

APPLICANT INFORMATION

APPLICANT is applying as a: (please choose ONE):

- Corporation
- Limited Liability Company (LLC)
- Partnership (includes Husband/Wife Partnerships)
- Individual (Sole Proprietor)
- Other (Specify)

APPLICANT NAME: JONATHAN BILLINGSLEY

Individual or Sole Proprietorship:

Applicant Full Legal Name: JONATHAN FLOYD BILLINGSLEY Social Security Number: [REDACTED] DOB: [REDACTED]

Applicant's Physical Address: 130 TAWANKA TRL GUNNISON CO 81230

Applicant's Mailing Address: SAME

Applicant's Home and Cell Phone Numbers: [REDACTED]

Applicant's Current Email Address: CPTSHAKE@NETZERO.NET

What Marijuana License(s) does the Applicant or any member of the LLC, Corporation, Partnership/Association currently hold with the State of Colorado?

- Medical Marijuana Center License #: _____
- Retail Marijuana Establishment License #: _____
- Marijuana Product Manufacturing License #: _____
- Marijuana Testing License #: _____
- Cultivation Center License #: 403R-00337
- Other License #: _____
- None

What Marijuana License(s) does the Applicant hold with the City of Gunnison?

- Type: _____ License #: _____
- Type: _____ License #: _____

Additional Licenses Use Additional Pages

None

OATH OF APPLICANT

I declare under penalty of perjury in the second degree that this application and any required attachments are true, correct and complete to the best of my knowledge. I also acknowledge that it is my responsibility and the responsibility of my agents and employees to comply with the provisions of the Colorado Marijuana Code that will affect my license.

Authorized Signature: [Signature]
 Printed Name and Title: JONATHAN BILLINGSLEY OWNER
 Date: 3/15/16

(This page BELOW to be completed by City Staff)
CITY OF GUNNISON DEPARTMENTAL APPROVALS

Each Department Must Review, Approve, Sign, Check-Off, and Date for Application Approval to be forwarded to City Council for approval.

CITY CLERK'S DEPARTMENT

- Includes payment of application and licensing fees; submission of complete application forms and any other forms as required.

Date approved: 5/2/16 By: [Signature]

COMMUNITY DEVELOPMENT DEPARTMENT

- Compliance with Mechanical, Fire and Technical Codes of the Gunnison Municipal Code
- Compliance with Land Use Requirements as defined in the Gunnison Land Development Code.

Date approved: 6/3/16 By: see attached form

FINANCE DEPARTMENT

- Compliance with sales tax collection and remittance Code requirements

Date approved: 4/28/16 By: [Signature]

POLICE DEPARTMENT

- Successful completion of local background checks and investigations

Date approved: 5/2/16 By: [Signature]

PUBLIC WORKS DEPARTMENT

- Compliance with City Utilities Codes

Date approved: 4-26-16 By: [Signature]

REQUIRED ATTACHMENTS FOR CITY COUNCIL PUBLIC HEARING

Results of local background check by City of Gunnison Police Department.

Approved Site Development Application and/or Conditional Use Permit.

Completed State of Colorado License Application Forms to Application.

Date Application Accepted by City Council: 04/28/16

Date of Public Hearing: 06/28/16

APPLICATION APPROVED: / /

APPLICATION DENIED: / /

Applicants Name: John Billingsley, dba The Pot Shop, LLC

APPROVED WITH CONDITIONS

Applicants Address: 130 Tawanka Trail, Gunnison, CO 81230

June 3, 2016

Establishment Address: 905 N. Main St. Suite B, Gunnison, CO 81230

Compliance	Initial Compliance Criteria and Standards for all Marijuana Establishments
OK	<i>Buffers:</i> Marijuana establishment is not located within 1000 feet of a public school; private or charter school; daycare school, center or home; and mental health facilities. Establishments shall not be located on real property that fronts, abuts or is adjoining to any Residential District zone.
OK	Marijuana establishment complies with the district zone location standards set forth in Table 2-3, Principal Use Table of the <i>Land Development Code</i> .
OK	Marijuana establishment complies with all provisions, standards and regulations of the <i>Land Development Code</i> .
OK	Marijuana establishment is served by city water, wastewater, and electrical utility services and complies with all provisions, standards and regulations of the <i>City of Gunnison Municipal Code</i> , Title 12, Utilities.
CHECKED	<i>State Regulations:</i> Marijuana establishment complies with all applicable requirements of Colorado State Law and <i>Code of Colorado Regulations</i> , Medical Use of Marijuana and Retail Marijuana Code.
OK W/ CONDITIONS	A source capture system capable of removing particulate and odors to achieve levels that do not constitute a nuisance to adjacent occupants, structures and properties has been approved.
OK W/ CONDITIONS	Marijuana establishment complies with International Code Council building and fire codes adopted by the City.
Compliance	Additional Standards for Retail Marijuana and Medical Marijuana Centers
1/ 60 sq ft = 13 max occ	Retail establishments shall be located in buildings that comply with occupancy standards established by the International Code Council codes and adopted by the City.
OK	Retail establishments shall be located on lots in buildings that comply with the regulations in the <i>Land Development Code</i> including, but not limited to, landscaping, buffers, lighting, screening and parking standards.

The Community Development Director finds that initial compliance with Mechanical, Fire and Technical Codes and Land Use Requirements have been met with the following conditions:

Conditions:

1. Said marijuana establishment shall comply with all provisions, standards and regulations of the *Land Development Code* and all relevant building, mechanical and fire codes adopted by the City.
2. The mechanical source capture and exhaust system shall be installed and subject to inspection and approval by the Building Official.
3. The licensed retail marijuana establishment premises shall be equipped with a carbon monoxide detector.
4. A minimum of 3 exterior parking spaces with one handicap accessible space shall be dedicated to this retail marijuana establishment.
5. Building occupancy for the licensed retail marijuana establishment shall be subject to a final inspection and approval by the Building Official, Fire Marshal and Director Community Development.

