furtherance of this business, whether or not such facilities are, or are planned to be, in Black Hawk: 3880 Holly Street Denver, CO is the location of the grow facility.

Has the applicant, any partners, any officers, any stockholders or directors of said applicant held a Medical/Recreational marijuana business license in any jurisdiction in the past? Yes No

If yes, explain in detail: Meg Sanders and Kevin Daly currently hold 3 MMC, 1 RMS, 5 OPC, 1 RMC, 1 MIP and 1 RMP. These have been held for over 1 year.

Has the applicant, any partners, any officers, any stockholders or directors of said applicant been denied a Medical/Recreational marijuana business license by any jurisdiction in the past? Yes No

If yes, explain in detail: *We submitted an application for a producer license in Connecticut. We were not awarded a license in the first round. Our application is still on file.

Has the applicant, any partners, any officers, any stockholders or directors of said applicant had a Medical/Recreational marijuana business license suspended or revoked by any jurisdiction in the past? Yes No

If yes, explain in detail: _____

Colorado Sales Tax Number: 27868165

Black Hawk Sales Tax Number:

State the Hours of Operation each day:

Monday	<u>10 AM</u>	to	<u>12 AM</u>	Friday	<u>10 AM</u>	to	<u>12 AM</u>
Tuesday	<u>10 AM</u>	to	<u>12 AM</u>	Saturday	<u>10 AM</u>	to	<u>12 AM</u>
Wednesday	<u>10 AM</u>	to	<u>12 AM</u>	Sunday	<u>10 AM</u>	to	<u>12 AM</u>
Thursday	<u>10 AM</u>	to	<u>12 AM</u>				

I declare under the penalty of perjury that this application, including the background investigation forms and any accompanying statements or documents, have been examined by me and to the best of my knowledge and belief are true, correct and complete. I also declare that I have been given a copy of Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code pertaining to Medical/Recreational Marijuana Businesses.

Signature of Applicant: 

Date: 5.16.2014

Clerk's Office Use:

Application Date: 6.2.2014 New Application: Renewal Application:

Fees Paid: \$4205.00 (\$2,500 non-refundable new application fee/ \$1500 initial license fee/ \$1000 renewal fee)

Public Hearing Date (if applicable): 7/23/2014 Resolution: Continued to 7/30/2014

Administrative Approval: with conditions noted in

NOTES:

Preliminary Findings + Report dated 7/23/2014 - 7/25/2014

M. Guin
City Clerk



BLACK HAWK

**MEDICAL/RECREATIONAL
MARIJUANA BUSINESS
ATTACHMENT TO LICENSE APPLICATION**

COMPLIANCE WITH REGULATIONS

Please use this form to demonstrate how requirements in Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code will be met. Please attach additional pages as necessary.

The following sections are not a complete list of regulations for Medical/Recreational marijuana businesses. The licensee must comply with all sections of Chapter 6, Article XV or Chapter 6, Article XVIII. Licensees must also comply with all other provisions of the Black Hawk Municipal Code.

Chapter 6, Article XV or Chapter 6, Article XVIII Hours of operation. A Medical/Recreational marijuana business may open no earlier than 9:00 a.m. and shall close no later than 12:00 p.m. the same day. A Medical/Recreational marijuana business may be open seven (7) days a week.

1859 will be open 7 days a week from 10 AM to 12 AM.

Chapter 15. Signage and advertising. All signage and advertising for a Medical/Recreational marijuana center or a Medical/Recreational marijuana-infused products manufacturing operation shall comply with all applicable provisions of this Article and other applicable provisions of the Black Hawk Municipal Code, including Article 35 of Chapter 11 of the Black Hawk Municipal Code. In addition, no signage or advertising shall use the word "marijuana" or "cannabis" or any other word, phrase or symbol commonly understood to refer to marijuana unless such word, phrase or symbol is immediately preceded by the word "Medical/Recreational" in type and font that is at least as readily discernible as all other words, phrases or symbols. Such signage and advertising must clearly indicate that the products and services are offered only for Medical/Recreational marijuana patients and primary caregivers.

1859 will submit a sign permit for review with the city in the next 2 weeks. The proposed signage will have the name of the store "1859" in a vintage style font. This will be an illuminated sign that is tasteful and thoughtful of the HARD district concept.

Chapter 6, Article XV or Chapter 6, Article XVIII Security requirements.

- (a) Security measures at Medical/Recreational marijuana business facilities shall include at a minimum the following:

- (1) Security surveillance cameras installed to monitor all entrances, along with the interior and exterior of the premises, to discourage and facilitate the reporting of criminal acts and nuisance activities occurring at the premises;
 - (2) Robbery and burglary alarm systems which are professionally monitored and maintained in good working condition;
 - (3) A locking safe permanently affixed to the premises that is suitable for storage of all Medical/Recreational marijuana and cash stored overnight on the licensed premises;
 - (4) Exterior lighting that illuminates the exterior walls of the licensed premises and complies with applicable provisions of this Article and other applicable provisions of the Black Hawk Municipal Code; and
 - (5) Deadbolt locks on all exterior doors.
- (b) All security recordings shall be preserved for at least seventy-two (72) hours by the licensee and be made available to the Black Hawk Police Department upon request for inspection.

Please see attached Security plan and floorplan which diagrams camera locations and exterior lighting. The safe room is a secure location with commercial locks and additional security to protect the product and cash.

Chapter 6, Article XV or Chapter 6, Article XVIII Required notices. There shall be posted in a conspicuous location in each Medical/Recreational marijuana center, a legible sign containing the following warnings:

- (a) That the use of Medical/Recreational marijuana or Medical/Recreational marijuana-infused products may impair a person's ability to drive a motor vehicle or operate machinery, and that it is illegal under state law to drive a motor vehicle or to operate machinery when under the influence of or impaired by marijuana;
- (b) That loitering in or around the Medical/Recreational marijuana center is prohibited by state law;
- (c) That possession and distribution of marijuana is a violation of federal law; and
- (d) That no one under the age of eighteen (21) years is permitted on the premises except minor patients accompanied by a parent or legal guardian in possession of a state registry card for such minor patient.

Please see attached sample of signage.

Chapter 6, Article XV or Chapter 6, Article XVIII On-site consumption of Medical/Recreational marijuana. The use, consumption, ingestion or inhalation of Medical/Recreational marijuana or Medical/Recreational marijuana-infused products on or within the premises of a Medical/Recreational marijuana center, is prohibited.

Our employee handbook, store SOP and training model clearly outline the rules, including, but not limited to on-site consumption of marijuana. Violation of this policy is grounds for immediate termination. Customers that violated this will be banned from our store and reported to local authorities.

Chapter 6, Article XV or Chapter 6, Article XVIII Prohibited acts. It shall be unlawful for any licensee to:

- (a) Employ any person at a Medical/Recreational marijuana center who is not at least twenty-one (21) years of age or who has a criminal history as described in Subsections 6-564(A)(11)(12) of the Black Hawk Municipal Code;
- (b) Purchase or otherwise obtain Medical/Recreational marijuana from any source that is not properly authorized under state and local law to sell or dispense Medical/Recreational marijuana;
- (c) Permit the sale or consumption of alcohol beverages on the licensed premises;
- (d) Dispense Medical/Recreational marijuana to a person that is or appears to be under the influence of alcohol or under the influence of any controlled substance, including marijuana.

All of our employees must be 21 years of age and go through an extensive background check.

They also must pass the state requirements for badging by the Marijuana Enforcement Division.

All marijuana obtained for sale in our store will be acquired from our vertically integrated grow or from a state licensed MIP/RMPM. All product delivered to the store is reported to the state via the MITS system. There is no Alcohol permitted on our premises at any time. Our store employees are trained to refuse service to anyone appearing to be under the influence of alcohol or any controlled substance, including marijuana.

Chapter 6, Article XV or Chapter 6, Article XVIII Visibility of activities; paraphernalia; control of emissions.

- (a) All activities of Medical/Recreational marijuana centers, including, without limitation, displaying, selling, and storage, shall be conducted indoors.
- (b) Devices, contrivances, instruments and paraphernalia for inhaling or otherwise consuming marijuana, including, but not limited to, rolling papers and related tools, water pipes, and vaporizers may lawfully be sold at a Medical/Recreational marijuana business. Such items may be sold or provided only to patients or primary caregivers or legal retail customer. No Medical/Recreational marijuana or paraphernalia shall be displayed or kept in a Medical/Recreational marijuana business facility so as to be visible from outside the licensed premises.
- (c) Sufficient measures and means of preventing smoke, odors, debris, dust, fluids and other substances from exiting a Medical/Recreational marijuana business facility must be provided at all times. In the event that any odors, debris, dust, fluids or other substances exit a Medical/Recreational marijuana business facility, the owner of the subject premises and the licensee shall be jointly and severally

liable for such conditions and shall be responsible for immediate, full clean-up and correction of such condition. The licensee shall properly dispose of all such materials, items and other substances in a safe, sanitary and secure manner and in accordance with all applicable federal, state and local laws and regulations.

All activities of the store are performed indoors. No marijuana product, device for consuming marijuana or any promotional items (t-shirts, etc) will be visible from the street. All windows on the main floor will have tasteful coverings- curtains or shades. We will properly filter air exiting the building. All waste will be disposed of according to state law. Please see Waste Disposal Plan

Section 6-5 Sales and business license required. At all times while a permit is in effect the licensee shall possess a valid license issued under Section 6-5 of the Black Hawk Municipal Code.

1859 will possess valid licenses at all times.

Chapter 6, Article XV or Chapter 6, Article XVIII Sales tax. Each licensee shall collect and remit City sales tax on all Medical/Recreational marijuana, Medical/Recreational marijuana-infused products, paraphernalia and other tangible personal property sold by the licensee.

1859 will collect and remit City sales tax on all items sold.

Chapter 6, Article XV or Chapter 6, Article XVIII Required books and records.

- (a) Every licensee shall maintain an accurate and complete record of all Medical/Recreational marijuana purchased, sold or dispensed by the Medical/Recreational marijuana business in any usable form. Such record shall include the following:
 - (1) The identity of the seller and purchaser involved in each transaction;
 - (2) The total quantity of, and amount paid for, the Medical/Recreational marijuana and/or the Medical/Recreational marijuana-infused product(s); and
 - (3) The date, time and location of each transaction.
- (b) Every patient or primary caregiver shall provide to the licensee, and the licensee shall record, the following information for such books and records:
 - (1) The patient or primary caregiver's name, date of birth, and current street address, including city, state and zip code;

- (2) The form of identification that was presented by the patient or primary caregiver, which may include any of the following, and the identifying number, if any, from such form:
 - a. An identification card issued in accordance with Section 42-2-302, C.R.S.,
 - b. A valid state driver's license,
 - c. A military identification card, or
 - d. An alien registration card;
 - (3) A registry identification card or its functional equivalent under Section 14(3)(d) of Amendment 20 and, in the case of a primary caregiver, the date the primary caregiver was designated by the patient for whom the Medical/Recreational marijuana was purchased.
- (c) Information provided to the licensee by a patient or primary caregiver under the provisions of this Section need not include any information regarding the patient's physical or Medical/Recreational condition.
 - (d) All transactions shall be kept in a numerical register in the order in which they occur.
 - (e) All records required to be kept under this Article must be kept in the English language in a legible manner and must be preserved and made available for inspection for a period of three (3) years after the date of the transaction. Information inspected by the Black Hawk Police Department or other City departments pursuant to this Article shall be used for regulatory and law enforcement purposes only and shall not be a matter of public record.

All books and records are kept electronically through our point of sale system and the state mandated MITS system. We are available to walk the city manager through these systems.

We collect patient ID's and red cards with each medical purchase. We check ID's two times- one upon entry and again prior to starting a sales transaction for recreational sales.

Chapter 6, Article XV or Chapter 6, Article XVIII Inspection of licensed premises.
During all business hours and other times of apparent activity, all licensed premises shall be subject to inspection by the Black Hawk Police Department and all other City departments designated by the local licensing authority for the purpose of investigating and determining compliance with the provisions of Chapter 6-XV or Chapter 6-XVIII of the Black Hawk Municipal Code and any other applicable state and local laws or regulations. Said inspection may include, but need not be limited to, the inspection of books, records and inventory. Where any part of the licensed premises consists of a locked area, such area shall be made available for inspection, without delay, upon request.



**MEDICAL/RECREATIONAL
MARIJUANA BUSINESS LICENSE
INDEMNIFICATION AGREEMENT AND
AFFIDAVIT OF ACKNOWLEDGEMENT**

As an applicant for a Medical/Recreational Marijuana Business License, I hereby acknowledge and agree to the following:

[Signature] I have obtained and examined a copy of Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code of the City of Black Hawk, Colorado, pertaining to Medical/Recreational Marijuana Businesses, and I agree to abide by and conform to all of the conditions of the Medical/Recreational Marijuana Business License and all provisions of the Black Hawk Municipal Code.

[Signature] I understand and acknowledge that the approval of the Medical/Recreational Marijuana Business License, if granted, shall in no way license any activity contrary to the Black Hawk Municipal Code or any activity which is in violation of any applicable laws.

[Signature] I understand that the applicant and the employees of the Medical/Recreational marijuana business may be subject to prosecution under federal marijuana laws.

[Signature] I understand that the City accepts no legal liability in connection with the approval and subsequent operation of the Medical/Recreational marijuana business.

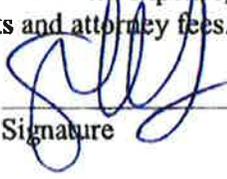
[Signature] I understand that if a Medical/Recreational marijuana license is issued, it is valid for a period of one (1) year from the date of issuance. I further understand it is the licensee's responsibility to submit an application for the renewal of the license not more than sixty (60) days and not less than thirty (30) days prior to the date of expiration, if such renewal is desired. There is a non-refundable late application fee in an amount of five-hundred dollars (\$500.00) due for a renewal application made less than thirty (30) days prior to the date of expiration of the license.

[Signature] I understand that by accepting a license issued pursuant to Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code, the licensee agrees to release the City, its officers, elected officials, employees, attorneys, and agents from any liability for injuries, damages, or liabilities of any kind that result from any arrest or prosecution of business owners, operators, employees, clients or customers for a violation of state or federal laws, rules or regulations.

[Signature] I understand that by accepting a license issued pursuant to Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code, the licensee, jointly and severally if more than one, agrees to indemnify and defend the City, its officers, elected officials, employees, attorneys, agents, insurers, and self-insurance pool against all liability, claims, and demands, on account of injury, loss, or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage, or any

other loss of any kind whatsoever, which arise out of or are in any manner connected with the operation of the Medical/Recreational marijuana business that is the subject of the license. The licensee further agrees to investigate, handle, respond to, and to provide defense for and defend against, any such liability, claims, or demands at its expense, and to bear all other costs and expenses related thereto, including court costs and attorney fees.

Signature



Date

5.16.2014

**BACKGROUND
APPLICATION
OF APPLICANTS**

ANGLIN, DANIEL J.



BLACK HAWK



SESQUICENTENNIAL

Office of the City Manager
201 Selak Street
P.O. Box 68
Black Hawk, CO 80422
www.cityofblackhawk.org
303-582-2219 Office
303-582-0429 Fax

Mayor
David D. Spellman

Aldermen
Linda Armbright
Paul G. Bennett
Hal Midcap
Jim Johnson
Greg Moates
Ienito Torres

City Attorney
Corey Y. Hoffmann

City Manager
Jack D. Lewis

City Clerk /
Administrative Services Director
Melissa A. Greiner

Finance Director
Lance R. Hillis

Fire Chief
Donald E. Taylor

Police Chief
Stephen N. Cole

Public Works Director
Thomas Isbester

Community Planning & Development
Administrator
Cynthia L. Linker

CELEBRATING 150 YEARS OF
MUNICIPAL GOVERNMENT

COLORADO'S SECOND OLDEST
MUNICIPAL CORPORATION

July 22, 2014

Jack Lewis
City Manager
City of Black Hawk
P.O. Box 68
201 Selak Street
Black Hawk, CO 80422

Jack Lewis, City Manager,

Re: Medical Marijuana Dispensary Applicant:

Daniel Joel Anglin

A Black Hawk Police Department background investigation was conducted using the information provided by the applicant to the Black Hawk City Clerk. The Black Hawk Police Department investigation did not reveal any information which would preclude the applicant from obtaining a Medical Marijuana Dispensary License from the City of Black Hawk.

The State of Colorado Department of Revenue Marijuana Enforcement Division indicates the applicant has pending approval for a Medical Marijuana "Associated Key License." Nothing has been discovered to date that would prevent approval of the license.

Sincerely,

[Handwritten signature of Stephen N. Cole]

Stephen N. Cole
Chief of Police

**Black Hawk Police Department
Medical Marijuana Dispensary
Applicant Background Report**
(Completed within 20 days of application)

Name: Daniel Joel Anglin **DOB:** [REDACTED]

Home address: [REDACTED]

Applicant's Phone: **SSN:** [REDACTED]

Business Name: 5B1S an LLC DBA 1859 **Phone #**

Business Address: 231 Gregory Street, Black Hawk 80422

Role in Business: Unknown

Department of Revenue Account Number:

Associated Businesses:

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 3880 Holly Street, Denver CO 80207

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 1015 North 2nd Street Berthoud, CO 80513

Med Stop LLC. 3880 Holly Street, Denver, CO 80207

Med Stop LLC, Denver Med Stop 5926 East Colfax Avenue, Denver,
CO 80220

Floobies LLC. 417 North Circle Drive, Colorado Springs, CO 80909

Floobies LLC. 3880 Holly Street, Denver CO 80207

TR Scientific LLC. 3880 Holly Street, Denver 80207

Applicant Background Information:

Daniel Anglin has a background in political advocacy. Experience in working with State and Local agencies and has served as a government staff member in

Arizona and Colorado. President of Anglin Public Affairs, served as a plumber and US Marine Corp.

Other Applicants:

Megan Sanders is the managing member and head of retail operations for 5B1S, LLC dba 1859. She is the lead on three (3) dispensaries and one (1) grow operation. She was appointed by Governor Hickenlooper to serve as a member of the Amendment 64 task force.

Scott Bergin is the manager of 5B1S, LLC dba 1859 and president of Aviation Information Services and founder and owner of Samurai Sushi in Denver.

Kevin Daly is founder of Gaia Plant Based Medicine.

Patrick Perical has 15 years' experience in agriculture and experience in warehouse operations.

General Background Check List:

Internet Search for adverse information

Yes No

Court Search for civil actions

Yes No

Criminal Background Search

Yes No

Credit History Check

Yes No

Age 21 or older

Yes No

Paid Student Loans, No past or current Delinquencies

Yes No

Paid Child Support, No past or current Delinquencies

Yes No

Filed Taxes, No past or current Delinquencies

Yes No

Resident of Colorado for at least 2 years

Yes No

Good Standing with the Colorado Marijuana Division

Yes No Pending

Previous History involving Dispensaries

Yes No

No felony convictions or sentences within last 5 years

Yes No

Good standing as a Primary Caregiver

Yes No Pending

Fingerprints submitted to CBI and returned

Yes No

Previous conviction of a felony for drug possession, distribution or use.

Yes No

Delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere?

Yes No

Has a Complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar trade or security law or regulation ever been filed or entered against the applicant

Yes No

Has the applicant been a party to a lawsuit in the past? 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion?

Yes No

Ever been denied a license for Liquor, Gaming, Racing or Medical Marijuana

Yes No

Findings:

Background Check indicates the applicant meets requirements for a MMD as defined by the City of Black Hawk .

Pending
Yes No

Criminal background check from CBI attached

Yes No

Approval with additional follow-up required:

1. *Approved by City of Black Hawk, Awaiting approval from the State of Colorado.*

2. _____

3. _____

Applicant has failed to meet the requirements to obtain or be licensed to operate or manage a MMD in Black Hawk for the following reasons:

1. _____

2. _____

3. _____

Investigator *[Signature]* 418 Date 7/23/14

Copies to: City Manager
Planning
City Clerk

MMDI Form 7-2014

General Definitions

24-5-101. Effect of criminal conviction on employment rights. Except as otherwise provided by section 4 of article XII of the state constitution, and except for the certification and revocation of certification of peace officers as provided in section ~~24-31-304~~ 24-31-305, the fact that a person has been convicted of a felony or other offense involving moral turpitude shall not, in and of itself, prevent him from applying for and obtaining public employment or from applying for and receiving a license, certification, permit, or registration required by the laws of this state to follow any business, occupation, or profession. Whenever any state or local agency is required to make a finding that an applicant for a license, certification, permit, or registration is a person of good moral character as a condition to the issuance thereof, the fact that such applicant has, at some time prior thereto, been convicted of a felony or other offense involving moral turpitude, and pertinent circumstances connected with such conviction, shall be given consideration in determining whether, in fact, the applicant is a person of good moral character at the time of the application. The intent of this section is to expand employment opportunities for persons who, notwithstanding that fact of conviction of an offense, have been rehabilitated and are ready to accept the responsibilities of a law-abiding and productive member of society.

“Primary care-giver” means a person, other than the patient and the patient's physician, who is eighteen years of age or older and has significant responsibility for managing the well-being of a patient who has a debilitating medical condition.



BLACK HAWK

**MEDICAL/RECREATIONAL
MARIJUANA BUSINESS
BACKGROUND INVESTIGATION FORM**

PLEASE TYPE OR PRINT LEGIBLY
ATTACH A SEPARATE SHEET IF NECESSARY

Name of Individual (Last, First, Middle): ANGLIN DANIEL JOEL

List any other names you have used: _____

Residence Address: _____

Social Security Number: _____ Date of Birth: _____

Length of residency in Colorado: 8 years

Trade Name of Establishment: 5B1S, LLC

Address of Establishment: 231 GREGORY ST. Black Hawk, CO 80422

Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? Yes No

If yes, explain in detail:

Have you held a Medical/Recreational marijuana business license in any jurisdiction in the past?

Yes No

If yes, explain in detail:

Have you been denied a Medical/Recreational marijuana business license by any jurisdiction in the past?

Yes No

If yes, explain in detail:

Have you had a Medical/Recreational marijuana business license suspended or revoked by any jurisdiction in the past?

Yes No

If yes, explain in detail:

A complete set of fingerprints are required and can be taken at the Black Hawk Police Department, 221 Church Street, by appointment. Please call 303-582-0503 to schedule an appointment.

Pursuant to Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code, the Black Hawk Police Department will obtain and review a criminal background records search on the applicant from the Colorado Bureau of Investigation. Applicants who have been previously convicted of a felony violation related to the sale, possession, or use of a scheduled control substance are not eligible for a Medical/Recreational Marijuana Business License.

DJA have read and I understand the above statement. I further acknowledge that I have obtained and examined a copy of Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code of the City of Black Hawk, Colorado, pertaining to Medical/Recreational Marijuana Businesses.

DJA As party to a City of Black Hawk Medical/Recreational Marijuana Business License Application, I hereby authorize the release of any and all information of a confidential or privileged nature to the City of Black Hawk Police Department and its agents.

DJA I hereby release the City of Black Hawk, its officers, elected officials, employees, attorneys, and agents from any liability or damage which may result from furnishing the information requested.

DJA I further certify the facts contained within this Background Investigation Form are true and correct and I understand that any falsification, misrepresentation or deliberate omission will affect the issuance of a license.

[Signature]
Signature

5/16/2014
Date

Clerk's Office Use:

Colorado Driver License



DANIEL J. ANGLIN

Class: [REDACTED] **Expires:** [REDACTED]
End: [REDACTED] **Issued:** [REDACTED]
Rest: [REDACTED] **DOB:** [REDACTED]
Ht: [REDACTED] **Wt:** [REDACTED] **Previous Type:** [REDACTED]
Eyes: [REDACTED] **Sex:** [REDACTED]
Voter: [REDACTED]

DJ Anglin



BERGIN, SCOTT W.



BLACK HAWK



SESQUICENTENNIAL

Office of the City Manager

201 Selak Street
P.O. Box 68
Black Hawk, CO 80422
www.cityofblackhawk.org
303-582-2219 Office
303-582-0429 Fax

Mayor

David D. Spellman

Aldermen

Linda Armbricht
Paul G. Bennett
Hal Midcap
Jim Johnson
Greg Moates
enito Torres

City Attorney

Corey Y. Hoffmann

City Manager

Jack D. Lewis

City Clerk /

Administrative Services Director

Melissa A. Greiner

Finance Director

Lance R. Hillis

Fire Chief

Donald E. Taylor

Police Chief

Stephen N. Cole

Public Works Director

Thomas Isbester

Community Planning & Development

Administrator

Cynthia L. Linker

**CELEBRATING 150 YEARS OF
MUNICIPAL GOVERNMENT**

**COLORADO'S SECOND OLDEST
MUNICIPAL CORPORATION**

July 22, 2014

Jack Lewis
City Manager
City of Black Hawk
P.O. Box 68
201 Selak Street
Black Hawk, CO 80422

Jack Lewis, City Manager,

Re: Medical Marijuana Dispensary Applicant:

Scott Webster Bergin [REDACTED]

A Black Hawk Police Department background investigation was conducted using the information provided by the applicant to the Black Hawk City Clerk. The Black Hawk Police Department investigation did not reveal any information which would preclude the applicant from obtaining a Medical Marijuana Dispensary License from the City of Black Hawk.

However, the State of Colorado Department of Revenue Marijuana Enforcement Division indicates the applicant has a pending denial for a Medical Marijuana "Associated Key License" due to an outstanding government obligation.

Sincerely,

Stephen N. Cole
Chief of Police

SNC:

**Black Hawk Police Department
Medical Marijuana Dispensary
Applicant Background Report**
(Completed within 20 days of application)

Name: Scott Webster Bergin **DOB:** [REDACTED]

Home address: [REDACTED]

Applicant's Phone: _____ **SSN:** [REDACTED]

Business Name: 5B1S an LLC DBA 1859 **Phone #** _____

Business Address: 231 Gregory Street, Black Hawk 80422

Role in Business: Manager

Department of Revenue Account Number: _____

Associated Businesses:

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC #3, 3880 Holly Street, Denver CO 80207

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC #3, 1015 North 2nd Street Berthoud, CO 80513

Med Stop LLC. 3880 Holly Street, Denver, CO 80207

Med Stop LLC, Denver Med Stop 5926 East Colfax Avenue, Denver, CO 80220

Floobies LLC. 417 North Circle Drive, Colorado Springs, CO 80909

Floobies LLC. 3880 Holly Street, Denver CO 80207

TR Scientific LLC. 3880 Holly Street, Denver 80207

Applicant Background Information:

Scott Bergin is the manager of 5B1S, LLC dba 1859 and president of Aviation Information Services and founder and owner of Samurai Sushi in Denver.

Other Applicants:

Megan Sanders is the managing member and head of retail operations for 5B1S, LLC dba 1859. She is the lead on three (3) dispensaries and one (1) grow operation. She was appointed by Governor Hickenlooper to serve as a member of the Amendment 64 task force.

Patrick Perical has 15 years' experience in agriculture and experience in warehouse operations.

Daniel Anglin has a background in political advocacy. Experience in working with State and Local agencies and has served as a government staff member in Arizona and Colorado. President of Anglin Public Affairs, served as a plumber and US Marine Corp.

Kevin Daly is founder of Gaia Plant Based Medicine.

General Background Check List:

Internet Search for adverse information	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Court Search for civil actions	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Criminal Background Search	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Credit History Check	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
Age 21 or older	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Paid Student Loans, No past or current Delinquencies	Yes	<input checked="" type="checkbox"/>	No	<input checked="" type="checkbox"/>
Paid Child Support, No past or current Delinquencies	Yes	<input checked="" type="checkbox"/>	No	<input checked="" type="checkbox"/>
Filed Taxes, No past or current Delinquencies	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Resident of Colorado for at least 2 years	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Good Standing with the Colorado Marijuana Division	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Previous History involving Dispensaries	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
No felony convictions or sentences within last 5 years	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Good standing as a Primary Caregiver	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Fingerprints submitted to CBI and returned

Yes No

Previous conviction of a felony for drug possession, distribution or use.

Yes No

Delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere?

Yes No

Has a Complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar trade or security law or regulation ever been filed or entered against the applicant

Yes No

Has the applicant been a party to a lawsuit in the past? 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion?

Yes No

Ever been denied a license for Liquor, Gaming, Racing or Medical Marijuana

Yes No

Findings:

Background Check indicates the applicant meets requirements for a MMD as defined by the City of Black Hawk .

Yes No

Criminal background check from CBI attached

Yes No

Approval with additional follow-up required:

1. *Approved by City of Black Hawk, Awaiting approval from the State of Colorado.*

2. _____

3. _____

Applicant has failed to meet the requirements to obtain or be licensed to operate or manage a MMD in Black Hawk for the following reasons:

1. _____

2. _____

3. _____

Investigator *[Signature]* 418 Date 7/23/14

Copies to: City Manager
Planning
City Clerk

MMDI Form 7-2014

General Definitions

24-5-101. Effect of criminal conviction on employment rights. Except as otherwise provided by section 4 of article XII of the state constitution, and except for the certification and revocation of certification of peace officers as provided in section ~~24-31-304~~ 24-31-305, the fact that a person has been convicted of a felony or other offense involving moral turpitude shall not, in and of itself, prevent him from applying for and obtaining public employment or from applying for and receiving a license, certification, permit, or registration required by the laws of this state to follow any business, occupation, or profession. Whenever any state or local agency is required to make a finding that an applicant for a license, certification, permit, or registration is a person of good moral character as a condition to the issuance thereof, the fact that such applicant has, at some time prior thereto, been convicted of a felony or other offense involving moral turpitude, and pertinent circumstances connected with such conviction, shall be given consideration in determining whether, in fact, the applicant is a person of good moral character at the time of the application. The intent of this section is to expand employment opportunities for persons who, notwithstanding that fact of conviction of an offense, have been rehabilitated and are ready to accept the responsibilities of a law-abiding and productive member of society.

“Primary care-giver” means a person, other than the patient and the patient's physician, who is eighteen years of age or older and has significant responsibility for managing the well-being of a patient who has a debilitating medical condition.



BLACK HAWK ®

MEDICAL/RECREATIONAL MARIJUANA BUSINESS BACKGROUND INVESTIGATION FORM

PLEASE TYPE OR PRINT LEGIBLY
ATTACH A SEPARATE SHEET IF NECESSARY

Name of Individual (Last, First, Middle): Bergin, Scott W

List any other names you have used: _____

Residence Address: _____

Social Security Number: _____ Date of Birth: _____

Length of residency in Colorado: 24 yrs.

Trade Name of Establishment: 1859

Address of Establishment: 231 Gregory, Black Hawk, CO 80422

Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? Yes No

If yes, explain in detail:

Have you held a Medical/Recreational marijuana business license in any jurisdiction in the past?

Yes No

If yes, explain in detail:

Have you been denied a Medical/Recreational marijuana business license by any jurisdiction in the past?

Yes No

If yes, explain in detail:

Have you had a Medical/Recreational marijuana business license suspended or revoked by any jurisdiction in the past?

Yes No

If yes, explain in detail:

A complete set of fingerprints are required and can be taken at the Black Hawk Police Department, 221 Church Street, by appointment. Please call 303-582-0503 to schedule an appointment.

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sp I have read and I understand the above statement. I further acknowledge that I have obtained and examined a copy of Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code of the City of Black Hawk, Colorado, pertaining to Medical/Recreational Marijuana Businesses.

sp As party to a City of Black Hawk Medical/Recreational Marijuana Business License Application, I hereby authorize the release of any and all information of a confidential or privileged nature to the City of Black Hawk Police Department and its agents.

sp I hereby release the City of Black Hawk, its officers, elected officials, employees, attorneys, and agents from any liability or damage which may result from furnishing the information requested.

sp I further certify the facts contained within this Background Investigation Form are true and correct and I understand that any falsification, misrepresentation or deliberate omission will affect the issuance of a license.

Signature



Date

05.16.14

Clerk's Office Use:

Colorado Driver License



Class: [REDACTED] **Expires:** [REDACTED]
End: [REDACTED] **Issued:** [REDACTED]
Rest: [REDACTED] **DOB:** [REDACTED]
Ht: [REDACTED] **Wt:** [REDACTED] **Previous Type:** [REDACTED]
Voter: [REDACTED] **Sex:** [REDACTED]

SCOTT WEBSTER BERGIN

[REDACTED]
[REDACTED]



DALY, KEVIN P.



July 22, 2014



Office of the City Manager

201 Selak Street
P.O. Box 68
Black Hawk, CO 80422
www.cityofblackhawk.org
303-582-2219 Office
303-582-0429 Fax

Mayor

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Thomas Isbester

**Community Planning & Development
Administrator**

Cynthia L. Linker

Jack Lewis
City Manager
City of Black Hawk
P.O. Box 68
201 Selak Street
Black Hawk, CO 80422

Jack Lewis, City Manager,

Re: Medical Marijuana Dispensary Applicant:

Kevin P. Daly

A Black Hawk Police Department background investigation was conducted using the information provided by the applicant to the Black Hawk City Clerk. The Black Hawk Police Department investigation did not reveal any information which would preclude the applicant from obtaining a Medical Marijuana Dispensary License from the City of Black Hawk.

The State of Colorado Department of Revenue Marijuana Enforcement Division indicates the applicant has received approval for a Medical Marijuana "Associated Key License."

Sincerely,

Stephen N. Cole
Chief of Police

**CELEBRATING 150 YEARS OF
MUNICIPAL GOVERNMENT**

**COLORADO'S SECOND OLDEST
MUNICIPAL CORPORATION**

**Black Hawk Police Department
Medical Marijuana Dispensary
Applicant Background Report**
(Completed within 20 days of application)

Name: Kevin P. Daly DOB: [REDACTED]

Home address: [REDACTED]

Applicant's Phone: [REDACTED] SSN: [REDACTED]

Business Name: 5B1S an LLC DBA 1859 Phone # [REDACTED]

Business Address: 231 Gregory Street, Black Hawk 80422

Role in Business: Unknown

Department of Revenue Account Number: [REDACTED]

Associated Businesses:

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 3880 Holly Street, Denver CO 80207

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 1015 North 2nd Street Berthoud, CO 80513

Med Stop LLC. 3880 Holly Street, Denver, CO 80207

Med Stop LLC, Denver Med Stop 5926 East Colfax Avenue, Denver,
CO 80220

Floobies LLC. 417 North Circle Drive, Colorado Springs, CO 80909

Floobies LLC. 3880 Holly Street, Denver CO 80207

TR Scientific LLC. 3880 Holly Street, Denver 80207

Applicant Background Information:

Kevin Daly is founder of Gaia Plant Based Medicine.

Other Applicants:

Megan Sanders is the managing member and head of retail operations for 5B1S, LLC dba 1859. She is the lead on three (3) dispensaries and one (1) grow operation. She was appointed by Governor Hickenlooper to serve as a member of the Amendment 64 task force.

Scott Bergin is the manager of 5B1S, LLC dba 1859 and president of Aviation Information Services and founder and owner of Samurai Sushi in Denver.

Patrick Perical has 15 years' experience in agriculture and experience in warehouse operations.

Daniel Anglin has a background in political advocacy. Experience in working with State and Local agencies and has served as a government staff member in Arizona and Colorado. President of Anglin Public Affairs, served as a plumber and US Marine Corp.

General Background Check List:

- | | | |
|---|---|--|
| Internet Search for adverse information | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Court Search for civil actions | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Criminal Background Search | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Credit History Check | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Age 21 or older | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| <u>Paid Student Loans, No past or current Delinquencies</u> | Yes <input checked="" type="checkbox"/> | No <input checked="" type="checkbox"/> |
| <u>Paid Child Support, No past or current Delinquencies</u> | Yes <input checked="" type="checkbox"/> | No <input checked="" type="checkbox"/> |
| <u>Filed Taxes, No past or current Delinquencies</u> | Yes <input checked="" type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Resident of Colorado for at least 2 years | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Good Standing with the Colorado Marijuana Division | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Previous History involving Dispensaries | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| No felony convictions or sentences within last 5 years | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Good standing as a Primary Caregiver | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

Fingerprints submitted to CBI and returned

Yes No

Previous conviction of a felony for drug possession, distribution or use.

Yes No

Delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere?

Yes No

Has a Complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar trade or security law or regulation ever been filed or entered against the applicant

Yes No

Has the applicant been a party to a lawsuit in the past? 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion?

Yes No

Ever been denied a license for Liquor, Gaming, Racing or Medical Marijuana

Yes No

Findings:

Background Check indicates the applicant meets requirements for a MMD as defined by the City of Black Hawk .

Yes No

Criminal background check from CBI attached

Yes No

Approval with additional follow-up required:

1. Approved as owner - MJ Division
2. _____
3. _____

Applicant has failed to meet the requirements to obtain or be licensed to operate or manage a MMD in Black Hawk for the following reasons:

1. _____
2. _____
3. _____

Investigator  418 Date 7/22/14

Copies to: City Manager
Planning
City Clerk

MMDI Form 7-2014

General Definitions

24-5-101. Effect of criminal conviction on employment rights. Except as otherwise provided by section 4 of article XII of the state constitution, and except for the certification and revocation of certification of peace officers as provided in section ~~24-31-304~~ 24-31-305, the fact that a person has been convicted of a felony or other offense involving moral turpitude shall not, in and of itself, prevent him from applying for and obtaining public employment or from applying for and receiving a license, certification, permit, or registration required by the laws of this state to follow any business, occupation, or profession. Whenever any state or local agency is required to make a finding that an applicant for a license, certification, permit, or registration is a person of good moral character as a condition to the issuance thereof, the fact that such applicant has, at some time prior thereto, been convicted of a felony or other offense involving moral turpitude, and pertinent circumstances connected with such conviction, shall be given consideration in determining whether, in fact, the applicant is a person of good moral character at the time of the application. The intent of this section is to expand employment opportunities for persons who, notwithstanding that fact of conviction of an offense, have been rehabilitated and are ready to accept the responsibilities of a law-abiding and productive member of society.