Colorado Marijuana Licensing Authority
Retail Business License Application

License Types & Fees (See Application Checklist for details on license types and fees.)			
<input checked="" type="checkbox"/> Retail Marijuana Store	<input type="checkbox"/> Tier 1 = 1800 or fewer plants	<input type="checkbox"/> Retail Marijuana Products Manufacturer	
<input type="checkbox"/> Retail Marijuana Cultivation	<input type="checkbox"/> Tier 2 = 1801 – 3600 plants	<input type="checkbox"/> Conversion- Converted from Lic. # _____	
<input type="checkbox"/> Retail Marijuana Test Facility	<input type="checkbox"/> Tier 3 = 3601–6000 plants	<input type="checkbox"/> Retail/Medical Marijuana Combined Use- Combined with Lic. # _____	
	<input type="checkbox"/> Tier 4 = 6001–10200 plants	<input type="checkbox"/> Affiliated Business	
	<input type="checkbox"/> Tier 5 = 10201–13800 plants		
	<input type="checkbox"/> Tier 5+ = _____ plants in excess of 13801		
Applicant's Legal Business Name (Please Print) THE POT SHOP LLC		Marijuana License Number (Assigned by Division)	
Trade Name (DBA) (Provide Trade Name Registration) SAME		Website Address N/A	
Physical Address			
Street Address of Marijuana Business 905 N MAIN ST # B			Business Phone Number 970-209-7567
City GUNNISON	County GUNNISON	State CO	ZIP 81230
Email Address CPT SHAKEY@NETZERO.NET			
Mailing Address (if different from Physical Address)			
Address 130 TAWANKA TRL		City GUNNISON	State CO
		ZIP 81230	
Primary Contact Person for Business JON BILLINGSLEY		Title OWNER	Primary Contact Phone Number 970-209-1567
Primary Contact Address (city, state ZIP) 130 TAWANKA TRL GUNNISON CO 81230		Primary Contact Email jon@potshop.com	
Federal Taxpayer ID 47-1167153	Colorado Sales Tax License #	Entity ID number shown on Secretary of State Registration	
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 6/18/14
Date of Qualification to Conduct Business in Colorado (Provide Certificate of Good Standing from the Colorado Secretary of State's Office) 6/18/14			
If a Corporation, List all States Where the Corporation is Authorized to Conduct Business CO			
List all Trade Names used by the Business Entity (other than above) N/A			
Attach copies 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 Marijuana)?

(b) had a privileged license (ie: Liquor, Gaming, Racing and Marijuana) suspended or revoked?

(c) had interest in another entity that had a privileged (ie: Liquor, Gaming, Racing and Marijuana) license denied, suspended or revoked?

If you answered yes to 2a, b or c, explain in detail on a separate sheet.

3. Has a 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. *THE POT SHOP LLC CULTIVATION*

4. 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:

<small>Landlord</small> <i>BENNET ACQUISITIONS LLC</i>	<small>Tenant</small> <i>THE POT SHOP LLC</i>	<small>Expires</small> <i>4/30/17</i>
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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)

5. 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. *NONE*

Name	Date of Birth	FEIN OR SSN	Interest
<i>N/A</i>			

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 (To be completed by Applicant)

<small>Local Licensing Authority</small> <i>CITY OF GUNNISON</i>	<small>Address</small> <i>P.O. Box 239 GUNNISON CO 81230</i>
<small>Local Licensing Authority contact name</small> <i>GAIL</i>	<small>Contact Phone</small> <i>970-641-8140</i>
<small>Contact Email</small> <i>GAIL@CITYOFGUNNISON.CO.GOV</i>	

6. Has the Applicant filed for a retail marijuana cultivation? If so, list license number(s): *403 R - 00337* Yes No

What City or County? (Fill out a separate and complete application)
SAGUACHE

7. Does the Retail Applicant have evidence of a good and sufficient bond in the amount of \$5,000.00 in accordance with 12-43.4-303 C.R.S. (Include evidence with application)?

<small>Printed Legal Business Name</small> <i>THE POT SHOP LLC</i>	<small>Printed Trade Name (DBA)</small> <i>N/A</i>
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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 JOHN BILLINGSLEY		Title OWNER		SSN/FEIN [REDACTED]		DOB [REDACTED]		App submitted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Address 130 TAWANKA TRL		City GUNNISON		State CO		ZIP 81230		Phone Number [REDACTED]	
Business Associated with (Parent business or sub-entity) N/A				Own. % Business Associated with 100%			Effective Own. % in Applicant 100%		
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		
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		
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

Printed Legal Business Name THE POT SHOP LLC		Printed Trade Name (DBA) N/A	
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. SAGUACHE COUNTY RETAIL STORE		<input checked="" type="checkbox"/> Yes <input 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. RETAIL STORE, SAGUACHE COUNTY		<input checked="" type="checkbox"/> Yes <input 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. [REDACTED]		<input checked="" type="checkbox"/> Yes <input 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 checked="" type="checkbox"/> Yes <input 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. [REDACTED]			
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. N/A			
Person who maintains Applicant's business records		Title	
JON BILLYNISKI		OWNER	
Address		Phone Number	
130 TAWANKA TRC GUNNISON CO 81230		[REDACTED]	
Person who prepares Applicant's tax returns, government forms & reports		Title	
HEGEMAN + DRENNOWSKI PC			
Address		Phone Number	
312 N MAIN ST GUNNISON CO 81230		970-641-6241	
Location of financial books and records for Applicant's business			
130 TAWANKA TRC GUNNISON CO 81230			

OPERATING AGREEMENT

OF

THE POT SHOP, LLC

A COLORADO LIMITED LIABILITY COMPANY

THIS AGREEMENT is made this 20th day of June, 2014, by Jonathan Billingsley, (the Member), as the sole member of the The Pot Shop, LLC, a Colorado Limited Liability Company (the "Company").

Section 1: Formation of the Company

1.1 *Articles of Organization.* This Company is organized pursuant to the Limited Liability Company Laws of the State of Colorado and pursuant to the Articles of Organization filed with the Secretary of State on June 18, 2014. The rights and obligations of the Company and the Members are provided in the Articles of Organization and this Operating Agreement (Agreement). The word "member" is used interchangeably with the plural "members" throughout this agreement.

1.2 *Conflict Between Articles of Organization and this Agreement.* In the event of any inconsistency between the Articles of Organization and this Agreement, the terms of the Articles of Organization shall govern.

Section 2. Capital Contributions

2.1 *Initial Capital Contributions.* The Capital Contribution to be made by the Members and with which the Company shall begin business are as follows:

Member Name	Contribution	Ownership %
Jonathan Billingsley	Cash and Services	100%

2.2 *Loans.* In lieu of contributing additional capital to meet operating expenses or to finance new investments, the Company may, as determined by the Members, borrow money from any person, including the Members. In the event that a loan agreement is negotiated with the Members, the Members shall be entitled to receive interest at a rate and upon such terms to be determined by the Members and said loan shall be repaid to the Members, with interest, if any, as soon as the affairs of the Company permit. The loan shall be evidenced by a promissory note obligated by the assets of the Company.

Section 3. Accounts; Allocation of Profits and Loss; Distributions

3.1 *Capital Accounting.* A separate accounting shall be maintained for the Members to track capital from cash contributions. The accounting shall initially reflect the cash amounts specified in Section 2.1, if any, or if the Members have merely committed to contribute the cash amount specified in Section 2.1, the Company shall maintain a corresponding subscription receivable on behalf of the Members. If a member fails to contribute the amounts specified in Section 2.1, or if the Member withdraws contributions, the Members' shares of subsequent Company profits shall be credited first to the Company's benefit until that balance created by the initial contribution (or commitments thereto) has been restored, before such profits are credited to the Members. No interest shall be paid on any capital contribution to the Company.

3.2 *Income Accounting.* A separate accounting shall be maintained for the Members to track income. Company profits, losses, gains, deductions and credits shall be charged or credited to the separate income account, unless the Members have no credit balance in the Member's income account, in which event losses shall be charged to the Members' capital account, except as provided in Section 3.1. The profits, losses, gains and deductions and credits of the Company shall be distributed or charged to the Members as provided in Section 3.3. No interest shall be paid on any credit balance in an income account.

3.3 *Allocations to Member.* The profits and gains of the Company shall be allocated and the losses, deductions, and credits of the Company shall be borne entirely by the Members.