“Primary care-giver” means a person, other than the patient and the patient's physician, who is eighteen years of age or older and has significant responsibility for managing the well-being of a patient who has a debilitating medical condition.



BLACK HAWK [®]

MEDICAL/RECREATIONAL MARIJUANA BUSINESS BACKGROUND INVESTIGATION FORM

PLEASE TYPE OR PRINT LEGIBLY
ATTACH A SEPARATE SHEET IF NECESSARY

Name of Individual (Last, First, Middle): DOLY KEVIN PATRICK

List any other names you have used: _____

Residence Address: _____

Social Security Number: _____ Date of Birth: _____

Length of residency in Colorado: 16 YEARS

Trade Name of Establishment: SBIS, LLC

Address of Establishment: 231 Gregory St Blackhawk CO 80422

Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? Yes No
If yes, explain in detail:

Have you held a Medical/Recreational marijuana business license in any jurisdiction in the past?

Yes No

If yes, explain in detail:
See Attached

Have you been denied a Medical/Recreational marijuana business license by any jurisdiction in the past?

Yes No

If yes, explain in detail:

Have you had a Medical/Recreational marijuana business license suspended or revoked by any jurisdiction in the past?

Yes No

If yes, explain in detail:

A complete set of fingerprints are required and can be taken at the Black Hawk Police Department, 221 Church Street, by appointment. Please call 303-582-0503 to schedule an appointment.

Pursuant to Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code, the Black Hawk Police Department will obtain and review a criminal background records search on the applicant from the Colorado Bureau of Investigation. Applicants who have been previously convicted of a felony violation related to the sale, possession, or use of a scheduled control substance are not eligible for a Medical/Recreational Marijuana Business License.

[Signature] I have read and I understand the above statement. I further acknowledge that I have obtained and examined a copy of Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code of the City of Black Hawk, Colorado, pertaining to Medical/Recreational Marijuana Businesses.

[Signature] As party to a City of Black Hawk Medical/Recreational Marijuana Business License Application, I hereby authorize the release of any and all information of a confidential or privileged nature to the City of Black Hawk Police Department and its agents.

[Signature] I hereby release the City of Black Hawk, its officers, elected officials, employees, attorneys, and agents from any liability or damage which may result from furnishing the information requested.

[Signature] I further certify the facts contained within this Background Investigation Form are true and correct and I understand that any falsification, misrepresentation or deliberate omission will affect the issuance of a license.

[Signature] 5-16-14
Signature Date

Clerk's Office Use:

Colorado Driver License



Class: [REDACTED] Expires: [REDACTED]
End: [REDACTED] Issued: [REDACTED]
Rest: [REDACTED] Previous Type: [REDACTED]
Ht: [REDACTED] Wt: [REDACTED] Eyes: [REDACTED] Sex: [REDACTED]
Voter: [REDACTED]

Kevin P. Daly

KEVIN P DALY



PERICAK, PATRICK



July 22, 2014



Office of the City Manager
201 Selak Street
P.O. Box 68
Black Hawk, CO 80422
www.cityofblackhawk.org
303-582-2219 Office
303-582-0429 Fax

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**Community Planning & Development
Administrator**
Cynthia L. Linker

Jack Lewis
City Manager
City of Black Hawk
P.O. Box 68
201 Selak Street
Black Hawk, CO 80422

Jack Lewis, City Manager,

Re: Medical Marijuana Dispensary Applicant:

Patrick Pericak [REDACTED]

A Black Hawk Police Department background investigation was conducted using the information provided by the applicant to the Black Hawk City Clerk. The Black Hawk Police Department investigation did not reveal any information which would preclude the applicant from obtaining a Medical Marijuana Dispensary License from the City of Black Hawk.

The State of Colorado Department of Revenue Marijuana Enforcement Division indicates the applicant has pending approval for a Medical Marijuana "Associated Key License." Nothing has been discovered to date that would prevent approval of the license.

Sincerely,

Stephen N. Cole
Chief of Police

**CELEBRATING 150 YEARS OF
MUNICIPAL GOVERNMENT**

**COLORADO'S SECOND OLDEST
MUNICIPAL CORPORATION**

**Black Hawk Police Department
Medical Marijuana Dispensary
Applicant Background Report**
(Completed within 20 days of application)

Name: Patrick Pericak **DOB:** [REDACTED]

Home address: [REDACTED]

Applicant's Phone: _____ **SSN:** [REDACTED]

Business Name: 5B1S an LLC DBA 1859 **Phone #** _____

Business Address: 231 Gregory Street, Black Hawk 80422

Role in Business: Unknown

Department of Revenue Account Number: _____

Associated Businesses:

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 3880 Holly Street, Denver CO 80207

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 1015 North 2nd Street Berthoud, CO 80513

Med Stop LLC. 3880 Holly Street, Denver, CO 80207

Med Stop LLC, Denver Med Stop 5926 East Colfax Avenue, Denver,
CO 80220

Floobies LLC. 417 North Circle Drive, Colorado Springs, CO 80909

Floobies LLC. 3880 Holly Street, Denver CO 80207

TR Scientific LLC. 3880 Holly Street, Denver 80207

Applicant Background Information:

Patrick Perical has 15 years' experience in agriculture and experience in warehouse operations.

Other Applicants:

Megan Sanders is the managing member and head of retail operations for 5B1S, LLC dba 1859. She is the lead on three (3) dispensaries and one (1) grow operation. She was appointed by Governor Hickenlooper to serve as a member of the Amendment 64 task force.

Scott Bergin is the manager of 5B1S, LLC dba 1859 and president of Aviation Information Services and founder and owner of Samurai Sushi in Denver.

Kevin Daly is founder of Gaia Plant Based Medicine.

Daniel Anglin has a background in political advocacy. Experience in working with State and Local agencies and has served as a government staff member in Arizona and Colorado. President of Anglin Public Affairs, served as a plumber and US Marine Corp.

General Background Check List:

- | | | | |
|--|---|--|----------------|
| Internet Search for adverse information | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| Court Search for civil actions | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| Criminal Background Search | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| Credit History Check | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| Age 21 or older | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| Paid Student Loans, No past or current Delinquencies | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | |
| Paid Child Support, No past or current Delinquencies | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | |
| Filed Taxes, No past or current Delinquencies | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | |
| Resident of Colorado for at least 2 years | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| Good Standing with the Colorado Marijuana Division | Yes <input type="checkbox"/> | No <input type="checkbox"/> | <i>Pending</i> |
| Previous History involving Dispensaries | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | |
| No felony convictions or sentences within last 5 years | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | <i>Pending</i> |
| Good standing as a Primary Caregiver | Yes <input type="checkbox"/> | No <input type="checkbox"/> | |

Fingerprints submitted to CBI and returned

Yes No

Previous conviction of a felony for drug possession, distribution or use.

Yes No

Delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere?

Yes No

Has a Complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar trade or security law or regulation ever been filed or entered against the applicant

Yes No

Has the applicant been a party to a lawsuit in the past? 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion?

Yes No

Ever been denied a license for Liquor, Gaming, Racing or Medical Marijuana

Yes No

Findings:

Background Check indicates the applicant meets requirements for a MMD as defined by the City of Black Hawk .

Pending
Yes No

Criminal background check from CBI attached

Yes No

Approval with additional follow-up required:

1. *Approved by City of Black Hawk, Awaiting Approval from the State of Colorado.*

2. _____

3. _____

Applicant has failed to meet the requirements to obtain or be licensed to operate or manage a MMD in Black Hawk for the following reasons:

1. _____

2. _____

3. _____

Investigator

CPB 418

Date

7/23/14

Copies to: City Manager
Planning
City Clerk

MMDI Form 7-2014

General Definitions

24-5-101. Effect of criminal conviction on employment rights. Except as otherwise provided by section 4 of article XII of the state constitution, and except for the certification and revocation of certification of peace officers as provided in section ~~24-31-304~~ 24-31-305, the fact that a person has been convicted of a felony or other offense involving moral turpitude shall not, in and of itself, prevent him from applying for and obtaining public employment or from applying for and receiving a license, certification, permit, or registration required by the laws of this state to follow any business, occupation, or profession. Whenever any state or local agency is required to make a finding that an applicant for a license, certification, permit, or registration is a person of good moral character as a condition to the issuance thereof, the fact that such applicant has, at some time prior thereto, been convicted of a felony or other offense involving moral turpitude, and pertinent circumstances connected with such conviction, shall be given consideration in determining whether, in fact, the applicant is a person of good moral character at the time of the application. The intent of this section is to expand employment opportunities for persons who, notwithstanding that fact of conviction of an offense, have been rehabilitated and are ready to accept the responsibilities of a law-abiding and productive member of society.

"Primary care-giver" means a person, other than the patient and the patient's physician, who is eighteen years of age or older and has significant responsibility for managing the well-being of a patient who has a debilitating medical condition.



BLACK HAWK

**MEDICAL/RECREATIONAL
MARIJUANA BUSINESS
BACKGROUND INVESTIGATION FORM**

PLEASE TYPE OR PRINT LEGIBLY
ATTACH A SEPARATE SHEET IF NECESSARY

Name of Individual (Last, First, Middle): PERICAK PATRICK (NMN)

List any other names you have used: _____

Residence Address: [REDACTED]

Social Security Number: [REDACTED] Date of Birth: [REDACTED]

Length of residency in Colorado: 32 YEARS

Trade Name of Establishment: 1859

Address of Establishment: 231 GREGORY ST. BLACK HAWK CO. 80422

Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? Yes No
If yes, explain in detail:

Have you held a Medical/Recreational marijuana business license in any jurisdiction in the past?
 Yes No

If yes, explain in detail:

Have you been denied a Medical/Recreational marijuana business license by any jurisdiction in the past?
 Yes No

If yes, explain in detail:

Have you had a Medical/Recreational marijuana business license suspended or revoked by any jurisdiction in the past?
 Yes No

If yes, explain in detail:

A complete set of fingerprints are required and can be taken at the Black Hawk Police Department, 221 Church Street, by appointment. Please call 303-582-0503 to schedule an appointment.

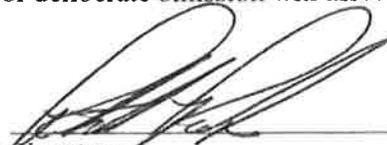
Pursuant to Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code, the Black Hawk Police Department will obtain and review a criminal background records search on the applicant from the Colorado Bureau of Investigation. Applicants who have been previously convicted of a felony violation related to the sale, possession, or use of a scheduled control substance are not eligible for a Medical/Recreational Marijuana Business License.

PP I have read and I understand the above statement. I further acknowledge that I have obtained and examined a copy of Chapter 6, Article XV or Chapter 6, Article XVIII of the Black Hawk Municipal Code of the City of Black Hawk, Colorado, pertaining to Medical/Recreational Marijuana Businesses.

PP As party to a City of Black Hawk Medical/Recreational Marijuana Business License Application, I hereby authorize the release of any and all information of a confidential or privileged nature to the City of Black Hawk Police Department and its agents.

PP I hereby release the City of Black Hawk, its officers, elected officials, employees, attorneys, and agents from any liability or damage which may result from furnishing the information requested.

PP I further certify the facts contained within this Background Investigation Form are true and correct and I understand that any falsification, misrepresentation or deliberate omission will affect the issuance of a license.


Signature

5/16/14
Date

Clerk's Office Use:

Colorado Driver License



PATRICK PERICAK

Class: [REDACTED] Expires: [REDACTED]
End: [REDACTED] Issued: [REDACTED]
DOB: [REDACTED]
Race: [REDACTED] Wt: [REDACTED] Previous Type: [REDACTED]
Ht: [REDACTED] Eyes: [REDACTED] Sex: [REDACTED]
Voter: [REDACTED]

Patrick Pericak



SANDERS, MEGAN A.



BLACK HAWK



SESQUICENTENNIAL

Office of the City Manager

201 Selak Street
P.O. Box 68
Black Hawk, CO 80422
www.cityofblackhawk.org
303-582-2219 Office
303-582-0429 Fax

Mayor

David D. Spellman

Aldermen

Linda Armbricht
Paul G. Bennett
Hal Midcap
Jim Johnson
Greg Moates
Benito Torres

City Attorney

Corey Y. Hoffmann

City Manager

Jack D. Lewis

City Clerk /

Administrative Services Director

Melissa A. Greiner

Finance Director

Lance R. Hillis

Fire Chief

Donald E. Taylor

Police Chief

Stephen N. Cole

Public Works Director

Thomas Isbester

Community Planning & Development

Administrator

Cynthia L. Linker

**CELEBRATING 150 YEARS OF
MUNICIPAL GOVERNMENT**

**COLORADO'S SECOND OLDEST
MUNICIPAL CORPORATION**

July 22, 2014

Jack Lewis
City Manager
City of Black Hawk
P.O. Box 68
201 Selak Street
Black Hawk, CO 80422

Jack Lewis, City Manager,

Re: Medical Marijuana Dispensary Applicant:

Megan Anne Sanders



A Black Hawk Police Department background investigation was conducted using the information provided by the applicant to the Black Hawk City Clerk. The Black Hawk Police Department investigation did not reveal any information which would preclude the applicant from obtaining a Medical Marijuana Dispensary License from the City of Black Hawk.

The State of Colorado Department of Revenue Marijuana Enforcement Division indicates the applicant has received approval for a Medical Marijuana "Associated Key License."

Sincerely,

Stephen N. Cole
Chief of Police

**Black Hawk Police Department
Medical Marijuana Dispensary
Applicant Background Report**
(Completed within 20 days of application)

Name: Megan Anne Sanders DOB: [REDACTED]

Home address: [REDACTED]

Applicant's Phone: [REDACTED] SSN: [REDACTED]

Business Name: 5B1S an LLC DBA 1859 Phone # [REDACTED]

Business Address: 231 Gregory Street, Black Hawk 80422

Role in Business: Member of LLC and primary owner

Department of Revenue Account Number: 27868165

Associated Businesses:

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 3880 Holly Street, Denver CO 80207

H&J Services Inc. Herbs Medicinals Inc. (Denver Canna Club LLC
#3 1015 North 2nd Street Berthoud, CO 80513

Med Stop LLC. 3880 Holly Street, Denver, CO 80207

Med Stop LLC, Denver Med Stop 5926 East Colfax Avenue, Denver,
CO 80220

Floobies LLC. 417 North Circle Drive, Colorado Springs, CO 80909

Floobies LLC. 3880 Holly Street, Denver CO 80207

TR Scientific LLC. 3880 Holly Street, Denver 80207

Applicant Background Information:

Megan Sanders is the managing member and head of retail operations for 5B1S, LLC dba 1859. She is the lead on three (3) dispensaries and one (1) grow

operation. She was appointed by Governor Hickenlooper to serve as a member of the Amendment 64 task force.

Other Applicants:

Scott Bergin is the manager of 5B1S, LLC dba 1859 and president of Aviation Information Services and founder and owner of Samurai Sushi in Denver.

Kevin Daly is founder of Gaia Plant Based Medicine.

Patrick Perical has 15 years' experience in agriculture and experience in warehouse operations.

Daniel Anglin has a background in political advocacy. Experience in working with State and Local agencies and has served as a government staff member in Arizona and Colorado. President of Anglin Public Affairs, served as a plumber and US Marine Corp.

General Background Check List:

- | | | | | |
|--|-----|-------------------------------------|----|-------------------------------------|
| Internet Search for adverse information | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Court Search for civil actions | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Criminal Background Search | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Credit History Check | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Age 21 or older | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Paid Student Loans, No past or current Delinquencies | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| Paid Child Support, No past or current Delinquencies | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| Filed Taxes, No past or current Delinquencies | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| Resident of Colorado for at least 2 years | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Good Standing with the Colorado Marijuana Division | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| Previous History involving Dispensaries | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |
| No felony convictions or sentences within last 5 years | Yes | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| Good standing as a Primary Caregiver | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |

Fingerprints submitted to CBI and returned

Yes No

Previous conviction of a felony for drug possession, distribution or use.

Yes No

Delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere?

Yes No

Has a Complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar trade or security law or regulation ever been filed or entered against the applicant

Yes No

Has the applicant been a party to a lawsuit in the past? 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion?

Yes No

Ever been denied a license for Liquor, Gaming, Racing or Medical Marijuana

Yes No

Findings:

Background Check indicates the applicant meets requirements for a MMD as defined by the City of Black Hawk .

Yes No

Criminal background check from CBI attached

Yes No

Approval with additional follow-up required:

1. Approval of owner
2. _____
3. _____

Applicant has failed to meet the requirements to obtain or be licensed to operate or manage a MMD in Black Hawk for the following reasons:

1. _____
2. _____
3. _____

Investigator

 418

Date

7/22/14

Copies to: City Manager
Planning
City Clerk

MMDI Form 7-2014

General Definitions

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BLACK HAWK

MEDICAL/RECREATIONAL MARIJUANA BUSINESS BACKGROUND INVESTIGATION FORM

PLEASE TYPE OR PRINT LEGIBLY
ATTACH A SEPARATE SHEET IF NECESSARY

Name of Individual (Last, First, Middle): Sanders Megan Anne

List any other names you have used: Megan Anne McLendon

Residence Address: [REDACTED]

Social Security Number: [REDACTED] Date of Birth: [REDACTED]

Length of residency in Colorado: 40 Years

Trade Name of Establishment: SBIS, LLC

Address of Establishment: _____

Have you ever been convicted of a crime or received a suspended sentence, deferred sentence, or forfeited bail for any offense in criminal or military court or do you have any charges pending? Yes No
If yes, explain in detail:

Have you held a Medical/Recreational marijuana business license in any jurisdiction in the past?
 Yes No

If yes, explain in detail:
See Attached

Have you been denied a Medical/Recreational marijuana business license by any jurisdiction in the past?
 Yes No

If yes, explain in detail:

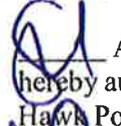
Have you had a Medical/Recreational marijuana business license suspended or revoked by any jurisdiction in the past?
 Yes No

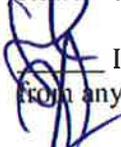
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Signature

Date

Clerk's Office Use:

Empty rectangular box for Clerk's Office Use.

Colorado
Driver License



MEGAN ANNE SANDERS

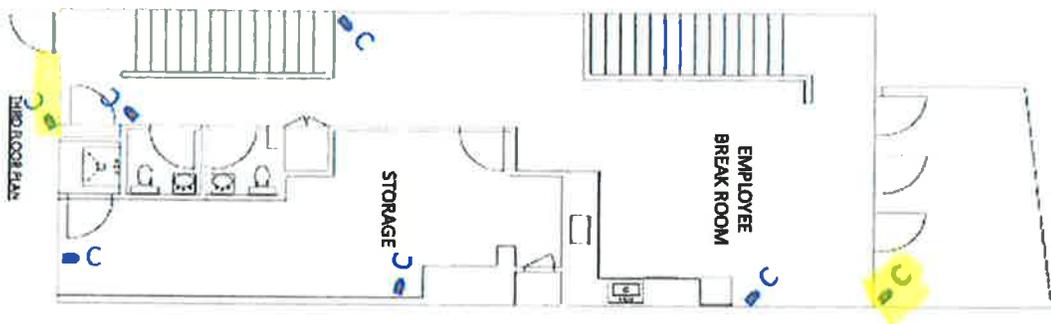
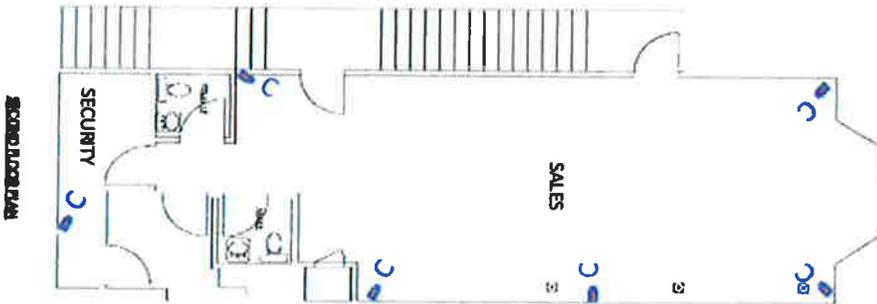
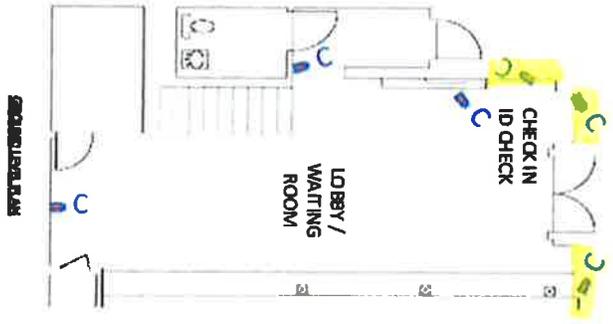
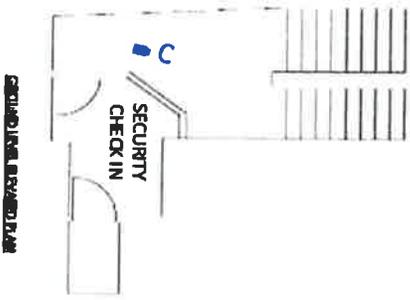
Class: [REDACTED] Expires: [REDACTED]
End: [REDACTED] Issued: [REDACTED]
Rest: [REDACTED] DOB: [REDACTED]
Ht: [REDACTED] Wt: [REDACTED] Previous Type: [REDACTED]
Eyes: [REDACTED] Sex: [REDACTED]



**PROPERTY
INFORMATION**

**231 GREGORY STREET
BLACK HAWK**

FLOOR PLAN



Scale: 1/8" = 1'-0"

 DATE: 11/18/18

 DRAWN BY: AIA

 CHECKED BY: CDM

11/18/18

 11/18/18

CONCEPT PLAN

 GAIA PPA

 Property Address:

 731 Crainville St.

 Blackhorse, CO.

 80422

Property Owner:

 11-14 Developer: (over 26 lot)

 No.

 Estimate Number:

Creative Engineering Solutions, LLC

 14201 6th Street, Suite 100, CO 80401

 303.440.8100

OWNER AFFIDAVIT

PROPERTY LEASE

EPMM BLACKHAWK LLC

GROSS LEASE

ARTICLE 1: BASIC TERMS. This ARTICLE 1: contains the Basic Terms of this Lease between the Landlord and Tenant named below. Other Articles and Sections of the Lease referred to in this ARTICLE 1: explain and define the Basic Terms and are to be read in conjunction with the Basic Terms.

ARTICLE 1:01 Date of Lease: May 1, 2014

ARTICLE 1:02 Landlord name and address: EPMM BLACKHAWK, LLC, an Colorado Liability Company, 3130 Kittrel Ct, Boulder, CO 80305

ARTICLE 1:03 Tenant name and address: 5B1S, LLC, a Colorado Limited Liability Company at 1640 Logan Street, Suite 200, Denver, CO 80203

ARTICLE 1:04 **Property:** The Property is known as **Property:** The Property is known as

ARTICLE 1:05 **Lease Term:** 10 years in accordance with the Rent Table set forth below (Base Rent), beginning no later than **Lease Term:** 10 years in accordance with the Rent Table set forth below (Base Rent), beginning no later than **Lease Term:** 10 years in accordance with the Rent Table set forth below (Base Rent), beginning no later than May 1, 2024.

ARTICLE 1:06 **Permitted Uses:** (See ARTICLE 5:) Tenant shall use and occupy the Property for legal operation of a recreational marijuana dispensary as authorized under Article 18, Section 16 of the Colorado Constitution, as amended, and laws, rules, regulations related thereto, and/or other organic products, and general office, administrative, and warehouse uses. (the "Permitted Use") in compliance with the Colorado Recreational Marijuana Act and the regulations promulgated thereunder (the "AMMA") as well as the regulations of the City of Blackhawk pertaining to the Permitted Use (the "City Regulations").

ARTICLE 1:07 **Tenant's Guarantor:** (if none, so state) 5B1S, LLC

ARTICLE 1:08 **Tenant's Broker:** N/A

ARTICLE 1:09 **Initial Security Deposit**Initial Security DepositSection 3.02) \$12,000, due prior to taking receipt of the property.

ARTICLE 1:10 **Vehicle Parking Spaces Allocated to Tenant:** (See Section 4.05(a)) Pro-rata

ARTICLE 1:11 **Rent and Other Charges Payable by Tenant:**

(a) **BASE RENT:** Rent Table for 10 year term: per month for 12 months, as provided in Section 3.01.

Time Period	Monthly Rent	Annual Equivalent
Year 1	\$6,000.00	\$72,000.00
Year 2	\$6,000.00	\$72,000.00
Year 3	\$6,000.00	\$72,000.00
Year 4	\$ 6,600.00	\$79,200.00
Year 5	\$ 6,600.00	\$79,200.00
Year 6	\$ 6,600.00	\$79,200.00
Year 7	\$7,260.00	\$87,120.00
Year 8	\$7,260.00	\$87,120.00
Year 9	\$7,260.00	\$87,120.00
Year 10	\$7,986.00	\$95,832.00

(b) The Monthly Rent for any fractional calendar month shall be prorated. The "Years" referred to above are consecutive twelve (12) month periods commencing on the Rent Commencement Date.

(c) **OTHER PERIODIC PAYMENTS:** (i) Real Property Taxes above the "Base Real Property Taxes" (See Section 4.02); (ii) Utilities (See Section 4.03); and (iii) Maintenance, Repairs and Alterations (See ARTICLE 6:).

(d) **RENTAL TAX.** In addition to the Base Rent and other periodic payments, the Tenant shall pay to the Landlord an amount equal to

initials

1

(Tenant Gross Form 4/1/14)

Initials

within sixty (60) days after the Commencement Date, Tenant may give notice of intent to cancel this Lease by giving written notice to Landlord. If Tenant gives such notice and the Landlord does not deliver possession to Tenant within ten (10) days of Landlord's receipt of Tenant's notice of intent to cancel this Lease, then for a period of not more than thirty (30) days thereafter, Tenant may cancel this Lease upon notice to Landlord. If Tenant does not cancel this Lease within such period, then Tenant may invoke this provision again at any time after the expiration of such thirty (30) day period by giving another ten (10) day notice of intent to cancel. Upon any cancellation under this section, the Lease shall be canceled and neither Landlord nor Tenant shall have any further obligations to the other, except for the return of any deposit by Tenant.

Section 2.03 Early Occupancy. If Tenant occupies the Property prior to the Commencement Date, Tenant's occupancy of the Property shall be subject to all of the provisions of this Lease. Early occupancy of the Property shall not advance the expiration date of this Lease. Tenant shall pay Base Rent and all other charges specified in this Lease for the early occupancy period.

Section 2.04 Holding Over. Tenant shall vacate the Property upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify Landlord against all damages which Landlord incurs from Tenant's delay in vacating the Property. If Tenant does not vacate the Property upon the expiration or earlier termination of the Lease and Landlord thereafter accepts rent from Tenant, Tenant's occupancy of the Property shall be a "month-to-month" tenancy, subject to all of the terms of this Lease applicable to a month-to-month tenancy, except that the Base Rent then in effect shall be increased after 60 day grace period by twenty-five percent (25%). Any holding over by the Tenant shall be subject to termination at the end of any applicable month, provided that the Landlord or Tenant gives the other not less than 15 days written notice of termination.

ARTICLE 3: BASE RENT.

Section 3.01 Time and Manner of Payment. Upon execution of this Lease, Tenant shall pay Landlord the Base Rent in the amount stated in Section 1.12(a) above for the first month of the Lease Term. On the first day of the second month of the Lease Term and each month thereafter, Tenant shall pay Landlord the Base Rent, in advance, without offset, deduction or prior demand. The Base Rent shall be payable at Landlord's address or at such other place as Landlord may designate in writing.

Section 3.02 Security Deposit; Increases. Upon the execution of this Lease, Tenant shall deposit with Landlord a cash Security Deposit in the amount set forth in Section 1.09 above. Landlord may apply all or part of the Security Deposit to any unpaid rent or other charges due from Tenant or to cure any other defaults of Tenant. If Landlord uses any part of the Security Deposit, Tenant shall restore the Security Deposit to its full amount within ten (10) days after Landlord's written request. Tenant's failure to do so shall be a material default under this Lease. No interest shall be paid on the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts and no trust relationship is created with respect to the Security Deposit. **Possession Deposit:** Possession deposit shall be credited against Tenant's Base Rent during the sixth year following Possession.

Section 3.03 Termination; Advance Payments. Upon termination of this Lease under ARTICLE 7: (Damage or Destruction), ARTICLE 8: (Condemnation) or any other termination not resulting from Tenant's default, and after Tenant has vacated the Property in the manner required by this Lease, Landlord shall refund or credit to Tenant (or Tenant's successor) the unused portion of the Security Deposit, any advance rent or other advance payments made by Tenant to Landlord, and any amounts paid for real property taxes and other reserves which apply to any time periods after termination of the Lease.

ARTICLE 4: OTHER CHARGES PAYABLE BY TENANT

Section 4.01 Additional Rent. All charges payable by Tenant other than Base Rent are called "Additional Rent." Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due with the next monthly installment of Base Rent. The term "rent" shall mean Base Rent and Additional Rent.

Section 4.02 Property Taxes.

(a) **Real Property Taxes.** Landlord shall pay the "Base Real Property Taxes" on the Property during the Lease Term. Base Real Property Taxes are real property taxes applicable to the Property as shown on the tax bill for the most recent tax fiscal year ending prior to the Commencement Date. However, if the structures on the Property are not completed by the tax lien date of such tax fiscal year, the Base Real Property Taxes are the taxes shown on the first tax bill showing the full assessed value of the Property after completion of the structures. Tenant shall pay Landlord the amount, if any, by which the real property taxes during the Lease Term exceed the Base Real Property Taxes. Subject to (c), Tenant shall make such payments within fifteen (15) days after receipt of Landlord's statement showing the amount and computation of such increase. Landlord shall reimburse Tenant for any real property taxes paid by Tenant covering any period of time prior to or after the Lease Term. **BASE RENT 2014.**

(b) **Definition of "Real Property Tax."** "Real property tax" means: (i) any fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Property; (ii) any tax on the Landlord's right to receive, or the receipt of, rent or income from the Property or against Landlord's business of leasing the Property; (iii) any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Property by any governmental agency; (iv) any tax imposed upon this transaction or based upon a re-assessment of the Property due to a change of ownership, as defined by applicable law, or other transfer of all or part of Landlord's interest in the Property; and (v) any charge or fee replacing any tax previously included within the definition of real property tax. "Real property tax" does not, however, include Landlord's federal or state income, franchise, inheritance or estate taxes.

(c) **Joint Assessment.** If the Property is not separately assessed, Landlord shall reasonably determine Tenant's share of the real property tax payable by Tenant under Section 4.02(a) from the assessor's worksheets or other reasonably available information. Tenant shall pay such share to Landlord within fifteen (15) days after receipt of Landlord's written statement.

(d) Personal Property Taxes.

(i) Tenant shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall try to have personal property taxed separately from the Property.

(i) If any of Tenant's personal property is taxed with the Property, Tenant shall pay Landlord the taxes for the personal property within fifteen (15) days after Tenant receives a written statement from Landlord for such personal property taxes.

Section 4.03 Utilities. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal and other utilities and services supplied to the Property. However, if any services or utilities are jointly metered with other property, Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of such utilities and services and Tenant shall pay such share to Landlord in monthly in arrears. At Landlord's election, Landlord may base such charges on the prior year's annual amount spread equally over the 12 months of the current year.



Section 4.04 Insurance Policies.

(a) **Liability Insurance.** During the Lease Term, Tenant shall maintain a policy of commercial general liability insurance (sometimes known as broad form comprehensive general liability insurance) insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the Property. Tenant shall name Landlord as an additional insured under such policy. The initial amount of such insurance shall be One Million Dollars (\$1,000,000) per occurrence and shall be subject to periodic increase based upon inflation, increased liability awards, recommendation of Landlord's professional insurance advisers and other relevant factors. The liability insurance obtained by Tenant under this Section 4.04(a) shall (i) be primary and non-contributing; (ii) contain cross-liability endorsements; and (iii) insure Tenant's indemnities under Section 5.05 (including an environmental endorsement), if the matters giving rise to the indemnity under Section 5.05 result from the negligence of Tenant. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Landlord may also obtain comprehensive public liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability arising out of ownership, operation, use or occupancy of the Property. The policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

(b) **Property Insurance.**

(i) **Tenant.** During the Lease Term, Tenant shall maintain policies of insurance covering loss of or damage to the furniture, fixtures, equipment and other tangible and intangible personal property that is located on or within the Property and/or stored in any portion of the common area (to the extent that Tenant is allowed to use the common area for that purpose, such as vehicles, storage sheds and the like) in the full amount of its replacement value. Such policy shall contain an endorsement for inflation and shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), sprinkler leakage and any other perils that are reasonably necessary; provided that Tenant shall not be obligated to insure any of the Property, nor tangible personal property and/or fixtures belonging to the Landlord, if any.

(ii) **Landlord.** During the Lease Term, Landlord shall maintain policies of insurance covering loss of or damage to the Property in the full amount of its replacement value. Such policy shall contain an endorsement for inflation and shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), sprinkler leakage and any other perils which Landlord deems reasonably necessary. Landlord shall have the right to obtain flood and earthquake insurance if required by any lender holding a security interest in the Property. Landlord shall not obtain insurance for Tenant's fixtures or equipment or building improvements installed by Tenant on the Property. Tenant shall be liable for the payment of any deductible amount under Landlord's or Tenant's insurance policies maintained pursuant to this Section 4.04, in an amount not to exceed Ten Thousand Dollars (\$10,000). Tenant shall not do or permit anything to be done which invalidates any such insurance policies.

(c) **General Insurance Provisions.**

(i) Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days written notice prior to any cancellation or modification of such coverage.

(ii) If Tenant fails to deliver any policy, certificate or renewal to Landlord required under this Lease within the prescribed time period or if any such policy is canceled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance within fifteen (15) days after receipt of a statement that indicates the cost of such insurance.

(iii) Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" of A-12 or better, as set forth in the most current issue of "Best Key Rating Guide". Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in the form and amounts described in this Section 4.04 may not be available in the future. Tenant acknowledges that the insurance described in this Section 4.04 is for the primary benefit of Landlord. If at any time during the Lease Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall obtain any such additional property or liability insurance which Tenant deems necessary to protect Landlord and Tenant.

(iv) Tenant shall take no action nor refrain from any action, including but not limited to the use or ancillary use of the Premises by Tenant, its employees, contractors or business invitees, the effect of which impairs, terminates or causes any significant increase in the premiums charged for insurance maintained by the Landlord or the Tenant; provided that if the sole issue is the increase in insurance premiums, if approved by the Landlord, the Tenant shall pay, as additional rent hereunder the full amount of such increase that is based substantially on the actions or inactions of the Tenant.

(v) Unless prohibited under any applicable insurance policies maintained, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual waiver of subrogation.

Section 4.05 Parking & Common Areas.

(a) **Specific Provision re: Vehicle Parking.** Tenant shall be entitled to use the exclusive number of vehicle parking spaces, if any, in the Project allocated to Tenant in Section 1.11 of the Lease. Tenant shall be entitled to use other parking spaces on a first come, first serve basis, provided that if the Landlord determines that it is reasonably necessary, the Landlord may establish reasonable rules and regulations concerning the use of parking spaces. All parking shall be without paying any additional rent. Except for the exclusive parking granted to Tenant and other tenants within the Project, no tenant's (including the Tenant's parking) shall be reserved. Parking striped for use by passenger vehicles shall be limited to vehicles no larger than standard size automobiles or pickup utility vehicles. Tenant may use large trucks or other large vehicles to be parked within the Project or on the adjacent public streets (except where prohibited by law or ordinances) to the extent that such areas are not committed to passenger vehicle parking, again provided that the Landlord may adopt reasonable rules and regulations if it becomes necessary to control parking of such vehicles. No Vehicles shall be parked in driveways, loading areas (except with the permission of the applicable tenant or other locations not specifically designated for passenger, pickup truck and or large truck parking. Handicapped spaces shall only be used by those legally permitted to use them.

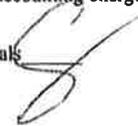
(b) **Maintenance of Common Areas.** Landlord shall maintain those areas of the Project that are not set aside for exclusive use by one Tenant (the "Common Areas") in good order, condition and repair and shall operate the Project, in Landlord's sole discretion, as a first-class industrial/commercial real property development.

Section 4.06 Late Charges. Tenant's failure to pay rent promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs is impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and accounting charges

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and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment by the tenth of the applicable month, Tenant shall pay Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

Section 4.07 Interest on Past Due Obligations. Any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the rate of fifteen percent (15%) per annum from the due date of such amount. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law.

ARTICLE 5: USE OF PROPERTY

Section 5.01 Permitted Uses. Tenant may use the Property only for the Permitted Uses set forth in Section 1.06 above.

Section 5.02 Manner of Use. Tenant shall not cause or permit the Property to be used in any way which constitutes a violation of any law, ordinance, or governmental regulation or order, which annoys or interferes with the rights of tenants of the Project, or which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits, including a Certificate of Occupancy, required for Tenant's occupancy of the Property and shall promptly take all actions necessary to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements regulating the use by Tenant of the Property, including the Occupational Safety and Health Act.