Section 4. Rules Relating to the Members

4.1 *General Powers.* Management and the conduct of the business of the Company shall be vested in the Members. Persons or entities doing business with the Company may rely upon the Members' authority to transact all business activities on behalf of the Company, including the following:

4.1.1 Any Member shall execute any instrument or document providing for the acquisition, mortgage, or disposition of the property of the Company.

4.1.2 Any Member may contract debt or liability by the Company, and any instruments or documents required to be executed by the Company may be signed by any Member.

4.1.3 Any Member may delegate or designate an agent to be responsible for the daily and continuing operations of the business affairs of the Company. All decisions affecting the policy and management of the Company, including the control, employment, compensation and discharge of the employees; the employment of contractors and subcontractors; and the control and operation of any Company property, including the improvement, rental, lease, maintenance, and all other matters pertaining to the operation of the property of the business, shall be made by any Member.

4.1.4. Any Member may draw checks upon the accounts of the Company and may make, deliver, accept, or endorse any commercial paper in connection with the business affairs of the Company.

4.2 *Indemnification.* The Members shall be entitled to be indemnified by the Company, to the extent provided in the Colorado Limited Liability Company Act, as amended from time to time, and shall be entitled to the advance of expenses, including attorney's fees, in the defense of or prosecution of any claim against the Members.

Section 5. Books; Fiscal Year; Audits.

The books shall be maintained at the registered office of the Company. The books shall be kept on the basis of accounting selected by the accountant regularly servicing the Company. The fiscal year of the Company shall be the calendar year. The Members may authorize the accountants to make a compilation, review, or audit of the Company at the closing of each fiscal year of the Company.

Section 6. Dissolution

6.1 *Causes of Dissolution.* The Company shall be dissolved upon the occurrence of one of the following events:

6.1.1 At any time upon the decision of any Member; or

6.1.2 Upon the death of a Member.

6.2 *Distribution of Assets.* In the event of the dissolution of the Company, the remaining Members may proceed with reasonable promptness to sell the property owned by the Company and to liquidate the business of the Company or may continue to do business. Upon dissolution, the assets of the Company shall be distributed in the following order:

6.2.1. Any liabilities and liquidating expenses of the Company will first be paid;

6.2.2 The reasonable compensation and expenses of the Members to the liquidate the Company shall be paid; and

6.2.3 The amount then remaining shall then be paid to the Members, or in the event of a Member's Death, the Member's personal representative.

Section 7. Insurance

The Company may contract for life insurance on the life of the Members, in an amount not disproportionate to the value of the Members' interest in the Company. In the event of the death of a Member, insurance proceeds paid to the Company shall be used to purchase the membership interest of a Member from the decedent's representatives or heirs by payment of the insurance proceeds to them within thirty (30) days following receipt of the insurance proceed by the Company.

Section 8. Addition of New Members

A person may be admitted as an additional Member only upon the written consent of a majority of the Members.

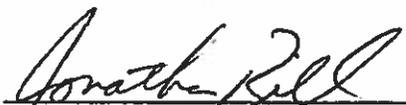
Section 9. Miscellaneous Provisions

9.1 *Governing Law.* This Agreement and its terms are to be construed according to the laws of the State of Colorado.

9.2 *Modification.* The Members may only modify this Agreement in writing.

9.3 *Severability.* The provisions of this Agreement are severable and separate, and if one or more is voidable or void by statute or rule of law, the remaining provisions shall be severed therefrom and shall remain in full force and effect.

IN WITNESS WHEREOF, the Members have signed this Agreement on behalf of the Member and the Company on the day first written above.



Jonathan Billingsley

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF GOOD STANDING

I, Wayne W. Williams, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

THE POT SHOP LLC

is a

Limited Liability Company

formed or registered on 06/18/2014 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 20141371794 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 03/07/2016 that have been posted, and by documents delivered to this office electronically through 03/08/2016 @ 20:30:15 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 03/08/2016 @ 20:30:15 in accordance with applicable law. This certificate is assigned Confirmation Number 9540724 .



A handwritten signature in cursive script that reads "Wayne W. Williams".

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 Validate a Certificate page of the Secretary of State's Web site, <http://www.sos.state.co.us/biz/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 "Businesses, trademarks, trade names" and select "Frequently Asked Questions."

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO

CERTIFICATE OF FACT OF TRADE NAME

I, Wayne W. Williams , as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office, a Statement of Trade Name for:

THE POT SHOP LLC

(Entity ID # 20151517060)

was filed in this office on 08/11/2015 with an effective date of 08/11/2015 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 03/07/2016 that have been posted, and by documents delivered to this office electronically through 03/08/2016 @ 20:27:44 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, and issued this official certificate at Denver, Colorado on 03/08/2016 @ 20:27:44 in accordance with applicable law. This certificate is assigned Confirmation Number 9540721 .



A handwritten signature in cursive script that reads "Wayne W. Williams".

Secretary of State of the State of Colorado

*****End of Certificate*****
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Colorado Secretary of State
 Date and Time: 06/18/2014 10:13 PM
 ID Number: 20141371794
 Document number: 20141371794
 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

THE POT SHOP 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

130 TAWANKA TR

(Street number and name)

GUNNISON

(City)

CO

(State)

81230-9713

(ZIP/Postal Code)

United States

(Country)

(Province – if applicable)

Mailing address

(leave blank if same as street address)

130 TAWANKA TR

(Street number and name or Post Office Box information)

GUNNISON

(City)

CO

(State)

81230-9713

(ZIP/Postal Code)

United States

(Country)

(Province – if applicable)

3. The registered agent name and registered agent address of the limited liability company's initial registered agent are

Name

(if an individual)

BILLINGSLEY

(Last)

JONATHAN

(First)

(Middle)

(Suffix)

or

(if an entity)

(Caution: Do not provide both an individual and an entity name.)

Street address

130 TAWANKA TR

(Street number and name)

GUNNISON

(City)

CO

(State)

81230-9713

(ZIP Code)

Mailing address

(leave blank if same as street address)

130 TAWANKA TR

(Street number and name or Post Office Box information)

GUNNISON CO 81230-9713
(City) (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) BILLINGSLEY JONATHAN F
(Last) (First) (Middle) (Suffix)

or

(if an entity)
(Caution: Do not provide both an individual and an entity name.)

Mailing address 130 TAWANKA TR
(Street number and name or Post Office Box information)

GUNNISON CO 81230-9713
(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>BILLINGSLEY</u>	<u>JONATHAN</u>		
<i>(Last)</i>	<i>(First)</i>	<i>(Middle)</i>	<i>(Suffix)</i>
<u>130 TAWANKA TR</u>			
<i>(Street number and name or Post Office Box information)</i>			
<hr/>			
<u>GUNNISON</u>	<u>CO</u>	<u>81230-9713</u>	
<i>(City)</i>	<i>(State)</i>	<i>(ZIP/Postal Code)</i>	
<u>United States</u>			
<i>(Province – if applicable)</i>		<i>(Country)</i>	

(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).