Section 5.03 Hazardous Materials. As used in this Lease, the term "Hazardous Material" means any flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable federal, state or local laws or regulations, including without limitation petroleum-based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds, and including any different products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons. Tenant shall not cause or permit any Hazardous Material to be generated, produced, brought upon, used, stored, treated or disposed of in or about the Property by Tenant, its agents, employees, contractors, subleases or invitees without the prior written consent of Landlord. This provision shall not prohibit commercially reasonable quantities of Hazardous Materials used in cleaning or other purposes in the ordinary course of business by the Tenant; provided that all such use shall be in strict accord with all laws, rules, regulations, ordinances or other restrictions on such use and in accord with all applicable manufacturer's restrictions. If any of such uses requires a special permit, the Tenant shall obtain such permit at its sole cost and expenses. Moreover, no application for such a permit may be made without the Landlord's specific written approval, which may be granted or withheld in the sole and unfettered discretion of the Landlord. Failure to obtain such prior approval shall constitute a non-curable default, unless waived in writing by the Landlord. If and to the extent that the Landlord has to or elects to obtain approval of any institutional lender who has loaned Landlord money secured by the Project, by itself or with other projects, the failure of such lender to approve such permit application shall be full and complete justification for refusing to approve the application for such a permit. In no event, however, shall Landlord be required to consent to the installation or use of any above or underground storage tanks on the Property.

Section 5.04 Signs and Auctions. Tenant shall not place any signs on the Property without Landlord's prior written consent. Tenant shall not conduct or permit any auctions or sheriff's sales at the Property.

Section 5.05 Indemnity. Tenant shall indemnify Landlord against and hold Landlord harmless from any and all costs, claims or liability arising from: (a) Tenant's use of the Property; (b) the conduct of Tenant's business or anything else done or permitted by Tenant to be done in or about the Property, including any contamination of the Property or any other property resulting from the presence or use of Hazardous Material caused or permitted by Tenant; (c) any breach or default in the performance of Tenant's obligations under this Lease; (d) any violation of the duties of Tenant concerning Hazardous Materials referenced above in Section 5.03, (e) any misrepresentation or breach of warranty by Tenant under this Lease; or (f) other acts or omissions of Tenant. Tenant shall defend Landlord against any such cost, claim or liability at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs incurred by Landlord in connection with any such claim. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons in or about the Property arising from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, except for any claim arising out of Landlord's gross negligence or willful misconduct. As used in this Section, the term "Tenant" shall include Tenant's employees, agents, contractors and invitees, if applicable.

Section 5.06 Landlord's Access. Landlord or its agents may enter the Property at all reasonable times to show the Property to potential buyers, investors or tenants or other parties; to do any other act or to inspect and conduct tests in order to monitor Tenant's compliance with all applicable environmental laws and all laws governing the presence and use of Hazardous Material; or for any other purpose Landlord deems necessary. Landlord shall give Tenant prior notice of such entry, except in the case of an emergency. Landlord may place customary "For Sale" or "For Lease" signs on the Property.

Section 5.07 Quiet Possession. If Tenant pays the rent and complies with all other terms of this Lease, Tenant may occupy and enjoy the Property for the full Lease Term, subject to the provisions of this Lease.

ARTICLE 6: CONDITION OF PROPERTY, MAINTENANCE, REPAIRS AND ALTERATIONS

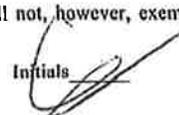
Section 6.01 Existing & Future Conditions. Tenant accepts the Property in its condition as of the execution of the Lease, subject to all recorded matters, laws, ordinances, and governmental regulations and orders. Except as provided herein, Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Property or the suitability of the Property for Tenant's intended use. Tenant represents and warrants that Tenant has made its own inspection of and inquiry regarding the condition of the Property and is not relying on any representations of Landlord or any Broker with respect thereto. If Landlord or Landlord's Broker has provided a Property Information Sheet or other Disclosure Statement regarding the Property, a copy is attached as an exhibit to the Lease. Moreover, from time to time, the Landlord may find it reasonable or necessary to grant easements, dedicate rights-of-way or otherwise encumber the Project including, but not limited to expansion, providing additional utilities, cooperate with municipal or other governmental authorities, etc. Landlord may do so, in its unfettered discretion, provided that if such action significantly impairs the Tenant's use of the Property, Tenant shall be entitled to a reduction of rent to the extent of such impairment, either as agreed between Landlord and Tenant or by binding arbitration, with the Tenant having the burden of proving the extent of the impairment and financial consequences thereof.

Section 6.02 Exemption of Landlord from Liability. Landlord shall not be liable for any damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, customers or any other person in or about the Property, whether such damage or injury is caused by or results from: (a) fire, steam, electricity, water, gas or rain; (b) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures or any other cause; (c) conditions arising in or about the Property or upon other portions of the Project, or from other sources or places; or (d) any act or omission of any other tenant of the Project. Landlord shall not be liable for any such damage or injury even though the cause of or the means of repairing such damage or injury are not accessible to Tenant. The provisions of this Section 6.02 shall not, however, exempt

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Landlord from liability for Landlord's gross negligence or willful misconduct.

Section 6.03 Landlord's Obligations. Subject to the provisions of ARTICLE 7:(Damage or Destruction) and ARTICLE 8: (Condemnation), and except for damage caused by any act or omission of Tenant, or Tenant's employees, agents, contractors or invitees, Landlord shall keep the foundation, roof and structural portions of exterior walls of the improvements on the Property in good order, condition and repair. However, Landlord shall not be obligated to maintain or repair windows, doors, plate glass or the surfaces of walls. Landlord shall not be obligated to make any repairs under this Section 6.03 until a reasonable time after receipt of a written notice from Tenant of the need for such repairs. Tenant waives the benefit of any present or future law which might give Tenant the right to repair the Property at Landlord's expense or to terminate the Lease because of the condition of the Property.

Section 6.04 Tenant's Obligations. Except as provided in Section 6.03, ARTICLE 7: (Damage or Destruction) and ARTICLE 8: (Condemnation), Tenant shall keep all portions of the Property (including structural, nonstructural, interior, systems and equipment) in good order, condition and repair (including interior repainting and refinishing, as needed). If any portion of the Property or any system or equipment in the Property which Tenant is obligated to repair cannot be fully repaired or restored, Tenant shall promptly replace such portion of the Property or system or equipment in the Property, regardless of whether the benefit of such replacement extends beyond the Lease Term; but if the benefit or useful life of such replacement extends beyond the Lease Term (as such term may be extended by exercise of any options), the useful life of such replacement shall be prorated over the remaining portion of the Lease Term (as extended), and Tenant shall be liable only for that portion of the cost which is applicable to the Lease Term (as extended). Landlord shall maintain the heating and air conditioning systems. Tenant will be responsible to change their own air filters at Tenant's cost. In addition, Tenant shall, at Tenant's expense, repair any damage to the roof, foundation or structural portions of walls caused by Tenant's acts or omissions. It is the intention of Landlord and Tenant that, at all times during the Lease Term, Tenant shall maintain the Property in an attractive, first-class and fully operative condition. Tenant shall fulfill all of Tenant's obligations under this Section 6.04 at Tenant's sole expense. If Tenant fails to maintain, repair or replace the Property as required by this Section 6.04, Landlord may, upon ten (10) days prior notice to Tenant (except that no notice shall be required in the case of an emergency), enter the Property and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair immediately upon demand.

Section 6.05 Alterations, Additions, and Improvements. Tenant shall not make any alterations, additions, or improvements to the Property without Landlord's prior written consent, except for non-structural alterations which do not exceed Fifty Thousand Dollars (\$50,000) in cost cumulatively over the Lease Term and which are not visible from the outside of any building of which the Property is part. Landlord may require Tenant to provide demolition and/or lien and completion bonds in form and amount satisfactory to Landlord. Tenant shall promptly remove any alterations, additions, or improvements constructed in violation of this Section 6.05 upon Landlord's written request. All alterations, additions, and improvements shall be done in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord. Upon completion of any such work, Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials. Tenant shall pay when due all claims for labor and material furnished to the Property. Tenant shall give Landlord at least twenty (20) days' prior written notice of the commencement of any work on the Property, regardless of whether Landlord's consent to such work is required. Landlord may elect to record and post notices of non-responsibility on the Property.

Section 6.06 Condition upon Termination. Upon the termination of the Lease, Tenant shall surrender the Property to Landlord, broom clean and in the same condition as received (if and to the extent that this Lease relates to a continuation of a previous Lease between Landlord or its predecessor in interest or the Tenant was the assignee of a Lease of the Property, the reference to "received" shall mean the commencement of the somewhat continuous occupancy of the Property) except for ordinary wear and tear which Tenant was not otherwise obligated to remedy under any provision of this Lease. However, Tenant shall not be obligated to repair any damage which Landlord is required to repair under ARTICLE 7: (Damage or Destruction). In addition, Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord's consent) prior to the expiration of the Lease and to restore the Property to its condition at the time Tenant received it, all at Tenant's expense. All alterations, additions and improvements which Landlord has not required Tenant to remove shall become Landlord's property and shall be surrendered to Landlord upon the expiration or earlier termination of the Lease, except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Property. Tenant shall repair, at Tenant's expense, any damage to the Property caused by the removal of any such machinery or equipment. In no event, however, shall Tenant remove any of the following materials or equipment (which shall be deemed Landlord's property) without Landlord's prior written consent: any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; heaters, air conditioners or any other heating or air conditioning equipment; fencing or security gates; or other similar building operating equipment and decorations.

ARTICLE 7: DAMAGE OR DESTRUCTION

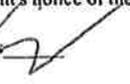
Section 7.01 Partial Damage to Property. Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Property. If the Property is only partially damaged (i.e., less than fifty percent (50%) of the Property is untenable as a result of such damage or less than fifty percent (50%) of Tenant's operations are materially impaired) and if the proceeds received by Landlord from the insurance policies described in Section 4.04(b) are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall repair the damage as soon as reasonably possible. Landlord may elect (but is not required) to repair any damage to Tenant's fixtures, equipment, or improvements. If the insurance proceeds received by Landlord are not sufficient to pay the entire cost of repair or if the cause of the damage is not covered by the insurance policies which Landlord maintains under Section 4.04(b), Landlord may elect either to (i) repair the damage as soon as reasonably possible, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease as of the date the damage occurred. Landlord shall notify Tenant within thirty (30) days after receipt of notice of the occurrence of the damage whether Landlord elects to repair the damage or terminate the Lease. If Landlord elects to repair the damage, Tenant shall pay Landlord the "deductible amount" (if any) under Landlord's insurance policies and, if the damage was due to an act or omission of Tenant, or Tenant's employees, agents, contractors or invitees, the difference between the actual cost of repair and any insurance proceeds received by Landlord. If Landlord elects to terminate the Lease, Tenant may elect to continue this Lease in full force and effect, in which case Tenant shall repair any damage to the Property and any building in which the Property is located. Tenant shall pay the cost of such repairs, except that upon satisfactory completion of such repairs, Landlord shall deliver to Tenant any insurance proceeds received by Landlord for the damage repaired by Tenant. Tenant shall give Landlord written notice of such election within ten (10) days after receiving Landlord's termination notice. If the damage to the Property occurs during the last six (6) months of the Lease Term and such damage will require more than thirty (30) days to repair, either Landlord or Tenant may elect to terminate this Lease as of the date the damage occurred, regardless of the sufficiency of any insurance proceeds. The party electing to terminate this Lease shall give written notification to the other party of such election within thirty (30) days after Tenant's notice to Landlord of the occurrence of the damage.

Section 7.02 Substantial or Total Destruction. If the Property is substantially or totally destroyed by any cause whatsoever (i.e., the damage to the Property is greater than partial damage as described in Section 7.01), and regardless of whether Landlord receives any insurance proceeds, this Lease shall terminate as of the date the destruction occurred. Notwithstanding the preceding sentence, if the Property can be rebuilt within six (6) months after the date of destruction, Landlord may elect to rebuild the Property at Landlord's own expense, in which case this Lease shall remain in full force and effect. Landlord shall notify Tenant of such election within thirty (30) days after Tenant's notice of the

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occurrence of total or substantial destruction. If Landlord so elects, Landlord shall rebuild the Property at Landlord's sole expense, except that if the destruction was caused by an act or omission of Tenant, Tenant shall pay Landlord the difference between the actual cost of rebuilding and any insurance proceeds received by Landlord.

Section 7.03 Temporary Reduction of Rent. If the Property is destroyed or damaged and Landlord or Tenant repairs or restores the Property pursuant to the provisions of this ARTICLE 7, any rent payable during the period of such damage, repair and /or restoration shall be reduced according to the degree, if any, to which Tenant's use of the Property is impaired. However, the reduction shall not exceed the sum of one year's payment of Base Rent, insurance premiums and real property taxes. Except for such possible reduction in Base Rent, insurance premiums and real property taxes, Tenant shall not be entitled to any compensation, reduction, or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Property.

Section 7.04 Waiver. Tenant waives the protection of any statute, code or judicial decision which grants a tenant the right to terminate a lease in the event of the substantial or total destruction of the leased property. Tenant agrees that the provisions of Section 7.02 above shall govern the rights and obligations of Landlord and Tenant in the event of any substantial or total destruction of the Property.

ARTICLE 8: CONDEMNATION. If all or any portion of the Property is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If more than twenty percent (20%) of the floor area of the building in which the Property is located, or which is located on the Property, is taken, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering written notice to the other within ten (10) days after receipt of written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority takes title or possession). If neither Landlord nor tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Property not taken, except that the Base Rent and Additional Rent shall be reduced in proportion to the reduction in the floor area of the Property. Any Condemnation award or payment shall be distributed in the following order: (a) first, to any ground lessor, mortgagee or beneficiary under a deed of trust encumbering the Property, the amount of its interest in the Property; (b) second, to Tenant, only the amount of any award specifically designated for loss of or damage to Tenant's trade fixtures or removable personal property; and (c) third, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise. If this Lease is not terminated, Landlord shall repair any damage to the Property caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

ARTICLE 9: ASSIGNMENT AND SUBLETTING

Section 9.01 Landlord's Consent Required. No portion of the Property or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, operation of law, or act of Tenant, without Landlord's prior written consent, except as provided in Section 9.02 below. Landlord has the right to grant or withhold its consent as provided in Section 9.04 below. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Lease. If Tenant is a partnership, any cumulative transfer of more than twenty percent (20%) of the partnership interests shall require Landlord's consent. If Tenant is a corporation, any change in the ownership of a controlling interest of the voting stock of the corporation shall require Landlord's consent.

Section 9.02 Tenant Affiliate. Tenant may assign this Lease or sublease the Property without Landlord's consent, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from the merger of or consolidation with Tenant ("Tenant's Affiliate"). In such case, as a condition to be performed within 30 days of any such assignment or sublease, Tenant's Affiliate shall assume in writing all of Tenant's obligations under this Lease, without the release of Tenant.

Section 9.03 No Release of Tenant. No transfer permitted by this ARTICLE 9, whether with or without Landlord's consent, shall release Tenant or change Tenant's primary liability to pay the rent and to perform all other obligations of Tenant under this Lease. Landlord's acceptance of rent from any other person is not a waiver of any provision of this ARTICLE 9. Consent to one transfer is not a consent to any subsequent transfer. If Tenant's transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the transferee. Landlord may consent to subsequent assignments or modifications of this Lease by Tenant's transferee, without notifying Tenant or obtaining its consent. Such action shall not relieve Tenant's liability under this Lease.

Section 9.04 Landlord's Consent. Tenant's request for consent to any transfer described in Section 9.01 shall set forth in writing the details of the proposed transfer, including the name, business and financial condition of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the rent and security deposit payable under any proposed assignment or sublease), and any other information Landlord deems relevant. Landlord shall have the right to withhold consent, if reasonable, or to grant consent, based on the following factors: (i) the business of the proposed assignee or subtenant and the proposed use of the Property; (ii) the net worth and financial reputation of the proposed assignee or subtenant; (iii) Tenant's compliance with all of its obligations under the Lease; and (iv) such other factors as Landlord may reasonably deem relevant. If Landlord objects to a proposed assignment solely because of the net worth and/or financial reputation of the proposed assignee, Tenant may nonetheless sublease (but not assign), all or a portion of the Property to the proposed transferee, but only on the other terms of the proposed transfer.

(a) If Tenant assigns or subleases, the following shall apply:

(i) Tenant shall pay to Landlord as Additional Rent under the Lease the Landlord's Share (stated in Section 1.13) of the Profit (defined below) on such transaction as and when received by Tenant, unless Landlord gives written notice to Tenant and the assignee or subtenant that Landlord's Share shall be paid by the assignee or subtenant to Landlord directly. The "Profit" means (A) all amounts paid to Tenant for such assignment or sublease, including "key" money, monthly rent in excess of the monthly rent payable under the Lease, and all fees and other consideration paid for the assignment or sublease, including fees under any collateral agreements, less (B) costs and expenses directly incurred by Tenant in connection with the execution and performance of such assignment or sublease for real estate broker's commissions and costs of renovation or construction of tenant improvements required under such assignment or sublease. Tenant is entitled to recover such costs and expenses before Tenant is obligated to pay the Landlord's Share to Landlord. The Profit in the case of a sublease of less than all the Property is the rent allocable to the subleased space as a percentage on a square footage basis.

(ii) Tenant shall provide Landlord a written statement certifying all amounts to be paid from any assignment or sublease of the Property within thirty (30) days after the transaction documentation is signed, and Landlord may inspect Tenant's books and records to verify the accuracy of such statement. On written request, Tenant shall promptly furnish to Landlord copies of all the transaction documentation, all of which shall be certified by Tenant to be complete, true and correct. Landlord's receipt of Landlord's Share shall not be a consent to any further assignment or subletting. The breach of Tenant's obligation under this Section 9.04(a)(i) shall be a material default of the Lease.

Section 9.05 No Merger. No merger shall result from Tenant's sublease of the Property under this ARTICLE 9, Tenant's surrender of this Lease or the termination of this Lease in any other manner. In any such event, Landlord may terminate any or all subtenancies or succeed to the interest of Tenant as sublandlord under any or all subtenancies.

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ARTICLE 10: DEFAULTS; REMEDIES

Section 10.01 **Covenants and Conditions.** Tenant's performance of each of Tenant's obligations under this Lease is a condition as well as a covenant. Tenant's right to continue in possession of the Property is conditioned upon such performance. Time is of the essence in the performance of all covenants and conditions.

Section 10.02 **Defaults.** Tenant shall be in Default of this Lease:

- (a) If Tenant abandons the Property;
- (b) If Tenant fails to pay rent or any other charge when due;
- (c) If Tenant fails to perform any of Tenant's non-monetary obligations under this Lease for a period of thirty (30) days after written notice from Landlord; provided that if more than thirty (30) days are required to complete such performance, Tenant shall not be in default if Tenant commences such performance within the thirty (30) day period and thereafter diligently pursues its completion. However, Landlord shall not be required to give such notice if Tenant's failure to perform constitutes a non-curable breach of this Lease. The notice required by this Section is intended to satisfy any and all notice requirements imposed by law on Landlord and is not in addition to any such requirement;
- (d) If Tenant makes a general assignment or general arrangement for the benefit of creditors; (ii) if a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by or against Tenant and is not dismissed within thirty (30) days; (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease and possession is not restored to Tenant within thirty (30) days; or (iv) if substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure which is not discharged within thirty (30) days. If a court of competent jurisdiction determines that any of the acts described in this subsection (d) is not a default under this Lease, and a trustee is appointed to take possession (or if Tenant remains a debtor in possession) and such trustee or Tenant transfers Tenant's interest hereunder, then Landlord shall receive, as Additional Rent, the excess, if any, of the rent (or any other consideration) paid in connection with such assignment or sublease over the rent payable by Tenant under this Lease; or
- (e) If any guarantor of the Lease revokes or otherwise terminates, or purports to revoke or otherwise terminate, any guaranty of all or any portion of Tenant's obligations under the Lease. Unless otherwise expressly provided, no guaranty of the Lease is revocable.

Section 10.03 **Remedies.** On the occurrence of any default by Tenant, Landlord may, at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have:

- (a) Terminate Tenant's right to possession of the Property by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Property to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including (i) the worth at the time of the award of the unpaid Base Rent, Additional Rent and other charges which Landlord had earned at the time of the termination; (ii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Landlord would have earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which Tenant would have paid for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves Landlord could have reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses Landlord incurs in maintaining or preserving the Property after such default, the cost of recovering possession of the Property, expenses of reletting, including necessary renovation or alteration of the Property, Landlord's reasonable attorneys' fees incurred in connection therewith, and any real estate commission paid or payable. As used in subparts (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest on unpaid amounts at the rate of fifteen percent (15%) per annum, or such lesser amount as may then be the maximum lawful rate. As used in subpart (iii) above, the "worth at the time of the award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%). If Tenant has abandoned the Property, Landlord shall have the option of (i) retaking possession of the Property and recovering from Tenant the amount specified in this Section 10.03(a), or (ii) proceeding under Section 10.03(b);
- (b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant has abandoned the Property. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due; and/or
- (c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state in which the Property is located.

Section 10.04 **Repayment of "Free" Rent.** If this Lease provides for a postponement of any monthly rental payments, a period of "free" rent or other rent concession, such postponed rent or "free" rent is called the "Abated Rent". Tenant shall be credited with having paid all of the Abated Rent on the expiration of the Lease Term only if Tenant has fully, faithfully, and punctually performed all of Tenant's obligations hereunder, including the payment of all rent (other than the Abated Rent) and all other monetary obligations and the surrender of the Property in the physical condition required by this Lease. Tenant acknowledges that its right to receive credit for the Abated Rent is absolutely conditioned upon Tenant's full, faithful and punctual performance of its obligations under this Lease. If Tenant defaults and does not cure within any applicable grace period, the Abated Rent shall immediately become due and payable in full and this Lease shall be enforced as if there were no such rent abatement or other rent concession. In such case Abated Rent shall be calculated based on the full initial rent payable under this Lease.

Section 10.05 **Automatic Termination.** Notwithstanding any other term or provision hereof to the contrary, the Lease shall terminate on the occurrence of any act which affirms the Landlord's intention to terminate the Lease as provided in Section 10.03 hereof, including the filing of an unlawful detainer action against Tenant. On such termination, Landlord's damages for default shall include all costs and fees, including reasonable attorneys fees that Landlord incurs in connection with the filing, commencement, pursuing and/or defending of any action in any bankruptcy court or other court with respect to the Lease; the obtaining of relief from any stay in bankruptcy restraining any action to evict Tenant; or the pursuing of any action with respect to Landlord's right to possession of the Property. All such damages suffered (apart from Base Rent and other rent payable hereunder) shall constitute pecuniary damages which must be reimbursed to Landlord prior to assumption of the Lease by Tenant or any successor to Tenant in any bankruptcy or other proceeding.

Section 10.06 **Cumulative Remedies.** Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE 11: PROTECTION OF LENDER

Section 11.01 **Subordination.** Landlord shall have the right to subordinate this Lease to any ground lease, deed of trust or mortgage encumbering the Property, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or

Initials

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(Tenant Gross Form 4/1/14)

Initials

extensions thereof, whenever made or recorded. Tenant shall cooperate with Landlord and any lender which is acquiring a security interest in the Property or the Lease. Tenant shall execute such further documents and assurances as such lender may require, provided that Tenant's obligations under this Lease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Tenant shall not be deprived of its rights under this Lease. Tenant's right to quiet possession of the Property during the Lease Term shall not be disturbed if Tenant pays the rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any ground lessor, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

Section 11.02 Attornment. If Landlord's interest in the Property is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Property and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Property upon the transfer of Landlord's interest.

Section 11.03 Signing of Documents. Tenant shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so, If Tenant fails to do so within ten (10) days after written request, in addition to such failure constitute a material default under this lease and the right of the Landlord to give notice of default and if the default is not timely cured, enforce all of its remedies hereunder, Tenant hereby makes, constitutes and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver any such instrument or document.

Section 11.04 Estoppel Certificates.

(a) Upon Landlord's written request, Tenant shall execute, acknowledge and deliver to Landlord a written statement certifying: (i) that none of the terms or provisions of this Lease have been changed (or if they have been changed, stating how they have been changed); (ii) that this Lease has not been canceled or terminated; (iii) the last date of payment of the Base Rent and other charges and the time period covered by such payment; (iv) that Landlord is not in default under this Lease (or, if Landlord is claimed to be in default, stating why); and (v) such other representations or information with respect to Tenant or the Lease as Landlord may reasonably request or which any prospective purchaser or encumbrancer of the Property may require. Tenant shall deliver such statement to Landlord within ten (10) days after Landlord's request. Landlord may give any such statement by Tenant to any prospective purchaser or encumbrancer of the Property. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct.

(b) If Tenant does not deliver such statement to Landlord within such ten (10)-day period, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Landlord; (iii) that not more than one month's Base Rent or other charges have been paid in advance; and (iv) that Landlord is not in default under the Lease. In such event, Tenant shall be estopped from denying the truth of such facts.

Section 11.05 Tenant's Financial Condition. Within ten (10) days after written request from Landlord, Tenant shall deliver to Landlord such financial statements as Landlord reasonably requires to verify the net worth of Tenant or any assignee, subtenant, or guarantor of Tenant. In addition, Tenant shall deliver to any lender designated by Landlord any financial statements required by such lender to facilitate the financing or refinancing of the Property. Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth in this Lease.

ARTICLE 12: LEGAL COSTS

Section 12.01 Legal Proceedings. If Tenant or Landlord shall be in breach or default under this Lease, such party (the "Defaulting Party") shall reimburse the other party (the "Nondefaulting Party") upon demand for any costs or expenses that the Nondefaulting Party incurs in connection with any breach or default of the Defaulting Party under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the court in such action shall award to the party in whose favor a judgment is entered, a reasonable sum as attorneys fees and costs. The losing party in such action shall pay such attorneys fees and costs. Tenant shall also indemnify Landlord against and hold Landlord harmless from all costs, expenses, demands and liability Landlord may incur if Landlord becomes or is made a party to any claim or action (a) instituted by Tenant against any third party, or by any third party against Tenant, or by or against any person holding any interest under or using the Property by license of or agreement with Tenant; (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (c) otherwise arising out of or resulting from any act or transaction of Tenant or such other person; or (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs Landlord incurs in any such claim or action.

Section 12.02 Landlord's Consent. Tenant shall pay Landlord's reasonable attorneys fees incurred in connection with Tenant's request for Landlord's consent under ARTICLE 9: (Assignment and Subletting), or in connection with any other act which Tenant proposes to do and which requires Landlord's consent.

ARTICLE 13: MISCELLANEOUS PROVISIONS

Section 13.01 Non-Discrimination. Tenant promises, and it is a condition to the continuance of this Lease, that there will be no discrimination against, or segregation of, any person or group of persons on the basis of race, color, sex, creed, national origin or ancestry in the leasing, subleasing, transferring, occupancy, tenure or use of the Property or any portion thereof.

Section 13.02 Landlord's Liability; Certain Duties.

(a) As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Property or Project or the leasehold estate under a ground lease of the Property or Project at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations of Landlord under this Lease to be performed on or after the date of transfer. However, each Landlord shall deliver to its transferee all funds that Tenant previously paid if such funds have not yet been applied under the terms of this Lease.

(b) Tenant shall give written notice of any failure by Landlord to perform any of its obligations under this Lease to Landlord and to any ground lessor, mortgagee or beneficiary under any deed of trust encumbering the Property whose name and address have been furnished to Tenant in writing. Landlord shall not be in default under this Lease unless Landlord (or such ground lessor, mortgagee or beneficiary) fails to cure such non-performance within thirty (30) days after receipt of Tenant's notice. However, if such non-performance reasonably requires more than thirty (30) days to cure, Landlord shall not be in default if such cure is commenced within such thirty (30)-day period and thereafter

diligently pursued to completion.

(c) Notwithstanding any term or provision here into the contrary the liability of Landlord for the performance of its duties and obligations under this Lease is limited to Landlord's interest in the Property and the Project, and neither the Landlord nor its partners, shareholders, officers or other principals shall have any personal liability under this Lease.

Section 13.03 Severability. A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or this Lease, which shall remain in full force and effect.

Section 13.04 Interpretation. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Property with Tenant's expressed or implied permission.

Section 13.05 Incorporation of Prior Agreements; Modifications. This Lease is the only agreement between the parties pertaining to the lease of the Property and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

Section 13.06 Notices. All notices required or permitted under this Lease shall be in writing and shall be personally delivered, sent by a national overnight courier or by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address specified in Section 1.03 above, except that upon Tenant's taking possession of the Property, the Property shall be Tenant's address for notice purposes. Notices to Landlord shall be delivered to the address specified in Section 1.02 above. All notices shall be effective upon delivery. Either party may change its notice address upon written notice to the other party.

Section 13.07 Waivers. All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provision of this Lease or its acceptance of rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of such statement.

Section 13.08 No Recordation. Tenant shall not record this Lease without prior written consent from Landlord. However, either Landlord or Tenant may require that a "Short Form" memorandum of this Lease executed by both parties be recorded. The party requiring such recording shall pay all transfer taxes and recording fees.

Section 13.09 Binding Effect; Choice of Law. This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord or Tenant. However, Landlord shall have no obligation to Tenant's successor unless the rights or interests of Tenant's successor are acquired in accordance with the terms of this Lease. The laws of Arizona shall govern this Lease. Notwithstanding the foregoing, Tenant may have claims under the terms of this Lease which involve amounts which are not liquidated. The Tenant agrees that it shall be entitled to reduce or offset an obligation of the Landlord to the Tenant with respect to such unless and until they are liquidated, but only the unliquidated amount shall be deferred until liquidation.

Section 13.10 Corporate Authority; Partnership Authority. Each person signing this Lease on behalf of Tenant represents and warrants to the Landlord that he has full authority to do so and that this Lease binds the named Tenant.

Section 13.11 Joint and Several Liability. All parties signing this Lease as Tenant shall be jointly and severally liable for all obligations of Tenant.

Section 13.12 Force Majeure. If Landlord cannot perform any of its obligations due to events beyond Landlord's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond Landlord's control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

Section 13.13 Execution of Lease. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. Landlord's delivery of this Lease to Tenant shall not be deemed to be an offer to lease and shall not be binding upon either party until executed and delivered by both parties.

Section 13.14 Survival. All representations and warranties of Landlord and Tenant shall survive the termination of this Lease.

ARTICLE 14: BROKERS

Section 14.01 Broker - Owner/Agent. EPMM BlackHawk, LLC ("EPMM") who is not licensed. Its designated broker is EPMM (collectively the "Broker") and EPMM provides leasing services for Landlord. EPMM is paid a management fee for managing the Property. None of EPMM or the Broker are paid any commission or fee for the Lease. Moreover, one or more of EPMM and the Broker are part owners of the Landlord.

Section 14.02 Broker's Fee. When this Lease is signed by and delivered to both Landlord and Tenant, Landlord shall pay a real estate commission to Tenant's Broker named in Section 1.08 above, if any, as provided in the written agreement between Landlord and such Broker for services rendered to Tenant by Tenant's Broker in this transaction.

Section 14.03 No Other Brokers. Landlord and Tenant each warrant that they have dealt with no other real estate broker(s) in connection with this transaction except Agents and the Broker identified in Section 1.08.

ARTICLE 15: COMPLIANCE The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

ADDITIONAL PROVISIONS MAY BE SET FORTH IN A RIDER OR RIDERS ATTACHED HERETO OR IN THE BLANK SPACE BELOW.

ARTICLE 16: TENANT IMPROVEMENT Upon execution of lease, 5BIS, LLC will provide landlord with an itemized list of build-out improvements they have identified as necessary for operating a dispensary in order to comply with state and local regulatory requirements. Upon receipt of requested improvements, landlords will evaluate the necessity and practicability of the requests. Upon approval by the landlord of the requests, landlord will complete approved improvements at their cost and utilizing their contractors.

ARTICLE 17: CONTINGUENCY

Initials



Initials



Lease is contingent upon the Tenant obtaining the following:

- Building Permit from the City of Blackhawk.

Tenant shall be responsible for all costs associated with processing applications for all approvals needed. Landlord shall cooperate with Tenant in efforts to obtain all required permits.

ARTICLE 18: RIGHT OF FIRST REFUSAL

Tenant has the right of first refusal to any sale of the building by the Landlord should the Landlord elect to sell the property during Tenant's lease term.

ARTICLE 19: EARLY TERMINATION

If Tenant is not otherwise in default under the terms of this lease, but is unable to obtain approved permits for its operation, unable to align with a dispensary or shut down based upon a negative changes in the federal government's policies of non-prosecution of the cultivation of marijuana for medical purposes use, then, at the election of Tenant and compliance with the Termination requirements, Tenant may terminate this Lease before its expiration date. The Termination requirements shall be for the Tenant to give written notice to Landlord of a date for termination to occur (the "Early Termination Date"), complete all of the requirements of Section 6.06, relating to the condition upon termination on or before the Early Termination Date, have paid the Landlord all of the rent due prior to the Early Termination Date and pay the Landlord a Termination Fee equal to three (3) months' rent and applicable rental tax.

ARTICLE 20: OPTIONS

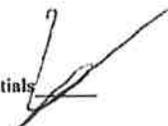
Provided that Tenant is not in default under any of the current lease provisions, Landlord will grant five (5) three (3) year options to renew the lease

- Option 1 – Years 11 - 14 \$15,970.00 gross per month plus any applicable sales, additional rent and/or rental tax
- Option 2 – Years 15 – 18 \$17,567.00 gross per month plus any applicable sales, additional rent and/or rental tax
- Option 3 – Years 19 – 21 \$19,323.00 gross per month plus any applicable sales, additional rent and/or rental tax
- Option 4 – Years 22 - 24 \$ 21,255.00 gross per month plus any applicable sales, additional rent and/or rental tax
- Option 5 – Years 25 - 27 \$ 23,380.00 gross per month plus any applicable sales, additional rent and/or rental tax

Initials



Initials



Landlord and Tenant have signed this Lease on or before the date specified in Section 1.01 and have initialed all Riders which are attached to or incorporated by reference in this Lease.

"LANDLORD"

EPMM BLACKHAWK, LLC
a Limited Liability Company

By:

Date:


5/16/2014

"TENANT"

SBIS, LLC
a Limited Liability Company

By:

Its:

Date:


Margaret Oberer
5/16/2014

By:

Its:

Date:


Scott W. Belgir
5/16/2014

IN ANY REAL ESTATE TRANSACTION, IT IS RECOMMENDED THAT YOU CONSULT WITH A PROFESSIONAL, SUCH AS A CIVIL ENGINEER, INDUSTRIAL HYGIENIST OR OTHER PERSON WITH EXPERIENCE IN EVALUATING THE CONDITION OF THE PROPERTY, INCLUDING THE POSSIBLE PRESENCE OF ASBESTOS, HAZARDOUS MATERIALS AND UNDERGROUND STORAGE TANKS. THIS PRINTED FORM LEASE HAS BEEN DRAFTED BY LEGAL COUNSEL FOR THE LANDLORD. NO REPRESENTATION OR RECOMMENDATION IS MADE BY SUCH LEGAL COUNSEL, THE LANDLORD, THE REAL ESTATE BROKERS NAMED HEREIN, OR THEIR EMPLOYEES OR AGENTS, AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT OR TAX CONSEQUENCES OF THIS LEASE

Initials



Initials



**BUSINESS PLAN &
SUPPORTING
DOCUMENTS**

EMPLOYEE LIST

1859 List of Employees:

Megan Sanders

Scott Bergin

General Manager- TBD

3 Assistant Managers- TBD

10 Budtenders- TBD

3 Stock Specialist- TBD

M. Sanders +
S. Bergin manages
until new manager
is hired

BUSINESS PLAN

5B1S, LLC dba 1859

Business Plan

Company

Company Overview

5B1S, LLC dba 1859 is a medical and recreational cannabis dispensary. We serve medical patients and recreational customers age 21 and over. Our team has over 15 years combined dispensary, grow and infused products experience.

Our dispensary and grow operations are best in class, providing both a professional atmosphere and a "beyond organic" product line for our patients/clients. We pride ourselves on the ability to support the needs of our team members, our customer base, our local community all while operating in a highly regulated environment. The privilege of participating in this space requires us to be the best corporate stewards. We are honored to join the Black Hawk community and look forward to a successful partnership.

Management Team

Megan Sanders is a managing member and head of retail operations for 5B1S, LLC dba 1859. Meg has lead the operations of Gaia Plant Based Medicine- 3 dispensaries and 1 grow- for four years. She was appointed by Governor Hickenlooper to serve as the only member from the marijuana industry on the Amendment 64 Task force. She works with cities and towns across Colorado on rules and regulations for medical and recreational marijuana. Meg is sought after on a national level for her industry and legislative experience. Her experience in financial compliance and retail operations serves her well in this highly compliant industry.

Scott Bergin is a managing member for 5B1S, LLC dba 1859. Scott is the President of Aviation Information Services Inc, the founder and owner of Samurai Sushi, the oldest sushi bar/restaurant in Colorado, and the founder and co-owner of 1472, an award-winning restaurant in one of the most high profile business district in the Denver Metro area. Scott's experience as the founder and owner of EdiPure is primarily focused on providing necessary pain management and medical relief for patients, without risk, through his innovative and proprietary techniques to infuse edibles with precision dosages, in order to allow patients to have a mechanism of delivery of cannabinoids without having to smoke cannabis.

Members

Kevin Daly

Kevin Daly is the founder of Gaia Plant Based Medicine and is instrumental in development of strategy and execution for a multi-location model. Kevin has 20+ years in capital raising, managing private equity and creating new companies. He has been involved in numerous start-ups from inception and has engineered several successful exits that resulted in huge upside for investors.

Patrick Pericak

Pat Pericak has 15 years experience in conventional agriculture and three years in experience consulting, design and development of marijuana warehouse operations. Pat is meticulous in the compliance, regulation and operation of Gaia's grow facility.

Daniel Anglin

Dan Anglin's background in political advocacy and business development is based on years of broad experience as a business owner and legislative analyst. A former staff member of both the Arizona and Colorado State legislatures, and a state and local lobbyist registered in the state of Colorado, Dan has extensive experience working with State and City Executive Agencies, and an in-depth knowledge of State and City legislative processes. Dan is Owner/President of Anglin Public Affairs, a successful political consulting business that has provided advocacy and business consulting for many different industries, including health insurance, manufacturing, legal filing services, and more. Prior to beginning his career in political affairs, Dan spent 10 years as a service plumber, having worked for the nation's largest plumbing service chain (Roto-Rooter) prior to opening his own plumbing company (1st Choice Plumbing in Tucson, Arizona). Dan began his professional career as a United States Marine in 1988 through 1992, and is a Desert Shield / Desert Storm Veteran.

Products and Services

Products and Services

1859 will provide the highest quality cannabis products through both our own production and carefully vetted suppliers in the Colorado market.

We will offer the following:

- Flower- The highest selling product line in Colorado is dried cannabis flowers. Hands down, this is still the most preferred delivery method of patients and customers alike. Our beyond organic flower is hand-crafted by the most talented grow team in Colorado and quite possibly the United States. We are recognized as an industry leader in our grow methodology by our peers, regulators and legislators. We sell quantities starting at a gram up to one ounce for in-state residents.
- PreRolls- Dried shake from cannabis flowers is rolled into cannabis cones, more commonly known as joints.
- Hash Concentrates- Another popular method of delivery is hash concentrates. We will offer a variety of bubble hash and oils.
- Open Vape vaporizers and oil cartridges
- Edipure Products- We will carry a full line of Edipure candies and savory items.
- Other Colorado infused product lines such as Incredibles, Nature's Love, Bang Chocolates
- Glass products and rolling papers
- Branded items such as hats, t-shirts, sweatshirts and other promotional items

Competitors

As we have secured all but one of the addresses in the Hard District where licensure is permitted by the City of Black Hawk, and we are pursuing the final location as well, our competition will be limited to medical dispensaries just outside of town. As these locations are currently not allowed to sell recreational cannabis, we have positioned ourselves for a high probability of success. Even if these locations are able to convert to recreational, we will have the benefit of a premier location for all visitors to Black Hawk.

Target Market

Market Overview

Black Hawk hosts greater than eight million visitors over 21 years of age a year. It is estimated that 10% of Coloradans use cannabis recreationally. We have planned our business based on a very conservative number of 1% of visitors. Our experience with recreational cannabis has given us an initial understanding of our target market, which are people over 35 years of age with a disposable income over \$75,000/year. The fastest growing market segment is women.

Market Needs

Our target market are in state and out of state visitors to Blackhawk over 21 who are interested in enhancing their visit to Black Hawk with cannabis. We can also assist medical patients that are visiting the area. We are able to serve a variety of clients with our selection of products. Our first in class cannabis products are highly desired. Our dispensary will be a strong reason to choose Black Hawk, especially for out of state visitors.

Strategy and Implementation

Marketing Plan

Overview

Due to limitations on advertising from our state regulatory agency and legislature, we have limited options for advertising. Our goal is to be a leader in Black Hawk's new HARD district by facilitating the creation of a 'business development group' that will advertise on behalf of the Black Hawk hard district. This will allow us to have a further reach and enjoy cross pollination with our neighbors in the district.

Our marketing plan consists for three areas of reach:

1. Business development group- this allows a larger reach to in state and out of state visitors to Black Hawk.
2. Digital Marketing- via Facebook, Twitter, Instagram, Google.

3. Cross pollination with Black Hawk Hotels- In the way that alcohol enhances a person's experience while engaged at the casinos, cannabis can have the same experience enhancing effects. We look forward to forming strategic partnerships to have casinos send over their clientele to which we then send back to have fun in the gaming areas.

Milestones

Milestone	Due Date	Who's Responsible
Certification of Appropriateness	Completed	Jim T.
Demolition Permit Submission	Completed	Jim T.
Demolition Plan	Completed	Jim T.
Interior Framing and Rough Inspection	June 4, 2014	Jim T.
Black Hawk Paint Selection Submission	May 12, 2014	Jim T.
Black Hawk License Application Submission	June 2, 2014	Meg
State Application Submission	June 3, 2014	Kevin
Measurements of Windows / Doors	May 14, 2014	Jim T.
Evaluate Existing Facility Systems	May 15, 2014	Jim T.
Improvement Survey Plan	May 19, 2014	Jim T.
Interior Surface Finish	May 19, 2014	Jim T.
Order Long Lead Time Items	May 21, 2014	Jim T.
Exterior design / Signage Plan	June 5, 2014	Jim T. / Meg
Arch / Engineering Design	May 27, 2014	Jim T.
Demolition of Existing Building Features	May 28, 2014	Jim T.
Complete Plan Submission to Black Hawk	June 2, 2014	Jim T.
Submission and Review of Exterior Plan	June 2, 2014	Jim T. / City of BH
Black Hawk Plan Review and Approval	June 5, 2014	Jim T.
Electrical Rough Work / Inspection	June 6, 2014	Jim T.
Plumbing Rough Work / Inspection	June 6, 2014	Jim T.
Exterior Windows / Paint	June 18, 2014	Jim T.
Finish Plumbing	June 20, 2014	Jim T.
Finish Electrical	June 20, 2014	Jim T.
Final Inspection / CO	June 27, 2014	Jim T.

Blackhawk Dispensary & Smoking Room

ASSUMPTIONS	Notes	Year 1	Year 2	Year 3	Year 4	Year 5
Resort Visitors (over 21)	(1)	8,000,000	8,400,000	8,820,000	9,261,000	9,724,050
Resort Visitors (over 21) Growth		NA	5%	5%	5%	5%
Percent Customers	(2)	1.0%	1.5%	1.5%	1.5%	1.5%
Average Recreational Retail Price per lb.	(3)	\$6,000	\$5,280	\$4,646	\$4,646	\$4,646
Average Recreational Wholesale Price per lb.	(4)	\$3,000	\$2,640	\$2,323	\$2,323	\$2,323
Annual Price Degradation (First 3 Years)		12%				
Average Purchase Weight. (oz) per Customer	(5)	0.1875	0.2063	0.2269	0.2269	0.2269
		3/16 oz				
Dispensary Cost as a % of Revenue	(6)	25%	<i>*Does not include the wholesale price of product</i>			

Other Notes:	(13)	BH dispensary is to reimburse both Winkanda (50% of flower sales) and EdiPure (50% of edible sales)
	(14)	The Blackhawk Joint Venture is planning to acquire a 3,000 sq. ft. dispensary for an approx. price of \$300,000 and rent the adjacent 11,000 sq. ft. smoking bar facility. The monthly rent is assumed to be \$3.00 PSF NNN with a 3% annual escalation, the monthly NNN expenses are estimated at \$0.25 PSF. The TI allowance from the landlord is yet to be determined, the interior construction cost is estimated at \$55 PSF knowing that exterior work (windows, doors, etcv) will also be needed.
	(16)	Edipure is contributing its profit margin on edible products sold for 49% interest and Winkanda contributing its profit margin on the flower buds for 51% interest.
	(17)	The City of Blackhawk is requiring the dispensary operator to open an 11,000 sq. ft. smoking bar adjacent to the dispensary itself. Various ancillary products and services are being contemplated for the smoking room but, despite its great potential due to the traffic created by the dispensary, no profit from the smoking room is assumed in this analysis. (no income or expenses (with the exception of the rent and NNN expenses) related to the smoking bar are shown in this model.

Initial Ramp Ram-up Period

INCOME & EXPENSE STATEMENT	Notes		Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	2014
			Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	
			Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	
DISPENSARY REVENUE										
Total Flower sold (Lbs)	(7)		16	23	23	31	39	55	63	250
Average # of Monthly Transactions	(8)=(1)x(2)/12		1,333	2,000	2,000	2,667	3,333	4,667	5,333	21,333
Average # of Daily Transactions	(9)=(8)/30		44	67	67	89	111	156	178	178
Average transaction (\$)	(10)=(3)/16x(5)		\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$492
FLOWER REVENUE	(11)=(8)x(10)		\$93,750	\$140,625	\$140,625	\$187,500	\$234,375	\$328,125	\$375,000	\$1,500,000
EDIBLE REVENUE			<u>\$23,438</u>	<u>\$35,156</u>	<u>\$35,156</u>	<u>\$46,875</u>	<u>\$58,594</u>	<u>\$82,031</u>	<u>\$93,750</u>	<u>\$375,000</u>
TOTAL REVENUE			\$117,188	\$175,781	\$175,781	\$234,375	\$292,969	\$410,156	\$468,750	\$1,875,000
DISPENSARY EXPENSES										
Dispensary Operating Cost*	(12)=(6)x(11)		\$146,484	\$109,863	\$73,242	\$73,242	\$73,242	\$102,539	\$117,188	\$695,801
Reimbursement to Edipure and Winkanda	(13)		\$58,594	\$87,891	\$87,891	\$117,188	\$146,484	\$205,078	\$234,375	\$937,500
Rent on Smoking Bar	(14)	\$3.00	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$63,000
NNN Expenses	(14)	\$0.25	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750	\$19,250
TOTAL DISPENSARY EXPENSES	(15)		\$216,828	\$209,504	\$172,883	\$202,180	\$231,477	\$319,367	\$363,313	\$1,715,551
NET DISPENSARY PROFIT	(16)=(11)-(15)		(\$99,641)	(\$33,723)	\$2,898	\$32,195	\$61,492	\$90,789	\$105,438	\$159,449
REVENUE & PROFIT SPLIT										
Winkanda (50% of flower Revenues)			\$46,875	\$70,313	\$70,313	\$93,750	\$117,188	\$164,063	\$187,500	\$750,000
Winkanda	(16)	67%	<u>(\$66,759)</u>	<u>(\$22,594)</u>	<u>\$1,942</u>	<u>\$21,571</u>	<u>\$41,200</u>	<u>\$60,829</u>	<u>\$70,643</u>	<u>\$106,831</u>
Total Winkanda			\$0	\$47,718	\$72,254	\$115,321	\$158,387	\$224,891	\$258,143	\$876,715
EdiPure (50% of Edible Revenues)			\$11,719	\$17,578	\$17,578	\$23,438	\$29,297	\$41,016	\$46,875	\$187,500
EdiPure	(16)	33%	<u>(\$32,881)</u>	<u>(\$11,128)</u>	<u>\$956</u>	<u>\$10,624</u>	<u>\$20,292</u>	<u>\$29,960</u>	<u>\$34,794</u>	<u>\$52,618</u>
Total EdiPure			\$0	\$6,450	\$18,535	\$34,062	\$49,589	\$70,976	\$81,669	\$261,281

AGREEMENT

OPERATING AGREEMENT
5B1S, LLC
A Colorado Limited Liability Company

WHEREAS, 5B1S, LLC, a Colorado limited liability company (the "Company"), was formed pursuant to the Colorado Limited Liability Company Act, C.R.S. 7-80-101 *et seq* (the "Act"), by the filing of Articles of Organization with the Colorado Secretary of State on or about May 11, 2014 (the "Articles"). The rights and obligations of the Company and the Members (defined below) are provided in the Articles, as may be further amended from time to time, and this Operating Agreement (the "Agreement").

WHEREAS, this Agreement is made and entered into effective as of the 11 day of May, 2014 ("Effective Date") by the Company and among those Persons whose names, addresses and signatures are set forth below (all of the foregoing are hereinafter sometimes referred to as the "Member" or "Members"), and upon execution shall supersede and replace any previous operating agreements of the Company, which shall no longer be of any force or effect.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein, the Members agree as follows:

ARTICLE I
DEFINITIONS

When used in this Agreement, the following capitalized terms shall have the meanings provided below:

1.1 "Act" means the Colorado Limited Liability Company Act, C.R.S. 7-80-101 *et seq*, as amended from time to time.

1.2 "Affiliate" or "Affiliate of a Member or Manager" means any Person under the control of, in common control with, or in control of a Member or Manager, whether that control is direct or indirect. The term "control," as used herein, means, with respect to a corporation or limited liability company, the ability to exercise more than fifty percent (50%) of the voting rights of the controlled entity, and with respect to an individual, partnership, trust, or other entity or association, the ability, directly or indirectly, to direct the management or policies of the controlled entity or individual, pursuant to the conditions and requirements as set forth in this Agreement.

1.3 "Agent" shall mean a Manager serving under a Manager's Power of Attorney ("POA") who is not elected by the Members or selected by the Board of Managers.

1.4 "Agreement" shall mean this Agreement, as amended from time to time, and shall supersede and replace any previous operating agreements of the Company, which shall no longer be of any force or effect.

1.5 “Articles” means the Articles of Organization initially filed with the Colorado Secretary of State on or about May 11, 2014, forming the Company they may be amended from time to time (collectively, the “Articles”).

1.6 “Assignee” means a person who has acquired a Member’s Membership Interest in the Company, by way of a Transfer in accordance with the terms of Article VII of this Agreement, but who has not become a Member.

1.7 “Assigning Member” means a Member who by means of a Transfer has transferred a Membership Interest in the Company to an Assignee.

1.8 “Bankruptcy” means, with respect to any Person, being the subject of an order for relief under Title 11 of the United States Code, or any successor statute or other statute in any foreign jurisdiction having like import or effect.

1.9 “Capital Account” means the amount of the capital interest of a Member in the Company, consisting of the amount of money, the fair market value of future services to be contributed to the Company as may be determined by the Board of Managers, and the fair market value, net of liabilities, of any property initially contributed by the Member, as (1) increased by any additional contributions and the Member’s share of the Company’s profits; and (2) decreased by any distribution to that Member as well as that Member’s share of Company losses.

1.10 “Capital Contribution” means the total amount of money, the fair market value of future services to be contributed to the Company as may be determined by the Board of Managers, and the fair market value, net of liabilities, of any property contributed by the Members to the Company.

1.11 “Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision of any succeeding revenue law.

1.12 “Company” means 5B1S, LLC, the entity formed in accordance with this Agreement and the Articles, Colorado Secretary of State number 20141297645.

1.13 “Company Minimum Gain” shall have the same meaning as set forth for the term “Partnership Minimum Gain” in the Regulations section 1.704-2 (26 C.F.R. § 1.704-2).

1.14 “Departing Member” means any Member whose conduct or circumstance results in a Dissolution Event or who withdraws from the Company in accordance with Section 5.3, where such withdrawal does not result in dissolution of the Company.

1.15 “Dissolution Event” means, with respect to any Member, one or more of the following: the death, resignation, retirement, expulsion, bankruptcy, or dissolution of any Member. A Dissolution Event shall not include a court-ordered dissolution pursuant to C.R.S. §7-80-810,

1.16 “Distribution” means the transfer of money or property by the Company to the Members.

1.17 "Fiscal Year" means the Company's fiscal year, which shall be the calendar year.

1.18 "Incapacity" means that a Manager is unable to execute a Manager's duties described herein, if a court determines that a Manager is unable to do so, or if a licensed physician certifies in writing that, in their opinion, a Manager is unable to execute a Manager's duties. Recovery from disability or incapacity shall be established by the same manner, or a Manager's self-certification, at the sole discretion of the permanent Board of Managers.

1.19 "Majority Interest" means the interest of the Members holding greater than fifty percent (50%) of the total Membership Interests held by all the Members, and in the case of the Managers, those votes cast greater than fifty percent (50%) of a quorum.

1.20 "Manager", "Managers", or "Board of Managers" means the Person or Persons designated as such in Article IV.

1.21 "Member" means each Person who (1) has been admitted into membership in the Company; (2) executes or causes to be executed this Agreement and any subsequent amendments thereto, and, if necessary, a Company Subscription Agreement, Private Placement Memorandum and/or related SEC exempt investor documents, and any other documents requested by the Company that it deems necessary in its sole discretion to conduct business; and (3) has not engaged in conduct resulting in a Dissolution Event or terminated membership for any other reason. **The Company and each of its Members recognize the Marijuana Enforcement Division (MED) as having power of authority as provided in 12-43.3-202, C.R.S. (2011) and 12-43.4-202, C.R.S. If the MED deems necessary the resignation of a Member and/or the restructuring of a creditor relationship in order for the Company to continue to legally do business, the Company, for the sake of survival of the Company, has the right to override such Members' rights and involuntarily resign that Member pursuant to this Agreement, and may act to restructure a creditor relationship, whereupon such Member shall be deemed and treated as a Departing Member under Article VII of this Agreement, and whereupon a creditor will be remedied with appropriate remuneration.**

1.22 "Member Non-recourse Debt" shall have the same meaning as set forth for the term "Partnership Non-recourse Debt" in Regulations section 1.704-2 (26 C.F.R. § 1.704-2).

1.23 "Member Non-recourse Deductions" means items of Company loss, deduction, or Code section 705(a)(2)(B) (26 U.S.C.A. § 705(a)(2)(B)) expenditures which are attributable to Member Non-recourse Debt.

1.24 "Membership Interest" means the interest of a Member in the Company, including a Member's Capital Account interest, any interest in Profits and Losses and the rights to receive distributions as well as the other rights of a Member, including the right to vote and participate in management, if applicable. A Member's Membership Interest shall be expressed as a percentage which shall equal the ratio that the value of the capital contributions made by the Member bears to the capital contribution of all Members. Voting rights shall correspond to such ratio, and may be diluted as Additional Members (defined

herein) become admitted to the Company. The Company may issue Membership Interests to Members for services performed for it by business professionals and consultants. Each Member's initial Membership Interest is expressed as a percentage of one hundred-percent as set forth opposite the Member's identity on the attached Exhibit A under the heading "Membership Interest."

1.25 "Negative Capital Account" means a Capital Account with a balance of less than zero.

1.26 "Net Profits" and "Net Losses" mean the Company's income, loss, and deductions computed at the close of each fiscal year in accordance with the accounting methods used to prepare the Company's information tax return filed for federal income tax purposes.

1.27 "Non-recourse Liability" has the meaning provided in the Regulations section 1.752-1(a)(2) (26 C.F.R. § 1.752-1(a)(2)).

1.28 "Person" means an individual, partnership, limited partnership, corporation, limited liability company, registered limited liability partnership, trust, association, estate, or any other entity.

1.29 "Positive Capital Account" means a Capital Account with a balance greater than zero.

1.30 "Regulations" refers to the income tax regulations of the United States Treasury Department promulgated under the Code, including any temporary regulations, and any successor regulations which may be promulgated.

1.31 "Remaining Members" means, upon the occurrence of a Dissolution Event, those Members of the Company whose conduct did not cause its occurrence.

1.32 "Reserve Interest" means an ownership interest in the Company that is not included in any Membs Capital Account. Reserve Interests may only be voted when required by this Agreement or the Act by the written consent of all Members and as the Members direct. In no event shall the Reserve Interest be treated as a Member for any purpose in this Agreement.

1.33 "Secretary of State" means the Secretary of State for the State of Colorado.

1.34 "Tax Matters Member" or "Tax Matters Partner", as defined in Code section 6231(a)(7) (26 U.S.C.A. § 6231(a)(7)), is that Person designated by the Company in Section 8.6 herein to serve as the Company's representative in all examinations of the Company's affairs by taxing authorities.

1.35 "Transfer" shall mean any transaction as provided in Article VII of this Agreement. A Transfer shall not mean the disposition or treatment of a Members interests upon the death of that Member.

1.36 "Vacancy" means any deficiency in the number of persons serving on the Board of Managers, the number of which is determined herein or otherwise by resolution of the Board of Managers, other than a Manager's Incapacity.

1.37 "Voting Rights" means the percentage of votes that a Member has to cast on a matter, which percentage shall correspond to that Member's Membership Interest percentage, less the Company Reserve for issuance percentage as described on Exhibit A.

ARTICLE II FORMATION AND ORGANIZATION

2.1 Initial Date and Initial Parties. This Agreement is entered into effective on May 11, 2014, by and among the Company and the Persons who are Members of the Company on that date.

2.2 Subsequent Parties. No Person may become a Member of the Company without agreeing to and without becoming a signatory of this Agreement, or any amended or restated Agreement then in effect, including without limitation, other agreements and documents as referenced and provided herein. Any offer or assignment of a Membership Interest is contingent upon the fulfillment of this condition, as well as all other requirements as determined by the Board of Managers and Colorado's Medical and Retail Marijuana Code and related Department of Revenue regulations

2.3 Name. The name of this Company is 5B1S, LLC.

2.4 Term. The Company commenced upon the filing of its Articles and it shall continue perpetually in existence, unless terminated earlier under the provisions of the Act or Section 9.1 of this Agreement.

2.5 Principal Place of Business. The Company shall have its principal place of business at 1640 Logan Street, Suite 200, Denver, Colorado 80203, or at any other address within the State of Colorado upon which the Board of Managers agrees. The Company shall maintain its principal executive offices at its principal place of business, as well as all records and documents which it is required to keep according to the Act. Unless otherwise expressly stated upon any document, and other than warrants, securities, or promissory notes, the Company shall maintain custody of all original documents executed by the Company

2.6 Resident/Registered Agent. The name and address of the Company's registered agent for service of process in the State of Colorado is Megan Sanders, 1640 Logan Street, Suite 200, Denver, Colorado 80203.

2.7 Names and Addresses of Members. The name, present mailing address, taxpayer identification number and Membership Interest of each Member is listed on Exhibit A attached hereto.

2.8 Authorization and Purpose. Pursuant to the Act, the Members have formed this Company and, in accordance therewith, have filed Articles of Organization, as amended, with the Secretary of State. The Members intend to govern the Company in accordance with

the Act, the Articles, State statutes and regulations, the State and Federal securities laws and regulations, and this Agreement, as it may be amended and restated, and to have their rights and liabilities in connection with the Company to be so determined. In the event of any conflict between the Act and the Articles and this Agreement, this Agreement shall control, to the extent permitted by the Act and applicable law. The purpose of the Company is to engage in any lawful business activity that is permitted by the Act.

2.9 The Company shall have the right to use and shall maintain temporary ownership of an OPCL (as defined in Section 4.1 hereof) from Winkanda, LLC ("Winkanda") through September 30, 2014. Thereafter, and upon the lifting of the moratorium on new OPCL's by the State of Colorado, the Company shall apply for its own OPCL, at which time any ownership interest the Company has in Winkanda's OPCL, shall be forfeited to Winkanda.

2.10 The Company shall pay all fees and expenses incurred for any state and local change of ownership of any business the Company may purchase.

ARTICLE III CAPITAL CONTRIBUTIONS AND ACCOUNTS

3.1 Initial Capital Contributions. The initial Capital Contribution, Membership Interest, and Voting Rights of each Member are listed in Exhibit A attached hereto. Exhibit A shall be revised to reflect any additional contributions pursuant to Section 3.2. It is understood and agreed by all Members that the Membership Interest for each Member is not based solely upon the Capital Contributions of the respective Members, but have been assigned and accepted by the contributing Members based upon original membership, the length of time that prior members have been at risk for their interest in the Company, and other pertinent factors that justify the Membership Interest for each individual Member.

3.2 Additional Contributions. No Member shall be required to make any additional contribution to the Company. In the event of a capital reorganization (including but not limited to a reclassification, merger of the Company with another LLC, corporation or other entity, consolidation of the Company into a parent entity, or sale of all or substantially all of the Company's assets to another LLC, corporation or other entity), any Member may, but shall not be required to, contribute additional capital to the Company on a pro rata basis consistent with the Membership Interest of each of the Members. Upon receipt of such additional contributions, the Members' Capital Accounts shall be adjusted accordingly with the Capital Accounts for the non-contributing Members being diluted on a pro-rata basis by the contributing Members. In the event of admission of new Members, it is agreed that the Membership Interest for all Members shall be diluted on a pro-rata basis.

3.3 Interest Payments. No Member shall be entitled to receive interest payments in connection with any contribution of capital to the Company, unless as otherwise determined by the Managers in their sole discretion.

3.4 Right to Return of Contributions. No Member shall be entitled to a return of any capital contributed to the Company, except as expressly provided in this Agreement and pursuant to Article IX. It is expressly agreed among the Members that insofar as practicable,

Handwritten initials "GP" inside a circle, followed by a signature.

and upon agreement by a Majority Interest of the Managers, net profits shall be distributed in an amount equal to deemed profit distributions, in accordance with the Member's Membership Interest.

3.5 Capital Accounts. A Capital Account shall be created and maintained by the Company for each Member, in conformance with Regulations section 1.704-1(b)(2)(iv) (26 C.F.R. § 1.704-1(b)(2)(iv)), which shall reflect all Capital Contributions to the Company. Should any Member transfer or assign all or any part of his or her Membership Interest in accordance with this Agreement, subject to the restrictions as provided for herein and by State law, the successor shall receive that portion of the Member's Capital Account attributable to the interest assigned or transferred. The Membership Interest attributable to each Member shall reflect that Member's own Capital Account.

(a) **Failure of Member to Make Contribution.** If, in the event of a capital reorganization (including but not limited to a reclassification, merger of the Company with another LLC, corporation or other entity, consolidation of the Company into a parent entity, or sale of all or substantially all of the Company's assets to another LLC, corporation or other entity), a Majority Interest of the Managers determines that an additional Capital Contribution is needed from the Members, the Board of Managers shall give all Members written notice of such determination. If a Member does not elect to make a Capital Contribution to the Company on a pro rata basis consistent with said Member's Membership Interest within ten (10) days from the date that such notice is mailed or otherwise properly noticed in accordance with the provisions of Section 5.8 of this Agreement, then the Board of Managers shall adjust the Membership Interests to reflect actual Capital Contributions, so that each Member's Membership Interest may be represented by a fraction, the numerator of which consists of the Member's actual Capital Contribution and the denominator of which is the total actual Capital Contributions of all the Members.

Each Member agrees that (1) the Company and the contributing Members shall incur certain costs, obligations, and damages in the event that any Member chooses not to contribute, which shall be extremely difficult to ascertain; (2) the remedy described in this Section 3.5 bears a reasonable relationship to the damages that may be suffered in the event that any Member chooses not to make a Capital Contribution to the Company; and (3) the election to exercise the foregoing remedy would not be unreasonable based on the facts and circumstances existing as of the date that this Agreement is executed.

3.6 In lieu of voting an additional assessment of capital to meet operating expenses or to finance new investments, or for other Company business, the Company may, as determined by the Board of Managers, enter into debt, equity, or derivative transactions, on terms satisfactory to the Board of Managers in their sole discretion.

ARTICLE IV MANAGEMENT

4.1 Exclusive Management. As to day-to-day management of the Company, the Company shall be managed by the Board of Managers. It is agreed by the Members that the

Board of Managers shall be initially comprised of two (2) persons, and that Megan Sanders, in his/her capacity as manager of 3LP, LLC, and Scott Bergin, in his/her capacity as manager of EPMM Company, LLC, shall serve as the initial Board of Managers of the Company. Additional Managers may be added by vote of the Majority Interest of the Managers. The Managers may establish the duties and responsibilities of the Board of Manager(s) from time to time. The Board of Managers shall handle the daily affairs of the Company, subject to the powers and limitations found in Section 4.3 and 4.4 herein and the Act. The Board of Managers shall have overall daily operational control over all activities related to the Retail and Medical Marijuana Center ("RMMC") and the Optional Premises Cultivation License or Licenses ("OPCL") and Medical and/or Recreational Marijuana-Infused Products Manufacturing License or Licenses ("MIPML") of the Company. In particular, but without specific limitation, the Board of Managers shall have the ability to control scheduling of employees, cash management, handling of all bill pay functions, day-to-day operational activities and communications among the Company's daily operational activities. The Board of Managers may appoint such officers of the Company as it deems appropriate and necessary in the sole discretion of the Board of Managers. The Board of Managers shall establish the duties and responsibilities of the officers; provided, however, that no officer shall have the authority to bind the Company to any obligation unless approved by the Board of Managers. The Board of Managers may form any new entity or a conversion of the Company to either a C corporation or an S Corporation, or the Company may be consolidated into a parent entity in order to facilitate the business of the Company.

4.2 Time Commitments. The Board of Managers, its duly appointed agents, and officers shall devote the time, effort, and skill that each person reasonably believes is necessary to conduct the affairs of the Company and to attend to all matters concomitant to the business of the Company. The individuals comprising the Board of Managers are not required to devote all of their time or efforts to the operations of the Company.

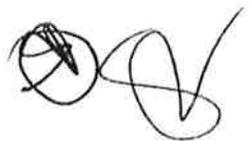
4.3 Management Powers. Subject to the express limitations contained in Section 4.4 and powers contained elsewhere in this Agreement, the Articles, and the Act, the Board of Managers, and its duly appointed agent(s), shall have all powers necessary to carry out the purposes of and to manage the business, property, and affairs of the Company, including, without limitation, the powers enumerated in the Act, including the power to:

(a) Acquire, purchase, alter, renovate, improve, demolish, rebuild, replace, and hold real property and any other property or assets or to acquire options to purchase such property or assets, wherever located, that the Board of Managers determines to be in the furtherance of the Company's business or in the best interests of the Company;

(b) Subject to the limitations of Section 4.12 below, to make contracts and guarantees, incur liabilities, act as surety, borrow money, issue evidences of indebtedness in connection therewith, refinance, increase the amount of, modify, amend, or change the terms of, and extend the time for payment of any indebtedness or obligation of the Company; and secure such indebtedness with a lien on Company assets, such as a mortgage, deed of trust, pledge, or security interest;

(c) Offer securities pursuant to State and Federal securities laws;

- (d) Subject to the limitations of Section 4.4 below, sell, lease, exchange, transfer, convey, mortgage, pledge, and otherwise dispose of all or any part of the Company's property and assets, or any interest therein;
- (e) Enter into arrangements to issue equity, debt, or derivative instruments to facilitate the business or operations of the Company;
- (f) Purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge, or otherwise dispose of and otherwise use and deal in and with stock or other interests in and obligations of any person, or direct or indirect obligations of the United States or of any government, state, territory, governmental district, or municipality, or of any instrumentality of any of them;
- (g) Be a promoter, stockholder, partner, member, manager, associate, or agent of any person, and in such regard may institute additional subscription agreements and private placement memoranda for the raising of capital which may dilute the existing Members and warrant holders interest, if any;
- (h) Indemnify or hold harmless any person or guarantee the payment of money or the performance of any contract or obligation of any person;
- (i) Initiate legal action on, defend, or compromise any claim or liability in favor of or against the Company or submit any such claim to arbitration or other alternative means of dispute resolution or confess a judgment against the Company in connection with any litigation with which the Company is involved;
- (j) Retain auditors, legal counsel, and such other professional services as the Company may require and determine the appropriate compensation for the same;
- (k) Hire employees and maintain payroll, benefits, human resources, and benefits programs;
- (l) Subject to the limitations of Section 5.2 below, to admit Additional Members as defined herein;
- (m) Form any new entity or a conversion of the Company to either a C corporation or an S Corporation, or the Company may be consolidated into a parent entity;
- (n) Establish different classes of Members, including any such Member's rights related to sharing of profits and losses, voting rights, and any number of preference items;
- (o) Explore alternative funding options, including forthcoming federal regulations in The JOBS Act pertaining to "crowdfunding." Crowdfunding will enable companies to raise capital by seeking funding from a large number of unaccredited investors in relatively small amounts without violating SEC registration and solicitation rules;
- (p) Transactions between the Company and one or more Members or Managers or one or more of any Member's or Manager's Affiliates, or transactions in which one or more



Members, Managers, or Affiliates thereof have a material financial interest, in accordance with paragraph 4.9 below and the Act;

(q) Issue debt to any Member, Manager, or Affiliate of either, pursuant to the Act; and

(r) Any other power not prohibited by the Act.

4.4 Limitations on Powers. The Board of Managers shall not be authorized to permit the Company to perform the following acts or to engage in the following transactions without first meeting the conditions, as stated, or obtaining the affirmative vote or written consent of a Majority Interest of the Members (or such higher voting percentage as may be indicated below):

(a) Any act or transaction for which the consent of the Members is required, either in this Agreement or under the Act, shall require the affirmative vote or written consent of a Majority Interest of the Members or higher voting percentage as may be required by the Act;

(b) Notwithstanding any other provision of this Agreement, the unanimous written consent of a Majority Interest of the Members is required to permit the Company to incur an indebtedness or obligation greater than Two Hundred Thousand Dollars (\$200,000.00); and

(c) Merge with another entity or otherwise be wholly acquired by a related or unrelated entity.

4.5 Election and Removal of Board of Managers.

(a) The Company shall initially be governed by its Board of Managers which shall have two (2) members. The Company may, from time to time, fix the number of Managers that it shall have; however, the Company shall not have less than one (1) Manager at any time.

(b) Unless a Manager resigns or is removed, each Manager shall serve for a term of two (2) years *or* until a successor has been elected and qualified to serve.

(c) The members on the Board of Managers shall be appointed by the Board of Managers, or may elected by the affirmative vote or written consent of a Majority Interest of the Members, the selection of which manner of election shall be determined by the Board of Managers.

(d) Each Manager may, but need not, be a Member.

(e) Any Manager may be removed at any time, with or without cause, upon the unanimous vote of the Members at a meeting expressly called for the purpose of such a vote. The removal shall be without prejudice to the rights, if any, of the Manager under any employment contract with the Company. If the Manager is a Member, his or her removal shall not affect any rights he or she has as a Member, nor shall it constitute a withdrawal from Membership.

(f) A Manager may resign at any time by providing written notice to each Member. The resignation shall be effective immediately upon receipt of the notice, unless a later time is specified in the notice. Acceptance of the resignation is not required to make it effective, unless the notice provides otherwise. The resignation shall be without prejudice to the rights, if any, of the Company under any contract with the Manager. If a resigning Manager is a Member, his or her resignation shall not affect any rights he or she has as a Member, nor shall it constitute a withdrawal from Membership.

(g) A vacancy shall exist if any Manager is removed, resigns, or dies, if there is an increase in the number of authorized positions, or if the Managers or Members fail to appoint or elect a sufficient number of Managers to fill the authorized positions. If a vacancy occurs, it may be filled by the affirmative vote or written consent of a majority of the remaining Managers.

4.6 Meetings and Voting of Managers.

(a) If there is more than one Manager, meetings of the Board of Managers may be held, if at all, at such time and place as the Managers determine.

(b) Written notice of meetings of the Board of Managers shall be delivered at least twenty-four (24) hours before the meeting either in person, by telecopier, by e-mail, or by U.S. Mail actually delivered to the Members within the twenty-four (24) hour period. A waiver of notice in writing, signed by the Managers before, at, or after the time of the meeting stated in the notice, shall be equivalent to the giving of such notice.

(c) By attending a meeting, a Manager waives objection to the lack of notice or defective notice unless, at the beginning of the meeting, the Manager objects to the holding of the meeting or the transacting of business at the meeting.

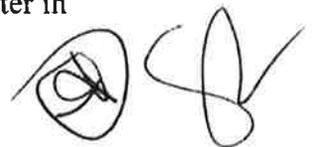
(d) Managers may attend or conduct a meeting through any means of communication if all Managers attending the meeting can communicate with each other during the meeting.

(e) A majority of the Board of Managers entitled to vote shall constitute a quorum at the meeting. All decisions of the Board of Managers shall be made by a majority vote of the quorum present at a meeting.

4.7 Liability for Performance of Duties; Duty of Care.

(a) The Managers shall perform their managerial duties in good faith, in a manner that they reasonably believe to be in the best interests of the Company and its Members, and with such care, including reasonable inquiry, as an ordinarily prudent person in the same position would exercise in similar circumstances. A Manager who so performs the duties of Manager shall not incur any liability to the Company by reason of being or having been a Manager of the Company, and is indemnified from and by the Members.

(b) In performing his or her duties, a Manager shall be entitled to rely upon information, reports, opinions, or statements made by or received from the following Persons or groups, unless the Manager in the possession of information regarding the matter in



question sufficient to render such reliance unwarranted and provided that the Manager acts in good faith and after a reasonable inquiry when the need is indicated by the circumstances:

(i) Any officer, employee, or other agent of the Company or Affiliate whom the Manager reasonably believes to be trustworthy and competent regarding the matters presented;

(ii) Any attorney, independent accountant, or other professional with regard to matters which the Manager reasonably believes to be within such person's area of expertise or competence; or

(iii) Any committee upon which the Manager does not serve, duly created in accordance with the provisions of this Agreement or the Articles, as to matters within its designated authority, which committee the Manager reasonably believes to be competent regarding the matters within the ambit of its authority.

4.8 Duty of Loyalty. Subject to the provisions of Section 4.9, Managers owe the same duty of loyalty to the Company and the Members that a partner owes to the partnership and the partners of the partnership.

4.9 Transactions Between Company and Manager. Any Manager or Affiliate of a Manager may engage in transactions with the Company, notwithstanding that such transactions may constitute a conflict of interest, as long as the transaction is not expressly prohibited by this Agreement or the Act and both of the following conditions are met:

(a) The terms and conditions of the transaction are fair and reasonable to the Company and are at least as favorable as those that are generally available from Persons capable of providing the same or similar services and those between parties operating at arm's length; and

(b) A Majority Interest of the Managers having no interest in the transaction (other than their interest as Members, if applicable) submit written consents to *or* vote in favor of consummating the transaction; and

(c) Transaction satisfied all fiduciary duties of the party(ies) as required by the Act and/or State and Federal securities laws.

4.10 Compensation. Managers and officers of the Company are entitled to compensation for the services rendered on behalf of the Company. Such compensation shall be reasonable based upon the services performed and in line with compensation offered to executive officers of other similarly situated companies in a comparative similar business. All monetary compensation must be approved by the Board of Managers.