Colorado Retail Marijuana License Bond

Name of Bonding Company Hudson Insurance Company
Bond Number 10038520

KNOW ALL PERSONS BY THESE PRESENTS:

That we, The Pot Shop LLC, Street Address 905 N Main St #B
City Gunnison, County of Gunnison, State of Colorado, as Principal,
and Hudson Insurance Company, a surety company qualified and authorized to do surety business in the State of Colorado, as Surety, are held and firmly bound unto the State of Colorado to indemnify the State or local governmental entity for any loss suffered by reasons of violation of the conditions hereinafter contained in the penal sum of FIVE THOUSAND DOLLARS (\$5,000.00), lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns jointly, severally, and firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH that whereas the Principal is applying for the issuance or renewal of a license issued pursuant to the Colorado Retail Marijuana Code, Article 43.4 of Title 12 of the Colorado Revised Statutes, which license or license renewal shall be valid, if not suspended or revoked, for a license period ending one year from the last day of the month of issuance of the license or renewal;

NOW, THEREFORE, if the Principal is granted a license by the State pursuant to Article 43.4 of Title 12 of the Colorado Revised Statutes, during the term of said license and any renewal thereof, the Principal shall report and pay all sales and use taxes due the State of Colorado, or due any other entity for which the State is the collector or collecting agent, in a timely manner as provided by law.

IT IS FURTHER PROVIDED that the aggregate liability of the Surety for all breaches of the condition of this bond, regardless of the number of years this bond shall continue in force, the number of claims made against this bond, and the number of premiums which shall be payable or paid shall not exceed the amount of the bond.

IT IS FURTHER PROVIDED that pursuant to Section 12-43.4-303(2), C.R.S., the Surety shall not be required to make payments to the State of Colorado claiming under this bond until a final determination of failure to pay taxes due to the State has been made by the State Licensing Authority or a court of competent jurisdiction.

IT IS FURTHER PROVIDED that the Surety shall have the right to cancel this bond for any reason authorized by statute by filing forty-five (45) days' written notice of such cancellation with the Principal and with the State Licensing Authority. If cancellation is based upon nonpayment of premium, this bond may be cancelled by the Surety upon ten (10) days' written notice to the Principal and the State Licensing Authority.

THIS OBLIGATION may be continued from year to year by the issuance by the Surety of a proper continuation certificate delivered to the State Licensing Authority pursuant to Section 12-43.4-303(3), C.R.S.

Dated this 2nd day of March, 2016

For the Principal: [Signature] For the Surety: [Signature]
Aksel Firat, Attorney-In-Fact

ACKNOWLEDGMENT OF SURETY

Arizona
STATE OF COLORADO

COUNTY OF Maricopa | SS.

On this 2nd day of March, 2016, before me, a notary public in and for the above State, personally appeared Aksel Firat, to me personally known and being by me duly sworn, did say that he or she is an authorized corporate officer or the Attorney-in-Fact of Hudson Insurance Company, a corporation duly organized and existing under the laws of the State of Colorado, or authorized to do business therein, and that he or she as such officer executed the foregoing instrument for the purposes herein contained on behalf of said corporation, and further acknowledged that the instrument was executed as the free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my name and affixed my official seal on the day and year written above.

(SEAL)

[Signature]
Notary Public, State of Colorado Arizona
My commission expires: 6/30/17





POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That HUDSON INSURANCE COMPANY, a corporation of the State of Delaware, with offices at 100 William Street, New York, New York, 10038, has made, constituted and appointed, and by these presents, does make, constitute and appoint

Aksel Firat
of the State of AZ

its true and lawful Attorney(s)-in-Fact, at New York, New York, each of them alone to have full power to act without the other or others, to make, execute and deliver on its behalf, as Surety, bonds and undertakings given for any and all purposes, also to execute and deliver on its behalf as aforesaid renewals, extensions, agreements, waivers, consents or stipulations relating to such bonds or undertakings provided, however, that no single bond or undertaking shall obligate said Company for any portion of the penal sum thereof in excess of the sum of Five Thousand Dollars (\$5,000.00)

Such bonds and undertakings when duly executed by said Attorney(s)-in-Fact, shall be binding upon said Company as fully and to the same extent as if signed by the President of said Company under its corporate seal attested by its Secretary.

In Witness Whereof, HUDSON INSURANCE COMPANY has caused these presents to be of its Executive Vice President thereunto duly authorized, on this 31st day of October, 2013 at New York, New York.



Dina Daskalakis
Corporate Secretary

HUDSON INSURANCE COMPANY

By Christopher T. Suarez
Executive Vice President

STATE OF NEW YORK
COUNTY OF NEW YORK SS

On the 31st day of October, 2013 before me personally came Christopher T. Suarez to me known, who being by me duly sworn did depose and say that he is an Executive Vice President of HUDSON INSURANCE COMPANY, the corporation described herein and which executed the above instrument, that he knows the seal of said Corporation, that the seal affixed to said instrument is such corporate seal, that it was so affixed by order of the Board of Directors of said Corporation, and that he signed his name thereto by like order.

(Notarial Seal)



Ann M. Murphy
Notary Public, State of New York
No. 01MU6067553
Qualified in Nassau County
Commission Expires December 10, 2017

STATE OF NEW YORK
COUNTY OF NEW YORK

CERTIFICATION

The undersigned Dina Daskalakis hereby certifies. That the original resolution, of which the following is a true and correct copy, was duly adopted by unanimous written consent of the Board of Directors of Hudson Insurance Company dated July 27, 2007, and has not since been revoked, amended or modified

"RESOLVED, that the President, the Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have the authority and discretion, to appoint such agent or agents, or attorney or attorneys-in-fact, for the purpose of carrying on this Company's surety business, and to empower such agent or agents, or attorney or attorneys-in-fact, to execute and deliver, under this Company's seal or otherwise, bonds obligations, and recognizances, whether made by this Company as surety thereon or otherwise, indemnity contracts, contracts and certificates, and any and all other contracts and undertakings made in the course of this Company's surety business, and renewals, extensions, agreements, waivers, consents or stipulations regarding undertakings so made, and

FURTHER RESOLVED, that the signature of any such Officer of the Company and the Company's seal may be affixed by facsimile in any power of attorney or certification given for the execution of any bond, undertaking, recognizance, contract of indemnity or other written obligation in the nature thereof or related thereto, such signature and seal when so used whether heretofore or hereafter, being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed"

THAT the above and foregoing is a full, true and correct copy of Power of Attorney issued by said Company, and of the whole of the original and that the said Power of Attorney is still in full force and effect and has not been revoked, and furthermore that the Resolution of the Board of Directors, set forth in the said Power of Attorney is now in force.

Witness the hand of the undersigned and the seal of said Corporation this 2nd day of March, 2016



Form DS-10 10 8 2010 (v1)

Dina Daskalakis
Corporate Secretary



City of Gunnison, Colorado

Department of Finance

No. 99-785 \$ 10.50

Received from The Pot Shop LLC

905 N Main #B Gunnison CO 81230

the sum of Ten dollars and 50/100 * * * * * Dollars

for a license to COLLECT CITY OF GUNNISON SALES TAX

in the City of Gunnison, Colorado, for a period beginning

July 1 20 16, and ending December 31 20 16.