4.11 Limitation on Exposing Members to Personal Liability. The Company and any Manager or Member shall use all reasonable good faith efforts to take any action to not have the effect of exposing any Member of the Company to personal liability for the obligations of the Company.

4.12 Limitations on Manager's Liability. No Person who is a Manager shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being a Manager of the Company. No Manager of this Company shall have any personal liability for monetary damages to the Company or its Members for breach of his fiduciary duty as a Manager, except that this provision shall not eliminate or limit the personal liability of a Manager to the Company or its Members for monetary damages for: (i) any breach of the Manager's duty of loyalty to the Company or its Members; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) voting for or assenting to a distribution in violation of law or the Articles, as amended, if it is established that the Manager did not perform his duties in compliance with law, provided that the personal liability of a Manager in this circumstance shall be limited to the amount of the distribution which exceeds what could have been distributed without violation of law or the Articles; or (iv) any transaction from which the Manager directly or indirectly derives an improper personal benefit. Nothing contained herein shall be construed to deprive any Manager of his right to all defenses ordinarily available to a Manager nor will anything herein be construed to deprive any Manager of any right he may have for contribution from any other Member or other person.

4.13 Membership Interests of Manager. A Manager who holds a Membership Interest shall be entitled to all of the rights and privileges of a Member who is not a Manager.

4.14 Deadlock. If applicable, the event the Managers cannot reach a "Majority of the Managers" with respect to any Company decision, a deadlock is deemed to have occurred and the following resolution process shall be initiated:

(a) Non-binding mediation shall be undertaken as provided for in Section 11.10 of this Agreement. If the mediation is unsuccessful, then, in the case of a continued deadlock:

(b) the Company's Registered Agent shall select one arbitrator who is a certified public accountant with knowledge of the company's general industry operations. In the event the parties do not agree on such selection, they may apply to the appropriate state court in Denver County, Colorado for appointment of such an arbitrator. The arbitrator shall be entitled to reasonable compensation for the time spent. An arbitration hearing before the arbitrator selected shall be held not more than twenty (20) days after notice of intent to arbitrate is given from one party to the other. The arbitrator shall issue a ruling at the time of the arbitration hearing. The parties agree to be bound by such ruling and such ruling may be made a judgment, in accordance with C.R.S. § 13-22-201 et. seq. To the extent necessary to resolve issues or to supplement the procedures set forth above in this subparagraph, the provisions of the Colorado Uniform Arbitration Act of 1975, C.R.S. § 13-22-201 et. seq. shall apply. The intention of this arbitration provision is to provide quick and inexpensive resolution of disputes arising under this Agreement. Due to the frequent urgency to resolve such issues, the parties acknowledge that time is of the essence in arbitrating disputes as provided herein.

**ARTICLE V
MEMBERS**

5.1 Limitation of Liability. No Member shall be personally liable for the debts, obligations, liabilities, or judgments of the Company solely by virtue of his or her Membership in the Company, except as expressly set forth in this Agreement or required by law.

5.2 Additional Members. The Board of Managers may admit additional Members to the Company as approved by an affirmative vote of a Majority Interest of the Managers. The Board of Managers shall determine the Additional Member's participation in "Net Profits," "Net Losses," and distributions, as those terms are defined in Article I. Exhibit A shall be amended to include the name, present mailing address, taxpayer identification number, and Membership Interest and Voting Rights of any Additional Members.

5.3 Withdrawal from Membership. Any Member who is under a written obligation to render services to the Company may withdraw at any time after sixty (60) days' written notice to the Company; however, such withdrawal must be without prejudice to the rights of the Company and/or subject to any contract to which the withdrawing Member is a party. Such withdrawing Member shall have the rights of a transferee under Article VII and the Remaining Members shall be entitled to purchase the withdrawing Member's Membership Interest in accordance with Section 7.6. In the event of such a withdrawal, Exhibit A shall be amended to reflect the applicable change. Any intellectual property, business or financial records, or confidential information of the Company in the possession or control of the withdrawing Member must be returned to the Company, and the withdrawing Member agrees not to share such information with any Person who is not a Member or agent of the Company, in accordance with paragraph 11.19 of this Agreement.

5.4 Competing Activities. The Members and their officers, directors, shareholders, partners, managers, agents, employees and Affiliates are strictly prohibited from participating in other business activities which may be in competition, direct or indirect, with those activities of the Company.

5.5 Compensation of Members. No Member or Affiliate shall be entitled to compensation for services rendered to the Company, absent agreement by a vote of a Majority Interest of the Board of Managers. However, Members and Affiliates shall be entitled to reimbursement for the actual cost of goods and services provided to the Company, including, without limitation, reimbursement for any professional services.

5.6 Transactions with the Company. The Board of Managers may permit a Member to lend money to and transact business with the Company, subject to any limitations contained in this Agreement or in the Act. To the extent permitted by applicable laws, such a Member shall be treated like any other Person with respect to transactions with the Company.

5.7 Members Are Not Agents. Each of the Members of the Company has agreed to delegate the management of the Company to the Board of Managers. Accordingly, each of the Members expressly relinquishes any rights he or she might otherwise have to act solely on behalf of the Company, to incur liability on behalf of the Company or to bind the

Company in any way. Unless authorized by the Act, this Agreement, or by the Board of Managers, no single Member shall act as an agent of the Company.

5.8 Meetings and Voting of Members.

(a) There may be meetings of the Members every calendar quarter. The Board of Managers, or any group of Members constituting a Majority Interest, may call a meeting of the Members at any time. Such meeting shall be held at a place to be agreed upon by the Board of Managers or, if no agreement can be reached, at the Company's principal place of business. The meeting shall be held during normal business hours upon reasonable prior notice to all Members.

(b) The Board of Managers shall appoint an individual to preside at the meeting and another person to act as secretary. The secretary shall prepare minutes of the events transpiring at the meeting, which shall be maintained along with the books and records indicated in Section 8.1 at the Company's principal place of business.

(c) If any action on the part of the Members is to be proposed at the Meeting, then written notice of the meeting must be provided to each Member entitled to vote not less than ten (10) days or more than fifty (50) days prior to the meeting. Notice may be given in person, by U.S. Mail, or other written communication, charges prepaid, and if mailed, addressed to each Member at the address listed for that Member in Exhibit A. Notice shall be deemed complete upon personal delivery or when deposited in the U.S. Mail. The notice shall contain the date, time, and place of the meeting and a statement of the general nature of the business to be transacted there. Matters not contained in the notice may not be addressed at the meeting.

(d) By attending a meeting or submitting a proxy directive, a Member or his or her proxy waives objection to the lack of notice or defective notice unless, at the beginning of the meeting, the Member objects to the holding of the meeting or the transacting of business at the meeting.

(e) A majority of the Members entitled to vote shall constitute a quorum at the meeting. All decisions of the Members shall be made by a majority vote of the quorum present at a meeting unless otherwise specified in this Agreement.

5.9 Actions Without Meetings. Any action that may be taken at a meeting of the Members may be taken without a meeting and with prior notice to the Members, if written consents to the action are submitted to the Company within thirty (30) days of the record date for the taking of the action, executed by Members holding a sufficient number of votes to authorize the taking of the action at a meeting at which all Members entitled to vote thereon are present and vote. All such consents shall be submitted to the Board of Managers or the secretary, if any, and shall be maintained as a part of the Company's records.

5.10 Voting Rights. All matters requiring the vote, approval, or consent of the Members shall be authorized upon a vote of the Majority Interest of the Members, with each Member listed on Exhibit A, or his or her proxy, being entitled to vote in proportion to his/her/its Membership Interest.

5.11 Member's Personal Debts. In order to protect the property and assets of the Company from any claim against any Member for personal debts owed by such Member, each Member shall promptly pay all debts owing by him or her and shall indemnify the Company from any claim that might be made to the detriment of the Company by any personal creditor of such Member.

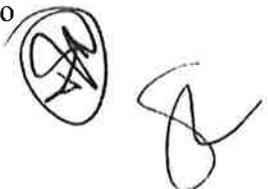
5.12 Alienation of Membership Interest. No Member shall, except as provided in Article VII, sell, assign, mortgage, or otherwise encumber his or her Membership Interest in the Company or in its capital assets or property; or enter into any agreement of any kind that will result in any person, firm, or other organization becoming interested with him or her in the Company; or do any act detrimental to the best interests of the Company; or commit a violation of the Colorado Retail or Medical Marijuana Code and promulgated regulations.

5.13 Limitations on Member's Liability. Except as provided in Section 3.5 (a) and for a violation of the Colorado Retail or Medical Marijuana Code and promulgated regulations, no Person who is a Member shall be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being a Member of the Company. No Member of this Company shall have any personal liability for monetary damages to the Company or its Members for breach of his fiduciary duty as a Member, except that this provision shall not eliminate or limit the personal liability of a Member to the Company or its Members for monetary damages for: (i) any breach of the director's duty of loyalty to the Company or its Members; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) voting for or assenting to a distribution in violation of law or the Articles, as amended, if it is established that the Member did not perform his duties in compliance with law, provided that the personal liability of a Member in this circumstance shall be limited to the amount of the distribution which exceeds what could have been distributed without violation of law or the Articles; (iv) any transaction from which the Member directly or indirectly derives an improper personal benefit. Nothing contained herein will be construed to deprive any Member of his right to all defenses ordinarily available to a Member nor will anything herein be construed to deprive any Member of any right he may have for contribution from any other Member or other person; or any Department of Revenue final adjudication of a Member's violation.

5.14 Deadlock. If applicable, the event the Members cannot reach a "Majority of the Members" with respect to any decision to be decided by the Members, a deadlock is deemed to have occurred and the following resolution process(es) shall be initiated:

(a) Non-binding mediation shall be undertaken as provided for in Section 11.10 of this Agreement. If the mediation is unsuccessful, then, in the case of a continued deadlock:

(b) The Company attorney of record shall select one arbitrator who is a certified public accountant with knowledge of the company's general industry operations. In the event the parties do not agree on such selection, they may apply to the appropriate state court in Denver County, Colorado for appointment of such an arbitrator. The arbitrator shall be entitled to reasonable compensation for the time spent. An arbitration hearing before the arbitrator selected shall be held not more than twenty (20) days after notice of intent to

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arbitrate is given from one party to the other. The arbitrator shall issue a ruling at the time of the arbitration hearing. The parties agree to be bound by such ruling and such ruling may be made a judgment, in accordance with C.R.S. § 13-22-201 et. seq. To the extent necessary to resolve issues or to supplement the procedures set forth above in this subparagraph, the provisions of the Colorado Uniform Arbitration Act of 1975, C.R.S. § 13-22-201 et. seq. shall apply. The intention of this arbitration provision is to provide quick and inexpensive resolution of disputes arising under this Agreement. Due to the frequent urgency to resolve such issues, the parties acknowledge that time is of the essence in arbitrating disputes as provided herein.

ARTICLE VI ALLOCATION OF PROFIT AND LOSS

6.1 Compliance with the Code and Regulations. The Company intends to comply with the Code and all applicable Regulations, including without limitation the minimum gain charge back requirements, and intends that the provisions of this Article be interpreted consistently with that intent.

6.2 Net Profits. Except as specifically provided elsewhere in this Agreement, Distributions of Net Profit shall be made to Members in proportion to their Membership Interest in the Company. Insofar as practicable, the Company shall make actual distributions of cash and property in an amount equal to deemed distributions, so that Members shall not be in the position of being taxed on phantom income.

6.3 Net Losses. Except as specifically provided elsewhere in this Agreement, Net Losses shall be allocated to the Members in proportion to their Membership Interest in the Company. However, the foregoing will not apply to the extent that it would result in a Negative Capital Account balance for any Member equal to the Company Minimum Gain which would be realized by that Member in the event of a foreclosure of the Company's assets. Any Net Loss which is not allocated in accordance with the foregoing provision shall be allocated to other Members who are unaffected by that provision. When subsequent allocations of profit and loss are calculated, the losses reallocated pursuant to this provision shall be taken into account such that the net amount of the allocation shall be as close as possible to that which would have been allocated to each Member if the reallocation pursuant to this section had not taken place.

6.4 Regulatory Allocations. Notwithstanding the provisions of Section 6.3, the following applies:

(a) Should there be a net decrease in Company Minimum Gain in any taxable year, the Board of Managers shall specially allocate to each Member items of income and gain for that year (and, if necessary, for subsequent years) as required by the Regulations governing "minimum gain charge back" requirements, section 1.704-2(f) (26 C.F.R. § 1.704-2(f)) prior to making any other allocations.

(b) Should there be a net decrease in Company Minimum Gain based on a Member Non-recourse Debt in any taxable year, the Board of Managers shall first determine the

extent of each Member's share of the Company Minimum Gain attributable to Member Nonrecourse Debt in accordance with Regulations section 1.704-2(i)(5) (26 C.F.R. § 1.704-2(i)(5)). The Board of Managers shall then specially allocate items of income and gain for that year (and, if necessary, for subsequent years) in accordance with Regulations section 1.704-2(i)(4) (26 C.F.R. § 1.704-2(i)(4)) to each Member who has a share of the Company Non-recourse Debt Minimum Gain.

(c) The Board of Managers shall allocate non-recourse deductions for any taxable year to each Member in proportion to his or her Membership Interest.

(d) The Board of Managers shall allocate Member Non-recourse Deductions for any taxable year to the Member who bears the risk of loss with respect to the non-recourse debt to which the Member Non-recourse Deduction is attributable, as provided in Regulations section 1.704-2(i) (26 C.F.R. § 1.704-2(i)).

(e) If a Member unexpectedly receives any allocation of loss or deduction, or item thereof, or distributions which result in the Member's having a Negative Capital Account balance at the end of the taxable year greater than the Member's share of Company Minimum Gain, the Company shall specially allocate items of income and gain to that Member in a manner designed to eliminate the excess Negative Capital Account balance as rapidly as possible. Any allocations made in accordance with this provision shall be taken into consideration in determining subsequent allocations under this Article VI, so that, to the extent possible, the total amount allocated in this and subsequent allocations equals that which would have been allocated had there been no unexpected adjustments, allocations, and distributions and no allocation pursuant to this Section 6.4(e).

(f) In accordance with section 704(c) of the Code (26 U.S.C.A. § 704(c)) and the Regulations promulgated pursuant thereto, and notwithstanding any other provision in this Article, income, gain, loss, and deductions with respect to any property contributed to the Company shall, solely for tax purposes, be allocated among Members taking into account any variation between the adjusted basis of the property to the Company for federal income tax purposes and its fair market value on the date of contribution. Allocations pursuant to this subsection are made solely for federal, state, and local taxes and shall not be taken into consideration in determining a Member's Capital Account or share of Net Profits or Net Losses or any other items subject to Distribution under this Agreement.

6.5 Distributions. The Board of Managers may elect to make a Distribution of assets at any time that would not be prohibited under the Act or under this Agreement. Such a Distribution shall be made in proportion to the unreturned Capital Contributions of each Member until all contributions have been paid, and thereafter in proportion to each Member's Membership Interest in the Company. All such Distributions shall be made to those Persons who, according to the books and records of the Company, were the holders of record of Membership Interests on the date of the distribution. Subject to this Article VI, neither the Company nor the Board of Managers shall be liable for the making of any Distributions in accordance with the provisions of this Section.

6.6 Limitations on Distributions.

(a) The Board of Managers shall not make any Distribution if, after giving effect to the Distribution:

(i) The Company would not be able to pay its debts as they become due in the usual course of business; or

(ii) The Company's total assets would be less than the sum of its total liabilities plus, unless this Agreement provides otherwise, the amount that would be needed, if the Company were to be dissolved at the time of Distribution, to satisfy the preferential rights of other Members upon dissolution that are superior to the rights of the Member receiving the Distribution.

(b) The Board of Managers may base a determination that a Distribution is not prohibited under this section on any of the following:

(i) Financial statements prepared on the basis of accounting practices and principles that are reasonable under the circumstances;

(ii) A fair valuation; or

(iii) Any other method that is reasonable under the circumstances.

(c) Except as provided in the Act, the effect of a distribution under this section is measured as of the date the Distribution is authorized if the payment occurs within 120 days after the date of authorization, or the date payment is made if it occurs more than 120 days after the date of authorization.

6.7 Return of Distributions. Members shall return to the Company any distributions received which are in violation of this Agreement or the Act. Such distributions shall be returned to the account or accounts of the Company from which they were taken in order to make the distribution. If a distribution is made in compliance with the Act and this Agreement, a Member is under no obligation to return it to the Company or to pay the amount of the distribution for the account of the Company or to any creditor of the Company.

6.8 Distributions In Kind. A Member has no right to demand and receive any distribution from the Company in any form other than cash, unless as otherwise described in Exhibit B.

6.9 Members Bound by These Provisions. The Members understand and acknowledge the tax ramifications of the provisions of this Article of the Agreement and agree to be bound by these provisions in reporting items of income and loss relating to the Company on their federal and state income tax returns.

ARTICLE VII TRANSFERS AND TERMINATIONS OF MEMBERSHIP INTERESTS

7.1 Transfer of Membership Interest. In the case of a transfer of a Membership Interest during any fiscal year of the Company (herein, a "Transfer"), the Departing or

Assigning Member and Transferee or Assignee shall each be allocated Profits or Losses based on the number of days each held the Membership Interest during that fiscal year. If the Departing or Assigning Member and Transferee or Assignee agree to a different proration and advise the Board of Managers of the agreed proration before the date of the Transfer, Profits or Losses during that fiscal year shall be allocated to the holder of the Membership Interest on the day such Transfer occurred. If an Assignee makes a subsequent Assignment, said Assignee shall be considered an "Assigning Member" with respect to the subsequent Assignee for purposes of the aforesaid allocations.

7.2 Restriction on Transferability of Membership Interests. A Member may not transfer, assign, encumber, or convey all or any part of his or her Membership Interest in the Company, except as provided herein. In entering into this Agreement, each of the Members acknowledges the reasonableness of this restriction, which is intended to further the purposes of the Company and the relationships between the Members.

7.3 Permitted Transfers. In order to be permitted, a Transfer or assignment of all or any part of a Membership Interest must have the approval of a Majority Interest of the Board of Managers. This Section 7.3 shall not apply to Membership Interests devised, or distributed intestate, at the time of, and subsequent to, the death of the Member. In addition, the following conditions must be met:

- (a) The Assignee must provide a written agreement, satisfactory to the Board of Managers, to be bound by all of the provisions of this Agreement;
- (b) The Assignee must provide the Company with his or her taxpayer identification number and initial tax basis in the transferred interest, or in the case of an entity, it's corresponding EIN;
- (c) The Assignee must pay the reasonable expenses incurred in connection with his or her admission as a Member;
- (d) The Transfer must be in compliance with all federal and state securities laws;
- (e) The Transfer must be in compliance with the Colorado Retail and Medical Marijuana Code;
- (f) The Transfer must not result in the termination of the Company pursuant to Code section 708 (26 U.S.C.A. § 708);
- (g) The Transfer must not render the Company subject to the Investment Company Act of 1940, as amended (15 U.S.C.A. §§ 80a-1); and
- (h) The Assigning Member must comply with the provisions of Article VII of this Agreement.

7.4 The Company and each of its Members recognize the Marijuana Enforcement Division (MED) as having power of authority as provided in 12-43.3-202, C.R.S. (2011) and 12-43.4-202, C.R.S. If the MED deems necessary the resignation of a

Member in order for the Company to continue to legally do business, the Company, for the sake of survival of the Company, has the right to override such Members' rights, and to involuntarily resign or expel that Member, whereupon such Member shall be deemed and treated as a Departing Member under this Article VII.

Member's Right of First Refusal and Company's Right to Purchase Transferor's Interest. The Remaining Members shall have a right of first refusal superior to the Company's right to purchase all or a portion of a Departing Member's Membership Interest in accordance with Section 7.7 and at a value determined in accordance with this Section 7.4. To the extent the Remaining Members elect not to purchase a Departing Member's Membership Interest or any portion thereof in accordance with Section 7.7, any Member who wishes to Transfer all or any part of his or her interest in the Company shall immediately provide the Company with written notice of his or her intention. The notice shall fully describe the nature of the interest to be transferred. Thereafter, the Company, or its nominee, shall have the option to purchase the Departing Member's Membership Interest as a Reserve Interest at a price equal to the amount that the Departing Member would receive if the Company were liquidated as of the date of the proposed Transfer and an amount equal to the book value (based on the Company's most recent audited financial statements) or agreed value or appraised value of the Company, as the case may be, as available for distribution to the Members, in accordance with this Agreement. The Members stipulate and agree to the following mechanism for purposes of determining the value of an Assigning or Departing Member's Membership Interest, in the event of any disagreement as to the value of the offered or purchased interest: first, the parties may agree as to the book value of the Departing or Assigning Member's Membership Interest; second, the Departing or Assigning Member and the Company may agree as to an appraised or stipulated value for the Departing or Assigning Member's Membership Interest; and third, each party shall be entitled to obtain an appraisal of their respective Membership Interest, and the two respective appraisers shall be obligated to stipulate to the designation of an independent third party appraiser, or umpire, whose decision as to the value of the Membership Interest shall be binding upon the Company and its Members. The restrictions and procedures of the Colorado Retail and Medical Marijuana Codes are conditions precedent to the closing of any purchase of Membership Interests. Whenever a Membership Interest must be transferred due to the Departing Member becoming a person as defined in C.R.S. §12-43.3-307 and/or C.R.S. §12-43.4-306 and such Membership Interest is purchased by the Remaining Members or the Company, the value of such Membership Interest as determined in this Section 7.4, shall be reduced by fifteen percent (15%).

The option provided to the Company shall be irrevocable and shall remain open for thirty (30) days from the date that notice is given, except that if notice of intent to transfer is given by regular mail, the option shall remain open for thirty-five (35) days from the date that notice is given to the Company. At any time while the option remains open, the Company (or its nominee) may elect to exercise the option and purchase the Departing or Assigning Member's Membership Interest in the Company. The Departing or Assigning Member shall be entitled to vote on the question of whether the Company should exercise its option. If the Company chooses to exercise its option to purchase the Departing or Assigning Member's Membership Interest, it shall provide written notice to the Departing or Assigning Member within the option period. The notice shall specify a closing date for the purchase, which shall

occur within thirty (30) days of the expiration of the option period. On the closing date, the Departing or Assigning Member shall be paid in cash the purchase price and shall deliver an instrument of title, free of any encumbrances and containing warranties of title, conveying his or her Membership Interest in the Company; however, the Company shall have the option of making monthly installment payments to purchase the Membership Interest over a period of up to thirty six (36) months. If payment terms cannot be reached between the Company and the Departing or Assigning Member, then the Members shall agree to sell the Company at the highest value practicable and under terms agreeable to the Members. Any Transfer not in compliance with the provisions of Article VII shall be null and void and have no force or effect.

The value of any Membership Interest determined under this Section 7.4, whether applied to a Departing Member's Membership Interest under this Section 7.4, a Membership Interest involving a Dissolution Event under Section 7.5, or a Withdrawal from Membership under Section 7.6, shall be reduced by fifty percent (50%) if the purchase of such Membership Interest occurs within three (3) years of the Effective Date of this Agreement.

7.5 Occurrence of Dissolution Event. Upon the death, withdrawal, resignation, bankruptcy or retirement of a Member (a Dissolution Event), the Company shall be dissolved, unless the Remaining Members elect by a vote of a Majority Interest of the Members within ninety (90) days thereafter to continue the operation of the business. In the event that the Remaining Members, or any one or less than all of them, so agree, the Company and the Remaining Members shall have the right to purchase the Membership Interest of the Member whose actions caused the occurrence of the Dissolution Event. The Membership Interest shall be sold in the manner described in Section 7.7.

7.6 Withdrawal from Membership. Notwithstanding Section 7.5, in the event that a Member withdraws in accordance with Section 5.3, and such withdrawal does not result in the dissolution of the Company, the Company and the Remaining Members shall have the right to purchase the Membership Interest of the withdrawing Member in the manner described in Sections 7.4 and 7.7. Subject to Section 11.16, the dissolution of marriage of any Member which results in a requirement of a Transfer of such Member's Membership Interest shall be deemed a withdrawal from Membership that gives rise to a right of the Company and its Remaining Members to purchase such Membership Interest, in accordance with Section 7.7. In the event a dissolution of marriage entitles any Member's spouse a Membership Interest in the Company, and such spouse is ever deemed a Member within the Company, for or by any reason, said spouse's Membership Interest shall not contain any voting rights, as contemplated herein and that exist for the Members as defined in Section 1 and identified on the attached Exhibit A.

7.7 Purchase of Interest of Departing Member. Subject to subsection 7.3(e) herein, the purchase price of a Departing Member's Membership Interest shall be determined in accordance with the procedure provided in Section 7.4. The restrictions and procedures of the Colorado Retail and Medical Marijuana Codes are conditions precedent to the closing of any purchase of Membership Interests.

Once a value has been determined, each Remaining Member shall be entitled to purchase that portion of the Departing Member's Membership Interest that corresponds to his or her percentage of the Membership Interests of those Members electing to purchase a portion of the Departing Member's Membership Interest in the Company. Each Remaining Member desiring to purchase a share of the Departing Member's Membership Interest shall have thirty (30) days to provide written notice to the Company of his or her intention to do so. The failure to provide notice shall be deemed a rejection of the opportunity to purchase the Departing Member's Membership Interest. If any Member elects not to purchase all of the Departing Member's Membership Interest to which he or she is entitled, the other Members may purchase that portion of the Departing Member's Membership Interest. Any Membership Interest that is not purchased by the Remaining Members shall be purchased by the Company.

The Board of Managers shall assign a closing date within sixty (60) days after the Members' election to purchase is completed. At that time, the Departing Member shall deliver to the Board of Managers and the Remaining Members an instrument of title, free of any encumbrances and containing warranties of title, duly conveying his or her Membership Interest in the Company and, in return, he or she shall be paid the purchase price for his or her Membership Interest in cash. The Departing Member, the Board of Managers and the Remaining Members shall perform all acts reasonably necessary to consummate the transaction in accordance with this Agreement.

In the event a Member's death causes a Member to become a Departing Member, then the Membership Interest of the Departing Member shall be purchased in accordance with Section 7.7 hereof and the proceeds of such purchase shall be transferred to the deceased Member's estate, and or designated beneficiary of said estate, as may be ordered by the probate court having jurisdiction over the deceased Member's estate. In no event shall the deceased Member's Membership Interest be transferred to any person or entity that would violate Colorado's Medical Marijuana Code. In the event a Member's death entitles person or entity to a Membership Interest in the Company, and such person or entity is ever deemed a Member within the Company, for or by any reason, said person's or entity's Membership Interest shall not contain any voting rights, as contemplated herein and that exist for the Members as defined in Section 1 and identified on the attached Exhibit A.

7.8 No Release of Liability. Any Member or Departing Member whose Membership Interest in the Company is sold or maintained pursuant to Article VII is not relieved thereby of any liability he or she may owe the Company.

ARTICLE VIII BOOKS, RECORDS, AND REPORTING

8.1 Books and Records. The Board of Managers or its designee shall maintain at the Company's principal place of business the following books and records:

(a) A current list of the full name and last known business or residence address of each Member and Manager set forth in alphabetical order, together with the Capital Contribution, Capital Account, Membership Interest, and Voting Rights of each Member;

(b) A copy of the Articles and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto were executed;

(c) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the three (3) most recent taxable years, as applicable;

(d) A copy of this Agreement and any amendments hereto, together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments hereto were executed;

(e) Copies of the Company's financial statements, if any, for the three (3) most recent fiscal years, as applicable;

(f) The books and records of the Company as they relate to its internal affairs for at least the current and past three (3) fiscal years;

(g) True and correct copies of all relevant documents and records indicating the amount, cost and value of all of the property and assets of the Company;

(h) All records required to be maintained by State and Federal securities laws;

(i) All records required to be maintained by the Fair Labor Standards Act and the Colorado Department of Revenue;

(j) All records required to be maintained by the Colorado Department of Labor;

(k) All records required to be maintained by local licensing authorities;

(l) All records required to be maintained by the Internal Revenue Code;

(m) All records required to be maintained by the applicable provisions of the Electronic Signatures in Global and National Commerce Act and/or the Colorado Uniform Electronic Transactions Act;

(n) All instruments indorsed to the Company; and

(o) Any document that the Company acquires as a holder in due course, pursuant to the Colorado Uniform Commercial Code.

8.2 Accounting Methods. The books and records of the Company shall be maintained in accordance with the accounting methods utilized for federal income tax purposes.

8.3 Reports. The Board of Managers shall cause to be prepared and filed in a timely manner all reports and documents required by any governmental agency. The Board of Managers shall cause to be prepared at least annually all information concerning the



Company's operations that is required by the Members for the preparation of their federal and state tax returns. The Board of Managers shall send to each Member within one hundred eighty (180) days of the conclusion of the taxable year:

(a) All information concerning the Company's operations necessary to the preparation of the Member's individual federal and state income tax or information returns;

(b) A copy of the Company's federal, state, and local income tax or information returns for the taxable year, if the Company has thirty-five (35) or fewer Members; and

(c) An annual report containing a balance sheet as of the end of the fiscal year as well as an income statement and statement of changes in financial position, accompanied by the report thereon, if any, of the independent accountant engaged by the Company, or, if there is no report, a signed certificate from the Board of Managers that the financial statements were prepared from the un-audited books and records of the Company, if the Company has more than thirty-five (35) Members.

8.4 Inspection Rights. For purposes reasonably related to their interests in the Company, all Members may inspect and copy the books and records of the Company during normal business hours, upon reasonable written request. Such written request must set forth the reason for the inspection. The Board of Managers shall provide Members with copies of all Company records and documents to which Members are entitled under the Act.

8.5 Bank Accounts. The Board of Managers shall maintain all of the funds of the Company in a bank account or accounts in the name of the Company or a registered trade name or registered "D/B/A" of the Company, at a depository institution or institutions to be determined by the Board of Managers. The Board of Managers shall not permit the funds of the Company to be commingled in any manner with the funds or accounts of any other Person. The Board of Managers shall have the powers enumerated in this Agreement with respect to endorsing, signing, and negotiating checks, drafts, or other evidence of indebtedness to the Company or obligating the Company to pay money to a third party.

8.6 Tax Matters Member (Tax Matters Partner). The Company designates Kevin Daly as Tax Matters Member ("Tax Matters Partner"), as defined in Code section 6231(a)(7) [26 U.S.C.A. § 6231(a)(7)] to represent the Company, at the Company's expense, in all examinations of the Company's affairs by taxing authorities and to expend Company monies to obtain necessary professional services in connection with such examinations, until such time as their successor is appointed. The Board of Managers may appoint a different Tax Matters Partner from time to time.

ARTICLE IX DISSOLUTION, LIQUIDATION, AND WINDING UP

9.1 Conditions Under Which Dissolution Shall Occur. The Company shall dissolve and its affairs shall be wound up upon the happening of the first to occur of the following:

(a) At the time specified in the Articles;

- (b) Upon the happening of a Dissolution Event, and the failure of the Remaining Members to elect to continue, in accordance with Article VII of this Agreement;
- (c) Upon the vote of all of the Members to dissolve;
- (d) Upon the entry of a decree of judicial dissolution pursuant to the Act;
- (e) Upon the happening of any event specified in the Articles as causing or requiring dissolution; or
- (f) Upon the sale of all or substantially all of the Company's assets.

9.2 Winding Up and Dissolution. If the Company is dissolved, the Board of Managers shall wind up its affairs in accordance with C.R.S. §§ 7-80-801 to 813, including the selling of all of the Company's assets and the provision of written notification to all of the Company's creditors of the commencement of dissolution proceedings.

9.3 Order of Payment. After determining that all known debts and liabilities of the Company in the process of winding up have been paid or provided for, including, without limitation, debts and liabilities to Members or Managers who are creditors of the Company, the Board of Managers shall distribute the remaining assets among the Members in accordance with their Positive Capital Account balances, after taking into consideration the profit and loss allocations made pursuant to Section 6.4. Members shall not be required to restore Negative Capital Account Balances.

9.4 Members' Receipt of Payment. Except as otherwise provided in this Agreement or by the Act, the Members are entitled to payment of their Capital Account balances only from the Company and are not entitled to recover their Positive Capital Account balance or share of Net Profits from any individual Member or Manager, except as otherwise provided in this Agreement.

9.5 Certificates to Be Filed. Upon the dissolution of the Company, the Board of Managers shall file such documents as are necessary with the State and Federal government in order to complete the dissolution of the Company.

ARTICLE X INDEMNIFICATION

10.1 Indemnification of Agents. The Company shall indemnify any Member, Manager or officer and may indemnify any Person to the fullest extent permitted by law on the date such indemnification is requested for any judgments, settlements, penalties, fines, or expenses of any kind incurred as a result of that Person's performance in the capacity of Member, Manager, officer, employee, or agent of the Company, as long as the Member, Manager, or Person did not behave in violation of other applicable provisions of this Agreement.

ARTICLE XI MISCELLANEOUS PROVISIONS

11.1 Assurances. Each Member shall execute all documents and certificates and perform all acts deemed appropriate by the Board of Managers and the Company or required by this Agreement or the Act in connection with the formation and operation of the Company and the acquisition, holding, or operation of any property by the Company.

11.2 Complete Agreement. This Agreement, the Articles, and other related SEC exempt investor documents constitute the complete and exclusive statement of the agreement among the Members with respect to the matters discussed herein and therein and they supersede all prior written or oral statements among the Members, including any prior statement, warranty, or representation.

11.3 Section Headings. The section headings which appear throughout this Agreement are provided for convenience of reference only and are not intended to define or limit the scope of this Agreement or the intent or subject matter of its provisions.

11.4 Binding Effect. This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, and each person entering into this Agreement acknowledges that this Agreement constitutes the sole and complete representation made to him or her regarding the Company, its purpose and business, and that no oral or written representations or warranties of any kind or nature have been made regarding the proposed investments, nor any promises, guarantees, or representations regarding income or profit to be derived from any future investment.

11.5 Interpretation. All pronouns and common nouns shall be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the context may require. In the event that any claim is made by any Member relating to the drafting and interpretation of this Agreement, no presumption, inference, or burden of proof or persuasion shall be created or implied solely by virtue of the fact that this Agreement was drafted by or at the behest of a particular Member or his or her counsel.

11.6 Company Counsel. Company counsel may also be counsel to any Member, Manager, or Affiliate of a Member or Manager. Signed conflict waivers shall be executed by the Board of Managers on behalf of the Members, as well as any other written waivers or consents to such representation as may be required by the Colorado Rules of Professional Conduct or the rules governing professional conduct in other jurisdictions.

11.7 Applicable Law. Each Member agrees that all disputes arising under or in connection with this Agreement and any transactions contemplated by this Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Colorado.

11.8 Jurisdiction and Venue. Each Member agrees to submit to the exclusive jurisdiction of the federal and state courts of the State of Colorado in any action arising out of a dispute under or in connection with this Agreement or any transaction contemplated by this Agreement. Each Member further agrees that personal jurisdiction may be exercised upon him or her by service of process by registered or certified mail addressed as provided in Exhibit A attached hereto, and that when service is so made, it shall be as if personal service was rendered within the State of Colorado.

11.9 Specific Performance. The Members acknowledge and agree that irreparable injury shall result from a breach of this Agreement and that money damages will not adequately compensate the injured party. Accordingly, in the event of a breach or a threatened breach of this Agreement, any party who may be injured shall be entitled, in addition to any other remedy which may be available, to injunctive relief to prevent or to correct the breach.

11.10 Mediation/Arbitration.

(a) Except as otherwise provided in this Agreement, any dispute arising out of this Agreement shall first be submitted to mediation. The third-party mediator shall be selected and agreed upon by the disputing parties within ten (10) days of the noticed dispute, and if one cannot be determined, then the mediator shall be selected by the Registered Agent for the Company within five (5) days thereafter. The mediation shall be scheduled to take place in Denver, Colorado, and all of the fees and costs of the mediation shall be shared equally by the disputing parties. In the event mediation is unsuccessful, the dispute shall be submitted to arbitration for resolution consistent with Sections 4.14 and 5.14 of this Agreement. The arbitration shall be scheduled to take place in Denver, Colorado, within thirty (30) days from the date the arbitrator is selected, and all of the fees and costs of the arbitration shall be shared equally by the parties. Attorney fees may be awarded to the prevailing party at the discretion of the arbitrator, but the arbitrator shall have no power to alter or amend this Agreement or to award any relief inconsistent with the provisions herein or unavailable in a court of law.

(b) EACH MEMBER UNDERSTANDS THAT THIS AGREEMENT TO MEDIATE AND ARBITRATE ALL DISPUTES MEANS THE MEMBER IS AGREEING TO WAIVE TO THE MAXIMUM EXTENT PERMITTED BY LAW ANY RIGHT THE MEMBER MAY HAVE TO ASK FOR PUNITIVE DAMAGES OR A JURY OR COURT TRIAL IN ANY DISPUTE WITH THE COMPANY OR OTHER MEMBERS.

(c) **Attorneys' Fees and Costs.** Subject to the other provisions of this Agreement, the Company's own attorneys' fees and costs in any mediation, arbitration or litigation under this section shall be funded as an Additional Capital Contribution. In addition to any relief, order or award that enters, as determined by an arbitrator or court, each Member found to be a losing party in any arbitration or litigation between or among the Company and any of the Members will be required to pay the reasonable attorneys' fees, expert witness fees, and costs of each Member determined prevailing party, and all such losing Members, jointly and severally, will also pay the arbitrator's or court's fees and expenses in any arbitration or litigation. The Company shall have no liability for any Member's attorneys' fees and costs under this Agreement. If the Company is determined to be a prevailing party, each Member determined to be a losing party shall pay the Company's attorneys' fee and costs award, and no Member's Membership Interest will be increased or decreased based on any losing Member's payment of an attorneys' fee and costs award for the Company under this Agreement.