Shaila Anderson
City Clerk



MARIJUANA ENFORCEMENT DIVISION - STATEMENT OF UNDERSTANDING

I understand I am responsible for knowing and complying with all state laws and regulations governing medical and retail marijuana pursuant to Article 12 Title 43.3 and Article 12 Title 43.4 of the Colorado Revised Statutes, as well as 1 CCR 212-1 and 1 CCR 212-2 of the Colorado Code of Regulations. I understand I am being made aware of the following laws and regulations and agree to comply with them upon issuance of my license:

I will not cultivate, sell, dispense, possess or test any marijuana on the licensed premises prior to being issued a license to do so by the State Licensing Authority and receiving approval to do so by the local jurisdiction where the license is issued. AS

I understand that the licensed premises must comply with all security and surveillance requirements set forth in the Medical Marijuana Code and/or the Retail Marijuana Code and the rules or regulations promulgated in accordance with the Codes before the licensee can cultivate, sell, dispense, possess or test any marijuana on the licensed premises. AS

I understand that at all times I shall possess and maintain possession of the premises for which the license is issued by ownership, lease, rental, or other arrangement of possession of the premises. AS

I understand that I am required to keep a complete set of all records necessary to show fully the business transactions of the licensee, all of which shall be open at all times during business hours for inspections and examination by the State Licensing Authority or its duly authorized representatives. AS

I understand that the licensed premises, including any places of storage where medical marijuana and/or retail marijuana and/or infused products are stored, sold, dispensed or tested shall be subject to inspection by the state or local jurisdictions and their investigators, during all business hours and other times of apparent activity. AS

I understand that I shall retain all books and records necessary to show fully the business transactions of the business for a period of the current tax year and the three preceding tax years. AS

I understand I must use the State's Inventory Tracking System as my primary inventory tracking system of record and to follow all the rules and guidelines set forth for the use of this system. AS

I understand that any medical marijuana and/or retail marijuana and/or infused product must meet the labeling and packaging requirements set forth in the Medical Marijuana Code and/or the Retail Marijuana Code and all rules or regulations promulgated in accordance with the Codes. AS

I understand that all areas of ingress or egress to limited access areas shall be clearly identified as such by a sign as designated by the State Licensing Authority. AS

I have read all of the above information and understand my responsibilities as a medical marijuana and/or retail marijuana business licensee. I further understand that failure to comply with any law, regulation, or the provisions of this Statement may be grounds for disciplinary action including, but not limited to the suspension or revocation of my license and a monetary penalty after an administrative hearing.

LICENSEE'S BUSINESS NAME <u>THE POT SHOP LLC</u>	BUSINESS LICENSE NUMBER
OWNER'S SIGNATURE <u>[Signature]</u>	DATE <u>3/9/16</u>

[Signature] AS 3/9/2016



COLORADO
 Department of Revenue
 Enforcement Division - Marijuana



MARIJUANA OWNERSHIP AND FUNDING CERTIFICATION

Medical Marijuana Business Retail Marijuana Establishment

On behalf of the Applicant, I certify under the penalty of perjury on the date signed:

- The ownership described below is accurate and complete and includes *all* shareholders or other owners of the Applicant business entity, including members of business entities that share in the ownership in the Applicant business entity – including management and/or consulting companies, no matter how slight the ownership interest.
- The list of associated persons below is complete and includes *all* corporate or company officers, directors (including outside or independent directors), partners, and all persons who have the ability to exercise control over the management policies of the Applicant entity, along with accurate titles or positions.

Note: Business entities that own the Applicant business entity, in whole or in part, must provide details of their ownership structure.

On behalf of the Applicant, I further certify under the penalty of perjury that on the date signed:

- All investments and funds used to start and/or finance this Applicant's business entity have been disclosed and accurately reported.
- These investments and funds were obtained from fully disclosed, legal and legitimate sources.
- These investments and funds are not involved in any criminal or money laundering activity, are clear and unencumbered, and are not derived from any illegal activities.

Upon signature below the applicant also understands and agrees no change of ownership or change of location will be accepted by the State Licensing Authority, Marijuana Enforcement Division until the applicant's license(s) are approved. (Retail Only)

x <u>Jonathan Billingsley</u>	<u>OWNER</u>	<u>100%</u>
Signature	Title or Position	Ownership %
<u>(JONATHAN BILLINGSLEY)</u>	<u>THE POTSHOP LLC</u>	
Typed or Printed Name	Business Name	MED Lic. #

County of _____ State of _____

Subscribed and sworn to (or affirmed) before me this _____ day of _____ 20____ in _____, _____

 Notary Public Signature

 Printed Name of Notary Public

Notary Public, State of _____

My Commission Expires: _____



CONFIDENTIAL DOCUMENT: This document is the property of the Colorado Marijuana State Licensing Authority and the Colorado Marijuana Enforcement Division, and is provided for *Official Use Only*. This document may not be further reproduced nor its contents disclosed without the written permission of the Division or State Licensing Authority. Revised: 09/01/2015

Jonathan Billingsley ES 3/9/2014

COMMERCIAL LEASE

This lease is made between **BENNETT ACQUISITIONS LLC, A Colorado Limited Liability Company**, herein referred to as Landlord, whose address is 905 N Main, Gunnison, CO 81230, herein called "Landlord" and **The Pot Shop LLC** herein referred to as "Tenant" and all co-signers signing this Lease (referred to in this lease individually and collectively as "Tenant") jointly and severally promise to pay to Landlord in lawful money of the United States of America the Lease amount of Three Thousand Dollars (\$3,000.00) per month commencing March 01, 2016 until April 30, 2017..

Tenant hereby offers to lease from the Landlord the premises situated in the City of Gunnison, County of Gunnison, State of Colorado, described as Building Located at **905 N Main Unit B, (approximately 1000 sq. ft.), Gunnison Co 81230 (excluding the building on the property also known as the "905 N Main Unit A, Gunnison Co 81230"** upon the following terms and conditions:

Term and Rent.

Landlord demises the above premises for a term of Twelve (12) months, commencing **March 01, 2016** and terminating **April 30, 2017** as provided herein at the monthly rental rate of Three Thousand Dollars (\$3,000.00) payable on the 1st day of each month for the duration of this lease. Monthly rent checks are to be made payable to **Landlord**, and mailed to **905 N Main Unit A, Gunnison Co 81230** unless notified otherwise to do so. A late fee of 10% (\$100.00) of the monthly rent will be assessed to any payments **not received and deposited by the third (3rd)** day of the month. If any rent payments have not been received by the fourth (4th) day of the month and additional late fee charge of \$5.00 per day will be added. A Thirty Five Dollar (\$35.00) returned check fee and any bank charges charged to Landlord will be charged for any checks returned unpaid or insufficient funds. Money paid by the Tenant shall be applied in the following order, first to outstanding late charges and returned check charges, and posting fees. All remaining funds will be applied to unpaid rents.

Security Deposit.

The tenant shall pay a deposit in advance in the amount of Three Thousand dollars (\$3,000.00) to be held and disbursed for tenant damages to the premises (if any) provided by law. The tenant may not apply the security deposit to the payment of the rent reserved or the performance of other obligations. The tenants are to keep the leased premises in as good condition as when received; will not vacate the leased premises prior to the termination hereof; will make all rental payments as the same become due; and will otherwise perform all terms, covenants and conditions of this lease. It is understood and agreed that the security deposit is neither an advance rent payment nor a bonus to the

Landlord, and the Landlord agrees that if all of the covenant herein imposed upon Tenant have been complied with, if the Landlord has not been damaged as a result of injury to the leased premises or personal property therein, nor has incurred any costs to repair or clean said premises, then in that event, Landlord shall refund to the Tenant(s) the full amount of the refundable deposit. If Tenant(s) defaults in any of the terms and provisions hereof Landlord shall have the right to apply as much of the deposit as is required to recompense Landlord for any damages thereby sustained and, if any balance remains after such application, to return the same to Tenant(s). An accounting of such security deposit shall be made to the Tenant(s) within 45 days after surrender and acceptance of the premises or termination of this Lease. After such accounting the Landlord shall immediately mail to Tenant(s) any security deposit owed to the Tenant(s), and at the Tenant's last known address, which absent written notice to the contrary, shall be the address of the leased premises herein. In the even damage to Landlord exceeds the amount of said deposit, Tenant(s) shall pay such excess amount immediately upon being billed therefore by Landlord, including Landlord's reasonable attorneys; fees and court costs incurred, if any. Any charges not paid within 45 days of receipt of statement from the Landlord will be sent for collection. Carpets are to be professionally cleaned at the termination of this lease.

Use.

The tenant shall use and occupy the premises for the commercial use of the retail sale, cultivation, processing and storage of any and all recreational and medical marijuana (cannabis) products; after receipt of approval City of Gunnison. The premises shall be used for no other purpose. Landlord represents to Tenants that upon approval of the City of Gunnison, the premises may lawfully be used for such purpose.

Care and Maintenance of Premises.

The tenant acknowledges that the premises are in good order and repair, unless otherwise indicated herein. Tenant shall, at his own expense and at all times, maintain the premises in good and safe condition, including plate glass, electrical wiring, plumbing and heating installations and any other system or equipment upon the premises and shall surrender the same, at termination hereof, in as good condition as received, normal wear and tear excepted. Tenant shall be responsible for all repairs required, excepting the roof, exterior walls, structural foundations, and shall properly maintain the heating system installed in the leased premises, but the Landlord shall pay for all repairs to said systems, except for those repairs made necessary by Tenant(s) neglect. The Tenant(s) shall pay for the expenses of repairs to the plumbing installed within said premises. Tenant(s) shall promptly remove all accumulations of ice and snow from sidewalks and driveways adjacent to the leased premises, keeping the same clean, swept and free of obstructions, trash and debris. Tenant(s) is responsible for mowing, trimming, watering, raking, pulling weeds, and otherwise keeping the lawns and trees in clean orderly condition.

Alterations.

Tenant shall not, without first obtaining written consent of the Landlord, make any alterations, additions, or improvements, in, to or about the premises. If any alterations are approved, landlord reserves the right to have the tenant return any alterations, even though approved, to the original condition. Tenant has requested to repaint the interior of the building in a neutral tone. Landlord will approve the selection of color. Tenant reserves the right to remove any equipment it owns at the termination of this lease and will return the premises in acceptable condition to the Landlord.

Ordinances and Statutes.

Tenant shall comply with all statutes, ordinances and requirements of all municipal and state authorities now in force or which may hereafter be in force, pertaining to the premises, occasioned by or affecting the use thereof by Tenant. Landlord and Tenant are aware that the sale of Marijuana is legal in the State of Colorado and the City of Gunnison however, is not legal under Federal laws. In the event that the Federal Government, either after the Presidential election or on or of their own accord, decides to prosecute the sale of marijuana in Colorado and more particularly in the City of Gunnison, then this lease will become null and void and the Tenant will indemnify the Landlord for any and all losses (monetary, business or otherwise) it occurs as a result therein.

Assignment and Subletting.

Tenant shall NOT assign this lease or sublet any portion of the premises without prior written consent of the Landlord, which shall not be unreasonably withheld. Any such assignment or subletting without consent shall be void and, at the option of the Landlord, may terminate this lease. There will be a \$100.00 fee; a credit report, ordered by the landlord, will be required and the charge will be \$25.00.

Utilities.

All applications and connections for necessary utility services of the premises shall be made in the name of the Landlord only, and Tenant shall be solely liable for 33.3% (1/3) utility charges as they become due, gas, electricity, telephone and internet services as applicable. Refer to Additional Provisions for further information.

Entry and Inspection.

Tenant shall permit Landlord and Landlord's agent to enter upon the premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, and will permit Landlord at any time within sixty (60) days prior to the expiration of this

lease, to place upon the premises any usual 'To Let' or 'For Lease' signs, and permit persons desiring to lease the same to inspect the premises thereafter.

Indemnification of Landlord.

Landlord shall not be liable for any damage or injury to Tenant, or any other person or to any property, occurring on the demised premises or any part thereof, and Tenant agrees to hold Landlord harmless from any claims for damages, no matter how caused.

Insolvency.

Any assignment for the benefit of creditors or by operation of law shall not be effective to transfer any rights hereunder to the said assignee without the written consent of the Landlord first having been obtained. It is further agreed between the parties hereto that if Tenant shall be declared insolvent, or if any assignment of Tenant's property shall be made for the benefit of creditors or otherwise, or if Tenant's leasehold interest herein shall be levied upon under execution, or seized by virtue of any writ of any court of law, or a Receiver be appointed for the property of Tenant, whether under the operation of State or Federal Statutes, then and in any such case, Landlord may, at its option, terminate this lease and retake possession of said premises, without being guilty of any manner of trespass or forcible entry or detainer, and without the same working any forfeiture of the obligations of Tenant hereunder. In case the Tenant is adjudicated a bankrupt, or proceeds or is proceeded against under any State or Federal laws for relief of debtors, or in case a receiver is appointed to wind up and liquidate the affairs of the Tenant, the Landlord, at its election shall have a provable claim in bankruptcy or receivership in an amount equal to at least the sum of the last 12 monthly payments of the rental provided for herein, which sum is fixed and liquidated by the parties hereto as the minimum amount of the damages sustained by the Landlord as a result of the bankruptcy or receivership of the Tenant, and the amount of said damages may be satisfied, at the election of the Landlord, out of any moneys or securities deposited herein as security for the payment by the Tenant of the rent herein provided for.

Insurance.

Tenant, at his expense, shall maintain public liability insurance including bodily injury and property damage insuring Tenants and Landlord with minimum coverage as follows: Tenants shall provide Landlord with a Certificate of Insurance showing Landlord as additional insured. The Certificate shall provide for a ten day written notice of Landlord in the event of cancellation or material change of coverage. To the

maximum extent permitted by insurance policies, which may be owned by Landlord or Tenant, Tenant and Landlord, for the benefit of each other, waive any and all rights of subrogating which might otherwise exist. Tenant(s) shall maintain and keep in force all employees' compensation insurance required by the laws of the State of Colorado, and such other insurance required to protect Landlord against liability for personal injury or property damage arising under this lease by operation of law. Should either Landlord or Tenant(s) fail to keep in effect or to pay for all or any part of the insurance required by this section, the other party, may pay for such insurance. In that event, the premium thus paid shall be a credit against future rent obligations (if paid by the Tenant(s)) or it shall be immediately due and payable as additional rent (if paid by the Landlord). Failure by Tenant(s) to reimburse Landlord on demand shall constitute a breach of this lease.