(d) Continuing Rights and Obligations. The Members' and the Company's rights and obligations under this section will survive any Member's dissociation or the dissolution of the Company.

11.11 Remedies Cumulative. The remedies described in this Agreement are cumulative and shall not eliminate any other remedy to which a Person may be lawfully entitled.

11.12 Notices. Any notice or other writing to be served upon the Company or any Member thereof in connection with this Agreement shall be in writing and shall be deemed completed when e-mailed, faxed, or otherwise delivered to the address specified in Exhibit A, if to a Member, and to the Registered Agent, if to the Company. Any Member shall have the right to change the address at which notices shall be served upon ten (10) days' written notice to the Company and the other Members.

11.13 Amendments. Any amendments, modifications, or alterations to this Agreement or the Articles must be in writing and signed by all Members.

11.14 Severability. Each provision of this Agreement is severable from the other provisions. If, for any reason, any provision of this Agreement is declared invalid or contrary to existing law, the inoperability of that provision shall have no effect on the remaining provisions of the Agreement that continue in full force and effect.

11.15 Counterparts and Facsimile Signatures. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

11.16 Spousal Consent. The Board of Managers may require a married Member to have his or her spouse execute a consent to this Agreement, and that such execution shall be for the sole purpose of acknowledging such spouse's consent and approval of this Agreement, as aforesaid, and nothing contained in this Section 11.16 shall be deemed to have constituted any such spouse a Member of the Company.

11.17 Wills. Each Member agrees to insert in his/her will or to execute a codicil thereto directing and authorizing his/her personal representative(s) to fulfill and comply with the provisions hereof and to sell and Transfer or maintain his/her percentage of Membership Interest and membership rights in accordance herewith.

11.18 Insurance. The Company shall have the right to make application for, take out, and maintain in effect such policies of life insurance on the lives of any or all of the Managers and Members, whenever and in such amounts as the Board of Managers shall determine. Each Member shall exert his or her best efforts and fully assist and cooperate with the Company in obtaining any such policies of life insurance. Such insurance is contemplated to be purchased under a separate buy-sell agreement that may otherwise amend and supersede the Transfer and buy-out provisions of a Member upon his or her death.

11.19 Confidentiality. The details of this Agreement and, specifically, the identification of Members, terms of Capital Contributions, Distributions of Profits, methods and practices

Two handwritten signatures in black ink, one appearing to be a stylized 'S' and the other a more complex cursive signature.

of the Company, and trade secrets shall be deemed to be confidential, shall not be discussed with anyone or released to the public or professional media, **AND NEITHER THE MEMBERS NOR THE AGREEMENT, OR ANY ASPECT OF THE COMPANY WITH ANY REPRESENTATIVE OF THE MEDIA OR ANY OTHER PERSON**, without the approval of the Board of Managers. The Company may disclose any or all portions of this Agreement a regulatory authority or court to whom disclosure is required by law, regulation or valid order or subpoena.

11.20 Waiver of Action for Partition. Each Member irrevocably waives any right that it may have to maintain any action for partition with respect to the property of the Company; provided, however, that this provision shall not apply to any asset that is distributed in kind to any Member, if so arising, and subject to the provisions contained herein and as described in Exhibit B attached hereto.

11.21 Investment Representations. Each Member represents and warrants to the Company that:

(a) It is acquiring its Membership Interest for investment purposes only and does not intend to resell or subdivide such interest.

(b) It acknowledges that the Membership Interests are being offered and sold under exemptions from registration under the Securities Act and exemptions from qualification under the securities laws of the State of Colorado, for transactions not involving any public offering, and that in connection with the perfection of such exemptions, the Company is relying on the representations and warranties of each Member included herein, as well as the representations and warranties of each Member in any separate SEC exempt investor documents to be provided by the Company, including but not limited to the following:

(i) It has the financial ability to bear the economic risk of its investment in the Company (including its possible loss), has adequate means of providing for its current needs and personal contingencies, and has no need for liquidity with respect to its investment in the Company; and

(ii) It has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Company and has obtained, in its judgment, sufficient information to evaluate the merits and risks of an investment in the Company.

(c) It understands that neither any Membership Interest has been registered under the Securities Act of 1933 or qualified under the securities laws of the State of Colorado, and therefore cannot be transferred, resold, pledged, hypothecated, assigned or otherwise disposed of unless it is subsequently registered or qualified under the Securities Act of 1933 and under applicable state securities laws, or an exemption from registration and/or qualification is available. It will not sell or otherwise transfer any Membership Interest without registration under the Securities Act of 1933 or under an exemption therefrom, and understands and agrees that the Company is not obligated to register or qualify any Membership Interest on its behalf or to assist it in complying with any exemption from such

registration or qualification. It further understands and agrees that sales or Transfers of any Membership Interest are further restricted by other provisions of this Agreement and Colorado law.

11.22 Other Representations and Warranties. As of the date the Member becomes a Member, each Member represents and warrants that:

(a) **Valid Obligation.** This Agreement constitutes the legal, valid and binding obligation of the Member.

(b) **No Conflict with Restrictions; No Default.** Neither the execution, delivery and performance of this Agreement, nor the consummation by the Member of the transactions contemplated hereby:

(i) shall conflict with, violate or result in a breach of any of the terms, conditions or provisions of any law, regulation, order, writ, injunction, decree, determination or award of any court, any governmental department, board, agency or instrumentality, domestic or foreign, or any arbitrator, applicable to the Member or any of its Affiliates;

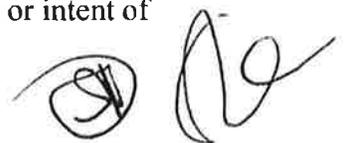
(ii) shall conflict with, violate, result in a breach of or constitute a default under any of the terms, conditions or provisions of the articles of organization, bylaws, partnership agreement or operating agreement (if any) of the Member or any of its Affiliates or of any material agreement or instrument to which the Member or any of its Affiliates is a party or by which the Member, or any of its Affiliates is or may be bound or to which any of its material properties or assets is subject;

(iii) shall conflict with, violate, result in a breach of, constitute a default under (whether with notice or lapse of time or both), accelerate or permit the acceleration of the performance required by, give to others any material interests or rights, or require any consent, authorization, or approval under any indenture, mortgage, lease agreement, or instrument to which the Member or any of its Affiliates is a party or by which the Member or any of its Affiliates is or may be bound; or

(iv) shall result in the creation or imposition of any lien upon any of the material properties or assets of the Member or any of its Affiliates.

11.23 Investment Company Act; Public Utility Holding Company Act. Neither the Member nor any of its Affiliates is, nor shall the Company as a result of the Member holding a Membership Interest be, an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940. Neither the Member nor any of its Affiliates is, nor shall the Company as a result of the Member holding a Membership Interest be, a "holding company," "an affiliate of a holding company," or a "subsidiary of a holding company," as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

11.24 Further Assurances. The Members and the Company agree that they and each of them will take whatever action or actions as are deemed by counsel to the Company to be reasonably necessary or desirable from time to time to effectuate the provisions or intent of

Handwritten initials and a signature in the bottom right corner of the page.

this Agreement, and to that end, the Members and the Company agree that they will execute, acknowledge, seal, and deliver any further instruments or documents which may be necessary to give force and effect to this Agreement or any of the provisions hereof, or to carry out the intent of this Agreement or any of the provisions hereof.

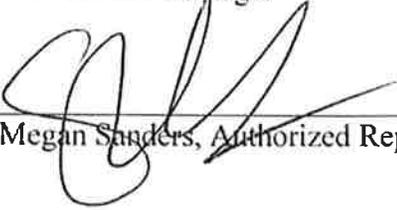
11.25 Exhibits. All Exhibits described or otherwise referred to herein and attached hereto are hereby incorporated into this Agreement by reference.

IN WITNESS WHEREOF, all of the Members of 5B1S, LLC, a Colorado limited liability company, have executed or caused to be executed this Agreement, effective as of the date set forth at the commencement of the document.

This Consent may be executed by facsimile signature.

3LP, LLC, Member and Manager

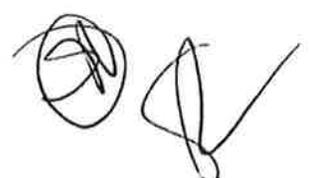
By:


By: Megan Sanders, Authorized Representative

EPMM Colorado, LLC, Member and Manager

By:


By: Scott Bergin, Authorized Representative



SOP

1859

Retail

Standard Operating

Procedures

(draft)

GENERAL OPERATING AGREEMENTS

- Arrive to work on time, every time. Being late puts the store and your co-workers at risk.
- Clock in and out for your shift and your (30 minute) lunch.
- MJ Freeway Preferences and Clocking In:
 1. Go to <https://i.gomjfreeway.com/1859/>
 2. Log in using your login and password (provided by 1859)
 3. It will prompt to choose settings, do not choose anything, and click "save settings"
 4. Click on your name in the upper right hand corner
 5. Click "clock in".
 6. You will repeat these steps to clock out at the end of your shift, click "clock out" to clock out.
- If you are working an eight (8) plus hour shift you MUST take two (2) fifteen minute breaks and 1 thirty (30) minute break for lunch by the sixth hour of your shift. You must clock out for your (30) minute lunch, we need a time stamp out and a time stamp in.
- Leave your cell phone with your personal belongings.
- Personal calls and texting on the clock are grounds for immediate dismissal.
- Maintain a clean and professional environment at all times.

- There is not to be anything on the counters besides what your patient is looking at or purchasing.
- No Handwritten Signs- EVER! If you need assistance with signage, contact Regional Sales Manager.

DRESS CODE-

All employees must adhere to the 1859 Dress Code Policy

As a valued 1859 team member you are required to present a clean professional appearance. We expect you to take pride in your appearance, cleanliness, and professional hygiene. 1859 expects that your clothing should fit correctly and look presentable, as well as be appropriate to the activities that your position requires. Please note that attire is subject to supervisor approval and all Managers have the authority to send someone home who is not dressed appropriately. Employees sent home will lose pay until they return. Continued violation of this policy may result in termination.

- Uniformed shirt or hoody provided by 1859 is to be worn daily, and must be pressed and clean.
- Hats provided by 1859 must be worn bill facing forward and not tilted to any other side.
- Key or Support badge is to be worn daily, if you do not have your badge you cannot work in the store until you have it.
- Store employees; are required to wear pants or shorts in black, grey or khaki color. Shorts must measure longer than your fingertips. All clothing must be nice looking, a solid color, and the clothing worn must not have any holes.

- **Pants must be fitted and not sagging below your waist line.**
- **Clean, polished tennis shoes, heels, or boots with appropriate colored socks, or color nylon/tights are permitted.**
- **High Heels with a four inch heel or lower are permitted.**
- **No open toe shoes are permitted.**
- **Men must be cleaned shaven or have neatly-trimmed beards, mustaches, and sideburns.**
- **Hair must be cleaned, combed and neatly trimmed with no extreme colors.**
- **Make up should be applied tastefully.**
- **Nail polish is to be professional, well done or non-existent.**
- **Jewelry must be appropriate for the work environment, and not create a hazard for the employee. Visible body piercing, other than earrings must be tasteful.**
- **Facial piercings are subject to approval by management.**
- **Tattoos or body painting which may be deemed offensive or inappropriate must be covered at all times.**
- **Hair is to be secured back while budtending**
- **Gloves must be worn while handling product**
- **All personals representing 1859- Whether or not your work out of the stores, the grow, or corporate office, you must present a professional**

standard. Being well groomed and in your required uniform attire promotes a level of integrity consistent with the 1859 culture.

OPENING PROCEDURES

- **Manager opens door @ 9:30am (30 minutes prior to opening)**
- **Deactivate alarm**
- **Power up systems**
- **Check emails**
- **Open safe (MANAGER)**
- **Do morning overview of inventory**
- **Stock shelves**
- **Appropriate staffing should be managed at all times.**
- **Store should be clean.**
- **Bathrooms should be spotless.**
- **Employees arrive ready to work 15 minutes prior opening.**
- **Review monthly goal, weekly goal and daily goals.**

Directions for Retail and Medical Pre-roll/Shake Procedure we must always have 90 joints on display.

Each station has three bins: "Shake not yet transferred", "To be rolled", "Ready to be sold".

Shake not yet transferred" "

When at the bottom of a tub left with shake, or shaking out a tub, put the shake into a bag by strain and write on the bag:

1. Strain Name
2. Medical or Rec
3. Tag Number (off inventory sheet)
4. Weight of shake
5. Then put the bag in the "Shake Not Yet Transferred" A manager will transfer all the shake in MJ Freeway and MITS and then move this shake to the "to be rolled" bin."

"To be rolled"

This shake is ready to be paired into sativa, hybrid, and indica, ground down, and rolled into joints. The small rolling machine needs 27 grams per run.

"Ready to be sold"

This bin has rolled joints ready to be stocked on the shelf.

MIDDAY PROCEDURES

Discontinuing patients in MITS:

In order to maintain our high standards for compliance, please see the following instructions on discontinuing expired patients in MITS this must be completed daily:

1. Log in to MITS
2. Go to Admin

3. Go to Patients
4. Sort by date
5. Click the "discontinue" button for the current date
6. Add the discontinued number of patients to the daily sales log
7. Store Manager or Assistant Manager must send a midday sales report.

Mid Day Report

Same Procedure for Medical and Retail

1. Sign in to MJ Freeway
2. Click on the Reports Tab
3. Click on the sales option
4. All the information you need is on this screen under "Sales Data Today"
5. Email Report in the following format: You must email it to sales@est1859.com as the distribution list for your Sales Reports every day.

Subject: Store name example: 1859 Mid-Day Report- MEDICAL (RETAIL)

Body: (in bold)

1859- MEDICAL (RETAIL)

Mid Day Report DATE

Total Sales: \$

Average Order: \$

Number of Orders: \$

CLOSING PROCEDURES

- **CLOSING TASKS DO NOT START UNTIL 7PM and should take approximately 30 minutes**
- **Only 3 people are needed for closing so managers need to schedule accordingly**

- Lock Doors (MANAGER/BUDTENDER)
- Inventory Reconcile (MANAGER)
- Reface all products in store (BUDTENDER)
- Clean top to bottom. Windex all display cases and wipe down all surfaces. (BUDTENDER)
- Wipe down restrooms and break areas. (BUDTENDER)
- Vacuum, Sweep floors & mop floors. (BUDTENDER)
- Count down drawers to EXACTLY \$200 (BUDTENDER)
 - __ twenties
 - __ tens
 - __ fives
 - __ ones
 - __ quarters
 - __ dimes
 - __ nickels
 - __ pennies
- Close registers and complete nightly deposit (MANAGER)
- Put away inventory and counted down tills in safe (MANAGER)
- Leave register drawer empty and open
- Finish filing away any new patient/customer paperwork (FRONT DESK)
- Confirm that all product, tills and cash are in safe. LOCK SAFE! (MANAGER)

- Submit closing reports (MANAGER)
- Notify Inventory Manager and Regional Sales Manager of any products that need to be replenished. When you are running low on product please email (TBD) to place your order, and if you do not get a response please call (TBD).
- Use the Inventory Alert Levels to manage your inventory.
- STORE MANAGERS are responsible for managing inventory on a daily basis.

Report Sales in MITS

These instructions are for both medical and retail sales reporting. Just make sure you have selected the correct store before you start reporting sales.

MJ FREEWAY

1. Sign into MJ Freeway
2. Go to Reports
3. Go to MITS EXPORT
4. Select the Date of sales and click "update MITS export"
5. Print the page or put it on the dual screen, whatever you find to be easier.
6. Add up net sales for the sales date to get the total sales amount (exclude any accessories)

MIT

1. Go to the website- <https://co.mymits.com/log-in?ReturnUrl=%2f>
2. Log In with your username (badge #) and password
3. Select the correct store in the upper right hand corner.
1859 402-XXXXX (Medical)
4. Select "Sales" from the top menu bar
5. Click "Record Sales Transactions"
6. Select the date of sales

7. Click the plus sign next to (package)
8. For Package #1, select the first package number on your MJ Freeway MITS report. Type in the quantity and total price.
9. Click the plus sign next to (package) to add your next package
10. After all packages are entered, hit "Record sales transactions" It is okay to save the sales transactions before you are actually done. You can go back and edit, add, and delete sales.
11. If the numbers match, and all sales are reported for the day, file the paper away in the correct drawer in the filing cabinet under "MITS reporting"
If there are any problems, or unreported sales, leave the paper out so we can fix it there.

NOTES:

Joints: To get the number of grams to report in MITS, divide the MJ Freeway quantity by .5 and enter that number in to the MITS package

If you can't find the package, or if there is not enough weight in the package, write the name of the item on the MJ Freeway sheet, and highlight the line item. Do not let packages go into the negative.

Store Location Write Name

Example- 1859 :Closing 5/15/2014

Total Sales_____ \$11,807.82

Average Order_____ \$110.35

Number of Visits_____ 101

Joints sold_0

Edibles sold_70

Wax sold_142

Total Flower grams sold_ 1662g

New patients-3 (3-weedmaps)

Hit sales goal

Change of Caregiver=COC_1

Lola Powers-1

On shift

Lola Powers- Lead Front desk

Jerry Rain- Budtender

Kerri Light- Lead Budtender

Cameron King- Manager

- Turn off lights and systems (MANAGER/BUDTENDER)
- Set alarm (MANAGER)
- Exit building and secure all doors (MANAGER)
- Team is to leave together for safety

FRONT DESK PROCEDURES

- Personnel must adhere to our dress code.
- Front Desk **MUST** Be Attended At All Times!
- Checking In Retail Customers
- Greet the customer: Greet ALL patient/customers with a Smile and Welcome them by saying "Hi welcome to 1859, I am (Your Name)"
- Identify if the customer is recreational shopping or medical shopping.

- The way to identify is to ask the customer: "Are you shopping medical or recreational today?" If you are only a Medical Marijuana facility only please skip to the **Check in you are a Medical Patient Section.**
- Check in you are a Recreational Customer!
- Say to the customer "All I need is a valid photo ID"
- Check the ID- The customer must provide the necessary documents for purchasing medical or recreation marijuana – We can accept a government issued picture identification card. It must have a picture, and a birthdate, and an expiration date. (We can accept a passport, a driver's license, a Identification card, a foreign identification card, a green card, a tribal identification card, a military identification card, or a passport card.)An example of a card we cannot take(A disabled veteran card, a school ID, a photo identification card without a birthday of any kind is not acceptable.)
- Birthday on ID: Must be 21 years or older: If they are under 21 we cannot server them. Tell the customer "Sorry we can only serve customers recreationally 21 and over, please come back to see us when you are 21. We would love to serve you when we are legally allowed to serve you!"
- Expiration Date on ID: must be valid
- Does the person and photo seem to match?
- Does the ID look fake/or altered in anyway? If the ID dose look fake/or altered we do not have to serve the customer. Ask the manager on duty to look at the ID and if it looks altered or fake please get the manager on duty to look at the ID. It is better to turn a customer away then to be non-compliant and serve a customer with a fake/or altered ID. (This could cost us our company license.)

- If the ID is VALID then follow the next steps:
- Ask the customer "Is this your first time shopping with us?"
- If the answer is YES- ask "How did you hear about us?" and record on the "Customer Discovery" sheet.
- If the answer is NO- Say to the customer "Thank you for visiting us again!"
- Check the Customer In:
- In MJ Freeway, Retail (blue screen) store, select "Customers" on the top toolbar.
- Put your cursor in the "Last Name" location
- Type in "generic": The reason why we do this is because some customers do not feel comfortable giving their personal information. If the client is comfortable giving their personal information you will enter the following in MJ Freeway:
 - The customers first and last name
 - Enter if the customer is the customer in state/or out of state. That way the Budtenders can see how much they are allowed to sale of their products. Budtenders are allowed to sale one quarter of product to out of state recreational customers which included edibles, concentrates and flower combined. There are no out of state medical customers without a Colorado Medical Red Card. Instate customers can buy up to one ounce which included edibles, concentrates and flower combined.
- Select the next available number on MJ Freeway

- Example they run numerically Generic #1) (Generic #2) for the proper ID type
- (in-state or out of state) click "Check In".

- Hand the ID back to the customer and say "Please keep your ID out, the Budtender will ask to see it again. The door behind you is unlocked, please come back and take a seat", or send them straight into the bud room if there is not a line.

- The ID can not be expired and we can not take a copy of the ID.

- After checking the client in to our point of sales system please buzz the patient/customer in on your buzzer button or if you do not have a buzzer button please invite the customer to have a seat in the waiting room.

- Once a budtender is free on the point of sale system, please ask the client by first name to head into the bud room where the budtenders are to shop.

Check in you are a Medical Patient Section

- Start taking notice to who you are checking in and start to learn your patients by name.

- Collect ID and Red Card (red card for patients if they are Medical) and if you haven't said hello using their name yet, do so now. Keep ID's and Red Cards until you check the client in.

- Have patient/customer sign in on sign in sheet. (Dependent on store) If is their first visit ask, "How did you hear about us?" and ask them to fill out our "First Time Patient" paperwork.

- If the client does not have a Valid Id we cannot serve the client until they bring in their actual ID.
- Make sure the date on the Red Card is not expired
- Check Id and check that the name on The Red Card match
- Check in patient/client in MJ Freeway and review their history.
- If customer has temporary paper work they can only check in Monday through Friday 10:00 – 5:00.
- Paperwork is only valid for 35 days from the certified mail received for the customer, if it is later it is not valid we must turn the customer away until they have their red card. What you should say is “Great news, you can shop medically today if you are 21 and have a valid identification card otherwise when your Red card comes in the mail to you, you should come back and shop medically!”
- In state medical customers with Red cards and identification cards can buy up to one ounce which included edibles, concentrates and flower combined.
- A medical patient can buy up to two ounces.
- Check the "to be processed folder" for any outstanding paperwork. Complete these files.
- Check the "Notarize Me" folder and complete any paperwork that needs to be notarized (if applicable) But only a notary can check it.

Throughout the day Front Desk:

- Completely process any new patients. If you are unable to process all the new patients, put their information in the "to be processed" folder. Put all processed patients into the "to be filed" folder.
- Make Copies of any paperwork that is running low.
- Medical Intake Paperwork
- Change of Caregiver Packets

Caregiver Checklist

Eligibility:

1. The patient has at least 30 days left on their Red card
2. If they DO NOT have at least 30 days left, encourage them to renew their Red card and to designate 1859 as their primary center on the application.
3. The patient has not changed caregivers in the last 30 days
4. Call the patients current center to check eligibility before signing them over.
5. This is an important step so that we don't get our paperwork rejected.
6. Remember members are directly correlated to the medical plant count, and on-hand inventory, therefore we want to be as accurate as possible.

Proper Documentation:

- Make sure we have a clear copy of the patients Red card and ID on file on the computer and that both the ID and the REDCARD are valid.
- Make sure their file is complete. If it is incomplete for any reason, address this issue at this time as well.

Patient Paperwork while the patient is in the store:

- Have the patient fill out the top of the Change of Patient Records form and sign and date at the bottom.
- Have the patient fill in their current centers name on the center notification form, and sign and date the bottom.
- Have the patient sign notary book
- If the patient has an inflated plant count please have them fill out the inflated plant count form.
- Make sure we have a copy of the Physicians Form that confirms the plant count and ounce quantities.
- Put the patients name on the Front Desk Daily Patient Log and note that they changed caregivers.

Processing

1. Completely fill out the Change of Patient Records form, checking for mistakes or cross-outs.
2. Notarize and make a copy for the patient file.
3. Scan and save as "PaientCOCG", upload into MJ Freeway.
4. Put copy of ID and COCG form in the mail.
5. If applicable, fill out the Center Notification. Make a copy for the patient file and mail the original to the center.
6. Managers need to make a note of red card number, issue and expiration date, and the sign up date of caregiver.

- Daily Patient Logs

- Recreational Email List

- 1859 information packet list

- Customer Discovery

- Keep you work space organized and clean.

- File away any patient paperwork in the "To Be Filed" folder. After checking both members, non-members, and expired patient folders, if you cannot find the folder, put it in the "Find Folders" folder.

- Write Thank you cards, birthday cards, make required phone calls, etc (this will be covered in a later section)

- Answer phones and take messages.

- File paperwork as needed. If you are busy, then put paperwork in the "to be filed" bin for later in the day- filing patient paperwork is an ongoing task.

- We send out birthday cards daily, however old the client is turning they get that off in a % one time as a gift. Please write this onto the Birthday card and mail out. Example: a Client "John Doe" is turning 32 he would get a happy birthday card that said "Happy Birthday John Doe! We appreciate your business please bring this birthday card back to the store to receive 32% off one item that is not currently on sale."

Coupons/Patient Points

- All coupons must be accounted for and be paper clipped or stapled to nightly deposit/closeout sheet.
- All patient points must be accounted for in daily transaction report.

Point System

1. Members ONLY 5 Points for every Dollar spent
2. 500 points = \$2.50 in store credit.
3. Points CANNOT be used on BLOWOUT strains
4. Points have NO cash value

Budtenders

- All employees must adhere to our dress code
- Budtenders are responsible for their station
- When starting shift count your till to make sure there is EXACTLY \$200 in drawer
- At End of shift count down your drawer to EXACTLY \$200 and give remaining cash to Manager
- Never leave any products unattended. We have a zero tolerance policy on this procedure. Leaving meds on the counter unattended will result in immediate termination
- Must wear gloves when handling ANY meds
- Budtenders must change gloves after each transaction

- Must use deli paper on scale for each transaction or between batches when prepackaging
- If you touch anything other than product, you MUST change your gloves
- If you are a Budtender and have long hair it MUST be pulled back

Manager Responsibilities

When a manager hires a new employee:

You must interview applicants with the Regional Sales Manager

You must send an email to HR Dept. The email must say:

Hello,

1. We offered The persons name first and last one of the (Name of position) available at (Store Name) for (Insert pay \$00.00) per hour or if Salary it needs to say a salary of \$00,000.00 per year.
2. Write if they are working full time or part time.
3. Their days that they will work if it is a set schedule:
Friday, Saturday, Sunday, and Monday.
4. We offered benefits after 30 days
5. Write if they have what type of badged or if we are going to be reimbursing the employee for it and how much it was.

6. Support badges are \$75.00 and Key Badges are \$250.
7. Manager will need to compose an offer letter to send to the employee and HR later that day.
8. Email our HR Director
HR needs to run background check:

Name of employee first and last
Address: 10163 Dresden St.
Firestone, Co 80504
Social Security Number 000-71-4053
Drivers License Number 00-008-1119
Birthday 05/07/1989

9. Email our HR Dept. and ask what day Monday – Friday from 9:00A.M – 11:00A.M will work for her schedule to have the new hire go to corporate to fill out paper work.
10. If the employee needs to get badged they need to go to:

The Marijuana Enforcement Division
Located at 455 Sherman St. Denver, Co

At 8:00 A.M Monday – Friday and bring exact cash amount.

If and Employee Quits or is Fired

- Please if you are going to fire an employee you must inform the Regional Sales Director about it before you do. If the employee quits you need to then email HR and Payroll and then please call regional sales manager.

- Then need you to please complete the 1030 employee status form change and email that to HR.

Company Policies and Procedures

- It is the responsibility of the Store Manager to know our company policies and procedures in detail.
- Review employee manual, operation manual, security manual on a regular basis.
- It is the responsibility of the Store Manager to train each and every team member on our policies and procedures on a regular basis.

Team Member Management

- Store Manager is responsible for keeping track of attendance, sick days, tardiness, vacation days of all team members.
- Store Manager is responsible for reporting this information to the HR office on a daily basis.
- Store Manager is responsible for team member scheduling. Schedule needs to be sent out to Retail Manager and HR office two weeks in advance. This includes Store Manager hours and team member hours, including planned absences.
- Store Manager must post store schedule on team member information board.
- Store Manager will review sales goals with bud tenders on a weekly basis.

Store Goals

- Retail Manager and Store Manager work daily/weekly to manage the Monthly Store Goal.
- Store Manager sets Bud Tender Sales Goal each month.
 - Assess product category performance
 - Assess average ticket sale
 - Assign training as needed
- Store Manager sends Bud Tender Sales Goal report to Retail Manager on the first day of the next month.
- Highlight exceptional performance
 1. Highlight areas of improvement/focus
 2. Highlight performance that needs improvement and action steps for improvement.

Inventory control

- Store Manager is responsible for all Inventory in the store.
- It is the Store Manager's responsibility to be aware of inventory numbers at all times.
 1. It is critical that we do not run out of inventory. We cannot sell what we do not have!
 2. It is critical that we manage overstock. Product sitting on the shelf too long is dead money.
- Store Manager sets inventory levels with Retail Manager

- When Delivery arrives, it must be entered into the system IMMEDIATELY by Manager on duty. All inventory delivered to the store is entered into inventory even if it is going to another store.
- Inventory of Flower must be done at the end of EACH day.
- Work through and document any discrepancies. Notify the Retail Manager and the Inventory Manager via phone of any inventory issues. Fully document any issue and send via email to the Retail Manager and the Inventory Manager.
- Inventory adjustments can only be made by the Inventory Manager.
- Inventory on Edibles is done EVERY Monday
- Inventory on Accessories will is done EVERY Tuesdays
- Inventory on Topicals is done EVERY Wednesdays
- Inventory on Flower and Extract is done EVERY day.

Till Procedure

- Cash drops in safe must be made throughout the day. (We do not want more then \$500 in each till at any given time!)
- At the end of the day count registers down to \$200 (Make sure you have proper change for the next day)
 - __ twenties
 - __ tens
 - __ fives
 - __ ones

- __quarters
- __dimes
- __nickels
- __pennies

Reporting

- Send in midday store report between 2pm-3pm
- Send in end of day report after 7pm along with inventory reconciliation.
- Send in patient drop off for each month on the last day of the previous month.
- Send in inventory requests when quantity hits alert level. Work with the retail manager to establish appropriate alerts for each product category.
- Send individual budtender goals for each month no later than the 25th of the previous month.
- Send weekly sales to goal report in on Monday morning.
- Send in cash/balance report in daily at close of business.
- Report inventory discrepancies immediately.
- Report any law enforcement interaction immediately.
- Report any regulatory (state or local) interaction immediately.
- Report theft, disturbances, patient issues immediately.

Preroll Station Procedure

- **We should always have pre-rolls for all strains that are on display.**
- **All pre-rolls must weigh .5 Grams**
- **There is to be no pre-roll stuffing at the check-in station**
- **All employees must be stuffing pre-rolls, doing side work, writing thank you cards, birthday cards or updating social media if they are not helping a patient/customer**
- **Managers take out 5 to 10 grams at a time and give to each of your store employees for pre-rolls. (= roughly 10 pre-rolls)**
- **Once employee is completed with the 5 grams report back to manager so they can record how many pre-rolls were stuffed if you have any extra deliver that to manager when handing in pre-rolls**
- **Manager records in system**
- **Put them in the proper place in displays**

Supply Ordering

- **Supplies will be ordered by the office manager every Monday.**
- **Orders MUST be submitted to office manager via email by Monday @ 10:00 AM**

- For all orders, submit a current count of supplies on hand and how many are needed on the supply sheet we have provided
- Deliveries USUALLY take 3 to 5 days so make sure orders are put in before you are out of supplies

Discounts

- ALL Discounts MUST be APPROVED by Manager
- Managers are limited to a 10% discount for patient purchases.
 - example: If someone wants to buy 2oz of shatter and want a deal you can offer them a MAX discount of 10%.
- Discount and specials CANNOT be stacked!
- NO DISCOUNTS ON BLOWOUT SPECIALS.

Employee Purchases

- Employees receive 20% off their pricing category (flower and concentrates) (LIMIT 2 OZ / Week)
- 20% OFF for anything over 2 OZ. (Script Limit)
 - 30% OFF ACCESSORIES, EDIBLES and or TOPICALS.
 - When employee makes a purchase they must have another employee ring out the transaction.
 - Employees cannot use their discounts for anyone but themselves.
 - Employees do NOT receive 1859 Points on purchases.

- NO employee discounts on BLOWOUT specials or other SPECIALS.

POS ERRORS

- All POS errors are to be to the manager immediately
- Manager is responsible for corrections, refunds etc.

Employee Hiring Process

- Manager will discuss staffing needs with the Regional Sales Manager
- All hiring ads are placed by HR
- All potential applicants must be interview by Regional Sales Manager
- Employees must be:
 - 21+ in age
 - able pass a background check
 - able to get a badge from the MMED
- Potential candidates must have customer service experience. (ie. Dispensary, Starbucks*, Waitress/Bar Tender)
- All manager positions are hired by the Retail Manager

MANAGER/EMPLOYEE Code of Conduct

- 1859 seeks to provide the highest quality medicine, the highest quality customer service and an experience where any patient can come into our store and feel comfortable in all respects. The following code of ethics will

be enforced to make sure we are fulfilling on our commitment to our patients.

- ZERO TOLERANCE for medicating on property
- NO GOSSIP (about patients or employees)
- Gloves MUST be worn and changed after each transaction or if you touch anything but product
- Wash hands frequently and use hand sanitizer throughout the day
- No EATING in any PATIENT common areas
- No cell phones on Sales floor
- What you do on your own time is your business, however, we have zero tolerance for medicating impairing your ability to work.
- Smoking TOBACCO is only allowed in BACK OF STORE
- NEVER LEAVE meds unattended if there are any patients in the store
- If you see TRASH on the property pick it up
- There is to be absolutely no paraphernalia at work, ever. This includes, pipes or smoking paraphernalia, pre-rolls and medicine. This offense will lead to immediate termination
- Only music that is appropriate for any audience is allowed
- There is to be no talk of illegal or immoral activities with each other or our patients. If you converse with a patient or other staff member about illegal

activities you are taking a part in or know of you will be immediately terminated. If a patient is talking about breaking the law please let them know that they can't talk about that and we monitor audio as well as video. If a patient talks about selling meds or doing anything illegal with meds you are not to sell to them and give them one verbal warning. Mark this warning in their file. If it happens again they will be banned from the store

- You are to write any instances of unusual behavior, store issues, patient issue, finding medicine hidden anywhere in the store etc in the incident log and notify retail manager immediately
- Employees are to be responsible for being on time for their shift. If an employee is late over 15 minutes there will be a warning and we will follow the disciplinary policies stated below

Sick Day Procedures

- You are responsible for covering your shift. Please make every effort to reach out to your teammates if you are unable to cover your shift due to illness
- You must notify your manager if you are not coming in due to illness, regardless of whether or not you covered your shift

Disciplinary Policies

- Unless there is a serious offense, as outlined in our employee handbook, in which the management determines immediate termination is required the following protocol will be followed:
 - First Offense- Verbal warning noted in your employee file
 - Second Offense- Employee will be written up and given an action plan

- Third Offense- Termination

Security/Robbery/Burglary/Shoplifting

- Do not attempt to apprehend the suspect
- Store Manager and all team members are responsible for knowing our security procedures in detail. Review the security manual on a consistent basis
- If you suspect a patient/customer of stealing do NOT accuse or try to stop them
- If you are not serving the customer immediately report the incident to your manager
- Manager- Note the Name of customer, time of incident and log it in the incident book
- Call and give report to Regional Sales Manager
- Regional Sales Manager will call you back with instructions on how to proceed

Waste Disposal

A. All Applicable Laws Apply. Retail Marijuana and Retail Marijuana Product waste must be stored, secured, locked, and managed in accordance with all applicable federal, state, and local statutes, regulations, ordinances, or other requirements.

B. Liquid Waste. Liquid waste from Retail Marijuana Establishments shall be disposed of in compliance with the applicable Water Quality Control Division statutes and regulations.

C. Hazardous Waste. Disposal of hazardous and chemical waste must be conducted in a manner consistent with federal, state and local laws.

D. Waste Must Be Made Unusable and Unrecognizable. Retail Marijuana and Retail Marijuana Product waste must be made unusable and Unrecognizable prior to leaving the Licensed Premises.

E. Methods to Make Waste Unusable and Unrecognizable. Retail Marijuana and Retail Marijuana Product waste shall be rendered unusable and Unrecognizable through one of the following methods:

1. Grinding and incorporating the marijuana waste with non-consumable, solid wastes listed below such that the resulting mixture is at least 50 percent non-marijuana waste:

- a. Paper waste;
- b. Plastic waste;
- c. Cardboard waste;
- d. Food waste;
- e. Grease or other compostable oil waste;
- f. Bokashi or other compost activators;
- g. Other wastes approved by the Division that will render the Retail Marijuana waste unusable and Unrecognizable;
- and
- h. Soil.

F. After Waste is Made Unusable and Unrecognizable. Licensees shall not dispose of Retail Marijuana waste in an unsecured waste receptacle not in possession and control of the Licensee. After the Retail Marijuana waste is made unusable and Unrecognizable, then the rendered waste shall be:

1. Disposed of at a solid waste site and disposal facility that has a Certificate of Designation from the local governing body;
2. Deposited at a compost facility that has a Certificate of Designation from the Department of Public Health and Environment; or
3. Composted on-site at a facility owned by the generator of the

waste and operated in compliance with the Regulations Pertaining to Solid Waste Sites and Facilities (6 CCR 1007-2, Part 1) in the Department of Public Health and Environment.

G. Proper Disposal of Waste. A Licensee shall not dispose of Retail Marijuana and Retail Marijuana Product waste in an unsecured waste receptacle not in possession and control of the Licensee.