Loss or Damage.

All personal property of any kind or description whatsoever in the demised premises shall be at the Tenant's sole risk, and the Landlord shall not be held liable for any damage done to or loss of such personal property, or for damage or loss suffered by the business or occupation of the Tenant arising from any act or neglect of co-tenants or other occupants of the building, or of their employees or the employees of the Landlord or of other persons, or from bursting, overflowing or leaking of water, sewer or steam pipes, or from heating or plumbing fixtures, or from electric wires, or from gases, or odors, or caused in any other manner whatever, except in the case of willful neglect on the part of the Landlord.

Eminent Domain.

If the premises or any part thereof or any estate therein, or any part of the building materially affecting Tenant's use of the premises, shall be taken by eminent domain, this lease shall terminate on the date when title vests pursuant to such taking. The rent, and any additional rent, shall be apportioned as of the termination date, and any rent paid for any period beyond that date shall be repaid to Tenant. Tenant shall not be entitled to any part of the award for such taking or any payment in lieu thereof, by Tenants may file a claim for any taking of fixtures and improvements owned by Tenant, and for moving expenses.

Destruction of Premises.

In the event of a partial destruction of the premises during the term hereof, from any cause, Landlord shall forthwith repair the same, provided that such repairs can be made within sixty (60) days under existing governmental laws and regulations, but such partial destruction shall not terminate this lease, except that Tenant shall be entitled to a proportionate reduction of rent while such repairs are being made, based upon the extent to which the making of such repairs shall interfere with the business of Tenant on the premises. If such repairs cannot be made within said sixty (60) days, Landlord, at his option, may make the same within a reasonable time, this lease continuing in effect with

the rent proportionately abated as aforesaid, and in the event that Landlord shall not elect make such repairs which cannot be made within sixty (60) days this lease may be terminated at the option of either party. In the event that the building in which the demised premises may be situated is destroyed to an extent of not less than one-third (1/3) of the replacement costs thereof, Landlord, may elect to terminate this lease whether the demised premises be injured or not. A total destruction of the building in which the premises may be situated shall terminate this lease.

Landlord's Remedies on Default.

If the Tenant defaults in the payment of rent, or any additional rent, or defaults in the performance of any of the other covenants or conditions hereof, Landlord may give the Tenant notice of such default within Three (3) days, after the giving of notice (or if such default is of such nature that it cannot be completely cured with such period, if Tenant does not commence such curing within such Three (3) days and thereafter proceed with reasonable diligence and in good faith to cure such default), then Landlord may terminate this lease on not less than Three (3) days notice to Tenant. On the date of specified in such notice the term of this lease shall terminate, and Tenant shall not quit and surrender the premises to Landlord, but Tenant shall remain liable as hereinafter provided. If this lease shall have been so terminated by Landlord, Landlord may at any time thereafter resume possession of the premises by any lawful means and remove Tenant or other occupants and their effects. No failure to enforce any term shall be deemed a waiver. The Tenant shall be responsible for any and all attorney fees upon default of the Tenant.

Tax Increase.

In the event there is any increase during any year of the term of this lease in the City, County, or State real estate taxes over and above the amount of such taxes assessed for the tax year during which the term of this lease commences, whether because of increased rate or valuation, Tenant shall pay to Landlord upon presentation of paid tax bills an amount equal to 33.3% (1/3) of the increase in taxes upon the land and building in which the leased premises are situated. In the event that such taxes are assessed for a tax year extending beyond the term of this lease, the obligation of Tenant shall be proportionate to the portion of the lease term included in such year.

Attorney's Fees And Jurisdiction

If case suit should be brought for recovery of the premises or for any sum due hereunder, or because of any act which may arise out of possession of the premises, by either party, the prevailing party shall be entitled to all costs incurred in connection with

such action, including reasonable attorney's fees. Landlord and Tenant agree that jurisdiction of any action in Court reigns in Colorado.

In the event of Tenant's default or failure of Tenant to comply with any of the terms of this lease and an attorney is engaged by Landlord, Tenant shall be responsible for Landlords attorney fees.

Invalidity or Inapplicability

If any term, provision or paragraph of this Lease, of the application thereof, be invalid or unenforceable, the remainder of this Lease or the application of such terms, provisions and paragraphs other than that which is held to be invalid or unenforceable, shall not be effected hereby and each of the remaining terms, provisions and paragraphs of this lease shall be valid and enforceable to the extent permitted by law.

Dangerous Material

Tenants(s) shall not keep or have on the premises any article or thing of a dangerous, inflammable, or explosive character that might substantially increase the danger of fire on the premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of the Landlord is obtained and proof of adequate insurance protection is provided by Tenant(s) or Landlord.

Notices.

Any notice which either party may or is required to give, shall be given by mailing the same, postage prepaid, to Tenant at the premises, or Landlord at the address shown below, or at such other places as may be designated by the parties from time to time.

Attention: Sean Bennett
c/o BENNETT ACQUISITIONS LLC
905 North Main Unit A
Gunnison, CO 81230

Heirs, Assigns, Successors.

This lease is binding upon and inures to the benefit of the heirs, Personal Representatives, assigns and successors in interest to the parties.

Option to Renew.

Provided that Tenant is not in default in the performance of this lease, Tenant shall have the option to renew the lease for an additional term of Twelve months or longer commencing at the expiration of the initial lease term and shall be conditioned upon the Landlord's written approval. All of the terms and conditions of the lease shall apply during the renewal term except that the monthly rent shall increase 5% from the previous lease term rent. The option shall be exercised by written notice given to Landlord not less than Forty Five days (45 days) prior to the expiration of the initial lease term. If notice is not given in the manner provided herein within the time specified, said option to renew shall expire.

Snow Conditions

If there is a substantial snowfall Tenant are to be aware that snow can accumulate on the roof. Walkways and decks are to be shoveled by Tenant or its agents or subcontractor.

Subordination.

This lease is and shall be subordinated to all existing and future liens and encumbrances against the property.

Posting.

In the event the Tenant(s) is posted for non-payment of rent there will be an additional posting charge of One Hundred dollars (\$100.00).

Termination Upon Sale of the Premises

Notwithstanding, any other provision of the Lease, Landlord may terminate this lease upon forty five (45) days written notice to Tenant(s) that the premises have been sold.

Additional Provisions.

Parking arrangements have been agreed to between Landlord and Tenant regarding unit A and B at the demised premises.

Tenant acknowledges that they will keep on the premises a fully charged fire extinguisher. It is the sole responsibility of the tenant to keep said extinguisher recharged and operable at all times as acceptable by the fire Marshall of Gunnison County.

If the leased premises are left vacant for any period of time, heat settings are to be set at a temperature to insure that the premises are properly heated and that the water pipes, sewer pipes, or fixtures are not in danger of freezing.

The dumpster/trash area is to be kept clear of trash and accumulated trash; all trash that is considered acceptable container trash will be placed inside the dumpster provided. No hazardous materials may not be dumped into the trash dumpster, or set alongside the building or stored inside the leased premises.

Installation of signs shall be according to the sign ordinance regulations of the City of Gunnison, Gunnison County. All signs affixed to the outside of the building structure are to be removed at the termination of the tenants' occupancy.

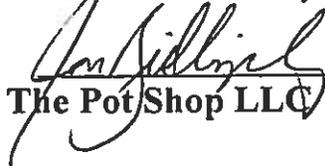
No unauthorized vehicles are to be parked or stored on said premises and will be towed.

To neither hold nor attempt to hold the Landlord liable for any injury or damage, either proximate or remote, occurring through or caused by repairs, alterations, injury or accident to the premises, or adjacent premises, or other parts of the above premises not herein demised, or by reason of the negligence or default of the owners or occupants thereof or any other person, nor to hold the Landlord liable for any injury or damage occasioned by defective electric wiring, or breakage or stoppage of plumbing or sewage upon said premises or upon adjacent premises, whether breakage or stoppage results from freezing or otherwise; to neither permit nor suffer said premises, or the walls or floors thereof, to be endangered by overloading, nor said premises to be used for any purpose which would render the insurance thereon void or the insurance risk hazardous, nor make any alterations in or changes in, upon, or about said premises without first obtaining the written consent of the Landlord therefore, but to permit the Landlord to place a "For Rent" card or sign upon the leased premises at any time after sixty (60) days before the end of this lease, if not extended.

Entire Agreement.

The foregoing constitutes the entire agreement between the parties and may be modified only by a writing signed by both parties. The following Exhibits, if any, have been made part of this lease before the parties' execution hereof.


Landlord, Sean Bennett, Managing Member,
c/o BENNETT ACQUISITIONS LLC
Limited Liability Company.

 THE POT SHOP LLC
Tenant, The Pot Shop LLC OWNER

Witness of signature of Tenant



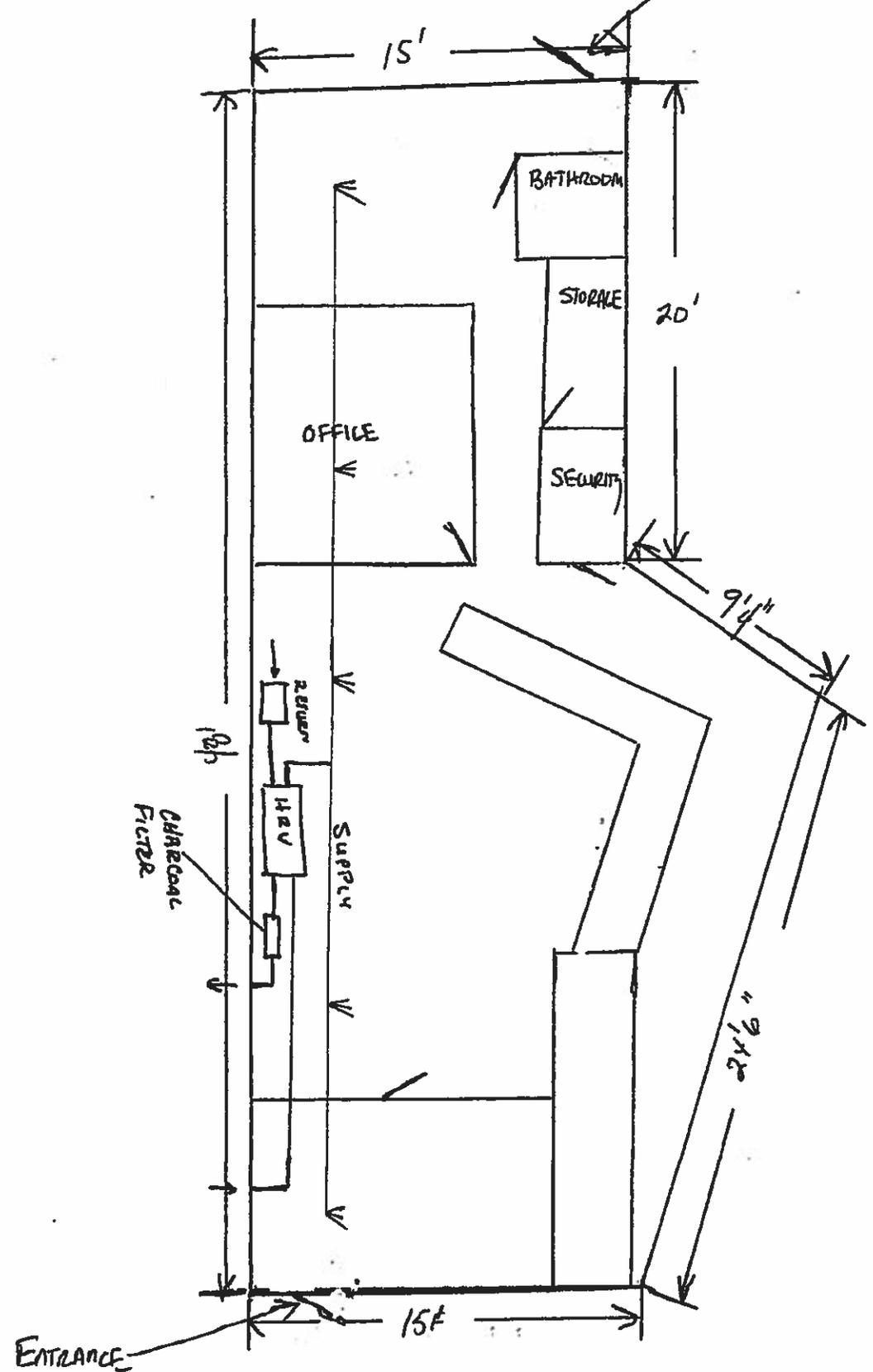
Deven Bennett Date 3/8/16

Printed Signature

John P. Williams

Employee Entrance

Z-



905 B N. Main St.

C → N

STATE OF COLORADO

DEPARTMENT OF REVENUE



Marijuana Enforcement Division



Retail Marijuana Conditional License

THE POT SHOP, LLC

THE POT SHOP, LLC

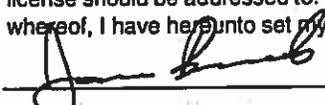
905 North Main Street #B, Gunnison, CO 81230

Retail Marijuana Store - 402R-00566

License Valid Through: 04/28/2017

This license is conditioned upon Local Authority approval, pursuant to section 12-43.4-304(1) C.R.S.

This conditional license is issued subject to the laws of the State of Colorado and especially under the provisions of Title 12, Article 43.4, as amended. A licensee shall not exercise any of the rights or privileges of this license until such time as all such Medical Marijuana and Medical Marijuana-Infused Product are fully transferred and declared in the inventory tracking system as Retail Marijuana and Retail Marijuana Product, pursuant to Rule R211 & R309. 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.


James Burack
Division Director


Barbara J. Brohl, Executive Director