H. Inventory Tracking Requirements

1. In addition to all other tracking requirements set forth in these rules, a Licensee shall utilize MITS to ensure its waste materials are identified, weighed and tracked while on the Licensed Premises until disposed of.

2. All Retail Marijuana waste must be weighed before leaving any Retail Marijuana Establishment. A scale used to weigh Retail Marijuana waste prior to entry into the MITS system shall be certified in accordance with measurement standards established in Article 14 of Title 35, C.R.S. See Rule R309 – Retail Marijuana Establishments: Marijuana Inventory Tracking Solution (MITS).

3. A Licensee is required to maintain accurate and comprehensive records regarding waste material that accounts for, reconciles, and evidences all waste activity related to the disposal of Marijuana. See Rule R 901 – Business Records Required.

5B1S, LLC dba 1859 Security Plan

Safety and Security of our staff, patients, customers and community are our highest priority. All actions and decisions are based on maintaining a safe and secure environment. We follow all State and Local rules and regulations.

State of Colorado Security Definitions and Regulations

“Alarm Installation Company” means a Person engaged in the business of selling, providing, maintaining, servicing, repairing, altering, replacing, moving or installing a Security Alarm System in a Licensed Premises.

"Limited Access Area" means a building, room, or other contiguous area upon the Licensed Premises where Medical Marijuana is grown, cultivated, stored, weighed, packaged, sold, or processed for sale, under control of the Licensee.

"Medical Marijuana Center" means a Person that is licensed pursuant to the Medical Code to operate a business as described in section 12-43.3-402, C.R.S., and that sells Medical Marijuana to registered patients or primary caregivers as defined in Article XVIII, Section 14 of the Colorado Constitution, but is not a primary caregiver.

"Monitoring” means the continuous and uninterrupted attention to potential alarm signals that could be transmitted from a Security Alarm System located at a Medical Marijuana Business Licensed Premises, for the purpose of summoning a law enforcement officer to the premises during alarm conditions.

"Monitoring Company” means a Person in the business of providing Monitoring services for a Medical Marijuana Business.

“Restricted Access Area” means a designated and secure area within a Licensed Premises in a Medical/Recreational Marijuana Center where Medical/Recreational Marijuana and Medical/Recreational Marijuana-Infused Product are sold, possessed for sale, and displayed for sale, and where no one without a valid patient registry card is permitted.

“Retail Marijuana Store” means an entity licensed to purchase Retail Marijuana from a Retail Marijuana Cultivation Facility and to purchase Retail Marijuana Product from a Retail Marijuana Products Manufacturing Facility and to sell Retail Marijuana and Retail Marijuana Product to consumers.

"Security Alarm System” means a device or series of devices, intended to summon law enforcement personnel during, or as a result of, an alarm condition. Devices may include hard-wired systems and systems interconnected with a radio frequency method such as cellular or private radio signals that emit or transmit a remote or local audible, visual, or electronic signal; motion detectors, pressure switches, duress alarms (a silent system signal generated by the entry of a designated code into the arming station to indicate that the user is disarming under duress); panic alarms (an audible system signal to indicate an emergency situation); and hold-up alarms (a silent system signal to indicate that a robbery is in progress).

Security Alarm Systems and Lock Standards

A. Security Alarm Systems

1. Each Licensed Premises shall have a Security Alarm System, installed by an Alarm Installation Company, on all perimeter entry points and perimeter windows.
2. Each Licensee must ensure that all of its Licensed Premises are continuously monitored. Licensees may engage the services of a Monitoring Company to fulfill this requirement.
3. The Licensees shall maintain up to date and current records and existing contracts on the Licensed Premises that describe the location and operation of each Security Alarm System, a schematic of security zones, the name of the Alarm Installation Company, and the name of any Monitoring Company.
4. Upon request, Licensees shall make available to agents of the Division or relevant local licensing authority or other state or local law enforcement agency, for a purpose authorized by the Medical Code or any other state or local law enforcement purpose, all information related to Security Alarm Systems, Monitoring, and alarm activity.

B. Lock Standards – Minimum Requirement

1. At all points of ingress and egress, the Licensee shall ensure the use of a commercial-grade, nonresidential door locks.
2. Any outdoor Optional Premises Cultivation Facility, or greenhouse cultivation, must meet all of the requirements for the lock standards described in this rule.

Video Surveillance

A. Minimum Requirements. The following video surveillance requirements shall apply to all Retail Marijuana Establishments.

1. Prior to exercising the privileges of a Retail Marijuana Establishment, an Applicant must install a fully operational video surveillance and camera recording system. The recording system must record in digital format and meet the requirements outlined in this rule.
2. All video surveillance records and recordings must be stored in a secure area that is only accessible to a Licensee's management staff.
3. Video surveillance records and recordings must be made available upon request to the Division, the relevant local jurisdiction, or any other state or local law enforcement agency for a purpose authorized by the Retail Code or for any other state or local law enforcement purpose.
4. Video surveillance records and recordings of point-of-sale areas shall be held in confidence by all employees and representatives of the Division, except that the Division may provide such records and recordings to the relevant local jurisdiction, or any other state or local law enforcement agency for a purpose authorized by the Retail Code or for any other state or local law enforcement purpose.

B. Video Surveillance Equipment

1. Video surveillance equipment shall, at a minimum, consist of digital or network video recorders, cameras capable of meeting the recording requirements described in this rule, video monitors, digital archiving devices, and a color printer capable of delivering still photos.
2. All video surveillance systems must be equipped with a failure

notification system that provides prompt notification to the Licensee of any prolonged surveillance interruption and/or the complete failure of the surveillance system.

3. Licensees are responsible for ensuring that all surveillance equipment is properly functioning and maintained, so that the playback quality is suitable for viewing and the surveillance equipment is capturing the identity of all individuals and activities in the monitored areas.

4. All video surveillance equipment shall have sufficient battery backup to support a minimum of four hours of recording in the event of a power outage. Licensee must notify the Division of any loss of video surveillance capabilities that extend beyond four hours.

C. Placement of Cameras and Required Camera Coverage

1. Camera coverage is required for all Limited Access Areas, point-of-sale areas, security rooms, all points of ingress and egress to Limited Access Areas, all areas where Retail Marijuana or Retail Marijuana Product is displayed for sale, and all points of ingress and egress to the exterior of the Licensed Premises.

2. Camera placement shall be capable of identifying activity occurring within 20 feet of all points of ingress and egress and shall allow for the clear and certain identification of any individual and activities on the Licensed Premises.

3. At each point-of-sale location, camera coverage must enable recording of the customer(s) and employee(s) facial features with sufficient clarity to determine identity.

4. All entrances and exits to the facility shall be recorded from both indoor and outdoor vantage points.

5. The system shall be capable of recording all pre-determined surveillance areas in any lighting conditions. If the Licensed Premises has a Retail Marijuana cultivation area, a rotating schedule of lighted conditions and zero-illumination can occur as long as ingress and egress points to Flowering areas remain constantly illuminated for recording purposes.

6. Areas where Retail Marijuana is grown, tested, cured, manufactured, or stored shall have camera placement in the room facing the primary entry door at a height which will provide a clear unobstructed view of activity without sight blockage from lighting hoods, fixtures, or other equipment.

7. Cameras shall also be placed at each location where weighing, packaging, transport preparation, processing, or tagging activities occur.
8. At least one camera must be dedicated to record the access points to the secured surveillance recording area.
9. All outdoor cultivation areas must meet the same video surveillance requirements applicable to any other indoor Limited Access Areas.

D. Location and Maintenance of Surveillance Equipment

1. The surveillance room or surveillance area shall be a Limited Access Area.
2. Surveillance recording equipment must be housed in a designated, locked, and secured room or other enclosure with access limited to authorized employees, agents of the Division and relevant local jurisdiction, state or local law enforcement agencies for a purpose authorized by the Retail Code or for any other state or local law enforcement purpose, and service personnel or contractors.
3. Licensees must keep a current list of all authorized employees and service personnel who have access to the surveillance system and/or room on the Licensed Premises. Licensees must keep a surveillance equipment maintenance activity log on the Licensed Premises to record all service activity including the identity of the individual(s) performing the service, the service date and time and the reason for service to the surveillance system.
4. Off-site Monitoring and video recording storage of the Licensed Premises by the Licensee or an independent third-party is authorized as long as standards exercised at the remote location meet or exceed all standards for on-site Monitoring.
5. Each Retail Marijuana Licensed Premises located in a common or shared building, or commonly owned Retail Marijuana Establishments located in the same local jurisdiction, must have a separate surveillance room/area that is dedicated to that specific Licensed Premises. Commonly owned Retail Marijuana Establishments located in the same local jurisdiction may have one central surveillance room located at one of the commonly owned Licensed Premises which simultaneously serves all of the commonly-owned retail facilities. The facility that does not house the central surveillance room is required to have a review station, printer, and map of camera placement on the premises. All minimum requirements for equipment and security

standards as set forth in this section apply to the review station.

6. Licensed Premises that combine both a Medical Marijuana Business and a Retail Marijuana Establishment may have one central surveillance room located at the shared Licensed Premises.

See Rule R 304 – Medical Marijuana Business and Retail Marijuana Establishment: Shared Licensed Premises and Operational Separation.

E. Video Recording and Retention Requirements

1. All camera views of all Limited Access Areas must be continuously recorded 24 hours a day. The use of motion detection is authorized when a Licensee can demonstrate that monitored activities are adequately recorded.

2. All surveillance recordings must be kept for a minimum of 40 days and be in a format that can be easily accessed for viewing. Video recordings must be archived in a format that ensures authentication of the recording as legitimately-captured video and guarantees that no alteration of the recorded image has taken place.

3. The Licensee's surveillance system or equipment must have the capabilities to produce a color still photograph from any camera image, live or recorded, of the Licensed Premises.

4. The date and time must be embedded on all surveillance recordings without significantly obscuring the picture.

5. Time is to be measured in accordance with the official United States time established by the National Institute of Standards and Technology and the U.S. Naval Observatory at:

<http://www.time.gov/timezone.cgi?Mountain/d/-7/java>

6. After the 40 day surveillance video retention schedule has lapsed, surveillance video recordings must be erased or destroyed prior to: sale or transfer of the facility or business to another Licensee; or being discarded or disposed of for any other purpose. Surveillance video recordings may not be destroyed if the Licensee knows or should have known of a pending criminal, civil or administrative investigation, or any other proceeding for which the recording may contain relevant information.

F. Other Records

1. All records applicable to the surveillance system shall be maintained on the Licensed Premises. At a minimum, Licensees shall

maintain a map of the camera locations, direction of coverage, camera numbers, surveillance equipment maintenance activity log, user authorization list, and operating instructions for the surveillance equipment.

2. A chronological point-of-sale transaction log must be made available to be used in conjunction with recorded video of those transactions.

CITY OF BLACK HAWK SECURITY REQUIREMENTS

- A. Security surveillance cameras installed to monitor all entrances, along With the interior and exterior of the premises, to discourage and facilitate the reporting of criminal acts and nuisance activities occurring at the premises.
- B. Robbery and burglary alarm systems which are professionally monitored and maintained in good working condition.
- C. A locking safe permanently affixed to the premises that is suitable for storage of all Medical/Recreational marijuana and cash stored overnight on the licensed premises.
- D. Exterior lighting that illuminates the exterior walls of the licensed premises and complies with the applicable provisions of this Article and other applicable provisions of the Black Hawk Municipal Code.
- E. Deadbolt locks on all exterior doors.
- F. All security recordings shall be preserved for at least seventy-two (72) hours by the licensee and be made available to the Black Hawk Police Department upon request for inspection.
- G. All criminal and/or suspicious activities will be reported to the Black Hawk Police Department immediately.
- H. Current floor plan with security cameras identified are available at the end of this document.
- I. Additional security information can be located in our proprietary Standard Operating Procedures, also attached.

5B1S, LLC dba 1859 Retail Security Plan

1.) Physical Location

a.) Video Surveillance

The facility will be continuously monitored by video surveillance. The video surveillance will be recorded and will be available for review by law enforcement and any pertinent licensing agency. The video surveillance will be to a quality where a person could be easily identified and all activity within the facility will be monitored. A licensed video surveillance company will install the equipment and a licensed video surveillance company will complete all maintenance. The specific areas to be covered are

- All areas of ingress and egress
- The exterior of the facility
- The lobby and check in area
- All point of sale areas
- All scales and product check in areas
- All areas where marijuana is stored, processed, weighed, sold and received within the facility
- The video surveillance equipment will keep and maintain at least 5 minutes of battery back up in the event of power failure to the facility. The battery back up shall be adequate enough to record every camera
- The video surveillance equipment will keep and maintain a failure notification system that will notify ownership or management in the event of equipment malfunction or failure
- All owners will be able to access the video surveillance from an off site location 24 hours a day by use of an IP address.
- All video surveillance will be sufficient to properly record in various lighting and weather conditions
- There shall be a monitor on site that is adequate and a printer will be attached. The printer will be installed so that it may immediately produce a clear still photograph from any video camera

b.) Alarms

A licensed alarm company will continuously monitor all facilities and a licensed company will install all appropriate equipment. The alarms will cover

- All areas of ingress and egress
- All perimeter windows
- Interior motion detectors
- The roof of the facility to deter roof top burglaries
- Audible alarms
- Motion lighting
- Panic and robbery alarms
- The alarm system will keep and maintain at least 4 hours of battery back up in the event of power failure to the facility
- The alarm system will keep and maintain a failure notification system that will notify ownership or management in the event of equipment malfunction or failure
- The alarm will be designed to immediately notify owners or assigned managers in the event of alarm being activated

c.) Physical Building

The business will install various barriers and deterrents to the facility in order to prevent crime in and around the building.

- Sufficient lighting and motion lighting will be installed around the building in order to illuminate the entire perimeter.
- Audible alarms will be installed around the building to deter potential burglaries (where local ordinance allows)
- A licensed, approved dumpster with a locking mechanism will be installed and locked. The dumpster will be for use by the medical marijuana business only

2.) Point of Sale and Tracking System

All marijuana, medical concentrates and marijuana edibles shall be sold in the designated dispensary area or through approved delivery methods. All items will be inventoried and sold using a point of sale system.

- All employees will receive proper training in the appropriate use of the chosen point of sale and tracking system
- Owners and managers will conduct inventory of all marijuana plants, marijuana, marijuana concentrates and marijuana edibles on a regular basis
- All owners, managers and employees will be held responsible for the proper documentation and tracking of all marijuana, marijuana concentrates and marijuana edibles

3.) Product Security

Marijuana, marijuana concentrates and marijuana edibles must be closely monitored to deter theft and to protect the integrity of the industry. Each marijuana facility will have internal controls and physical security to achieve this goal.

- Product will be stored in an area that only employees may access. This area will be locked by a commercial grade II lock or higher
- All back stock will be locked in a safe that may only be accessed by an owner or assigned manager. The product will be placed in a safe between closing and opening. The safe will be fastened to the floor or another part of the physical building
- All marijuana, marijuana concentrate and marijuana edibles will be kept in a locked display case during business hours. Licensed employees must remove the product at the request of a customer
- Licensed employees will not leave any products in the immediate reach of any customers unless closely monitored by the licensed employee
- Licensed personnel will only allow licensed marijuana registry patients into the marijuana dispensary area after verifying the authenticity of the registry card and valid government issued picture identification. Licensed personnel will only allow an appropriate number of customers into the dispensary area that can be monitored by licensed personnel

- All marijuana, marijuana concentrate and marijuana edibles will be continuously monitored by video surveillance
- All marijuana, marijuana concentrate and marijuana edibles that must be disposed of will be disposed of in a manner that deters theft, use and will be disposed of within State and local regulations.
- Only owners or authorized managers will be allowed to access any extra stock of marijuana, marijuana concentrates or marijuana edibles

3.) Identification and Medical Marijuana Registry Cards

- All employees will receive training in some basic methods to identify fraudulent identifications
- All employees will receive training in some basic methods to recognize medical marijuana registry cards
- The business will ensure that all employees will readily have access to an up to date I.D. Checking Guide in order to compare government issued, picture identifications
- Employees will be instructed to refuse service to anyone if any identification or medical marijuana registry card appears to be fraudulent or invalid in any manner

4.) General

All employees shall be trained in the appropriate rules and regulations enacted by the State Colorado and the local licensing authority.

- Each employee will be provided with training material and shall be responsible for ensuring all rules and regulations are followed at all times
- All employees shall immediately contact local law enforcement if any criminal activity or suspicious activity occurs anywhere on the property of the medical marijuana business
- All employees shall immediately notify owners or managers of any violations of the rules and regulations enacted by the State of Colorado or the local licensing authority. Employees shall be required to notify the appropriate management regardless of the role of the person within the business.

PUBLIC NOTICE

The use of recreational marijuana or recreational marijuana-infused products may impair a person's ability to drive a motor vehicle or to operate machinery.

It is illegal under Colorado state law to drive a motor vehicle or to operate machinery when under the influence of recreational marijuana.

Loitering in or around the recreational marijuana center is prohibited by state law.

The possession and use of marijuana is a violation of federal law.

No one under twenty-one (21) years of age is permitted on the premises.

Public consumption is strictly prohibited.

LICENSES

BLACK HAWK LICENSES

RECEIVED
6.2.2014



BLACK HAWK

1411

2014 Application for Business License & Sales Tax Application

According to Ordinances No. 77-9, amended by 91-16, concerning revenue and imposing an occupational tax on businesses, trades, occupations and professions within the City of Black Hawk, Colorado, and Ordinance 10-9, the City's collection of sales tax. Providing penalties for violation there of and repealing all ordinances in conflict therewith, it is necessary to obtain a Business License in order to engage in business in the City of Black Hawk, Colorado.

The cost of the license is \$5.00 per calendar year, plus occupational tax and \$2.50 sales tax. All fees are due annually in January.

Name of Business SBIS, LLC DBA 1859
 Type of Business Medical/Recreational Marijuana
 Located at 231 Gregory Street
 Mailing Address 1640 Logan St. Ste 200 Denver CO 80203
 City, State, Zip _____
 Office Phone Number 3039812453 Fax Number _____
 Company E-mail address Meg@gaiaipbm.com
 Printed Name of Owner/Representative Meg Sanders
 Signature of Owner/Representative [Signature]

Sales Tax Information:

Number of locations you operate in Black Hawk: 1
 Colorado Department of Revenue Account Number: 27868165
 Filing Frequency: Monthly Quarterly Semi-Annually Annually (Amount of City Sales Tax collected monthly: \$300 or more must file Monthly, \$150 or more may file Quarterly, \$50 or more may file Semi-Annually, and less than \$20 per month may file Annually.)

If seasonal, indicate which months you will operate: _____

Med Marijuana License Fee Business License Fee \$5.00 Sales Tax License 2.50 Total Due: 1507.50
~~Occupational Tax~~ 1500

Local Address if Applicable _____

Applicant signature: [Signature] Title: Manager Date: 6/2/2014

Make Checks Payable To:
 City of Black Hawk
 Attn: City Clerk's Office

License #1411

2014
City of Black Hawk
Sales Tax License

This Sales Tax License is issued to 5B1S, LLC dba 1859 for collection of taxes in the City of Black Hawk, County of Gilpin State of Colorado, from the 1st day of January 2014 to 31st day of December 2014. The appropriate fees and forms have been filed and approved required by City Ordinance Article 1V, Section 4-41 to Section 4-80, said business is subject to the Laws of the State of Colorado and to all the Colorado and to all the Ordinances of the City of Black Hawk which are now or may hereafter be in force.



Given under my hand and the seal of the City of Black Hawk this 2nd day of June, 2014.

Melissa Greiner

Melissa Greiner, City Clerk

COPY

License #1411

2014
City of Black Hawk
Business License

Permission is hereby granted to 5B1S, LLC dba 1859 to carry on the business of medical/recreational marijuana sales in the City of Black Hawk, County of Gilpin State of Colorado, from the 1st day of January 2014 to 31st day of December 2014. The appropriate fees and forms have been filed and approved required by City Ordinance Article 1, Section 6-1 to Section 6-15, said business is subject to the Laws of the State of Colorado and to all the Colorado and to all the Ordinances of the City of Black Hawk which are now or may the City of Black Hawk which are now or may hereafter be in force.



Given under my hand and the seal of the City of
Black Hawk this 2nd day of June 2014.



Kelly K. Stevens, CMC, Deputy City Clerk

COPY

COLORADO SALES TAX

Instructions: Please print this document for your records.

COLORADO BUSINESS EXPRESS

COLORADO DEPT OF REVENUE

Thank you for registering with the Colorado Department of Revenue!
Your electronic application has been received.
You will receive your Sales Tax License and/or Wage Withholding information in the
mail in the next 10 business days.

You may use this receipt as a temporary Sales Tax License in the interim.

Filing Information

Your filing information is as follows:

Date: 05/16/2014 15:19

Name: 5B1S, LLC

Address: 231 Gregory St

Black Hawk, CO 80422

Sales Tax Account Number: 27868165

Sales Tax Filing Frequency: \$300/month or more (Monthly)

Wage Withholding Account Number: 27868165

Wage Withholding Filing Frequency: \$7,000-\$49,999/Year - Monthly

Websites

State of Colorado: www.colorado.gov

Colorado Department of Revenue: www.colorado.gov/revenue

Colorado Department of Revenue Online Customer Support Site:

revenuestateco.custhelp.com

File and pay your sales tax online: www.colorado.gov/RevenueOnline

Register to pay by EFT: www.colorado.gov/revenue/eft

Please wait 2-3 business days while we validate your registration before attempting to access your account in Revenue Online. You will receive your license(s) in the mail within 10 business days. If you do not already have access to Revenue Online, you may use information from that letter to sign-up.

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

5BIS, LLC

is a **Limited Liability Company** formed or registered on 05/11/2014 under the law of Colorado, has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20141297645.

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 05/15/2014 that have been posted, and by documents delivered to this office electronically through 05/16/2014 @ 13:47:23.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on 05/16/2014 @ 13:47:23 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 8852038.



A handwritten signature in black ink, appearing to read "Scott Gessler".

Secretary of State of the State of Colorado

*****End of Certificate*****

Notice: A certificate issued electronically from the Colorado Secretary of State's Web site is fully and immediately valid and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us/hi-CertificateSearchCriteria.do> entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is merely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us/> click Business Center and select "Frequently Asked Questions."



Colorado Secretary of State
 Date and Time: 05/11/2014 08:26 AM
 ID Number: 20141297645
 Document number: 20141297645
 Amount Paid: \$50.00

Document must be filed electronically.
 Paper documents are not accepted.
 Fees & forms are subject to change.
 For more information or to print copies
 of filed documents, visit www.sos.state.co.us.

ABOVE SPACE FOR OFFICE USE ONLY

Articles of Organization

filed pursuant to § 7-80-203 and § 7-80-204 of the Colorado Revised Statutes (C.R.S.)

1. The domestic entity name of the limited liability company is

5B1S, LLC

(The name of a limited liability company must contain the term or abbreviation "limited liability company", "ltd. liability company", "limited liability co.", "ltd. liability co.", "limited", "l.l.c.", "llc", or "ltd." See §7-90-601, C.R.S.)

(Caution: The use of certain terms or abbreviations are restricted by law. Read instructions for more information.)

2. The principal office address of the limited liability company's initial principal office is

Street address

1640 Logan Street

(Street number and name)

Suite 200

Denver

(City)

CO

(State)

80203

(ZIP/Postal Code)

United States

(Country)

(Province - if applicable)

Mailing address

(leave blank if same as street address)

(Street number and name or Post Office Box information)

(City)

(State)

(ZIP/Postal Code)

(Province - if applicable)

(Country)

3. The registered agent name and registered agent address of the limited liability company's initial registered agent are

Name

(if an individual)

Sanders

(Last)

Megan

(First)

(Middle)

(Suffix)

or

(if an entity)

(Caution: Do not provide both an individual and an entity name.)

Street address

1640 Logan Street

(Street number and name)

Suite 200

Denver

(City)

CO

(State)

80203

(ZIP Code)

Mailing address

(leave blank if same as street address)

(Street number and name or Post Office Box information)

(City) CO (State) _____ (ZIP Code)

(The following statement is adopted by marking the box.)

The person appointed as registered agent has consented to being so appointed.

4. The true name and mailing address of the person forming the limited liability company are

Name
(if an individual) Sanders Megan

(Last) (First) (Middle) (Suffix)

or

(if an entity)
(Caution: Do not provide both an individual and an entity name.)

Mailing address 1640 Logan Street

(Street number and name or Post Office Box information)
Suite 200

Denver CO 80203

(City) (State) (ZIP/Postal Code)
United States

(Province - if applicable) (Country)

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

The limited liability company has one or more additional persons forming the limited liability company and the name and mailing address of each such person are stated in an attachment.

5. The management of the limited liability company is vested in

(Mark the applicable box.)

one or more managers.

or

the members.

6. (The following statement is adopted by marking the box.)

There is at least one member of the limited liability company.

7. (If the following statement applies, adopt the statement by marking the box and include an attachment.)

This document contains additional information as provided by law.

8. (Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document is/are _____
(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is named in the document as one who has caused it to be delivered.

9. The true name and mailing address of the individual causing the document to be delivered for filing are

<u>Sanders</u>	<u>Megan</u>		
<small>(Last)</small>	<small>(First)</small>	<small>(Middle)</small>	<small>(Suffix)</small>
<u>1640 Logan</u>			
<small>(Street number and name or Post Office Box information)</small>			
<u>Suite 200</u>			
<u>Denver</u>	<u>CO</u>	<u>80203</u>	
<small>(City)</small>	<small>(State)</small>	<small>(ZIP/Postal Code)</small>	
	<u>United States</u>		
<small>(Province – if applicable)</small>	<small>(Country)</small>		

(If the following statement applies, adopt the statement by marking the box and include an attachment.)

- This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).



Document must be filed electronically.
 Paper documents are not accepted.
 Fees & forms are subject to change.
 For more information or to print copies
 of filed documents, visit www.sos.state.co.us.

Colorado Secretary of State
 Date and Time: 05/16/2014 02:45 PM
 ID Number: 20141306572
 Document number: 20141306572
 Amount Paid: \$20.00

ABOVE SPACE FOR OFFICE USE ONLY

Statement of Trade Name of a Reporting Entity

filed pursuant to §7-71-103 and §7-71-107 of the Colorado Revised Statutes (C.R.S)

1. For the reporting entity delivering this statement, its ID number, true name, form of entity and the jurisdiction under the law of which it is formed are

ID Number	<u>20141297645</u> <i>(Colorado Secretary of State ID number)</i>
True name	<u>5B1S, LLC</u>
Form of entity	<u>Limited Liability Company</u>
Jurisdiction	<u>Colorado</u>

2. The trade name under which such entity transacts business or conducts activities or contemplates transacting business or conducting activities in this state is

1859

3. A brief description of the kind of business transacted or activities conducted or contemplated to be transacted or conducted in this state under such trade name is

recreational/medical marijuana

4. *(If the following statement applies, adopt the statement by marking the box and include an attachment.)*

This document contains additional information as provided by law.

5. *(Caution: Leave blank if the document does not have a delayed effective date. Stating a delayed effective date has significant legal consequences. Read instructions before entering a date.)*

(If the following statement applies, adopt the statement by entering a date and, if applicable, time using the required format.)

The delayed effective date and, if applicable, time of this document are _____
(mm/dd/yyyy hour:minute am/pm)

Notice:

Causing this document to be delivered to the Secretary of State for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that such document is such individual's act and deed, or that such individual in good faith believes such document is the act and deed of the person on whose behalf such individual is causing such document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S. and, if applicable, the constituent documents and the organic statutes, and that such individual in good faith believes the facts stated in such document are true and such document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the Secretary of State, whether or not such individual is identified in this document as one who has caused it to be delivered.

6. The true name and mailing address of the individual causing this document to be delivered for filing are

Sanders Megan
(Last) (First) (Middle) (Suffix)
1640 Logan St
(Street number and name or Post Office Box information)
Suite 200
Denver CO 80203
(City) (State) (Postal/Zip Code)
United States
(Province – if applicable) (Country – if not US)

- (If the following statement applies, adopt the statement by marking the box and include an attachment.)*
This document contains the true name and mailing address of one or more additional individuals causing the document to be delivered for filing.

Disclaimer:

This form/cover sheet, and any related instructions, are not intended to provide legal, business or tax advice, and are furnished without representation or warranty. While this form/cover sheet is believed to satisfy minimum legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form/cover sheet. Questions should be addressed to the user's legal, business or tax advisor(s).

MARIJUANA LIC. APP.



COLORADO BUSINESS MEDICAL MARIJUANA LICENSE APPLICATION

Marijuana Enforcement Division

Colorado Marijuana Enforcement Division

Business License Application Instructions

APPLICATION CHECKLIST

1 Application Fully Completed

Type or clearly print an answer to every question. If a question does not apply to you, indicate so with an N/A. If you are unsure if a question applies to you or what information the form is asking you to provide, contact any Marijuana Enforcement Division office to seek clarification. If the available space is insufficient, continue on a separate sheet and precede each answer with the appropriate title.

2 All Forms Signed & Attached

The following accompanying forms must be signed and returned with the application:

- Affirmation & Consent
- Investigation Authorization/Authorization to Release Information
- Applicant's Request to Release Information (leave top two lines of form blank)

3 All Requested Information Attached

The following information requested on the application must be attached, if applicable:

- Trade Name Registration
- Certificate of Good Standing from the Colorado Secretary of State's Office
- Certified Copy of Articles of Incorporation, including amendments for corporations
- Articles of Organization, including amendments and operating agreement for LLC
- Partnership Agreement, or operating/shareholder agreements
- If corp., annual and bi-annual reports and meeting minutes from past 12 months
- All applicable information requested on page 4
- Documentation showing legal possession of the premise to be licensed
- Diagram of premise to be licensed (described on page 2, question 6) including security drawing
- Copies of notes, security instruments, etc., (detailed on page 2, question 7 and page 4, question 11)
- Explanation detailing the funding sources used to finance the applicant business
- List of financial institution accounts as detailed on page 4, question 10
- Copy of current bond

NOTE: The Marijuana Enforcement Division reserves the right to request additional information and documentation throughout the course of the background investigation.

4 Applications For Associated Persons Attached

Submit the following: (1) Associated Key License Form (DR 8520) for any person holding an ownership interest, and/or officers and directors, regardless of ownership interest, if any.

5 Application and License Fees

See fee table on website.

6 Bring in Application (BY APPOINTMENT ONLY)

Bring in application and all attachments to: Marijuana Enforcement Division
455 Sherman Street, Suite 390
Denver, CO 80203

Colorado Marijuana Licensing Authority Business License Application

License Types & Fees (Check only one application type. See Application Checklist for details on license types and fees.)			
<input type="checkbox"/> Medical Marijuana Center (Type 1*) <input type="checkbox"/> Medical Marijuana Center (Type 2*) <input checked="" type="checkbox"/> Medical Marijuana Center (Type 3*)	<input type="checkbox"/> Medical Marijuana-Infused Products Manufacturer: *Type 1=300 or fewer patients, *Type 2=301 to 500 patients; *Type 3=501 or more patients Fill out a separate Appendix A form (DR 8544) for each optional premise cultivation license you are applying for.		
Applicant's Legal Business Name (Please Print) 5B1S, LLC		Medical Marijuana License Number (Assigned by Division)	
Trade Name (DBA) (Provide Trade Name Registration) 1859		Website Address N/A	
Physical Address			
Street Address of Medical Marijuana Business (Use Appendix A for Optional Premises Cultivation Information) 231 Gregory Street			City Black Hawk
			State CO
			ZIP 80422
Business Phone Number (303) 981-2453		Business Fax Number	Email Address meg@gaiapbm.com
Mailing Address (if different from Business Address)			
Address 1640 Logan Street Ste 200		City Denver	State CO
			ZIP 80203
On a separate sheet, list all principal places of business for the past 10 years if different from above.			
Primary Contact Person for Business Megan Sanders		Title Managing Member	Primary Contact Phone Number [REDACTED]
Primary Contact Address (city, state ZIP) 1640 Logan Street Denver, CO 80203		Primary Contact Fax Number	
Federal Taxpayer ID 46-5683275	Colorado Sales Tax License # 27868165	Email Address meg@gaiapbm.com	
Type of Business Structure			
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> Limited Partnership	<input checked="" type="checkbox"/> Limited Liability Company
<input type="checkbox"/> C Corporation	<input type="checkbox"/> S Corporation	<input type="checkbox"/> Publicly Traded Corporation	<input type="checkbox"/> Trust <input type="checkbox"/> Other _____
State of Incorporation or Creation of Business Entity Colorado			Date 5/11/2014
Date of Qualification to Conduct Business in Colorado (Provide Certificate of Good Standing from the Colorado Secretary of State's Office) 5/11/2014			
If a Corporation, List all States Where the Corporation is Authorized to Conduct Business			
List all Trade Names used by the Business Entity (other than above) 1859			
Attach certified of all articles of incorporation, bylaws, articles of organization, or a true copy of any partnership or trust agreement, including any and all amendments to such. If a corporation, attach copies of all annual and bi-annual reports, SEC filings, if any, and all minutes from all corporate meetings for the past 12 months.			

1. Is the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager under the age of twenty-one years? Yes No

2. Has the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation) or manager ever (in Colorado or any other state);
 (a) been denied a privileged license (ie: Liquor, Gaming, Racing and Medical Marijuana)?
 (b) had a privileged license (ie: Liquor, Gaming, Racing and Medical Marijuana) suspended or revoked?
 (c) had interest in another entity that had a privileged (ie: Liquor, Gaming, Racing and Medical Marijuana) license denied, suspended or revoked?
 If you answered yes to 2a, b or c, explain in detail on a separate sheet.

3. Are the premises to be licensed within 1000 feet of a school (as defined in 12-43.3 104 (15) C.R.S.), alcohol or drug treatment facility, principal campus of a college, university, or seminary, or a residential childcare facility?
 If YES, then include a copy of a waiver or ordinance from the local jurisdiction where the business is located.

4. Has a Medical Marijuana license ever been issued to the applicant (including any of the partners, if a partnership; members or manager if a limited liability company; or officers, stockholders or directors if a corporation)? If YES, identify the name of the business and list any current or former financial interest in said business including any loans to or from a licensee.

5. Does the applicant have legal possession of the premises by virtue of ownership, lease or other arrangement? Attach all documentation showing legal possession. Deed, Title, sale or lease agreements etc.
 Ownership Lease Other (Explain in Detail) _____
 (a) If leased, list name of landlord and tenant, and date of expiration, EXACTLY as they appear on the lease:

Landlord EPMM Blackhawk	Tenant 5B1S, LLC	Expires May 1, 2024
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Attach a diagram of the premises to be licensed and outline or designate the area (including dimensions) which shows the limited access areas, walls, partitions, entrances, exits and what each room shall be utilized for in this business, including security equipment locations. This diagram should be no larger than 8 1/2" X 11". (It does not have to be to scale)

6. Who, besides the owners listed in this application (including persons, firms, partnerships, corporations, limited liability companies, trusts), will loan or give money, inventory, furniture or equipment to or for use in this business; or who will receive money or profits from this business. Attach a separate sheet if necessary.

Name	Date of Birth	FEIN OR SSN	Interest
Winkanda, LLC	n/a	27-1776604	10%
Scott Bergin, LLC			10%

Attach copies of all notes and security instruments, and any written agreement, or details of any oral agreement, by which any person (including partnerships, corporations, limited liability companies, etc.) will share in the profit or gross proceeds of this establishment, and any agreement relating to the business which is contingent or conditional in any way by volume, profit, sales, giving of advice or consultation.

Local Licensing Authority/Department

Local Licensing Authority/Department City of Black Hawk	Address 211 Church Street/PO Box 68
Local Licensing Authority contact name Jack Lewis	Contact Phone (303) 582-2219
	Contact Email jlewis@cityofblackhawk.org
Date of application with local authority 5/20/2014	Date of approval from local authority, if any

Are you requesting a concurrent review? Yes No

7. Optional Premises Cultivation License Yes No
 Has the Applicant filed for an Optional Premises License?

What City or County? (Fill out Appendix A completely)
Denver

8. Does the Applicant have evidence of a good and sufficient bond in the amount of \$5000.00 in accordance with 12-43.4-304 C.R.S. (Include evidence with application)?

Printed Legal Business Name 5B1S, LLC	Printed Trade Name (DBA) 1859
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Ownership Structure

List all persons and/or entities with any ownership interest, and all officers and directors, whether they have ownership interest or not. If an entity (corporation, partnership, LLC, etc.) has interest, list all persons associated with such entity, their ownership in the entity, and their effective ownership in the license. List all parent, holding or other intermediary business interest. An Associated Key License Application form must be submitted for all persons in a privately held company or a publicly traded corporation, and all officers and directors.

Name Megan Sanders	Title managing member	SSN/FEIN [REDACTED]	DOB [REDACTED]	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Address [REDACTED]	City [REDACTED]	State [REDACTED]	ZIP [REDACTED]	Phone Number [REDACTED]
Business Associated with (Parent business or sub-entity) 3LP, LLC		Own. % Business Associated with 33.333%		Effective Own. % in Applicant 17%

Name Kevin Daly	Title member	SSN/FEIN [REDACTED]	DOB [REDACTED]	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Address [REDACTED]	City [REDACTED]	State [REDACTED]	ZIP [REDACTED]	Phone Number [REDACTED]
Business Associated with (Parent business or sub-entity) 3LP, LLC		Own. % Business Associated with 33.333%		Effective Own. % in Applicant 17%

Name Patrick Pericak	Title member	SSN/FEIN [REDACTED]	DOB [REDACTED]	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Address [REDACTED]	City [REDACTED]	State [REDACTED]	ZIP [REDACTED]	Phone Number [REDACTED]
Business Associated with (Parent business or sub-entity) 3LP, LLC		Own. % Business Associated with 33.333%		Effective Own. % in Applicant 17%

Name Scott W. Bergin	Title managing member	SSN/FEIN [REDACTED]	DOB [REDACTED]	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Address [REDACTED]	City [REDACTED]	State [REDACTED]	ZIP [REDACTED]	Phone Number [REDACTED]
Business Associated with (Parent business or sub-entity) EPMM Colorado, LLC		Own. % Business Associated with 50%		Effective Own. % in Applicant 24.5%

Name Daniel Joseph Anglin	Title member	SSN/FEIN [REDACTED]	DOB [REDACTED]	App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Address [REDACTED]	City [REDACTED]	State [REDACTED]	ZIP [REDACTED]	Phone Number [REDACTED]
Business Associated with (Parent business or sub-entity) EPMM Colorado, LLC		Own. % Business Associated with 50%		Effective Own. % in Applicant 24.5%

Name	Title	SSN/FEIN	DOB	App submitted? <input type="checkbox"/> Yes <input type="checkbox"/> No
Address	City	State	ZIP	Phone Number
Business Associated with (Parent business or sub-entity)		Own. % Business Associated with		Effective Own. % in Applicant

Name	Title	SSN/FEIN	DOB	App submitted? <input type="checkbox"/> Yes <input type="checkbox"/> No
Address	City	State	ZIP	Phone Number
Business Associated with (Parent business or sub-entity)		Own. % Business Associated with		Effective Own. % in Applicant

Are there any outstanding options and warrants?
 Yes No *If YES, attach list of persons with outstanding options and warrants

Are there any other persons, other than those listed in the Ownership Structure, including but not limited to suppliers, lenders and landlords, who will receive, directly or indirectly, any compensation or rents based upon a percentage or share of gross proceeds or income of the Marijuana business?
 Yes No *If YES, attach list of persons and submit Associate Key License Application forms for each person

Printed Legal Business Name 5B1S, LLC	Printed Trade Name (DBA)
1. Has the applicant, the applicant's parent company or any other intermediary business entity ever applied for a Marijuana license in this or any other jurisdiction, foreign or domestic, whether or not the license was ever issued? If YES, provide details on a separate sheet, including jurisdiction, type of license, license number, and dates license held or applied for.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2. Has the applicant, the applicant's parent company or any other intermediary business entity ever been denied a Marijuana license, withdrawn a Marijuana license or had any disciplinary action taken against any Marijuana license that they have held in this or any other jurisdiction, foreign or domestic? If YES, provide details on a separate sheet, including jurisdiction, type of action, and date of action.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Financial History	
1. Is the applicant, the applicant's parent company or any other intermediary business entity delinquent in the payment of any judgments or tax liabilities due to any governmental agency anywhere? If YES, provide details on a separate sheet and attach any documents to prove settlement or resolution of the delinquency.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
2. Has the applicant, the applicant's parent company or any other intermediary business entity filed a bankruptcy petition in the past 5 years, had such a petition filed against it, or had a receiver, fiscal agent, trustee, reorganization trustee or similar person appointed for it? If YES, provide details on a separate sheet and attach any documents from the bankruptcy court.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Is the applicant, the applicant's parent company or any other intermediary business entity currently a party to, or has it ever been a party to, in any capacity, any business trust instrument? If YES, provide details on a separate sheet.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
4. Has a complaint, judgment, consent decree, settlement or other disposition related to a violation of federal, state or similar foreign antitrust, trade or security law or regulation ever been filed or entered against the applicant, the applicant's parent company or any other intermediary business entity? If YES, provide details on a separate sheet and attach any documents to prove the settlement of any of these issues. Include any items currently under formal dispute or legal appeal.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5. Has the applicant, the applicant's parent company or any other intermediary business entity been a party to a lawsuit in the past 5 years, either as a plaintiff or defendant, complainant or respondent, or in any other fashion, in this or any other country? If YES, provide details on a separate sheet and attach any documents to prove the settlement of any of these issues. Include any items currently under formal dispute or legal appeal.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
6. Has the applicant, the applicant's parent company or any other intermediary business entity filed a business tax return in the past two years?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
7. Has the applicant, the applicant's parent company or any other intermediary business entity completed financial statements, either audited or unaudited, in the past two years? If YES, attach all financial statements completed in the past two years.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
8. Has any interest or share in the profits of the sale of Marijuana been pledged or hypothecated as security for a debt or deposited as a security for the performance of an act or to secure the performance of a contract? If YES, provide details on a separate sheet.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
9. Attach a list detailing the operating and investment accounts for this business, including financial institution name, address, telephone number, and account number for each account.	
10. Attach a list detailing each outstanding loan and financial obligation obtained for use in this business, including creditor name, address, phone number, loan number, loan amount, loan terms, date acquired, and date due.	
Person who maintains Applicant's business records Charles Feldmann	Title Attorney
Address 1228 15th Street Ste 200 Denver, CO 80202	Phone Number (303) 813-1200
Person who prepares Applicant's tax returns, government forms & reports Jim Marty	Title CPA
Address 1714 Duchess Drive Longmont, CO 80501	Phone Number (303) 651-0304
Location of financial books and records for Applicant's business 1228 15th Street Ste 200 Denver, CO 80202	

Affirmation & Consent

I, Megan Sanders, as an authorized agent for the applicant, state under penalty for offering a false instrument for recording pursuant to 18-5-114 C.R.S. that the entire Medical Marijuana Business License Application Form, statements, attachments, and supporting schedules are true and correct to the best of my knowledge and belief, and that this statement is executed with the knowledge that misrepresentation or failure to reveal information requested may be deemed sufficient cause for the refusal to issue a Medical Marijuana license by the State Licensing Authority. Further, I am aware that later discovery of an omission or misrepresentation made in the above statements may be grounds for the denial of a temporary Medical Marijuana application or the revocation of the license. I am voluntarily submitting this application to the Colorado Marijuana Licensing Authority under oath with full knowledge that I may be charged with perjury or other crimes for intentional omissions and misrepresentations pursuant to Colorado law or for offering a false instrument for recording pursuant to 18-5-114 C.R.S. I further consent to any background investigation necessary to determine my present and continuing suitability and that this consent continues as long as I hold a Colorado Medical Marijuana License, and for 90 days following the expiration or surrender of such Medical Marijuana license. Note: If your check is rejected due to insufficient or uncollected funds, the Department of Revenue may collect the payment amount directly from your banking account electronically.

Print Full Legal Agent Name clearly below:

Applicant's Business Name 5B1S, LLC		Trade Name (DBA) 1859
Legal Agent Last Name (Please Print) Sanders	Legal Agent First Name Megan	Legal Agent Middle Name Anne
Signature		Date 05/16/2014

Investigation Authorization Authorization to Release Information

I, Megan Sanders, as an authorized agent for the applicant, hereby authorize the Colorado Marijuana Licensing Authority, the Marijuana Enforcement Division, (hereafter, the Investigatory Agencies) to conduct a complete investigation into my personal background, using whatever legal means they deem appropriate. I hereby authorize any person or entity contacted by the Investigatory Agencies to provide any and all such information deemed necessary by the Investigatory Agencies. I hereby waive any rights of confidentiality in this regard. I understand that by signing this authorization, a financial record check may be performed. I authorize any financial institution to surrender to the Investigatory Agencies a complete and accurate record of such transactions that may have occurred with that institution, including, but not limited to, internal banking memoranda, past and present loan applications, financial statements and any other documents relating to my personal or business financial records in whatever form and wherever located. I understand that by signing this authorization, a financial record check of my tax filing and tax obligation status may be performed. I authorize the Colorado Department of Revenue to surrender to the Investigatory Agencies a complete and accurate record of any and all tax information or records relating to me. I authorize the Investigatory Agencies to obtain, receive, review, copy, discuss and use any such tax information or documents relating to me. I authorize the release of this type of information, even though such information may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws. I understand that by signing this authorization, a criminal history check will be performed. I authorize the Investigatory Agencies to obtain and use from any source, any information concerning me contained in any type of criminal history record files, wherever located. I understand that the criminal history record files contain records of arrests which may have resulted in a disposition other than a finding of guilt (i.e., dismissed charges, or charges that resulted in a not guilty finding). I understand that the information may contain listings of charges that resulted in suspended imposition of sentence, even though I successfully completed the conditions of said sentence and was discharged pursuant to law. I authorize the release of this type of information, even though this record may be designated as "confidential" or "nonpublic" under the provisions of state or federal laws.

The Investigatory Agencies reserve the right to investigate all relevant information and facts to their satisfaction. I understand that the Investigatory Agencies may conduct a complete and comprehensive investigation to determine the accuracy of all information gathered. However, the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado shall not be held liable for the receipt, use, or dissemination of inaccurate information. I, on behalf of the applicant, its legal representatives, and assigns, hereby release, waive, discharge, and agree to hold harmless, and otherwise waive liability as to the State of Colorado, Investigatory Agencies, and other agents or employees of the State of Colorado for any damages resulting from any use, disclosure, or publication in any manner, other than a willfully unlawful disclosure or publication, of any material or information acquired during inquiries, investigations, or hearings, and hereby authorize the lawful use, disclosure, or publication of this material or information. Any information contained within my application, contained within any financial or personnel record, or otherwise found, obtained, or maintained by the Investigatory Agencies, shall be accessible to law enforcement agents of this or any other state, the government of the United States, or any foreign country.

Print Full Legal Name of Authorized Agent clearly below:

Applicant's Business Name 5B1S, LLC		Trade Name (DBA) 1859
Legal Agent Last Name (Please Print) Sanders	Legal Agent First Name Megan	Legal Agent Middle Name Anne
Legal Agent Title Member	Signature (Must be signed in front of one witness)	
Date (MM/DD/YYYY) 05-16/2014	City Boulder	State CO
Witness 1 Signature		

Applicant's Request to Release Information

TO:	FROM: (Applicant's Printed Name) 5B1S, LLC	
<ol style="list-style-type: none"> 1. I/We hereby authorize and request all persons to whom this request is presented having information relating to or concerning the above named applicant to furnish such information to a duly appointed agent of the Marijuana Enforcement Division whether or not such information would otherwise be protected from the disclosure by any constitutional, statutory or common law privilege. 2. I/We hereby authorize and request all persons to whom this request is presented having documents relating to or concerning the above named applicant to permit a duly appointed agent of the Marijuana Enforcement Division to review and copy any such documents, whether or not such documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege. 3. I/We hereby authorize and request the Colorado Department of Revenue to permit a duly appointed agent of the Marijuana Enforcement Division to obtain, receive, review, copy, discuss and use any such tax information or documents relating to or concerning the above named applicant, whether or not such information or documents would otherwise be protected from disclosure by any constitutional, statutory, or common law privilege. 4. If the person to whom this request is presented is a brokerage firm, bank, savings and loan, or other financial institution or an officer of the same, I/we hereby authorize and request that a duly appointed agent of the Marijuana Enforcement Division be permitted to review and obtain copies of any and all documents, records or correspondence pertaining to me/us, including but no limited to past loan information, notes co-signed by me/us, checking account records, savings deposit records, safe deposit box records, passbook records, and general ledger folio sheets. 5. I/We do hereby make, constitute, and appoint any duly appointed agent of the Colorado Marijuana Enforcement Division, my/our true and lawful attorney in fact for me/us in my/our name, place, stead, and on my/our behalf and for my/our use and benefit: <ol style="list-style-type: none"> (a) To request, review, copy sign for, or otherwise act for investigative purposes with respect to documents and information in the possession of the person to whom this request is presented as I/we might; (b) To name the person or entity to whom this request is presented and insert that person's name in the appropriate location in this request; (c) To place the name of the agent presenting this request in the appropriate location on this request. 6. I grant to said attorney in fact full power and authority to do, take, and perform all and every act and thing whatsoever requisite, proper, or necessary to be done, in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as I/we might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that said attorney in fact, or his substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. 7. This power of attorney ends twenty-four (24) months from the date of execution. 8. The above named applicant has filed with the Colorado Marijuana Licensing Authority an application for a Medical Marijuana license. Said applicant understands that it is seeking the granting of a privilege and acknowledges that the burden of proving its qualifications for a favorable determination is at all times on the applicant. Said applicant accepts any risk of adverse public notice, embarrassment, criticism, or other action of financial loss, which may result from action with respect to this application. 9. I/We do, for myself/ourselves, my/our heirs, executors, administrators, successors, and assigns, hereby release, remise, and forever discharge the person to whom this request is presented, and his agents and employees from all and all manner or actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever, known or unknown, in law or equity, which the applicant ever had, now has, may have, or claims to have against the person to whom this request is being presented or his agents or employees arising out of or by reason of complying with the request. 10. I/We agree to indemnify and hold harmless the person to whom this request is presented and his agents and employees from and against all claims, damages, losses, and expenses, including reasonable attorneys' fees arising out of or by reason of complying with this request. 11. A reproduction of this request by photocopying or similar process shall be for all intents and purposes as valid as the original. 		
Print Full Legal Name of Authorized Agent clearly below:		
Legal Agent Last Name (Please Print) Sanders	Legal Agent First Name Megan	Legal Agent Middle Name Anne
Legal Agent Title member	Signature (Must be signed in front of one witness)	
Date (MM/DD/YYYY) 05/16/2014	City Boulder	State CO
Witness 1 Signature		
Signature of Marijuana Enforcement Division agent presenting this request		Date

License #	Entity	Location	Function	Tax ID	Notes
402-00460	Floobies LLC	Colorado Springs	Dispensary		
403-00694	Floobies LLC	Colorado Springs	OPC		
402-00462	H&J Services Inc	Berthoud	Dispensary		
403-00696	H&J Services Inc	Berthoud	OPC		
402-00703	Med Stop LLP	Colfax - Med	Dispensary		
403-01061	Med Stop LLP	Colfax - Med	OPC		
404-00356	TR Scientific	Holly	MIPS - Med		
404R-00015	TR Scientific	Holly	MIPS - Rec		
402R-00085	WDG INC	Colfax - Rec	Dispensary		
403R-00106	WDG INC	Colfax - Rec	OPC		
403-01093	Floobies LLC	Colorado Springs	OPC		
403-00698	H&J Services Inc	Berthoud	OPC		

MED STOP LLC

MED STOP LLP

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

MED STOP LLP

MED STOP LLP

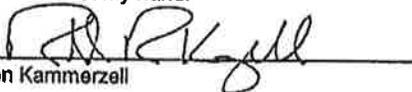
3880 Holly Street, Denver, CO 80207

Optional Premises - 403-01061

License Valid Through: 09/03/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.


Ron Kammerzell
Deputy Senior Director of
Enforcement


Barbara J. Brohl, Executive Director

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

MED STOP LLP

DENVER MED STOP

5926 East Colfax Avenue, Denver, CO 80220

Center - Type 1 - 402-00703

License Valid Through: 09/03/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.



Ron Kammerzell
Deputy Senior Director of
Enforcement



Barbara J. Brohl, Executive Director



CITY AND COUNTY OF DENVER

DIRECTOR OF EXCISE AND LICENSE
201 W. COLFAX AVE DEPT #206.
DENVER, COLORADO 80202
TELEPHONE: (720) 865-2740

BUSINESS - PROFESSIONAL LICENSE

POST IN CONSPICUOUS PLACE

BUSINESS FILE NO.: 1060624
APPLICATION DATE: 06/20/2012
WDG, INC.
MED STOP
3880 N HOLLY ST
DENVER CO80207

STATE LIC NO.:

OP: JVN

ISSUE DATE
09/30/2013

EXPIRES
09/30/2015

<u>LICENSE</u>	<u>LICFEE</u>	<u>APPFEE</u>	<u>DATE PAID</u>	<u>FUND/ORG</u>	<u>REVENUE</u>
MEDICAL MARIJUANA OPTIONAL PREMISES -	\$3,000.00	\$2,000.00	06/20/2012	01010-4001100	354980

IT IS THE LICENSEE'S RESPONSIBILITY TO RENEW PRIOR TO THE EXPIRATION DATE, IN ORDER TO AVOID PENALTY OR REAPPLICATION FEES AND ADDITIONAL INSPECTIONS. THIS LICENSE COVERS ONLY THOSE ACTIVITIES LISTED. COMPLIANCE WITH ARTICLE

DIRECTOR OF EXCISE AND LICENSES
CHIEF FINANCIAL OFFICER

DENVER RETAIL SALES/USE/LODGER'S TAX LICENSE
 DEPARTMENT OF FINANCE CITY AND COUNTY OF DENVER
 201 W. COLFAX AVE., DENVER, COLORADO 80202

ACCOUNT NUMBER **237092**

POST IN A CONSPICUOUS PLACE

The vendor shown hereon is authorized to collect for the City and County of Denver the retail sales, use or lodger's tax imposed pursuant to the provisions of Chapter 53 Art. II, III, IV of the revised Municipal Code of the City and County of Denver.

THIS IS NOT A LICENSE OR PERMIT TO DO BUSINESS IN THE CITY AND COUNTY OF DENVER

A Use Permit **MUST** be obtained from the Department of Zoning Administration. Licenses or permits **MAY** also need to be obtained from the Department of Excise and Licenses, the Denver Health Authority, the Building Inspection Division or other departments. **THIS LICENSE IS NOT TRANSFERABLE**

ANY ALTERATION MADE ON THIS LICENSE WILL AUTOMATICALLY MAKE IT NULL AND VOID

MED STOP LLP
 5926 E COLFAX AVE
 DENVER, CO 80220-1509

EFFECTIVE DATE: **01-Jan-2012**
 EXPIRATION DATE: **31-Dec-2013**

APPROVED BY: *Manager of Finance*

ISSUED BY: *Director of Excise & Licenses*

R 0140 (02/18/11)
 DEPARTMENT OF REVENUE
 DENVER CO 80281-0013

STATE **RTD/CD**
 COLORADO

Must collect taxes for:

SALES TAX LICENSE

USE ACCOUNT NUMBER for all references	LIABILITY INFORMATION					ISSUE DATE			LICENSE VALID TO DECEMBER 31 2013
	county	city	industry type	liability date	month	day	year		
04277902-0000	01	0006	001	C	120109	Jan	23	12	

THIS LICENSE MUST BE POSTED AT THE FOLLOWING LOCATION
 IN A CONSPICUOUS PLACE: DENVER MED STOP
 5926 E COLFAX AVE DENVER CO 80220-1509

THIS LICENSE IS NOT TRANSFERABLE



WDG INC
 5926 E COLFAX AVE
 DENVER CO 80220-1509

Barbara J. Brooke

Executive Director
 Department of Revenue

FLOOBIES, LLC

FLOOBIES, LLC

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

FLOOBIES, LLC

GAIA

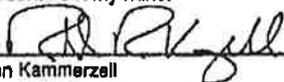
417 North Circle Drive, Colorado Springs, CO 80909

Center - Type 1 - 402-00460

License Valid Through: 07/24/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.



Ron Kammerzell
Deputy Senior Director of
Enforcement



Barbara J. Brohl, Executive Director

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

FLOOBIES, LLC

GAIA

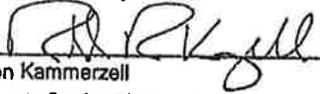
3880 Holly Street, Denver, CO 80207

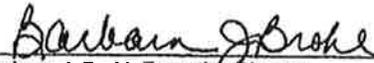
Optional Premises - 403-00694

License Valid Through: 09/18/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.


Ron Kammerzell
Deputy Senior Director of
Enforcement


Barbara J. Brohl, Executive Director

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

FLOOBIES, LLC

GAIA

3880 Holly Street, Denver, CO 80207

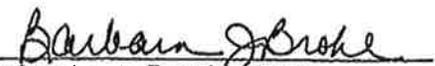
Optional Premises - 403-01093

License Valid Through: 09/18/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.


Ron Kammerzell
Deputy Senior Director of
Enforcement


Barbara J. Brohl, Executive Director



CITY AND COUNTY OF DENVER

DIRECTOR OF EXCISE AND LICENSE
201 W. COLFAX AVE DEPT #206.
DENVER, COLORADO 80202
TELEPHONE: (720) 865-2740

BUSINESS - PROFESSIONAL LICENSE

POST IN CONSPICUOUS PLACE

BUSINESS FILE NO.: 1066101
APPLICATION DATE: 05/10/2013
FLOOBIES, LLC
GAIA
3880 N HOLLY ST
DENVER CO80207

STATE LIC NO.:

OP: JVN

ISSUE DATE
09/30/2013

EXPIRES
09/30/2015

<u>LICENSE</u>	<u>LICFEE</u>	<u>APPFEE</u>	<u>DATE PAID</u>	<u>FUND/ORG</u>	<u>REVENUE</u>
MEDICAL MARIJUANA OPTIONAL PREMISES -	\$3,000.00	\$2,000.00	07/05/2013	01010-4001100	354980

IT IS THE LICENSEE'S RESPONSIBILITY TO RENEW PRIOR TO THE EXPIRATION DATE, IN ORDER TO AVOID PENALTY OR REAPPLICATION FEES AND ADDITIONAL INSPECTIONS. THIS LICENSE COVERS ONLY THOSE ACTIVITIES LISTED. COMPLIANCE WITH ARTICLE

DIRECTOR OF EXCISE AND LICENSES
[Signature]
CHIEF FINANCIAL OFFICER



Colorado Springs, Colorado TAX LICENSE

This license is issued under the provisions of Articles 7, 9, 10, and 11, Chapter 2, of the Code of the City of Colorado Springs 2001, as amended, for the named retailer and/or remits sales, use, lodgers, automobile rental, motion picture theater and/or bicycle excise taxes for the City of Colorado Springs.

License Number: 07220400

Issue Date: May 1, 2010
MEDICAL MARIJUANA

FLOOBIES L L C
GAIA
417 N CIRCLE DR
COLORADO SPRINGS CO 80909

Nature of Business:

Expiration Date: 12/31/2013

This license does not exempt the licensee from the payment of sales tax for purchase of tangible personal property where licensee is the final consumer.

LICENSE MUST BE PUBLICLY DISPLAYED AT THE ABOVE LOCATION.

DR 0140 (02/16/11)
DEPARTMENT OF REVENUE
DENVER CO 80261-0013

STATE COUNTY RTA
COLORADO EL PASO

Must collect taxes for:

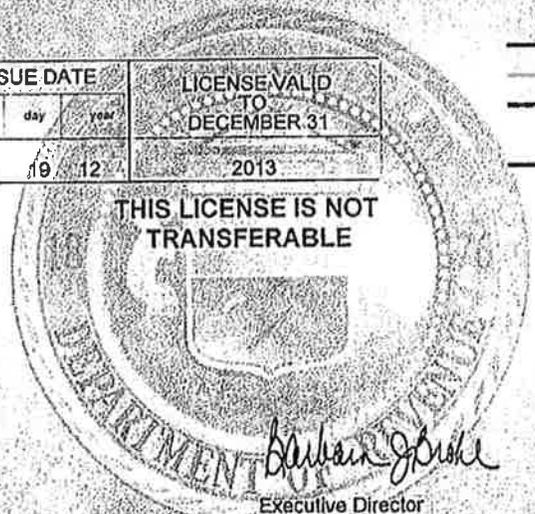
SALES TAX LICENSE

USE ACCOUNT NUMBER for all references	LIABILITY INFORMATION				ISSUE DATE			LICENSE VALID TO
	county	city	industry type	liability date	month	day	year	DECEMBER 31
04278196-0000	04	0017	006	L 020110	Jan	19	12	2013

THIS LICENSE MUST BE POSTED AT THE FOLLOWING LOCATION
IN A CONSPICUOUS PLACE: 2233 ACADEMY PL COLORADO SPRINGS CO 80909-1696



FLOOBIES LLC
MACKEY DARRELL
PO BOX 188
SPRINGFIELD CO 81073-0188



Executive Director
Department of Revenue

TR SCIENTIFIC, LLC

TR SCIENTIFIC, LLC

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

TR SCIENTIFIC, LLC

3880 Holly Street, Denver, CO 80207

Infused Product Manufacturer - 404-00356

License Valid Through: 09/30/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.


Ron Kammertzell

Deputy Senior Director of
Enforcement


Barbara J. Brohl, Executive Director



CITY AND COUNTY OF DENVER

DIRECTOR OF EXCISE AND LICENSE
201 W. COLFAX AVE DEPT #206.
DENVER, COLORADO 80202
TELEPHONE: (720) 865-2740

BUSINESS - PROFESSIONAL LICENSE

POST IN CONSPICUOUS PLACE

BUSINESS FILE NO.: 1067863
APPLICATION DATE: 08/12/2013
TR SCIENTIFIC, LLC
TR SCIENTIFIC, LLC
3880 N HOLLY ST
DENVER CO80207

STATE LIC NO.:

OP: JVN

ISSUE DATE
09/30/2013

EXPIRES
09/30/2015

<u>LICENSE</u>	<u>LICFEE</u>	<u>APPFEE</u>	<u>DATE PAID</u>	<u>FUND/ORG</u>	<u>REVENUE</u>
MEDICAL MARIJUANA INFUSED PRODUCTS MFGR -	\$3,000.00	\$2,000.00	08/12/2013	01010-4001200	354970

IT IS THE LICENSEE'S RESPONSIBILITY TO RENEW PRIOR TO THE EXPIRATION DATE, IN ORDER TO AVOID PENALTY OR REAPPLICATION FEES AND ADDITIONAL INSPECTIONS. THIS LICENSE COVERS ONLY THOSE ACTIVITIES LISTED. COMPLIANCE WITH ARTICLE IV OF CHAPTER 28 D.R.M.C. IS A CONDITION OF THIS PERMIT.

DIRECTOR OF EXCISE AND LICENSES
CHIEF FINANCIAL OFFICER

H&J SERVICES, INC.

H&J Services, Inc.

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

H&J SERVICES INC

HERBS MEDICINALS INC (DENVER CANNA CLUB LLC #3)

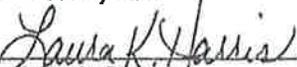
3880 Holly Street, Denver, CO 80207

Optional Premises - 403-00696

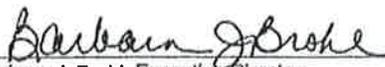
License Valid Through: 07/12/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.



Laura K. Harris, Director



Barbara J. Brohl, Executive Director

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Medical Marijuana Conditional License

H&J SERVICES INC

HERBS MEDICINALS INC (DENVER CANNA CLUB LLC #3)

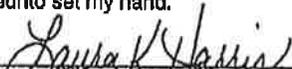
1015 North 2nd Street, Berthoud, CO 80513

Center - Type 2 - 402-00462

License Valid Through: 07/12/2014

This license is conditioned upon Local Licensing Authority approval, pursuant to 12-43.3-305(2).

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.3, as amended. This conditional license is nontransferable and shall be conspicuously posted in the place above described. This conditional license is only valid through the expiration date shown above. Any questions concerning this conditional license should be addressed to: Colorado Marijuana Enforcement Division, 455 Sherman Street, Suite 390, Denver, CO 80203. In testimony whereof, I have hereunto set my hand.



Laura K. Harris, Director



Barbara J. Brohl, Executive Director



CITY AND COUNTY OF DENVER

DIRECTOR OF EXCISE AND LICENSE
201 W. COLFAX AVE DEPT #206,
DENVER, COLORADO 80202
TELEPHONE: (720) 865-2740

BUSINESS - PROFESSIONAL LICENSE

POST IN CONSPICUOUS PLACE

BUSINESS FILE NO.: 1066100
APPLICATION DATE: 05/10/2013
H & J SERVICES, INC.
HERBS MEDICINALS
3880 N HOLLY ST
DENVER CO80207

STATE LIC NO.:

OP: JVN

ISSUE DATE
09/30/2013

EXPIRES
09/30/2015

<u>LICENSE</u>	<u>LICFEE</u>	<u>APPFEE</u>	<u>DATE PAID</u>	<u>FUND/ORG</u>	<u>REVENUE</u>
MEDICAL MARIJUANA OPTIONAL PREMISES -	\$3,000.00	\$2,000.00	07/05/2013	01010-4001100	354980

IT IS THE LICENSEE'S RESPONSIBILITY TO RENEW PRIOR TO THE EXPIRATION DATE, IN ORDER TO AVOID PENALTY OR REAPPLICATION FEES AND ADDITIONAL INSPECTIONS. THIS LICENSE COVERS ONLY THOSE ACTIVITIES LISTED. COMPLIANCE WITH ARTICLE 14 OF CHAPTER 39, B.M.C. IS A CONDITION OF THIS PERMIT.

DIRECTOR OF EXCISE AND LICENSES
CHIEF FINANCIAL OFFICER



**LARIMER COUNTY
COLORADO
SALES TAX LICENSE**

LICENSE NUMBER

LC 178240

**THIS LICENSE IS NOT TRANSFERABLE AND
MUST BE CONSPICUOUSLY DISPLAYED AT
PLACE OF BUSINESS**

**ISSUE DATE:
10/10/2012**

**H&J SERVICES INC
1017 2ND ST
BERTHOUD CO 80513**

NATURE OF BUSINESS:

**Independent Artists, Writers, and
Performers**

**THIS CERTIFIES THAT THE LICENSEE SHOWN
HEREON IS AUTHORIZED TO COLLECT SALES
TAX FOR LARIMER COUNTY**

E. Block

**FINANCE SERVICES DIRECTOR
LARIMER COUNTY**

VALID UNTIL REVOKED OR CANCELLED

TOWN OF BERTHOUD

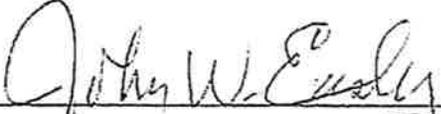
**MEDICAL MARIJUANA LICENSING AUTHORITY
APPROVED THE FOLLOWING LICENSE:**

**H & J SERVICES dba HERB'S MEDICINALS
1015 N. 2ND STREET,
BERTHOUD, CO. 80513**

**TYPE OF LICENSE:
CENTER**

**LICENSE EXPIRES AT MIDNIGHT ON:
JULY 12, 2014**

This license is nontransferable and shall be conspicuously posted in the place above described. This license may be revoked upon violation of the terms and conditions of the State of Colorado and Town of Berthoud Codes.



John W. Easley, Chairman

10-4-13

Date

**RETITLING JOB
DESCRIPTION - POLICE
OFFICER I TRAINEE**

CITY OF BLACK HAWK
REQUEST FOR COUNCIL ACTION

SUBJECT: Medical Marijuana Business License Application – 5B1S, LLC, d/b/a 1859

RECOMMENDATION: Staff recommends the following motion to the Mayor and Board of Aldermen:

MOTION OF APPROVAL for the conditional approval of the Medical Marijuana Business License Application – 5B1S, LLC, d/b/a 1859 with the following conditions:

1. All other required permits or licenses related to the operation of the medical marijuana store are approved;
2. Inspection by the City of the proposed licensed premises; and
3. Scott Webster Bergin is either removed as an agent of Applicant, or resolves his issues causing him to be prohibited.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

Please see attached review packet.

FUNDING SOURCE: N/A

WORKSHOP DATE: N/A

ESTIMATED DATE OF PROJECT COMPLETION: N/A

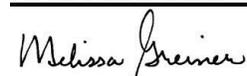
ORIGINATED BY: Melissa Greiner, City Clerk

STAFF PERSON RESPONSIBLE: Melissa Greiner, City Clerk

RECORD: []Yes [x]No

CITY ATTORNEY REVIEW: [x]Yes []No []N/A INITIALS mgf

SUBMITTED BY:



Melissa Greiner, City Clerk

REVIEWED BY:



Jack D. Lewis, City Manager

**CITY OF BLACK HAWK
2014 Job Description**

JOB TITLE:	Police Officer I Trainee	DEPARTMENT:	Police Department
REPORTS TO:	Patrol Lieutenant	EXEMPT:	No
HIRING RANGE: \$17.43 – \$27.1567/ HR			

SUMMARY

A Police Officer I Trainee is a City of Black Hawk Police Department full time employee who is receiving basic law enforcement training at a POST approved law enforcement academy. The trainee is required to successfully complete the academy and pass Colorado POST testing within 30 days of completing the course to be reclassified to a Police Officer I position. Once trained and certified to perform law enforcement duties in the State of Colorado the trainee will be reclassified to Police Officer I and assigned to the FTO program within the Black Hawk Police Department. The Police Officer I will begin an 18 month introductory period at that time.

A Police Officer I Trainee, once trained, certified and reclassified to a Police Officer I will perform general and specialized law enforcement duties in order to preserve public peace, to protect lives, property and the rights of the public, which includes enforcing statutory laws and municipal ordinances. A Police Officer I may be assigned to vehicle patrol, foot patrol and residential patrol. Maintains a public service approach towards the community and performs other job related duties as assigned. Although a Police Officer I Trainee is not POST certified, the Trainee must meet all the requirements to become certified.

DISTINGUISHING CHARACTERISTICS

A Police Officer I Trainee is an individual who is not certified as a police officer in the State of Colorado, but is attending a law enforcement training program to become certified.

SUPERVISION RECEIVED

Patrol Lieutenant will provide general supervision.

ESSENTIAL DUTIES AND RESPONSIBILITIES

- The Trainee will apply and be accepted into an approved law enforcement academy.
- The Trainee will attend all scheduled classes while attending the law enforcement academy and will promptly report any absences to a police supervisor.
- The Trainee signs an agreement with the City of Black Hawk to continue employment with the City Of Black Hawk for a period specified in the agreement.

- The Trainee will complete all course work and maintain a passing grade in each class or course.
- The Trainee authorizes the release of information to the Chief of Police or his/her representative concerning the Trainee's test scores, course grades, attendance, and performance during the academy. The Trainee will provide a certified copy of their transcript of course work from the enrolling institution after the completion of the academy or upon demand.
- The Trainee will adhere to all policies of the Black Hawk Police Department and City of Black Hawk Employee Handbook.
- The Trainee will represent the City of Black Hawk and the Black Hawk Police Department consistent with the organizations values and mission.
- The Trainee will attend regular meetings with a Black Hawk Police Department supervisor to discuss the Trainee's progress.
- The Trainee will continue to meet all the basic qualifications of a police officer required to become POST certified at the conclusion of the law enforcement academy.

QUALIFICATIONS

Ability to:

- Demonstrate acceptable proficiency in all academics, firearms, driving, self-defense, report writing, and decision making during the academy.
- Perform all the duties of a Police Officer I once trained and certified.
- Interact tactfully and courteously with instructors and other students while in the academy.
- Perform all the tasks, assignments and duties expected as a student of the law enforcement academy.
- Communicate clearly, concisely and effectively, orally and in writing with academy staff and police department staff during the academy.
- Analyze situations quickly and objectively to determine the proper courses of action to be taken.
- Read, analyze, and interpret general law enforcement periodicals, professional journals, policies and procedures or governmental regulations.

Certifications:

- Valid Colorado driver's license with safe driving record.
- Meets all the requirements to become POST certified upon the successful completion of a basic law enforcement academy.

Age:

- Must be at least 21 years of age at time of appointment.

EXPERIENCE AND EDUCATION

Experience:

- None

Education:

- Two (2) year associate degree from an accredited school or past experience, which is equivalent.

PHYSICAL DEMANDS

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of Police Officer I Trainee and Police Officer I. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

- May be exposed to situations in which there are dangerous or deadly weapons.
- May be required to use physical force to restrain violent, combative individuals.
- May be required to use or be subjected to deadly physical force.
- May be involved in high-stress situations with little or no warning and be involved for long periods of time.
- May come into contact with individuals who have been exposed to infectious or contagious diseases.
- While performing the duties of this job, the employees are regularly required to walk, sit, use hands to manipulate or feel objects, tools, or controls; reach with hands and arms; climb or balance; stoop, kneel, crouch, or crawl; talk and hear. The employee is regularly required to stand long periods of time and detect orders.
- The employee must regularly lift and/or move more than 100 pounds.
- The employee must be able to wear police uniform and related necessary equipment that can weigh up to 30 pounds.
- Specific vision abilities required by this job include close vision, distance vision, color vision, peripheral vision, depth perception, and the ability to adjust focus. Vision should be correctable to 20/20.
- May work in adverse weather conditions.
- May work near moving mechanical parts and in high, precarious places.
- While performing the duties of this job, the employee may be exposed to blood, other bodily fluids/products, communicable diseases, grease/oil, a variety of fumes or airborne particles, extreme temperatures, solvents or chemicals, electrical hazards, various weather conditions, vehicular traffic and smoke.
- Frequently drives or is a passenger in a motor vehicle. May be seated for long periods of time.
- May operate a motor vehicle in adverse weather conditions. May operate a motor vehicle or be a passenger in a vehicle operated at high speeds.

NECESSARY REQUIREMENTS

- Must pass a thorough background investigation, including but not limited to, a polygraph examination, psychological assessment and statement from a credit-reporting bureau.
- Applicants with a record of conviction for serious misdemeanors or felony crimes will be disqualified.
- Employees are expected to follow all types of safety rules and use the department provided safety equipment to include but not limited to seat belts, body armor, safety glasses, ear protection etc.
- Must be able to perform in a busy environment with frequent interruptions.
- Willingness to work rotating shifts including nights, weekends and holidays.

ADDITIONAL REQUIREMENTS FOR POLICE OFFICER ADVANCEMENT

See Police Officer Advancement Addendums for specific job related duties of Police Officer I, II, III and IV.

COMMENTS

The intent of this classification is to describe the types of job tasks and levels of responsibility and difficulty required of persons assigned to this classification title. This is not to be considered a detailed description of every duty/responsibility of the job.

The City of Black Hawk is an Equal Opportunity Employer. Pursuant to the *Immigrations Reform and Control Act*, it is the City's intention to hire only individuals who are United States citizens or aliens authorized to work and live in the United States.